Hartlepool
Borough Council

Audit and Governance Committee Agenda

1 December 2026

Time: 10.00 am

Location: Council Chamber

Members: Audit and Governance Committee

Councillors Anderson, Bailey-Fleet, Bruce, Dunbar (VC), Hall, B Harrison, Hughes, Jorgeson (C), Little and Storey

Standards Co-opted Independent Members: - Mr Martin Slimings and David Whitmore

Standards Co-opted Parish Council Representatives: Parish Councillor Kane Forrester (Wynyard) and Parish Councillor Patricia Andrews (Headland)

Local Police Representative

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1. Apologies for absence

2. To receive any declarations by members

3. Minutes

3.1. To confirm the minutes of the meeting held on 3 November 2026.

4. Audit Items

CIVIC CENTRE EVACUATION AND ASSEMBLY PROCEDURE

In the event of a fire alarm or a bomb alarm, please leave by the nearest emergency exit as directed by Council Officers. A Fire Alarm is a continuous ringing. A Bomb Alarm is a continuous tone.
The Assembly Point for everyone is Victory Square by the Cenotaph. If the meeting has to be evacuated, please proceed to the Assembly Point so that you can be safely accounted for.
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4.1 Treasury Management Strategy Update 2026/27 – *Director of Finance, IT and Digital*

4.2 Internal Audit Plan 2026/27 Quarter 2 Update – *Head of Internal Audit*

4.3 National Fraud Initiative 2026-2028 – *Head of Internal Audit*

5. Standards Items

5.1. None.

6. Statutory Scrutiny items

6.1. None.

Crime and Disorder issues

6.2. None.

Health scrutiny issues

6.3 Scrutiny Referral – *Chief Executive, Healthwatch Hartlepool*

(i) Covering report – *Scrutiny and Legal Support Officer*
(ii) Scrutiny Referral – Chief Executive, *Healthwatch Hartlepool*

7. Other items

7.1. None.

8. Minutes from recent meetings for receipt by the committee

8.1 Health and Wellbeing Board – None.
8.2 Finance and Policy Committee relating to Public Health issues – None.
8.3 Tees Valley Health Scrutiny Joint Committee – None.
8.4 Safer Hartlepool Partnership – None.
8.5 Tees Valley Area Integrated Care Partnership – None.
8.6 Regional Health Scrutiny – None.
8.7 Durham, Darlington and Teesside, Hambleton, Richmondshire and Whitby STP Joint Health Scrutiny Committee - None.

9. Any other items which the chair considers urgent

Hartlepool
Borough Council

Audit and Governance Committee
Minutes and Decision Record

3 November 2026

Meeting commenced

Time: 10am

Location: Council Chamber, Civic Centre, Hartlepool

Present:

Councillor: Michael Jorgeson (In the Chair)

Councillors: Nick Anderson, Martin Dunbar, Ged Hall and Brenda Harrison.

Standards Co-opted Members:
Parish Councillor Glen Murphy (Headland)
Martin Slimings – Independent Member
David Whitmore - Independent Member

Also Present: Nasir Alkobir, Forvis/Mazars
Neil Atkinson, University Hospital Tees
Tony Leighton, Healthwatch

Officers: Catherine Magog, Head of Internal Audit
Scott Campbell, Head of Service (Policy, Performance and Programmes)
Gemma Jones, Scrutiny and Legal Support Officer
Jo Stubbs, Principal Democratic Services and Legal Support Officer

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35. Apologies for Absence

Councillor Bailey-Fleet

36. Declarations of Interest

None.

37. Minutes

Minutes from 22 September 2026 - approved

38. Revised Annual Internal Audit Plan 2026/27 – *Head of Internal Audit*

Members of the Committee were updated on the outcome of the half-yearly review of the internal audit plan for 2026/27 and asked to approve an updated plan. The Head of Internal Audit advised that following the retirement of the previous Head of Audit and Governance and subsequent team restructure over 100 available audit days had been lost and there was a shortfall of 74 days on the updated plan with no resources available. Permission had been given for staff to work 35 days overtime however this would still leave 39 days un-resourced which would either be carried forward into 27/28 or resolved by in-year savings on audits completed. A number of audits had been removed from the plan, the reasons for this were given within the report.

In the discussion that followed the Head of Internal Audit confirmed that in the restructure the Head of Internal Audit post and Principal Auditor post had been filled internally, but no further recruitment had happened at this time. Members raised concerns at this and queried whether the current team would be able to cover the work required. The Head of Internal Audit indicated that the revised annual internal audit plan 2026/27 was achievable with current resources based on the revisions presented and that resourcing would be revisited for the annual internal audit plan 2027/28 following the annual planning process in December 2026. She also noted that a 39 day carry forward was not unusual.

Recommended

That the revision to the Annual Internal Audit Plan 2026/27 be approved.

39. Maternity Services Verbal Update - *Managing Director, University Hospital Tees*

The Managing Director for University Hospital Tees was in attendance to provide Members with an update on the provision of maternity services at the University Hospital of Hartlepool. Previously the midwife led Rowan Suite had been temporarily closed due to significant staffing pressures with a

planned phased re-opening between January and June 2026. However these dates had since been reviewed due to concerns around the safety of services and issues with recruitment, existing workforce availability and staff wellbeing. Discussions had taken place with staff and service users and it was now hoped that the Rowan Suite would re-open early 2027. A further update would be provided to Committee in 3 months.

A Member queried what might prevent the Rowan Suite reopening. The Managing Director for University Hospital Tees advised the impact on staff with regards to changes to operational services such as on call arrangements. Members commented that staff at the Rowan Suite had been very positive at a previous site visit. The Managing Director for University Hospital Tees commented that the service would not reopen until they were confident that it was fully resilient and robust. Discussion ensued on the provision of maternity services in Hartlepool and the need to ensure that those who wished to have their babies in Hartlepool could do so.

The Scrutiny and Legal Support Officer advised that following the decision by Council to implement the transition to a Leader and Cabinet model of governance on 10 December 2026, this committee would be dissolved. Therefore a future update on maternity services would be deferred to the new health scrutiny committee.

Recommended

That the update be noted and a further update be deferred to the new health scrutiny committee.

