



# Welwyn Hatfield Borough Council

## Value for Money Interim Report

Year ended 31 March 2023

July 2024



Welwyn Hatfield Borough Council

The Campus  
Welwyn Garden City  
Hertfordshire  
AL8 6AE

01 May 2024

Dear Audit Committee Members

2022/23 Value for Money Report

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

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

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

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 5 September 2024.

Yours sincerely

Andrew Brittain

Partner

For and on behalf of Ernst & Young LLP

# Contents

## 01 Executive Summary



## 02 Value for Money Commentary



## 03 Appendices



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



BOARDROOM



# 01 Executive Summary



# Executive Summary

## Purpose

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


The purpose of this commentary is to explain the work we have undertaken to assess the Council's arrangements during the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2022/23.

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

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

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

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



# Executive Summary (continued)

## Risks of Significant Weakness

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

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

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

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

# Executive Summary (continued)

## Reporting

Our commentary for 2022/23 is set out over pages 9 to 22. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2022/23. We include within the VFM commentary below the associated recommendation(s) we have agreed with the Council.

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

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

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



# Executive Summary (continued)

## Independence

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

There are no relationships from 1<sup>st</sup> April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## EY Transparency Report 2023

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

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

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





## 02 Value for Money Commentary

# Value for Money Commentary

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

No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements, and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with management. In accordance with the NAO's Code the focus of our work is on the arrangements that the Council was expected to have in place during the year ended 31 March 2023. During our risk assessment procedures, we did not identify any risk of significant weakness in arrangements for the Council towards its financial sustainability.

## Budget Outturn Report

The Council was able to make use of grants provided by the government and earmarked reserves set aside in 2021/22, to offset the costs caused by economic uncertainty. The Council sets budget to respond financial challenges and government funding reduction. It focuses on driving out inefficiency and embracing new processes at the same time, managing to be implementing savings while contributing to strategic reserves.

Per the Capital Budget Outturn report, the current approved capital budget is £176.485m (which includes the approved re-phasing of budgets from 2021/22) and the outturn position (including proposed re-phasing of budgets into 2023/24) is £49.333m; and

Per the Revenue Outturn report - There was an adverse variance on the General Fund net cost of services of £1.82m. After additional earmarked reserve drawdowns of £1.152m and other variances of £0.104m, this leaves a net favourable change in the General Fund Reserve of £0.178m. The closing balance on the Housing Revenue Account is £2.764m, which is an adverse movement of £0.043m from the Current Budget and Outstanding debts at 31 March 2023 total £3.401m, with rolling debtor days at 42.72.

The cabinet meeting minutes reflect the fact that these outturn reports and data are closely monitored by the cabinet members and also by the audit committee members. There are sufficient arrangements in place for the Cabinet to scrutinise the financial performance of the Council.

## Medium Term Financial Strategy (MTFS)

The Council's forecasts within the MTFS at 31/3/23 showed a cumulative budget gap of £2.125m over the term of the forecasting period from 2023/24 to 2025/26 along with planned use of reserves to support the collection fund deficits. The Council subsequently updated the MTFS (approved February 2024) wherein the budget gap was updated to £2.040m for 2025/26, and a cumulative gap of £5.704m for the three year term of the MTFS. If the Council were not to put robust plans in place to address this gap, reserves would fall below the recommended minimum balance. Council have embarked on a range of projects and programmes which will support them to deliver their aims and also support the delivery of a balanced budget. Principally these focus on the General Fund, although their Modernisation Programme will deliver efficiencies for both reserves and revenue contributions. In addition to these, there are a number strategies and policies which are reviewed on an annual basis which can be used to help drive efficiencies.

