

NORTH HERTFORDSHIRE DISTRICT COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE

**MEETING HELD AS A VIRTUAL MEETING
ON MONDAY, 20TH JULY, 2020 AT 7.30 PM**

MINUTES

Present: *Councillors: Kate Aspinwall (Chair), Councillor Sam North (Vice-Chair), Sam Collins, Morgan Derbyshire, Adem Ruggiero-Cakir and Michael Weeks*

In Attendance: *Ian Couper (Service Director - Resources), Reuben Ayavoo (Policy and Community Engagement Manager), Darren Bowler (Assistant Counter Fraud Manager, SAFS) and Matthew Hepburn (Committee, Member and Scrutiny Officer)*

Also Present: *At the commencement of the meeting Councillor Ian Albert*

13 WELCOME AND INTRODUCTION

Audio Recording – 0 Minutes

The Chair welcomed everyone to the virtual Finance, Audit and Risk Committee meeting that was being conducted with Members and Officers at various locations, communicating via audio/video and online and advised that there was the opportunity for the public and press to listen and view proceedings.

The Committee, Member and Scrutiny Officer gave advice regarding the following:

Attendance

A roll call was undertaken to confirm that the required Members and Officers were present and could hear and be heard.

If for any reason the meeting was not quorate an Officer would interject the meeting and the meeting would adjourn immediately. Once the meeting was quorate the meeting would resume.

Only Members present during the entire debate for an item were entitled to vote. If a Member had been cut off during the debate and re-joined the meeting, then they would not be able to vote on that item.

Live Streaming

The meeting was being streamed live on the Council's YouTube channel. If live streaming failed the meeting would adjourn. If the live stream could not be restored within a reasonable period then the remaining business would be considered at a time and date fixed by the Chair. If the Chair did not fix a date, the remaining business would be considered at the next ordinary meeting.

If technology failed for a member of the public who had attended to exercise their right to speak and was unable to do so, the Chair may decide to proceed to the next item of business to allow for connection to be re-established. If connection could not be restored within a reasonable period, the Chair may decide to conclude the remaining business, or consider the remaining business at a time and date fixed by the Chair. If the Chair did not fix a date, the remaining business would be considered at the next ordinary meeting.

Noise Interference

The Committee, Member and Scrutiny Officer asked all in attendance to ensure that electronic devices were muted.

Rules of Debate

If a Member wished to speak they should use the raise hand button and this would alert the host that they wished to speak.

Members were reminded that the normal procedure rules in respect of debate and times to speak would apply.

Voting

When requested to vote, Members were informed to vote using the Green tick for 'Yes', Red Cross for 'No' and Blue Raise Hand for 'abstain'.

Details of how Members voted would not be kept or minuted unless a Recorded Vote was requested or an individual requests that their vote be recorded.

The Committee, Member and Scrutiny Officer would clearly state the result of the vote and the Chair would proceed to the next agenda item.

The Chair, Councillor Kate Aspinwall, started the meeting proper.

14 APOLOGIES FOR ABSENCE

Audio Recording – 4 Minutes

There were no apologies for absence.

15 NOTIFICATION OF OTHER BUSINESS

Audio Recording – 4 Minutes 36 Seconds

There was no other business notified.

16 CHAIR'S ANNOUNCEMENTS

Audio Recording – 4 Minutes 39 Seconds

- (1) The Chair welcomed those present at the meeting;
- (2) The Chair advised that, in accordance with Council Policy, the meeting would be audio recorded and streamed on the Council's YouTube Channel;

- (3) The Chair drew attention to the item on the agenda front pages regarding Declarations of Interest and reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question.

17 PUBLIC PARTICIPATION

Audio Recording – 5 Minutes 20 Seconds

There was no public participation.

18 SHARED ANTI-FRAUD SERVICE (SAFS) ANTI-FRAUD REPORT 2019/20 & PROGRESS WITH DELIVERY OF THE 2020/21 ANTI-FRAUD PLAN

Audio Recording – 5 Minutes 24 Seconds

The Assistant Counter Fraud Manager – Shared Anti-Fraud Service presented the report entitled Shared Anti-Fraud Service (SAFS) Anti-Fraud Report 2019/20 & Progress With Delivery Of The 2020/21 Anti-Fraud Plan, including:

- During 2019/20 SAFS had received 77 allegations of fraud affecting Council Services;
- In comparison to some other SAFS Partners, and historic fraud allegations received by the Council, the volume of reported fraud in 2019/20 had reduced significantly since 2015. Investigating reasons for this;
- Of the 70 cases investigated and closed in the year where fraud or error had been identified recoverable losses of £163,000 and savings of £31,000 were reported;
- The number of cases (70) investigated was the highest number the Council had seen since 2015;
- The National Fraud Initiative has been positive;
- All high priority cases had been resolved; and
- SAFS had been providing support with COVID-19 and business grant payments. The Revenues and Benefits department had received Phishing emails, which had been referred to SAFS and dealt with; and
- Members of the Public had reported to the Council suspicious emails regarding Council Tax.