40. Community Cohesion Investigation – Next Steps –

Scrutiny and Legal Support Officer

The Scrutiny and Legal Support Officer referred members to their selection of Community Cohesion as a topic for investigation. It was noted that following the decision by Council to implement the transition to a Leader and Cabinet model of governance on 10 December 2026, there would be insufficient time to complete a full investigation. Members were asked how they wished to proceed namely:

I. Conclude the review based on the evidence gathered;
II. Receive the information as a one-off update with no further scrutiny activity;
III. Recommend that the successor Committee include this topic in its future work programme.

Members were broadly in favour of option iii. The Scrutiny and Legal Support Officer advised that, whilst current members of the Audit and Governance Committee may not be appointed to the successor committee,

they could be invited to attend a future meeting on this matter. However, at this point was unable to confirm whether the invitation would be extended to Parish Councillors and Independent members.

A recorded vote was taken on the options presented.

Option I – no votes

Option 2 – Councillor Anderson

Option 3 – Councillors Dunbar, Hall, B Harrison and Jorgeson

Recommended

That the successor Committee include Community Cohesion in its future work programme.

41. Regulation of Investigatory Powers Act 2000 – Quarter 2 Update – *Director of Legal, Governance and HR*

A quarterly update on the Council's use of surveillance powers and its policies under the Regulation of Investigatory Powers Act 2000 was provided for members' information. During Quarter 2 there had been no authorisations under this legislation.

Recommended

That the report be noted

42. Minutes from recent meetings for receipt by the committee

Health and Wellbeing Board – 16 July 2026.
Tees Valley Health Scrutiny Joint Committee – 23 July 2026.

Recommended

That the minutes be received.

The meeting concluded at 11.00am

CHAIR

Hartlepool Borough Council

Audit and Governance Committee

1 December 2026

Report of: Director of Finance, IT and Digital

Subject: TREASURY MANAGEMENT STRATEGY UPDATE 2026/27

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1. Council Plan Priority

Hartlepool will be a place:
where people live healthier, safe and independent lives. (People)
that is connected, sustainable, clean and green. (Place)
that is welcoming with an inclusive and growing economy providing opportunities for all. (Potential)
with a Council that is ambitious, fit for purpose and reflects its community. (Organisation)

2. Purpose of Report

2.1 The purpose of this report is to provide the second quarter update of the 2026/27 Treasury Management activity.

3. Background

3.1. The Treasury Management Strategy covers:

- the borrowing strategy relating to the Council's core borrowing requirement in relation to its historic capital expenditure (including Prudential Borrowing);

- the borrowing strategy for the use of Prudential Borrowing for capital investment approved as part of the Medium Term Financial Plan; and
- the annual investment strategy relating to the Council's cash flow.

3.2. The Treasury Management Strategy needs to ensure that the loan repayment costs of historic capital expenditure does not exceed the available General Fund revenue budget. Similarly, for specific business cases the Treasury Management Strategy needs to ensure loan repayment costs do not exceed the costs built into the business cases.

3.3. The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential Code and to set prudential indicators for the next three years to ensure capital investment plans are affordable, prudent and sustainable.

3.4. The Act also requires the Council to set out a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the policies for managing investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1st April 2004, with subsequent updates.

3.5. The Council is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to full Council. This responsibility has been allocated to the Audit and Governance Committee.

3.6. This report covers the following areas:

- Economic Environment and outlook for interest rates; and
- Treasury Management Strategy 2026/27 second quarter review.

4. Economic Environment and Outlook for Interest Rates

4.1 UK –The Bank of England's Monetary Policy Committee (MPC) voted by a majority of 6-3 at its September 2026 meeting to maintain the Bank Rate at 3.75%. Three members voted to increase Bank Rate by 0.25 percentage points, to 4%. The Committee noted that higher global energy prices and ongoing geopolitical tensions continue to pose upside risks to inflation, although monetary policy remains focused on returning inflation sustainably to the 2% target.

4.2. The latest Consumer Price Index (CPI) data shows that UK inflation increased to 3.5% in September, up from 3.1% in August 2026, primarily reflecting higher energy prices following developments in global energy markets. The Bank of England expects inflationary pressures to remain above target in the near term before gradually easing over the medium term.

4.3. The Office for Budget Responsibility's revised growth forecasts up to 2030 are set out in the following table:

Year	March 2025 Growth Forecast	October 2026 Growth Forecast
2026	1.9%	1.2%
2027	1.8%	1.0%
2028	1.7%	1.6%
2029	1.8%	1.8%
2030	n/a	1.6%

4.4. **European Union (EU)** – Annual inflation in the Eurozone increased to 3.8% in September 2026, significantly above the European Central Bank's (ECB) target rate of 2%. Energy prices were the principal driver of inflation, while core inflation, excluding energy and food, remained elevated at 2.5%, indicating continuing underlying price pressures. In response, the ECB increased its key policy interest rates by 25 basis points at its September 2026 meeting. The ECB's latest projections forecast Eurozone economic growth of 0.9% in 2026, 1.4% in 2027 and 1.5% in 2028.

4.5. **Other Economies** – The US Federal Reserve increased its target federal funds rate from 3.75% to 4.00% at its September 2026 meeting following a period of unchanged rates. The Federal Reserve cited persistent inflationary pressures and uncertainty within global energy markets as key factors influencing its decision. The People's Bank of China has maintained its accommodative monetary policy stance, with the one-year medium term lending facility remaining unchanged at 2.0%, reflecting continued efforts to support economic activity.

