



10 July 2020

Our Ref FAR Committee – 20.07.2020  
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To: Members of the Committee: Councillors Kate Aspinwall (Chair), Sam North (Vice-Chair), Sam Collins, Steve Deakin-Davies, Morgan Derbyshire, Adem Ruggiero-Cakir and Michael Weeks

Substitutes: Councillors George Davies, Steve Jarvis, Ian Moody, Helen Oliver, Kay Tart and Terry Tyler

**NOTICE IS HEREBY GIVEN OF A**

**MEETING OF THE FINANCE, AUDIT AND RISK COMMITTEE**

to be held as

**A VIRTUAL MEETING**

On

**MONDAY, 20TH JULY, 2020 AT 7.30 PM**

Yours sincerely,

Jeanette Thompson  
Service Director – Legal and Community

**\*\*MEMBERS PLEASE ENSURE THAT YOU DOWNLOAD ALL AGENDAS AND REPORTS VIA THE MOD.GOV APPLICATION ON YOUR TABLET BEFORE ATTENDING THE MEETING\*\***

## **Agenda** **Part I**

<b>Item</b>	<b>Page</b>
<b>1. APOLOGIES FOR ABSENCE</b>	
<b>2. NOTIFICATION OF OTHER BUSINESS</b> Members should notify the Chair of other business which they wish to be discussed at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency.  The Chair will decide whether any item(s) raised will be considered.	
<b>3. CHAIR'S ANNOUNCEMENTS</b> Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chair of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest, wishing to exercise a 'Councillor Speaking Right', must declare this at the same time as the interest, move to the public area before speaking to the item and then must leave the room before the debate and vote.	
<b>4. PUBLIC PARTICIPATION</b> To receive petitions, comments and questions from the public.	
<b>5. SHARED ANTI-FRAUD SERVICE (SAFS) ANTI-FRAUD REPORT 2019/20 &amp; PROGRESS WITH DELIVERY OF THE 2020/21 ANTI-FRAUD PLAN REPORT OF THE SHARED ANTI-FRAUD SERVICE</b>	(Pages 5 - 58)
To review the Councils work to combat fraud in 2019/20 and the performance of SAFS in meeting its KPIs in 2019/20.  To receive an update on the progress with delivery of the 2020/21 Anti-Fraud Plan.	
<b>6. ANNUAL GOVERNANCE STATEMENT 2019/20 REPORT OF THE POLICY AND COMMUNITY ENGAGEMENT MANAGER</b>	(Pages 59 - 72)
For the Finance, Audit & Risk Committee to review the draft Annual Governance Statement (AGS) including Action Plan for the year 2019/20.	

- 7. RISK MANAGEMENT UPDATE** (Pages  
REPORT OF THE SERVICE DIRECTOR – RESOURCES 73 - 102)
- An update on Risk Management at North Hertfordshire District Council.
- 8. COVID-19 FINANCIAL IMPACTS** (Pages  
REPORT OF THE SERVICE DIRECTOR – RESOURCES 103 -  
116)
- To summarise the forecast financial impact of Covid-19 on the Council and the implications that arise from this.
- 9. EXCLUSION OF PRESS AND PUBLIC**
- To consider passing the following resolution:
- 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).
- 10. COVID-19 FINANCIAL IMPACTS** 117 -  
REPORT OF THE SERVICE DIRECTOR – RESOURCES 120
- To summarise the forecast financial impact of Covid-19 on the Council and the implications that arise from this.
- 11. POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS**
- The Chair to lead a discussion regarding possible agenda items for future meetings.

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## North Hertfordshire District Council

### Anti-Fraud Report 2019/20

#### Recommendation

Members are recommended to:

- Review the Councils work to combat fraud in 2019/20
- Review the performance of SAFS in meeting its KPIs in 2019/20

## **Contents**

- 1 Introduction and Background**
- 2 Delivery of the 2018/19 Anti-Fraud Plan**
- 3 SAFS Joint Review/ Internal Audit**
- 4 Transparency Code- Fraud Data**

## **Appendices**

- A. Fighting Fraud and Corruption Locally a Strategy for the 2020s
- B. Anti-Fraud Plan 2019/20
- C. Delivery of the Fraud Plan 2019/20
- D. Fraud Statistics 2019/2020

## 1 Introduction and Background

### Introduction

This report provides details of the work undertaken to protect the Council against the threat of fraud as laid out in the Council's Anti-Fraud Action plan for 2019/20. The Committee are asked to note this work.

Recent reports have been provided to Council officers and are being used by SAFS to ensure that the Council is aware of its own fraud risks and is finding ways to mitigate or manage these effectively wherever possible.

