

# Agenda

## Audit and Governance Committee

Date: **Tuesday 27 January 2026**

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Time: **2.00 pm**

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

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

For any further information please contact:

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# **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**

**Kerry Diamond**

**Independent Expert - Audit and Governance  
Committee**

## Agenda

	Pages
<b>1. APOLOGIES FOR ABSENCE</b> To receive apologies for absence.	
<b>2. NAMED SUBSTITUTES (IF ANY)</b> To receive details of any councillor nominated to attend the meeting in place of a member of the committee.	
<b>3. DECLARATIONS OF INTEREST</b> To receive declarations of interest in respect of items on the agenda.	
<b>4. MINUTES</b> To approve and sign the minutes of the meeting held on Tuesday 28 October 2025.	11 - 18
<b>HOW TO SUBMIT QUESTIONS</b> Deadline for receipt of questions is 5pm on Wednesday 21 January 2026. Questions must be submitted to <a href="mailto:councillorservices@herefordshire.gov.uk">councillorservices@herefordshire.gov.uk</a> . 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 <a href="http://www.herefordshire.gov.uk/getinvolved">www.herefordshire.gov.uk/getinvolved</a>	
<b>5. QUESTIONS FROM MEMBERS OF THE PUBLIC</b> To receive any questions from members of the public.	
<b>6. QUESTIONS FROM COUNCILLORS</b> To receive any questions from councillors.	
<b>7. UPDATE TO FINANCE AND CONTRACT PROCEDURE RULES</b> To review and approve the proposed updates to the Contract Procedure Rules, the Financial Procedure Rules and the Financial Procedure Rules Guidance Notes. To ensure council financial and contract procedure rules are up to date in order to ensure transparency about how public resources are used and controlled to mitigate the potential for fraud and ensure compliance with relevant legislation.	19 - 62
<b>8. CODE OF CONDUCT FOR COUNCILLORS - 6 MONTH UPDATE</b> 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.	63 - 72

<b>9. INTERNAL AUDIT UPDATE REPORT QUARTER 3 2025/26</b>	73 - 92
<p>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.</p> <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>	
<b>10. ANTI-FRAUD, BRIBERY &amp; CORRUPTION ANNUAL REPORT</b>	93 - 114
<p>This report is to provide an overview on all counter fraud activity across the Council's services throughout the previous calendar year and represent an up-to-date account of the work undertaken, including progress and outcomes aligned with our strategy and core objectives.</p>	
<b>11. UPDATE ON RISK MANAGEMENT ACTIVITY</b>	115 - 128
<p>To provide assurance of the adequacy of the council's risk management framework and internal controls in 2025/26.</p>	
<b>12. WORK PROGRAMME</b>	129 - 132
<p>To consider the work programme for the committee.</p>	
<b>13. DATE OF NEXT MEETING</b>	
<p>Tuesday 24 March 2026, 2pm.</p>	

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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.

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- 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](http://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](http://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](http://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.

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## **Public transport links**

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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-](http://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.





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## 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.

<a href="#">Councillor David Hitchiner</a> (Chairperson)	Independents for Herefordshire
<a href="#">Councillor Mark Woodall</a> (Vice Chairperson)	The Green Party
<a href="#">Councillor Chris Bartrum</a>	Liberal Democrats
<a href="#">Councillor Frank Cornthwaite</a>	Conservative Party
<a href="#">Councillor Peter Hamblin</a>	Conservative Party
<a href="#">Councillor Robert Highfield</a>	Conservative Party
<a href="#">Councillor Aubrey Oliver</a>	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 28 October 2025 at 2.00 pm**

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

**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:

J Bollen	South West Audit Partnership
S Carter	Head of Strategic Finance (deputy S151)
L Cater	Head of Internal Audit, South West Audit Partnership
S O'Connor	Head of Legal Services and Deputy Monitoring Officer
G Hawkins	Senior Manager, Grant Thornton
L Kemp	South West Audit Partnership
P McInerney	Risk and Assurance Manager
J Preece	Democratic Services Officer
R Sanders	Director of Finance
Cllr P Stoddart	Cabinet Member Finance and Corporate Services
D Thornton	Governance Support Assistant

### **96. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Peter Hamblin.

### **97. NAMED SUBSTITUTES (IF ANY)**

Councillor Richard Thomas attended the meeting as a substitute member for Councillor Peter Hamblin.

### **98. DECLARATIONS OF INTEREST**

The chairperson declared a non-registrable interest in respect of any discussions about the bypass and highlighted he resided near where the road may be built and that he had a dispensation to speak and take part in meetings that discussed that matter.

### **99. MINUTES**

#### **RESOLVED:**

**That the minutes of the meeting held on 25 September 2025 were confirmed as a correct record and signed by the chairman.**

**100. QUESTIONS FROM MEMBERS OF THE PUBLIC**

Questions received and responses given are attached as appendix 1 to the minutes.

**101. QUESTIONS FROM COUNCILLORS**

There were no questions from Councillors.

**102. 2024/25 UPDATED EXTERNAL AUDIT FINDINGS REPORT**

The Head of External Audit (HEA) introduced the report. It was noted that this report had been considered by the Committee at the September meeting. All findings remain unchanged with the exception of the fee analysis for 2024/25 which included final fee variations.

The additional fee of £23,344 for additional investigation work was required above and beyond the contract to ensure there was sufficient assurance on both the value for money and financial statements opinion reporting.

As per a new requirement from PSAA for any additional fees above the scale fee, a breakdown of details per grade and for the hours taken looking at a specific task could be found on [page 63](#) of the report. Data could be reconciled directly back to internal timesheets. All additional fees are subject to scrutiny and approval by PSAA before anything is billed to the Council.

In response to committee questions, it was noted:

1. The Director of Finance confirmed she was satisfied with the schedule of the hours and seniority of the level of work that had been completed and that it was a reasonable charge.

**Resolved**

**The committee noted the report.**

**103. INTERNAL AUDIT UPDATE REPORT QUARTER 2 2025/26**

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

- Two audits had been completed in respect of the MERS (Mutual Employment Recognition Scheme) and Polygamous Working Follow-Up.
- Three audits were waiting for management response and sign off.
- A number of audits were in progress with one having just been issued as a draft report and would come to the next meeting of the committee.
- There had been good progress with agreed actions, fifteen having been completed since the last meeting.

In response to committee questions, it was noted:

1. The Director of Finance (DOF) explained that the success of MERS and the delivery of the savings was not included in the scope of the audit however the reporting of the achievement of the savings target was considered. The MERS savings target was estimated at £4.5M, of which the Council reached £2.375M. It was explained that the savings gap was monitored through quarterly monitoring reports to Cabinet and had been fully mitigated.
2. MERS is an ongoing scheme which employees can apply for, and the council will consider. The scheme was widely promoted to staff in 2024/25 as a method of accelerating savings but there was no plan for a targeted MERS as an individual savings and proposal in the 26/27 budget.

3. The nature of the three audits awaiting management response / sign off were highlighted and that the actions were across multiple services which would impact the time to respond. The findings would be considered from those reports and a plan to identify actions to respond to the risks and weaknesses Grant Thornton had identified.

**Resolved**

**The committee noted the report.**

**104. REGULATORY INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE**

The Head of Legal Service & Deputy Monitoring Officer introduced the report. The following principal points were noted.

- The policy had not been used by the Council in the last year.
- The policy was updated and agreed by the committee in October 2024. An officer had reviewed the policy since and has indicated there is no further changes required.
- It was recommended that updates as noted at point 8 of the report be delegated to the monitoring officer and that the committee only received a report on the use of RIPA as and when it had been utilised.

**Resolved**

**The committee delegates certain updates to the RIPA Policy to the Monitoring Officer as set out in the report and agrees that further reports about the use of RIPA need only to be reported once RIPA has been utilised by the Council.**

**105. WHISTLEBLOWING UPDATE**

The Head of Legal Services & Deputy Monitoring Officer introduced the report. The following principal points were noted.

- The Committee reviewed and approved the existing Whistleblowing Policy on 23 June 2023, and it is not considered at this time to require any further updates.
- Five disclosures had been received in 2024/25.
- A typographical error at paragraph 10 of the report was highlighted and should have read “three of the five disclosures did not relate to the Council “
- The other two disclosures made in that year, were investigated in full by the directors in the relevant departments. Both disclosures did have substance and were valid. Recommendations were made by the investigation officers in relation to process, policy and training. It was confirmed that the corrective action had since been implemented by the relevant departments.
- Five disclosures had been received in 2025/26.
- Investigations into two disclosures were ongoing.
- One disclosure had been investigated in full by the manager and director and no findings had been made.
- The final two disclosures were on hold and with the persons raising the concern.

In response to committee questions, it was noted:

1. As part of the outcomes process the department would follow up any disclosure with the whistle-blower. The whistle-blower in this instance was part of the department and were therefore aware of the investigation and aware that their concerns had been listened to and upheld.
2. The frequency on reporting to the committee on whistleblowing was not specified in the constitution however the Head of Legal Services & Deputy Monitoring Officer with agreement from the committee would continue to provide a yearly update.

**Resolved**

**The committee noted the report.**

**106. ANNUAL GOVERNANCE STATEMENT PROGRESS UPDATE**

The Director of Finance (DOF) introduced the report the purpose of which was to provide an update on progress in respect of actions identified to deliver continuous improvement in governance arrangements. Attention was drawn to [appendix 1](#) which showed the area for improvement and activity taken against each of the seven core principles of good governance as identified in the Chartered Institute of Public Finance (CIPFA).

In response to committee questions, it was noted.

1. The DOF would share the AGS updates with all members to encourage understanding in the governance arrangements and how it is strengthened throughout the year with a view to answering any questions they may have.
2. Further details of the signing of 50 schools to Let's go Zero would be obtained from relevant officers.
3. The independent review being commissioned to provide assurance of the capacity and capability of the Council to deliver major projects was explained with results expected sometime in November.

**Resolved**

**The committee noted the report.**

Actions:

2025/26-05 The DOF to share the AGS with all members.

2025/26-06 Further details on "Let's go Zero" to be obtained and circulated to the committee.

**107. UPDATE ON RISK MANAGEMENT ACTIVITY**

The Director of Finance (DOF) introduced the report. Attention was drawn to the corporate risk register at [Appendix A](#) which identified the controls and mitigations that were in place against each 9 identified corporate risks. The report provided an update on the activity that had been undertaken in quarter 1 to embed the revised risk strategy and risk appetite statement across service directorates and project risk registers and to improve the culture of risk management across the council. It also identified some planned work for the remainder of the financial year to continue the strengthening of risk management across the Council.

In response to committee questions, it was noted:

1. The committee was reminded that its remit was not to consider specific risks. However, assurances were sought and given with regards to a major project, as specified in the public questions that had been received, that mitigations were in place for identified risks and they were being managed effectively.
2. The process and reasoning behind "R9 Risk of financial failure of major supplier" being added to the strategy was explained.
3. Consideration would be given to the wording used in R9, to consider "key" or "critical" rather than "major" when it is next reviewed by cabinet.
4. Risk of over reliance on a single supplier would be expected to be included on a directorate or service level risk register.

**Resolved**

**The committee noted the report and agreed to continue receiving updates quarterly.**

#### **108. ENERGY FROM WASTE LOAN UPDATE**

The Director of Finance (DOF) introduced the report the purpose of which was to update the committee on the status of the energy from waste loan arrangement to enable the committee to fulfil its delegated functions. The principal points included:

- Repayments had been made as planned.
- The loan balance was reducing with the balance as of October 2025 being £27 million.
- It was explained to the committee that financial covenants look at the position and performance of the borrower and provide assurance over the risk of their ability to meet future debt repayments. It was confirmed no ratios were forecast to be below the agreed compliance.

In response to committee questions, it was noted:

1. The DOF explained that the loan repayments that are shown in the report are for the term of the loan and that there would be a large payment for the outstanding balance in full due at the end in line with the legal loan agreement.
2. There had been no concerns / risks raised with the contract management and effectiveness of the contract.

#### **Resolved**

**The committee noted the report.**

#### **109. WORK PROGRAMME**

**The work programme was noted.**

#### **110. DATE OF NEXT MEETING**

Tuesday 27 January 2026. 2pm.

The meeting ended at 3.16 pm

**Chairperson**





**PUBLIC QUESTIONS TO AUDIT AND GOVERNANCE – TUESDAY 28 OCTOBER 2025****Question 1****Mr Osborne-Brookes, Leominster****To: Chair of Audit and Governance**

The revised Corporate Risk Register approved by Cabinet in June 2025 included 8 corporate risks. There have been no changes to the risk scores for the remaining 8 corporate risks during Quarter 1. The scores of each of these risks have been reviewed by the relevant Risk Owner, supported by discussion and oversight by CLT. The last review was apparently 30th June 2025.

Will the Audit & Governance Committee consider whether the Risk Scores need updating since Q1 to reflect the latest available information & correspondence, and seek assurance from officers and the internal and external auditors, that the risk management, processes & controls are effective?

**Response**

Thank you for your question.

The council's current Risk Management Framework is relatively new and was first presented to Cabinet in June 2025, with formal approval given on 25 September 2025, when an updated Corporate Risk Register was also considered.

As part of this framework, corporate risks are reviewed quarterly by the Corporate Leadership Team (CLT). The most recent review took place last month, with each risk owner updating their area before the register was collectively reviewed, challenged, and agreed by CLT, and subsequently reported to Cabinet, to ensure the scores remain accurate and reflect the most up-to-date position.

The item on the agenda today gives the Committee the opportunity to obtain assurance of the adequacy of the council's risk management framework and internal controls in 2025/26. The Committee will seek assurance that the Risk scores have been reviewed and how this has happened. As you ask in your question the committee will also seek assurance from officers and the internal and external auditors, that the risk management, processes & controls are effective.

**Supplementary Question**

Thank you for your detailed answer. The answer says the most recent review and update of the Corporate Risk Register took place last month. However, the Corporate Risk register reported to the Audit & Governance committee appears to state the risks at Q1 and not the most recent review from last month.

The Leader of Herefordshire Council wrote to Government on 1st October 2025 that in respect of the Hereford Bypass "Phase 1 construction is set to be funded through prudential borrowing, which will significantly impact our revenue budget". The Internal Audit Review for 2025/26, as reported to this committee, makes no mention of Hereford Bypass Phase 1. Will the internal and external auditors adjust their audit work and focus, to reflect the risk relating to this capital road project?

**Response**

Thank you, Mr Osborn Brooks, for your question. The first part is about how up to date is the corporate risk register. We have not had the quarter 2 figures, so we cannot do the review of

quarter 2 yet but I am satisfied that we are up to date. The second part of your question is a statement from the leader of the Council. That is not a matter for this committee to consider and I suggest you might want to ask a question to the next cabinet meeting or full Council meeting. Your question is also about the review of the Hereford bypass phase one and the risks associated with that and we will be discussing that later in this meeting

## **Question 2**

**Mrs Morawiecka, Hereford**

**To: Chair of Audit and Governance**

The Corporate Risk Register identifies a number of high-level risks to 30.06.2025. The Leader of Herefordshire Council has recently written to government highlighting that prudential borrowing will significantly impact the revenue Budget.

As the CLT and Cabinet continue to monitor risks throughout the year to ensure appropriate and proportionate controls are in place as part of the risk management framework and internal control framework, can they please explain to this committee and the public and MPs, what steps are being taken to mitigate the risks from prudential borrowing to protect the Revenue Budget for 2025/2026 and beyond, and reassure this Committee and all Herefordshire Councillors, that risk mitigation and internal controls are being implemented and are effective to protect Council finances and services?"

## **Response**

Thank you for your question.

You raise a very important point about the risks associated with prudential borrowing and the impact this may have on the revenue budget going forwards. This is something that is monitored through the council's risk management framework, which ensures proportionate controls are reviewed by CLT and, as you correctly point out, that the executive of the council should consider and monitor. It is therefore my view that your question should be put to the next cabinet meeting to respond.

## **Supplementary Question**

One of the responsibilities of this committee is to monitor the development and operation of risk management processes and receive assurance from internal and external sources of the effectiveness of arrangements (Constitution 3.5.9e (B)), no assurance was given to my original question. It has been reported that other councils like Shropshire are facing possible bankruptcy as they recognise that delivery of relief road schemes are unaffordable and they seek to write off millions of public monies invested in developing them. As this administration spends £10.3 million of capital receipts working at the Southern Link Road scheme, can any information be provided to this committee and the auditors as to what actions are being taken to mitigate identified risks, and if not, why not?

## **Response**

Thank you for your question. I think this will be the subject of some discussion between us later in the meeting. So, if you're able to access that, hopefully that will provide a degree of assurance that you're seeking. It is a very important issue and thank you for raising it.



# Title of report: Update to Finance and Contract Procedure Rules

**Meeting: Audit and Governance Committee**

**Meeting date: Tuesday 27 January 2026**

**Report by: Commercial Services Manager**

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose**

To review and approve the proposed updates to the Contract Procedure Rules, the Financial Procedure Rules and the Financial Procedure Rules Guidance Notes. To ensure council financial and contract procedure rules are up to date in order to ensure transparency about how public resources are used and controlled to mitigate the potential for fraud and ensure compliance with relevant legislation.

## **Recommendation(s)**

**That the committee review and approves the updates to the Contract Procedure Rules in Appendix 1 in the constitution and notes that there are no changes recommended to the Finance Procedure Rules or Finance Procedure Rules Guidance Notes.**

## **Alternative options**

1. The council could continue with its current financial and contract procedure rules. This is not recommended as this introduces the risk that they would not be fit-for-purpose and provide clarity of roles and processes for those charged with undertaking financial and procurement activity. Further this would mean that the contract procedure rules were not in accordance with new threshold amounts which govern the procedures for the award of public contracts for goods, works and services as set out in the Procurement Act 2023 (PA23) that come into force on 1 January 2026.

## Key considerations

2. The council's Contract Procedure Rules (CPRs) provide the policy for procurement activity across the council, setting out how contracts for goods, works, services, concessions and utilities should be put in place and managed, and detailing the record keeping and reporting requirements related to procurement activity.
3. The Financial Procedure Rules set out the framework which the council will use in managing its financial affairs. They set out levels of responsibility and give authority to the Cabinet Members and Officers and are intended to promote good practice in the use of public funds.
4. The Financial Procedures Rules give detailed guidance on how the overarching framework is implemented.
5. In line with good practice, a regular review of these rules is important to ensure that they remain up-to-date with any changes to the council's statutory responsibilities, relevant legislation, the council's constitution and/or how the council conducts its business.
6. Both the contract procedure rules and finance procedure rules were last reviewed, updated and approved by the Audit and Governance Committee on Tuesday 28 January 2025.

## Contract Procedure Rules

7. The 2026 updates to the CPRs are to reflect the updated 2026 threshold amounts as published in Procurement Policy Notice (PPN) 023 and to take account of the learning following the introduction of the Procurement Act 2023 and Procurement Regulations 2024, which came into effect on 24 February 2025.
8. The Local Government Act 1972 requires the Council to have standing orders governing how it enters into contracts. The CPRs satisfy this requirement. The Council is subject to UK law with regard to public procurement which requires all contract procedures to be open, fair and transparent. The CPRs provide a basis for fair competition, with clear and auditable procedures.
9. The CPRs ensure a clear and consistent approach to procurement, set the minimum standard of best practice and assurance of good contract management practice within the organisation. The amendments enable officers and members to demonstrate best value and best practice.
10. A final copy of the updated CPRs is attached at Appendix 1. The key amendments include:
  - a. The above threshold amounts which govern the procedures for the award of public contracts for goods, works and services as set out in the Procurement Act 2023 (PA23) have been updated by government to take account of currency fluctuations, and to ensure the UK complies with its obligations under the World Trade Organisation's Agreement on Government Procurement (GPA). From 1 January 2026 the values for goods, services and works have reduced slightly with the exception of Light Touch Regime which has remained the same. The below threshold competition requirements remain unchanged.
  - b. Clarity around the governance requirements to procure and award contracts.
  - c. Clarity that CPRs do not apply to contracts between public authorities and a controlled body ('Teckal exemption') and contracts between public authorities that relate to horizontal arrangements between those authorities as they are exempt contracts for the purposes of Schedule 2 of the Procurement Act 2023.

- d. The requirement for Commercial Services and Legal Services to approve the use of external frameworks.
- e. The requirement to check that any associated persons, connected persons or intended sub-contractors are not on the debarred list.
- f. Enhanced clarity has been provided on when a Direct Award is permitted and the steps that need to be taken.
- g. Update to the modification section to detail that where the value of the contract exceeds the UK threshold, extensions and variation will only be considered where they comply with Regulation 74 of the Procurement Act 2023. The decision can be made by the relevant Director or Service Director in consultation with Commercial Services and Legal Services as this had been omitted from January 2025 update.
- h. Update to exemption section to include similar exemptions to the direct award provision under the Procurement Act 2023 for above threshold contracts.
- i. A new section on User Choice Services, which allows in certain circumstances (often social care related) the direct award of a contract to a specific supplier which is chosen by the service user or their carer.

### **Financial Procedure Rules and Guidance Notes**

- 11. Officers consider that the Finance Procedure Rules and associated guidance remain fit for purpose and does not require modification at this time.

The committee is asked to note that there are no changes to either document to report for 2026/27.

### **Community impact**

- 12. In accordance with the adopted code of corporate governance, the council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective financial management, risk management and internal control are important components of this performance management system.
- 13. To ensure clear and transparent processes are in place to govern how resources of the council are effectively managed and supports the Herefordshire Council Plan objectives to manage finances effectively and to demonstrate one of the council's values, namely, to be open, transparent and accountable.

### **Environmental Impact**

- 14. 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.
- 15. Whilst this is a procedural update 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 both sets of procedure rules encourage the use of online facilities available rather than using a paper trail.

## Equality duty

16. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.
17. The mandatory equality impact screening checklist has been completed for this decision and as it relates to improving internal processes, it has been found to have no impact for equality, as such a full Equality Impact Assessment is not required,

## Resource implications

18. There are no specific resource implications from this report and the updating of the Council's rules.

## Legal implications

19. The council must prepare and keep up to date a constitution in accordance with s37 of the Local Government Act 2000. The minimum requirements for the content are set out in the Local Government Act 2000 (Constitutions) (England) Direction 2000 which includes a description of the rules and procedures for the management of the council's financial affairs including: procedures for auditing and financial rules. The contract procedure rules and the finance procedure rules meet the requirements of the Local Government Act (Constitutions) (England) Direction 2000 and are the rules that officers follow in the day-to-day operation of the council as set out within this council's budget and statutory framework.

## Risk management

20. The current rules require updating. Amendments to the contract procedure rules have been made to reflect the new threshold amounts and clarify the requirements of the Procurement Act 2023 and Procurement Regulations 2024, which came into effect on 24 February 2025. Updating the rules clarifies what is required and supports officers and members in dealing with issues and ensures that the Council acts in a consistent manner with regard to procurement.
21. The risks associated with the update to the Finance and Contract Procedure Rules have been reviewed and are being appropriately managed in accordance with the Council's Risk Management Strategy. Measures are in place to ensure training, and compliance with the revised legislative and procedural requirements. Oversight will continue through established governance and monitoring processes to ensure risks are effectively mitigated and updates are embedded across the organisation.

Risk/Opportunity	Mitigations
The Contract Procedure rules are updated incorrectly so do not reflect the correct threshold amounts and legislative requirements set out in the Procurement Act 2023 and Procurement Regulations 2024 which could result in procurements breaching the regulations.	Officers responsible for updating the rules are suitably trained on the new legislation and the updates reflect the revised published threshold amounts and clarifies specific aspects of the new regulations.
Officers and members are unaware of the updated rules which could result in breaching the regulations	A communication plan is in place, the contracting toolkit is being updated and training is provided to officers throughout the year.

