

Agenda

Audit and Governance Committee

Date: **Tuesday 24 March 2026**

Time: **2.00 pm**

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

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

For any further information please contact:

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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

Agenda

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1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive apologies for absence.</p>	
2.	<p>NAMED SUBSTITUTES (IF ANY)</p> <p>To receive details of any councillor nominated to attend the meeting in place of a member of the committee.</p>	
3.	<p>DECLARATIONS OF INTEREST</p> <p>To receive declarations of interest in respect of items on the agenda.</p>	
4.	<p>MINUTES</p> <p>To approve and sign the minutes of the meeting held on 27 January 2026.</p>	11 - 18
<p>HOW TO SUBMIT QUESTIONS</p> <p>Deadline for receipt of questions is 5pm on Wednesday 18 March 2026.</p> <p>Questions must be submitted to councillorservices@herefordshire.gov.uk.</p> <p>Questions sent to any other address may not be accepted.</p> <p>Accepted questions and the response to them will be published as a supplement to the agenda papers prior to the meeting. Further information and guidance is available at www.herefordshire.gov.uk/getinvolved</p>		
5.	<p>QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive any questions from members of the public.</p>	
6.	<p>QUESTIONS FROM COUNCILLORS</p> <p>To receive any questions from councillors.</p>	
7.	<p>CONSTITUTION UPDATES</p> <p>A report to recommend changes to the Constitution to full Council.</p>	19 - 62
8.	<p>STATUTORY ACCOUNTS 2025/26 PROGRESS, ACCOUNTING POLICIES AND ESTIMATES</p> <p>To provide an update on progress made against the 2025/26 statutory accounts workplan and present the accounting policies and estimates which inform the financial statements.</p>	63 - 84
9.	<p>EXTERNAL AUDITOR'S DRAFT ANNUAL PLAN 2025/26</p> <p>To review and agree the external auditor's draft annual plan for 2025/26.</p>	85 - 120

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| <p>10. INTERNAL AUDIT UPDATE REPORT Q4 2025/26</p> <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> <p>N.B Appendix A SWAP Internal Audit Progress Report Quarter 4 2025-26 – Paper to follow.</p> | <p>121 - 124</p> |
| <p>11. WORK PROGRAMME</p> <p>To consider the work programme for the committee.</p> | <p>125 - 128</p> |
| <p>12. DATE OF NEXT MEETING</p> <p>Tuesday 9 June 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
- Inspect minutes of the council and all committees and sub-committees and written statements of decisions taken by the cabinet or individual cabinet members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting (a list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public register stating the names, addresses and wards of all councillors with details of the membership of cabinet and of all committees and sub-committees. Information about councillors is available at www.herefordshire.gov.uk/councillors
- Have access to a list specifying those powers on which the council have delegated decision making to their officers identifying the officers concerned by title. The council's constitution is available at www.herefordshire.gov.uk/constitution
- Access to this summary of your rights as members of the public to attend meetings of the council, cabinet, committees and sub-committees and to inspect documents.

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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-

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

1. Selflessness

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

2. Integrity

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

3. Objectivity

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

4. Accountability

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

5. Openness

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

6. Honesty

Holders of public office should be truthful.

7. Leadership

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

Guide to the Audit and Governance Committee

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

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

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

Minutes of the meeting of the Audit and Governance Committee held in Conference Room 1, Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Tuesday 27 January 2026 at 2.00 pm

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

Non-Voting Committee Person: K Diamond

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

Others in attendance:

J Bharier	Independent Person
L Cater	Head of Internal Audit, South West Audit Partnership
C Christopher	Commercial Services Manager
J Coleman	Democratic Services Manager
B Davies	Senior Lawyer - Civil Litigation, Employment and Governance
G Hawkins	Senior Manager, Grant Thornton
J Nelson	Counter Fraud Manager
R Sanders	Director of Finance
P Stoddart	Cabinet Member Finance and Corporate Services

111. APOLOGIES FOR ABSENCE

There were no apologies for absence.

112. NAMED SUBSTITUTES (IF ANY)

There were no named substitutes.

113. DECLARATIONS OF INTEREST

There were no declarations of interest.

114. MINUTES

RESOLVED:

That the minutes of the meeting held on Tuesday 28 October 2025 be confirmed as a correct record and signed by the chairman.

115. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from members of the public.

116. QUESTIONS FROM COUNCILLORS

No questions had been received from councillors.

117. UPDATE TO FINANCE AND CONTRACT PROCEDURE RULES

The committee was informed that updates have been made to the Contract Procedure Rules, mainly to reflect changes in regulation and legislation arising from the Procurement Act, which came into effect in January 2026.

The committee was invited to review and approve updates to the Contract Procedure Rules (including their guidance notes). The purpose of these updates is to ensure the council's financial and contract governance arrangements remain current, transparent, and legally compliant. It was confirmed that no changes are proposed to the Financial Procedure Rules or the associated guidance notes; following a review they remain fit for purpose.

The committee received confirmation that the required changes arising from the Procurement Act have been incorporated into the revised Contract Procedure Rules, following extensive work with legal, commercial services, and finance teams. No further issues were raised, the committee proceeded directly to a vote.

Resolved: *That the committee 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 Guidance Notes.*

The vote was carried unanimously.

118. CODE OF CONDUCT FOR COUNCILLORS - 6 MONTH UPDATE

Committee members were informed that over the six-month review period 29 complaints were received. A long-term trend showed complaints had generally fallen since 2013, although this period (since April 2025) had seen numbers similar to the whole of the previous year because several complaints related to the same incidents and multiple councillors.

None of the complaints concerned Herefordshire Council members. Around 40% were parish or town councillors complaining about other parish or town councillors. Over the past three years, 34 such complaints were made, but only three progressed to investigation; the rest required no further action. Although most cases are dismissed early, they still required significant council resources to assess.

During this period, only one case was referred for investigation; two older cases remain on hold due to other statutory processes. 28 complaints were closed at initial assessment.

Sanctions recommended by the Monitoring Officer were generally followed, except in two cases involving Ledbury Town Council. Decision notices are published on the council's website.

The report noted efforts to promote an informal resolution, as agreed in July, aimed at reducing formal hearings. Feedback so far from parish and town councils had been mostly negative, with many saying the approach would not work for them. Thanks were given to the officer team managing and dealing with code of conduct complaints.

Committee members and attending participants drew attention to the effectiveness of the current standards complaints process and whether the system truly serves the electorate. Some examples were offered to contextualise this view – notably around the external frameworks that interplay with code of conduct issues:

- Delays caused by external processes – some complaints cannot be progressed because they are tied up in criminal proceedings that may not conclude until after the next council elections.
- Limited enforceability of sanctions – in some cases, recommended sanctions cannot be applied, weakening public confidence in the standards system.
- Some parish councils are unable to operate effectively due to internal disputes, with no mechanism for the council to intervene under current rules or legislation.

There was a good degree of interest about the current government review of the standards regime where some of these issues would be explored and may be addressed.

It was noted that the review would consider reforms to the Localism Act, noting that a mandatory code of conduct and new powers such as suspension are being considered. Further updates are expected from national government around September/October 2026, although timings remain uncertain.

Members considered the proposal for informal resolutions of code of conduct complaints. The potential of this approach could reduce the current resource-intensive and costly resolution process. Following consultation, however, there had been limited interest from Parish Councils, and at least one recent case could have been resolved informally but was forced to proceed formally.

Members discussed whether it was the right time to take a formal proposal on informal resolution to full Council. The general view was that more work was needed. Members would like to see and understand the views from the consultation feedback from parish and town councils to inform their proposals going forward.

Resolved, 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 not recommend to full Council to adopt the change to the Code of Conduct arrangements at the current time.***

Actions

2025/26-10 Informal resolution process to be brought back to the next meeting of Audit and Governance for consideration; this in turn to inform whether there is scope to update the code of conduct to include an informal resolution option. Consideration to be given, also, as to whether an informal resolution proposal be included in the constitutional updates being considered at the next AGM Council meeting.

2025/26-11 Full analysis of the consultation with Town and Parish Council on their views around the informal resolution process would be provided to committee members.

119. INTERNAL AUDIT UPDATE REPORT QUARTER 3 2025/26

It was reported that the committee have updates of the work that the internal audit team had conducted on behalf of Herefordshire Council on three reports on public rights of way (PROW); housing benefit and council tax reductions, and temporary

accommodation. Several audits are in progress, with 40 open agreed actions—down from 47 last quarter.

Committee members focused particularly on the PROW audit, noting three outstanding management actions:

- Improved strategic-level performance monitoring (priority 2).
- Creation of procedural documentation for PROW maintenance, governance, grants and routes to market (priority 3).
- Development of an annual service plan to support continuous improvement (priority 3).

Members expressed difficulty locating these actions clearly within the summary report and suggested improving the way actions are presented in future committee papers. Discussion acknowledged that although the operational risk rating for PROW is low, councillors emphasised the significant reputational and statutory risks arising from the council's legal duty to maintain the PROW network amid financial constraints. They stressed the need for continued visibility and follow-up. Members asked that Internal Audit continue to follow up these actions and consider including a further PROW audit in next year's risk-based plan.

The Committee noted the Council has a legal requirement to maintain our public rights of way to the level of the expected traffic along them. £1 million has been allocated to support parishes, but the committee indicated that only a small portion can be used for PROW, mainly for gate repairs, and the wider network requires much more work. Long-term underinvestment, combined with current financial constraints, means the council faces a continuing risk in meeting its statutory obligations.

It was asserted that the Cabinet champion public access and the Local Access Forum is becoming a more effective body in advocating on behalf of PROW. It was acknowledged, however, that the underlying tension between legal requirements and limited resources persists.

Members turned to the Housing Benefit and Council Tax Reduction audit, focusing on whether certain concerns should be treated as formal actions. There was uncertainty about whether some issues identified were the responsibility of Hoople or Herefordshire Council. Officers confirmed that the council is accountable for services delivered by Hoople through the Service Level Agreement (SLA).

The discussion broadened to the importance of supporting residents through Council Tax Reduction and other relief measures, with around 11,000 residents using CTR. Members praised Internal Audit for identifying issues beyond the scope and emphasised that such findings, while not formal actions, are still valuable for the committee to consider.

Members discussed challenges presented within the Temporary Accommodation audit, particularly around recharges and insufficient detail in records, which, it was suggested, limits effective oversight. The committee noted positively that the Temporary Accommodation Service has introduced a plan to reduce B&B use, in line with government guidance, supported by the council's recent capital investment. This includes refurbishing the John Venn building and purchasing several additional accommodation sites, with a further £10 million proposed for 2026/27 to expand suitable housing options. Members highlighted both the financial and ethical importance of reducing reliance on B&Bs, especially for young families.

Concerns were raised about the ongoing need to place families in temporary accommodation and asked how long it would take to substantially resolve the issue.

The committee discussed the status of several internal audit reports nearing completion. Officers confirmed that while many reports are progressing, there is no fixed deadline for internal audit work itself. Officers clarified that the audit plan has not been changed at this stage; internal audit is only one tool within the broader risk-management framework. Instead of adding new audits, the council is strengthening actions and mitigations within service areas, such as ensuring there is adequate project-delivery capacity.

Resolved, that the Committee: *is satisfied that necessary improvements and assurances provided, and the recommendations presented in the report be noted.*

Actions:

2025/26-08 DOF and Internal Audit to explore what greater detail can be provided to the committee to explain process and provide further assurances.

2025/26-09 DOF and Internal Audit to consider the presentation/tracking options for clearer internal audit reporting.

120. ANTI-FRAUD, BRIBERY & CORRUPTION ANNUAL REPORT

The committee were presented with the 2025 Annual Fraud Report which outlined the council's counter-fraud activity over the past year. The report covered fraud-related work across corporate fraud, parking enforcement, information security, and trading standards. It was noted that fraud poses a direct financial risk to the council, reducing funds available for essential public services. The latest report included multi-year data analysis to identify trends and additional background papers for benchmarking.

Notable achievements in 2025 included:

- A 78% reduction in successful cyber-fraud incidents.
- Over 5,000 proactive data-matching reviews.
- 89 fraudulent or misused blue badges seized.
- Herefordshire Council's Trading Standards leading a major national investigation.
- Joint investigations with Department of Work and Pensions (DWP) and the National Health Service (NHS) in areas such as council tax and social care fraud.
- The total value of counter-fraud activity in 2025 exceeded £350,000.

Members queried the corporate fraud workload, noting that 47 cases carried over from 2024 plus 141 new cases in 2025 seemed high.

Officers explained that cases are managed through a risk-rating system, with some types of fraud naturally taking longer to resolve.

Questions were raised about the reported 78% reduction in cyber fraud. Officers explained that improvements were due to multiple factors: better alerting systems, stronger device security (including upgrades to Microsoft 365), increased IT testing, and regular staff mandatory cybersecurity training. These measures have helped identify compromised devices quickly and reduce successful attacks.

Members explored the financial balance between fraud-prevention spending and recovered value. Officers clarified that although exact figures are difficult to isolate, the council clearly sees a positive return on investment when considering the combined work of fraud teams across different services.

Members further questioned the council's resilience to serious cyber-attacks, referencing high-profile breaches in other organisations. Officers emphasised that while the fraud

team oversees detection and management of fraud incidents, responsibility for wider cyber-security controls sits with the IT team.

The Committee requested more information on ICT preparedness to be presented to a future meeting to give further detail of the measures being taken to protect the council from fraudulent activity/cyber-attacks.

Resolved, that the Committee: *note the annual fraud arrangements and confirm them as satisfactory and an accurate account of the latest counter fraud activity across services.*

Action 2025/26-07: The Director of Finance to bring detail (ICT preparedness) to the next committee (24 March).

121. UPDATE ON RISK MANAGEMENT ACTIVITY

The council's risk management approach and risk appetite were updated in June 2025. Senior officers have reviewed the Corporate Risk Register for September 2025 to update risk scores and check whether existing controls are still suitable. One new risk was added earlier in the year relating to the possible financial failure of a major supplier, but no new risks were added for Quarter 2. Key reporting to the committee focussed on:

Risk about delivering capital and major projects: This risk used to have a score of 9 (likelihood 3, impact 3). It has now increased to 12 because the impact of any overspend on the council's finances would be more serious than before. The likelihood of issues happening hasn't changed, but the consequences would now be greater. To manage this, the council is strengthening how it runs capital projects, focusing on whether teams have the right capacity and skills.

Despite the increased risk score, the council is currently performing well against its 2025/26 capital budget, with spending on track and projects generally progressing as planned.

Risk about long-term financial sustainability: This risk score has also gone up because of national changes through the fair funding review, which puts pressure on the council's future financial position. In response, senior officers reviewed the Medium-Term Financial Strategy (MTFS) in September and are now rapidly developing the 2026/27 budget and future plans for 2027/28 and beyond. The council is strengthening financial controls as part of this work.

Assurance and governance: These risks have been reviewed by the Corporate Leadership Team (CLT) and Cabinet, who confirmed that the changes in scoring are appropriate.

Whenever a score changed, officers reviewed whether the actions in place were still suitable or needed strengthening. In both cases, steps had already been taken to ensure the council is responding properly. The Internal Audit Plan had been aligned to these risks, and further work is underway to improve risk training, update guidance, and develop better dashboard reporting.

The committee noted that several significant risks, specifically R3 (SEND placement provision), Risk 6, Risk 8, and Risk 9 show no audit activity in the system. Officers explained that internal audit is not automatically required to assess every corporate risk. Internal audit helps assess whether controls in a service are effective, but it is not, in itself, a mitigation measure.