Interest Rate Forecasts

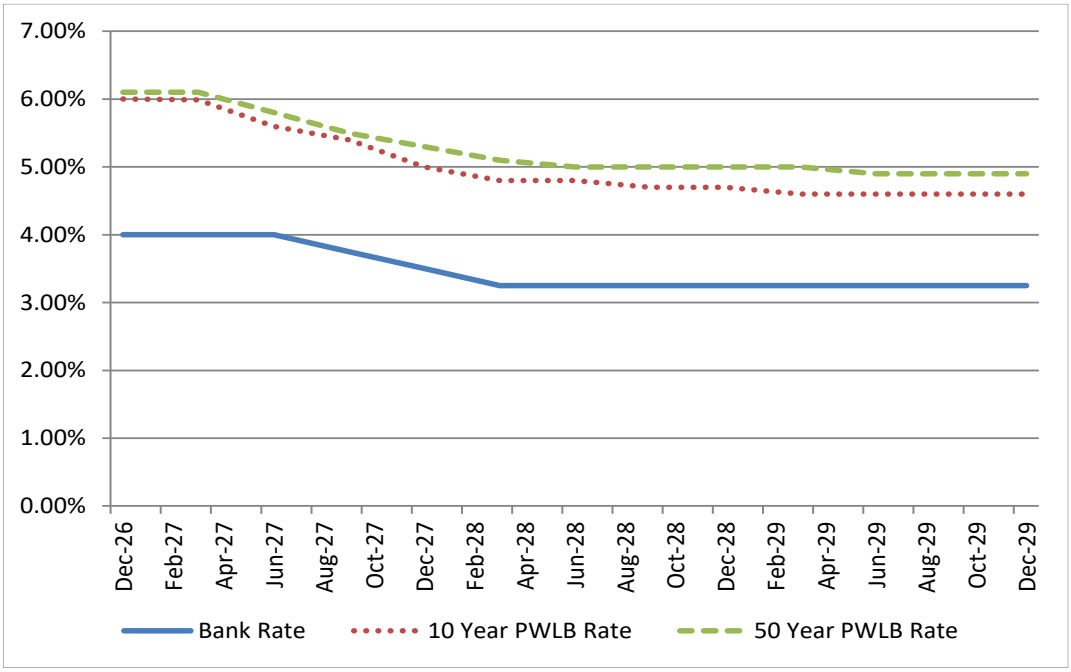
4.6. MUFG Corporate Markets (the Council's Treasury Management advisors) continue to update their interest rate forecasts to reflect statements made by the Governor of the Bank of England and changes in the economy.

4.7. As noted, at the September Monetary Policy Committee (MPC) meeting, the MPC voted by a majority of 6-3 to maintain the Bank Rate at 3.75%.

4.8. MUFG Corporate Markets suggest that short, medium and long-dated interest rates will eventually fall over the next year or two, although in the near-term there is an anticipated increase in Bank Rate to 4% given the upward influences on inflation primarily emanating from energy price shocks driven by events in the Middle East.

4.9. Economic and interest rate forecasting remains difficult with so many influences impacting on the economy. UK gilt yields (i.e. Government borrowing) and PWLB rates forecasts made by MUFG Corporate Markets may be liable to further amendment depending on how the political and economic developments transpire over the next year.

4.10. MUFG Corporate Markets Interest Rate Forecasts up to December 2029 are shown below:



4.11. Since the late 1990s the Base interest Rate (bank rate) averaged around 5%, until the global financial crisis in 2008, when the Bank of England reduced it to historically low levels (0.5% March 2009). Over the same period 1990s to 2009, PWLB rates were in line with the current rates.

5. Treasury Management Strategy 2026/27 2nd Quarter Review

5.1. The Treasury Management Strategy for 2026/27 was approved by Council on 19th February 2026. The Council's borrowing and investment position as at 30th September 2026 is summarised as follows:

	£m	**Average Rate**
PWLB Loans	24.8	3.48%
Market Loan (Annuity)	15.6	2.31%
Market Loans (Maturities)	25.0	3.92%
Non-Market Loans (Maturities)	0.5	0.00%
Market Loans (LOBOs)	15.0	3.71%
Gross Debt	**80.9**	**3.41%**
Investments	25.8	4.3%
Net Debt as at 30 September 2026	**55.1**	

5.2. Net Debt has increased since 30th June 2026 (£49.9m) owing to day to day revenue activity and capital programme delivery. The Council continues to

actively manage cash flows on a daily basis to maximise investment/interest returns.

5.3. No new borrowing has been entered into during 2026/27.

5.4. As at the 30th September 2026 the funds managed by the Council's in house team amounted to £25.8m. All investments complied with the Annual Investment Strategy and are shown in the table below.

Borrower	Duration	Value of Loan (£m)	Rate (%)	Start Date	Maturity Date
Fixed term Deposits					
Goldman Sachs	1 year	10.000	4.555	07/05/26	07/05/27
Central Bedfordshire Council	4 months	7.000	4.600	18/09/26	18/01/27
		17.000	**4.574**		
Money Market Funds					
Blackrock	On Call	8.815	3.852		Call
		8.815	**3.852**		
Total Deposits		**25.815**	**4.327**		

5.5. The Investment Graph at **Appendix A** shows the level of investments the Council has had for the last two financial years and year to date. This shows that investments are decreasing as reserves levels reduce and no new borrowing has been taken out for the capital programme owing to the continuing high interest rates.

5.6. There are no changes to the counter party investment limits as agreed as part of the Investment Strategy and set out in the table below.

Category	Fitch	Moody's	Standard & Poor's	Proposed Counterparty Limit	Proposed Time Limit
A	F1+/AA-	P-1/Aa3	A-1+/AA-	£20m	1 Year
B	F1/A-	P-1/A3	A-1/A-	£15m	1 Year
C	Debt Management Office/Treasury Bills/Gilts			£40m	1 Year
D	Part Nationalised Banks			£15m	1 Year
E	Other Local Authorities Individual Limits per Authority: - £10m County, Metropolitan or Unitary Councils - £5m District Councils, Police or Fire Authorities			£40m	1 Year
F	Three Money Market Funds (AAA) with maximum investment of £15m per fund			£30m	Liquid (instant access)

5.7. As part of the Treasury Management Strategy for 2026/27 the Council set a number of prudential indicators. Compliance against these indicators is monitored on a regular basis and there are no breaches to report.

6. CIPFA Treasury Management Code of Practice

6.1. The Council has adopted the current CIPFA Treasury Management Code of Practice, effective from December 2021.

Treasury Management Advisors

6.2. The Council uses MUFG Corporate Markets as its external treasury management advisors.

6.3. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

6.4. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

7. Risk Considerations

7.1. There is risk in relation to the level of interest rates the Council is able to secure for long term borrowing and the proposals detailed in this report are designed to manage these risks.

7.2. There are also risk implications in relation to the investment of surplus cash and these are addressed in the strategy recommended in the Counterparty limits.