## Consultees

22. None

## Appendices

Appendix 1 Contract Procedure Rules updated 2026

## Background papers

None identified





## Section 6 - Contract Procedure Rules

Appendix 1

Whole contract period total value excluding VAT *	Competition requirements	Advertising and process	Authority to procure	Authority to award a contract/ appoint contractor (sign/seal)
<u>Goods, Services, Works, Concessions, Light Touch Low value</u> Below £25,000	Evidence best value	<ul style="list-style-type: none"> <li>Best value must be demonstrated. <ul style="list-style-type: none"> <li>This might be a comparison of costs for services that you have procured previously and where you understand and can evidence the costs.</li> <li>Or, where you have been able to compare costs with information published such as catalogues or framework pricing. <b>OR</b></li> <li>identify at least three appropriately qualified and competent suppliers to obtain a simple quote.</li> </ul> </li> <li>Consider local suppliers and/or local voluntary, charity and social enterprise (VCSE). Officers must consider whether any barriers to them bidding can be removed or reduced.</li> <li>The procurement process can be undertaken outside of the council's e-tendering portal.</li> </ul>	<b>Non key decisions:</b> Service Directors or above delegated authority under Scheme of Delegation and contract procedure rule 4.6.10	<b>Non-key decisions:</b> Only service directors or above can authorise the award and signature /authorise sealing of a contract.
<u>Goods, Services, Works, Concessions, Light Touch Medium value</u> £25,001 to £75,000	4 quote process	<ul style="list-style-type: none"> <li>Undertake preliminary market engagement where appropriate and proportionate</li> <li>A minimum of 4 competitive quotes sought from appropriately qualified and competent suppliers.</li> <li>Include at least two suppliers within the county and/or local VCSE and /or SME sector interest where appropriate; <b>OR</b></li> <li>Openly advertise the opportunity using the council's e-tendering portal <b>OR</b> Procure via a compliantly let framework agreement (except Concessions Contracts) <b>OR</b> Procure through a Dynamic Market except Concessions Contracts).</li> <li>The procurement process must be undertaken using the council's e-tendering portal, unless another method has been approved by Commercial Services.</li> <li>Where the opportunity is to be openly advertised a Below Threshold Tender Notice must be published on the Central Digital Platform prior to publication of the opportunity. Officers must design the procurement process with reasonable timescales which are the same for each</li> </ul>	<b>Non key decisions:</b> Service Directors or above - delegated authority under Scheme of Delegation and contract procedure rule 4.6.10	<b>Non-key decisions:</b> Only service directors or above can authorise the award and signature /authorise sealing of a contract

Whole contract period total value excluding VAT *	Competition requirements	Advertising and process	Authority to procure	Authority to award a contract/ appoint contractor (sign/seal)
		<p>supplier. (See section on notices – Appendix 3)</p> <ul style="list-style-type: none"> <li>Before inviting submissions, officers must –               <ul style="list-style-type: none"> <li>(a) Have regard to the fact that small and medium sized enterprises may face particular barriers in competing for a contract and</li> <li>(b) Consider whether such barriers can be removed or reduced.</li> </ul> </li> <li>Authorised Officers may not release tenders until all the documentation is ready and it contains sufficient information to allow bidders to submit bids, and the relevant notices are published.</li> <li>Advertising in trade journals and other local publications if appropriate (recommended for professional services).</li> <li>Where the opportunity is above £25,000 you must publish a Contract Details Notice on the Central Digital Platform as soon as practicable after award of the contract. (See section on notices in Appendix 3).</li> </ul>		
<p><b><u>Goods, Services, Works, Concessions, Light Touch High value</u></b></p> <p>£75,001 to:</p> <ul style="list-style-type: none"> <li>£173,100.00 (goods and services £207,720.00 incl. VAT)</li> <li>£4,327,500.00 (works £5,193,000.00 incl. VAT)</li> </ul> <p>£552,950 (light touch regime for health/ social services £663,540 incl. VAT)</p>	Competitive tendering	<ul style="list-style-type: none"> <li>Undertake preliminary market engagement where appropriate and proportionate.</li> <li>The opportunity must be openly advertised using the council's e-tendering portal <b>OR</b></li> <li>Make the purchase via a compliantly let framework agreement (except Concessions contracts) <b>OR</b></li> <li>Through a Dynamic Market (except Concessions contracts).</li> <li>A Below Threshold Tender Notice must be published on the Central Digital Platform via the council's e-tendering portal before advertising by any other means. Officers must design the procurement process with reasonable timescales which are the same for each supplier. (See section on Notices at Appendix 3)</li> <li>Before inviting submissions, officers must –               <ul style="list-style-type: none"> <li>(a) Have regard to the fact that small and medium</li> </ul> </li> </ul>	<p><b>Non key decisions:</b></p> <p>Service Directors or above delegated authority under Scheme of Delegation and contract procedure rule 4.6.10</p>	<p><b>Non-key decisions:</b></p> <p>Only service directors or above can authorise the award and signature /authorise sealing of a contract.</p> <p><b>Key Decisions:</b></p> <p>Only service directors or above can authorise the award and signature /authorise sealing of a contract, subject to prior delegation by</p>

Whole contract period total value excluding VAT *	Competition requirements	Advertising and process	Authority to procure	Authority to award a contract/ appoint contractor (sign/seal)
		<p>sized enterprises may face particular barriers in competing for a contract and</p> <p>(b) Consider whether such barriers can be removed or reduced.</p> <ul style="list-style-type: none"> <li>• Authorised Officers may not release tenders until all the documentation is ready and it contains sufficient information to allow bidders to submit bids, and the relevant notices are published. A Contract Details Notice must be published on the Central Digital Platform via the council's e-tendering portal as soon as is practicable after the award of the contract. (See section on notices at Appendix 3).</li> <li>• The Authorised Officer shall consult Commercial Services early to determine the procedure for conducting the procurement exercise.</li> </ul>	<p><b>Key decisions:</b> Procurement that is above the key decision value (£500,000) must be authorised by cabinet/cabinet member. Authorisation by cabinet/cabinet member shall include authority for the service director or above to award the contract.</p>	<p>cabinet/cabinet member.</p>
<p><b><u>Goods, Services, Works, Concessions, and Light Touch Regime Above UK Threshold</u></b></p> <p>Over:</p> <ul style="list-style-type: none"> <li>• £173,100.00 (goods and services £207,720.00 incl. VAT)</li> <li>• £4,327,500.00 (works £5,193,000.00 incl. VAT)</li> <li>• £552,950 (light touch regime £663,540 incl. VAT)</li> </ul>	<p>Use UK compliant procedures</p>	<ul style="list-style-type: none"> <li>• The process must be undertaken using one of the following procedures: <ul style="list-style-type: none"> <li>○ A single-stage tendering procedure without a restriction on who can submit tenders (an "open procedure") <b>OR</b></li> <li>○ Such other competitive tendering procedure as the contracting authority considers appropriate for the purpose of awarding the public contract (a "competitive flexible procedure") <b>OR</b></li> <li>○ Make the purchase via a compliantly let framework agreement. (except Concessions Contract) <b>OR</b></li> <li>○ Make the purchase via a Dynamic Market (except Concessions Contract).</li> </ul> </li> <li>• Undertake preliminary market engagement where appropriate and proportionate.</li> <li>• The procurement process must be undertaken using the council's e-tendering portal, unless another method has been approved by Commercial Services.</li> </ul>	<p><b>Non key decisions:</b> Service Directors or above delegated authority under Scheme of Delegation and contract procedure rule 4.6.10</p> <p><b>Key decisions:</b> Procurement that is above the key</p>	<p><b>Non-key decisions:</b> Only service directors or above can authorise the award and signature /authorise sealing of a contract.</p> <p><b>Key Decisions:</b> Only service directors or above can authorise the award and signature /authorise sealing of a contract, subject to prior delegation by cabinet/cabinet member.</p>

Whole contract period total value excluding VAT *	Competition requirements	Advertising and process	Authority to procure	Authority to award a contract/ appoint contractor (sign/seal)
		<ul style="list-style-type: none"> <li>The opportunity must also be advertised on the Central Digital Platform, and the relevant notices must also be published on the Central Digital Platform. (See section on notices in Appendix 3)</li> <li>Authorised Officers may not release tenders until all the documentation is ready and it contains sufficient information to allow bidders to submit bids, and the relevant notices are published.</li> <li>The opportunity must be advertised for the periods set out in the Procurement Act 2023.</li> <li>The Authorised Officer shall consult Commercial Services early to determine the procedure for conducting the procurement exercise.</li> </ul>	<p>decision value (£500,000) must be authorised by cabinet/cabinet member.</p> <p>Authorisation by cabinet/cabinet member shall include authority for the service director or above to award the contract.</p>	
<u><b>Light Touch Regime</b></u> £552,950 (£663,540 incl. VAT)	Use UK compliant Light Touch procedures	<ul style="list-style-type: none"> <li>Light Touch services are those services covered by the CPV codes set out in column (1) of Table 1 in Schedule 1 and described in column (2) of that Table in the Procurement Regulations 2024.</li> <li>Advice must be sought from Commercial Services before undertaking a light touch regime procurement.</li> </ul>	<p><b>Non key decisions:</b> Service Directors or above delegated authority under Scheme of Delegation and contract procedure rule 4.6.10.</p> <p><b>Key decisions:</b> Procurement that is above the key decision value (£500,000) must be authorised by cabinet/cabinet member. Authorisation by cabinet/cabinet</p>	<p><b>Non-key decisions:</b> Only service directors or above can authorise the award and signature /authorise sealing of a contract.</p> <p><b>Key Decisions:</b> Only service directors or above can authorise the award and signature /authorise sealing of a contract, subject to prior delegation by cabinet/cabinet member.</p>

Whole contract period total value excluding VAT *	Competition requirements	Advertising and process	Authority to procure	Authority to award a contract/ appoint contractor (sign/seal)
			member shall include authority for the service director or above to award the contract.	
<b><u>Direct award (excluding Health Care Services)</u></b>		<ul style="list-style-type: none"> <li>Undertake preliminary market engagement where appropriate and proportionate</li> <li>User Choice Services (contracts of any value) may be awarded to a supplier by way of direct award if particular conditions are met. Before making a direct award consult with Commercial Services using the User Choice form.</li> <li>Above £25,000 and below threshold contracts may be awarded directly to a supplier in exceptional circumstances by way of an Exemption to the Contract Procedure Rules (waiver). Follow the process set out in the Contracting Toolkit.</li> <li>Above threshold Public Contracts may be awarded by way of a direct award in limited circumstances set out in Procurement Act 2023. Before making a direct award consult with Commercial Services using the Direct Award Justification form. Follow the process set out in the Contracting Toolkit.</li> </ul>	<p><b>Non key decisions:</b> Service Directors or above delegated authority under Scheme of Delegation and contract procedure rule 4.6.10</p> <p><b>Key decisions:</b> Procurement that is above the key decision value (£500,000) must be authorised by cabinet/cabinet member. Authorisation by cabinet/cabinet member shall include authority for the service director or above to award the contract.</p>	<p><b>Non-key decisions:</b> Only service directors or above can authorise the award and signature /authorise sealing of a contract.</p> <p><b>Key Decisions:</b> Only service directors or above can authorise the award and signature /authorise sealing of a contract, subject to prior delegation by cabinet/cabinet member.</p>

Whole contract period total value excluding VAT *	Competition requirements	Advertising and process	Authority to procure	Authority to award a contract/ appoint contractor (sign/seal)
<b>Health care services</b> (Including mixed procurements where at least 50% of the services fall within these regulations.) All procurements regardless of value that fall within this definition must be procured under this legislation	Compliant process under the Health Care Services (Provider Selection Regime) Regulations 2023	<p><b>Procurement Processes:</b> The Health Care Services (Provider Selection Regime) Regulations 2023 provides three processes for procuring applicable healthcare services. (Applicable CPV codes are listed in Schedule 1 of the Health Care Services (Provider Selection Regime) Regulations 2023.</p> <ul style="list-style-type: none"> <li> <b>Direct Award Process:</b> <ul style="list-style-type: none"> <li> <b>Direct Award Process A (one capable provider): must be used</b> where there is an existing provider for the healthcare services and the council assesses and can evidence that there is <b>only</b> one capable provider. Publish a notice of the award. </li> <li> <b>Direct Award Process B (patient choice): must be used</b> when patients have the freedom to choose their provider and the number of providers is not restricted by the council. Publish a notice of the award. </li> <li> <b>Direct Award Process C (incumbent extension): may be used</b> when the council is not required to follow direct award processes A or B, can assess and evidence that the existing provider is satisfying its existing contract, has the ability to satisfy the new contract, and the proposed new contract has no considerable changes. Publish a notice of intention to make an award to the existing provider. After the standstill period, the contract is awarded, and a notice of the award is published. </li> </ul> </li> <li> <b>Most Suitable Provider Process:</b>  This process involves awarding a contract to a provider without running a competitive process because the council can identify the most suitable provider. It may be used when all of the following apply: <ul style="list-style-type: none"> <li>the council is not required to follow direct award processes A or B</li> </ul> </li> </ul>	<p><b>Non key decisions:</b>  Service Directors or above delegated authority under Scheme of Delegation and contract procedure rule 4.6.10</p> <p><b>Key decisions:</b>  Procurement that is above the key decision value (£500,000) must be authorised by cabinet/cabinet member.  Authorisation by cabinet/cabinet member shall include authority for the service director or above to award the contract.</p>	<p><b>Non-key decisions:</b>  Only service directors or above can authorise the award and signature /authorise sealing of a contract.</p> <p><b>Key Decisions:</b>  Only service directors or above can authorise the award and signature /authorise sealing of a contract, subject to prior delegation by cabinet/cabinet member.</p>

Whole contract period total value excluding VAT *	Competition requirements	Advertising and process	Authority to procure	Authority to award a contract/ appoint contractor (sign/seal)
		<ul style="list-style-type: none"> <li>the council cannot or does not wish to follow direct award process C</li> <li>the council is of the view, taking into account likely providers and all relevant information available to the relevant authority at the time, that it is likely to be able to identify the most suitable provider (without running a competitive process). The council submits a notice of intention to follow this process and identifies potential providers, assesses them based on key criteria, and selects the most suitable provider. After the standstill period, the contract is awarded and a notice of the award is published.</li> <li> <b>Competitive Process:</b> involves running a competitive process to award a contract. The competitive process must be used when all of the following apply: <ul style="list-style-type: none"> <li>the council is not required to follow direct award processes A or B</li> <li>the council cannot or does not wish to follow direct award process C and cannot or does not wish to follow the most suitable provider process.</li> </ul> <p>The council determines the criteria, invites offers from providers, assesses the offers, and makes a decision on the successful provider. After the standstill period, the contract is awarded, and a notice of the award is published.</p> </li> <li>The council must consider five key criteria when applying direct award process C, the most suitable provider process or the competitive process. These are: <ul style="list-style-type: none"> <li>quality and innovation</li> <li>value</li> <li>integration, collaboration and service sustainability</li> <li>improving access, reducing health inequalities and facilitating choice</li> </ul> </li> </ul>		



Whole contract period total value excluding VAT *	Competition requirements	Advertising and process	Authority to procure	Authority to award a contract/ appoint contractor (sign/seal)
		<ul style="list-style-type: none"> <li>o social value.</li> <li>• Framework agreements can only be concluded using the competitive process.</li> <li>• For all three processes, officers must keep records of their assessments, decision making process, and decisions made.</li> </ul> <p>Where the Health Care Service required is outside of the scope for these regulations then the Public Contract Regulations 2015 must be followed where appropriate.</p>		
<b><u>Concessions contracts</u></b> <ul style="list-style-type: none"> <li>• £4,327,500.00 £5,193,000.00 incl. VAT)</li> </ul>	Procurement Act 2023	<p>A concession contract means a contract for the supply, for pecuniary interest, of works or services to a contracting authority where—</p> <p>(a) at least part of the consideration for that supply is a right for the supplier to exploit the works or services, and</p> <p>(b) under the contract the supplier is exposed to a real operating risk.</p> <p>An operating risk is a risk that the supplier will not be able to recover its costs in connection with the supply and operation of the works or services, where the factors giving rise to that risk—</p> <p>(a) are reasonably foreseeable at the time of award, and</p> <p>(b) arise from matters outside the control of the Council and the supplier.</p> <p>Use the processes above depending on the value of the contract.</p> <ul style="list-style-type: none"> <li>• Advice must be sought from Commercial Services before undertaking a concessions contract procurement.</li> </ul>	<p><b>Non key decisions:</b> Service Directors or above delegated authority under Scheme of Delegation and contract procedure rule 4.6.10</p> <p><b>Key decisions:</b> Procurement that is above the key decision value (£500,000) must be authorised by cabinet/cabinet member. Authorisation by cabinet/cabinet member shall include authority for the service</p>	<p><b>Non-key decisions:</b> Only service directors or above can authorise the award and signature /authorise sealing of a contract.</p> <p><b>Key Decisions:</b> Only service directors or above can authorise the award and signature /authorise sealing of a contract, subject to prior delegation by cabinet/cabinet member.</p>



Whole contract period total value excluding VAT *	Competition requirements	Advertising and process	Authority to procure	Authority to award a contract/ appoint contractor (sign/seal)
			director or above to award the contract.	
<b><u>Creating new Framework Agreements</u></b>	<b><u>New framework</u></b> Use one of the above procedures relative to the framework type and value.	<ul style="list-style-type: none"> <li>Undertake preliminary market engagement where appropriate and proportionate.</li> <li>The opportunity must be advertised and undertaken utilising the council's e-tendering portal. The opportunity should also be advertised using: <ul style="list-style-type: none"> <li>the relevant notices and</li> <li>the mandatory Central Digital Platform.</li> </ul> </li> <li>The Authorised Officer shall consult Commercial Services early to determine the procedure for conducting the procurement exercise.</li> </ul>	<b>Key decisions:</b> Procurement that is above the key decision value (£500,000) must be authorised by cabinet/cabinet member. Authorisation by cabinet/cabinet member shall include authority for the service director or above to award the contract.	<b>Key Decisions:</b> Only service directors or above can authorise the award and signature /authorise sealing of a contract, subject to prior delegation by cabinet/cabinet member.
<b><u>Creating New Dynamic Markets</u></b>		<ul style="list-style-type: none"> <li>Undertake preliminary market engagement where appropriate and proportionate.</li> <li>The opportunity must be advertised and undertaken utilising the council's e-tendering portal.</li> <li>Before establishing a dynamic market, Authorised Officers must publish a Dynamic Market Intention notice (see section on notices in Appendix 3)</li> <li>Authorised Officers may set conditions for membership of a dynamic market if they are satisfied that the conditions are a proportionate means of ensuring that members— <ul style="list-style-type: none"> <li>(a) have the legal and financial capacity to perform contracts awarded by reference to membership of the market or the part of the market;</li> <li>(b) have the technical ability to perform such contracts.</li> </ul> </li> <li>As soon as reasonably practicable after establishing a dynamic market Authorised Officers must publish a</li> </ul>	<b>Key decisions:</b> Procurement that is above the key decision value (£500,000) must be authorised by cabinet/cabinet member. Authorisation by cabinet/cabinet member shall include authority for the service director or above to award the contract.	<b>Key Decisions:</b> Only service directors or above can authorise the award and signature /authorise sealing of a contract, subject to prior delegation by cabinet/cabinet member.

Whole contract period total value excluding VAT *	Competition requirements	Advertising and process	Authority to procure	Authority to award a contract/ appoint contractor (sign/seal)
		<p>dynamic market establishment notice (see section on notices in Appendix 3).</p> <ul style="list-style-type: none"> <li>• Authorised Officers establishing a dynamic market must: <ul style="list-style-type: none"> <li>(a) accept applications for membership at any time;</li> <li>(b) consider applications within a reasonable period of time;</li> <li>(c) admit suppliers to the dynamic market (as long as they are not excluded suppliers and they meet the conditions for membership) as soon as reasonably practicable;</li> <li>(d) consider whether to admit suppliers that are excludable suppliers and that meet the conditions for membership; and</li> <li>(e) inform suppliers of the outcome of their applications, and the reasons for the decision, as soon as reasonably practicable.</li> </ul> </li> <li>• The number of suppliers on a dynamic market cannot be limited and the conditions for membership of a dynamic market cannot be modified during the life of the dynamic market. The conditions for membership must remain consistent throughout the life of the dynamic market to ensure fairness to all suppliers.</li> <li>• When awarding a contract under an 'appropriate dynamic market', the competitive flexible procedure must be used.</li> <li>• Advice must be sought from Commercial Services before setting up a Dynamic Market.</li> </ul>		

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## INTRODUCTION

### What are Contract Procedure Rules?

- 4.6.1 The Contract Procedure Rules (CPRs), the Procurement and Commissioning Strategy, the Contracting Toolkit and the Contract Management Framework together with the Procurement Act 2023, the Procurement Regulations 2024, the Health Care Services (Provider Selection Regime) Regulations 2023 and the Government's National Procurement Policy Statement (NPPS) provide the framework for procurement and contract management activity across the council, setting out how contracts for goods, works, services, concessions and utilities should be put in place and managed, and detailing the record keeping and reporting requirements related to procurement activity. They apply to all officers and elected members across the council.
- 4.6.2 The CPRs should not be seen in isolation, but rather as part of the overall regulatory framework of the council as set out in the Constitution.
- 4.6.3 The Public Contract Rules 2015 and Concessions Contract Regulations 2016 will continue to apply to contracts procured before 24 February 2025; this includes contracts awarded under frameworks let under this legislation.

### Why are CPRs needed?

- 4.6.4 The Local Government Act 1972 requires the council to have standing orders for how it enters into contracts. These CPRs are the standing orders required by the 1972 Act. They form part of the council's Constitution and are, in effect, the instructions of the council to officers and elected members for entering into contracts on behalf of the council. In acting on behalf of the council, officers must also have regard to any guidance and procedures issued to support compliance with the CPRs.
- 4.6.5 The council is under a legal duty to promote Best Value and to consider the Public Services (Social Value) Act 2012 and the Public Sector Equality Duty and every officer engaged in the letting of contracts shall have regard to these duties and associated council policies. Where compliance with these duties contradicts the requirements of any statutory legislation or specific best practice guidance, the views of legal and commercial services teams must be obtained.
- 4.6.6 The CPRs apply to all contracts for the supply of works, goods, services, consultancy, utilities and concessions to the council, regardless of value. Maintained schools, and the council where it acts on a school's behalf, must comply with these CPRs when procuring contracts.
- 4.6.7 It is important to respect confidentiality during all stages of the formal tendering process. Officers must not disclose any information they have about potential suppliers to other persons/suppliers potentially competing for the same contract.
- 4.6.8 The CPRs do not apply to:
  - (a) The acquisition, disposal, or transfer of land (including leasehold interests) for which the financial regulations apply except where services or works are required by the council as part of the land transaction. e.g. development agreements. Note that this does not apply to any external professional services linked to the purchase or sale.
  - (b) Contracts of employment for the appointment of individual members of staff, including members of staff sourced through employment agencies under a corporate contract.
  - (c) Grant agreements
  - (d) Sponsorship agreements regulated by the sponsorship rules.

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- (e) Supply of works, goods and services by the council to a third party. However, the Director of Governance and Law must be consulted where the council is contemplating this route.
  - (f) Contracts procured in collaboration with other public authorities where the council is not the lead authority (subject to the necessary approvals having been obtained from the appropriate decision maker at the council). The CPRs of the lead authority shall apply. Assurance should be sought that the lead authority is in compliance with its own contract procedure rules and the relevant procurement legislation.
  - (g) Purchases made at public auction.
  - (h) Contracts relating to the placement of deposits or raising loans under the Financial Procedure Rules
  - (i) Contracts between a public authority and a controlled body ('Teckal') that amount to a Counterparty Exempted Contract under Part 1 Paragraph 2 of Schedule 2 of the Procurement Act 2023.
  - (j) Contracts between public authorities that relate to a horizontal arrangement between those authorities and amount to a Counterparty Exempted Contract under Part 1 Paragraph 3 of Schedule 2 of the Procurement Act 2023.

### **Authority to conduct procurement activity**

4.6.9 The authority for an officer to:

- (a) undertake a procurement;
- (b) award a contract;
- (c) extend or modify a contract;
- (d) terminate a contract during a contract period (early contract termination)

is provided by either of the following:

- (e) for key decisions, a prior decision of Cabinet or individual Cabinet member; or
- (f) for all other decisions then under the scheme of delegation.

4.6.10 Where the scheme of delegation provides the authority and in accordance with the financial procedure rules, commencement of a procurement activity may be authorised by:

- (a) Officers specified by the Corporate Director/Service Director for a total aggregate contract value of up to £25,000.
- (b) Managers that report to Head of Service (up to and including HC12 pay grade) for total aggregate contract value up to £100,000.
- (c) Heads of Service or equivalent (HC13 pay grade) for a total aggregate contract value of up to £250,000.
- (d) Service Directors, Corporate Directors or the Chief Executive (HoS1 and HoS2 pay grade) for a total aggregate contract value of up to £500,000.

Ensure you have the correct governance in place before you proceed with the procurement process.

### **Basic principles**

4.6.11 All procurement procedures must:

- (a) Realise value for money by seeking to achieve the optimum combination of whole life costs and quality of outcome/s,

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- (b) Be consistent with the highest standards of integrity,
  - (c) Operate in a transparent manner, ensuring fairness and equal treatment in evaluating tenders and allocation of public contracts,
  - (d) Support all relevant council priorities and policies including the Medium Term Financial Plan,
  - (e) Comply with the Council's Procurement and Commissioning Strategy and the Social Value Statement,
  - (f) Comply with all legislative requirements including the Human Rights Act 1998 and the Equality Act 2010,
  - (g) Comply with the Procurement Objectives which are:
    - i. Delivering value for money
    - ii. Maximising public benefit
    - iii. Transparency and
    - iv. Acting with integrity
  - (h) Be funded through the allocation of an appropriately established budget or external grant funding.

4.6.12 The CPRs shall be applied to the contracting activities of any partnership for which the Council is the accountable body unless the council expressly agrees otherwise.

4.6.13 All members and officers<sup>1</sup> of the Council must disclose any conflict of interest that they may have relating to a procurement or a contract to which these rules relate and in which they are acting on behalf of the Council. If any member or officer has such an interest, they may be excluded from taking any further part in the procurement process and must ensure that they comply with Part 5 (the codes and guidance) of the constitution. If there is any risk of a perception of a conflict of interest, then the relevant Director or Service Director will decide how serious that risk is and decide whether that person should continue to take part in the procurement.

4.6.14 Where contracting a consultant which does not fall inside the IR35 regulations (i.e. be considered an employee for tax and NI purposes); or the consultant is not filling an established post, CPRs must be complied with. Any ambiguity on whether a contract is an employment contract or a consultancy contract covered by these rules should be referred to HR Services.

## **Record of Decisions**

4.6.15 Where an award of a contract is above £50,000, a Record of Operational Decision (RoOD) and/or Key Decision dependent on value will be required and will need to be published, including the financial amount in the decision / recommendation. Additionally, a decision will be required for procurements of contracts jointly with one or more other contracting authorities. A decision to commence a procurement does not require a RoOD.

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<sup>1</sup> Including those contracted to deliver services on the council's behalf.

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- 4.6.16 Where the authority is for to commence a procurement activity, a contract variation, contract extension or award a contract which is a key decision, the scope of the authority must be set out in the Cabinet or Cabinet member key decision.

### **Planning a procurement**

- 4.6.17 Good planning is vital to the success of any procurement. Sufficient planning time must be built into any procurement activity to allow for adequate preliminary market engagement, development of good quality specifications and tender documentation. Allow a reasonable time for the market to respond to the tender paying due regard to the procurement timescales set out in the relevant legislation and/or the Contracting Toolkit or seek advice from Commercial Services. Ensure sufficient time is also allocated to the tender timeline for clarifications, evaluation, due diligence stages and contract award stages of the procurement process. Use the pre-procurement checklist to guide what is needed throughout the process.
- 4.6.18 Check to see if there is an existing Council contract that you can use to fulfil your requirement. Explore opportunities to work collaboratively across directorates, consider what is the best approach to deliver the best outcome and value to the council as a whole.
- 4.6.19 Risk assessment – Authorised Officer must carry out a risk assessment on the procurement and ensure any risks identified are managed and/or mitigated through the procurement process and/or in the contract.
- 4.6.20 Preliminary market engagement is permitted for the purpose of:
- Developing the Council's requirements and approach to the procurement
  - Designing a procedure, conditions of participation or award criteria
  - Preparing the tender notice and associated tender documents
  - Identifying suppliers that may be able to supply the requirement (understanding the market).
  - Identifying likely contractual terms
  - Building capacity amongst suppliers in relation to the contract

If the procurement is valued over the relevant threshold, a preliminary market engagement notice must be published on the government's Central Digital Platform/Find a Tender.