To take Risk 3 as an example, it is not explicitly listed in the audit plan, but related work had been undertaken through the Dedicated Schools Grant (DSG) audit, which is now nearly finalised. Officers had reviewed, challenged, and shaped the recommendations and would bring the report to the committee. Risk 6 – Workforce capacity – as another example is better handled by HR and organisational development, not internal audit.

It was explained that internal audit is only one part of the overall governance and assurance framework. This demonstrated that the right processes were in place and working as intended.

The Committee welcomed the ability to see the changes in the risk ratings between reports. There was confidence in the mitigation measures being put in place to manage the risks when and where the ratings (likelihood and impact) changed. The management of risks were not considered in isolation in terms of monitoring and mitigation; risks were reviewed collectively across the whole corporate leadership team.

Resolved, that the Committee noted the activity to embed the revised risk management strategy and strengthen risk management activity across the council at Corporate, Directorate and Service levels; and confirmed that it wished to review future risk management activity updates on a quarterly basis.

122. WORK PROGRAMME

The work programme was considered. It was noted that two additional items for the March committee have been proposed.

- Reviewing proposals for an IRP – with a view to including proposal in constitutional updates to the CoC
- Assessing further information on ICT preparedness (in relation to anti-fraudulent activity/cyber-attacks)

The Chair will seek to confirm those items with the clerk.

123. DATE OF NEXT MEETING

Tuesday 24 March 2026, 2pm.

The meeting ended at 3.56 pm

Chairperson



Title of report: Constitution Updates

Meeting: Audit and Governance Committee

Meeting date: Tuesday 24 March 2026

Report by: Head of Legal Services and Deputy Monitoring Officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

All

Purpose

A report to recommend changes to the Constitution to full Council.

Recommendation(s)

That the committee:

- a) **Notes the proposed Council Report and appendices; and**
- b) **Approves the recommendations in the report to be submitted to the next available full Council meeting.**

Alternative options

1. The alternative options are not to support the changes or to only endorse some.

Key considerations

2. The authority for adopting and changing the Constitution is retained by full Council, other than functions delegated to Audit & Governance Committee (such as finance and contract procedure rules) or to the Monitoring Officers (technical changes such as changes to because of an executive or council decision or due to a change in law).
3. Audit and Governance also have a biennial role of overview of the Constitution and may recommend any changes to council.

4. In practice this means that matters within the Constitution that have been raised with governance officers over the course of the year are considered, and where issues have been raised, then these form the basis of the requested changes.
5. There have not been any matters raised by any member that has been the basis of any recommendation, and all matters have originated due to officer requests.
6. Before a recommendation is made to the committee, officers have undertaken a degree of consultation with affected parties. This has included providing full details of all proposed changes to the relevant officers and to group leaders. In addition, offers were made to brief groups on the proposals, and this was taken up by one group.
7. A further session with available members of Audit & Governance occurred in January 2026 on the proposed changes.
8. All requested feedback and alterations were considered. The report and appendices were amended where it was considered that valid points were raised. The changes have been highlighted in yellow in the report and these were again circulated to group leaders for final comment.
9. The attached draft Council report and appendices include all the proposed changes. The committee is asked to recommend the report to full council at the next available meeting.

Community impact

10. The proposals do not have any community impact, nor do they link to other local or national strategies or policies. They are proposals that fall within Council's powers to make local arrangements. .

Environmental impact

11. The proposals do not have any environmental impact.

Equality duty

12. 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.
13. The mandatory equality impact screening checklist has been completed for this decision and it has been found to have no impact for equality

Resource implications

14. There are no resource implications to the proposed amendments.

Legal implications

15. The relevant legal provisions for this decision can be found in the council's constitution, www.herefordshire.gov.uk/constitution.

Risk management

16. There are no specific risks arising directly from the report.

Consultees

17. As set out in the draft report.

Appendices

Draft Report to Council entitled 'Constitution Updates' with the associated appendices.

Background papers

None

Title of report: Constitution Updates

Meeting: Council

Meeting date: []

Report by: Head of Legal Services and Deputy Monitoring Officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

Purpose

A report to propose amendments to the constitution.

Recommendation(s)

That Council approves changes in the Constitution:

- a) in Appendix 1 to enable a change to the process for questions from the public;
- b) in Appendix 2 to enable changes to clarify substitutes on Scrutiny Management Board;
- c) in Appendix 3 to make changes to clarify the planning rules in respect to deferrals;
- d) in Appendix 4 to make changes to clarify the appointments and procedure for the Health and Wellbeing Board;
- e) in Appendix 5 to makes changes to the Special Urgency procedure for executive decisions to ensure the Monitoring Officer is aware that a request is being made;
- f) in Appendix 6 for procurement changes including allowing commencement of a procurement to be delegated;**
- g) in Appendix 6 to enable motions to be allowed at Annual Council;
- h) in Appendix 7 to clarify the rules relating to business cases and virements for capital schemes;

i) in Appendix 8 to amend the requirements about the publication of Records of operational decisions (RoOD);

j) in Appendix 9 to make amendments to the Arrangements for dealing with complaints about the Code of Conduct;

k) in Appendix 10 to describe the scope and purpose of Political Group Consultations.

Alternative options

1. Council may choose not to approve the proposals and agree that functions will remain as currently described in the Constitution. This is not recommended

Key considerations

Appendix 1 – Questions from the Public

2. Part 4 Section 1 of the Constitution describes the procedure involved when a member of the public raises a question to council, cabinet or a committee of either. The current process is detailed as 'Questions on Notice' starting at paragraph 4.1.38.
3. In its current form, the rules are the same for all committees. However, at Annual Council meeting on 23 May 2025, a review of [effectiveness of scrutiny committees](#) was considered and in relation to public questions, it was agreed that a question or supplementary question would not be accepted if it had been raised at any meeting in the previous 6 months, or if the answer had already been provided. In addition, all questions including supplementary questions must be submitted in writing first to the council.
4. The effect of this is that questions raised to scrutiny have a 6 month/previous answer limitation but questions to any other body can be raised repeatedly. In addition, supplementary questions must be submitted in writing at a scrutiny committee meeting (even if the questioner attends) but for all other meetings, the questioner can raise this without notice.
5. The proposed amendments at Appendix 1 aim to apply the same principles as agreed by Council for scrutiny for all meetings of council, cabinet or any other committee listed in paragraph 4.1.39.
6. In addition to the above, supplementary questions can be raised by the public giving only 90 minutes notice to the meeting. This means that there is a scramble by officers to receive, analyse and agree with the relevant member a response. A meeting starting at 10am means that the question is received before an officer may have started work. A 2pm meeting is received during a lunch break. Officers consider that better and more complete replies can be provided if more time was provided.
7. The proposed amendment in Appendix 1 is that supplementary questions must be submitted 1 working day before the meeting. This is considered a balance as initial questions are received 3 working days before and answers published 2 working days.
8. Consultations with groups and Audit and Governance Committee has raised the question about what other councils do and what is best practice. Officers are of the view that best practice is

what suits this Council rather than has been adopted by others. We have considered four councils in the locality and have documented in the table below their standing orders on the matters under consideration. It is clear that no council has the same approach and this includes (i) a bar for some on supplemental questions for residents (ii) different rules for members and residents (iii) a limitation on same questions being raised in the last 6 months

Council	What notice for questions is provided	How are answers provided	Is a written copy of question required?	Is there a 6 month exclusion to asking the same question	Supplemental questions?
Shropshire	By 12 noon 3 WD prior to meeting	Question must be raised and answered at the meeting only. In person or reading out written question	No	Yes (rule 14.5)	No for residents (unless chairman agrees rule 14.8). Yes for members, no qualification time required (rule 15.9).
Telford & Wrekin	By 5pm 3 WD prior to meeting (members). By 5pm 7 clear WD prior to meeting (residents)	Question can only be raised in person at the meeting.	No – but person must be in attendance at meeting to raise question.	States that repeat questions cannot be raised (rule 7.8)	No - residents Yes - Members only (rule 7.3)
Redditch	5 clear WD notice (rule 9.3)	Question must be raised and answered at meeting. Can be read out.	No unless the person is present at the meeting.	Yes (rule 9.5 (b))	Yes (rule 9.8)
Worcestershire	By 9am 1 WD before meeting (public)	Question must be raised and answered at meeting. Can be read out.	Yes – in outline	Yes (rule 15.5(c))	No – residents only in exceptional circumstances

	By 12pm 9 calendar days before meeting (at Council meetings) (for members)	Chair has discretion whether to accept the question at the meeting.	Yes – for council meetings		Yes – in respect to member questions
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9. A working group of Audit & Governance considered whether different rules should apply for residents and councillors for supplemental questions. The alternative being that councillors could be given more allowance for ad-hoc supplemental questions as they are subject to the Councillor’s Code of Conduct. It was considered by the working group that the rules should apply equally to members and residents. However, the recommendation is that where a resident is asking a supplementary question, it must first be submitted in writing even if they intend to ask the question in person at the meeting – this then the same as that for Scrutiny Committees.
10. The working group raised an issue about late reports or late responses to questions and the impact that would have on timescales. As such an ability to raise questions up to 1 working day after a late report or initial response has been added.

Appendix 2 – Scrutiny Management Board & Substitutes for chairs

11. Ordinarily, a group leader may elect to appoint a substitute to a particular meeting or committee if the original appointee from that group is unable to attend the meeting or committee. This facilitates the Council’s duty to give effect to the wishes of political groups for the purposes of political balance.
12. Scrutiny Management Board is constituted differently to other panels. It consists of chairs of the other scrutiny panels and other members to maintain political balance. If a chair of a panel is unavailable, then there is a question whether the substitute should be the vice chair of the panel (meaning that SMB is not politically balanced if the vice chair is from another group) or the group appoints a replacement chair (maintaining political balance on SMB).
13. The recommendation is that the vice chair should be the substitute at SMB even if SMB is not politically balanced for a single meeting. If a chair of a scrutiny committee is unavailable for a longer period (for example due to illness), then it is always open to the political group to appoint a replacement chair for that longer basis.
14. The alternative is that for a single SMB meeting, a member possibly unfamiliar with the detail of the underlying scrutiny committee is appointed as chair of that committee by the relevant group. That member then attends SMB. After the return of the existing chair, the group then has to remove the substitute and reappoint the existing chair.
15. The proposed amendment is to change paragraph 4.1.169 to reflect the above.

Appendix 3 – Planning Rules

16. Part 4 Section 8 of the Constitution contains rules that apply during consideration of a planning application.
17. The rules do not include procedural points where a matter is adjourned or deferred between meetings. Ordinarily, this is to allow a particular point to be investigated further or to allow a site visit.
18. It is unclear from the current rules if a matter is adjourned (whether before or after some substantive consideration of the application) whether only the members who have attended both meetings are permitted to vote on the application. In addition, it is unclear what happens if a site visit is called and a member cannot make that meeting – are they permitted to consider the application even though they have not visited the site despite the first meeting deciding it was important to do so.

The recent Supreme Court case of [Spitalfields](#) confirmed that it was acceptable for a council to determine in its standing orders how to regulate its internal proceedings. It is therefore correct that the council can decide how and which members can consider and vote on matters.

19. The Spitalfields case upheld a restriction for deferrals. Tower Hamlet's standing orders restricted voting to members who had been in attendance at both meetings even though it limited councillor participation.
20. Paragraph 42 of schedule 12 and section 106 of the Local Government Act 1972 allow the council to make standing orders to regulate proceedings. The proposal is to add clarity in respect to deferred applications and/or where site visits where the members at the deferred (final) meeting were not present at the previous meeting.
21. The proposed amendment is that members present at the deferred (final) meeting are able to consider and vote on application even if they did not attend the initial or a site visit. This is contingent upon the members at the deferred meeting reviewing and reconsidering all relevant facts and information in full. That is, the entire matter is reconsidered again in its entirety and the officers report includes all relevant considerations including points raised at the initial meeting and during any site visit. This means that the final meeting, the members present are there to consider all material considerations.
22. The recommendation is that new paragraphs 4.8.36 to 4.8.41 are added to Part 4 Section 8 Planning Rules.
23. In addition to the above, planning applications are approved by a planning committee on the basis that a condition (such as a satisfactory report being received or a s106 agreement being completed) is satisfied before the planning permission is issued by officers. Recent 2025 cases of [Greenfields \(IOW\) Ltd](#) and [Wild Justice](#) demonstrates that conditional decisions must still comply with the requirements of the 100D(1) of the Local Government Act 1972 (background papers) and publicity requirements in para 40 of the Development Management Procedure.
24. There is also a further amendment in respect to verbal updates to committee that reflects the working practices (paragraph 5.6.59).

Appendix 4 – Health and Wellbeing Board

25. The board approved changes to its terms of reference on 25 September 2023. It resolved that 'The Health and Wellbeing Board considers the revised terms of reference at appendix 1 and provides comments before [being ratified by Full Council](#)'.
26. The terms of reference document included changes to the membership of the board, principally the addition of a nominated representative from the Voluntary and Community Sector and updates to organisation titles. Council is requested to note the changes in the terms of reference which are mainly technical changes that have been delegated to the Monitoring Officer.
27. The terms of reference document resulted in an incongruity by identifying that membership of the board includes:

'A nominated representatives from the Integrated Care Board'

28. This is reflected in the council's constitution (paragraph 2.8.9, bullet point 8). It is uncertain whether the board intended this to read 'Two nominated representatives' or 'A nominated representative' from the Integrated Care Board. However, it is noted in paragraph 2.8.10 that a vice chairperson was to be appointed from '...one of the board members representing NHS Herefordshire and Worcestershire Integrated Care Board...'
29. Up to and including the meeting on 25 September 2023, NHS Herefordshire and Worcestershire Integrated Care Board appointed two representatives; prior to July 2021, two representatives (the chair and the managing director) were appointed by its predecessor, NHS Herefordshire and Worcestershire Clinical Commissioning Group.
30. No change in the number of seats for the Integrated Care Board was highlighted within the covering report or discussed during the meeting.
31. Council is recommended to confirm that the membership should provide for 'Two nominated representatives from the Integrated Care Board'.
32. The terms of reference document identified arrangements for the appointment of the vice-chairperson as follows:

'The Vice-Chairman of the Board shall be the chair of the One Herefordshire Partnership. Should this be an already identified member of the board, that person shall also represent their respective organisation.'
33. However, the council's constitution (paragraph 2.8.10) was not updated to reflect this and it currently reads:

'...one of the board members representing NHS Herefordshire and Worcestershire Integrated Care Board will be appointed vice chairperson annually by the board.'
34. However, the revised Terms of Reference in paragraph 10 doesn't appear to reflect the original intention. For example, if the Chairperson of One Herefordshire Partnership is from an organisation with existing nomination rights, but isn't that organisations actual nominee, then the wording above would allow a further appointee by that organisation. It is considered that the original intention was to avoid this and to ensure that the Chair of One Herefordshire Partnership was appointed as the representative of the relevant nominating organisation. As such the recommendation is that paragraph 2.8.10 is modified to:

'...The vice-chairperson of the board shall be the chairperson of the One Herefordshire Partnership. Should this person be from an organisation that has the right to nominate to the Board, then that person shall also represent their respective organisation.'

35. The recommendation to Council is requested to confirm that it wishes the change identified in paragraph 2.8.10 above. This change has already been agreed by the Health and Wellbeing Board at a meeting on 15th September 2025.