Identified within the Medium Term Financial Strategy (MTFS), there are some significant uncertainties and risks which the Council is aware of and continues working towards a plan to mitigate them and deliver robust performance. Some of the key uncertainties are:-

- a.) Grant funding for LG continues to be extremely uncertain and there is only a single year of certainty in the level of funding that will be provided;
- b.) Revenue Support Grant (RSG), previously provided by the Government was removed. This means the Council have become increasingly reliant on the more volatile income sources such as business rates;
- c.) No long term certainty has been provided over whether the previously proposed grant reductions will be taken into account which eventually impacts future income for Council;
- d.) Economic turmoil continues particularly UK and EU transition arrangements. Additionally, the high inflation has impacted Council contracts.
- e.) Numerous legislative changes that impact Council arrangements and delivery of services.

This has been discussed in regular meetings with officers to understand what they are doing to mitigate this risk. The deep dive analysis of potential savings and income are constantly monitored.

# Value for Money Commentary

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

No significant weakness identified

We are satisfied that the current economic conditions are considered in updating the MTFS. We note that despite the pessimistic assumptions in the MTFS, the cash flow forecast of the Council until 2025 remains positive giving assurance that the Council is financially resilient. Our assessment of the reserves position as of year-end also highlights that the Council has sufficient reserves to cover future gaps until 25/26.

## Capital Forecasts and Strategy Plan

Council's Capital Forecasts and Strategy provides a high-level overview of how capital expenditure, financing and treasury activities contribute to the overall financial position, and how they contribute to the delivery of the services. They have a clear management processes and indicators set-up to inform robust decisions, and to understand the implications of any decisions over the longer-term financial sustainability. The budgets are set and approved in line with the Financial Planning Framework, and expenditure is capitalised in line with international accounting standards, the CIPFA code of conduct and their own accounting policies (which are published in the annual Statement of Accounts).

The majority of spend in the Council's General Fund is in relation to regeneration and operation property projects, and for the delivery of new affordable housing in the HRA. In order to ensure longer-term financial sustainability, and the affordability of their capital plans the Council maintain numerous strategies and make use of indicators. These also help inform their decisions and monitor risk.

Investment and Commercial Strategy – This includes a suite of indicators to monitor against, ensures professional advice is taken where appropriate and that officers maintain their professional integrity.

Treasury Management Strategy – This strategy ensures they maintain sufficient, but not excessive, funds to meet their spending needs. It provides the framework for managing the risks involved with investing their surplus cash, and borrowing for investment in services or for cashflow purposes. The main priorities for the investment of cash balances are to ensure the security of the cash, and to maintain the appropriate level of liquidity to meet the Council's needs. They give these objectives priority over the return on investment (interest income). They formally report on their treasury management activities regularly (strategy setting, mid-year, and at year-end) and monitor against a set of indicators. This strategy also sets out how they apportion interest costs and income between their revenue accounts, the limits with financial institutions and details their use of specialist advisors.

As of the date of this interim report there are no changes in the MTFS of the Council.

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

Recommendation: We recommend that the Council to continue performing a regular review of the assumptions used in setting the medium term financial strategy.

# Value for Money Commentary (continued)

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

No significant weakness identified

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

Welwyn Hatfield Council has an established risk management process including a Risk Management Strategy that is reviewed bi-annually by the Audit Committee. The Annual Governance Statement sets out significant risk issues and mitigating actions which are identified and monitored by the Audit Committee. The Strategic Risk Register is reviewed quarterly or more frequently as required, by the Corporate Leadership Team.

The Internal Audit plan is developed with input from Senior Leadership team (SLT), Members and Directors, arising risks noted by the Internal Audit team during the year and key information from their reports. Audit work considers the risk of fraud during each review and quarterly reports on findings, recommendation status and progress towards the audit plan are reported to Audit Committee. Internal audit and risk management processes provide further monitoring and assurance, as do the Council's procedures for investigating and reporting on any alleged breaches.

The Council's Code of Conduct is a comprehensive document, providing advice on the disclosure of gifts and hospitality as well as other interests. This extends to dealing with allegations of breach of the Code and ensures that Members of the Council have access to training and advice on the Code of Conduct Essentially, the Committee promotes the code of conduct for Members and monitors adherence to it.