8. Other Considerations/Implications

Financial Considerations	As set out in report.
Legal Considerations	The report details how the Council will comply with the relevant legal and regulatory requirements in relation to Treasury Management Activities.
Single Impact Assessment	None
Staff Considerations	None

Asset Management Considerations	None.
Environment, Sustainability and Climate Change Considerations	None
Consultation	Not applicable

9. Recommendations

9.1. It is recommended that Members note the following:

i) The 2026/27 Treasury Management second Quarter position detailed in section 5.

10. Reasons for Recommendations

10.1. To allow Members to fulfil their responsibility for scrutinising the Treasury Management Strategy.

11. Background Papers

11.1. Treasury Management Strategy, report to Audit and Governance Committee, 27th January 2026.

Treasury Management Strategy 2025/26 Outturn and Quarter 1 update 2026, report to Audit and Governance Committee, 22nd September 2026.

12. Contact Officers

James Magog
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Paul Dixon
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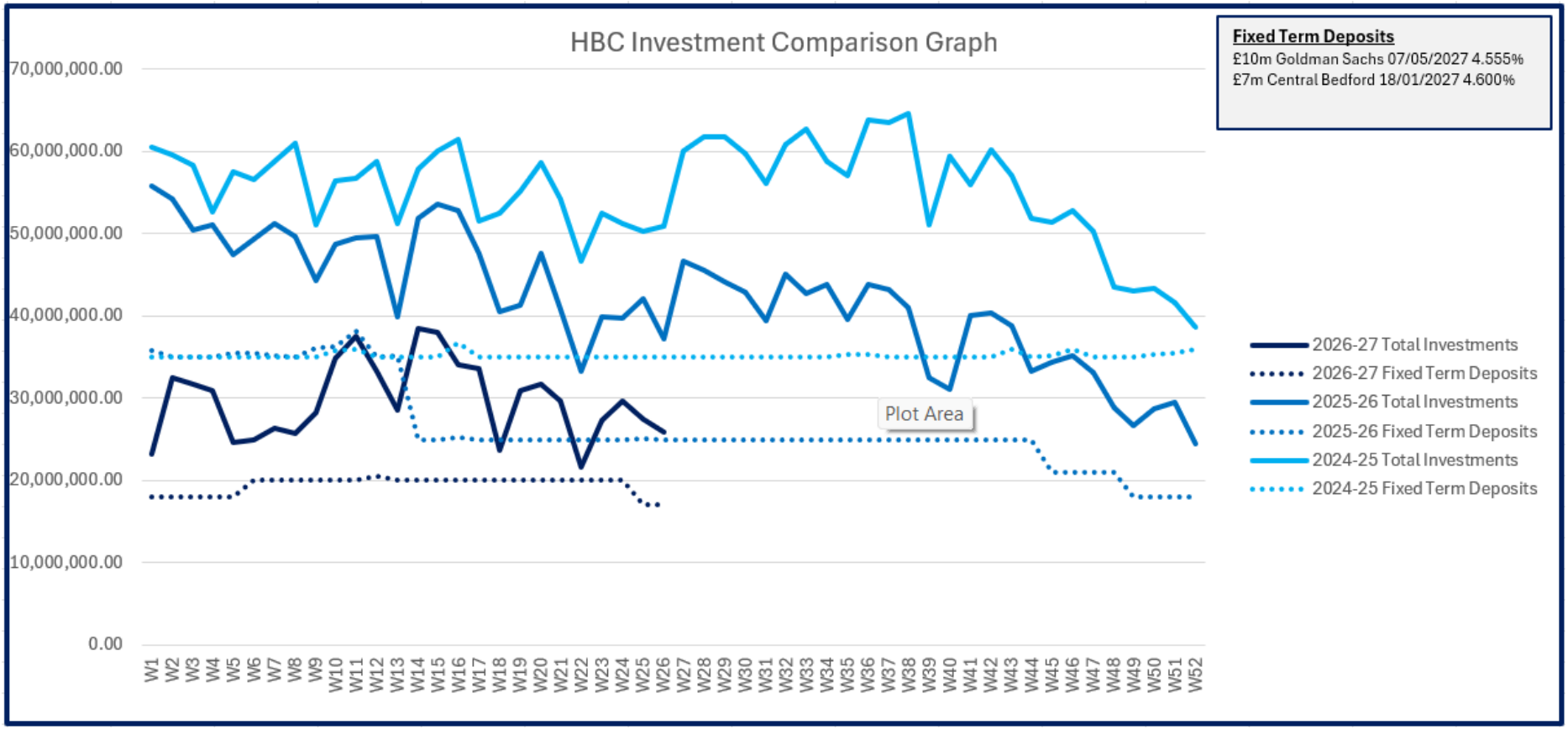
Appendix A


HBC Investment Comparison Graph
Fixed Term Deposits
£10m Goldman Sachs 07/05/2027 4.555%
£7m Central Bedford 18/01/2027 4.600%
70,000,000.00
60,000,000.00
50,000,000.00
40,000,000.00
30,000,000.00
20,000,000.00
10,000,000.00
0.00
Plot Area
2026-27 Total Investments
2026-27 Fixed Term Deposits
2025-26 Total Investments
2025-26 Fixed Term Deposits
2024-25 Total Investments
2024-25 Fixed Term Deposits

Hartlepool Borough Council

Audit and Governance Committee

1 December 2026

Report of: Head of Internal Audit

Subject: INTERNAL AUDIT PLAN 2026/27 QUARTER 2 UPDATE

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1. Council Plan Priority

Hartlepool will be a place:
where people live healthier, safe and independent lives. (People)
that is connected, sustainable, clean and green. (Place)
that is welcoming with an inclusive and growing economy providing opportunities for all. (Potential)
with a Council that is ambitious, fit for purpose and reflects its community. (Organisation)

2. Purpose of Report

2.1. To inform Members of the progress made to date completing the Internal Audit Plan 2026/27.

3. Background

3.1. In order to ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan. Regular updates allow the Committee to form an opinion on the controls in operation within the Council. This in turn allows the Committee to fully review the Annual Governance Statement, which will be presented at this meeting of the Committee, and after review, will form part of the statement of accounts of the Council.