Appendix 5 Special Urgency procedure

36. The proposed amendment is to paragraph 4.2.53 of Part 4 Section 2 Access to Information Rules.
37. This paragraph is concerned with the notice that needs to be provided for a key executive decision. Currently, the process simply requires the decision maker to seek consent of the chairperson of the relevant scrutiny board.
38. The concern is that currently, neither the decision maker or the chairperson has to seek guidance from statutory officer as to the appropriateness of this decision. The proposed amendment is that any request to use the Special Urgency procedure for key decisions must be made by the Monitoring Officer at the request of the decision maker. The consent of the scrutiny board must still be obtained.

Appendix 6 Procurement

39. Part 4 Section 6 (Contract Procedure Rules) currently requires two key decisions to be made in respect to procurement of a contract over £500k. This means that any decision requires at least 56 days of prior notification unless (as in practice), the decision to start a procurement then also includes a decision to delegate the award to an officer. This means that the important decision (to award) is made by an officer, but the formative and precursor decision (to start a procurement) is made by members.
40. The proposed amendment is to allow officers to commence any procurement activity (as this is not a decision to award) but an executive decision must be made to award the contract. This still allows (if required) that the decision to award can still be delegated to officers at any stage rather than requiring it to be made at the start of the procurement process. The change will still require any director to consult the cabinet member before starting any key procurement activity.
41. A second change is in respect to the use of frameworks. Audit & Governance Committee recently received an external auditor's report about strengthening capital governance arrangements. Although not directly referenced, officers are recommending that the use of external frameworks should be limited to those maintained and approved by the Council's procurement function. Should an officer wish to use an alternative framework, then such decision should only be added to the approved list by recommendation of the procurement function and authorisation by the S151 Officer and Monitoring Officer (or their deputies).

Appendix 6 Motions on Notice

42. Part 4 Section 1 of the Constitution (Council and Committee Meeting Rules) at paragraph 4.1.15 (20) is clear that motions on notice are not possible at the Annual Meeting.
43. The amendment is to allow motions on notice for the Annual Meetings **except the Annual Meeting immediately following an all-council election.**

Appendix 7 Clarification of the rules relating to capital schemes

44. Part 4 Section 7b of the Constitution provides guidance in relation to council finances. Paragraph 33 provides little information around what is required for a new (i) a capital scheme to be included within the Capital Investment Budget (the capital programme) and (ii) what is required to enable Cabinet to authorise the spend.
45. The amendment specifies that full Council will expect an outline business case to be included for any new capital spend and a full business case is required before any executive decision (whether by an officer, individual cabinet member or cabinet) to authorise the spend can be made. The change specifies that complex capital schemes can be staged and that approvals (and the supporting business cases) can also be staged.
46. A full business case for capital schemes that are considered to be ongoing, repeat or business as usual (such as IT refresh, asset & highways upgrades) is not required unless the decision maker requires such information to be presented. A decision agenda, report and minutes are still required in accordance with the Council's standing orders.

Appendix 8 Record of Operational Decisions

47. At Part 3 Section 7 (Officer Functions) provides the definition of an operational officer decision and the circumstances under which it must be recorded.
48. This includes where there is a financial sum of £50,000 or more. In addition, it includes granting or revoking of a permission or license or change to an individual legal rights. This goes further than the requirements of [The Openness of Local Government Bodies Regulations 2014](#) and includes a further requirement of 'a change to a service'.
49. At Part 4 Section 6 (Contract Procedure Rules), the constitution currently requires that a Record of Operational Decision (RoOD) is published where an award of a contract is above the value of £50,000.
50. However, Part 4 Section 6 also says that an award of a contract between the value of £25,000 and £75,000 must be published as a Contract Details Notice on the Central Digital Platform, meaning that there is already provision for contracts between the value of £25,000 and £75,000 to be published.
51. Part 4 Section 7b of the constitution currently requires disposals in excess of £50,000 to be published. It is proposed this is also uplifted to £75,000 to reflect the same values as apply to publication in cases of contract awards.
52. It is proposed that in relation to Records of Operational Decisions that the limit is changed to £75,000 so that there is no need to duplicate publication of awards of contract between the value of £50,000 and £75,000.

53. The original £50,000 limit was agreed in 2014 when the regulations were introduced. Using CPI as the indicator, this figure would now be £69,733 as of December 2025. This change is therefore to align the limit to approximately the same as when the regulations were introduced in 2014 but uplifted slightly so it aligns with the threshold in Part 4 Section 6 Contract Procedure Rules between 'Medium Value ' and 'High Value' procurements
54. It is proposed that Part 3 section 7 of the constitution regarding Officer functions, is amended to reflect the above proposals.
55. Additionally, an amendment is proposed at Part 3 section 7 of the constitution not to require publication of RoODs only where decisions are:
- published on another statutorily required and publicly available register (for example a planning register), or
 - to be kept confidential to avoid compromise to the commercial position of the council or another individual or organisation under Part 5 Section 8 at 5.8.56.
56. The proposals above are detailed in appendix 8.

Appendix 9 Members Code of Conduct

57. There are two points of consideration here. The first relates to a proposal to try to simplify the task of the Council's consideration of complaints under the Code of Conduct. In 2024/25 almost 88% of code of conduct complaints received by Herefordshire Council were complaints against members of Parish and Town Councils ('PTCs'). Of this number, over 40% of all complaints against PTC members were raised by members of the same PTC. It appears that the Code of Conduct process is routinely being used to resolve differences of opinion or expression between members.
58. With the agreement of Herefordshire's Council's Standards Panel, proper officers of the PTCs and Group Leaders within Herefordshire Council were notified of a possible change, by way of a proposal for changes to the published arrangements, as they relate to Parish and Town Councils, which were sent to all PTCs on 2nd October 2025.
59. PTCs have been asked to consider a proposal for a Local Resolution Protocol ('LRP'). Herefordshire Council does not intend to insist that a LRP is adopted or specify what or how a LRP should be conducted. It shall be for each PTC to determine the content. Templates would be provided as assistance, but it would be the PTC's decision whether to use this route to resolution of complaints.
60. The proposal is that, in relation to a complaint against a PTC Member raised by another Member, or raised by members of the public/officers of a PTC which alleges a breach of the code of conduct in relation to minor matters (such as a lack of respect, or bullying or harassment, or bringing the authority into disrepute only) then where a PTC has a LRP, Herefordshire Council will allow them time to resolve this without it going to the formal process.
61. The intention is that Audit & Governance be delegated the authority to change the arrangements for dealing with complaints. Further that such includes the ability to include a LRP step when a PTC wishes to try and resolve their complaint.

62. The second point is a proposal to enable the Monitoring Officer to make a finding of technical breach of the Code of Conduct, without the need for full investigation, in appropriate circumstances.
63. Currently, the Arrangements for dealing with complaints about the Code of Conduct say that a finding of breach is only permitted following a formal investigation. This means that in a case where a technical breach is clear but there is no public interest in proceeding to formal investigation, the arrangements result in the Monitoring Officer taking no further action, but the fact of a breach is not acknowledged. In such cases, the Monitoring Officer will sometimes offer advice, but it is suggested that a more overt noting of technical breach would be appropriate. This often leads to a complainant feeling that the Council simply does not wish to look at it further even though there is a breach.
64. The recommendation that technical breaches determined by the Monitoring Officer at the Initial Assessment stage are not to be published. This is to continue to encourage early agreement and settlement.
65. Feedback from PTCs on this proposal has been mixed. Some support this proposal with some saying this simply reflects their working practices in any event. Others support the concept but do not wish to adopt this. The majority of responses believe that the current process should continue. The recommendation to Council can facilitate all these views as the intention is not to force any PTC to adopt a LRP if they do not wish to do so – the proposal is not to make it compulsory.
66. The recommendations are that Council approves the amended Arrangements for dealing with complaints about the Code of Conduct for members at Appendix 9.

Appendix 10 Political Group Consultation

67. It is proposed that the scope and purpose of Political Group Consultation is formalised and described in the Constitution.
68. A 'political group' is one which has been constituted in accordance with Regulation 8 of the Local Government (Committees and Political Groups) Regulations 1990 and consists of at least two Members.
69. A political group consultation ('PGC') provides a political viewpoint to inform officers' preparation of key decision reports and demonstrates the Council's commitment to encourage cross party engagement in decisions before they are taken.
70. All key decisions require a PGC to be undertaken unless:
 - a. An all-member briefing has already occurred (although the political group can make representations after the meeting); and/or
 - b. The decision has been deemed not a key decision under a delegation to an officer as the outcome of a key decision; and/ or

- c. The decision maker is key but has no discretion (e.g. decision to receive a grant with conditions to spend or approve a plan as a consultee).

- 71. At the PGC questions should be focussed around the 'political' positions, enabling attending cabinet member(s) to respond with their position on the matters under consideration. Officers should focus on technical explanation/evidence underpinning the decision.
- 72. The PGC should be recorded and made available to allow members who cannot attend to review afterwards, and a summary of the key political positions should be captured by the officers following a PGC, which is added to the consultation section of the decision report.
- 73. Appendix 10 indicates the proposed amendment to the constitution at Part 2 Article 2 to reflect the above summary.

Community impact

- 74. The proposals do not have any community impact, nor do they link to other local or national strategies or policies. They are proposals that fall within Council's powers to make local arrangements.

Environmental Impact

- 75. The proposals do not have any environmental impact.

Equality duty

- 76. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this 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.

- 77. The equalities assessment has been completed and could that there is a no/low impact for equalities.

Resource implications

- 78. There are no resource implications to the proposed amendments.

Legal implications

79. Legal implications are referred to in the sections above, where relevant.

Risk management

80. There are no risks arising directly from the report.

Consultees

81. Relevant lead officers were consulted on 10th November 2025.

82. Group Leaders have been consulted 10th November 2025 and 3rd February 2026. The Green Group was consulted on 9th December 2025.

83. Audit and Governance Committee was briefed on 15th January 2026.

84. In relation to the change to the Standards arrangements, the proper officer of each parish or town council was notified on 3rd October 2025.

85. Audit and Governance reconsidered this Report on the 24 March 2026.

Appendices

Appendix 1 Process for questions from the public

Appendix 2 Scrutiny Management Board

Appendix 3 Planning Rules

Appendix 4 Health and Wellbeing Board

Appendix 5 Special Urgency procedure for executive decisions

~~Appendix 6 Procurement Rules~~

Appendix 6 Council Procedure Rules

Appendix 7 Capital schemes and virements

Appendix 8 Records of operational decisions (RoOD)

Appendix 9 Code of Conduct

Appendix 10 Political Group Consultation

Background papers

None

Useful links:

[Part 4 Section 1 Council and Committee Meeting Rules.pdf](#)

[Part 4 Section 8 Planning Rules.pdf \(herefordshire.gov.uk\)](#)

[Part 2 Article 8 Planning licensing and other functions.pdf](#)

[Part 4 Section 2 Access to Information Rules.pdf](#)

[Part 4 Section 6 Contract Procedure Rules.pdf](#)

[Part 1 \(Part 4 Section 7b\)](#)

[Part 3 Section 7 Officer Functions.pdf](#)

[Part 5 Section 8 Public participation guide.pdf](#)

[Arrangements for dealing with complaints about the Code of Conduct for Members V1.1 June 2025.docx](#)
[Part 2 Article 2 Councillors.pdf](#)

Appendix 1 - Questions from the Public and Members

Note: strikethrough indicates text removed. Underline indicates new text.

Section	Part 4 Section 3
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4.1.38 Questions on notice

4.1.39 Appropriate questions may be asked by members of the public who live or work in Herefordshire and by elected members at the following public meetings of the council:

- Full Council
- Cabinet
- Audit and governance committee
- Health and wellbeing board
- Employment panel
- Scrutiny committees*

4.1.40 A 'question on notice' means that the question must be in writing (including email) and submitted to the council **3 clear working days** before the day of the meeting (not including the day of the meeting) and supplemental questions **1 clear working day** before the meeting.

Members or the members of the public are encouraged to submit questions as soon as agenda papers are released to give the council more time to provide a considered answer. ~~however~~ The following deadlines are set out below:

Meeting Day Question deadline – (Where the day given below is a bank holiday, the deadline will be the previous working day.)

Day of the meeting	Deadline for <u>initial questions</u> (5pm in all cases)	<u>Deadline for initial responses</u>	<u>Deadline for supplemental questions (5pm in all cases)</u>
Monday	Tuesday	<u>Wednesday</u>	<u>Thursday</u>
Tuesday	Wednesday	<u>Thursday</u>	<u>Friday</u>
Wednesday	Thursday	<u>Friday</u>	<u>Monday</u>
Thursday	Friday	<u>Monday</u>	<u>Tuesday</u>
Friday	Monday	<u>Tuesday</u>	<u>Wednesday</u>

~~4.1.41 If a member or a member of the public has you have asked a question, they you will also be able to ask a supplementary question. The wording of all supplementary questions including those if not asked in attendance at the meeting must be provided in writing **90 minutes by 5pm at least 1 working day** before the meeting.~~

~~4.1.41a **Scrutiny Committees:** supplementary questions (whether a written question or question raised in attendance) from the public will not be considered at a meeting if the question is not first provided in writing at least 90 minutes before the meeting.~~

~~**4.1.41ab Scrutiny Committees:** A question (whether an initial or supplementary question) from the public will not be accepted if the same or similar question has been raised to council, cabinet or other committee in the previous **6 months** or if an answer has already been provided by Council (whether from an officer, member, council, cabinet or other committee~~

4.1.41 At each public meeting a period of up to **30 minutes** or **15 minutes** at other public meetings of the council where written questions are permitted will be allocated for questions and supplementary questions. This period may be varied at the discretion of the chairperson.

4.1.42 ~~Where a question or a supplementary question relates to a report on the agenda and the report is published late, initial questions should be accepted for up to 1 working day after the report is published and supplementary questions will be accepted up to 1 working day after the initial question is published (but no later than 90 mins before the meeting).~~

4.1.43 **Urgent questions**

4.1.44 Elected members are able to ask a question that relates to an urgent matter provided they have the prior written consent of the member to whom the question is to be put, and the question is delivered, along with the members written consent to the monitoring officer by **9.30 am** on the day of the meeting, or half an hour before the start of the meeting whichever is the earlier.

4.1.45 **Supplementary questions**

4.1.46 A questioner may ask one supplementary question **if they have asked an initial question**. A supplementary question must be a question and not a statement and arise directly out of the original question or the reply and must take no longer than one minute to ask.

4.1.46a ~~Notice of a supplementary question asked on the day of the meeting must that have not been submitted by the deadline of **90 minutes 5pm at least 1 working day** before the start of the meeting. will be acknowledged at the meeting.~~

4.1.46b ~~Notice of a supplementary question raised by a member of the public must include the wording of the supplementary question that will be asked.~~

4.1.46c ~~A supplementary question may be asked in writing if the questioner prefers or cannot attend the meeting.~~

4.1.46d ~~A response will either be given on the day or in writing in the minutes of the meeting.~~

4.1.46e Depending on the number of public questions, it will be at the discretion of the chairperson as to how they manage the taking of all supplementary questions

4.1.46f The chairperson may reject a supplementary question if the chairperson considers that it is inappropriate (even if initially accepted under paragraph 4.1.53).