These reports include:

*Fighting Fraud and Corruption Locally a Strategy for the 2020s* published in partnership by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Credit Industry Fraud Avoidance Service (CIFAS), the Local Government Association (LGA) and the Society of Local Authority Chief Executives (SOLACE) in March 2020. This is the first time that such a publication has had this level of support across the counter fraud in local government. See **Appendix A** for a copy of the Strategy.

*Perspectives on Fraud- Insights from Local Government.* In 2019 CIPFA commissioned a survey and round table events for senior managers in local government to establish what local authorities were doing to tackling fraud. The survey was conducted by an independent body with the support of LGA & MHCLG.

CIPFAs *Fraud and Corruption Tracker 2019* indicates that fraud risks had increased since 2016 but that counter fraud capacity within councils had reduced, and would continue to do so, placing local government at even greater risk.

The Governments *United Kingdom Anti-Corruption Strategy 2017-2022* includes the vision and priorities for dealing with and reducing the risk of corruption within the UK private, public & charity sectors and when working with organisations /companies/government agencies abroad.

## **1. Background**

- 1.2 According to reports from CIPFA, the National Audit Office (NAO), Cabinet Office, and the private sector, fraud risk across local government in England exceeds £2.billion each year, with some more recent reports indicating levels considerably above this.
- 1.3 The Cabinet Office, Ministry for Housing Communities and Local Government, National Audit Office, and CIPFA have issued advice and best practice guidance to support local councils in the fight to reduce the risk of fraud and prevent loss to the public purse. This advice includes the need for Councils to be vigilant in recognising their fraud risks and to invest sufficient resources in counter fraud activities that deliver savings through prevention.
- 1.4 It is essential that the Council has in place a robust framework to prevent and deter fraud, including effective strategies and policies, and plans to deal with the investigation and prosecution of identified fraud.
- 1.5 North Hertfordshire District Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS). This Committee has received detailed reports about the creation of SAFS and how this service works closely with the Councils Internal Audit Service.

## **2. SAFS Activity 2019/20 & Delivery of the 2019/20 Anti-Fraud Plan**

### The Plan

- 2.1 This committee reviewed and commented on the Councils Anti-Fraud Plan for 2019/20 at its meeting in March 2019. A copy of the Plan can be found at **Appendix B.**
- 2.2 The plan was proposed by SAFS and agreed and approved by senior officers within the Council. Delivery of the plan is very much a partnership between officers across the Council with key roles and SAFS providing expertise and operational support where required.
- 2.3 We are very pleased to report that all actions proposed for the 2019/20 Anti-Fraud Plan were all achieved with one exception which has no impact on the Council directly. Delivery of the plan can be found at **Appendix C**

### Staffing

- 2.3 The SAFS Team (in April 2019) was composed of 18 accredited and fully trained counter fraud staff and is based at Hertfordshire County Councils offices in Stevenage.



- 2.4 Each SAFS partner receives dedicated support by the allocation of officers to work exclusively for each partner whilst allowing all officers within the Team to work with different partners from time to time. Providing the service this way allows officers to develop good working relationships with council officers whilst providing resilience and flexibility across the partnership as a whole.
- 2.5 In 2019/20 SAFS deployed one member of staff to work for the Council. This officer was supported by SAFS management and the SAFS intelligence team, data-analytics and an Accredited Financial Investigator. SAFS officers have access to Council offices, officers and systems to conduct their work
- 2.6 As part of the Councils Anti-Fraud Plan for 2019/20 a number of KPIs were agreed for SAFS to measure its performance and these are shown below.

KPI	Measure	Target 2019/2020	Reported Performance	Reason for KPI
1	Return on investment from SAFS Partnership.	Demonstrate, via SAFS Board, that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.	Fees to SAFS £81.6k. 70 cases investigated with a value of £190k in savings or recoverable losses. Board reports show that NHDC receives added value from its membership of SAFS	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	A. 1 FTE on call at the Council. (Supported by SAFS Intel/AFI/Management) B. 3 Reports to Audit Committee. C. SAFS Attendance at Champions Meetings	A. FTE in post B. FARC reports provided July & Dec 2019 and March 2020. C. Meetings take Place and SAFS also part of the Governance Group	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	A. All urgent/ high risk cases 2 Days. B. All other cases 5 Days on Average.	A&B Current performance 1 day on average for all referrals	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Added value of SAFS membership.	A. Membership of NAFN B. Membership of CIPFA Counter C. NAFN Access/Training for D. 5 Fraud training events.	A&B. NAFN/ CIPFA Membership. C. NAFN training offered via HR. D. Training events being organised with HR for 2020.	Deliver additional services that will assist in the Council in preventing fraud across all services
5	Allegations of fraud received.  & Success rates for cases investigated.	A. 100 - Fraud referrals from all sources to SAFS  B. 60% of cases investigated identify fraud	A. 77  B. 69% (48 from 70 cases closed)	To measure the effectiveness of the service in promoting the reporting of fraud by staff and & measure the effectiveness in identifying cases worthy of investigation.
6	Making better use of data to prevent/identify fraud.	A. Implement the Herts FraudHub. B. Support NFI 2018/2019 Reports.	A. Contracts signed and data being uploaded . B. Progress Good with resolving output	Build a Hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.