3.2. Members of the Audit and Governance Committee are reminded that as part of meeting their remit they are able to request to speak to the Head of Internal Audit and/or the External Auditor without other Officers present to discuss any areas of concern they have. The Chair of the Audit and Governance Committee and the Head of Internal Audit may also meet to discuss any areas of concern or to ask questions relating to the Internal Audit Service.

4. Proposals

4.1. That members consider the report in relation to their role in respect of the Councils governance arrangements. In terms of reporting internally at HBC, Internal Audit produces a draft report and where a finding is raised it is the responsibility of the client to complete an action plan that details the actions proposed to mitigate the risk the finding identifies. Once the action plan has been agreed with Internal Audit, it is the responsibility of the client to provide Internal Audit with evidence that any action has been implemented by an agreed date.

4.2. The benefits of this reporting arrangement are that ownership of both the internal audit report, and any resulting actions lie with the client. This reflects the fact that it is the responsibility of management to ensure adequate procedures are in place to manage risk within their areas of operation, helping managers to become more risk aware in the performance of their duties. The approach to risk assessment and classification mirrors the corporate approach. Internal Audit can also demonstrate the benefit of the work it carries out in terms of the reduction of the risk faced by the Council.

4.3. Table 1.1 of the report summarises the assurance placed on those audits completed during quarter 2 with more detail regarding each audit with an action plan showing the risks identified and actions agreed provided in **Appendix A.** Quarter 1 audits completed were reported to the Committee in September 2026. Table 1.2 notes any audits that have been completed since the end of September 2026 but where the assurance level reported is Limited Assurance or No Assurance with more detail regarding the action plan showing the risks identified and actions agreed provided in **Appendix B.**

Table 1.1

Audit	Assurance Level
Emergency Planning - Governance	Satisfactory
Disabled Facilities Grant	Satisfactory
Highways Pot Hole Grant	Satisfactory
Highways Capital Grant	Satisfactory
Town Deal Grant	Satisfactory

IT Policies – IT Artificial Intelligence Policy	Satisfactory
Integra Application Audit	Satisfactory
UK Shared Prosperity Fund	Satisfactory
ResourceLink and MyView Application Audit	Satisfactory
MRI Sales and Lettings Application Audit	Satisfactory
VAT	Satisfactory

Table 1.2

Audit	Assurance Level
Health and Safety 2526	No Assurance

4.4. For Members information, Table 2 below defines what the levels of assurance Internal Audit places on the audits they complete and what they mean in practice:

Table 2

Assurance Level	Meaning
Satisfactory Assurance	Most or all risks have adequate and effective controls operating as intended. There may be no findings requiring an action plan, or there may be minor findings requiring action.
Limited Assurance	Several controls have been assessed as inadequate and/or ineffective and are not operating as intended. One or more risks do not have any controls in place. There will be either several major/minor findings requiring action, or one or more critical findings requiring action.
No Assurance	There has been a breakdown of some or all of the control environment and immediate action may be required. There is likely to be several critical findings and/or several major findings all requiring action.
No Opinion Provided	The audit was a non-assurance piece of work and was advisory in nature

4.5. The ongoing progress of completing the agreed audit plan is detailed in Table 3 below for the period 1st April to 30th September 2026:

Table 3

26/27 Internal Audit Plan – Audits started	32
- Audits at Planning stage	7
- Audits at Draft Planning Document stage	1
- Audits at Fieldwork stage	6
- Audits at Draft Report stage	0
- Audits at Final Report stage	18

4.6. Table 4.1 below shows the total number of actions agreed to the end of September 2026, including previous audit plan years, that are yet to be implemented. This figure will include actions agreed that have not yet reached their due date for implementation. Actions past their due date but not yet implemented have all been reported to the relevant Assistant Director and Director. Table 4.2 sets out a list of the audits where actions have not been implemented but the due date has passed.

Table 4.1

Actions Agreed (awaiting due date to verify implemented)	30
Actions past agreed due date and not implemented	6

Table 4.2

Audit	Assurance Level	Number of Actions Outstanding that have not been implemented and due date has passed
Employee Protection Register 2425	Limited	5 – note: meeting scheduled with officers to discuss progress
Schools Capital 2425	Satisfactory	1

4.7. Table 5 shows audits from Internal Audit Plan Years 2024/25 onwards where the assurance level was Limited Assurance or No Assurance and whether all agreed actions from their action plans have been completed or still have agreed actions to implement.

Table 5

Audit	Assurance Level	Agreed Actions Implemented	Agreed Actions Not Implemented

Employee Protection/Violence Register 2425	Limited	0	5
Disaster Recovery/Business Continuity 2425	Limited	3	0
Risk Management 2425	Limited	3	0
Town Hall Borough Hall 2425	Limited	13	0
Gladstone Leisure Management System 2425	Limited	6	0
Museum and Art Gallery 2526	Limited	12	3 (due date for implementation not yet arrived)
Disaster Recovery/Business Continuity 2526	Limited	4	0

4.8. Table 6 notes any Draft Reports that have been released where the assurance level is Limited or No Assurance, but no response from the audit client updating the proposed action plan/agreed actions has been received within the agreed 10 working days.

Table 6

Audit	Assurance Level
none	-

4.9. Members should note that since the 30th September 2026 further progress has been made against the plan and this will be reported in the Quarter 3 Update in the March 2027 Audit and Governance Committee.

5. Other Considerations/Implications

Risk Implications	There is a risk that Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.
Financial Considerations	No relevant issues.
Subsidy Control	No relevant issues.
Legal Considerations	No relevant issues.

Single Impact Assessment	No relevant issues.
Staff Considerations	No relevant issues.
Asset Management Considerations	No relevant issues.
Environment, Sustainability and Climate Change Considerations	No relevant issues.
Consultation	No consultations required.