The Council's Annual Governance Statement (AGS) is a statutory requirement, and the Council has prepared this statement in line with this requirement. The Regulations require that the AGS be published for public inspection alongside the draft financial statements (see comment below). The SLT meet regularly to discuss matters as set out in the AGS. The SLT reviews monthly the financial and performance information of the Council. Included periodically is benchmarking reports completed internally and externally which are used as a line of enquiry to identify where improvements can be made to operational performance or financial performance.

The Council continues to review how it can improve the budget setting process. The key being it should not be an annual process, but a living document that is developed over the medium term and the work embedded through business as usual. All planning assumptions are considered by the Corporate Leadership Team and are informed through modelling, planning assumptions and intel from wider networks which Directors are part of. Regular budget monitoring meetings are held between Finance Business Partners and budget managers. Monthly budget monitoring reports are prepared for Corporate Management Team (CMT) and quarterly budget monitoring reports are prepared for Cabinet. Budget monitoring highlights any issues to enable corrective action to be taken where appropriate.

The Council continuously identifies the risks it faces, including the likelihood of the risks happening and the impact. These risks are reported to the Audit Committee on a quarterly basis. A common theme in the risks identified for 2022/23, relates to increasing costs of providing services and funding reductions. To address this, the Council revisited their funding projections and closely monitored the budget, Covid recovery and inflation. We have assessed the Council's arrangements in terms of financial sustainability and concluded they are sufficient. We are therefore satisfied that the risk assessment procedures in place in the Council are working effectively and risks are being appropriately managed.

The Council published their draft 2022/23 financial statements for audit on the 4 September 2023, and advertised and held an inspection period of 30 working days for members of the public from 5 September 2023 to 17 October 2023. We note from the Accounts and Audit Regulations that the inspection period needs to have included the first 10 working days of June 2023 and, by implication, the draft unaudited financial statements should have been published by 31 May 2023. However, we acknowledge that the statements could not have been made available for public inspection before 5 September 2023 as they hadn't been published until 4 September 2023. We do not think the inspection period needs to be re-run, but would like to bring this matter to the attention of the Governance and Audit and Standards committee.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to make informed decisions and properly manage its risks.

# Value for Money Commentary (continued)

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

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements, and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2023.

In 2022/23, we did not identify a risk of significant weakness in arrangements in place to ensure economy, efficiency and effectiveness.

As part of its arrangements to ensure the efficient delivery of services, the Council has in a place a number of strategic partnerships, the main being with Hatfield Renewal Partnership (HRP), The Community Safety Partnership (CSP), Welwyn Garden City Business Improvement District (BID) partnership, and Hertfordshire Growth Board (HGB). Through Partnership Boards performance is monitored and evaluated to ensure as a 'system' where the Council has direct or indirect control and influence to support the wider outcomes for the Borough.

External bodies inspection reports:-

a.) CQC Commission – No inspection report for 22/23.

b.) Social Housing Regulator - <https://www.gov.uk/government/publications/regulatory-judgement-welwyn-hatfield-borough-council/regulatory-notice-welwyn-hatfield-borough-council-28-july-2021>. The website says; "Withdrawn on 25 January 2023: The issues giving rise to Welwyn Hatfield Borough Council's Regulatory Notice have been resolved."

We have obtained evidence from the Council that confirms the Housing Compliance conclusion.

c.) Ofsted website – No inspection report identified for the Council.

We also inquired of the Council, and it was confirmed that there were not any inspection reports from any other external bodies during 22/23.