~~**4.1.46a Scrutiny Committees:** all supplementary questions raised by the public must be submitted in writing at least **90 minutes** prior to the start of the meeting. Any received after this time will be considered at the next meeting of the committee or a written response will be provided.~~

- 4.1.46f Scrutiny Committees:** All supplementary questions raised by the public who are in attendance at the meeting shall be limited to and in accordance with the written supplementary question already submitted.
- 4.1.47 Order of questions**
- 4.1.48 Questions and supplementary questions will be answered in the order in which they are received, unless grouping the questions into themes is appropriate.
- 4.1.49 Number of questions**
- 4.1.50 One question and one supplementary question per person is allowed at any meeting of the council.
- 4.1.51 Scope of public questions**
- 4.1.52 Questions must relate to the function of the committee or relate to a matter on the relevant agenda. The monitoring officer can redirect questions to the correct officer, executive member, committee, panel or meeting. They should be of a strategic nature, i.e. not personal to the questioner or a person employed by the council. Questions can be addressed to any chairperson or cabinet member and must relate either to something that the council is responsible for or that affects the county. It is accepted that questioners may highlight their experiences to support their question.
- 4.1.52a Scrutiny Committees:** questions will only be accepted for scrutiny committees if it relates to the agenda, task or finish group terms of reference or final report, or to the management of the committee's programme or its recommendations. This means that it will be the scrutiny chair (on behalf of the committee) or the Statutory Scrutiny Officer who will respond to the question.
- 4.1.53 The Monitoring Officer will reject a question or Supplementary Question if it is not appropriate to be asked at a public meeting, reasons for rejection or redirection may include but are not limited to:
1. It is not about a matter for which the council has a responsibility, or which affects Herefordshire; or
 2. It requires the disclosure of confidential or exempt information; or
 3. It relates to an identifiable individual or employee of the council; or
 4. it is more than 140 words; or
 5. A question (whether an initial or supplementary question) from the public will not be accepted if the same or similar question has been raised to council, cabinet or other committee in the previous 6 months or if an answer has already been provided by Council (whether from an officer, member council, cabinet or other committee).
 6. It relates to a planning or licensing application.
 7. It is deemed to substantively relate to a request for data (including statistical information) under EIR or FOI rules. For these purposes, a dataset is a collection of factual, raw data that Herefordshire Council gathers as part of providing services and delivery of our functions as a public authority.
- 4.1.53a Scrutiny Committees:** A question (whether an initial or supplementary question) from the public will not be accepted if the same or similar question has been raised to council, cabinet or other committee in the previous 6 months or if an answer has already been provided by Council (whether from an officer, member council, cabinet or other committee).

4.1.54 If a question is deemed to be inappropriate, the person who submitted it will be notified in writing before the meeting and given the reasons. This is a decision for the Monitoring officer/deputy monitoring officer/legal officer in attendance at the meeting.

4.1.55 Answers to questions

4.1.56 Answers to accepted questions will be published two working days before the meeting normally at 5pm. An answer to a supplementary question will be provided by the member to whom the question was put or his/ her nominee. The answer may be either a direct oral answer, a referral to an existing publication, or a referral to an officer to respond in writing. If the reply cannot conveniently be given orally, if the member to whom the question is put is absent, or the time allowed for public questions has expired, a written answer will normally be provided within **ten clear working days** of the meeting. A record of all questions, supplementary questions and answers provided whether orally or in writing will be published on the website as an appendix to the minutes of the meeting.

4.1.56a Questions at Cabinet & Council Meetings

4.1.56b The paragraphs 4.1.38 to 4.1.56 do not apply to questions raised by Group Leaders and other invited attendees under paragraph 4.4.11 in Section 4 of Part 4 of this Constitution.

4.1.56c The paragraphs 4.1.38 to 4.1.56 do not apply to questions raised during the Leader's report under paragraph 4.1.1 in Section 1 of Part 4 of this Constitution.

Section	Part 5 Section 8
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Section 8 – Public Guide to Participation

5.8.8 Asking questions at meetings of the council

5.8.9 Which meetings can the public ask questions at?

5.8.10 Questions can be asked at public meetings of:

- Full Council
- Audit and governance committee
- Cabinet
- Employment panel
- Health and wellbeing board
- Scrutiny committees

5.8.11 Who can ask questions?

5.8.12 Appropriate questions can be put by anyone living or working in Herefordshire and any elected member of Herefordshire Council

5.8.13 What notice is required for questions?

5.8.14 A question must be delivered by email (councillorservices@herefordshire.gov.uk) or in writing to the monitoring officer, Herefordshire Council, County Offices, Plough Lane, Hereford, HR4 0LE by no later than 5.00 pm three clear working days **before** the date of the meeting and supplementary questions 1 working day before the meeting. A working day is defined for this purpose as Monday through Friday, excluding days designated as bank holidays in England and Wales. Each question must provide the name and address of the questioner. See table below:

Day of the meeting	Deadline for <u>initial questions (5pm in all cases)</u>	<u>Deadline for initial responses</u>	<u>Deadline for supplemental questions (5pm in all cases)</u>
Monday	Tuesday	<u>Wednesday</u>	<u>Thursday</u>
Tuesday	Wednesday	<u>Thursday</u>	<u>Friday</u>
Wednesday	Thursday	<u>Friday</u>	<u>Monday</u>
Thursday	Friday	<u>Monday</u>	<u>Tuesday</u>
Friday	Monday	<u>Tuesday</u>	<u>Wednesday</u>

5.8.14a The Council's Monitoring Officer will reject questions which are not submitted in writing, within the time limit. You will be notified if your question is rejected for these reasons and you may be able to re-submit your question, provided your question is in accordance with constitution rules relating to public questions.

5.8.15 How many questions can be asked?

5.8.16 One question and one supplementary question per person is allowed at any public meeting of the council as listed above. Questions must not take longer than one minute to ask or to read out.

5.8.17 What is the purpose and scope for questions?

5.8.17a The purpose of questions is to enable both members of the public and any councillor to ask the council about an issue that is of local concern and is the most practical way of progressing the members concerns.

5.8.18 Questions must relate to the function of the committee or relate to a matter on the relevant agenda. The monitoring officer can redirect questions to the correct meeting. They should be of a strategic nature, i.e. not personal to the questioner or a person employed by the council. Questions can be addressed to any chairperson or cabinet member and must relate either to something that the council is responsible for or that affects the county. It is accepted that questioners may highlight their experiences to support their question.

5.8.19 The Monitoring Officer will reject a question if it is not appropriate to be asked at a public meeting, reasons for rejection or redirection may include but are not limited to:

1. It is not about a matter for which the council has a responsibility, or which affects Herefordshire; or
2. It requires the disclosure of confidential or exempt information; or
3. It relates to an identifiable individual or employee of the council; or
4. it is more than 140 words; or
5. It relates to a planning or licensing application.
6. A question (whether an initial or supplementary question) will not be accepted if the same or similar question has been raised to council, cabinet or other committee in the previous 6 months or if an answer has already been provided by Council (whether from an officer, member council, cabinet or other committee).

7. It is deemed to substantively relate to a request for data (including statistical information) under EIR or FOI rules. For these purposes, a dataset is collection of factual, raw data that HC gathers as part of providing services and delivery of our functions as a public authority.

If a question is rejected because it is not appropriate the Monitoring Officer will give the reason(s) for the rejection

5.8.20 What happens at the meeting?

- 5.8.21 Time is made available early on the agenda for any accepted questions to be dealt with. Copies of any questions and answers will be published on the council's website before the start of the meeting, and will be made available to members of the public who attend the meeting.
- 5.8.22 The chairperson will invite the questioner to put a supplementary question to the councillor named in the notice provided that the question has been submitted in writing to the council by the deadline above. If the questioner is unable to attend the meeting a written supplementary question will be permitted, in line with the council and committee meeting rules at paragraph 4.1.41, and read on the questioner's behalf. ~~Written su-~~The wording of all supplementary questions must be provided in writing **by 5pm at least 1 working day** ~~90 minutes~~ before the start of the meeting.
- 5.8.23 A questioner ~~who has put a question in person or in writing~~ can also ask one supplementary question, ~~without notice~~, in response to the reply to their question. A supplementary question must arise directly out of the original question or the reply given. The chairperson can reject a supplementary question in consultation with the Monitoring officer/deputy monitoring officer/legal officer in attendance at the meeting on any of the grounds detailed in the section above.

Appendix 2 - Scrutiny Management Board & Substitute for Chairs

Note: strikethrough indicates text removed. Underline indicates new text.

Section	Part 4 Section 1 Council and Committee Meeting Rules
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- 4.1.169** The monitoring officer on behalf of the chief executive may receive notice from a group leader or authorised nominee on behalf of that group that a different member of their group shall be substituted at a meeting for the member previously allocated to a place on a committee, sub-committee or other body to which the proportionality rules apply for the duration of that meeting. Where apologies are given by a standing member of Scrutiny Management Board (whose position on the committee is by virtue of their position as Chair of one of the other four scrutiny committees) their vice-chair (who may be a member of a different political group) will substitute. If the substituting vice-chair already has a place on Scrutiny Management Board (by virtue of their committee allocation of seats) the group leader for the standing member (whose apologies have been given) will allocate the vacant seat for that meeting to a member of their political group. The giving of notice by email no later than 3.00pm on the last working day prior to the date of the meeting is encouraged.

Appendix 3 – Planning Rules

Note: strikethrough indicates text removed. Underline indicates new text.

Section	Part 4 Section 8 – Planning Rules
4.8.36	<u>Deferrals</u>
4.8.37	<u>In this section a ‘deferral’ means where a planning application is considered at a meeting (‘deferral meeting’) but then deferral or adjourned before a decision is made. The final decision on the planning application is made at a later meeting of the planning committee (‘decision meeting’). The reasons for the deferral or adjournment are usually where the committee is seeking further information from officers or where the members of the committee determine that a site visit is appropriate.</u>
4.8.38	<u>If a planning application is deferred, the members present at the decision meeting may decide on it.</u>
4.8.39	<u>At the decision meeting all information shall be presented and made available to the members of the committee including that presented at the deferral meeting and that available from the site visit. The full merits of a planning application and all relevant considerations will be presented to the planning committee at the decision meeting. The public shall be notified of any deferral and opportunity to address the committee (irrespective if they had done so at the deferral meeting).</u>
4.8.40	<u>The members present shall not be prevented from taking part in the vote at the decision meeting simply because they did not attend either a deferral meeting or site visit. However, the members present at the decision meeting must satisfy themselves that that have all relevant information to them to enable a fully informed decision to be made on the planning application.</u>
4.8.41	<u>Where a planning application has been part decided (for example, the committee has resolved to grant planning permission conditional on the heads of terms of a section 106 agreement being approved), then at the deferred meeting, the members of the planning committee would only consider the part of the planning application that has yet to be decided (in this example, the committee would only consider the terms of the section 106 agreement and not the merits of the decision to grant permission. If the section 106 terms are agreed, then the full decision would have been made to grant permission subject to the s106 agreement. If the Head of Term are not agreed, then the application would be refused due to lack of suitable mitigation in the s106 agreement).</u>
4.8.42	<u>In this section a ‘conditional approval’ means where a planning committee approves a planning application, but the issue of the planning permission is only granted when the condition is satisfied. The decision to determine if the condition is satisfied is delegated by the planning committee to the Planning Development Management Service Manager.</u>
4.8.43	<u>If the condition relates to the completion of a s106 planning agreement or section 278 highways agreement then the planning permission shall only be granted where a copy of the proposed agreement has been placed on Part 1 of the local planning authority planning register for a minimum of 5 working days.</u>

4.8.44 If the condition relates to any other matter that amounts to a material consideration, then the terms of the delegation to officers shall include full details of how the condition is to be discharged and the period of publication on Part 1 of the register (if any) required.

Verbal updates

Section	Part 5 Section 6 – Planning Code
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5.6.59 Any material planning information which is received after the written report has been prepared and ~~after~~ before the cut-off time specified in paragraph 5.6.284-above will be presented orally to the Planning and Regulatory Committee by officers provided that the officer considers that the information raises new and relevant material planning matters.

Appendix 4 – Health and Wellbeing Board

Note: strikethrough indicates text removed. Underline indicates new text.

Section	Article 8 – 2.8.7 onwards - Health and wellbeing board
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2.8.8 **Composition**

2.8.9

- A Two nominated representatives from the Integrated Care Board

2.8.10 ~~‘...one of the board members representing NHS Herefordshire and Worcestershire Integrated Care Board will be appointed vice chairperson annually by the board.’~~

‘...The vice-chairperson of the board shall be the chairperson of the One Herefordshire Partnership. Should this person be from an organisation that has the right to nominate to the Board, then that person shall also represent their respective organisation.’

Appendix 5 - Changes to the Constitution – Special Urgency

Note: strikethrough indicates text removed. Underline indicates new text.

Section	Part 4 – Section 2 – Access to Information Rules
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4.2.52 Special Urgency

4.2.53 If because of the date by which a decision must be taken, paragraph 4.2.49-51 (general exception) cannot be followed, then the decision can only be taken if the decision maker (if an individual) or the chairperson of the body making the decision, has notified the Monitoring Officer and the Monitoring Officer has obtained the agreement of:

(a) the chairperson of the relevant scrutiny committee

Appendix 6 - Changes to the Constitution – Motions on Notice

Note: strikethrough indicates text removed. Underline indicates new text.

Section	Part 4 Section 1 Council and Committee Meeting Rules
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	Item of business	Annual	Ordinary	Extra-ordinary
20	Consider motions <u>on notice</u> and debate those motions in the order in which they have been received, at the budget meeting motions must relate to the agenda or be time critical. Report will also include progress of all outstanding resolutions.	✓ <u>(except annual meeting following all council elections)</u>	✓	

33.4.3 A recommendation to full Council can be made either via officers or from Cabinet.

33.4.4 **Implementation of Capital Scheme:** This can only be made by an executive decision by officers, individual cabinet member or cabinet. Any decision must be supported by a **Full Business Case**. This at a minimum should revisit the scope, aims and objectives, benefits, risks, constraints, dependencies, links to existing policies and strategies and estimated costs and source of funding. This should also include procurement process, financial implications, project timescales and project management arrangements.

33.4.5 **Complex Capital Schemes** – The Council recognises that complex schemes often involve a significant degree of spend as part of the development of the Full Business Case and/or project/funding necessities/restrictions mean that a scheme may be delivered in stages or phases. Accordingly, the Outline Strategic Business Case requirements in this paragraph 33 are required for the delivery of the entire scheme and the Full Business Case requirements are as required for each stage/phase only as they are refined and delivered.

33.4.6 **Repeat Capital Schemes** – Business as usual capital schemes (such as estates and school property maintenance, IT refresh, highways upgrades etc) does not require a Full Business Case unless any decision maker requires such.

Appendix 8 - Record of operational decisions (RoOD)

Note: strikethrough indicates text removed. Underline indicates new text.