6. Recommendations

6.1. It is recommended that Members note the contents of the report.

7. Reasons for Recommendations

7.1. To ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan.

8. Background Papers

8.1. Internal Audit Reports.

9. Contact Officers

Catherine Magog

Head of Internal Audit

Finance, IT and Digital Services

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Appendix A

Agreed Actions from audits completed in Quarter 2

Audit	Scope	Assurance Level
MRI Sales and Lettings Application Audit 2627	The application audit work program was developed in line with the HBC Information Governance Policies. The objective of the audit review is to assess and provide assurance on the controls in place to mitigate risks in the following areas for the application under review: • User set up procedures • Data retention	Satisfactory

Risk Area and Description of Risk/IA Finding	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Information Governance Password parameters do not fully comply with HBC's Access Policy. There are compensatory controls with the Network Access controls.	AMBER	Housing Management Service to discuss how to update current password requirements for the system with the provider (MRI Software) to align password parameters with HBC's Corporate Access Policy within the constraints of the system.	GREEN
Information Governance Electronic records on the share drive and within the application are currently held in perpetuity. Advice from the Data Protection Officer is that this is appropriate as long as there is a legal basis for retention, and the Corporate Data Retention Policy for Housing documents should be reviewed and updated to reflect this legal basis.	AMBER	Housing Management Service to review Corporate Data Retention Policy with Data Protection Officer and update accordingly in line with current regulations to ensure all personal data processed has a defined retention period.	GREEN

Appendix B

Agreed Actions from audits where the reported assurance level was No Assurance

Audit	Scope	Assurance Level
Health and Safety 2526	The scope of the audit involved reviewing activities of the Health, Safety & Risk Team but also the arrangements Council wide for undertaking risk assessments and ensuring employees have appropriate training to enable them to carry out their duties in a safe manner. The areas to be reviewed are: • Management of Health and Safety - Policies and procedures • Corporate arrangements - Training: • Corporate arrangements - Risk Assessment • RISK Service: Monitoring and reporting - Scheduled Reviews • RISK Service: Monitoring and reporting – Unplanned investigations / reviews	No Assurance

Risk Area and Description of Risk/IA Finding	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Training It is not currently possible for Workforce Development to follow up on non-completion of training courses as Skillgate does not yet have the Council Structure loaded. Plans are in place to input the required data so that failure to comply with Workforce Development requirements can be followed up.	AMBER	1. Data input (end-July 2026) 2. Monthly reporting on completions to ELT for corporate scrutiny (six weekly) and for CX : Director 1:1s (ongoing from August 2026) 3. Carry out work to link Skillsgate and Resourcelink, then develop a dashboard to identify outstanding training (November 2026)	GREEN

Risk Assessment There are currently no arrangements in place within Departments to provide assurance that all Service Areas maintain up to date Health and Safety Risk Assessments.	AMBER	1. H&S team and all directorates to identify risk assessments required (end-August 2026) 2. Timetable / schedule of above to be reported to ELT (end August 2026) 3. ELT to review completion rates on a six weekly basis (initial review c. September 2026) 4. Refresh of RA schedule to reflect additions / deletions to be carried out by H&S team in collaboration with directorates and reported to ELT (six monthly, first refresh c. March 2026) 5. Carry out work to assign dedicated advisors to departments to assist in ensuring suitable and sufficient risk assessments are in place for all work activities (February 2027)	GREEN
Monitoring and Reporting – Scheduled Reviews Due to resources within the Health, Safety and Risk Team being diverted to other high-risk areas, scheduled audits of HBC Properties have not been maintained in line with expectations. Of the 39 buildings included in the health and Safety audit schedule, 18 have been completed.	RED	1. Identify and prioritise remaining audits based on risk (end-August 2026) 2. ELT to consider additional resource to H&S team to complete outstanding audits (end-December 2026)	GREEN

Monitoring and Reporting – Scheduled Reviews Current procedures do not require actions in reports to be followed up by the Health and Safety Team to ensure identified hazards are adequately controlled. As per Policy, responsibility for all risk controls is assigned to the relevant Service Area to manage findings and recommendations as described by the report. Arrangements need to be established to ensure risk controls identified are implemented.	AMBER	1. Service areas to report on implementation of recommendations re: risk controls to Directors on a quarterly basis (initial reporting end-August 2026) 2. ELT to review outstanding recommendations on a quarterly basis (initial review end-August 2026) 3. H&S team to carry out six monthly sample testing of reporting to ensure robust (initial sample analysis end-August 2026) 4. Introduction of SHINE to manage activity and monitor compliance with H&S audit recommendations (December 2026)	GREEN
Monitoring of RIDDOR submissions At the time of the audit there was no process in place to track RIDDOR submissions to monitor compliance with reporting timeframes.	AMBER	A RIDDOR tracker was implemented during the audit to monitor submission dates and updates now be provided to Corporate Health and Safety meetings.	GREEN

Hartlepool Borough Council

Audit and Governance Committee

1 December 2026

Report of: Head of Internal Audit

Subject: NATIONAL FRAUD INITIATIVE 2026-2028

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1. Council Plan Priority

Hartlepool will be a place:
where people live healthier, safe and independent lives. (People)
that is connected, sustainable, clean and green. (Place)
that is welcoming with an inclusive and growing economy providing opportunities for all. (Potential)
with a Council that is ambitious, fit for purpose and reflects its community. (Organisation)

2. Purpose of Report

2.1. The purpose of this report is to inform the committee of the 2026 National Fraud Initiative exercise taking place and how Hartlepool Borough Council will be managing the process.

3. Background

3.1. Public sector fraud and error losses are estimated at £55 billion annually, highlighting the critical need for robust detection and prevention measures. The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Part 6 of the Local Audit and Accountability Act 2014 (England) grants

the Public Sector Fraud Authority (PSFA) authority to collect and process data for the National Fraud Initiative.

3.2. The Economic Crime and Corporate Transparency Act 2023 (ECCTA), established a new offence of failure to prevent fraud. The Council as a large organisation subject to this Act could be prosecuted for failing to prevent fraud, with potential legal sanctions and unlimited fines. Separate legislation (Fraud Act 2006) sets out the fraud offences for which individuals can be prosecuted. A proactive approach to taking part in and managing the National Fraud Initiative (NFI) is part of the counter fraud framework to reduce the risk of fraud and its impacts.

3.3. ECCTA requires there to be an assigned individual to be responsible for fraud, in the Council this is the Director of Finance, IT and Digital Services.

3.4. The Internal Audit Service has helped facilitate the NFI exercises for a number of years and will continue to do so for the 2026-2028 exercise. Responsible Officers are nominated within Hartlepool Borough Council to submit extracted data in respect of their relevant Services in order that data can be matched.

3.5. Requirements on data extractions are provided, along with specifications on formatting and instructions on how to upload. Hartlepool Borough Council has successfully completed uploads for all the agreed data sets by the deadline.