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



# 03 Appendices

# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting criteria considerations	Arrangements in place
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>The Council has in place a range of key performance indicators which it uses to monitor performance. The Council maintains a risk register which is reviewed regularly by the Executive and Audit Committee.</p> <p>An annual 3-year Medium Term Financial Strategy (MTFS) is produced by the Executive Director (Finance &amp; Transformation) as Section 151 officer. The preparation of the MTFS is an ongoing process which engages officers, members and the public on a cyclical basis to continuously update the medium-term position of the Council once new information becomes available.</p> <p>The MTFS is a live document which is periodically reviewed by the Section 151 Officer in consultation with the Senior Leadership Team (SLT). When updating the MTFS consideration is informed by the in year budget monitoring position, risk register, potential changes in legislation in order that risks can be identified accurately, consideration to economic conditions to inform inflation, pay rise increases and contract inflation assumptions. Directors sit on a series of external networks and therefore intel from these groups is also considered.</p> <p>Monthly budget monitoring is completed by the Financial Services team with quarterly budget monitoring being reported to Members. Any financial issues are reported throughout the year and form part of the assessment of the medium term financial strategy. Attendance at webinars and subscription emails highlight key changes in legislation and direction, which form part of the assessments undertaken for the MTFS.</p>
How the body plans to bridge its funding gaps and identifies achievable savings	<p>Savings are identified throughout the year as part of the budget monitoring process, with an emphasis on identifying savings during the budget setting process. Funding is addressed through the medium term financial strategy and annual budget setting process. The Council has a programme of modernisation and digitalisation underway which will form a large part of its efficiency generation. The Councils MTFS (section 2.3) sets out the key strategies, including modernisation, which will be adopted. The Council will therefore continue to focus on delivery of existing services through identification of saving, efficiency and transformational opportunities. Saving opportunities are identified and considered as part of a collaborative corporate approach through the Extended Leadership Team.</p>

# Appendix A - Summary of arrangements

## Financial Sustainability (Continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

### Reporting criteria considerations

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

### Arrangements in place

The MTFS is intrinsically linked to the Corporate Plan which has been agreed by Members for the remainder of the Administration. The Corporate Plan is the 'top level' document of the organisation to which all other strategies and policies are informed. The MTFS ensures that financial resources are allocated appropriately to deliver the strategic priorities and objectives of the Council.

Given the scale of challenge for 2022/23 this was challenging given the size of the budget gap, however each saving, efficiency and transformational opportunities were considered against the corporate plan to ensure the Council didn't have to make a policy or priority change.

The Council's approach is to continue to allocate resources to deliver the corporate plan in a strategic and sustainable manner. Given the financial uncertainty, allocating the appropriate resources to service is important and one which Members need to consider against the range of commitments, promises and risks.

Financing is kept in constant review during the year as part of the budget monitoring process. An assessment of risk is undertaken against Reserves and funds are set aside to support modernisation and digital programmes of work, along with key risks.



# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting criteria considerations	Arrangements in place
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	<p>The Executive Director (Finance &amp; Transformation) is responsible for Corporate Strategy and Policy which allows alignment to be made. The Council ensures that the MTFS is considered as the same agenda item as the Capital Investment Strategy and Treasury Management Strategy given how they are all interlinked.</p> <p>All decision reports contain financial implications in order that the impact on the Council's resources can be considered and whether they need to be provided for within the MTFS. This includes the development of strategy and policy.</p> <p>The medium term financial strategy is drafted with reference to other plans to ensure that the comprehensive corporate position is reflected. It considers the priorities of the Council. Since 2018 the budget papers have been taken as a single pack to emphasise the importance of considering funds in totality rather than separately. From 2020 the MTFS and financial governance framework, such as capital strategy and investment strategy, were brought together into one document to again demonstrate the integration of plans.</p>
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>The MTFS contains a dedicated section on risk management along with budget monitoring reports. Similarly, the Audit Committee have received a copy of the Strategic Risk Register during the year. Internal Audit meet Leadership Teams on a regular basis to update the local and Strategic Risk Registers.</p> <p>The Performance Management Framework is in place to monitor the use of the Council's resources and its performance. This will identify where underlying assumptions and parameters may be changing. The Performance Team report monthly to the Corporate Leadership Team which show underlying performance of the Council's services and are aligned to the strategic plan.</p> <p>The Council holds a level of reserves which may be called upon to deal with unforeseen circumstances. The Council ensures it is aware of and applies for available grant funding to assist with unplanned budget pressures. A risk assessment is undertaken as part of the MTFS and budget setting and is included in the budget alongside a statement from the CFO.</p>

# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the year 2022/23.