Section	Part 4 Section 6 Operational or non-key executive decisions
Proposed Changes	<p>Operational or non-key executive decisions</p> <p>4.6.15 Where an award of a contract is above £50,000 <u>£75,000</u>, 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.</p> <p>4.6.84 A Record of Operational Decision to award a contract must be published for contract values above £50,000 <u>£75,000</u> and the financial value included within the decision.</p>
Section	Part 5 Part 5 Section 8 Public participation guide
Proposed Changes	<p>5.8.53 Are all decisions recorded and published?</p> <p>5.8.54 Many are, but there are lots of day to day decisions which are not published. The council has decided that officer decisions with a financial value of less than £50,000 <u>£75,000</u> will not be published unless there is a legal requirement to do so. This is because the number of such decisions would make it impractical to publish.</p>
Section	Part 4 Section 7b Financial guidance
	<p>77 Recording Disposal A record of each disposal should be maintained (i.e. the approval, the price obtained and if appropriate the alternative method of disposal used). Inventories or stock records should be up-dated in a timely fashion to reflect the disposal. Officer decisions for disposals in excess of £50,000 <u>£75,000</u> must be published.</p>
Section	Part 3 Section 7 Officer functions
	<p>3.7.4 The chief executive has the ability to take six types of decisions.</p> <p>3.7.5 Operational decisions</p> <p>An operational decision involves the day to day management of the council. They are usually incidental to a function being exercised by the council. Such decisions are taken by the chief executive, in accordance with the scheme of delegation and any financial or</p>

Further information on the subject of this report is available from
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contracting requirements specified in the finance or contracts procedure rules and will be classed as operational so long as:

- Is within an approved budget
- Is not in conflict with the council's policies, strategies or relevant service plans
- Does not amend existing or raise new policy issues

Such operational decisions ~~are will not be recorded and published where it unless they~~ relates to:

- The letting of contracts with a value (over the lifetime of the contract) of ~~£50k~~ £75,000 or more
- The disposal or purchase of land or assets with a value of ~~£50k~~ £75,000 or more
- The granting or revoking of a permission or license
- A change to an individual's legal rights
- A change to a service (e.g. opening hours, location or service level)

Decisions are not published if :

- they are recorded on another statutorily or published register, or
- they disclose exempt or confidential information as set out in paragraphs 4.2.28 and 2.2.19 of Part 4 Section 2 (Access to Information Rules)

3.7.7 Council decisions

The council has decided that some of its decisions can be taken by the chief executive. Where the effect of the decision is to grant a permission or licence; changes the legal rights of an individual; or awards a contract (above ~~£50k~~ £75,000) or incurs expenditure (~~£50k~~ £75,000) which in either case materially affects the council's financial position there is a requirement to publish the decision.

4.2.79 For the purposes of these rules:

- (a) specific express authorisations are those decisions which contain a delegation from council, their committees or sub-committees; 128 Part 4 – Procedure Rules Updated: 4 July 2023
- (b) general authorisations to officers are those set out in the council's scheme of delegation; and
- (c) 'material effect' is deemed to be in excess of ~~£50k~~ £75,000.

Appendix 9 - Members Code of Conduct

Note: strikethrough indicates text removed. Underline indicates new text.

Section	Arrangements for dealing with complaints about the Code of Conduct
<p>Proposed Changes</p>	<p>At Stage 1, add at 1f.</p> <p><u>In relation to complaints against Parish and Town Council Members raised by:</u></p> <ul style="list-style-type: none"> a. <u>other Members; or</u> b. <u>Members of the public/officers of a PTC</u> <p><u>that alleges a breach of conduct in relation to a lack of respect, of bullying or harassment or bringing the authority into disrepute only, then where a PTC has a local resolution protocol (LRP) then Herefordshire Council will NOT accept a complaint under the current arrangement, UNLESS</u></p> <ul style="list-style-type: none"> i. <u>the LRP has concluded; or</u> ii. <u>The PTC or Monitoring Officer considers that the LRP process has finished (including where it has not achieved an outcome or is incomplete).</u>
<p>Proposed Changes</p>	<p>At Stage 3, amend as follows:</p> <p>3 i. The MO will decide on one of the following three outcomes at Initial Assessment:</p> <ul style="list-style-type: none"> 1. No further action should be taken on the allegation (e.g. there is no breach or no jurisdiction); 2. The matter should be dealt with through a process of informal resolution in the first instance (e.g the member has agreed to apologise); 3. <u>The matter indicates a technical breach of the code of conduct, but it is not in the public interest to refer it for a formal investigation; or</u> <p>4.3. The matter should be referred for a formal investigation.</p> <p>Transparency Arrangements</p> <p>5a All decision notices where there is a finding of a breach of the Code of Conduct, either following a decision by the Monitoring Officer after formal investigation, or by a Standards Panel, will be published on the Council's website. Such notices will be retained until the later of 6 years. <u>For the avoidance of doubt, a breach determined at Initial</u></p>

Further information on the subject of this report is available from
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	<u>Assessment stage 3 will not be published unless the Monitoring Officer determines under paragraph 5b.</u>
Section	Arrangements for dealing with complaints about the Code of Conduct - Appendix 1 General Guidance
Proposed Changes	19 <u>The Council delegates to Audit & Governance Committee authority to make changes to these arrangements.</u> The MO is authorised to change the 'Guidance' sections of these Arrangements in consultation with the Chairperson of the Council's Audit and Governance Committee where improvements and clarifications are required.

Appendix 10 - Political Group Consultation

Note: strikethrough indicates text removed. Underline indicates new text.

Section	Part 2 Article 2 Political or other groups
Proposed Changes	<p>2.2.22 Political or other groups</p> <p>2.2.23 Councillors may join a political group of two or more councillors who belong to the same political party or have some other common interest. Political groups are recognised by law and in the constitutional arrangements within the council.</p> <p>2.2.24 The number of places that each political group has on the council determines how many places are allocated to members of that political group on council committees and other bodies.</p> <p>2.2.25 There is no constitutional or legal requirement that a member of a group must vote on any matter in the same way as their political group. Usually on policy matters a political group will have a collective view and will vote together on the issue.</p> <p>2.2.26 There are certain functions of the council that are regulatory or quasi-judicial e.g. planning. A political group may not direct its members how to decide such matters.</p> <p><u>2.2.27 Political Group Consultation</u></p> <p><u>2.2.28</u> A 'political group' is one which has been constituted in accordance with Regulation 8 of the Local Government (Committees and Political Groups) Regulations 1990 and consists of at least two Members</p> <p><u>2.2.29</u> A political group consultation ('PGC') provides a political viewpoint to inform officers' preparation of key decision reports and demonstrates the Council's commitment to encourage cross party engagement in decisions before they are taken.</p> <p><u>2.2.30</u> All key decisions require a PGC to be undertaken prior to the decision unless:</p> <ul style="list-style-type: none"> (i) If an All Member Briefing has recently been performed. (ii) Non key decisions (including those officers decisions deemed non-key delegated from a member key decision member) (iii) If GLs agree not to conduct a PGC at the request of officers (iv) Key decisions where there is limited scope for the council to influence e.g. a key decision that is simply drawing down capital spend following a council agreeing the capital programme (v) Decision maker has no discretion (e.g. decision to receive a grant with conditions to spend). (vi) Where a confidential matter is discussed or where exempt information under relevant sections Schedule 12A of the LGA1972 is discussed (vii) Where a decision is made using the General Exception, Special Urgency provisions or the provisions restricting a call-in where there is requirement to implement urgently (para 4.5.73 Par 4 Section 5 Scrutiny Rules)

<p>2.2.31</p> <p>2.2.32</p> <p>2.2.33</p>	<p>At the PGC questions should be focussed around the ‘political’ positions, enabling attending cabinet member(s) to respond with their position on the matters under consideration. Officers should focus on technical explanation/evidence underpinning the decision.</p> <p>The PGC should be recorded and made available to allow members who cannot attend to review afterwards, and a summary of the key political positions should be captured by officers following a PGC, which is added to the consultation section of the decision report</p> <p>All Member Briefings (AMB)</p> <p>AMB are briefings by officers on matters that impact on the county. They include matters outside of the council but could impact the council and its residents. e.g An AMB could be used by officers to seek all member views in respect to a consultation by government.</p>
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	Political Group Consultation (PGC)	All Member Briefing
What is it?	A consultation event with all members	Briefing to all members of the Council
How is it triggered?	Key Decision	Notification by Chief Executive Officer
How is it done?	A single meeting with all members of the Council by Teams.	(i) A single meeting with all members of the Council by Teams or (ii) issuing an email / briefing note
How is it performed?	Officers will either (i) offer a consultation meeting or (ii) request written group response on a specific key decision. They will provide a good summary of the decision at hand. If a consultation meeting is offered, then an online Teams Meeting or hybrid will occur and will be recorded for those not in attendance/wishing to view again. Political views are consulted on. These are gathered and summarised in each key decision report, or if political groups send their views in on paper, attached as an appendix to the key decision report. Where a written group response is requested then 5 working days will be provided for a single group response to be provided.	Where a meeting is called, an invite will be set by officers for any live meeting to all members prior to the decision or matter occurs. An online Teams Meeting will occur and will be recorded for those not in attendance/wishing to view again.
What is its purpose?	Information dissemination in relation to a key decision to seek feedback from individual political groups on their views.	An information dissemination exercise to all members
When it is done?	At least 10 days prior to publication of any agenda for a key decision and on confirmation from relevant cabinet	As soon as required - Ideally within a few days of a significant event happening. E.g. Ofsted

	member that a Key Decision is ready for a PGC	report; devolution impacts on the county, electoral review
An exclusions - when they are NOT done	<ul style="list-style-type: none"> (viii) If an All Member Briefing has recently been performed. (ix) Non key decisions (including those officers decisions deemed non-key delegated from a member key decision member) (x) If GLs agree not to conduct a PGC at the request of officers (xi) Key decisions where there is limited scope for the council to influence e.g. a key decision that is simply drawing down capital spend following a council agreeing the capital programme (xii) Decision maker has no discretion (e.g. decision to receive a grant with conditions to spend). (xiii) Where a confidential matter is discussed or where exempt information under relevant sections Schedule 12A of the LGA1972 is discussed (xiv) Where a decision is made using the General Exception, Special Urgency provisions or the provisions restricting a call-in where there is requirement to implement urgently (para 4.5.73 Par 4 Section 5 Scrutiny Rules) 	None but they will only be performed where required as determined by the Chief Executive and/or relevant director to deal with significant matters affecting the county.
What is the meeting seeking to achieve?	The report or meeting is to inform members of the proposal and to seek the views of the political group on the proposal and answer any questions that may arise.	To inform all members of the council of a decision or other matters that occur.
Member questions ?	Questions can be raised by the members of the group about the detail of the proposal. Depending on the nature of the question officers may be able to answer them at the meeting or by written response. Unanswered questions will be received and a response provided at the earliest point. The purpose of answering questions is to provide points of clarification, contextual background. The purpose is a clear political viewpoint on the decision.	Questions can be raised at any meeting but this will usually be to ask for clarity on specific points. The principal function of this briefing, however, is about dissemination. Questions can be raised to the relevant director after the meeting.
Next Steps	Each political group has the opportunity to put any political points forward to the relevant officer within 5 days of the briefing through the group leader.	None further.

The officer will summarise the key views put forward in the consultation part of the report (either in the consultation or as an appendix to accompany the key decision report).



Title of report: Statutory accounts 2025/26 progress, accounting policies and estimates

Meeting: Audit and Governance Committee

Meeting date: Tuesday 24 March 2026

Report by: Director of Finance, Chief Accountant

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To provide an update on progress made against the 2025/26 statutory accounts workplan and present the accounting policies and estimates which inform the financial statements.

Recommendation(s)

That:

- a) **Arrangements for the preparation of the 2025/26 statutory accounts, including management arrangements to identify and evaluate accounting estimates, are reviewed and confirmed as satisfactory; and**
- b) **The accounting policies which inform the preparation of the 2025/26 statutory accounts are approved.**

Alternative options

1. There are no alternative options. The Local Audit and Accountability Act 2014 requires the council to produce a Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 (as amended).

Further information on the subject of this report is available from
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Key considerations

2. The council is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 (as amended) and the 2025/26 Code of Practice on Local Authority Accounting in the United Kingdom (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement of Accounts presents the overall financial position of the council and comprises: a narrative report, an annual governance statement, comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, collection fund statement, group accounts and supporting notes.

2025/26 Statutory accounts progress

3. The statutory deadline to publish the 2025/26 draft Statement of Accounts is 30 June 2026, with external audit sign-off to be completed by 31 January 2027. The council is planning to publish draft Statement of Accounts by 31 May 2026 to ensure completion prior to the planned external audit start date. The external auditors have indicated that they are planning to complete sign-off by 30 September 2026. The council's detailed closedown plan is built around these deadlines to ensure timely preparation of the financial statements and working papers to support the audit process.
4. The finance team are on target with the preparation work for the Statement of Accounts and responses to support external audit planning and initial risk assessment activity by our external auditors: Grant Thornton UK LLP.

Accounting policies 2025/26

5. Accounting policies are the specific principles, bases, conventions, rules and practices applied by the council in preparing and presenting financial statements. For 2025/26, the notes to the Statement of Accounts will include the relevant accounting policies.
6. Changes to the accounting policies from those approved for 2024/25 include those relating to the implementation of Code amendments to the valuation of Property, Plant and Equipment (PPE). Revaluation requirements have been changed to once every five years on a rolling programme with indexation applied in the intervening years. These are detailed in appendix 1.

Accounting estimates 2025/26

7. The preparation of financial statements requires the council to make judgements, estimates and assumptions which affect the value of assets and liabilities reported at the balance sheet date and amounts recognised as income and expenditure in the year.
8. The notes to the 2025/26 financial statements will disclose the material accounting estimates included in our balances and transactions, and the models and assumptions on which they are based. Disclosure requirements include whether the risk is mitigated by the use of an external specialist, e.g. an asset valuer or a pension actuary, and a sensitivity analysis to show the range of reasonably expected outcomes for the balance/transaction.

9. The council has identified material accounting estimates which inform balances and transactions for the year ending 31 March 2026 as: valuation of property, plant and equipment, depreciation and the valuation of the pension fund net asset/liability.
10. The assessment of material accounting estimates in year includes consideration of the requirement for specialised skills and knowledge from management experts, e.g. asset valuations and investments, a review of the methods, models and assumptions used to inform the accounting estimates and consideration of the degree of estimation uncertainty relevant to each accounting estimate. This assessment is included in appendix 2.

Community impact

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

Environmental impact

12. 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.
13. 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.

Equality duty

14. 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.
15. 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

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

Legal implications

17. The relevant legal provisions for this decision can be found in the council's constitution, www.herefordshire.gov.uk/constitution.

18. Regulation 9 of the Accounts and Audit Regulations 2015 (as amended) requires the following:
 - a. The Section 151 officer to sign and date the Statement of Accounts, and confirm that they are satisfied that it presents a true and fair view of the financial position of the council at the end of the financial year to which it relates together with the income and expenditure for that financial year; and
 - b. A period of time to allow the public to inspect the accounts. This will commence on 1 June 2026 and last for six weeks; and
 - c. Once there has been a period of public inspection, the committee must approve the Statement of Accounts by a resolution and ensure that the Statement of Accounts are signed and dated by the person presiding at that committee.
19. This committee has been delegated the responsibility of approving the Statement of Accounts on behalf of the Council (Part 3 Section 5 para 3.5.15) in the constitution.

Risk management

20. The risks considered to be significant to the production of the Statement of Accounts have been noted in the table below. All risks are considered to be sufficiently mitigated and will be managed by the finance management team.
21. The risks identified in this report have been appropriately recorded on the relevant risk register and escalated in line with the Council's Risk Management Strategy. Governance and monitoring arrangements are in place to ensure these risks are actively managed throughout the statutory accounting process.