Fraud Awareness and Reported Fraud

- 2.7 A key aim for the Council is to create an anti-fraud culture, that encourages senior managers and members to consider the risk of fraud when developing policies or processes to prevent fraud; deters potential fraud; encourages staff and the public to report fraud where it is suspected.
- 2.8 The Council’s website includes pages on how fraud affects the Council <https://www.north-herts.gov.uk/home/benefits/report-fraud>. The website has links for the public to report fraud and to the SAFS webpage. The SAFS webpage in turn provides further information on fraud, the latest news stories as well as options for the public to report fraud.
- 2.9 Council staff can use the same methods to report fraud, or they can report fraud directly to SAFS staff working at the Council. Working with the Councils HR service SAFS have delivered an e-training package linked to the Councils policies, to raise awareness of the risk of fraud & corruption, bribery and anti-money laundering.
- 2.10 During 2019/20 SAFS received 77 allegations of fraud affecting Council services.

**Table 1. Types of fraud being reported (in year):**

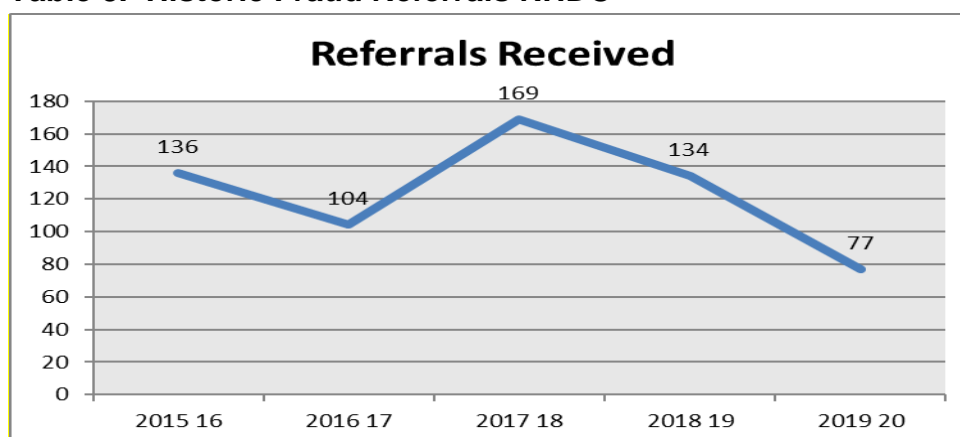
Council Tax Discount/ Housing Benefit	Housing	Blue Badge Abuse	Other	Total
68	3	2	4	77

**Table 2. Who is reporting Fraud**

Fraud Reported by Staff	Reports from Public	Data- Matching/ Proactive Investigations	Other	Total
24	44	8	1	77

- 2.11 In comparison to some other SAFS Partners, and historic fraud allegations received by the Council, the volume of reported fraud in 2019/20 has reduced significantly since 2015. SAFS are reviewing collated data across all partners to see identify the reason for this trend.

**Table 3. Historic Fraud Referrals NHDC**



Investigation and Prevention Activity

- 2.12 At this time many cases raised for investigation are still in the early stages. However, of the 70 cases investigated and closed in the year where fraud or error was identified recoverable losses of £163,000 and savings (through prevention) of £31,000 were reported. See **Appendix D** for a breakdown of all cases reported and investigated in 2019/20. At year end 45 cases remained under investigation.
- 2.13 As well as the financial values identified SAFS has worked with the Revenue and Benefit Service to apply financial penalties as alternatives to prosecution, where fraud has been committed by people claiming Council Tax Discounts or Housing Benefit. Such penalties were applied on 16 occasions in 2019/20, raising around £5,000 in new revenue for the Council.

**Case study 1:**

*A referral was made following a review of the claimant's Council Tax Reduction (CTR) claim in January 2019, where Council officers suspected that the claimant held undisclosed capital. The claimant lived in a flat in Kimpton and had claimed CTR based on a low income and limited savings. SAFS enquiries revealed a total of 15 accounts held since the start of the CTR claim in April 2013. The capital in these accounts was in excess of £16,000 from April 2013 to January 2016, reaching a little over £91,000 at its' peak. In interview, the claimant stated he did not know he needed to declare ISAs and similar accounts due to these being tax free. An overpayment for CTR was created of £3,000 as a result of the undeclared savings and other capital. It was felt a financial penalty was the most appropriate means to close the case along with repayment of the £3,000 unpaid council tax.*

- 2.14 The vast majority of the investigation work for SAFS involves housing benefit or council tax discounts and SAFS works very closely with officers from the Council and the Department for Work and Pensions to ensure that all these cases are jointly worked in accordance with the National framework where appropriate. Three of these cases were referred to the DWP/CPS for prosecution in 2019/20 where evidence of serious offending had been obtained.