- 4.6.21 When engaging with potential suppliers, the Council must not seek or accept technical advice on the preparation of an Invitation to Tender or Quotation from a single supplier, who may have a commercial interest in the procurement opportunity, as this may prejudice the transparency principles or distort competition and prohibit them from submitting a bid or result in them be excluded from the bidding process. The Council may carry out market testing to inform the specification from a number of potential suppliers.
- 4.6.22 Consideration should be given to how service users can actively participate in the designing, delivery and quality-monitoring of their service. What is the best form of community or service-user engagement or consultation?
- 4.6.23 Where the procurement involves a potential change to services provided by the council ensure compliance with the Council's duty to consult under Section 3 Local Government Act 1999 and the Equality Act 2010
- 4.6.24 Prior to carrying out the procurement process an assessment of the total value of the contract must be carried out to determine the competition requirements. Officers must estimate the value of a contract as the maximum amount it could expect to pay under the contract including

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where applicable, amounts already paid and any contract extensions.

- 4.6.25 For goods, services or works contracts, the amount the Council could expect to pay includes the following:
- a) the value of any goods, services or works provided by the Council under the contract other than for payment;
  - b) amounts that would be payable if an option in the contract to supply additional goods, services or works were exercised;
  - c) amounts that would be payable if an option in the contract to extend or renew the term of the contract were exercised;
  - d) amounts representing premiums, fees, commissions or interest that could be payable under the contract;
  - e) amounts representing prizes or payments that could be payable to participants in the procurement.
- 4.6.26 When estimating the value of a concession contract this needs to take into account the maximum amount the supplier could expect to receive as a result of the contract, reflecting the requirement that some revenues must be estimated to come from sources other than payments by the Council.
- 4.6.27 Where officers are unable to estimate the value of a contract (for example because the duration of the contract is unknown), the value is to be treated as having an estimated amount of more than the threshold amount for the type of contract and an above threshold procedure must be followed.
- 4.6.28 Where the procurement is split into lots, the total cost of all the lots must be included in the valuation.
- 4.6.29 Officers must not deliberately disaggregate the value of a Contract and/or split the value up to reduce the number of quotes to be obtained or carry out multiple procurements to avoid the CPRs and/or relevant legislation.
- 4.6.30 If there are any known risk which can't be quantified at the start of the contract, these must be included in the scope. This may allow the contract to be modified at a later stage should the risk materialise.
- 4.6.31 Where officers are seeking quotes for the same or similar goods and/or services on a regular basis, they must offer the opportunity to new suppliers periodically. Where the goods and/or services are used on a regular basis, the establishment of a framework or call off contract should be considered to prevent disaggregation of spend to avoid the CPRs and/or relevant legislation.
- 4.6.32 Wherever it is mutually advantageous to do so, the Council may seek to conduct procurements in collaboration with partner organisations. Where shared costs, joint procurements or joint contracting is taking place between collaborating authorities it is advised that an agreement detailing such arrangements should be drawn up between the partners. The partners should appoint a lead partner and agree to comply with the lead partner's contract rules as long as they are no less stringent than the council's and the lead partner comply with the relevant legislation).
- 4.6.33 All procurements require a tender pack, which as a minimum should include:
- The specification (describing the service you require)
  - A draft copy of the contract terms and conditions (describing what the contract will look like with any successful bidder)



- An invitation to quote (ITQ), invitation to tender (ITT) or other document which sets out the tender process, with instructions for bidding and the evaluation criteria.
- Other documents that are relevant to the tender e.g. plans or drawings, TUPE information, draft property rental/lease agreement, a particular policy or procedure document(s), additional service data or information etc.

## **Specifications and options appraisal**

4.6.34 At the start of any procurement activity, the Authorised Officer and, where the Authorised Officer is a Project Manager at least one officer from the service area responsible for providing the service, must develop the service specification and/or existing service design together with the requisite business case, procurement strategy or service plans that identifies as a minimum:

- (a) Why the service is being commissioned; what is the need?
- (b) The budget available and the length of the proposed contract.
- (c) Assessment of the risks associated with the procurement and how they can be successfully managed.
- (d) Identify any known risks the contract that could arise during the term of the contract and ensure these are addressed in the contract.
- (e) Which, if any, social value outcomes will be achieved from the commissioning exercise, and how they can contribute towards meeting the council's overall priorities.
- (f) A clear description of the goods, services or works required. This can be expressed as outputs or outcomes
- (g) Financial implications.
- (h) ICT implications.
- (i) Property implications.
- (j) Where applicable the Priority Supplier Programme information.
- (k) Ensure that the application of the Transfer of Undertaking Protection of Employment Regulations 2006 (TUPE) is considered and obtain advice from Commercial Services or Legal Services before proceeding with inviting tenders or quotes. Provide the relevant information to potential suppliers.
- (l) Comply with the technical specification requirements in the relevant legislation.
- (m) Ensure contract management is considered early and that the mechanisms for monitoring the contract are embedded in the specification and the contract.
- (n) Exit requirements at the end of the contract, such as Personal Data, TUPE, demobilisation, hand over to new supplier.

4.6.35 The provision of 4.6.25(e) may apply to services contracts, or services together with the purchase or hire of goods or the carrying out of works, where it is proportionate and relevant to do so to enable or facilitate compliance with the duty imposed by section 1 of the Public Services (Social Value) Act 2012.

4.6.36 Documents relevant to the procurement including any decisions taken during the procurement process must be clearly documented and show options considered and recommendations to be taken forward. These documents must be retained for a period of 3 years from the date the contract is entered into or if not entered into, the date it was awarded, or the procurement process was ended. The documents must be stored in an appropriate storage area on the council's network that is accessible to other members of staff within the service area.

## **Reserving procurements to supported employment providers**

4.6.37 On a case by case basis, a competitive flexible procedure may provide for suppliers that are not supported employment providers, as defined in clause 32(4) Procurement Act 2023, to be



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excluded from participating in, or progressing as part of, the procedure.

- 4.6.38 On a case by case basis, a competitive flexible procedure may provide for suppliers that are not public service mutuals, as defined in clause 33(6) Procurement Act 2023 to be excluded from participating in, or progressing as part of, the procedure.
- 4.6.39 When opting to reserve a procurement Authorised Officers are required to record the rationale / approval of their decision and keep with other procurement documents. This needs to be clearly stated in the relevant notices and tender documents.

### **Frameworks and Dynamic Markets**

- 4.6.40 Use of an external framework must be approved by Commercial Services and Legal Services.
- 4.6.41 All framework agreements and dynamic markets used must be legally compliant and legally accessible to the Council. The Authorised Officer is responsible for ensuring that the proposed route is approved in accordance with paragraph 4.6.40 and ensure that due diligence is carried out to ensure it meets the needs of the council. The award of a contract via a single supplier framework or a direct award under a framework must be able to demonstrate value for money and be agreed by Commercial Services and Legal Services.
- 4.6.42 Where officers wish to create Open Frameworks or Dynamic Markets, advice from Commercial Services must be sought at an early stage.

### **Notifications**

- 4.6.43 Authorised Officers and Contract Managers must ensure that Notifications are published where required under the relevant legislation during all stages of the procurement and during the life of the contract. See the section on notices in Appendix 3 and the Contracting toolkit for further information.

### **Procurement Routes**

- 4.6.44 All contracts must be procured in accordance with these CPR's.
- 4.6.45 All contracts procured under the Public Contract Regulations 2015 will continue to be governed by those regulations until the end of the contract.
- 4.6.46 All contracts that are covered by the Provider Selection Regime (PSR), must be procured under the Provider Selection Regime (PSR) following the appropriate route to market as set out in PSR Legislation, and follow PSR legislation for Contract Modifications, and Notifications.
- 4.6.47 There is no minimum threshold value for the application of the PSR and therefore it applies to ALL Contracts in scope of the regime regardless of value.
- 4.6.48 The PSR is retrospective; therefore, any Contracts that are covered under the PSR must be extended or varied in line with PSR Legislation, including all Notifications.
- 4.6.49 Goods, Services, Works and Concessions contracts must be procured in accordance with the Procurement Act 2023 from the date it comes into effect.

### **Light Touch Services**

- 4.6.50 Light Touch process for above threshold procurements can only be used where the procurement is covered by the relevant [CPV](#) codes set out in Schedule 1 (Light Touch

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Services) of the Procurement Act 2023. All Light Touch procurements must follow the Procurement Act 2023 regarding notices and timescales for Light Touch Services.

## **EVALUATION CRITERIA AND STANDARDS**

### **Evaluation criteria**

- 4.6.51 Authorised Officers will use criteria linked to the subject matter of the contract to determine that a tender submission is the most advantageous tender.
- 4.6.52 When setting award criteria, the Authorised Officer must be satisfied that they—
- (a) relate to the subject-matter of the contract,
  - (b) are sufficiently clear, measurable and specific,
  - (c) do not break the rules on technical specifications as set out in the legislation, and
  - (d) are a proportionate means of assessing tenders, having regard to the nature, complexity and cost of the contract.
- 4.6.53 In setting award criteria, the Authorised Officer must—
- (a) describe how tenders are to be assessed by reference to them and, in particular, specify whether failure to meet one or more criteria would disqualify a tender (the “assessment methodology”), and
  - (b) if there is more than one criterion, indicate their relative importance by—
    - i. Weighting each as representing a percentage of total importance
    - ii. Ranking them in order of importance, or
    - iii. Describing it in another way.
- 4.6.54 In setting award criteria for the assessment of tenders by reference to lots, the Authorised Officer –
- (a) may limit the number of lots that may be awarded to any one supplier, and
  - (b) In doing so, must provide an objective mechanism for supplier selection in circumstances where a supplier would otherwise exceed the limit.
- 4.6.55 The “most advantageous tender” is the tender that the council considers—
- (a) Satisfies the council’s requirements, and
  - (b) Best satisfies the award criteria when assessed by reference to—
    - i. The assessment methodology set out in the quote/tender, and
    - ii. If there is more than one criterion, the relative importance of the criteria set out in the quote/tender.
- 4.6.56 Issues that are important to the Council in terms of meeting its corporate objectives can be used to evaluate bids. The criteria can include, for example, considering sustainability and environmental characteristics or support for the local economy. The bidder’s approach to continuous improvement and setting targets for service improvement or future savings could

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also be included. All criteria must relate to the subject matter of the contract, be set out clearly in the tender documents and be in line with the council's corporate objectives and must be objectively quantifiable and non-discriminatory.

- 4.6.57 Where Authorised Officers intend to carry out site visits, demonstrations, presentations or interviews as part of the evaluation process, this must be made clear in the ITT and include whether this will be scored separately to the tender submission or used to moderate scores. If scored separately, bidders must be informed of the evaluation criteria and weighting/s in the procurement documents.
- 4.6.58 The procurement documents shall clearly explain the evaluation criteria, making clear how the evaluation criteria specified in the process will be applied. Where the scoring criteria is weighted, the ITT will clearly set out the overall weightings to be attached to each of the high-level criteria, how the high-level criteria are divided into any sub-criteria and the weightings attached to each of those sub-criteria.
- 4.6.59 As part of the evaluation process the council must undertake due diligence checks which seek to determine the commercial stability of the successful bidder/s to inform the decision to award a contract. In determining the types of due diligence checks to undertake, consideration must be given to market risk, complexity and value of the tender. Depending on the value of the contract and the risk to the Council, the checks will include at least one or more of the following:
- Search on the government's Companies House database
  - A recent credit report on the organisation
  - An assessment of the supplier's completed financial workbook
  - A recent assessment of fraud
- 4.6.60 Authorised Officers must check that none of the bidders, associated persons, any connected persons or intended sub-contractors are on the Debarred List, excluded from bidding or are excludable. Where bidders, associated persons, any connected persons or intended sub-contractors are on the Debarred List or excluded from bidding in accordance with the legislation, the bids must be excluded from the procurement process. With regards to Sub-Contractors on the Debarment List, before excluding the bidder, Authorised Officer must notify the bidder of it's intention to exclude and give the bidder a reasonable time to find an alternative supplier with which to sub-contract. Where the bids are excludable, advice must be sought from Commercial Services and/or Legal Services before the bids are excluded. The reason for excluding bids must be recorded.
- 4.6.61 Tenders, quotations or selection questionnaires which are received after the stated deadline shall be automatically rejected. In exceptional circumstances, Authorised Officers, in consultation with and following the approval of the S151 Officer or the Deputy S151 Officer, can accept a late tender. The core principle is that tenders should not be rejected if the delay is due to the actions of the Council, a third party, or force majeure. If it is decided to accept a late tender, it must be treated in the same way as all other tenders. The full details of the decision to accept the late tender must be recorded. Where only one submission is received and where this submission has arrived late, but is compliant in every other respect, the S151 or the Deputy S151 Officer may consider the tender for acceptance.
- 4.6.62 An evaluation panel of at least 2 people should be established for the assessment of any qualitative questions in the invitation to quote/tender. The panel should be made up of people with the requisite knowledge and skills relevant to the goods, services or works being procured. Above UK threshold contracts (as determined in the CPRs) shall be evaluated and agreed

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involving the Commercial Services team and any other officers relevant to the decision-making process.

- 4.6.63 Sufficient time should be allocated for the completion of compliance checks, evaluation, moderation, due diligence and governance.
- 4.6.64 Bidders can only alter their tenders or quotes after the date specified for their receipt (but before the formal acceptance of the tender or quote), where examination by the Authorised Officers reveals arithmetical errors or discrepancies that affect the tender or quote figure. The bidder shall be given details in writing of such errors or discrepancies and afforded an opportunity of confirming, amending or withdrawing their offer in writing.
- 4.6.65 All other post-tender clarifications shall only be undertaken following consultation with Commercial Services and Legal Services. Any clarifications cannot disclose commercially sensitive information supplied by other bidders.
- 4.6.66 The council shall require bidders to explain the price of costs proposed in the tender where the tender appears to be abnormally low in relation to the works, goods or services.

### **Tender/Quotation acceptance**

- 4.6.67 The Council shall only accept a tender and award a contract to the bidder submitting the most advantageous tender/quote within budget.
- 4.6.68 For procurements above £25,000 the Authorised Officer must produce a procurement evaluation report showing:
- (a) the subject matter and value of the contract
  - (b) the procurement route followed
  - (c) the names of the selected and rejected bidders and reasons for their rejection/selection
  - (d) the value of the bids received
  - (e) any conflicts of interest detected, and subsequent measures taken
  - (f) the reasons for deciding not to award a contract/framework agreement/establish a Dynamic Purchasing System (if applicable)
  - (g) the result of the assessment of each tender
  - (h) comparison of assessment results
  - (i) details of due diligence checks carried out
  - (j) the recommendation on which bidder should be awarded the contract detailing the value and term of the contract to be awarded including potential extensions, if applicable.
- 4.6.69 Where bids are considered to be abnormally low, before disregarding a tender on this basis the Authorised Officer or Procurement Officer must first notify the bidder and provide it with a reasonable opportunity to demonstrate that it will be able to perform the contract at the price offered. If the bidder demonstrates to the Authorised Officer or Procurement Officer's satisfaction that it will be able to perform the contract for the price offered, the tender may not be disregarded as abnormally low.
- 4.6.70 Written notification to successful and unsuccessful bidders of the outcome of a procurement process should be provided as soon as practicable and in accordance with the relevant legislation via the e-tendering system.
- 4.6.71 Where necessary publish a Contract Award Notice on the Central Digital Platform via the e-tendering portal to communicate the outcome of the tender. For procurements above the UK threshold or where the relevant legislation provides for a standstill period, the contract cannot be formally awarded until the bidders have been informed and the mandatory standstill period has elapsed without any challenges arising from the bidders.

- 4.6.72 The successful bidder must not be allowed to commence provisions of the goods, services or works until a formal written contract has been completed. The Authorised Officer must ensure that a completed copy of the contract is added to the council's contract register.
- 4.6.73 When the contract has been completed, Authorised Officers must publish a Contract Details Notice and for Contracts above £5 million a copy of the redacted contract on the Central Digital Platform via the e-tendering portal.

### **Awarding a contract (signature and sealing)**

- 4.6.74 Where the scheme of delegation provides the authority:
- (a) Service Directors and above can authorise the award and signature on a contract, or authorise Legal Services to sign, or where sealing is required in 4.6.77, authorise the sealing of a contract, authorise a contract variation/ extension or authorise an early contract termination of a contract up to the value of £500,000.
  - (b) Service Directors and above have the authority to award and authorise the sealing of a contract, authorise a contract variation/ extension or authorise an early contract termination of a contract in excess of £500,000 in value, provided that cabinet/cabinet member approval or specific delegation has already been made.
- 4.6.75 Contracts can be signed in accordance with 4.6.76, however contracts must be executed as deeds by affixing the common seal of the council in the following circumstances:
- (a) contracts above the key decision value – unless agreed otherwise by Legal Services;
  - (b) new framework agreements;
  - (c) all building and works-related contracts – unless agreed otherwise by Legal Services;
  - (d) where there is no consideration (i.e. money or money's worth) by one party (e.g. grant agreements, where the council is paying a voluntary sum to an organisation but the organisation is not giving anything in return); and,
  - (e) other high-risk contracts (as advised by Legal Services) where a longer limitation period of 12 years is required.
- 4.6.76 Before a contract can be sealed by the council, the Authorised Officer must provide Legal Services with the relevant authority to award in writing from the appropriate decision maker. The sealing of the contract by Legal Services is simply affixing the common seal and does not indicate that legal advice has been sought or that Legal Services approve the contract.
- 4.6.77 Authorised Officers shall ensure that each contract is on one of the Council's standard contract templates or that the terms and conditions, Service Level Agreements, or assignment Memorandums of Understanding. Where this is not the case then the contract must be approved by Legal Services prior to going out to tender/quote.

### **Bonds and parent company guarantees**

- 4.6.78 A Bond or Parent Company Guarantee will be required on all works contracts above £1,000,000 unless considered inappropriate by the S151 Officer following consultation with the Monitoring Officer.
- 4.6.79 Bonds or Parent Company Guarantees may be required for any other contract if considered appropriate by the S151 Officer following consultation with the Monitoring Officer.
- 4.6.80 Bonds shall be a minimum of 10% of the contract value.

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**Urgent decisions**

- 4.6.81 Tenders need not be invited in accordance with the provisions of the council's CPRs if an urgent decision is required, for example for the protection of life or property or due to an emergency not of the council's making or attributable to the actions of the council, to maintain the functioning of a public service, if in the opinion of the relevant Director it is considered to be in the council's interests or necessary to meet the council's obligations under relevant legislation.
- 4.6.82 The Council must be able to evidence that it is a genuine emergency, that the events causing extreme urgency were unforeseeable and not of the Council's making or attributable to the actions of the Council, that is impossible to comply with the usual timescales for a procurement including through a framework or accelerated procurement, and that the situation is not attributable to the Council.
- 4.6.83 Wherever possible though, at least 3 credible quotations must be sought and any decision made or contract awarded shall be made by the relevant Director and reported to the relevant Cabinet Member.
- 4.6.84 Such emergency contracts should be let for as short a period as possible to allow their replacement with a contract that is fully compliant with the CPRs at the earliest practicable opportunity.
- 4.6.85 A Record of Operational Decision to award a contract must be published for contract values above £50,000 and the financial value included within the decision. Where a contract amounts to a key decision then the relevant urgency provisions in Part 4 Section 2 'Access to Information Rules' in the Council's constitution must be complied with.

**Contract management**

- 4.6.86 Contract Management is part of Procurement Act 2023. It places obligations on the Council to ensure that contracts procured under that legislation are managed effectively.
- 4.6.87 All Contracts must have a named Contract Manager on Business World. Directors and Service Directors are responsible for ensuring that Contract Managers carry out effective Contract Management in line with the Council's [Contract Management Framework](#) to ensure value for money throughout the lifetime of the Contract. Directors and Service Directors must ensure there are sufficient resources, skills, and capacity to effectively manage the contract to ensure that the council receives the Goods, Services or Works as procured.
- 4.6.88 All contracts over £5,000 are to be entered on the Council's contracts register. This information should be updated if there is a change or variation made to the contract. Contract Managers and Commissioners are responsible for updating and adding additional contracts to the register as they are let or varied and using the register to inform subsequent tender planning.
- 4.6.89 The Contract Manager shall proactively manage the contract throughout its life cycle in accordance with the council's Contract Management Framework and in particular shall:
- (a) Classify the contract as Tier-3 "routine", Tier-2 "focused /leveraged", "and Tier-1 "strategic" by value and risk;
  - (b) Undertake a series of activities for each stage of the contract's life cycle – set up, delivery and exit; and
  - (c) Undertake a formal contract review in accordance with the framework.
- 4.6.90 The Contract Manager shall manage the contract throughout its life cycle having regard to the Council's Contract Management Toolkit and good contract management practices. The



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contract manager shall maintain all records relating to the contract in an appropriate storage area on the council's network that is accessible to other members of staff within the service area.

- 4.6.91 The Contract Manager shall manage a supplier's performance throughout the contract life to ensure that milestones, KPIs, deliverables and outcomes and social value commitments are achieved. Risks and where appropriate, business continuity shall be managed as detailed within the contract documentation. Management data needs to be published in accordance with the Local Government Transparency Code.
- 4.6.92 Contract spend must be managed and monitored, and any additional budget or overspend must be managed in accordance with the Financial Rules.
- 4.6.93 The Contract Manager must notify [Treasury@herefordshire.gov.uk](mailto:Treasury@herefordshire.gov.uk) of any Council asset leased, given or used by the contractor at the start or during the term of the contract.
- 4.6.94 The Contract Manager shall ensure that a new procurement is commenced in plenty of time to replace the current contract if the goods, services or works are still required at the end of the current contract.

### **Modifications to contracts**

#### **Under the Public Contracts Regulations 2015 (applies to contracts procured before 24<sup>th</sup> February 2024)**

- 4.6.95 Where a contract extension or variation is provided for in the original contract agreement, is within budget and the aggregate value of the contract is under £500,000 there is no need for a new decision report. Where the variation will take the value of the contract over £500,000, a key decision will be required.
- 4.6.96 Where the value of the contract is below the UK threshold and there is no provision in the contract for a variation or extension, a decision will be required. Extension and variation will only be granted in limited circumstances having regard to the Public Contracts Regulations 2015.
- 4.6.97 Where the variation or extension to the contract results in an increase in value of less than 10% of the original contract price for services and supply contracts and less than 15% of the original contract price for works contracts, the decision can be made by the relevant Director or Service Director. Where several successive modifications are made, the value shall be the net cumulative value of the successive modifications.
- 4.6.98 Where the variation or extension to the contract results in the increase in value of more than 10% of the original contract price for services and supply contracts and more than 15% of the original contract price for works contracts, and the value of the contract remains below the relevant UK Threshold, the decision can be made by the relevant Director or Service Director in consultation with Commercial Services and Legal Services. Where several successive modifications are made, the value shall be the net cumulative value of the successive modifications.
- 4.6.99 Where the value of the contract exceeds the UK threshold, extension and variation will only be considered where they comply with Regulation 72 of the Public Contracts Regulations 2015. The decision can be made by the relevant Director or Service Director in consultation with Commercial Services and Legal Services.

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4.6.100 Any variation or extension must not alter the overall nature of the contract or the framework agreement and shall not be aimed at circumventing these rules and the legislation.

4.6.101 Where notices of variations are required under the legislation, these notices must be published on the Central Digital Platform in accordance with the legislation.

**Under the Health Care Services (Provider Selection Regime) Regulations 2023**

4.6.102 Modification to contracts that fall within the listed services under these regulations will only be considered where they comply with Regulation 13 of the Health Care Services (Provider Selection Regime) Regulations 2023. The decision can be made by the relevant Director or Service Director in consultation with Commercial Services and Legal Services.

**Under the Concessions Contract Regulations 2016 (applies to contract procured before 24<sup>th</sup> February 2024)**

4.6.103 Modification to contracts under these regulations will only be considered where they comply with Regulation 43 of the Concessions Contract Regulations 2016.

**Under the Procurement Act 2023 (applies to contract procured after 24<sup>th</sup> February 2024) (also applies to Concessions Contracts)**

4.6.104 Where a contract extension or variation is provided for in the original contract agreement, is within budget and the aggregate value of the contract is under £500,000 there is no need for a new decision. Where the value of the variation is over £500,000 or the variation will take the value of the contract over £500,000 a key decision will be required.

4.6.105 Where the value of the contract is below the UK threshold and there is no provision in the contract for a variation or extension a decision will be required. Extension and variation will only be granted in limited circumstances having regard to the Procurement Act 2023 and the Procurement Regulations 2024.

4.6.106 Subject to 4.6.108, where the variation or extension to the contract results in an increase in value of less than 10% of the original contract price for service and supply contract and less than 15% of the original contract price for works contracts, the decision can be made by the relevant Director or Service Director.

4.6.107 Subject to 4.6.108, where the variation or extension to the contract results in the increase in value of more than 10% of the original contract price for service and supply contracts and more than 15% of the original contract price for works contracts and the value of the Contract remains below the relevant Threshold, the decision can be made by the relevant Director or Service Director in consultation with Commercial Services and Legal Services.

4.6.108 Where the variation will take the value of the contract above the relevant threshold, the contract becomes a 'Convertible Contract' and only be varied in accordance with clause 74 and Schedule 8 of the Procurement Act 2023. If the value of the contract exceeds the UK threshold, extension and variation will only be considered where they comply with Regulation 74 of the Procurement Act 2023. In both cases, the decision can only be made by the relevant Director or Service Director in consultation with Commercial Services and Legal Services.

4.6.109 Any variation or extension must not be substantial or materially change the scope of the contract or the framework agreement and shall not be aimed at circumventing these rules and relevant the legislation.



4.6.110 Variations to light touch contract are permissible under the Procurement Act 2023 and do not have to comply with the clause 74 or Schedule 8 of the Procurement Act 2023. Any variation must be approved by the Director or Service Director depending on the value of the variation in consultation with Commercial Service and Legal Services.

4.6.111 Where notices of the variations are required under the legalisation, these notices must be published on the Central Digital Platform in accordance with the legislation.

### **Exemptions (Waivers)**

4.6.112 An exemption to the CPRs is only to be used **in exceptional circumstances**. Authorised Officers and/or Contract Managers are responsible for ensuring that exemptions to the rules are approved in advance of any action undertaken in all instances. If an application to let a contract without genuine competition is granted, the Authorised Officer or Contract Manager must demonstrate that the price obtained is not in excess of the market price and that the contract represents best value.

4.6.113 Exemptions will only be considered in circumstances not of the council's making or attributable to the actions of the council.