Risk / opportunity	Mitigation
Delays in closedown and financial reporting may mean that the statutory deadline to publish draft statutory accounts is not met.	Closedown and Statement of Accounts production tasks are managed through a detailed project plan monitored by the Chief Accountant. All finance staff are issued with closedown instructions and training.
External auditor resource implications may mean that the audit is delayed. This may mean that the statutory deadline to publish audited accounts is not met, and that internal finance resources are committed to servicing external audit requirements for longer than anticipated.	Working papers and sample evidence are provided to the auditors in line with their time and quality expectations, which leads to them continuing to prioritise our audit in phase 1 of their Local Authority audit programme. There is continuous communication between the audit management and the council finance management to enable any potential delays to be dealt with expediently. External auditors report their progress to this committee.
Accounting policies that have been judged to be material to the financial statements may not be applied by all finance officers of the council.	All finance staff are issued with closedown instructions and training. The Statement of Accounts are quality checked by the Section 151 officer.
Accounting estimates utilised by finance officers of the council may not be the most appropriate and may result in material errors in the financial statements.	Accounting estimates are reviewed annually by experienced and knowledgeable finance staff. Material accounting estimates are made by external knowledge experts in accordance with their professional standards. These estimates are challenged by council finance staff. External audit provide assurance that accounting estimates made do not result in material misstatements in the Statement of Accounts through their audit opinion statement.

Consultees

22. None.

Appendices

Appendix 1 Accounting policies
Appendix 2 Accounting estimates

Background papers

None identified.

Appendix 1 – Accounting Policies

1. General accounting policies

The council is required to produce an annual statement of accounts by the Accounts and Audit Regulations 2015 (as amended), which require the accounts to be prepared in accordance with proper accounting practices. These practices under section 21 of the 2003 Act primarily comprise the code of practice on local authority accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards. The single entity statements and the statement of group accounts have consistently applied the accounting policies detailed within each note. Where applicable, the statement of group accounts include additional accounting policies specific to the council's subsidiary undertaking, Hoople Ltd.

The Accounts and Group Accounts have been prepared on a going concern basis, under the assumption that the council and its subsidiary will continue in existence for the foreseeable future.

5. Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise from a change in accounting policies or to correct a material error. Changes in estimates are accounted for prospectively, whereas changes in accounting policies are applied retrospectively. Material errors in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

6. Events after the reporting period

Events after the reporting period are those that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue.

There are two types of event;

- Those that provide evidence of conditions at the end of the reporting period, which are adjusted in the accounts; and
- Those that relate to conditions after the reporting period, which are not adjusted in the accounts, and disclosed in the notes to the statements

9.1. Nature of income and expenditure

Revenue recognition

Income and expenditure is accounted for in the financial year in which the activity it relates to takes place, which may not be the same year in which cash payments are made or received. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet, subject to a de-minimis threshold of £5,000 for revenue and £10,000 for capital.

Revenue from the sale of goods is recognised when the council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the authority. Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised at the point that the service is provided or is charged for. Value Added Tax (VAT) payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

Appendix 1 – Accounting Policies

12. Taxation and non-specific grant income

The council tax and non-domestic rates income is accounted for on an accruals basis and included in the comprehensive income and expenditure statement within taxation and non-specific grant income. As a billing authority, the difference between the non-domestic rates and council tax included in the comprehensive income and expenditure statement and the amount required by regulation credited to the general fund is taken to the collection fund adjustment account and reported in the movement in reserves statement.

Revenue relating to council tax and non-domestic rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

13. Grant income

Grants and contributions are recognised in the accounts when there is reasonable assurance that the council will comply with any conditions attached to them and the grants or contributions will be received.

Revenue grants are recognised in the comprehensive income and expenditure statement when any relevant conditions have been satisfied. Grant monies unspent at the end of the year are transferred to an earmarked reserve. When the grant is applied, an amount equal to the expenditure is transferred back from the earmarked reserve to the general fund. Where conditions attached to the grants or contributions have not been met, monies received to date are carried in the balance sheet as receipts in advance and credited to the comprehensive income and expenditure statement when the conditions are satisfied.

Capital grants are credited to the comprehensive income and expenditure statement when any relevant conditions have been satisfied. Where the grant has yet to be used to finance capital expenditure, it is transferred to the capital grants unapplied reserve; where grant conditions have not been satisfied then the monies received are carried in the balance sheet as receipts in advance.

17. Termination benefits

Termination benefits are recognised in the surplus or deficit on the provision of services at the earlier of when the council can no longer withdraw an offer of benefits, or when the council recognises the costs of restructuring. Termination benefits are payable as a result of either:

- An employer's decision to terminate an employee's employment; or
- An employee's decision to accept voluntary redundancy

19. Property, plant and equipment

Physical assets that support the delivery of our services and have a life of more than one financial year are classified as Property, Plant and Equipment (PPE).

Expenditure on PPE is capitalised on an accrual basis in the accounts, unless it is maintenance only in which case it is charged to the Comprehensive Income and Expenditure Statement when it is incurred. Purchased assets are initially measured at cost. Non-purchased assets are measured at fair value, or at the carrying amount where there is no commercial substance (e.g. via exchange). The detailed bases for measuring assets are given below:

- Community assets and assets under construction – historical cost

Appendix 1 – Accounting Policies

- Land and buildings – current value based on existing use for operational assets where there is an active market or depreciated replacement cost for assets of a more specialist nature
- Vehicles, plant and equipment – current value based on existing use for operational assets where there is an active market or depreciated replacement cost for assets of a more specialist nature
- Infrastructure assets - depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April [1994 England], which was deemed at that time to be historical cost

Capital expenditure that does not result in the creation of a long-term asset (Revenue Expenditure Funded from Capital under Statute, known as REFCUS) is charged as expenditure to the relevant service in the comprehensive income and expenditure statement. Where the cost of this expenditure is met from existing capital resources or by borrowing, a transfer in the movement in reserves statement from the general fund balance to the capital adjustment account so that there is no impact on the level of council tax.

Depreciation is provided for on PPE assets over their useful lives, with major components depreciated separately. Assets without a determinable finite useful life (e.g. freehold land and certain Community Assets) or that are not yet available for use (e.g. assets under construction) are not depreciated. The calculation is on a straight-line basis over the remaining useful life of the assets as estimated by the valuer (for buildings this is between 22 and 56 years). For those assets classed as vehicles, plant, furniture and equipment, useful economic lives are estimated to be 5 years, unless the individual asset life is known (e.g. the waste asset is 30 years). New assets are not subject to a depreciation charge in the year of acquisition.

Revaluations

Assets are revalued every five years on a rolling basis in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards 2021 and UK National Supplement. Annual indexation is applied to assets during the four intervening years. Where indices cannot be obtained, assets are revalued once every five years with a desktop revaluation in year three.

Where increases in value are identified, the carrying amount of the asset is increased with a corresponding entry for the gain in the revaluation reserve, unless it is reversing a previous revaluation decrease where it is charged to the surplus or deficit on provision of services.

Where decreases in value are identified, they are accounted for by:

- the carrying amount of the asset writing down the balance of revaluation gains for the asset in the revaluation reserve; or
- the carrying amount of the asset is written down against the relevant service line(s) in the comprehensive income and expenditure statement where there is no, or insufficient, balance in the revaluation reserve

Upon revaluation (upwards or downwards) previously accumulated depreciation is eliminated and the asset shown at the newly revalued figure.

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Appendix 1 – Accounting Policies

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the comprehensive income and expenditure statement

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the comprehensive income and expenditure statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised

Infrastructure assets

In accordance with the temporary relief offered by the update to the CIPFA code on infrastructure assets, the PPE note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network. The useful lives of the individual elements of the highways network are included in the table below.

Element of infrastructure assets	Useful life
Carriageways	20 years
Footways and cycleways	20 years
Street Furniture	30 years (Bus shelters 25 years)
Street Lighting	40 years
Structures	80 years
Traffic Management	15 years
Flood alleviation scheme	50 years

19.5 School assets

Where a school is under the council's control (i.e. under the responsibility of the council's Section 151 Officer) its income, expenditure, current assets, liabilities and reserves are consolidated into the council's accounts and included within the figures disclosed in the statement of accounts. Any reserves attributable to the school are earmarked and disclosed separately. If a school transfers to academy status it is no longer under the control of the council and

Appendix 1 – Accounting Policies

therefore its income, expenditure, assets, liabilities and reserves are no longer consolidated into the council's accounts.

In respect of any property, plant and equipment associated with schools, the council has determined that community schools, voluntary aided and voluntary controlled schools are included in the balance sheet. Voluntary aided schools' long term assets are owned by the school trustees however under these assets have been recognised due to the probability that the future economic benefits associated with the asset will flow to the council and the cost of the asset can be measured reliably in accordance with IAS16. The fair value of schools is included using a depreciated replacement cost valuation method which comprises the market value of the land in its existing use plus the current replacement cost of the buildings less an allowance for physical deterioration.

20. Investment property

Investment property value is measured at fair value in compliance with IFRS 13. A definition of fair value is the price that would be received to sell an asset, or paid to transfer a liability, between market participants in an orderly transaction at the measurement date under current market conditions. Gains and losses on fair value adjustments are included in the financing and investment income and expenditure line in the comprehensive income and expenditure statement. Gains or losses on disposal of an investment property are treated in the same way. Gains or losses recognised in the comprehensive income and expenditure statement are not proper charges to the general fund and are reversed out through the movement in reserves statement. For all investment properties where a fair value review is conducted, fair values are based on multiplying an estimated net income by an appropriate investment yield or having regard to the capital value of similar assets. The net income figure is based on market rent.

21. Capital expenditure and capital financing

Minimum Revenue Provision (MRP)

Minimum Revenue Provision (MRP) is a charge to the general fund with a matching entry in the capital adjustment account. It represents an annual contribution from revenue towards the provision for the reduction in our overall borrowing requirement. MRP is charged over a period that is broadly commensurate with the period over which the council receives benefit from the asset.

The minimum revenue provision (MRP) is calculated as follows:-

- MRP on supported borrowing is written down on an annuity basis with an annuity rate of 4%
- MRP on unsupported borrowing is written down on an annuity basis with an annuity rate of 4%
- MRP on assets acquired through Right of Use asset leases and Private Finance Initiative (PFI) will be equal to the cash payments that reduce the outstanding liability each year

26. Private finance initiatives (PFI)

Private Finance Initiative (PFI) contracts are agreements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the council is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment will pass to the council at the end of the contracts for no additional charge, the council carries the property, plant and equipment used under the contracts on its balance sheet. The original recognition of these property, plant and equipment at their fair value is balanced by the recognition of a liability for amounts due to the PFI provider. Property, plant and equipment recognised on the balance sheet are revalued and depreciated in the same way as property, plant and equipment owned by the council.

Appendix 1 – Accounting Policies

The amounts payable to the PFI contractors each year are analysed into four elements:

- Fair value of the services received during the year – debited to the relevant service in the comprehensive income and expenditure statement
- Finance cost – a percentage interest charge on the outstanding balance sheet liability, debited to interest payable and similar charges in the comprehensive income and expenditure statement under financing, investment income and expenditure
- Payment towards liability – applied to write down the balance sheet liability, current and long term, towards the PFI operator
- Lifecycle replacement costs – the annual payment implicit in the contract is funded and treated as a prepayment on the balance sheet and recognised as property, plant and equipment when the contractor incurs the expenditure

Under IFRS 16, the opening finance lease liability is remeasured at the net present value of the future rental payments where an inflationary increase has been applied to the unitary payments.

27. Leases

27.1 The council as a lessee

At the inception of a contract, the arrangement is assessed as to whether it contains a lease. It contains a lease if it conveys the right to control the use of an identified asset for a period of time. If the contract is assessed to contain a lease, then the right of use asset is capitalised on the balance sheet, with a corresponding lease liability. The payment of the lease is split between an interest expense in the comprehensive income and expenditure statement and a write down of the lease liability in the balance sheet.

27.2 The council as a lessor

Leases are classified as either finance leases or operating leases based on the extent to which risks and rewards of ownership of the asset lie with the lessor or the lessee.

Operating leases

For operating leases, the asset is capitalised on the balance sheet and measured according to the accounting policy for its category of property, plant and equipment. Lease income is recognised in the comprehensive income and expenditure statement on a straight-line basis over the lease term.

T1. Pension schemes

Pension schemes are classed as either defined contribution or defined benefit plans. The above schemes provide defined benefits to members, built up during the time that employees work for the council. The arrangements for the Teachers' and NHS schemes mean that the liabilities for these benefits cannot be identified to the council. These schemes are therefore accounted for as if they were a defined contributions scheme – no liability for future payments of benefits is recognised in the balance sheet and the revenue account is charged with the employer's contributions payable to the schemes in the year.

The Local Government Pension Scheme is accounted for as a defined benefit scheme. The liabilities are included in the balance sheet on an actuarial basis using the projected unit method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by

Appendix 1 – Accounting Policies

employees. Liabilities are discounted to their value at current prices using a discount rate (based on market yields and other factors). Assets are included in the balance sheet at their fair value determined through market or bid prices or using professional valuations. The change in the net pension's asset/liability is analysed into six components:

- Current service cost: The increase in liabilities as a result of service earned in the year is allocated to the revenue account of the services for which the employee worked, within the comprehensive income and expenditure statement
- Past service cost: The increase in liabilities arising from a scheme amendment or curtailment whose effect relates to service earned in earlier years is debited to the net cost of services in the comprehensive income and expenditure statement
- Net Interest on the defined benefit asset/liability: The change during the period that arises from the passage of time is charged to the financing and investment income and expenditure line of the comprehensive income and expenditure statement
- Return on plan assets: Charged to the pensions reserve as other comprehensive income and expenditure but excludes amounts included in net interest on defined benefit asset/liability
- Remeasurement of the net defined benefit asset/liability: Changes in the net pensions asset/liability that arise because events have not coincided with assumptions previously made by the actuaries is included in other comprehensive income and expenditure
- Contributions paid to the pension fund: Cash paid as employer's contributions to the pension fund

T1.1. Pension schemes accounted for as defined contribution schemes

Teachers employed by the council are members of the Teachers' Pension Scheme, which is a defined benefit scheme administered by the Teachers Pensions Agency. Although the scheme is unfunded, a notional fund is used as a basis for calculating the employers' contribution rate. It is not possible for the council to identify its share of the underlying liabilities in the scheme attributable to its own employees, and therefore for the purposes of the statement of accounts it is accounted for on the same basis as a defined contribution scheme, that is, actual costs are included in the revenue accounts, with no assets and liabilities in the balance sheet.

T2. Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability (or equity instrument, such as share capital) of another entity. They are valued in line with the requirements of IFRS 13 (fair value), the recognition and measurement of financial instruments is reported in accordance with IFRS 9.

T2.2. Financial assets

The council's business model is to hold investments to collect contractual cash flows i.e. payments of interest and principal. All of the council's financial assets are therefore classified as amortised cost. Financial assets measured at amortised cost are recognised on the balance sheet when the council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the council, this means that the amount presented in the balance sheet is the outstanding principal receivable (plus accrued interest) and interest credited is the amount receivable for the year in the loan agreement.

The council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the council. Impairment losses are calculated to reflect the expectation that the future cash flows might

Appendix 1 – Accounting Policies

not take place because the borrower could default on their obligations.

T2.3. Financial liabilities

A financial liability is an obligation to deliver cash (or another financial asset) to another entity. Financial liabilities are recognised on the balance sheet when the council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges for interest payable are based on the carrying amount of the liability multiplied by the effective interest rate for the instrument and are charged to the financing and investment income and expenditure line in the comprehensive income and expenditure statement. The effective interest rate is the rate that discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the council has, the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest) and interest charged is the amount payable for the year in the loan agreement.