3.6. Data sets have been submitted in the following areas:

- Trade creditors
- Personal budgets
- Private supported care home residents' data
- Payroll data
- Licences data (Taxi Driver licenses)
- Housing waiting list
- Housing tenants
- Transport passes and parking permits
- Council Tax Reduction Scheme data
- Business Rates data

Data sets for Council Tax (submission date 22/1/2027) and the Electoral Register (submission date 22/1/2027) will follow by their deadlines.

3.7. Once the data-matching process for each exercise is completed, the NFI website will make the output available. Participating bodies are then responsible for investigating any matches. Investigating Officers are nominated by Hartlepool Borough Council who will complete this.

3.8. A report was presented to ELT on 8th September 2026 recommending they endorse the approach and that they ensure the appropriate Assistant Directors and Heads of Service are aware of this exercise and ensure operational capacity and support, which they did.

4. Proposals

4.1. The Internal Audit Service has historically managed oversight of the NFI. Recent exercises have seen delays in investigating and recording outcomes. The Service has therefore developed a programme to take a more pro-active approach in the 2026/28 exercise.

4.2. It is proposed that:

- Responsible officers will be contacted and advised that data should be submitted within the defined timescale and guidance from the NFI provided to assist in the submission process.
- Reminders will be issued when the deadline approaches to ensure that HBC does not fail to meet its statutory responsibility to upload the data.

These two items above are complete.

- Once data matches are published (expected 18th December 2026), the Internal Audit Service will monitor progress of investigating and recording outcomes on the NFI website. **It is proposed that responsible officers will have 3 months to undertake investigations.** Internal Audit will send reminders to officers to encourage them to complete the investigations.
- If sufficient progress is not made by 31/3/2027, an interim internal audit report will be issued at the end of March 2027 and a date agreed when the investigations will be completed.
- Failure to meet these agreed deadlines will be reported to ELT and then to Audit & Governance Committee.
- Upon completion of investigations, internal audit will seek to provide assurance that recorded outcomes are reasonable and costs / savings arising from the action taken appear reasonable. This will be accomplished through a report to the Director of Finance, IT and Digital, who can then report to ELT and Audit & Governance Committee as appropriate.
- An assessment of the control environment will also be undertaken and any control failures reported so that action can be agreed to strengthen the control environment and reduce the potential for future fraudulent activity.

5. Other Considerations/Implications

Risk Implications	There is a risk that Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.
Financial Considerations	The cost of participating in the NFI exercise is met by existing base budget. Identification and prevention of fraud has a positive impact on the council's budget.
Subsidy Control	None
Legal Considerations	The council has a requirement to comply with ECCTA and a legal responsibility to provide Best Value of which fraud prevention is one aspect.
Single Impact Assessment	None.
Staff Considerations	None.
Asset Management Considerations	None.
Environment, Sustainability and Climate Change Considerations	None.
Consultation	No consultation required.

6. Recommendations

6.1. It is recommended that the committee notes the contents of the report in particular the timetable and process proposed to manage the NFI 2026/28 exercise.

7. Reasons for Recommendations

7.1. The Council has a statutory and legal duty to prevent, identify and investigate fraud. The NFI 2026/28 exercise is one of the mechanisms available to the Council to help identify and investigate fraud and also to review control environments to make them more robust in the fight against fraud. The committee has a responsibility to assure themselves that the control

environment, which includes management of fraud risks, is operating as intended and fraud risk is managed to an appropriate and manageable level.

8. Background Papers

8.1. NFI Timetable
8.2. ECCTA

9. Contact Officers

Catherine Magog

Head of Internal Audit

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Hartlepool Borough Council

Audit and Governance Committee

1 December 2026

Report of: Scrutiny and Legal Support Officer

Subject: SCRUTINY REFERRAL – HEALTHWATCH HARTLEPOOL – COVERING REPORT

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1. Council Plan Priority

Hartlepool will be a place:
where people live healthier, safe and independent lives. (People)

2. Purpose of Report

2.1. Members of the Committee are asked to consider a scrutiny referral from Healthwatch Hartlepool and to determine next steps.

2.2. The referral relates to the development of a 24/7 Mental Health Centre for Hartlepool, with alignment to Neighbourhood Health development and consideration of Sandwell Park as a potential location (**see Appendix 1**).

3. Background

3.1. Healthwatch may refer health-related matters to the council's health scrutiny function (Under Regulation 21 of the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013).

3.2. The Committee is required to consider the referral, determine what action (if any) should be taken and notify Healthwatch of its decision and the reasons for that decision.

4. Proposals

4.1 In considering the referral, Members have a number of options available.

i. **Note the referral and recommend that no further scrutiny action be taken at this time**.

This being appropriate where:

- the concern has already been addressed;
- the issue falls outside the Committee's remit;
- there is insufficient evidence of a wider service concern; or
- another body is already dealing with the matter.

ii. **Refer the matter to the relevant scrutiny committee for immediate consideration or inclusion in its 2027/28 work programme**.

Addition to the work programme being appropriate where the referral identifies a genuine strategic issue but not one requiring immediate investigation. For example: GP access, waiting times, maternity services or urgent care services.

It is noted that following the transition to Leader and Executive governance arrangements on the 10th December 2026, the Audit and Governance Committee will be dissolved. Subject to approval of the revised Constitution by Full Council, consideration of referrals of this kind would sit within the remit of the People Scrutiny Committee.

The People Scrutiny Committee to:

- Receive further information from representatives from the relevant NHS organisations.
- Decide if there is no further scrutiny action be taken at this time; or
- Consider appropriate next steps on the basis of whether the issue referred raises concerns about:
    - service quality;
    - accessibility;
    - patient outcomes;
    - service redesign;
    - significant public concern.

5. Recommendations

5.1. The Committee is requested to consider the referral and determine what further action, if any, should be taken.

6. Reasons for Recommendations

6.1 To enable the Committee to discharge its statutory health scrutiny responsibilities.

7. Background Papers

7.1. None.

8. Contact Officers

Gemma Jones – Scrutiny and Legal Support Officer
Legal, Governance and Human Resources Department
Email: Gemma.Jones@hartlepool.gov.uk
Tel: 01429 284171

Scrutiny Referral Form

Organisation	Healthwatch Hartlepool
Referrer Name	Christopher Akers-Belcher
Proposal of issue for Scrutiny	
What is the issue or topic you are referring for scrutiny?	Development of a 24/7 Mental Health Centre for Hartlepool with alignment to Neighbourhood Health development and consideration of Sandwell Park as a potential location.