4.6.114 Exemptions from these CPRs shall only be given in the following exceptional circumstances:

- (a) Where the supplies, works or services are of a unique or specialised nature or are identical or similar to or compatible with an existing provision so as to render only one or two sources of supply appropriate, including:
  - i. An upgrade; or
  - ii. Where the contract concerns wholly or mainly, repairs to or the supply of parts for existing proprietary machinery, plant or equipment and the repairs to or the supply of parts cannot be carried out practicably by alternative suppliers; or
  - iii. due to a particular supplier having intellectual property rights or other exclusive rights, only that supplier can supply the goods, services or works required, and there are no reasonable alternatives to those goods, services or works; or
  - iv. due to an absence of competition for technical reasons, only a particular supplier can supply the goods, services or works required, and there are no reasonable alternatives to those goods, services or works.
- (b) The supplies to be purchased are proprietary articles or are sold only at fixed prices; or
- (c) The price of services or supplies to be purchased is controlled by trade organisations, or if for other reasons there would be no genuine competition; or
- (d) Where in the opinion of the Director or Service Director in consultation with the S151 Officer and the Monitoring Officer considers that the services to be provided or the work to be executed or the supplies or materials to be purchased are urgent; or
- (e) Specialist consultants, solicitors, barristers, agents, artists or professional advisers are required and:
  - i. there is no satisfactory alternative; or
  - ii. evidence indicates that there is likely to be no genuine competition; or
  - iii. it is, in the opinion of the Director or Service Director, in the council's best interest to engage a particular consultant, solicitor, barrister, agent, artist or adviser; or
- (f) Where the council is purchasing a property, or is taking a service back in-house, which has associated contracts and in the opinion of the Director or Service Director in consultation with the Monitoring Officer and S151 Officer it is in the council's best interests to acquire those contracts; or

- (g) The works to be executed or the supplies or materials to be purchased can only be carried out or supplied by a statutory body.
- (h) The Council has invited suppliers to submit tenders and:
  - i. it has not received any bids or requests in response; or
  - ii. none of the bids or tenders received are suitable, and it considers that awarding the contract is not possible in all the circumstances.

Note: A bid or request is not suitable if the council considers that—

- the bid is from a supplier that does not satisfy the conditions of participation; or
- a bidder that—
- is not a United Kingdom supplier or treaty state supplier, or
- intends to sub-contract the performance of all or part of the contract to a supplier that is not a United Kingdom supplier or treaty state supplier; or
- the bid that offers a price that the council considers to be abnormally low for performance of the contract; or
- the bid does not satisfy the council's requirements or the award criteria when assessed by reference to the assessment methodology and the relative importance of the criteria indicated in the tender documents; or
- there is evidence of corruption or collusion between suppliers or between suppliers and council; or
- it materially breaches a procedural requirement in the tender notice or associated tender documents.
- (i) The contract concerns the production of a prototype, or supply of other novel goods or services, for the purpose of:
  - i. testing the suitability of the goods or services,
  - ii. researching the viability of producing or supplying the goods or services at scale and developing them for that purpose, or
  - iii. other research, experiment, study or development.
- (j) Where a supplier is undergoing insolvency proceedings the award of a contract will ensure terms particularly advantageous to the council.

- 4.6.115 Where it is possible to exempt these Contract Procedure Rules, any such exemption must be approved in writing by the relevant Director or Service Director or the Chief Executive, in consultation with the S151 Officer and the Monitoring Officer.
- 4.6.116 An "Exemption to Contract Procedure Rules" form must be completed by the Authorised Officer or Contract Manager seeking the exemption and must provide evidenced reasons as to the legitimate need for the exemption. The form is available from Commercial Services. The Authorised Officer or Contract Manager must ensure completed exemption forms are signed by the relevant Director or Service Director or the Chief Executive and returned to the Commercial Services team who will record them on the exemptions register.
- 4.6.117 No exemption from the CPRs is permissible for contracts above the UK Threshold under the Public Contract Regulations 2015, the Procurement Act 2023, the Procurement Regulations 2024 or for contracts that are regulated by the Health Care Services (Provider Selection Regime) Regulations 2023 or the Concessions Contract Regulations 2016.

## **User's Choice**

- 4.6.118 "User Choice Services" means services:
- that are of a kind specified as light touch contracts
  - that are supplied for the benefit of a particular individual, and

- in respect of which the Council would, in awarding a contract for their supply, be required under an enactment to have regard to the views of the individual, or a person providing care to the individual (their “carer”), in relation to who should supply the services.

4.6.119 Regardless of the value of the contract, where the Council is under an obligation to have regard to the views of the User, and that User has made a choice as to the provider of the services, the Council may award a contract to that provider without a competitive process.

4.6.120 Prior to making a direct award, the Authorised Officer must consult with Commercial Services using the User Choice form. Commercial Services will review the justification behind the direct award and provide guidance on the steps required to comply with the relevant procurement legislation.

### **Training**

4.6.121 Any officer leading a procurement activity shall be appropriately trained or have experience commensurate with the nature of the procurement activity being undertaken.

4.6.122 Any officer designated contract management responsibilities shall be appropriately trained or have experience commensurate with the nature of the contract management activity being undertaken.

4.6.123 Completion of the council’s introductory finance and procurement module shall be mandatory on an annual basis for all managers and officers with designated contract management or procurement responsibilities.

### **Trading and disposal of property**

4.6.124 Any proposals to sell or trade in services, suppliers or assets must be referred to the Head of Legal Services.

4.6.125 Any proposals to dispose of Council property other than land must be referred to the S151 Officer and comply with the Financial Procedure Rules and Financial Guidance.

### **Subsidy control**

4.6.126 Where it is proposed to provide financial support to a contractor, or where a contractor’s proposal entails financial support or a benefit from the Council or another public body necessary to ensure the continuance of contracting activity, this could amount to a subsidy under the Subsidy Control Act 2022. Assistance, which could be considered a subsidy may be through payments to the contractor, subsidised payments, and the provision of free or low-cost equipment, free or low-cost support or low-cost loans.

4.6.127 If there is an element of subsidy to the procurement or contract, a determination of the type and amount of subsidy must be carried out. The Subsidy Control Act 2022 allows for some assistance where it is deemed to be Minimal Financial Assistance (MFA) or for Services of Public Economic Interest (SPEI).

MFA has a financial threshold so no recipient can receive more than the specified amount over the applicable period set out in the Subsidy Control Act 2022.

SPEI are essential services provided to the public. To designate a service as an SPEI, the council must be satisfied that:

- the service is provided for the benefit of the public; and

- 
- the service would not be provided, or would not be provided on the terms required, by an enterprise under normal market conditions.

4.6.128 Where there is an element of subsidy to the proposed procurement, the advice of Legal Services must be sought prior to advertising the opportunity or concluding the contract.

## Appendix 1 - GLOSSARY OF TERMS

Term	Definition
" <b>Authorised Officer</b> "	means the officer with delegated authority from the relevant director for the preparation of the tender pack and publication of the procurement opportunity, receipt of quotations and tenders and for facilitating the execution of contracts.
" <b>Best Value</b> "	means the council's duty under Section 3 of the Local Government Act 1999 to promote economies, efficiencies, and effectiveness.
" <b>Commissioner</b> "	means the person responsible for planning and scoping the requirements, which form the object of the contract.
" <b>Concession Contract</b> "	means an agreement whereby the council grants another person, whether legal or natural, the right to provide a service or function, or carry out works, at that person's risk, to the public, as more fully described in procurement legislation and with appropriate and measurable levels of service (KPIs).
" <b>Contract Manager</b> "	means the person responsible for the management of the contract, its scope, and maintaining day-to-day relationships with the supplier.
" <b>Contract</b> "	means a contract (whether in writing or otherwise) for goods, services, or for the execution of any works and also includes framework agreements, dynamic markets and concession contracts.
" <b>Contracting Authorities</b> "	means central government, local government bodies, bodies governed by public law or associations formed by any one or more of these.
" <b>Contract Management Framework</b> "	means the framework that details how to classify a contract based on both the annual contract value and level of risk and depending on how the contract is classified, sets out the contract management activities to undertake throughout the contract lifecycle. The activities within the framework follow best practice principles and provide a clear approach to managing and administering contracts to comply with the Council's contract procedure rules and to demonstrate and evidence contract management accountability and governance. This can be found on the commercial services pages of the council's intranet site.
" <b>Convertible Contract</b> "	A contract that, as a result of the modification, will take the value over the relevant threshold where the modification— (a) is a permitted modification under Schedule 8 (permitted modifications), (b) is not a substantial modification, or (c) is a below-threshold modification.
" <b>Council</b> "	means the County of Herefordshire District Council.
" <b>Debarred List</b> "	The list of debarred suppliers that are not permitted to participate in public procurements or be awarded public contracts.
" <b>Dynamic Market</b> "	means a list of qualified suppliers (i.e. suppliers who have met the 'conditions for membership' of the dynamic market) who are eligible to participate in future procurements.
" <b>Equality Duty</b> "	means any duty or requirement placed on the council or any other body by the Equality Act 2010 or any legislation amending or replacing it and any statutory instrument made thereunder.
" <b>e-tendering portal</b> "	means the on-line system maintained by the council for notifying potential suppliers and contractors of contract opportunities, issuing tender documentation, administering clarifications, receiving and receiving receipt bids, awarding and managing contracts and maintaining compliance with the Local Government Transparency Code through the publication of contract spend.

Term	Definition
"Framework Agreement"	means a contract between the council and one or more suppliers that provides for the future award of contracts by the council to the supplier or suppliers. Open framework means a 'scheme of frameworks that provides for the award of successive frameworks on substantially the same terms'
"Grant Agreement"	means an agreement whereby the council provides or receives monies to/from another person, whether legal or natural to provide a function or service without the expectation of any consideration to the council except the repayment of the monies if the services are not performed or not performed to a specified standard.
"Local Government Transparency Code"	means the information that the Council is required to publish under the Local Authority Transparency Code 2015 to be found at <a href="https://www.gov.uk/government/publications/local-government-transparency-code-2015">https://www.gov.uk/government/publications/local-government-transparency-code-2015</a> as amended or replaced from time to time.
"Notifications"	Any notice required to be published under the relevant legislation in relation to the procurement being carried out.
"Procurement Document"	means any document produced or referred to by the council to describe or determine elements of the procurement or the procedure, including the contract notice, the technical specifications, the descriptive document, the invitation to tender, proposed conditions of contract, formats for the presentation of documents by contractors, information on generally applicable obligations and any additional documents.
"Public Contracts"	Means a contract for goods, services or works, frameworks, or a concession contract
"Contracting Toolkit"	means procurement and contract management guidance and templates found on the commercial services pages of the council's intranet site.
"Quotation"	means a written estimate of the cost to execute works or supply goods, materials or services.
"Regulated below threshold Contract"	a 'regulated below-threshold contract' is a below-threshold contract that is not: (a) an exempted contract as defined in Schedule 2 Procurement Act 2023; (b) a concession contract; or (c) a utilities contract.
"Specification"	means a clear and comprehensive description of the Council's requirements, including technical specifications, description of the works, goods and or services required. This will vary according to the value and complexity of the purchase.
"Threshold"	means the threshold applying to local authorities at which goods, services and works are subject to Public Contract Regulations 2015 or at which goods, services or works, frameworks, or concession contracts are subject to the Procurement Act 2023.
User	A person who uses the council's services.



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## **Appendix 2 - OFFICER RESPONSIBILITIES**

### **1.1 Directors' responsibilities**

#### **1.1.1 All Directors are responsible for:**

- a) monitoring compliance with the CPRs in relation to contracts funded by their directorate budget
- b) appointing staff to carry out commissioning, procurement and contract management functions and ensuring they support them in their roles and obtain regular briefings from them
- c) ensuring that the budget for any procurement has been approved
- d) awarding and signing and/or authorising the sealing of contracts
- e) approving variations, extensions and exemptions in accordance with the CPRs.

#### **1.1.2 The S151 Officer has overall responsibility for the preparation and review of the CPRs in agreement with the Monitoring Officer/Director of Governance and Law.**

### **1.2 Director of Governance and Law responsibilities**

The Director of Governance and Law is responsible for:

- a) providing legal advice and guidance to members and officers on the operation of the CPRs and all contracting and procurement activity
- b) working with the S151 Officer and Commercial Services Manager on the preparation and review of the CPRs
- c) assisting the Chief Executive with the resolution of questions regarding the interpretation of the CPRs
- d) preparing or approving template contract documents
- e) advising on the preparation of contract documentation
- f) being consulted on exemptions from the formal tendering procedure in line with the CPRs
- g) facilitating the sealing of documents.

### **1.3 Contract Managers' responsibilities**

Contract Managers are responsible for:

- a) keeping a record of all the procurement and contract documentation in respect of each contract they are managing, including all the quotes and letters they have received and notes of telephone calls and meetings about selecting suppliers. These records must be made available to internal or external audit as required by them and retained in accordance with retention schedule requirements
- b) Proactively managing the contract throughout its life cycle in accordance with the council's contract management framework
- c) entering contract information (including uploading a signed copy of the contract and any variations or extensions to the contract) onto the central contracts register for contracts in excess of £5,000 in order to comply with the transparency information/ code
- d) updating the contracts register together with associated documents if there is a change in contract value, scope or duration and where necessary ensure a FTS/ Contracts Finder notice is published
- e) ensuring that signed contract documents are available and retained in accordance with the council's retention schedule
- f) ensuring that contracts have been signed and/or sealed (where applicable) prior to the contract commencement date
- g) reading and understanding the contract documents and managing the contract in accordance with contract documents
- h) where relevant, monitor, measure and report on supplier's progress in delivering any social value commitments / key value indicators

- i) checking that valid insurance documents are provided by contractors, proving that the annual premium has been paid to cover the duration of the contract, and that copies are stored appropriately
- j) reviewing the aggregate spend on contracts to ensure they remain in budget
- k) ensuring that the council and contractor carry out their duties in accordance with the terms and conditions of contract
- l) raising any issues or concerns with the relevant Directors and Service Directors in a timely manner and seeking advice from legal services where necessary.
- m) providing timely information to Directors and Service Directors regarding contractors' performance including, but not limited to, delivery of KPIs, health and safety, business continuity, risk, contract terms and other events of default
- n) ensuring that business continuity plans, where they are part of the contract, are kept up to date during the life of the contract
- o) ensuring plans are in place to re-procure the service before the contract expires
- p) ensuring contract expiry and exit plans are reviewed regularly and at least 6-12 months prior to contract expiry in preparation for exit and/or transition
- q) notifying Legal Services of any transfers, novation and assignment required during the terms of the contract.

#### **1.4 Commissioners'/ Authorised Officers' responsibilities**

The Commissioner /Authorised Officer will be responsible for:

- a) liaising early on in the process with the Commercial Services team and Legal Services on all matters relating to contracting and procurement
- b) ensuring non-council staff (as defined at 1.9) engaged in the procurement process comply with these rules and consult Commercial Services as appropriate
- c) ensuring that written requirements are provided to non-council staff and that these include key stages of the procurement process at which the council will be consulted prior to, and or authorising, progressing to the next stage of the process
- d) ensuring there is a budget for the procurement
- e) ensuring all necessary decisions are made in a timely manner and maintaining a comprehensive log of all decisions made for each procurement, including copies of signed decision reports and any relevant supporting evidence
- f) considering whether social value is relevant to include in the tender process through early market engagement in accordance with the council's social value statement and social value internal guide
- g) drafting quotation/ tender documents for competitions utilising the templates which can be found on the Commercial Services intranet pages. Selecting the appropriate contract for the procurement using the council's standard contracts or any other contract approved by Legal Services
- h) maintaining records during the procurement process of the:
  - i. contracts awarded including the nature and value of contracts and the names of successful tenderers
  - ii. total value of contracts awarded to each successful tenderer during each financial year, where a framework or Dynamic Market is used
  - iii. names of unsuccessful tenderers and reasons why their tenders were not accepted
  - iv. details of any failure by a tenderer to comply with instructions to tenderers
  - v. details of the reasons for any tenders being withdrawn
  - vi. details of failures by contractors to submit tenders after having requested and been invited to do so
  - vii. reasons for exceptions to tendering procedures
  - viii. reasons for accepting late tenders



- i) undertaking required due diligence checks and obtaining copies of insurance documents, together with any other self-certified documents included in the ITT
- j) ensuring that contracts have been signed and/or sealed (where applicable) prior to the contract commencement date
- k) making arrangements for the retention of tender and all contract documentation in accordance with the council's record retention schedule for a minimum of 6 years (12 years if signed under seal) after the termination of the contract, including any extension or defects periods
- l) advising the Contracts Manager and Commercial Services team of contracts awarded and recording the details of all contracts over £5,000 on the contracts register, providing all detail necessary under the transparency code (including uploading a signed copy of the contract to the corporate contracts register – do not embed documents)
- m) considering the approach to succession planning to ensure that there is adequate leadership and governance in place for the successful delivery of major projects/programmes
- n) in conjunction with the Contract Manager consider continuity of service before a contract expires and ensure adequate plans are in place to re-procure the service before the contract expires.

## 1.5 **S151 Officer responsibilities**

The S151 Officer is responsible for:

- a) providing advice on all aspects of the CPRs
- b) providing oversight to ensure that the council has an up-to-date commercial and commissioning strategy
- c) monitoring compliance with the CPRs and reporting non-compliance to the Director of Governance and Law for appropriate action
- d) continually reviewing the CPRs to ensure they keep pace with developing best practice and advising amendments as necessary
- e) preparing an annual report on the exemptions recorded for the Solicitor to the Council
- f) providing training and support for employees involved in procurement and contract management activities
- g) informing relevant officers of any information received that calls into question the suitability of a contractor, consultant, agency or any other person carrying out work for the council
- h) guiding the council's strategic approach to developing social value through collaboration with partners and market development.

## 1.6 **Commercial Services team**

The Commercial Services team is responsible for:

- a) maintaining a register of current contracts above £5,000, advising on the information needed from contracts and publishing on the council's website
- b) maintaining a pipeline of procurements above £25,000 in conjunction with Commissioners, Authorised Officers and Contract Managers
- c) working with Commissioners and Authorised Officers to carry out procurements above the UK Threshold
- d) providing advice on all aspects of the CPRs and supporting the development of procurement strategies
- e) monitoring compliance with the CPRs and reporting non-compliance to the S151 Officer and the Director of Governance and Law for appropriate action
- f) providing training and support for employees involved in procurement and contract management activities

- g) informing relevant officers of any information received that calls into question the suitability of a contractor, consultant, agency or any other person carrying out work for the council
- h) guiding the council's strategic approach to developing social value through collaboration with partners and market development
- i) advising Directors and Service Directors on the appropriate use of the exemption process in conjunction with Legal Services
- j) maintaining and reviewing a contract procedures exemption register
- k) ensuring the contracting toolkit, tender guidelines, and templates are reviewed annually to remain up-to-date with legislation and best practice.

### 1.7 Legal Services team

The Legal Services team is responsible for:

- a) providing legal advice on the CPRs and procurement legislation
- b) providing template contracts and approving contracts for use in procurements
- c) advising Directors and Service Directors on the appropriate use of the Exemption process in conjunction with Commercial Services
- d) working with the Commercial Services Manager and the Commercial Services team to ensure compliance with the CPRs and the Procurement Legislation.

### 1.8 Responsibilities of all council officers

All Officers are responsible for:

- a) following the CPRs and any codes of practice, guidance or instructions provided by the Commercial Services team and Legal Services
- b) ensuring that non-council staff comply with these rules and consult Commercial Services as appropriate
- c) following all relevant UK procurement laws
- d) following relevant council policy requirements in relation to procurement and contract management
- e) seeking advice from the Commercial Services team and Legal Services in the case of any uncertainty
- f) ensuring that any departure from these CPRs is agreed with the relevant Director or Service Director or the Chief Executive, in consultation with the S151 Officer and the Monitoring Officer and following the appropriate procedure
- g) reporting any suspected fraudulent, corrupt or other irregularity to the Chief Internal Auditor
- h) informing relevant officers of any information received that calls into question the suitability of a contractor, consultant, agency or any other person carrying out work for the council.

### 1.9 Non-council staff

Any person who is not an officer of the council, but is engaged by the council to advise, conduct, or supervise any stage of a tender, must:

- a) comply with the CPRs and financial rules
- b) produce on request, all records relating to the contract he/she is engaged on, to the relevant Director or Service Director
- c) pass all relevant records to the Authorised Officer/Contract Manager at the end of his/her appointment/engagement
- d) sign a declaration of interest relating to any procurement and/or contract that they are involved with on behalf of the council and give it to the Commissioner/Authorised Officer.

## Appendix 3 - Table of Notices

Notice name	Requirement	Purpose / variations	Exemptions
Pipeline notice	Mandatory (for organisations where spend is £100m+ PA) 12-month forward-look at planned procurements £2m+ value	N/A	Private utilities
Preliminary market engagement notice	Mandatory where pre-market engagement is anticipated or has taken place (or, explain in the tender notice reason for not publishing)	N/A	Private utilities
Planned procurement notice	Optional and best practice advises the market of an upcoming procurement. A qualifying planned procurement notice can reduce tender timescales to 10 days	N/A	N/A
Tender notice	Mandatory when undertaking an open or competitive flexible procedure (including to establish a framework and award a contract under an existing dynamic market) or a <b>regulated below-threshold procedure</b>	Below-threshold tender notice Tender notice: open procedure Tender notice: competitive flexible Tender notice: frameworks Tender notice: dynamic markets (for procurements awarding a contracting using an existing dynamic market or utilities dynamic market - not to establish a new dynamic market)	Qualifying utilities dynamic markets (existing members of the market may be invited directly)

Notice name	Requirement	Purpose / variations	Exemptions
		Tender notice: utilities dynamic markets	
Transparency notice	Mandatory when undertaking a direct award (publish prior to award)	N/A	Direct award: user choice contracts
Contract award notice	Mandatory communicates the outcome of the procurement and (commences standstill prior to awarding a contract open or competitive flexible procedure)	Contract award notices except those published by private utilities Contract award notices published by private utilities Contract award notices published by private utilities: direct awards Contract award notices published by private utilities: frameworks	Direct award: user choice contracts Defence and security contracts awarded under a defence and security framework
Contract details notice	Mandatory details of the awarded contract (including the redacted contract, for public contracts £5m+ and KPI information)	Contract details notice: open or competitive flexible procedure Contract details notice: frameworks Contract details notice: public contracts awarded in accordance with frameworks Contract details notice: direct award Contract details notice: below- threshold contracts	Private utilities Direct award: user choice contracts Framework contract - exempt from KPIs Light touch - exempt from KPIs Concession contracts - exempt from KPIs
Contract payment notice	Mandatory details of payments over £30,000 made under a public contract (quarterly)	N/A	Utilities contracts awarded by a private utility Concessions contracts Contracts awarded by a school

Notice name	Requirement	Purpose / variations	Exemptions
Contract performance notice	Mandatory to report: a. annual KPI scores for public contracts valued £5m+ b. poor supplier performance / breach of contract (within 30 days of event)	Performance against KPIs Notification of supplier poor performance / breach of contract	Private utilities - exempt from both Light touch - exempt from both Concession contracts - exempt from publishing KPIs only
Contract change notice	Mandatory prior to a qualifying modification taking place (copy of modified contract for public contracts over £5m)	Convertible contracts: contract change notice ( <i>this is relevant when a contract modification would take the value of a below threshold contract above the relevant threshold which would make it a convertible contract</i> )	Defence and security contracts Private utilities Light touch contracts
Contract termination notice	Mandatory when a public contract ends	N/A	Private utilities Direct award: user choice contracts
Procurement termination notice	Mandatory where, after publishing a tender or transparency notice, the process is terminated without awarding a contract	N/A	Private utilities
Dynamic market notice	Mandatory when advertising, establishing, changing or terminating a dynamic market	Utilities dynamic market notice Qualifying utilities dynamic market notice	Private utilities are not required to update the dynamic market notice when the market ceases to operate A qualifying utilities dynamic notice must be provided to members of the market and is not required to be published

Notice name	Requirement	Purpose / variations	Exemptions
Payments compliance notice	Mandatory details of contracting authority performance against 30- day payment terms (twice annually)	N/A	Private utilities Concessions contracts Contracts awarded by a school



# Title of report: Code of Conduct for Councillors - 6 month update

**Meeting: Audit and Governance Committee**

**Meeting date: Tuesday 27 January 2026**

**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 first six months of 2025/26 to end of September 2025;
- b) notes the initial response from Parish and Town Councils (PTCs) in relation to the concept of an Informal Resolution Protocol (IRP); and
- c) on the basis that IRP is optional, to recommend to full Council to adopt the change to the Code of Conduct arrangements.

## **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 first six months of 2025/26 administrative year ('the review period').