The following Members asked questions of the Assistant Counter Fraud Manager:

- Councillor Michael Weeks; and
- Councillor Kate Aspinwall.

The Assistant Counter Fraud Manager responded to questions raised as follows:

- The remaining cases that had not yet been investigated would continue to be looked into and would feature in the next report brought before the Committee;
- The definition of Identity Fraud was someone reporting to be someone else, for example on a Housing Application form or using counterfeit documents in order to claim for Benefits not eligible for;
- In relation to Case Study 1, the person was investigated as data matching had taken place with the Department for Work and Pensions. Data matching enabled data to be compared with various data sets from Government Departments; and
- Housing Benefits and Council Tax Discount fraud were grouped together as they were usually claimed at the same time and were on the same application form.

It was:

RESOLVED: That the report entitled Anti-Fraud Report 2019/20 be noted.

REASON FOR DECISION: To enable the Finance, Audit and Risk Committee to review the following:

- (1) The Council's work to combat fraud in 2019/20;
- (2) The performance of SAFS in meeting its KPIs in 2019/20.

19 ANNUAL GOVERNANCE STATEMENT 2019/20

Audio Recording – 22 Minutes 19 Seconds

The Policy and Community Engagement Manager presented the report entitled Annual Governance Statement 2019/20 and drew Members' attention to the following:

- Copies of the draft AGS had been sent to the Shared Internal Audit Service (SIAS), Ernst & Young (External Auditors) and the Shared Anti-Fraud Service;
- Ernst and Young had asked for comments to be added in relating to the actions that the Council took around the pandemic at the end of March to support residents, businesses and voluntary organisations and the work of the recovery board;
- The draft AGS had been prepared following an in-depth review/ input and scoring of arrangements by SMT against the Framework 2016 Principles;
- CIPFA had indicated that the AGS should be a 'meaningful but brief communication';
- Updates on the AGS Action Plan would be provided to the Finance, Audit and Risk Committee twice a year at the September and March meetings; and
- A finalised version of the AGS would be brought to Members of the Finance, Audit and Risk Committee in September 2020.

The Policy and Community Engagement Manager reminded Members that comments could be sent to him by email if they wished.

The following Members asked questions:

- Councillor Kate Aspinwall.

In response to the Member's question, the Policy and Community Engagement Manager advised that a substantial amount of report had been completed before coronavirus. The Annual Governance Statement would be revised and would be brought before the Committee in September and capture the additional Council actions during the coronavirus pandemic, mostly in relation to the support provided to residents, voluntary and community groups and businesses, relaxing of PCN notices, partnership working food parcels, establishment of a community support grant sign posting to Government grants and the development of a district wide recovery plan.

It was:

RESOLVED: That the draft AGS Action Plan 2019/20 be noted and any further comments on the drafts be provided to the Policy and Community Engagement Manager in order for it to be finalised for approval (in September 2020).

REASON FOR DECISION: The Committee is the legal body with responsibility for approval of the AGS. Reporting the draft AGS and Action Plan at this stage provides an opportunity for the Committee to assess and comment on the draft, before it is finalised and brought back for approval in September 2020.

20 RISK MANAGEMENT UPDATE

Audio Recording – 27 Minutes 40 Seconds

The Service Director – Resources presented the report entitled Risk Management Update and drew Members' attention to the following:

- Paragraph 8.2 on page 76 within the report and advised that at the Risk Management Group on 18 May, the Novel Coronavirus (Covid-19) Risk was reviewed. However, there had been some changes since that meeting and an update would be provided at the next meeting which looked at managing the risk of lifting lockdown restrictions, creating a recovery project board and the implications of a local lockdown;
- Paragraph 8.3 on page 76 within the report and advised that the Cyber Risk would be kept at Score 8 on the Draft Risk and Opportunities Matrix;
- A new Service risk had been set up for delivering the NHDC Climate Change Strategy with a risk score of 6, as detailed at paragraph 8.4 on page 76 within the report;
- The Annual Report on Risk Management was reviewed and agreed by the Risk Management Group, as further explained at paragraph 8.5 on page 76 within the report.