Why is this issue important?

Healthwatch has been raising concerns regarding the lack of use of Sandwell Park in Hartlepool, as a now void TEWV Mental Health facility for a number of years. Our concerns go back to the inception of the former Integrated Care Partnerships. Healthwatch is deep rooted in the community and we have been raising concerns over the lack of a 24/7 MH centre within Hartlepool and the ability to serve our population close to home. Initially we were told that £1m was being made available from NHSE to repurpose and remodel Sandwell Park into a MH centre. Concerns have now been raised that this initiative is not being taken forward. When we have asked the rationale, we have been told a number of reasons one being anecdotal that there is a 'stigma' attached to Sandwell Park, which ourselves and partners have no evidence of. In fact, the consensus from the public is the exact opposite. Secondly, the official line, is that it is not right to use a former inpatient facility as a community MH centre, but one of the 6 national pilots is Acomb in York, which is a former inpatient mental health ward so the criteria is not being applied consistently. We have been managing expectations of the public and repeatedly been told that at some point the building would be brought back into some use as a Mental Health facility. Also, there would be a public outcry if this were attempted to happen and the hospital was simply viewed as a capital receipt. Below is one of the responses we received from TEWV going back to 2023, so it gives you some indication how long we have been managing public views and aspirations.

Reply from: Shaun Mayo, General Manager Adult Planned Care DTVF**:**

'Following rectification works being completed on two wards at Roseberry, our Older Adults wards (Westerdale North and Westerdale South) will return from Sandwell Park on 22nd March 2023.
Following this, a period of enabling works will take place at Sandwell Park, to ensure the wards are suitable to accommodate working age adults. This work is likely to take 6 – 9 months.
On completion of the enabling works, two working age adults' wards will move from Roseberry Park to Sandwell Park.'

Is this issue of concern to residents, service users or local communities?
The issue is of significant importance to residents, patients and future patients who fall under the umbrella of Mental Health services.
What evidence is there that this issue requires scrutiny?
Healthwatch is the only non-statutory organisation with statutory responsibilities under the Health & Social Act 2012. Healthwatch has not been formerly involved in any meaningful engagement or involvement in relation to the development of a 24/7 mental health offer within Hartlepool and we must ensure there is alignment with neighbourhood health development. This is a requirement by NHS England as a key area of focus over the coming months per their letter to the North East & North Cumbria Integrated Care Board September 2026. Scrutiny is uniquely positioned to explore how this local community asset or alternative provision can support the delivery of a transformed model of care and the application of any capital investment being sought to enable that ambition. Healthwatch & partners have not been provided with an evidence base or any intelligence to corroborate that the use of Sandwell Park in the way it was originally envisaged is no longer required. Services are meant to be designed around the needs of local people, include local people and reflect how modern mental health care can be delivered closer to home and within communities. This fits in with the Government's NHS 10-year plan and Neighbourhood Health plus an expansion of community-based support. TEWV and the ICB also have a statutory responsibility to engage, include and consult with regard to patient voice and lived experience. Scrutiny would be able to ensure this process is robustly followed. Regard needs also to be given to adherence to equality impact assessments and the accessible information standards and Healthwatch would like to see this is front & centre of the considerations for the best MH facility for the people who require it in Hartlepool.
What action have you already taken in relation to this issue?
Concern over the closure of Sandwell Park has been the topic of conversation previously at Hartlepool's Health & Wellbeing Board, the ICB's former Integrated Care Partnerships and more recently this concern has been raised directly with the Integrated Care Board and Tees, Esk & Wear Valley MH Trust.
Which organisations would you like to involve in this process?
TEWV Trust, North East & North Cumbria ICB, Hartlepool's VCSE

Please provide below the name and contact details for the lead officer from your organisation dealing with this matter.
Christopher Akers-Belcher – Chief Executive Healthwatch Hartlepool and Regional Coordinator North East & North Cumbria Healthwatch Network Greenbank, Waldon Street Hartlepool TS24 7QS Tel: 0800 2545552
Purpose of Scrutiny
What questions should scrutiny explore?
What TEWV Trust-owned assets have formed part of the discussions for a Hartlepool MH Facility and where have these discussions taken place? What accommodation and community spaces potentially available from primary care, the VCSE and local government have been explored for a future MH Facility in Hartlepool? How is the MH Facility going to be designed around the needs of local people and integrate with Neighbourhood Health utilising patient voice and lived experience? What mechanism does the Trust intend to adopt to ensure meaningful engagement & involvement? What work has been done and/or is being actively progressed to explore the most beneficial and sustainable future of Sandwell Park? How is TEWV Trust and system Partners utilising the learning from Neighbourhood Mental Health Centre pilot sites, including guidance relating to models of care, public engagement, service design to make a decision regarding the best offer of a MH centre for Hartlepool? How will the MH Centre for Hartlepool be co-designed in a fully transparent way to reflect Hartlepool's needs and aspirations?
What outcomes or improvements would you like to see as a result of scrutiny?
A robust mechanism for meaningful involvement and engagement in the service design for Hartlepool's MH facility. Full commitment to co-design and co-production. A transparent mechanism in the building of the business case for Hartlepool MH Centre that has been subject to challenge, scrutiny and probity.

Full consideration of the premises Sandwell Park fully in the development of the Hartlepool MH proposal and options appraisal. Site visits by scrutiny to all options being considered. A fully costed business case on the best option for Hartlepool that will bring together a wide range of services in a more integrated way, improving how the Trust & partners respond to need, strengthen early intervention, reduce health inequalities and support Hartlepool residents to live healthier and more fulfilling lives within their local communities.
Is there a preferred timescale for scrutiny to consider this issue?
Given the directive from NHS England our preference would be for this to be considered within the municipal year.

Please return this form by email to Democratic Services –

DemocraticServices1@hartlepool.gov.uk

Or by post to -

Democratic Services Section
Hartlepool Borough Council
Civic Centre
Hartlepool
TS24 8AY