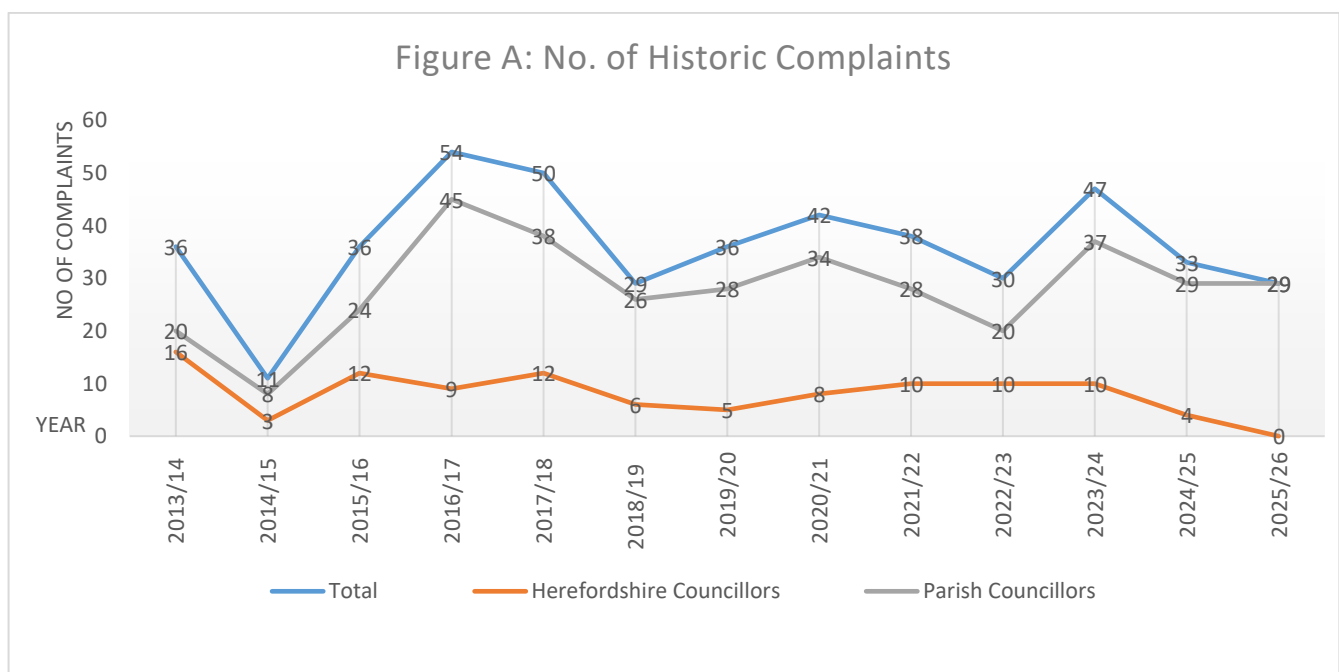
## Key considerations

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 end September 2025

### Number of Complaints

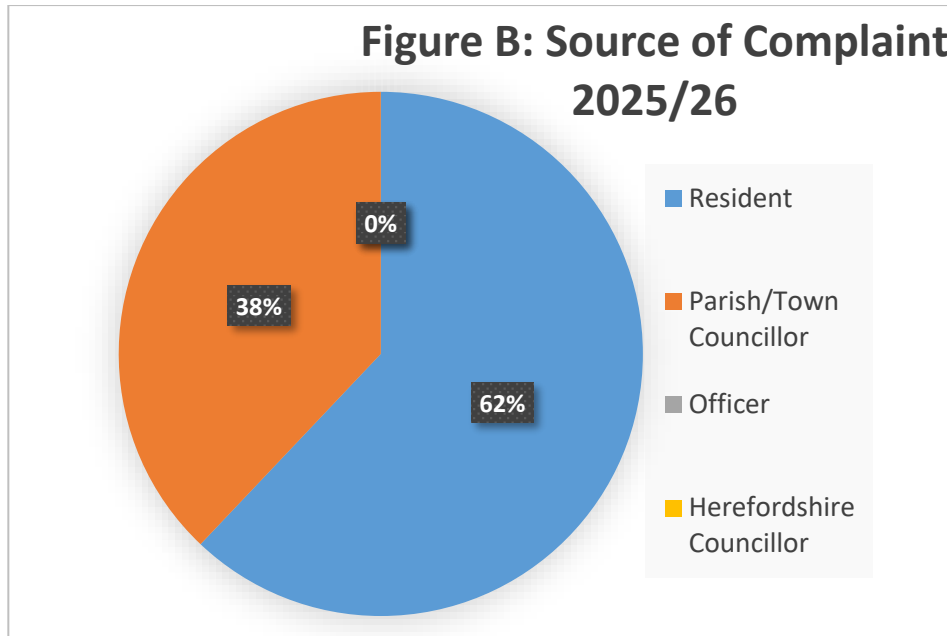
4. Since the introduction of the Localism Act 2011, the number of complaints handled by Herefordshire Council has been tracked. There are 53 Herefordshire councillors and approximately 1,300 parish councillors each of whom is subject to a councillor code of conduct.
5. Since the last update to this Committee, from 1 April 2025 the Council received 29 complaints for the first 6 months of the year.
6. Figure A below shows the number of complaints received since 2013. The numbers had been reducing since 2023 but for this year the number of complaints is almost the same as for the whole of last year. However, this is due to the number of complaints directed to multiple members and the same incidents. There have been no complaints raised against Herefordshire Council members.



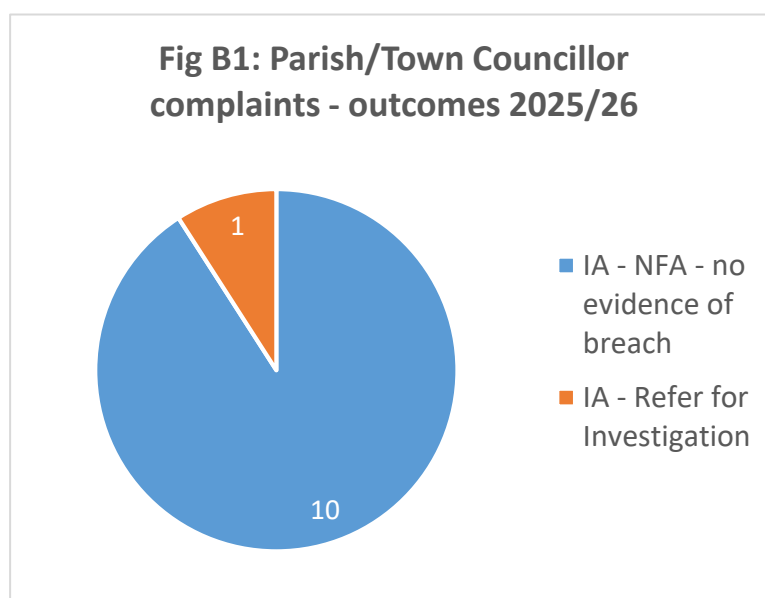
### Source of Complaints



7. Figure B shows that, for the review period, the source of complaints are residents and Parish/Town Councillors. The high levels of complaints from Parish Town Councillors continues to be the same as last year. No complaints have been received from members of Herefordshire Council.



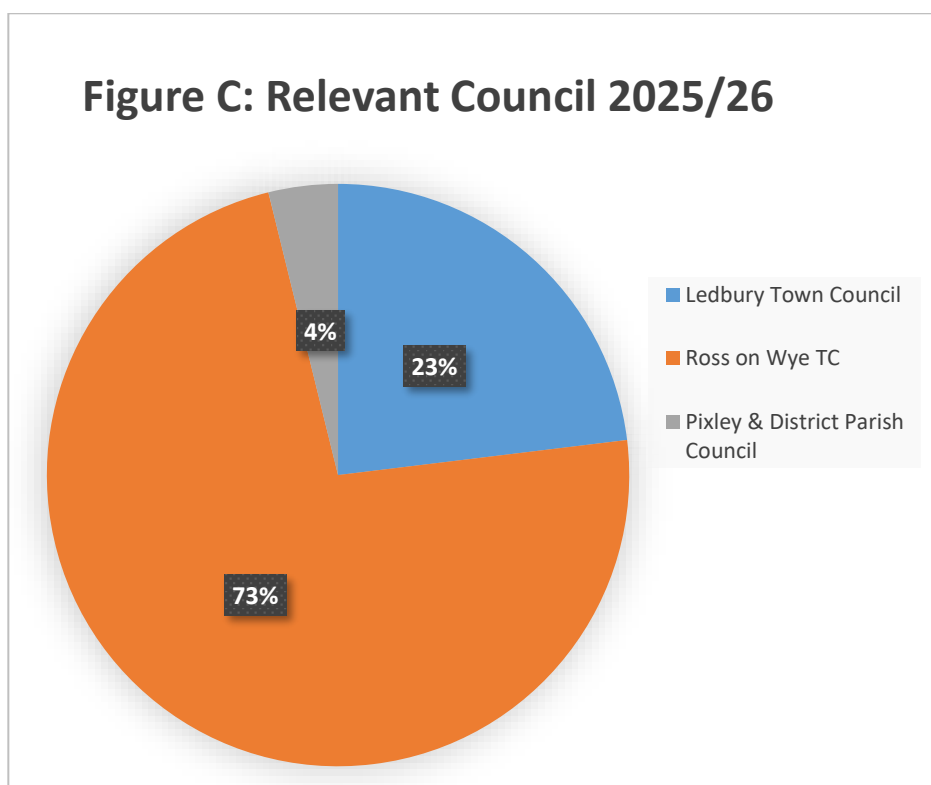
8. 4 in every 10 complaints received continues to be raised by a Parish/Town Councillor about another Parish/Town Councillor. The trend continues to be that some Parish/Town Councillors use the Code of Conduct process to resolve differences of opinion or behaviours rather than matters being resolved by the Councils and/or Councillors themselves.
9. In the two years to 2024/25, only 2 out of 23 complaints Parish/Town Councillor **sourced complaints** (where a Parish/Town Councillor raised a complaint) resulted in any further action being taken. The table Fig B1 below shows the outcome for the current financial year.



10. Out of 11 complaints in this year, only on 1 was referred to investigation (meaning a potential breach). No further action was taken after the initial investigation stage for 10 complaints due to there not being evidence of a breach.
11. This means that over the last 3 years, 34 complaints in the review period relate to Parish/Town Councillor complaining about another Parish/Town Councillor. All but 3 of the 34 were dismissed as there essentially being no further action request. However, this requires significant Herefordshire Council resources to receive, consider and conclude the first stage.
12. In the 2.5 years leading to the period of this report, the main councils where Parish/Town Councillor sourced complaints are Colwall PC (6), Ledbury (8) and Ross on Wye (7).

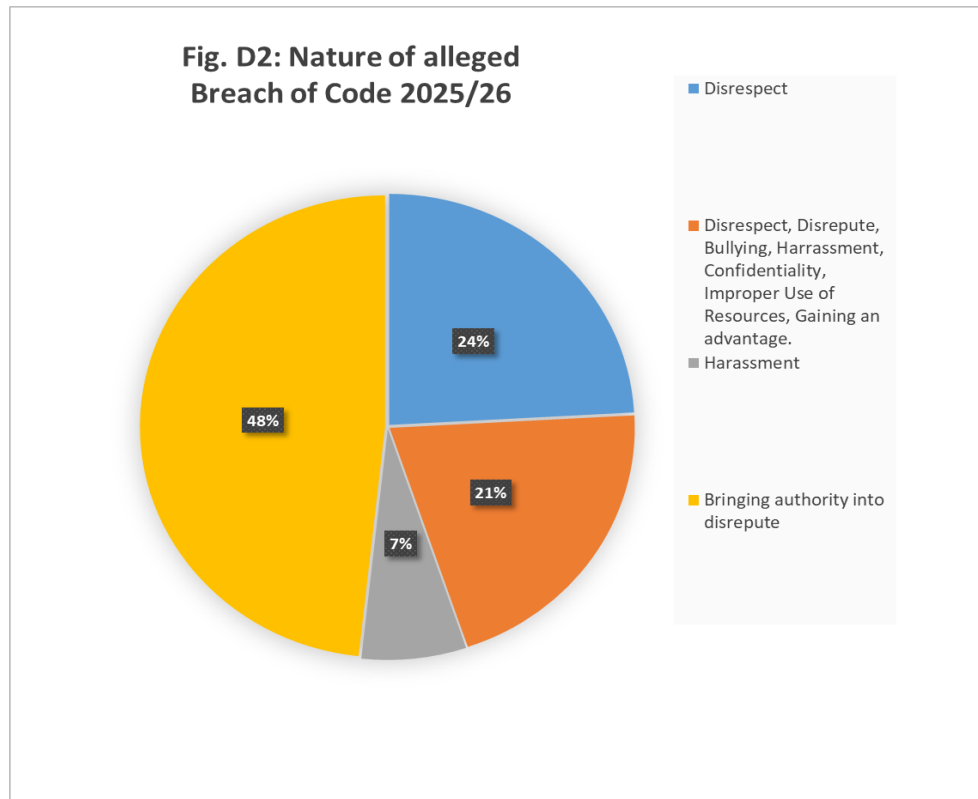
#### Relevant Council

13. Figure C shows the council in which the complained about Councillor is located. In the current year, all complaints relates to members of Parish/Town Councils. No complaints were received in respect to councillors of Herefordshire Council.



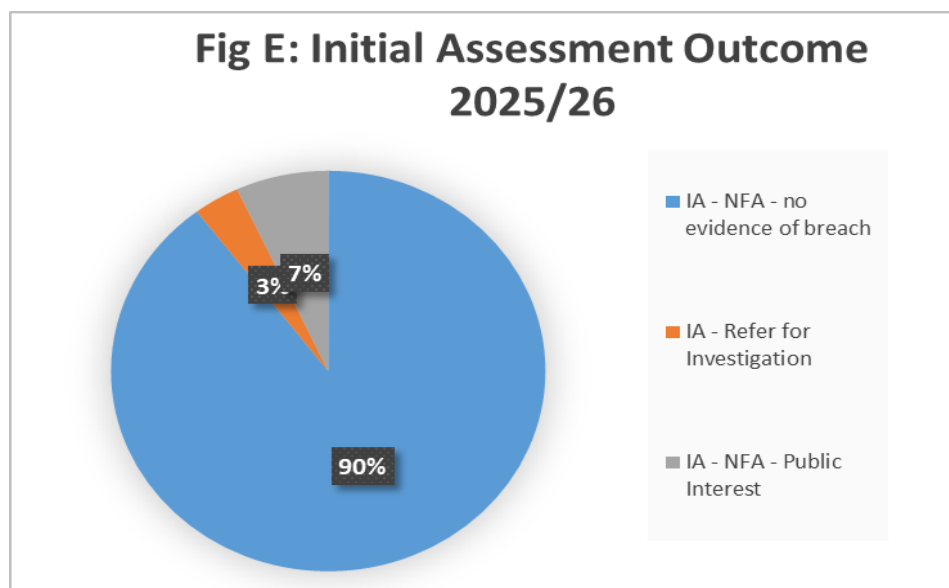
#### Nature of Complaints

14. 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.
15. Figure D2 shows the range of allegations raised. As normal, the majority of complaints relate to 'disrespect' (sometimes in combinations with other allegations) and 'disrepute'.



#### Outcome of Complaints

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



17. Out of the 29 complaints received, only 1 matter has been referred for investigation. 2 others are on hold from 2024/25 (relating to the same councillor) as they are being considered by other statutory bodies under their own compliance codes.
18. 28 complaints that have been closed during the review period because a complaint resolved at the initial assessment stage. Resolved includes where there is no finding of a 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.

### **Sanctions**

19. 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.
20. Both subject members (for Herefordshire Council) and the Parish Council are asked to confirm whether or not sanctions have been complied with. In 2024/25 sanctions recommendations were complied with other than in respect to the 2 matters that appeared before the Standards Hearing Panel (Cllr Bradford & Sinclair – Ledbury Town Council) where there was a refusal to comply with all the recommendations of the Panel. Recommendations and guidance was provided to a number of Councils/Councillors despite there being no breach of the code.
21. Decision notices for all breaches are made public on the Council's [website](#).
22. 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.

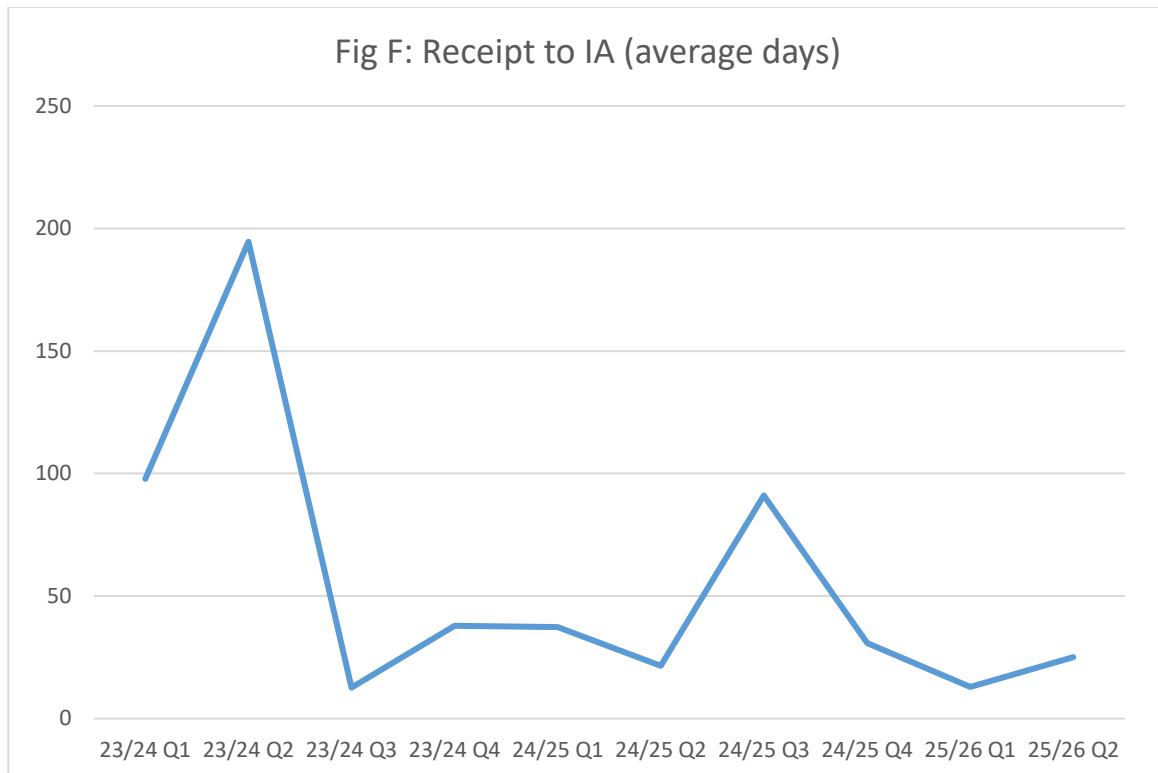
### **Standards Panel**

23. The Standards Hearings Panel was not convened during the review period.

### **Key Performance Indicators**

#### Time for Initial Assessment

24. 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.



25. This reduced from an average of 98 days in Q1 2023 to 25 days in Q2 2024/25.

Time for Independent Person Response

26. 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 0 day for Q1 and 1 day for Q2 2025/26 which is considered to be exceptional.
27. 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 1 case have been referred to investigation and is currently ongoing.

**Council's Independent Persons**

28. The Council has four Independent Persons who support the Code of Conduct process. Their input is invaluable and much appreciated by the Authority. This committee has a standing invite to the Independent Persons to address the committee on any matter relating to Standards and comments will be provided at the meeting.

**Conclusions**

29. The data represents a review period of 6 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. Although there has been a higher number of complaints (29 in 6 months compared to a baseline 33 per year on average) over half of these relates to one Parish/Town Council and one 'incident'.
- b. There are no complaints concerning Herefordshire Councillors (0 in the last 6 months as opposed to the 'normal' of 10 per year)
- c. Almost 40% all complainants continue to be generated by Parish/Town Councillors. In the past 3 years, 34 complaints were generated by Parish/Town Councillors against other councillors. Only 3 complaints moved to investigation. The rest were dismissed at the Initial Investigation stage.
- d. Only 1 matter has moved to an investigation (currently ongoing).

### **Informal Resolution Process**

- 30. The members of the Standards Panel have expressed concern that a lack of coherent informal resolution manifests itself as, at best a missed attempt to resolve issues at an early stage and get better outcomes for both complainant and the member, at worst, an incoherent approach to resolution that could make matters worse.
- 31. At a meeting of this committee on 15 July 2025, it was agreed that the adopted Arrangements for dealing with a Code of Conduct Complaint against members should include the option (for the Parish/Town Council) to try and resolve the matter informally. It would not become mandatory or a pre-condition for a complaint to be considered by Herefordshire Council. However, if an informal process exists then any complainant must use that first.
- 32. Accordingly, to encourage the use of a Local Resolution Protocol, the recommendation was notified to Group Leaders in September. Changes have been included within a Constitutional Update Report which we aim to bring to this Committee as soon as possible and then onto full Council.
- 33. We have also sought feedback from Parish/Town Councils and in the whole, this has largely been received as an explanation why it wouldn't work or be adopted by their council. Two have stated that they'd consider it.

### **Community Impact**

- 34. This report provides information about the council's performance in relation to the Code of Conduct.
- 35. 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**

- 36. There are no environmental impacts arising from this report.

## Equality duty

37. 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.
38. 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.

## Resource implications

39. 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

40. 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

41. 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

42. Independent Persons for Standards

## Appendices

None

## Background papers

None identified.







# Title of report: Internal Audit Update Report Quarter 3 2025/26

**Meeting: Audit and Governance Committee**

**Meeting date: Tuesday 27 January 2026**

**Report by: Democratic Services Officer/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 3 2025-26

### **Background papers**

None identified.



# Herefordshire Council

## Report of Internal Audit Activity

January 2026

## Contents

The contacts at SWAP in connection with this report are:

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Principal Auditor

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- 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

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## 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.

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.



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.

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	-	-	-	Reported in July
Operational	Economy and Environment	VFM Assessment – Public Realm Contract and Minor Works Framework 2024/25	Final Report	Low Reasonable	3	-	2	1	Reported in July
Operational	Corporate Services	Mutual Employment Resignation Scheme (MERS) 2024/25	Final Report	Low Substantial	0	-	-	-	Reported in October
Follow-Up	Corporate Services	Polygamous / Dual Employment 2024/25	Final Report	Advisory	0	-	-	-	Reported in October
Operational	Economy and Environment	Public Rights of Way 2024/25	Final Report	Mid Reasonable	3	-	1	2	Report Included
Key Financial	Corporate Services	Housing Benefit and Council Tax Reductions 2024/25	Final Report	Low Substantial	0	-	-	-	Report included
Operational	Community Wellbeing	Temporary Accommodation	Final Report	Mid Substantial					Report Included
Key Financial	Corporate Services	Council Tax	Draft Report						Waiting for Management Sign Off
Operational	Economy and Environment	Transport Hub 2025/26	Draft Report						Waiting for Management Sign Off
Operational	Children and Young People	Dedicated Schools Grant (DSG) – High Needs Block 2024/25	Draft Report						Waiting for Management Sign Off

# Audit Plan Progress 2025/26

OFFICIAL

Audit Type	Directorate	Audit Area	Status	Opinion	No of Agreed Actions	Priority			Comment
						1	2	3	
Operational	Corporate Services	HUG2	Draft Report						
Key Financial	Corporate Services	Payroll	In Progress						
Follow-Up	Community Wellbeing	Court of Protection	In Progress						
Core Financial	Corporate Services	Treasury Management	In Progress						
Key Financial	Corporate Services	NNDR	In Progress						
Core Financial	Corporate Services	Accounts Payable	In Progress						
Core Financial	Corporate Services	Accounts Receivable	In Progress						
Core Financial	Corporate Services	Bank Reconciliations	In Progress						
Operational	Community Wellbeing	Adult Social Care - Discharge to Assessment (D2A) Pathway	In Progress						
Operational	Economy & Environment	Licensing	Ready to Start						
Operational	Economy & Environment	Public Protection	Audit Brief Issued						
Operational	Community Wellbeing	Adult Social Care Charging and Debt Collection	Scoping						

Audit Plan Progress 2025/26

OFFICIAL

Audit Type	Directorate	Audit Area	Status	Opinion	No of Agreed Actions	Priority			Comment
						1	2	3	
Grant Certification	Economy and Environment	Bus Subsidy Grant	Complete						
Grant Certification	Economy and Environment	Local Transport Capital Block Funding Grant	Complete						
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

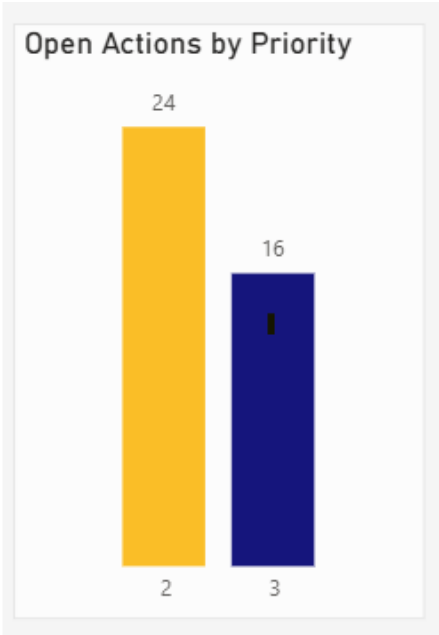
In Quarter 2, 47 Open Agreed Actions were reported for Herefordshire Council.

Since the Q2 report, 10 actions have been closed off, and 3 new actions have been agreed recorded.

Therefore, there are currently 40 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
1	(Blank)	4	1	6	28	40

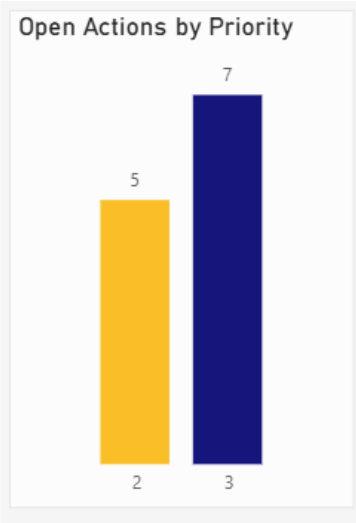
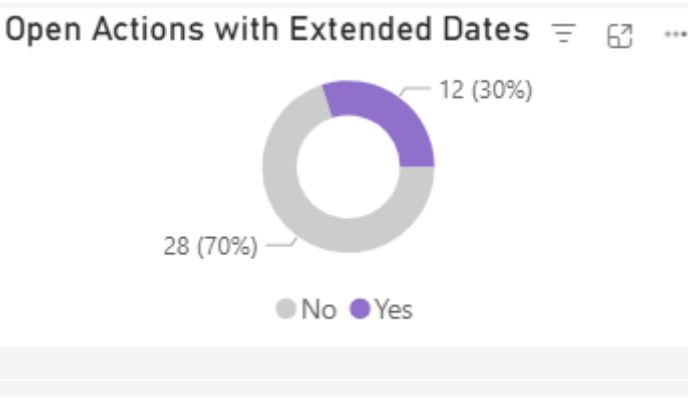
40 of the Open Agreed Actions are currently being followed-up as part of an internal audit review, or as part of our follow-up process.

Internal Audit follow-up all agreed actions on a monthly basis.

Action Tracking

- Action Tracking – Revised Timescales

Open Agreed Actions, with a revised timescale has remained at 12 (quarter 2)



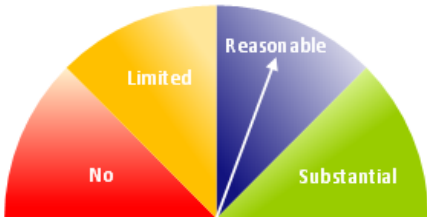
The following are the Internal Audit reports, of each audit review finalised,  
since the last Committee update

Public Rights of Way (PROW) – Final Report – October 2025





Audit Objective


To provide assurance that the Council is fulfilling its statutory duties in relation to the maintenance of Public Rights of Way, through the commissioning of grants to Parish Councils, while maintaining proper financial management and oversight of service budgets.