The following Members asked questions of the Service Director – Resources:

- Councillor Sam Collins;
- Councillor Sam North;
- Councillor Michael Weeks; and
- Councillor Kate Aspinwall.

In response to questions raised, the Service Director advised as follows:

- A general economic crash could form part of the Covid-19 Risk, as well as the Managing the Council's Finances Risk. However, it may need to have its own risk. This would be discussed at the next Risk Management Group;
- The Novel Coronavirus Risk Owner came under the Directorate Place as Emergency Planning was the responsibility of the Service Director – Place. However, all Senior Officers were involved with the planning of the Covid-19 Risk;
- There was a need for all Service Areas to relook at Business Continuity especially if any resilience was being impacted by Coronavirus;
- The responsibility for Organic Waste disposal laid with the County Council and was part of a long-term contract. It was believed that the County Council would look at separating the waste once the contract came to end. However, at present, food and garden waste (termed Organic Waste) went to the same place; and
- Climate Change was not detailed on the matrix as it was classified as a Service Risk and not a Corporate Risk.

In response to the Member's question relating to the risk of an economic crash following the Coronavirus pandemic, Councillor Ian Albert, Executive Member for Finance and IT, advised that there was a Risk Management Group due to be held in August where the risk of an economic crash and the implication on the Council would be discussed and monitored thereafter.

In response to the Member's question relating to the re-classification of 'Food and Garden Waste' to 'Organic Waste', the Chair directed the Member to the explanation provided at paragraph 4.6 – Re-Classified to Service Risks on page 93 within the report.

Councillor Aspinwall requested a Written Question be asked of the Executive Member for Recycling and Waste Management, as follows:

- (1) Why the Delivery of the Waste Collection and Street Cleaning Services Contract remained as a Risk Score 8 on the Draft Risk and Opportunities Matrix?
- (2) Why the Food and Garden Waste had been be re-classified as Organic Waste?

Councillor Sam North stated that despite Climate Change not being classified as a Corporate Risk, it did not detract from the fact that the Council were taking Climate Change seriously and were responding to Climate Change via the Cabinet Panel on the Environment which helped to inform Council policy.

It was **RESOLVED:**

- (1) That the Corporate Risks for the quarter, namely the review of the Novel Coronavirus (COVID-19) risk with an unchanged scored of 9 and the review of the Cyber Risks and Data Protection Risk with an unchanged score of 8, be noted;
- (2) That the Annual Report on Risk Management be noted.
- (3) That the Executive Member for Recycling and Waste Management be requested to provide a written response to the following questions to the next meeting of the Finance, Audit and Risk Committee on 7 September 2020:

Why the Delivery of the Waste Collection and Street Cleaning Services Contract remained as a Risk Score 8 on the Draft Risk and Opportunities Matrix?

Why the Food and Garden Waste had been be re-classified as Organic Waste?

RECOMMENDED TO CABINET: That the Annual Report on Risk Management be noted and then referred to Full Council.

REASONS FOR DECISIONS:

- (1) The responsibility for ensuring the management of risks is that of Cabinet;
- (2) This Committee has responsibility to monitor the effective development and operation of Risk Management.

21 FINANCIAL IMPACTS OF COVID-19

Audio Recording - 48 Minutes 40 Seconds

As Executive Member for Finance and IT, Councillor Ian Albert introduced the report entitled Financial Impacts of Covid-19 and advised Members of the Committee that the report was to provide assurance to the Committee, Cabinet and Council on the current Covid-19 financial situation. He informed Members that the Service Director – Resources' report was based on the reports that had been sent regularly to the Ministry of Housing, Communities and Local Government.

Councillor Ian Albert stressed that Council services had continued to operate under the circumstances despite being faced with shortfalls.