### Reporting criteria considerations

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

### Arrangements in place

The system of internal control, including fraud, is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable, not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Welwyn Hatfield BC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them economically, efficiently and effectively. Regular monitoring of key performance indicators is undertaken and reviewed by internal audit.

With regards to capital projects, the Council has followed adequate steps to ensure that capital projects are managed and monitored regularly to identify any issues which may arise.

The AGS sets out the framework for these items. There is an operational and strategic Health and Safety Board which monitors H&S throughout the organisation. This group has been tasked with pulling together a key/comprehensive list of KPIs and performance monitoring information which is monitored on a regular basis. Officers from throughout the organisation attend this group, including the H&S officers, service leads, HR lead, insurance lead, public health and protection.

Cabinet Members meet regularly with Chief Executive, Directors and Assistant Directors, to consider the strategic direction, plans and progress of the Council. Corporate targets are individually owned by the Council's services teams and are performance managed by the Executive Member, Director and Head of Service responsible for them. These are monitored and exception reported through quarterly meetings of an internal performance clinic attended by senior Members and officers.

The Council has a Code of Conduct for members and officers (and for the relationship between these two) that are included as part of the constitution on the internet. Management takes appropriate action in response to departures from approved policies and procedures or the code of conduct. There is a fraud strategy and Fraud Risk Register.

There are appropriate policies for such matters as conflicts of interest, and security practices that are adequately communicated throughout the organization. A whistle blowing policy is in place which can be used by employees to raise concerns about the Council, including accounting, auditing, IT or internal control issues.

The Council regularly updates the risk register and appropriate mitigating actions are put in place where necessary.

# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the year 2022/23.

### Reporting criteria considerations

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

### Arrangements in place

The Council continues to review how it can improve the budget setting process. The key being it shouldn't be an annual process, but a living document that is developed over the medium term and the work embedded through business as usual. In line with Financial Regulations, the Executive Director (Finance & Transformation) is responsible for the budget setting processes and a planning cycle is put in place to ensure the Council meets its statutory duty of setting a balanced budget annually. A budget timetable is set and information to contribute to the budget setting process is gathered throughout the year during regular budget monitoring and other meetings with budget managers. Budget managers are asked to identify any budget savings or pressures. A number of budget reports are taken to committees and for the 2022/23 budget a member budget task and finish group was established which held a number of budget scrutiny meetings. This is likely to continue for future years' budget setting.

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

### Reporting criteria considerations

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

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

### Arrangements in place

The Council has in place a budget monitoring timetable which is communicated to all budget managers, and this includes the deadlines for entering their forecast information, reporting to Senior Leadership Team (SLT), Members etc. Similarly, the performance team has in place a timetable for reporting of activity and performance indicators. As set out above, the latter includes comments from Services, Directors, Finance and Assurance colleagues to ensure a read across.

The work of Internal Audit is then pivotal to ensure we have a robust control framework within services to ensure we have the grip we need to. Through this approach the SLT are able to ensure we have assurance of what is being reported is as accurate as it can be and allows the Council to meet its statutory reporting requirements, financial and non-financial.

Regular budget monitoring meetings are held between Finance Business Partners and budget managers. Monthly budget monitoring reports are prepared for Corporate Management Team and quarterly budget monitoring reports are prepared for Cabinet. Budget monitoring highlights any issues to enable corrective action to be taken where appropriate.

Standard report templates require officers to consider legal, financial, risk management, security & terrorism, procurement, climate change and equality & diversity implications together with the links to corporate priorities. Published papers and minutes evidence the challenge made by committee members and the transparency in decision making. The Council complies with the Local Government Transparency Code and publishes information online including other information frequently requested by customers.