Executive Summary

	<b>Assurance Opinion</b>	<b>Management Actions</b>		<b>Organisational Risk Assessment</b>	<b>Low</b>
	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.	Priority 1	0	Our audit work includes areas that we consider have a low organisational risk and potential impact. We believe the key audit conclusions and any resulting outcomes still merit attention but could be addressed by service management in their area of responsibility.	
		Priority 2	1		
		Priority 3	2		
		Total	3		

Key Conclusions

		Periodic service oversight reporting is provided to the Local Access Forum (LAF) as well as part of the Council’s quarterly Delivery Plan updates, but more detailed management oversight of team performance is needed.	<b>Audit Scope</b>	As part of this work, we reviewed: <ul style="list-style-type: none"><li>Brief overview of statutory requirements with the delivery of PROW maintenance.</li><li>Policy and procedures of the service – including a review of the grant process.</li><li>Financial and budgetary reports to determine if the grants are being reviewed and managed effectively to ensure performance is being met where expected.</li><li>If efficiency reviews are being carried out, primarily the use of grants to deliver maintenance work, to assist forward planning of the service.</li><li>Processes and agreements of the grants with Parish Councils to highlight if expected financial and performance arrangements have been set.</li></ul>
		Testing highlighted an absence in structured financial monitoring and reporting. This combined with the recording of grant spend within the general ledger and no formal budget monitoring processes, made it difficult for the service to have a true timely picture of PROW maintenance spend. Work has since been completed by the service to implement structured routinely financial and budget monitoring reports/meetings alongside more comprehensive grant spend reporting and monitoring. Grant spend is now being appropriately recorded against the general ledger alongside monitoring of payments and spend.		
		The service has undergone several changes and restructures over the last 2 years, with relevant policies and procedures not been updated/ created to reflect current practice. This presents a single point of failure with the level of experienced knowledge sitting with key individuals across the service.		
		Generally, PROW Grants have been found to be managed appropriately, including grant agreements and unsuccessful application processes. Although there is a central record and oversight of grants, no ongoing review of performance of arrangements presents and supports a gap in governance and continuity.		

	<p>It is extremely positive to note that the PROW team embrace change and improvements where possible. Following a long period of change and resource pressures, the team are extremely focused on how processes can be improved to make service delivery more efficient, which is supported by the team’s desire to introduce an annual service delivery plan, allowing for delivery reflections and monitoring/reporting.</p>	<ul style="list-style-type: none"><li>▪ The current position of the service delivery combined with a forward look at plans to improve the service area to assess if these are deemed robust/ fit for purpose. A lesson learned approach will be considered also to assist with future service changes.</li></ul>
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<b>Other Relevant Information</b>
<p>The new Public Realm Contract is being reviewed and procured ahead of June 2026; this may have an impact and see change within the PROW team and maintenance management.</p>



## Housing Benefit and Council Tax Reduction – Final Report – October 2025

### Audit Objective

To provide assurance that the Councils key financial system controls are operating effectively for Housing Benefits and Council Tax Reduction, and that opportunities for error, fraud or corruption are minimised.

### Executive Summary



#### Assurance Opinion

The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

#### Management Actions

Priority 1	0
Priority 2	0
Priority 3	0
<b>Total</b>	<b>0</b>

#### Organisational Risk Assessment

Low

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

We believe the key audit conclusions and any resulting outcomes still merit attention but could be addressed by service management in their area of responsibility.

### Key Conclusions



Testing of the end-to-end application process for Council Tax and Housing Benefit Reduction, performed by Hoople Group, including aged debts, management reporting, fraud detection tools, financial oversight, systems access and data analytics identified an effective framework is in place.



The complaints process was reviewed as part of this audit. Although there are no initial concerns with the management of complaints by Hoople Group, there is a lack of clarification how information is reported back to the council, to feed into their process. No further testing was completed as part of this audit, but we would recommend that a review is undertaken of both the Council and Hoople complaints procedure and process to ensure all information, requests, actions and resolutions are available to both parties, as there appears to be a lack of information sharing from Hoople to the Council to enable them to close off open complaints.



Fraud detection techniques are readily available within the service, but it would be advised for the Council to consider more proactive fraud techniques to support these. The Revenues & Benefits Operational Manager with assistance from the Benefit Manager oversee what they can, but this does not cover the full scale of required reviews feeding from the tools. Further to this there is no formal agreement between the Council and Hoople Group for the review/investigation of results and therefore presents a current gap. An in-depth review of this area will be completed as part of the 2025/26 Council Tax review.



Service Key Performance Indicators (KPIs) are in development with Hoople Group and awaiting approval, therefore no testing has been completed at this time.

### Audit Scope

The audit reviewed the following:

- If relevant policy, process and procedure documents are up-to-date and contain sufficient information.
- Sample testing of the end-to-end process of Housing Benefit and Council Tax Reduction applications (including eligibility, payment authorisations, overpayments).
- Management and reporting - (including exception reporting).
- Application of fraud detection techniques (including VEP and The Real Time Information Bulk Data Matching Initiative).
- Uncashed cheques, BACS payments and manual adjustments to determine if identified and appropriately investigated.
- Appropriate system accesses (including segregation of duties).

#### Scope Limitation:

- Key performance indicators and reporting.
- If complaints are adequately handled and in accordance with procedures.

**Other Relevant Information**


SWAP's Data Analytics Team developed a tool to convert the HB payment run notepad files to Excel. The tool also immediately highlights the payments over £1,000, from which a suitable sample can be chosen and reviewed, supporting exception reviews.

## Temporary Accommodation – Final Report – January 2026






### Audit Objective

To provide assurance that the Council is fulfilling its statutory duties in relation to the provision of Temporary Accommodation and delivering value for money to taxpayers.

### Executive Summary

	Assurance Opinion	Management Actions		Organisational Risk Assessment	Low
	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.	Priority 1	0	Our audit work includes areas that we consider have a low organisational risk and potential impact.	
		Priority 2	0		
		Priority 3	1		
		Total	1		

### Key Conclusions

	Initial testing found that controls for recording and monitoring of recharges/payments on temporary accommodation (TA) were not effective. Records lacked sufficient detail to enable effective oversight, limiting the service's ability to highlight missed income and subsequently track arrears where applicable. The TA team has taken prompt steps to implement recharge/payment records and financial monitoring, but further development is needed, particularly around rent arrears, when the new system (Home Connection) modules are live in Spring 2026.
	Monthly budget monitoring occurs across Housing Solutions, with reports to the Directorate Leadership Team (DLT).
	The governance of placement verification and property compliance processes are satisfactory, though deeper testing of Hoople compliance processes was not undertaken as part of this review. The TA team are satisfied with the reports and assurances they receive, from Hoople, to date.
	The service continually reviews TA property types and arrangements to ensure flexibility and financial viability. Properties are acquired through leases, TA financial framework, and asset purchases to build Council housing stock. Lease and framework testing was limited, but no concerns were identified regarding properties outside the framework.
	Key Performance Indicators (KPIs) are set corporately and reviewed regularly at Directorate and Business Board levels, as well as feeding into the Council's Corporate Plan KPI's. The team proactively adapt and add new KPI's to improve data analysis and trend overviews to help inform service innovations.

### Audit Scope

As part of this work, we reviewed:
<ul style="list-style-type: none"> <li>Service policy and procedures including the councils Housing Strategy.</li> <li>The governance arrangements for verification/ approval of TA placements.</li> <li>Supply of accommodation, including sourcing, quality and monitoring.</li> <li>Budget setting and forecasting including financial controls over more expensive TA such as B&amp;B's.</li> <li>Controls over rent collection.</li> <li>Monitoring of performance and key indicators.</li> <li>Management and monitoring of placements.</li> </ul>
<u>Scope Limitations:</u>
<ul style="list-style-type: none"> <li>Supply of accommodation - including the use of the financial framework and lease management (consider any third-party providers and how these are managed).</li> <li>Service debt monitoring.</li> <li>In depth review of the Councils Plan to Reduce B&amp;B use following MHCLG guidance.</li> </ul>



The Council maintains an up-to-date Housing Strategy aligned with homelessness prevention policies, and service procedures are current and reflect practice.

- Data analytics of KPI's where data presence and quality allow.
- Transitions to permanent accommodation.

#### Other Relevant Information

The audit scope was reduced due to the complexity of the service and the audit timeframe. Additionally, a review of service complaints was requested by the Service Director; however, sufficient evidence was not provided by the central Complaints Team within the audit period, preventing any substantive testing.

It is important to note that the TA service has introduced a Plan to Reduce B&B use in line with Ministry of Housing, Communities and Local Government (MHCLG) guidance. This initiative, alongside the acquisition of assets to create more suitable housing options, represents a positive forward improvement plan and should be acknowledged.

# **Title of report: Anti-Fraud, Bribery & Corruption Annual Report**

**Meeting: Audit and Governance Committee**

**Meeting date: 27<sup>th</sup> January 2026**

**Report by: Counter Fraud Manager**

## **Classification**

Open

## **Decision Type**

This is not an executive decision

## **Wards Affected**

(All Wards);

## **Purpose**

This report is to provide an overview on all counter fraud activity across the Council's services throughout the previous calendar year and represent an up-to-date account of the work undertaken, including progress and outcomes aligned with our strategy and core objectives.

## **Recommendation**

**That;**

- a) **the annual fraud arrangements be reviewed and confirmed as satisfactory by the committee to provide members with an accurate account of the latest counter fraud activity across services.**

## **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 All counter fraud work is conducted within the appropriate legislation and through the powers and responsibilities as set out within the financial regulations section of the Council's constitution. The council's Counter Fraud Manager supports the Director of Finance (Section 151) in fulfilling their 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. It supports the Council's commitment to a zero-tolerance approach to fraud, bribery, corruption and other irregularity, including any Money Laundering activity.

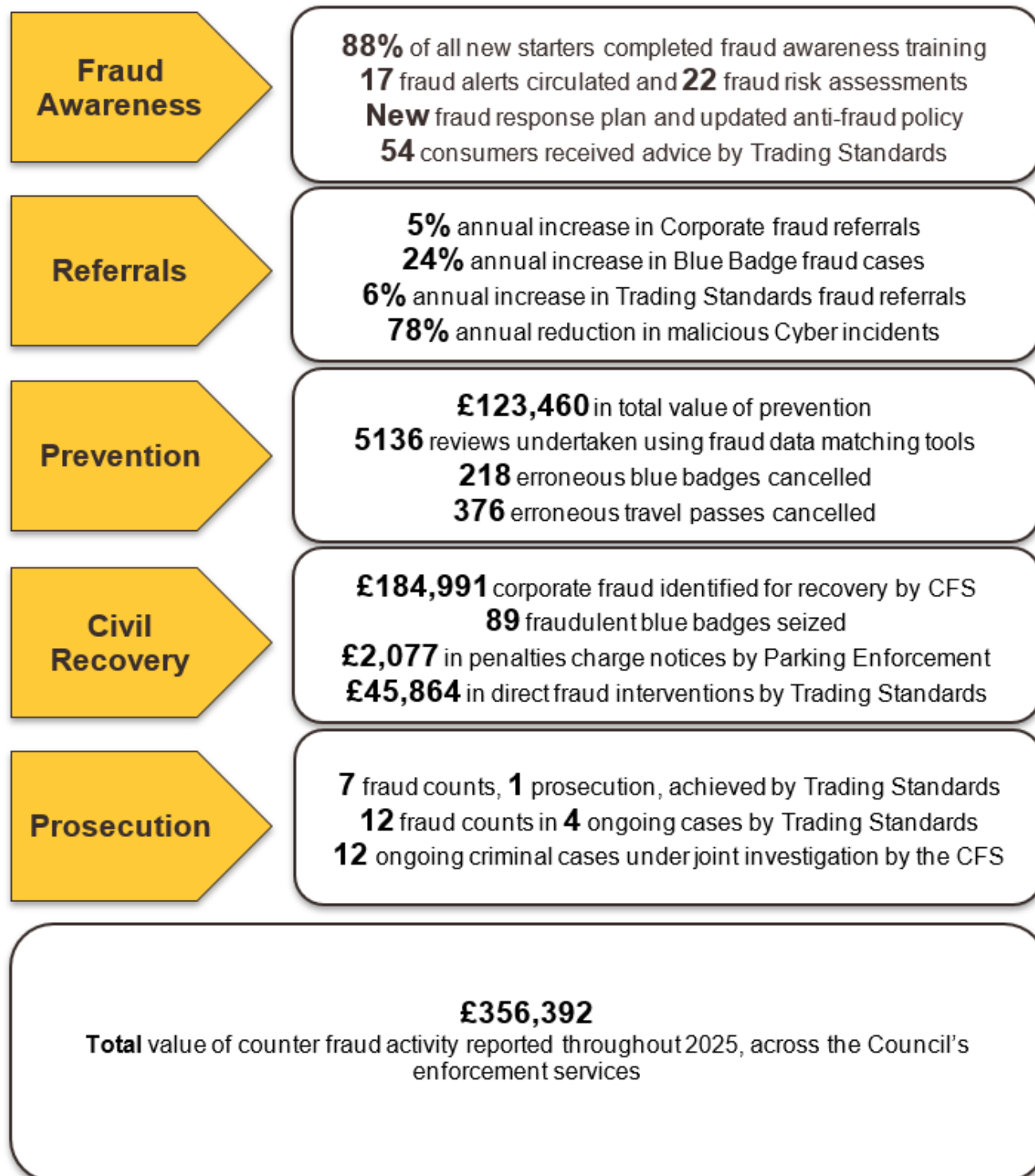
## 3. Transparency Code

- 3.1 The Local Government Transparency Code requires the council to publish data regarding its fraud resources and arrangements. These are published on the Herefordshire Council website in the [open data principles](#) section.

## 4. Introduction

- 4.1 It is commonly known that fraud is now the most prevalent crime in the UK, and according to the Office for National Statistics (ONS), fraud represents 41% of all criminal activity. It is important that this figure, nor the nature of fraud itself be minimised, and specifically in the public sector, fraud remains a major concern with annual losses estimated to be in the region of £7.8 billion across local government.
- 4.2 Fraud against public bodies can too often be seen as a victimless crime, however this is simply not true. Behind every story of fraud, there are real individuals, families and local communities whose lives will have been impacted. At a time where budgets across local government are being stretched to deliver essential services, any money that is obtained by fraudsters has a negative impact on the Council's budget and this can adversely affect the local community, as it takes away funds which are meant to be spent on legitimate public services.
- 4.3 In 2025 the National Anti-Fraud Network (NAFN) undertook an extensive online survey during which 129 Local authorities across England, Scotland, Wales and Northern Ireland participated in providing information on their counter fraud arrangements. The survey showed that for every £1 authorities spent on counter-fraud arrangements, that Councils detected an estimated £3.65 in fraud value. This figure alone evidences a strong return on investment.
- 4.4 In unison with the national picture presented in the NAFN 2025 survey, Herefordshire continues to see fraudsters trying to exploit vulnerabilities in the Council Tax and in the benefits systems. In addition, Adult Social care has also remained a high-risk area of fraud, due to the fact it is generally means tested and it is a high spend area for most local authorities.
- 4.5 As fraud becomes more complex and widespread, particularly in the digital space, it is important that Herefordshire Council continues to promote awareness of fraud, alongside activity to prevent and detect fraud working collaboratively across Council services, and that it is responsive to new and emerging risks.

## 5. Key Performance Summary



## 6. Strategic Approach

- 6.1 Herefordshire Council's Counter Fraud and Corruption Strategy sets out six core pillars as detailed below, as a blueprint to assist the Council and which are aligned to nationally recognised standards. These key principles underpin the Council's strategic approach to support the management of fraud risk and counter fraud activity.





**LINK TO STRATEGY: DETER****7. Deterrence Arrangements**

- 7.1 The CFS is an essential function of the Council that by mere presence, has a significantly positive impact for the Local Authority in deterring the fraudulent loss of public funds. Herefordshire Council has an effective fraud response plan and policy embedded within its services, which creates a robust and lasting anti-fraud culture across the organisation. Furthermore, the Council remains in strategic memberships with the National Fraud Initiative (NFI) and the Credit Fraud Avoidance System (CIFAS).
- 7.2 Joint working arrangements continue to be in place between the CFS and enforcement bodies such as the Department for Work and Pensions (DWP), NHS and the police. As our joint working criminal cases continue to progress through investigation, any successful prosecutions resulting from these will be publicised to act as a deterrence measure against further fraud attempts.
- 7.3 During 2025 the Council's cyber security practices noted a significant **78%** reduction in malicious software attempts across Local Authority and Hoople services. This decrease further emphasises that through the implementation of robust controls and the open presence of a strong enforcement function, that deterrence measures can be effective. Please refer to section 22 of this report for further details on cyber fraud.

**8. Media Engagement**

- 8.1 Media engagement is recognised as a useful tool to help raise awareness of fraud risks and scams across the Council's enforcement teams. By circulating public fraud alerts in real time through media outlets and on the Council's dedicated fraud awareness webpage, the authority has directly communicated and informed residents of emerging fraud risks.
- 8.2 During International Fraud Awareness Week (IFAW), which commenced on the week between t 16<sup>th</sup> and 22<sup>nd</sup> November 2025, both the Council and Hoople proactively took part in a social media campaign to help raise awareness of fraud to the local community.

**LINK TO STRATEGY: GOVERN****9. Council Policies**

- 9.1 The Counter Fraud Service (CFS) developed a new Fraud Response Plan which was approved by the Audit & Governance Committee in July 2025. This Response Plan was developed to ensure that the Council's procedures for responding to fraud are clearly detailed. In addition, an updated Anti-Fraud, Bribery and Corruption Policy were approved, and together both documents provide a clear framework to follow, which further strengthens the Council's Governance arrangements on fraud, bribery and corruption.
- 9.2 The Council continues to have effective arrangements in 2025/26 to support governance, which includes the following policies, which are in place to support counter fraud measures:
- i. Anti-fraud, Bribery and Corruption policy
  - ii. Fraud Response Plan
  - iii. Whistleblowing policy
  - iv. Anti-Money Laundering policy
  - v. Debt Recovery policy
  - vi. Information Security Policy
  - vii. Employee Interests, Gifts and Hospitality policy
  - viii. Employee Code of Conduct policy

**10. Counter Fraud Maturity**

- 10.1 Effective governance and improvement within the organisation is measured through reviews of the council's counter fraud maturity. A follow up review was undertaken by SWAP internal audit in March 2025 during which the Council was reported to have strong arrangements in place across the assessed areas. Please refer to Appendix 2.
- 10.2 Work completed by the Council's external auditors in 2025 considered how the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. The External Auditor's Annual Report, presented to A&G Committee in September 2025, confirmed that the Council's arrangements are effective with a green rating noting that: "arrangements for fraud prevention include a defined strategy, policy, and privacy notice. The Annual Counter Fraud Report was presented to the Audit and Governance Committee in January 2025, consistent with established practice, which provides Members with assurance on the Council's approach to fraud risk"

## LINK TO STRATEGY: [ACKNOWLEDGE](#)

### 11. Risk Management

- 11.1 Throughout 2025 the CFS has undertaken a total of **22** fraud risk assessments across the Council. By maintaining and updating these risk assessments, the local authority has been able to proactively identify emerging risks, as well as review the effectiveness of controls and scoring in previously identified fraud risk areas. Direct engagement from the CFS, has helped to further promote fraud awareness within services, by prompting healthy debate and discussion about the specific fraud risks officers may encounter in their respective roles.

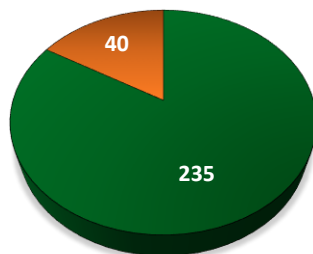
### 12. Training

- 12.1 The Council's bi-annual fraud awareness training module was rolled out to all employees in 2024, therefore during 2025, completion of the module was only required by new starters as part of the Council's Induction process.

A combined **88%** of all new starters completed the fraud awareness training.

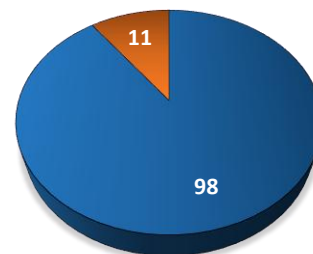
#### ○ Completion figures for New Starters in 2025

**85% Completion Rate for Herefordshire Council New Starters**



■ Completed ■ Not Completed

**90% Completion Rate for Hoople New Starters**



■ Completed ■ Not Completed

- 12.2 The training department will be implementing a new process in 2026 with the aim of increasing new starter completion rates, consisting of a weekly reminder and chasing process for new joiners to complete all their training within the required timescales after induction.
- 12.3 The CFS has made significant updates to the fraud awareness training module during 2025, ready for its next distribution to all workers in 2026, which includes a new section specifically on the new corporate Failure to Prevent Fraud offence.
- 12.4 Bespoke training sessions have been developed during 2025 by the CFS and Trading Standards teams, with the aim of delivering these training sessions to officers across the Adult Social Care teams, scheduled in early 2026.

**LINK TO STRATEGY: PREVENT****13. Fraud Prevention Summary**

13.1	<b>85</b> erroneous Council Tax CTR / HB	N/A	<b>£65,896</b> future
	<b>1</b> external mandate fraud attempt	<b>£7,516</b> actual	N/A
	<b>1</b> fraudulent grant application	<b>£600</b> actual	N/A
	<b>1</b> fraudulent Insurance claim	<b>£3,550</b> actual	N/A
	<b>218</b> fraudulent or erroneous Blue Badges	N/A	<b>£31,610</b> future
	<b>376</b> erroneous Concessionary Travel Passes	N/A	<b>£14,288</b> future

\* The term 'actual prevention' refers to the actual value of the fraud attempted and stopped.

\* The term 'future prevention' refers to the estimated value that the fraud could have been, should it have been successful and gone undetected thereafter.

**14. Fraud Awareness and Support**

- 14.1 The CFS routinely supports the Council by providing recommendations to service areas following fraud investigations, which may include a lesson's learnt review and a fraud risk assessment. In addition, the CFS actively assists employees across the Council by offering general advice and guidance on any aspect of fraud, theft, bribery and corruption.
- 14.2 Circulation of intelligence alerts has proven to be an effective method of raising awareness across services and subsequently increases the chances of fraud being prevented or detected. In 2025 the CFS raised a total of **17** fraud intelligence alerts across the Council's services.

**15. Partnerships and Collaboration**

- 15.1 Collaborative working forms a vital part of the Council's new fraud response plan, with external partnerships being seen as a key strength in recent years. Joint working continues between the CFS, the NHS Integrated Care Board (ICB) and West Mercia Police.
- 15.2 Throughout 2025 the CFS has worked closely with the Department for Work and Pensions (DWP), in multiple ongoing benefit fraud investigations, often interviewing under caution together. It is anticipated that joint working with the DWP will continue to improve with positive emphasis being raised by central government on tackling welfare and benefits fraud.

**16. Technological Advancement**

- 16.1 Herefordshire Council and Hoople remain active members of the CIFAS fraud intelligence database, which is used to assist to prevent and detect crime across the organisation. During Q2 2025, the CIFAS system was integrated into the Direct Payments department within Adult Social Care. Furthermore, following recent approvals by government, the National Fraud Initiative (NFI) data matching exercise was extended to now included checks on Residential Placements and Direct Payments and the first data match for these datasets was undertaken in Q4 2025.

## LINK TO STRATEGY: PURSUE

### 17. CORPORATE FRAUD

There have been **195** corporate fraud referrals dealt with by the counter fraud department in 2025 relating to fraud against services provided by the council.

**47** cases carried forward from 2024

**141** new referrals received in 2025

**150** cases closed in 2025

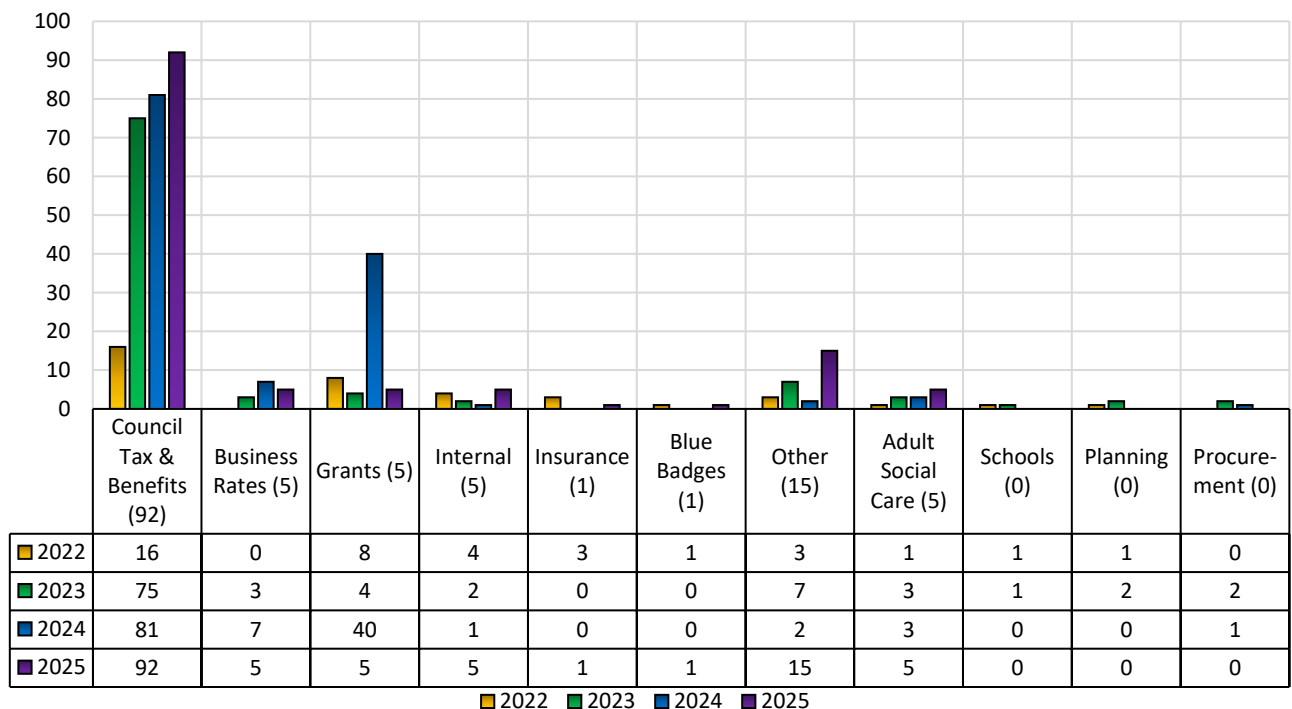
**45** on-going investigations

**12** referrals pending

**5%** increase in new referrals in 2025 compared to 2024

**253%** increase in new referrals over the period covering from 2022 to 2025

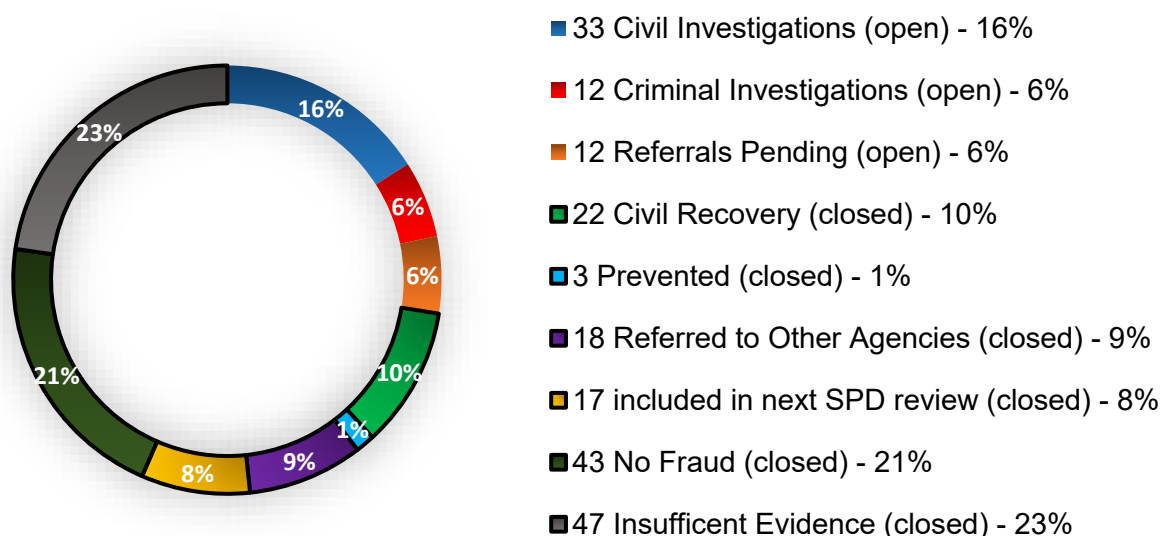
#### Multi-year referral analysis, from 2022 to 2025, categorised by service type



17.1 The data provided in the chart above shows the year-on-year referral trends for Herefordshire, excluding 2020 and 2021 due to Covid-19 data fluctuations. As a benchmark comparison, the 2025 NAFN Local Authority Counter Fraud Report showed that during a survey of 129 Local Authority respondents, **86%** of authorities identified Council Tax fraud to be the most investigated fraud category, followed by Grants, Procurement and Internal fraud types.