T2.4. Fair value of assets and liabilities

Financial liabilities and financial assets are carried in the balance sheet at amortised cost, but fair value disclosures are required by the Code. Fair value is the price that would be received/paid in an orderly transaction between market participants at the measurement date. The fair value has been assessed by calculating the present value of the anticipated cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- The fair value of long term debtor loans have been calculated based on discounted contractual cash flows at the market rate for a similar instrument of the same remaining term with a counterparty of similar credit standing
- For PWLB and other loans, PWLB premature repayment rates and prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures
- The fair value of liabilities under PFI schemes have been calculated based on discounted contractual cash flows of the same remaining term

The fair value is lower than the carrying amount using premature repayment rates and new loan rates because the council's portfolio of longer-term loans are all fixed rate and the interest rates payable on these loans are generally higher than the rates prevailing at the balance sheet date. Therefore the fair value includes a discount that the council would receive if the lender agreed to early repayment of the loans.

There are three tier levels in measuring fair value, these are: -

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset or liability.

Fair values are shown in the table below and have been provided by the council's treasury management advisors, using the income approach (converting future cash flows to a single current discounted amount)

Group Accounting Policies

G4. Group accounting policies

In preparing group accounts, the council is required to align the accounting policies of the subsidiary with those of the council and make consolidation adjustments if necessary. The accounting policies adopted by Hoople Ltd are considered to be consistent with the accounting policies adopted by the council, with the exception of those listed below:

Taxation

Corporation tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income, profit and loss, except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax for the prior period. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Appendix 2 – Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	Assets are subject to professional revaluation on a rolling programme with indexation applied in intervening years. Methods used by the qualified professional expert valuers are recognised by the Royal Institute of Chartered Surveyors (RICS) and are listed in the suite of documents issued each year by the valuers.	Control activities are:- Check opening asset values to closing asset values on FAR. Check with property for any changes. Detailed work instruction to the valuers. Check of valuation report – source data relied upon, calculation, explanations for any significant changes in valuation.	External valuers used are Wilks Head & Eve LLP (for assets generally) and Hilco (for Energy from Waste asset).	The uncertainty over asset values is increased due to economic uncertainty, rising inflation, and the impact this has on the interest rates. Assumptions used by the qualified professional expert valuers are recognised by the Royal Institute of Chartered Surveyors (RICS) and are listed in the suite of documents issued each year by the valuers. The disclosure in the estimation uncertainty note (note 4) considers a variation of 5% in the net book value of PPE. This gives an indication of the sensitivity of the revaluations on the balance sheet.	Changes in line with Code for 25/26 relating to asset valuations once every 5 years with indexation applied in intervening years.
Investment property valuations	Investment Property Assets are subject to professional revaluation annually. Methods used by the qualified professional expert valuers are recognised by the Royal Institute of Chartered Surveyors (RICS) and are listed in the suite of documents issued each year by the valuers.	Control activities are:- Check opening asset values to closing asset values on FAR. Check with property for any changes. Detailed work instruction to the valuers. Check of valuation report – source data relied upon, calculation, explanations	External valuers used are Wilks Head & Eve LLP (for assets generally).	There is uncertainty over investment property values due to the impact the economic downturn has on rental income. Assumptions used by the qualified professional expert valuers are recognised by the Royal Institute of Chartered Surveyors (RICS) and are listed in the suite of documents issued each year by the valuers.	No change

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
		for any significant changes in valuation.			
Depreciation	Those assets subject to external valuation are assigned a useful economic life (UEL) by the external valuers. Those assets not subject to external valuation are assigned a UEL by an officer from the council with relevant subject knowledge within expected ranges.	Control activities are:- Check of FAR net book values to prior year. Reasonableness check on UELs. Check of calculation cells Reasonableness check on overall depreciation charge. Check of assumptions used by external valuer. Engagement with colleagues in Service to confirm UELs.	External valuers used are Wilks Head & Eve LLP (for assets generally).	The uncertainty over UELs is increased due to economic uncertainty and the impact this has on the repairs and maintenance programmes. Assumptions are:- <ul style="list-style-type: none"> • There are no residual economic values to assets • There is no depreciation chargeable in the first year of the asset Assumptions used by the qualified professional expert valuers are recognised by the Royal Institute of Chartered Surveyors (RICS) and are listed in the suite of documents issued each year by the valuers. The estimation uncertainty disclosure in the financial statements (see note 4) ascertains the estimated increase in the depreciation charge that would occur if the UELs were reduced by 1 year. This gives an indication of how	No change

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
				sensitive the depreciation charge is to changes in UELs.	
Valuation of defined benefit net pension fund liabilities	Methods and assumptions used are industry standard and are listed in a report issued by the actuary	Control activities are:- Check of source data to ledger. Check of source data used by the actuary to source data sent. Overview of assumptions used by the actuary. Challenge of any movements in IAS 19 figures since the prior year.	Hymans Robertson are the actuaries used to estimate the net pension liability.	There is uncertainty over this estimate due to the reliance on many complex and interacting assumptions. These risks are addressed through the use of a qualified professional actuary, who uses methodologies and assumptions as recognised by The Institute and Faculty of Actuaries (IFA). The actuary supplies calculations of how changes in certain assumptions impact the net pension liability on the balance sheet. These are disclosed in the estimation uncertainty disclosure (note 4).	No change
Provisions	Each provision is individually considered and calculated.	Control activities are:- Review of provisions balance to prior year. Review of insurance/legal/property registers for potential areas of provision. Review of provision calculation working papers	No	Provisions (excluding impairment allowances) are not a material balance on the balance sheet, and are therefore unlikely to result in a material misstatement due to estimation uncertainty.	No change

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
		for evidence and reasonableness.			
Loans	Methods used by MUFG Corporate Markets are included in their portfolio valuation	Control activities are:- Check of ledger balances to loan agreements. Check of ledger balances to portfolio valuation. Reasonableness check on assumptions used. Comparison of balances and fair values to the prior year.	Treasury Management advisors (MUFG Corporate Markets) provide a portfolio valuation of financial assets and liabilities at the year-end.	The council has loans from the bank and public works loan board (PWLB). These are valued on the balance sheet at amortised cost. The loans are also included in fair value disclosures, the fair value is provided by Treasury Management advisors based on accepted methodologies and assumptions. Fair value disclosures compare the balance sheet carrying value to fair values based on the premature repayment rate and also based on the new loan rate.	No change
Accruals	Each manually journalled debtor or creditor is individually considered and calculated.	Control activities are:- Review of ledger for accruals needed. Comparison to prior year for accruals needed. Calculation of accrual and completion of QA checklist for each accrual.	No	As the council operates a no PO/no pay policy, most expenditure accruals are system driven by the PO accrual process. Manually journalled debtors and creditors are not material balances on the balance sheet and are therefore unlikely to result in a material	No change

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
		<p>Review and challenge for significant accruals.</p> <p>Review of outturn to forecast for missing/over accruals.</p>		misstatement due to estimation uncertainty.	
Credit loss and impairment allowances	Debtors in each category are individually assessed and an impairment allowance is determined based on debtors age and knowledge of individual debtors.	<p>Control activities are:-</p> <p>Review of aged debt reports.</p> <p>Comparison to prior year allowance.</p> <p>Review and challenge by The Financial Accounting Manager.</p>	No	There are 8 categories of impairment allowances, none of which are individually material. Categories are housing benefits, council tax, business rates, court costs, housing, fairer charging, business support grants and a general impairment allowance. Debtors in each category are individually assessed and an impairment allowance is determined based on debtors age and knowledge of individual debtors. A general impairment allowance is assessed to be 50% of debtors over 90 days.	No change
PFI liabilities	The liabilities are taken from the financial models set up at the start of the PFI schemes amended for IFRS 16 where indexation has occurred.	<p>Control activities are:-</p> <p>Check of balances from ledger to financial model.</p> <p>Review of balances compared to prior year.</p>	Yes	The liabilities on the balance sheet relating to the three PFI schemes are based on financial models which are subject to estimates and assumptions.	No change



Title of report: External auditor's draft annual plan 2025/26

Meeting: Audit and Governance Committee

Meeting date: Tuesday 24 March 2026

Report by: Head of Strategic Finance (Deputy S151)

Classification

Open

Decision type

This is not an executive decision

Wards affected

All Wards

Purpose

To review and agree the external auditor's draft annual plan for 2025/26.

Recommendation(s)

That:

- a) **The proposed external audit annual plan for 2025/26 in Appendix A is approved subject to any recommendations that the committee may wish to make; and**
- b) **The committee determine any recommendations it wishes to make to maximise the value of the external audit processes.**

Alternative options

1. There are no alternative options to approving an external audit plan. The audit plan must meet statutory requirements, however it is open to the committee to identify any additional areas of risk they wish the external auditors to consider and to recommend any additional actions to maximise the value of the external audit process.

Key considerations

2. The constitution provides that the Audit and Governance Committee will:

- a) Review and agree the external auditor's annual plan and receive regular update reports on progress; and
 - b) Comment on the scope and depth of external audit work and to ensure it gives value for money; and
 - c) Ensure that there are effective relationships between external and internal audit and that the value of the combined internal and external audit is maximised.
3. Attached in Appendix A is the external audit annual plan for the audit of the 2025/26 Statement of Accounts which is due to commence in June 2026.
 4. The appendix shares the audit approach, the focus of external audit work and the preparation work requirements. The audit risks have been identified as:
 - a) Management override of controls – Appendix A page 6
 - b) Valuation of land and buildings – Appendix A page 7
 - c) Valuation of investment properties – Appendix A page 8
 - d) Valuation of pension fund net asset/liability – Appendix A page 8
 5. Planning materiality has been determined at £13.150 million for the council, being 2.5% of 2024/25 gross operating costs from the Statement of Accounts. Errors and omissions above the materiality level will be reported in the Audit Findings Report. Clearly trivial has been set at £0.650 million, which is 5% of materiality, below which uncorrected omissions of misstatements are not reported by external audit.
 6. The revised approach to value for money external audit work has been in place since 2021/22. The National Audit Office (NAO) requires auditors to structure their commentary on value for money arrangements under the following three specified reporting criteria:
 - a) Financial sustainability – risks that the council cannot effectively plan and manage its resources to meet financial pressures; and
 - b) Governance – a risk that the council has not made informed decisions and is not effectively managing its risks; and
 - c) Improving economy, efficiency and effectiveness – there is a risk that the council is not using its cost and performance data to improve the way it manages and delivers services.
 7. The work that the external auditor will complete on the value for money arrangements is detailed on pages 14-18 of Appendix A.
 8. The committee is asked to consider whether there are any comments it would like to make with reference to the external audit plan. Progress against the plan will be reported at future committee meetings.

Community impact

9. One of the principles in the council's Code of Corporate Governance is to implement good practices in transparency, reporting and audit to deliver effective accountability. To support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the

council plans and carries out its activities in a transparent manner. External audit contributes to effective accountability.

Environmental impact

10. 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.
11. 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.

Equality duty

12. 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.
13. 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

14. The external audit plan in Appendix A highlights the proposed cost of the 2025/26 audit of £398,277 being the scale fee (prior year actual fee £391,322).

Legal implications

15. The Accounts and Audit Regulations 2015 (as amended) require the council to produce and publish an annual Statement of Accounts in accordance with these regulations and "proper practice".
16. Section 21 of the Local Government Act 2003 defines "proper practice" for this purpose to be the Chartered Institute of Public Finance and Accountability (CIPFA) Code of Practice on Local Authority Accounting (the Code) for the relevant year. The Code specified the principles, practices, format and content required in the preparation of the Statement of Accounts.

Risk management

17. The committee are invited to consider whether there are any additional risk areas that should inform the external audit plan.

Consultees

18. None.

Appendices

Appendix A – External audit plan 2025/26.

Background papers

None.

The Audit Plan for Herefordshire Council

Year ending 31 March 2026

16 March 2026



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The Backstop

The Future of the Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027; and
- for years ended 31 March 2028 by 30 November 2028.

The Regulations are supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced to clear the backlog of historic financial statements and support the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Local Audit Recovery

In the audit report for the year ended 31 March 2025, we issued an unqualified audit opinion on the financial statements. Herefordshire Council was signed well in advance of the backstop date on 29 September 2025.

We do not envisage that there will be any issues in terms of meeting the backstop dates in future years. We will be aiming to achieve audit sign off for 2025-26 by the end of September 2026.

Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Herefordshire Council ('the Council') and Group for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Herefordshire Council. We draw your attention to these documents.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's and Group's financial statements that have been prepared by management with the oversight of those charged

with governance (the Audit and Governance committee); and we consider whether there are sufficient arrangements in place at the Council and Group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council and Group and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of land and buildings
- Valuation of investment properties
- Valuation of the pension fund net asset/ liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £13.150m (PY £10.500m) for the Council, which equates to 2.5% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors. Due to the value of unadjusted errors reported we have deemed it prudent to reduce performance materiality from 75% to 70% of headline materiality.

Clearly trivial has been set at £0.650m (PY £0.525m).

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of the Council and Hoople Limited, a subsidiary of the Council.

Group planning materiality has been set at £13.330m.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following risks of significant weaknesses in relation to financial sustainability:

- Risk of significant weakness in relation to the dedicated schools grant deficit (DSG)
- Risk of significant weakness in relation to the medium-term financial plan budget gaps

Please refer to pages 14-17 for full details.

Audit logistics

Our interim visit will take place in March 2026, and our final visit will take place in June to September 2026. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £398,277 (PY: £416,166) for the Council, subject to the Council delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Major local audit (MLA)

In 2024-25 Herefordshire Council was classed as a major local audit which necessitated additional procedures such as the engagement of an auditor expert for land and building valuations, lower materiality and additional quality reviews of the accounts. Due to the threshold for MLA increasing, the Council is no longer an MLA, and these additional procedures are no longer required.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.

Risk relates to

Council/Group

Audit team's assessment

We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.

Planned audit procedures

We will:

- review accounting estimates, judgements and decisions made by management
- test journal entries
- review unusual significant transactions.



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of Land and Buildings</p> <p>Risk relates to</p> <p>Council</p>	<p>The Council revalues its land and buildings on a rolling five yearly basis in line with the requirements of the CIPFA code. The Council employs Wilks Head and Eve as experts to perform the valuations for most assets. Valuations of the Councils jointly owned Energy for Waste Plant are carried out by a separate valuation expert called Hilco.</p> <p>The valuation of land and buildings represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We have therefore identified it as a significant risk for the audit.</p>	<p>We will:</p> <ul style="list-style-type: none"> • document our understanding management's process and controls for the calculation of the estimate • evaluate the competence, capabilities and objectivity of management's expert • evaluate the consistency of the disclosure with the valuation report • evaluate the basis on which the valuations have been carried out • evaluate the information and assumptions used by the valuer • evaluate the accounting entries for the valuation • evaluate the reasonableness of the assumptions used to form the estimate • the 2025/26 CIPFA Code introduces a new revaluation expedient for Property, Plant and Equipment, requiring assets to be revalued at least every five years, or on a five-year rolling programme, with interim years supported by indexation. We will review management's assumptions in selecting and applying indices to ensure that both the chosen indices and the asset groupings are appropriate.