Audio Recording – 1 Hour 11 Minutes 52 Seconds

After the presentation of the Part 2 Report entitled Financial Impacts of Covid-19, the Service Director – Resources presented the Part 1 report entitled Financial Impacts of Covid-19 and drew Members' attention to the following:

- Paragraphs 8.13-8.14 on page 107 within the report and the contents in Table 2;
- It was only possible to estimate the extent to which the income guarantee would cover losses. The Council had to fund the first tranche of losses up to 5%;
- The contents in Table 7 as detailed at paragraph 8.35 on page 113 within the report; and
- The Investment Strategy detailed how the Council would invest its cash, which included loans for service purposes, as detailed at paragraph 8.39 on page 114 within the report.

The following Members asked questions:

- Councillor Sam Collins;
- Councillor Sam North;
- Councillor Kate Aspinwall;
- Councillor Adem Ruggiero-Cakir; and
- Councillor Morgan Derbyshire.

In response to questions, the Service Director – Resources advised that:

- Thus far, £5,000-£10,000 had been received from the Government in relation to housing the Homeless during the coronavirus pandemic;
- A local lockdown financial impact modelling would only provide an estimate and would be difficult to forecast costs;
- The cost of resurfacing the Lairage Car Park, outlined in Table 7 on page 113 within the report, was an estimated cost a tender had not taken place;
- £350,000 was not the final price for the resurfacing work of the Lairage car park;
- It was important to start the resurfacing work on the Lairage car park as over time the water could cause the concrete to fail which would result in longer term problem;
- In relation to Recommendation 2.4 and asking Council to approve the £350k resurfacing work on the Lairage car park, there was no requirement to use the Emergency Powers to start the work sooner. The resurfacing work could wait until after Council meeting in September 2020.

In response to the Member's point regarding Bim Afolami's letter relating to offering residents free parking in NHDC car parks in Hitchin, Councillor Ian Albert stated that the Council would need to be convinced that this was the best way to spend money. However, he welcomed the MP for attending the Hitchin Committee to discuss the proposal.

Members discussed the financial cost of Homelessness, detailed at paragraph 8.18 on page 109 within the report. It was proposed by Councillor Sam Collins and seconded by Councillor Sam North that a letter be sent to the relevant Government Minister and/or Prime Minister asking that the £200k forecasted spend on housing the Homeless for the entirety of the coronavirus pandemic be covered by the Government.

RECOMMENDED TO CABINET:

- (1) That the forecast financial impact of Covid-19, but that this could be subject to significant change. The Budgets will be formally adjusted as part of the Quarter 1 revenue budget monitor, be noted;
- (2) The delay of the capital spend of £2,809k to 2021/22 onwards, as detailed in Table 6, be approved;
- (3) That a letter be sent to the relevant Government Minister and/or Prime Minister asking that the £200k forecasted spend on housing the Homeless for the entirety of the coronavirus pandemic be covered by the Government.

That Cabinet recommend to Council:

- (1) The forecast impact of Covid-19 in comparison to available reserves and confirms that these reserves will be used to fund the impact. This means that an emergency budget is not required, be noted;
- (2) The £350k is added to the Capital Programme for the resurfacing of the top deck of the Lairage Car Park, Hitchin, be approved;
- (3) An addition to the Investment Strategy that would allow the Council to provide a loan to Hertfordshire Building Control of £65k, if it is required, be approved.

REASON FOR DECISIONS: To ensure that the financial impacts of Covid-19 are recognised and make the necessary changes to allow the Council to manage its budgets.

22 EXCLUSION OF PRESS AND PUBLIC

Audio Recording – 53 Minutes 40 Seconds

RESOLVED: That under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting on the grounds that the following report will involve the likely disclosure of exempt information as defined in Paragraphs 3 of Part 1 of Schedule 12A of the said Act (as amended).

23 FINANCIAL IMPACTS OF COVID-19

Owing to the confidential nature of the report, there was no audio recording.

The Service Director – Resources presented the report entitled Financial Impacts of Covid-19.

Members posed a number a questions to the Service Director – Resources and after a substantial discussion, it was:

RESOLVED: That the contents of the Part 2 Report entitled Financial Impacts of Covid-19 be noted.

REASON FOR DECISION: To ensure that the financial impacts of Covid-19 are recognised and make the necessary changes to allow the Council to manage its budgets.

24 POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS

Audio Recording – 1 Hour 42 Minutes 47 Seconds

The Chair requested that, should any Members have any suggestions for agenda items for future meetings, they were welcome to email her.

RESOLVED: That the Financial Impacts of Covid-19 be a standing item on future Finance, Audit and Risk Committee Agendas.

The meeting closed at 9.19 pm

Chair