17.2 In Herefordshire Council, the highest area of new corporate fraud referrals during 2025 continued to be for Council Tax and Benefits fraud with an increase to 92 referrals, representing a **475% increase** in the 4-year period since 2022, when the external reporting platform first went live to the public. Since 2023, Council Tax referrals have shown a further year-on-year increase. Of the 92 new Council Tax referrals in 2025, there was a total of 17 allegations of Council Tax avoidance, 9 allegations of undeclared income, 55 allegations of undeclared circumstances, and 11 referrals relating to other types of allegations.

## 18. Summary of Corporate Fraud case outcomes in 2025



### 18.1 Ongoing Investigations

At the end of 2025 there were a total of 45 ongoing corporate fraud cases that remained open, with a further 12 referrals pending review. These cases are categorised as the following;

#### ■ 33 Civil Investigations (open) – 16%

- 33 cases are pending further civil investigation. Of these, 30 cases relate to Council Tax and Benefit allegations, 2 cases relate to Business Rates allegations and 1 case relates to Adult Social Care.

#### ■ 12 Criminal Investigations (open) – 6%

- 9 cases involve allegations of Council Tax and Benefit fraud and are part of joint working criminal investigations with the Department for Work and Pensions (DWP).
- 2 cases relate to allegations of financial abuse of Direct Payments with one being jointly investigated with the police, and the other under joint investigation with the NHS.
- 1 internal fraud case remains under joint working with the Police. Due to the sensitive nature of these we are unable to provide any further details at this stage.

#### ■ 12 Referrals Pending (open) – 6%

- 12 referrals are pending review and escalation. A summary risk review is undertaken at an early stage of a referral being received, to determine if it needs prioritisation.

### 18.2 Closed Investigations

During 2025 the CFS investigated and closed 150 corporate fraud referrals, categorised as;

#### ■ 22 Civil Recoveries (closed) - 10%

- 14 cases totalling £50,742 involved fraudulent applications or undeclared circumstances to Council Tax Reduction reliefs and/ or discounts and benefits. 5 cases totalling £17,056 involved Council Tax avoidance/ undeclared second home fraud and 1 case totalling £3,163 resulted from undeclared income whilst in receipt of Council Tax Relief. 1 Business Rates avoidance case totalled £4,953 and 1 Internal fraud case totalled £2,592.

**£78,506** under civil recovery

### ■ 3 Prevented (closed) – 1%

- Please refer to section 13 of this report for a full review of prevention activity. 3 fraud cases originating from corporate referrals were prevented in 2025. These 3 cases consisted of the following: 1 external mandate fraud attempt totalling £7,516 which was prevented by the robust controls implemented within the payroll department. 1 grant fraud case with a value of £600 was stopped prior to payment being made to a false applicant, and 1 insurance 'crash for cash' fraud totalling £3,550, was challenged and stopped prior to the claim being issued.

### ■ 18 Referred to Other Agencies (closed) – 9%

- A total of 18 cases were referred to other agencies as they were out of the CFS remit to investigate. Where it is possible the CFS will often try to identify the most appropriate third-party avenue to investigate allegations. Of these, 5 allegations were referred to the Valuation Office Agency (VOA) for assessment. A further 6 benefit fraud allegations were referred to the Department for work and Pensions (DWP). 1 allegation of Blue Badge fraud was sent to Parking Enforcement, 3 allegations were referred to the Trading Standards department, 1 referral was sent to the Human Resources department, 1 referral was sent to another Local Authority, and 1 allegation of tenancy fraud was referred to a Housing Association.

### ■ 17 Included in next SPD review (closed) – 8%

- 17 referrals of alleged Single Persons Discount (SPD) fraud have been flagged for review under the next SPD assessment exercise.

### ■ 43 No Fraud (closed) – 21%

- It should be emphasised that not every referral/ allegation will need to be investigated as some allegations can be false, misleading, or simply incorrect. Every referral is risk assessed by the CFS to determine next steps. A total of 43 referrals was closed, pending no further action after initial enquiries identified that no offence had occurred.

### ■ 47 Insufficient Evidence (closed) – 23%

- A total of 47 referrals were closed pending no further investigation due to insufficient evidence. This can occur when the CFS is not able to obtain evidence to either prove or disprove the allegations, either due to no suitable lines of enquiry, or due to insufficient information being provided within the context of a referral.

## 19. National Fraud Initiative (NFI)

- 19.1 The NFI is a national data matching exercise led by the Cabinet Office which Local Authorities are mandated to partake in to assist in the detection of fraudulent and erroneous payments. In 2025 the CFM worked collaboratively with Revenues and Benefits, Talk Communities, Transport, Finance and Adults Social Care departments to undertake data matching reviews.

Service area	No. of reviews	Review outcome (fraud/ error)	Civil recovery	Prevention savings
Revenues & Benefits	1,018	85 benefits cases cancelled	£106,485	£65,896
Talk Communities	357	218 blue badges cancelled	N/A	£18,705
Transport & Parking	381	376 travel passes cancelled	N/A	£14,288
Finance	3,365	N/A	N/A	N/A
Adult Social Care	15	N/A	N/A	N/A
<b>Reviews closed</b>	<b>5,136</b>			
<b>Reviews open</b>	<b>131</b>			

## 20. Blue Badge Fraud

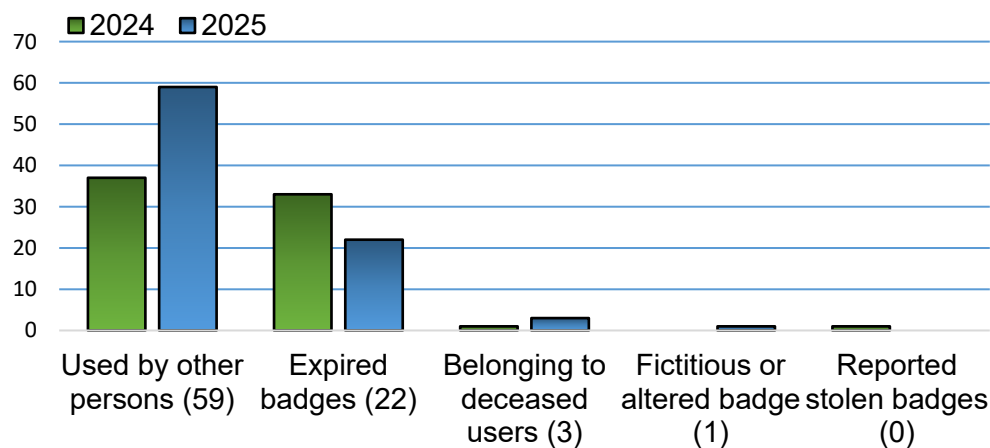
- 20.1 This section details investigations by the parking enforcement team of Blue Badge misuse and Disability Permit fraud. Blue Badges can only be used by the named badge holder, or by a person who has dropped off, or is collecting the badge holder from the place where the vehicle is parked. It is a criminal offence for anyone else to use a Blue Badge in any other circumstances.

**89** new cases in 2025

**24%** increase in new cases

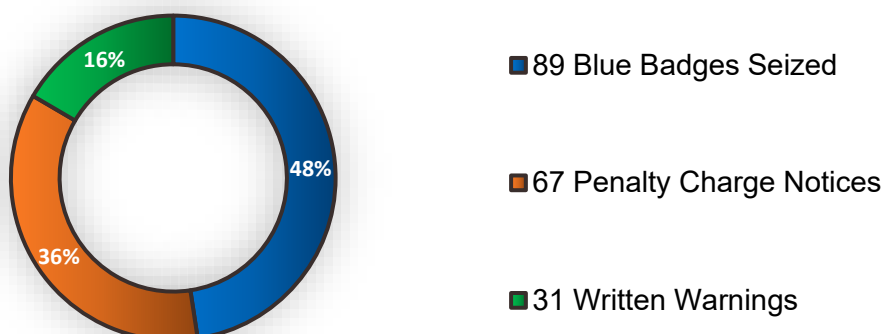
### Blue Badge fraud and misuse case types 2024-2025

During 2025 the Parking Enforcement team experienced a **24% increase** in blue badge cases, up from 72 cases in 2024. It is noted that there was a larger rise in the number of cases where people had used badges belonging to others, along with a small increase of the number of people using either fictitious or badges belonging to deceased users.



## 21. Outcomes of Blue Badge cases in 2025

- 21.1 A total of **89** badges were seized, **£2,077** in penalty fines were administered and **31** written warnings issued during 2025, demonstrating the Council's continued resolve to reduce Blue Badge fraud and misuse across the County.





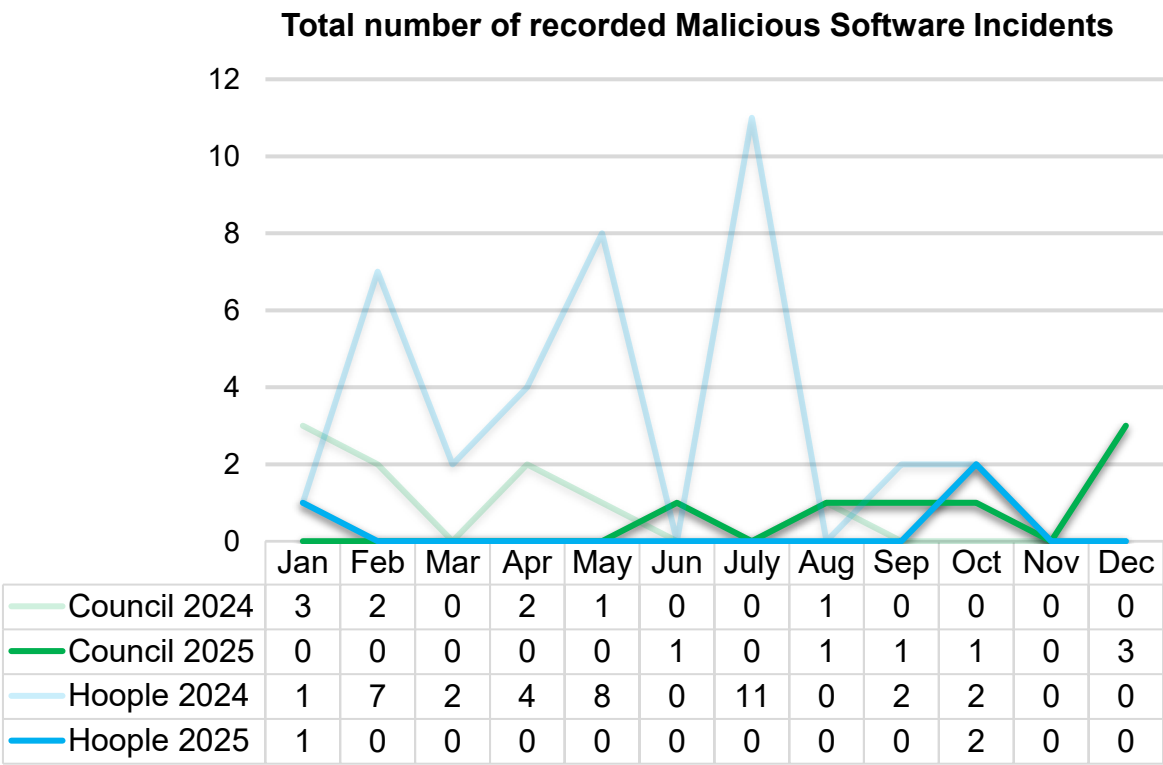
22. Cyber Fraud

22.1 This section relates to instances of cyber related fraud attempts against Herefordshire Council and Hoople services as recorded by the Information Security department. An example of cyber fraud could be a ransomware attack or a phishing email.

**7** recorded malicious software incidents for Herefordshire Council in 2025

**3** recorded malicious software incidents for Hoople in 2025

**78%** reduction in the number of malicious software incidents across Herefordshire Council and Hoople in 2025



22.2 In 2025, the number of detected malicious software incidents has fallen significantly demonstrating that effective controls are in place. 7 incidents were recorded for Herefordshire Council and 3 for Hoople. Although this represents a notable reduction, primarily with Hoople seeing a **91%** reduction in 2025 compared to 2024, it does not eliminate the ongoing risks posed by cyber threats as this can fluctuate year on year.

22.3 The continued presence of malicious software, despite the decrease, suggests that attackers are likely adopting more advanced techniques through the use of AI and targeting both individuals and organisations more selectively. This underscores the importance of maintaining strong cybersecurity practices.

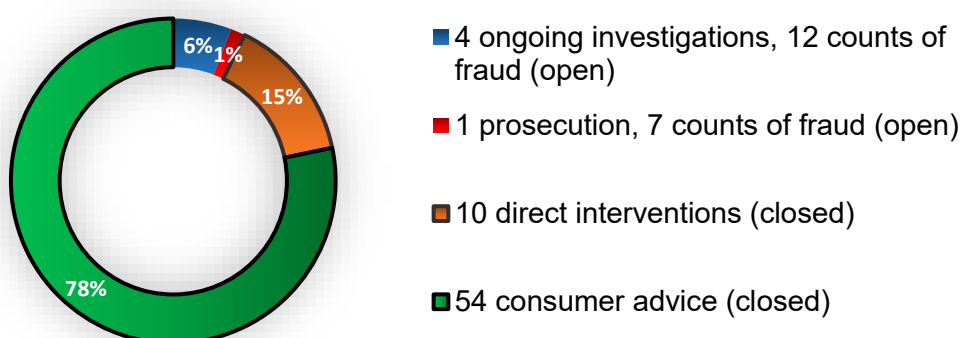
22.4 Staying proactive through regular system updates, continuous threat monitoring, and ongoing user awareness training remains essential, as malware developers continue to adapt to current security defences so must we look at ways to increase those defences.

## LINK TO STRATEGY: **PROTECT ITS RESIDENTS**

### 23. TRADING STANDARDS

23.1 This section outlines details by the Trading Standards department specifically relating to fraud and interventions undertaken to protect local residents. Herefordshire Trading Standards Service work in collaboration with many different partner organisations, to help protect consumers and businesses by providing advice and safeguarding known scam victims.

**69** referrals relating to fraud and unfair trading in 2025, of which **25** related to scams



#### 23.2 Consumer Advice and Direct Interventions

A total of **54** referrals were resolved with the provision of consumer advice on the law and potential methods of obtaining redress. The total money saved for consumers through direct intervention was **£45,864** across **10 vulnerable consumers**.

#### 23.3 Prosecutions

Herefordshire Council Trading Standards obtained a fraud prosecution during 2025, during which the defendant was local landscaper and builder who took several deposits 'up front' and carried out no work, subsequently spending the money on personal expenditure. In December 2025, he pleaded to **7 counts of fraud**. He is awaiting sentencing which is due in Q1 of 2026.

#### 23.4 Ongoing Investigations

- A £16,000 fraud on two local elderly residents who paid up front for roofing work which was never carried out. This roofing Investigation consists of 1 defendant with 1 alleged fraud charge.
- One local vulnerable disabled pensioner was forced by a rogue roofer to withdraw £500 from an ATM for worthless work. The trader has been charged with 1 alleged count of fraud.
- One £70,000 business to business fraud involving the clocking of the hour meters on tractors. The trader is facing 5 alleged counts of fraud at the Crown Court.

#### 23.5 Case Study - Loft Insulation Scam

This case has involved fraudulent trading by a company targeting the elderly throughout the UK from 2022 to 2024. Initially the investigation involving one local elderly resident, who had been defrauded of £11,000 for loft insulation work, led to multiple cases being uncovered. There were in total over 400 victims nationwide paying around £3Million over a two-year period. Herefordshire Trading Standards are prosecuting the director, company, the sub-contractor and salesman who defrauded the Hereford consumer. The four defendants have been charged with 5 alleged counts, for fraudulent trading, fraud, unfair trading and proceeds of crime.

## **24. Community impact**

- 24.1 Counter fraud activity supports the code of corporate governance principle which states that: 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.

## **25. Environmental Impact**

- 25.1 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.
- 25.2 Whilst this is a decision 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.

## **26. Equality duty**

- 26.1 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.
- 26.2 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.

## **27. Resource implications**

- 27.1 Counter fraud activity supports the best use of Finance, ICT, Human Resources and Property resources. The recovery of funds also prevents the financial support of illegal activities.
- 27.2 The Council's Section 151 Officer is responsible for ensuring that resources allocated to counter fraud, are sufficient to meet the demands of increased fraudulent activity.

## **28. Legal implications**

- 28.1 The Terms of Reference for the Committee includes monitoring the effectiveness and operation and the anti-fraud and corruption strategy (para. 3.5.12 of Constitution). There are no direct legal implications other than those already disclosed in this report.

## **29. Consultees**

- 29.1 None

## **30. Appendices**

30.1 Appendix 1 – Glossary of abbreviations and terms

Appendix 2 – SWAP Baseline Assessment One Page Summary

Appendix 3 - Equality Impact Screening Checklist

## **31. Background papers**

31.1 [Crime Survey for England and Wales \(CSEW\) 2024](#)

[National Crime Agency \(NCA\) National Strategic Assessment 2025](#)

[NAFN Local Authority Counter Fraud Report 2025](#)

[Auditors Annual Report on Herefordshire Council 2024.25](#)

**APPENDIX 1**
**Glossary of Abbreviations and Terms**

<b>Abbreviations</b>	<b>Meaning</b>
<b>ACFM</b>	Accredited Counter Fraud Manager
<b>ACFS</b>	Accredited Counter Fraud Specialist
<b>BEIS</b>	Department for Business, Energy and Industrial Strategy
<b>CIFAS</b>	Credit Industry Fraud Avoidance System
<b>CFM</b>	Counter Fraud Manager
<b>CFS</b>	Counter Fraud Service
<b>DOI</b>	Declarations of Interest
<b>DWP</b>	Department for Work and Pensions
<b>FTE</b>	Full Time Equivalent
<b>HR</b>	Human Resources
<b>ICT</b>	Information and Communication Technology
<b>IFAW</b>	International Fraud Awareness Week
<b>MFG</b>	Midlands Fraud Group
<b>NATIS</b>	National Investigation Service
<b>NFI</b>	National Fraud Initiative
<b>POCA</b>	Proceeds of Crime Act
<b>Q1/ Q2</b>	Quarter 1/ Quarter 2
<b>SPD</b>	Single Persons Discount (Council Tax Discount)
<b>SWAP</b>	South West Audit Partnership (Internal Audit)
<b>VOA</b>	Valuation Office Agency

<b>Term</b>	<b>Meaning</b>
<b>Phishing</b>	A technique for attempting to acquire sensitive data, through a fraudulent solicitation in email or on a web site, in which the perpetrator impersonates as a legitimate business or reputable person.
<b>Ransomware Attack</b>	Ransomware is a type of malware and cybercrime that attempts to hold data for ransom.
<b>Malicious Software Incidents</b>	Malicious software, refers to any intrusive software developed by cybercriminals to steal data, and damage or destroy, computers and computer systems.
<b>Polygamous working</b>	Individuals associated with working for multiple employers.
<b>Intelligence Alert</b>	The circulation and sharing of intelligence, which refers to processed, evaluated and perspective-driven data that is gathered from trusted sources.
<b>External Case</b>	Alleged fraud committed by a third party against a Local Authority funded or operated service.
<b>Internal Case</b>	Alleged fraud of persons employed or contracted to the organisation.
<b>Mandate Fraud</b>	Bank Mandate fraud occurs when an unauthorised request is made to change the details of a bank transfer mandate to divert funds to a fraudulently operated account.
<b>Fraud</b>	Fraud is wrongful or criminal deception intended to result in financial or personal gain.
<b>Theft</b>	The dishonest appropriation of property belonging to another with the intention to permanently deprive the other of it.
<b>Bribery</b>	The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust.
<b>Corruption</b>	Corruption is the abuse of power entrusted to them, for personal gain.
<b>Money Laundering</b>	Money laundering is the disguising of financial assets so they can be used without detection of the illegal activity that produced them

Baseline Assessment of Fraud Maturity – March 2025 - Follow-up review

Baseline Assessment of Six Themed Areas



- Resource and Communication
- Fraud Risk Management
- Policy Related
- Committee Related
- Culture and Awareness
- Reporting, Investigating and Monitoring






Scope and Ambition

This baseline assessment is a corporate view of fraud maturity within the organisation. This exercise is a revisit of the assessment performed in 2022 and shows any progress with regards to counter fraud work at the authority.

Areas where our assessment has reduced, or actions have been agreed are outlined in Appendix 1. Management should ensure the actions (Appendix 2) from this work are considered to reduce risk of fraud and to protect the public purse.

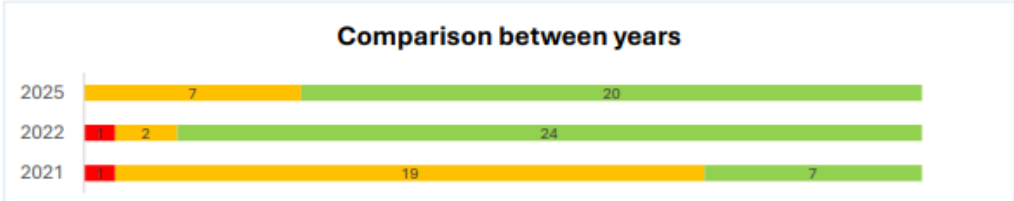
SWAP’s Counter Fraud Team is committed to helping Partners and Clients in the battle against fraud and corruption.

Key Findings

	There has been a significant increase in referrals to the Counter Fraud Service. A quantitative measure to identify how effective the reporting arrangements (including Whistleblowing) are needs to be completed.
	An annual fraud plan and/or a programme of counter fraud work is needed to document the approach and work that will be completed, this would include resources and risks.
	The Fraud Risk Assessment is being appropriately managed and updated as a live document. Services have been engaged, risk appetite determined, and treatments/ actions agreed and understood.
	There is a high number of officers having completed the mandatory fraud training with 97% of Herefordshire staff and 96% of Hoople staff having completed the required 9 eLearning modules.
	Culture, awareness, monitoring, investigating and reporting of fraud has scored green on all areas reviewed, indicating that strong controls are embedded into working practices.

2025 Assessments per Area Reviewed

Resource and Communication 	Fraud Risk Management 
Policy Related 	Committee Related 
Culture and Awareness 	Reporting, Investigating and Monitoring 



- Assessed not to be in place/ operating ineffectively – requires significant improvement.
- Assessed to be partially in place – requires improvement.
- Assessed as in place/ operating effectively.





## Appendix 3



Activity/project name: Anti-Fraud, Bribery & Corruption Annual Report  
 Person completing this form: Jonathan Nelson  
 Date: 14/01/2026

## 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: Update on Risk Management Activity

**Meeting: Audit and Governance Committee**

**Meeting date: Tuesday 27 January 2026**

**Report by: Director of Finance**

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

All Wards

## **Purpose**

To provide assurance of the adequacy of the council's risk management framework and internal controls in 2025/26.

## **Recommendation(s)**

**That:**

- a) **The committee notes the activity to embed the revised risk management strategy and strengthen risk management activity across the council at Corporate, Directorate and Service levels; and**
- b) **The committee considers the frequency for future risk management activity updates.**

## **Alternative options**

1. The Audit & Governance Committee is responsible for reviewing the adequacy of the council's governance arrangements, including the risk management framework and internal controls. The Committee may choose not to review the council's risk management arrangements. This is not recommended as risk management is an integral part of the council's governance arrangements.