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of Investment Properties</p> <p>Risk relates to</p> <p>Council</p>	<p>The Council revalues its investment properties every year in line with the requirements of the CIPFA code. The Council employs Wilks Head and Eve as experts to perform the valuations for all investment property assets.</p> <p>The valuation of investment properties represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We have therefore identified it as a significant risk for the audit.</p>	<p>We will:</p> <ul style="list-style-type: none"> • document our understanding management's process and controls for the calculation of the estimate • evaluate the competence, capabilities and objectivity of management's expert • evaluate the consistency of the disclosure with the valuation report • evaluate the basis on which the valuations have been carried out • evaluate the information and assumptions used by the valuer • evaluate the accounting entries for the valuation • evaluate the reasonableness of the assumptions used to form the estimate
<p>Valuation of the pension fund net asset / liability</p> <p>Risk relates to</p> <p>Council</p>	<p>The Council participates in a Local Government pension scheme administered by Worcestershire County Council. The Council is required to recognise its share of the scheme assets and liabilities in its Statement of Financial Position. An actuarial valuation is performed every year by managements expert Hymans Robertson.</p> <p>The valuation of the pension fund net asset/liability represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We have therefore identified it as a significant risk for the audit.</p>	<p>We will:</p> <ul style="list-style-type: none"> • document our understanding management's process and controls • evaluate the competence, capabilities and objectivity of management's expert • evaluate the consistency of the disclosure with the actuarial report • evaluate the reasonableness of the assumptions used to form the estimate • obtain assurances from the pension fund auditor on the underlying data shared by the fund to the actuary which has been used in the calculation of this estimate • where IFRIC 14 is applicable we will review the IFRIC 14 assessment carried out by the actuary and evaluate the reasonableness of the assumptions used as part of the assessment.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions (Rebutted)</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p>	<p>We have identified and completed a risk assessment of all revenue streams for the Council. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the revenue streams both individually and collectively.</p>	<p>We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>
<p>The expenditure cycle includes fraudulent transactions (Rebutted)</p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p>	<p>We have identified and completed a risk assessment of all expenditure streams for the Council. We have considered the risk that expenditure may be misstated due to the improper recognition of revenue for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the expenditure streams both individually and collectively.</p> <p>We have also considered the possibility of inappropriate capitalisation of revenue streams. Given the strong control environment and lack of any issues of this nature identified in previous years, we do not consider that a significant risk is warranted. We will remain alert to any fraud indicators throughout our testing.</p>	<p>We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act)

- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description

Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council and Group, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

An item may be considered to be material by nature when it relates to instances where greater precision is required.

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

Description	Amount (£)	Qualitative factors considered
Materiality for the group financial statements	13.330m	In the planning phase, we established materiality at approximately 2.5% of the gross operating expenditure for the 2024/25 financial year, considering factors such as ownership concentration, debt arrangements, the business environment, and the control environment.
Materiality for the Council financial statements	13.150m	
Materiality for specific transactions, balances or disclosures – Senior Officers Remuneration	0.010m	We will apply a lower materiality threshold of £10,000 on review of the senior officer’s remuneration disclosures to ensure that our audit strategy contemplates the public interest vested in the sensitive and influential information stated as part of this report. It is therefore appropriate for this lower level to be applied to ensure greater precision in this area of the accounts.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Unit 4 (Business World)	General ledger and payroll	<ul style="list-style-type: none">ITGC assessment (design and implementation effectiveness only)

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

Financial sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance

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



Improving economy, efficiency and effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services.



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant weakness in VFM arrangements

Risk assessment of the Council's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
<p>Financial sustainability</p>	<p>R</p> <p>One significant weakness in arrangements for managing the Dedicated Schools Grant within budget was identified and a key recommendation raised. One improvement recommendation raised in respect of non-delivery of Council-wide savings schemes and ensuring lessons are learned.</p>	<p>Risk of significant weakness identified in relation to DSG:</p> <p>We raised a prior year key recommendation around Dedicated Schools Grant (DSG) oversight and continuing to implement the DSG management plan with the Department for Education and the Schools Forum. Since then, the government has announced support for historic deficits to 31 March 2026. All local authorities with a SEND deficit will be eligible in 2026-27 to receive a High Needs Stability Grant covering 90% of their High Needs-related DSG deficit accrued up to the end of 2025-26. Government have also announced that from 2028-29, SEND spending will be covered by the overall government delegated expenditure limit (DEL) budget, meaning local authorities are not expected to fund future SEND costs from general funds, once the Statutory Override ends at the end of 2027-28. As of the Q2 Revenue budget reporting, the council is forecasting an in-year deficit of £17.5M based on September 2025 activity data, which will lead to a cumulative DSG deficit of £37.5 million by 31 March 2026.</p>	<p>We will assess arrangements around the oversight of DSG expenditure, including how the council is planning to respond to the requirements of the new grant and manage the remaining deficit by 31 March 2028, as part of our work in following up prior year recommendations using additional risk-based work.</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant weakness in VFM arrangements

(continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
<p>Financial sustainability</p>	<p>R</p> <p>One significant weakness in arrangements for managing the Dedicated Schools Grant within budget was identified and a key recommendation raised. One improvement recommendation raised in respect of non-delivery of Council-wide savings schemes and ensuring lessons are learned.</p>	<p>Risk of significant weakness identified in relation to Medium-Term Financial Plan budget gaps.</p> <p>The council is forecasting a balanced budget for 26/27. However, for 27/28, 28/29, and for 29/30 the council is forecasting the following budget gaps. For 27/28 £20.8m, 28/29 £31m and for 29/30 it is £31.8m. The total budget gap over the term of the MTFP is £83.4m. This is a significant change in forecast funding gaps from the prior year MTFP, presented to February 2025 Cabinet which modelled the budget through to 2028/29, identifying a £5m funding gap in that year, but with a surplus up to that point. Management advised that this change is due to an unfavourable outcome of the Fair Funding Review. Given the change in anticipated funding over the MTFS period, the Council will need to develop savings plans to bridge the forecast funding gaps. The 26/27 budget includes a savings requirement of £20.0m. This savings target is a significant increase from the 25/26 target of £6.9m. We raised an improvement recommendation in the prior year around delivery of savings which we will follow up to inform our assessment of the Council's arrangements to identify and deliver savings to meet the forecast budget gaps.</p>	<p>We will assess the key drivers of the increase in MTFP forecast budget gaps, including the outcome of the Fair Funding Review, as part of our standard procedures. We will also assess 2025/26 savings delivery as part of our prior year improvement recommendation follow-up and will assess arrangements for identifying and delivering savings to fund the MTFP gaps forecasted.</p>
<p>G</p>	<p>No significant weaknesses or improvement recommendations.</p>		
<p>A</p>	<p>No significant weaknesses, improvement recommendation(s) made.</p>		
<p>R</p>	<p>Significant weaknesses in arrangements identified and key recommendation(s) made.</p>		

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Risks of significant weakness in VFM arrangements

(continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Governance	G No risks of significant weakness reported and no improvement recommendations made	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Improving economy, efficiency and effectiveness	A One significant weakness in arrangements for oversight of an individual capital project was identified and a key recommendation raised. One improvement recommendation.	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2024/25.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the Council's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations



Statutory recommendation

Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

Logistics

The audit timeline

Key Dates

Audit phases:

Planning visit
w/c 23 February
2026

Audit and
Governance
Committee:
24 March 2026

Year end:
31 March 2026

Final visit
w/c 9 June 2026

Completion

Audit and
Governance
Committee and
Sign off:
29 September
2026

Key elements

- Planning meeting with management to set audit scope
- Agree timetable and deliverables with management and Audit and Governance Committee
- Issue the Audit Plan to management and Audit and Governance Committee
- Interim testing on applicable audit areas

Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Audit of the financial statements
- Weekly update meetings with management
- Technical review of financial statements

Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Audit Findings presentation to Audit and Governance Committee
- Auditor's Annual Report presentation to Audit and Governance Committee
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team

Grace Hawkins

Engagement Lead/Key Audit Partner

- Key contact for senior management and Audit and Governance Committee
- Overall quality assurance

Oscar Edwards

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Priya Sharma

In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

Pool of specialists and other technical specialists e.g. IT audit, PFI Experts

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • The Audit Findings • Auditor's Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

Our fee estimate

Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Previous year

In 2024/25 the scale fee set by PSAA was £391,322. The actual fee charged for the audit was £416,166.

	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Authority Audit (Scale fee)	391,322	398,277
Additional fee in relation to investigation work*	23,344	N/A
Introduction of IFRS16	1,500	N/A
Total (Exc. VAT)	416,166	398,277

*The Council and the audit team undertook extensive further investigation work, including the involvement of forensics specialists, as a result of findings in respect of the governance of a capital programme. This was an additional fee in the prior year not expected to be repeated.

Our fee estimate (continued)

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £398,277.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers [and network firms]). In this context, we confirm there are no matters that we are required to report.

As part of our assessment of our independence at planning, we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council/Group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council/Group.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council/Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council/Group .
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council/Group's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services

The following tables below sets out the non-audit services that we have been engaged to provide or charged from the beginning of the financial year to the date of this report, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the group's policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee basis.

For the purposes of our audit, we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Herefordshire Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat.

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of housing benefit subsidy claim 2021-22	28,698	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £133,146 in comparison to the total fee for the audit of £398,277 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of housing benefit subsidy claim 2022-23	28,698	Self-review (because Grant Thornton provides audit services)	
		Management (as Grant Thornton reports to the grant paying body)	
Certification of housing benefit subsidy claim 2023-24	72,750		

These fees relate to prior periods but have continued to be delivered into 2025-26 and therefore, are included above. Note that the certifications for 2021-22 and 2022-23 are still in progress as of March 2026, the fee for 2023-24 has not yet been agreed but shown above is the best estimate. We intend to continue providing the service for 2024-25 and beyond but no fees have been agreed or work completed.

Fees and non-audit services (continued)

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of teachers' pension claim 2021-22	7,500	Self-Interest (because this is a recurring fee) Self-review (because Grant Thornton provides audit services)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £30,000 in comparison to the total fee for the audit of £398,277 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of teachers' pension claim 2022-23	10,000	Management (as Grant Thornton reports to the grant paying body)	
Certification of teachers' pension claim 2023-24	12,500		
Total	159,966		

These fees relate to prior periods but have continued to be delivered into 2025-26 and therefore, are included above. Note that the certifications for 2021-22 and 2022-23 are still in progress as of March 2026, the fee for 2023-24 has not yet been agreed but shown above is the best estimate. We intend to continue providing the service for 2024-25 and beyond but not fees have been agreed or work completed.

This covers all services provided by us and our network to the group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance (Continued)

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Council/Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from [2027/28](#).

Group audit scope and risk assessment

Component	Risk of material misstatement to the group	Planned audit approach and level of response required under ISA (UK) 600 Revised	Response performed by	Risks identified	Auditor
Herefordshire Council	Yes	Audit of the entire financial information of the component	Group auditor	<ul style="list-style-type: none"> • Management override of controls • Valuation of land and buildings • Valuation of investment properties • Valuation of the pension fund net assets/ liabilities 	Grant Thornton UK
Hoople Limited	Yes	Specific audit procedures on material balances to the group	Group auditor	No specific risks identified. Management override of controls will be covered adequately in the Herefordshire Council testing.	Hoople Limited is audited by Williamson & Croft Audit Limited. However, only a limited number of balances are of significance to the group audit, therefore audit procedures over these balances will be performed by the group auditor, Grant Thornton UK, and no reliance will be placed on the work of Williamson & Croft Audit Limited.

Group audit scope and risk assessment (continued)

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Key changes within the group

- We are not aware of any significant changes to the group or to the components.
- Management have shared their group determination accounting paper and confirmed that the group assessment remains consistent with the prior year. That is that Hoople Limited are consolidated as a material subsidiary in which the Council have a controlling interest.

Involvement in the work of component auditors

We will not be using or relying on any work performed by the auditor of Hoople. Grant Thornton will perform audit procedures to gain assurance over the material Hoople balances to the group.

At this stage the only material balance we are aware of is the Hoople employee expenditure.

Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.



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Title of report: Internal audit update report Q4 2025/26

Meeting: Audit and Governance Committee

Meeting date: Tuesday 24 March 2026

Report by: Head of Strategic Finance (Deputy S151 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 4 2025-26

Background papers

None identified.



Title of report: Work programme

Meeting: Audit and Governance Committee

Meeting date: 24 March 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

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

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

Environmental impact

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

Equality duty

7. This report does not impact on this area.

Resource implications

8. There are no financial implications.

Legal implications

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

Risk management

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

Consultees

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

Appendices

Appendix A Work programme for the Audit and Governance Committee

Background papers

None identified.

Audit and Governance Committee Constitution		Report	July 2025	September 2025	October 2025	January 2026	March 2026	June 2026
3.5.10	Internal Audit	Internal Audit						
a	To consider the Head of Internal Audit's annual report and opinion, and a summary of internal Audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.	Planning Paper Audit Charter Rolling Plan (also inclu. in Progress Report)		Internal Audit Plan 25/26				Planning Paper Audit Charter
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	Progress report	Annual opinion to inc Q1 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	
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	Waste Contract							
a	To review, in conjunction with external advisers advising the council as lender, the risks being borne as a result of the funding provided by the council to Mercia Waste Management Ltd and consider whether the risks being borne by the council, as lender, are reasonable and appropriate having regard to the risks typically assumed by long term senior funders to waste projects in the United Kingdom and best banking practice.	Energy from Waste Loan Update			Energy from Waste Loan Update			
b	To monitor the administration of the loan to the waste project in line with best banking practice having regard to any such external advice, including the terms of any waivers or amendments which may be required or are desirable.	Energy from Waste Loan Update			Energy from Waste Loan Update			
c	Consider what steps should be taken to protect the interests of the council as lender in the event of a default or breach of covenant by Mercia Waste Management Ltd, and make recommendations as appropriate to Council, the council's statutory officers or cabinet as appropriate to ensure the appropriate enforcement of security and litigation in relation to the loan to Mercia Waste Management Ltd	Energy from Waste Loan Update			Energy from Waste Loan Update			
d	Consider and recommend appropriate courses of action to protect the position of the council as lender to the waste project: (i) make recommendation as appropriate to Council with regards to its budget and policy framework and the loan to the waste project (ii) generally to take such other steps in relation to the loan within the scope of these terms of reference as the committee considers to be appropriate.	Energy from Waste Loan Update			Energy from Waste Loan Update			
3.5.14	Code of Conduct: To promote and maintain high standards of conduct by members and co-opted members of the Council							
a	To support Town and Parish Councils within the county to promote and maintain high standards of conduct by members and co-opted members of the Council.	Annual Code of Conduct Report	Code of Conduct for Councillors - 6 monthly update			Code of Conduct for Councillors - 6 monthly update		
b	To recommend to Council the adoption of a code dealing with the conduct that is expected of members and co-opted members of the Council.							
c	To keep the code of conduct under review and recommend changes/replacement to Council as appropriate.							
d	To publicise the adoption, revision or replacement of the Council's Code of Conduct.							
e	To oversee the process for the recruitment of the Independent Persons and make recommendations to Council for their appointment.	Recruitment done on an as required basis						
f	To annually review overall figures and trends from code of conduct complaints which will include number of upheld complaints by reference to individual councillors within unitary, town and parish councils and when a code of conduct complaint has been upheld by the Monitoring Officer or by the Standards Panel, after the option of any appeal has been concluded, promptly to publish the name of the councillor, the council, the nature of the breach and any recommendation or sanction applied.	Annual Code of Conduct Report						
g	To grant dispensations under Section 33 (2)(b)(d) and (c) Localism Act 2011 or any subsequent amendment.	On an ad hoc basis only						
h	To hear appeals in relation to dispensations granted under section 33 (2)(a) and (c) Localism Act 2011 by the monitoring officer.	On an ad hoc basis only						
3.5.15	Accounts							
	To review and approve the Statement of Accounts, external auditor's opinion and reports on them and monitor management action in response to the issues raised by external audit.	Statement of Accounts External Auditor Report		Final Statement of Accounts			Statutory accounts 2025/26 progress, accounting policies and estimates	