All reports are published on the Council's website under the appropriate Committee. Reports are standardised and are written in a fair, balanced and understandable style. In terms of procurement, the Council's constitution includes the procurement standing orders which sets out the framework for procurement, including financial limits for delegations, and the procurement approach based on the value of the contract. Purchase orders are controlled electronically, and limits for these follow the procurement standing orders and financial regulations. The Council has a no-po no pay policy to prevent invoices being paid which have not been through the procurement process. All key procurements are overseen by a member procurement board. These boards are supported by the procurement manager, relevant officers and professional advice as required.

The procurement team undertake analysis on Council spend to identify where consolidated supplier spend is reaching or over the approved limits for procurement, and action taken if a procurement or additional decision is required.

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

### Reporting criteria considerations

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

### Arrangements in place

The Council's Code of Conduct is a comprehensive document, providing advice on the disclosure of gifts and hospitality as well as other interests. This extends to dealing with allegations of breach of the Code and ensures that Members of the Council have access to training and advice on the Code of Conduct. Essentially, the Committee promotes the code of conduct for Members and monitors adherence to it.

The Constitution provides safeguards as do the management assurance statements provided by all senior managers, and the annual governance statement. The S151 and monitoring officers declare in the quarterly monitoring reports if there have been any known breaches of the constitutional procedure rules. This quarterly monitoring report is considered by the Cabinet. Staff also complete declaration of interest as part of closedown and attend trainings where necessary. The Standards Committee has responsibility for approving policies around standards and has oversight of these.

Internal audit and risk management processes provide further monitoring and assurance, as do the Council's procedures for investigating and reporting on any alleged breaches.

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

### Reporting criteria considerations

### Arrangements in place

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

The Council receives reports on performance in key areas which outline the current performance against planned targets and outcomes and highlight any instances of overspend or underspend. Sub-Committee structures are also in place to maintain general oversight and provide guidance on improvement plans.

The Council's Annual Report and Annual Governance Statement also set out the review of performance for the year. The SLT reviews monthly the financial and performance information of the Council. Included periodically is benchmarking reports completed internally and externally which are used as a line of enquiry to identify where improvements can be made to operational performance or financial performance, ideally a financial saving but sometimes this identifies growth assumptions.

Through this work performance indicators for subsequent years are developed and enhanced to continually improve. Cabinet members meet regularly with Directors to discuss corporate targets and priorities. Member Performance clinics, quarterly budget monitoring reported to Members.

How the body evaluates the services it provides to assess performance and identify areas for improvement

Corporate Leadership Team reviews monthly the financial and performance information of the Council. Included periodically is benchmarking reports completed internally and externally which we use as a line of enquiry to identify where improvements can be made to operational performance or financial performance, ideally a financial saving but sometimes this identifies growth assumptions.

The internal auditor also reviews the performance of different services.

The Council engages with stakeholders, e.g. survey regarding the Corporate Plan - 'Your Welwyn Hatfield' survey. An annual action plan is developed and monitored against. The Council positively manages performance to show how its areas of work are progressing and measure achievement for improvement. All performance data including the performance monitoring report and corporate plan are reported to Senior Management and elected members on a regular basis.

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

The Council has a process of benchmarking and collaborative working. The Council has in a place a number of strategic partnerships, the main being with Hatfield Renewal Partnership (HRP), The Community Safety Partnership (CSP), Welwyn Garden City Business Improvement District (BID) partnership, and Hertfordshire Growth Board (HGB). The Council's approaches to these differ, along with details of how they engage with residents.

Through Partnership Boards performance is monitored and evaluated to ensure as a 'system' where the Council has direct or indirect control and influence to support the wider outcomes for the Borough.

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022/23.

Reporting criteria considerations	Arrangements in place
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	Contract Procedure Rules are followed, regular budget monitoring assesses contract costs and savings made against budgeted savings. At least quarterly, a review is undertaken of spend against contracts.

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