## Key considerations

2. The revised Risk Management Strategy 2025/26 and Risk Appetite Statement were approved by Cabinet in June 2025. The Strategy sets out the approach and principles of risk management, outlining the council's risk appetite, to inform the management of risks by Members and Officers across the council.
3. The Corporate Leadership Team (CLT) have undertaken a review of the Corporate Risk Register (included at Appendix A) at 30 September 2025 to update risk scores, consider the adequacy of control measures and mitigating actions and identify new threats and opportunities to the delivery of the objectives and priorities of the Council Plan 2024-28.
4. In addition to this quarterly update, CLT and Cabinet continue to monitor risks throughout the year to ensure appropriate and proportionate controls are in place as part of the risk management framework and internal control framework.
5. The revised Corporate Risk Register approved by Cabinet in June 2025 included 8 corporate risks. At Quarter 1, an additional risk was identified and added to the risk register. Corporate Risk ref. R9 recognises the risk of financial failure of a major supplier to the council, resulting in disruption to the delivery of statutory services or major projects.
6. The revised Corporate Risk Register approved by Cabinet in June 2025 included 9 corporate risks. At Quarter 2, no additional risks have been identified for inclusion in the Corporate Risk Register.
7. The scores of each of the risks have been reviewed by the relevant Risk Owner, supported by discussion and oversight by CLT. Changes to risk scores of Corporate Risks at Quarter 2 are summarised below.
8. **R4:** Failure to deliver capital and major projects within identified resources and planned timeframes resulting in significant overspend and reduced project outcomes. The risk score has been updated to 12 at Quarter 2: Likelihood: 3 (Possible), Impact 4 (Major) from a previous score of 9 at Quarter 1: Likelihood: 3 (Possible), Impact 3 (Moderate). This recognises the impact of risks to project budgets.
9. **R5:** Failure to deliver a sustainable financial strategy that supports delivery of the Council Plan priorities. (Including delivery of savings, commercial income, capital receipts and ensuring resources are available to deliver statutory obligations and fund organisational development and transformation). The risk score has been updated to 12 at Quarter 2: Likelihood: 3 (Possible), Impact 4 (Major) from a previous score of 9 at Quarter 1: Likelihood: 3 (Possible), Impact 3 (Moderate). This recognises the impact of risks to the council's financial sustainability as a result of the Fair Funding Review and increasing demand and cost pressures.
10. In addition to the review of the Corporate Risk Register, CLT members are engaged in activity to review and monitor Directorate, Service and Project level risk registers and embed the revised Strategy across the council.
11. The council's 2025/26 Internal Audit Plan has been reviewed to ensure it is aligned to the refreshed Risk Strategy and risks identified in the Corporate Risk Register. The development of a comprehensive risk-based plan ensures that internal audit activities are focused on the highest-impact risks to the council's objectives. The revised Plan was approved by Audit & Governance Committee in September 2025.
12. Further activity currently underway and planned to be completed in 2025/26 includes:
  - i. Risk management training.
  - ii. Update of the council's Risk Management Intranet page.

- iii. Development of Risk Management dashboard reporting.

### **Community impact**

- 13. Effective risk management is essential to the delivery of the priorities set out in the Council Plan. Specially, the Council plan commits the council to 'develop a Corporate Risk Strategy to improve the process for managing corporate and directorate risks'.

### **Environmental impact**

- 14. 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.
- 15. 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**

- 16. 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.
- 17. The mandatory equality impact screening checklist has been completed for this activity and it has been found to have no impact for equality. It is recognised that each identified individual corporate risk may have its own individual impacts on equalities or assessed as a risk due to its effect on equality. These are monitored as part of the ongoing individual service or project delivery. Effective risk management arrangements will ensure the council complies with its equality duties.

### **Resource implications**

- 18. There are no specific resource implications from the report itself.

### **Legal implications**

- 19. The Audit & Governance Committee is responsible for reviewing the adequacy of the council's governance arrangements, including the risk management framework and internal controls.
- 20. It is not a function of the Committee to examine specific risks however its functions include monitoring of the development and operation of risk management processes and receiving assurance from internal and external sources of the effectiveness of arrangements.

### **Risk management**

- 21. This is a report to review the Corporate Risk Register and risk management arrangements in 2025/26.

### **Consultees**

- 22. None.

## **Appendices**

Appendix A Corporate Risk Register Quarter 2 2025/26

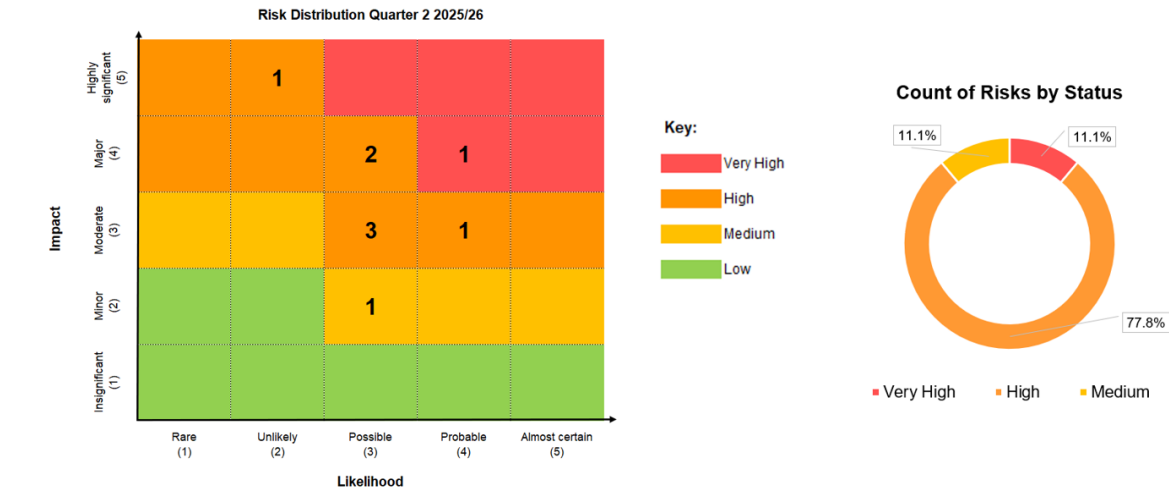
## **Background papers**

None.

Appendix A: Corporate Risk Register Update at Quarter 2 2025/26

Ref	Corporate Risk	2025/26 Q1 Residual	2025/26 Q2 Residual	2025/26 Q3 Residual	2025/26 Q4 Residual	Current RAG
R1	Failure to discharge duty of care for a vulnerable child or vulnerable adult.	10	10			High
R2	Demand for client-based services continues to increase resulting in increased budget pressures and poor outcomes for those people in receipt of our services.	12	12			High
R3	Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand.	16	16			Very High
R4	Failure to deliver capital and major projects within identified resources and planned timeframes resulting in significant overspend and reduced project outcomes.	9	12			High
R5	Failure to deliver a sustainable financial strategy that supports delivery of the Council Plan priorities.	9	12			High
R6	Inability to attract and recruit candidates and retain staff leading to an inability to deliver services.	6	6			Medium
R7	Inability to respond adequately to a significant emergency affecting ability to provide priority services.	9	9			High
R8	Risks within the West Mercia community area.	9	9			High
R9_NEW	Risk of financial failure of major supplier.	9	9			High

Risk rating	Action
Very High	Immediate and significant management action and control required. Continued proactive monitoring of risk.
High	Seek cost effective management actions and controls. Continued proactive monitoring of risk.
Medium	Seek cost effective control improvements. Monitor and review risk regularly.
Low	Seek improvements to controls if cost effective to do so. Monitor and review risk regularly.



Ref	Corporate Risk	Risk Category	Risk Appetite	Control Measures/Mitigating Actions	Inherent Risk Score	Residual Risk Score
R1	<p>Failure to discharge duty of care for a vulnerable child or vulnerable adult.</p> <p><b>Risk Owner:</b> Corporate Directors: Community Wellbeing, Children &amp; Young People</p>	<p><b>Strategic Delivery - Council Plan Priority: PEOPLE</b></p> <p><b>(Exception 1: Safety and wellbeing of residents)</b></p>	<p><b>Exception 1: Averse</b> Limited appetite to risk. The council is responsible for providing services to those who need it most, including vulnerable adults and children and operates rigorous safeguarding measure to ensure the health and safety of residents. The council will continually seek to avoid activities that present a threat to the safety of the public and will do everything possible to prevent the loss of life.</p>	<p><b>Services for Adults</b> There are clear processes in place for same-day triage of safeguarding concerns raised and action is taken for those at greatest risk. Outcomes are monitored by frontline managers with senior management oversight. All staff access training aligned to their job roles and responsibilities. The Principal Social Worker (PSW) led practitioner forums provide further support and embed practice for staff working with vulnerable adults. Daily case discussions take place and established processes for escalation are in place across the service. The Deprivation of Liberty Safeguards (DoLS) Service follows the Association of Directors of Adult Social Services (ADASS) guidance for case prioritisation. Continuous professional development for staff and providers, additional legal support and constant review and prioritisation of cases waiting for assessment is undertaken. Safe and well checks are undertaken for those at high risk. There are duty arrangements in place to cover emergencies and any urgent work required. Oversight and assurance of multi-agency safeguarding practice is delivered by the Herefordshire Safeguarding Adults Board (HSAB). The Complex Adult Risk Management (CARM) process has been reviewed and strengthened. There is an established process of 'Team Around Me' and 'Breaking the Cycle' forums with partners to ensure a joined-up approach by agencies to support adults with multiple complex vulnerabilities.</p> <p><b>Children's Services</b> Children's Safeguarding procedures and Practice Standards in place to guide practice.</p>	<p><b>Likelihood:</b> 3 (Possible)</p> <p><b>Impact:</b> 5 (Highly significant)</p> <p><b>Inherent Risk Score = 15</b></p>	<p><b>Likelihood:</b> 2 (Unlikely)</p> <p><b>Impact:</b> 5 (Highly significant)</p> <p><b>Residual Risk Score = 10</b></p>



Ref	Corporate Risk	Risk Category	Risk Appetite	Control Measures/Mitigating Actions	Inherent Risk Score	Residual Risk Score
				<p>An audit programme is in place to review compliance with practice standards. There is regular (monthly) supervision of social workers – KPI and Adult review compliance</p> <p>The Better Outcomes Panel is responsible for reviewing children in care placements. The Service Director receives and is the decision maker on all children received into care.</p> <p>Cases with high risk are reviewed within Legal Gateway meeting chaired by Senior Manager and attended by Legal to ensure threshold for proceedings is considered.</p>		
R2	<p>Demand for client-based services continues to increase resulting in increased budget pressures and poor outcomes for those people in receipt of our services.</p> <p><b>Risk Owner:</b> Corporate Directors: Community Wellbeing, Children &amp; Young People</p>	<p><b>Strategic Delivery</b> - Council Plan <b>Priority: PEOPLE</b></p>	<p><b>Open</b></p> <p>The council is ambitious in its aim to support children and young people to thrive within highly effective schools and flourishing communities. It seeks out opportunities to collaborate with partners to support residents to live healthy lives within connected and safe communities and is prepared to accept a level of risk to deliver against this priority.</p>	<p>A Budget Resilience Reserve was established in 2024/25 to manage the impact of in-year cost pressures and volatility in demand across social care budgets in 2025/26 and 2026/27. A balance of £7.0m has been carried forward at 1 April 2025 to be allocated by the S151 Officer and Cabinet approval to ensure that appropriate measures have been taken within Directorates.</p> <p><b>Demand for Adult Services:</b> Demand pressures are managed through a robust 'front-door' prevention strategy including: Promotion of Technology Enabled Care (TEC), Community options via Talk Community model, Monthly review of operational performance data, Pathway Redesign and Structural Reform, Community Brokerage, Case Collaboration and Peer Challenge, Complex Care Pathway Development and a Prevention-focused Culture.</p> <p>Joint working arrangements are in place and the Integrated Care Board (ICB) for complex care pathway has been established for those with high level needs.</p>	<p><b>Likelihood:</b> 4 (Probable)</p> <p><b>Impact:</b> 4 (Major)</p> <p><b>Inherent Risk Score = 16</b></p>	<p><b>Likelihood:</b> 4 (Probable)</p> <p><b>Impact:</b> 3 (Moderate)</p> <p><b>Residual Risk Score = 12</b></p>

Ref	Corporate Risk	Risk Category	Risk Appetite	Control Measures/Mitigating Actions	Inherent Risk Score	Residual Risk Score
				<p>Monthly Budget Board meetings are in place to monitor spend and progress in the delivery of savings, and opportunities for income maximisation, is monitored via a dedicated Savings Programme group.</p> <p>Monthly Directorate Budget Reports track spend against budget, identify cost pressures and highlight financial risks.</p> <p>Managing the market work programme will include a redesign of block contract beds to increase capacity.</p> <p>A feasibility review of a council-controlled care capacity for complex/dementia care is underway.</p> <p><b>Demand for Children's Services:</b> Regular meetings between Service Directors and Finance to monitor budget throughout the year and identify cost pressures in timely manner.</p> <p>There is a strong cultural message from Directorate leadership to ensure Best Value in the delivery of services.</p> <p>The Better Outcome Panel, chaired by the Service Director, oversees placement costs. A Care Placement Sufficiency Strategy has been developed. The Strategy will ensure value for money through sufficiency of safe and appropriate options for young people.</p>		
<b>R3</b>	Lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand. Risk that the needs of children with SEND cannot be met in Herefordshire and/or Out of County placements will be required, leading to costs exceeding budget and poorer outcomes for children and young people.	<b>Strategic Delivery - Council Plan</b> <b>Priority: PEOPLE</b>	<b>Open</b> The council is ambitious in its aim to support children and young people to thrive within highly effective schools and flourishing communities. It seeks out opportunities to collaborate with partners to support residents to live healthy lives within connected and safe communities and is prepared to accept a level of risk to deliver against this priority.	<p>The Area SEND inspection was completed in December 2024 and an action plan has been developed to address the areas for improvement identified.</p> <p>A new SEND service manager was appointed in September 2024 to provide additional managerial oversight, scrutiny and direction to this part of the service.</p> <p>Business cases for increased Alternative Provision (AP) are in development to maximise inclusive education and reduce the use and cost of independent provision. The proposed additional provision will be delivered through the capital programme in 2026/27.</p>	<p><b>Likelihood:</b> 4 (Probable)</p> <p><b>Impact:</b> 4 (Major)</p> <p><b>Inherent Risk Score = 16</b></p>	<p><b>Likelihood:</b> 4 (Probable)</p> <p><b>Impact:</b> 4 (Major)</p> <p><b>Residual Risk Score = 16</b></p>

Ref	Corporate Risk	Risk Category	Risk Appetite	Control Measures/Mitigating Actions	Inherent Risk Score	Residual Risk Score
	<b>Risk Owner:</b> Corporate Director Children & Young People			<p>The Dedicated Schools Grant (DSG) Deficit Management Plan is monitored by the Director of Children's Services (DCS) and S151 Officer as part of monthly Budget Boards. The plan includes detailed financial modelling of the impact of current and planned increases in provision.</p> <p>The Department of Education (DfE) is providing funding to develop and deliver a new special school in Herefordshire. The new school will provide 80 places for children with Autistic Spectrum Disorder (ASD) and Severe Learning Difficulties (SLD), a cohort for which there is currently no dedicated in-county provision.</p>		
R4	<p>Failure to deliver capital and major projects within identified resources and planned timeframes resulting in significant overspend and reduced project outcomes.</p> <p><b>Risk Owner:</b>  Corporate Director of Economy &amp; Environment</p>	<b>Strategic Delivery - Council Plan</b> <b>Priority: GROWTH PLACE</b>	<b>Open</b> The council is aspirational and seeks out opportunities to attract investment, drive business growth and development of talent across the county and is prepared to accept a level of risk to deliver against this priority. The council is innovative and pioneering in its commitment to managing the effects of climate change across the county. It has ambitious plans to deliver learning and culture projects and to expand infrastructure, to support economic growth and housing, and is prepared to accept a level of risk to deliver against this priority.	<p>Each major project has an assigned Senior Responsible Officer, a dedicated Project Management Officer Project Manager and a Project Board of relevant representatives from across the council (relevant service area, legal, finance, property services etc) to lead delivery.</p> <p>Additional controls are in place to monitor expenditure in respect of capital and major projects linked to cashflow requirements via monthly Directorate Budget Boards.</p> <p>An external review of capacity and capability of Directorate teams including the Project Management Office and enabling, corporate functions (finance, procurement, legal) has been commissioned to ensure appropriate skills and resources are in place to successfully deliver capital and major projects. Where gaps are identified, additional resources will be allocated.</p> <p>A review of the council's Capital Programme is currently underway to identify opportunities to maximise resources and funding to prioritise delivery of capital projects and minimise risks to delivery and budget.</p>	<b>Likelihood:</b> 4 (Probable)  <b>Impact:</b> 4 (Major)  <b>Inherent Risk Score = 16</b>	<b>Likelihood:</b> 3 (Possible)  <b>Impact:</b> 4 (Major)  <b>Residual Risk Score = 12</b>

Ref	Corporate Risk	Risk Category	Risk Appetite	Control Measures/Mitigating Actions	Inherent Risk Score	Residual Risk Score
R5	<p>Failure to deliver a sustainable financial strategy that supports delivery of the Council Plan priorities. (Including delivery of savings, commercial income, capital receipts and ensuring resources are available to deliver statutory obligations and fund organisational development and transformation.)</p> <p><b>Risk Owner:</b> Director of Finance (S151 Officer)</p>	Financial	<p><b>Cautious</b></p> <p>The council has a cautious appetite level towards legal and compliance risks with robust processes in place to ensure the risk of legal challenge is minimised.</p>	<p>Council set a balanced budget for 2025/26 at its meeting in February 2025.</p> <p>The forecast outturn position against budget is reported on a monthly basis to Directorates and CLT.</p> <p>Effective budget monitoring arrangements are in place via Directorate Budget Boards to monitor delivery of services against agreed budget, achievement of savings and delivery of capital and major projects.</p> <p>Expenditure controls will continue in 25/26 via Directorate Control Panels to challenge and reduce, defer or stop spend above £500.</p> <p>High quality financial reporting is achieved through additional controls to ensure forecasting informed by reliable, timely activity data.</p> <p>The Finance Team adhere to statutory deadlines; an unqualified audit opinion was achieved in 2023/24 and 2024/25.</p> <p>Additional controls are in place to monitor expenditure in respect of capital and major projects linked to cashflow requirements via monthly Directorate Budget Boards.</p> <p>A review of earmarked reserves undertaken in December 2024 and the Budget Resilience Reserve was established to manage demand pressures in 2025/26 and 2026/27.</p> <p>The outcome of the Fair Funding Review 2.0 highlights a potential reduction in funding for the council, resulting in a significant budget gap in each of year of the MTFS. Work to develop the 2026/27 Revenue Budget and Capital Programme is currently underway to resolve the gap and prioritise resources.</p>	<p><b>Likelihood:</b> 4 (Probable)</p> <p><b>Impact:</b> 4 (Major)</p> <p><b>Inherent Risk Score = 16</b></p>	<p><b>Likelihood:</b> 3 (Possible)</p> <p><b>Impact:</b> 4 (Major)</p> <p><b>Residual Risk Score = 12</b></p>
R6	<p>Inability to attract and recruit candidates and retain staff leading to an inability to deliver services. Loss of skills knowledge and experience (retention &amp; recruitment) in relation to staffing.</p>	<p>Strategic Delivery - Council Plan</p> <p>Priority: TRANSFORMATION</p>	<p><b>Open</b></p> <p>The council is committed to improving the use of technology across its services and will embrace new technologies, test ideas and develop a culture of innovation to improve services and deliver value for</p>	<p>The council's Workforce Strategy 2024-2028 was approved for implementation in April 2024. The Strategy has been developed to recruit, retain and invest in a skilled and well-trained workforce.</p> <p>A Children &amp; Young People Workforce Strategy, aligned to the Corporate Workforce Strategy with a specific focus on ambitions for staff in the C&amp;YP Directorate, is in place</p>	<p><b>Likelihood:</b> 3 (Possible)</p> <p><b>Impact:</b> 3 (Moderate)</p> <p><b>Inherent Risk Score = 9</b></p>	<p><b>Likelihood:</b> 3 (Possible)</p> <p><b>Impact:</b> 2 (Minor)</p> <p><b>Residual Risk Score = 6</b></p>

Ref	Corporate Risk	Risk Category	Risk Appetite	Control Measures/Mitigating Actions	Inherent Risk Score	Residual Risk Score
	<b>Risk Owner:</b> Director of HR and OD		money. Transformation and Digital Strategies in place to support deliver of aims.	to support permanent recruitment and development of staff internally. The Spirit of Herefordshire recruitment brand has been developed to increase awareness of job opportunities within the council and county and provide relevant information to ensure a positive candidate experience and support strong applications. The council offers welcome and retention scheme payments to respond to challenges in the recruitment and retention of qualified and experienced social workers. Through the council's Learning & Organisation (L&OD) team, activity to identify and recruit to new apprenticeship programmes is underway. A leadership development programme (@LeadHC) has been developed and will be launched in 2025/26 to address gaps in the learning and development offer and strengthen leadership skills and capabilities. The Lead@HC Programme will aim to develop inspirational leaders across four themes: Grow, Aspire, Empower, Innovate.		
R7	Inability to respond adequately to a significant emergency affecting ability to provide priority services.  Including severe weather, critical damage to council buildings, loss of power or infrastructure, cyber security.  <b>Risk Owner:</b> Corporate Leadership Team/Cabinet Members	<b>Legal &amp; Compliance</b> <b>Governance</b> <b>Data &amp; Technology</b> <b>Security</b> <b>Reputational</b>	<b>Cautious</b> The council has a cautious appetite level towards these risk categories with robust processes in place to ensure the impact on service delivery is minimised.	Gold/Silver emergency planning arrangements are in place across the council. Training has been delivered to Gold/Silver level officers in 2025. An Information Directory has been set up to ensure responsible individuals can provide an effective/timely response. Training exercises are planned in 2025/26 with partner agencies to test and review the adequacy of arrangements.	<b>Likelihood:</b> 3 (Possible)  <b>Impact:</b> 4 (Major)  <b>Inherent Risk Score = 12</b>	<b>Likelihood:</b> 3 (Possible)  <b>Impact:</b> 3 (Moderate)  <b>Residual Risk Score = 9</b>

Ref	Corporate Risk	Risk Category	Risk Appetite	Control Measures/Mitigating Actions	Inherent Risk Score	Residual Risk Score
R8	<p>Risks within the West Mercia community area including:</p> <ul style="list-style-type: none"> <li>• Terrorism</li> <li>• Cyber and fraud</li> <li>• Serious and organised crime (such as people trafficking)</li> <li>• Accidents and system failures (such as power failure or an interruption to water supplies)</li> <li>• Natural and environmental hazards (such as flooding or heatwaves)</li> <li>• Human and animal disease (such as flu pandemics or foot &amp; mouth)</li> <li>• Societal risks (such as riots)</li> </ul> <p><b>Risk Owner:</b> Corporate Leadership Team/Cabinet Members</p>	<p><b>Legal &amp; Compliance Governance Data &amp; Technology Security Reputational</b></p>	<p><b>Cautious</b></p> <p>The council has a cautious appetite level towards these risk categories with robust processes in place to ensure the impact on service delivery is minimised.</p>	<p>The council is a member of West Mercia Local Resilience Forum (LRF). The member organisations meet regularly to assess the risks of accidents and emergencies and put in place plans to prevent or reduce risks. The LRF has close link to government departments to share information on local risks. Members undertake training and exercises together to prepare for emergencies.</p> <p>The aim of the West Mercia LRF is to ensure there is an appropriate level of preparedness to enable an effective multi-agency response to emergency incidents in the West Mercia area and to get partners working together to ensure that preparations and plans are in place for emergencies.</p> <p>The LRF <a href="#">Community Risk Register</a> is maintained and published by West Mercia LRF. This register aims to localise some of the items included in the <a href="#">National Risk Register</a>.</p> <p>Council officers took part in Exercise Pegasus, the UK's largest national pandemic simulation, in September and October 2025. Participants engaged and contributed to a comprehensive workbook to guide future pandemic responses. This whole system approach will ensure that communities will be better protected and supported in times of crisis.</p>	<p><b>Likelihood:</b> 3 (Possible)</p> <p><b>Impact:</b> 4 (Major)</p> <p><b>Inherent Risk Score = 12</b></p>	<p><b>Likelihood:</b> 3 (Possible)</p> <p><b>Impact:</b> 3 (Moderate)</p> <p><b>Residual Risk Score = 9</b></p>
R9	<p>Risk of financial failure of major supplier resulting in disruption to the delivery of statutory services or major projects.</p> <p><b>Risk Owner:</b> Corporate Leadership Team/Cabinet Members</p>	<p><b>Strategic Delivery - Council Plan Priority: PEOPLE, PLACE, GROWTH</b></p> <p><b>(Exception 1: Safety and wellbeing of residents)</b></p>	<p><b>Exception 1: Averse</b></p> <p>Limited appetite to risk. The council is responsible for providing services to those who need it most, including vulnerable adults and children and operates rigorous safeguarding measure to ensure the health and safety of residents. The</p>	<p>Procurement activity across the council includes financial assessments, credit checks and related due diligence to monitor supplier financial health and quality of service provision. These arrangements are currently under review and will be strengthened to include wider market intelligence to mitigate the risk of potential business failure by a company bidding to contract with the council for goods/services.</p>	<p><b>Likelihood:</b> 3 (Possible)</p> <p><b>Impact:</b> 4 (Major)</p> <p><b>Inherent Risk Score = 12</b></p>	<p><b>Likelihood:</b> 3 (Possible)</p> <p><b>Impact:</b> 3 (Moderate)</p> <p><b>Residual Risk Score = 9</b></p>

Ref	Corporate Risk	Risk Category	Risk Appetite	Control Measures/Mitigating Actions	Inherent Risk Score	Residual Risk Score
			council will continually seek to avoid activities that present a threat to the safety of the public and will do everything possible to prevent the loss of life.	<p>Proactive relationships and effective collaboration with key suppliers encourage information sharing and joint risk planning to identify potential risks in a timely manner to enable prompt recovery action.</p> <p>Contractual safeguards for major contracts and suppliers including performance metrics, delivery timelines, penalties for delays and terminations arrangements are in place to protect the council's financial and legal interests in the event of business failure.</p>		







# Title of report: Work programme

**Meeting: Audit and Governance Committee**

**Meeting date: 27 January 2026**

**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

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Further information on the subject of this report is available from  
Jen Preece, email: [jennypreece@herefordshire.gov.uk](mailto: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)		Internal Audit Plan 25/26			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 Progress Report		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				Contract and Financial Procedure Rules Update	Constitution updates	
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	Work Programme 1) Annual review of the Council’s use of the Regulation of. Investigatory Powers Act 2000 (RIPA). 2) Review of Risk Management arrangements	Work Programme Review of Risk Management arrangements	Work Programme	Work Programme 1) Review of Risk Management arrangements 2) Dates of future meetings / work programme 3) 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						

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	<b>Waste Contract</b>							
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	<b>Code of Conduct: To promote and maintain high standards of conduct by members and co-opted members of the Council</b>							
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	<b>Accounts</b>							
	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				