**Case study 2:**

*An allegation was received that a claimant of Housing Benefit (HB) & CTR living in Letchworth had undeclared bank accounts and capital. Open source enquiries linked the claimant to his own company. Local enquiries also showed the claimant had been in receipt of benefits for 10 years at various addresses throughout the North Herts area. His claim was ended in 2018 when he failed to respond to a review letter. Enquiries were made with the banks and a total of 12 accounts were uncovered. These accounts held over £16,000 in capital from June 2013 to the end of his claim. During the life of his claims the claimant had only ever declared 3 of these accounts to NHDC and always with balances totalling less than the £16,000 capital limit. Based on the evidence collected overpayments for HB & CTR totalled £44,854. The case has been referred to the CPS for a joint prosecution with the DWP.*

- 2.15 SAFS continues to work with Catalyst & Settle, two social housing providers with stock in North Hertfordshire, providing an anti-fraud service linked to the misuse of social housing.

**Case Study 3:**

*Settle Housing reported that a tenant of a flat in Letchworth was living/working abroad and sub-letting their accommodation to other people during their absence.*

*SAFS took an interest for NHDC as there was SPD/CTR in payment to the tenant during the period of the alleged absence.*

*Home Office records showed that the tenant had spent a significant amount of time outside of the UK. Witness statements were also obtained from the neighbours, who remembered seeing different people entering and leaving the flat using a key.*

*NHDC reviewed the evidence and ended the claims for CTR and SPD, creating overpayments of around £600.*

*Settle Housing were advised so that they could action regarding any tenancy breaches.*

- 2.16 SAFS assist the Councils Civil Enforcement Officers (CEOs) in the prevention, detection and prosecution of blue badge misuse in the Councils car parks. This is achieved through joint patrols by SAFS Officers and CEO's, and by enabling the CEOs to report misuse where they suspect it. In 2019 officers from the Council and SAFS engaged in a countywide blue badge abuse campaign which resulted in several badges being inspected and seized for misuse.

**Case Study 4: NHDC Press Release March 2019.**

*North Hertfordshire District Council (NHDC) Parking Services team recently carried out a joint operation with Hertfordshire County Council's Shared Anti-Fraud Service to tackle the improper use of blue badges.*

*In one morning alone, Officers found that 40 percent of badges inspected in Hitchin were being misused. Blue Badges are given to disabled people to park close to their destination, allowing them to live independently and go about their daily lives more easily. Using a Blue Badge fraudulently is a crime that can carry a fine of up to £1,000 and confiscation of the badge.*

*The badge is for the sole use of the person named on it. It must only be displayed if the badge holder is travelling in the vehicle as a driver or passenger. The badge may not be used by other people to carry out an activity on behalf of the badge holder, such as shopping or collecting something for them, unless the badge holder is travelling with them.*

- 2.17 In November 2019 the Councils Communication Team, along with other SAFS Partners, took part in the *International Fraud Awareness Week* through a social media campaign explaining to the public the impact of fraud on the Council's finances as well as how the public can protect themselves against fraud.
- 2.18 Although the Council did not make use of the Council Tax Review Framework in 2019/20 it did in the previous years and plans to do so in the current year meeting its SLA requirements for this contract.
- 2.19 The Council has complied with the statutory requirement of the National Fraud Initiative (NFI) 2018 with the output from this received in February 2019. The NFI is a national anti-fraud exercise conducted by the Cabinet office every two

years across local and central government. These statistics are in addition to these reported above and in **Appendix D**.

**Table 3. NFI Activity**

Total Matches received 2018/19	High Priority Matches	Matches Reviewed	Matches Not Actioned or OS at 31.3.2020	Total
1,302	292	1,040	262	£17,458

- 2.20 In May 2019 the SAFS Partnership won the award for ‘Overall Contribution’ to combatting fraud from the Fighting Fraud and Corruption Locally Board at its annual conference hosted by CIPFA and in December 2019 won the ‘Outstanding Partnership’ at the inaugural Tackling Economic Crime Awards.

**TECAs Awards December 2019**

The winners of the first-ever Tackling Economic Crime Awards were announced on Monday 9<sup>th</sup> December at the Sheraton Grand London Park Lane where 250 representatives from the financial crime sector were in attendance. The winners were selected from an esteemed panel of judges and the awards were presented in 13 categories to public, private and third sector organisations and individuals who had made a significant impact in desisting all areas of economic crime.

*Professor Martin Gill, founder of the TECAs, commented:*

*“It’s a great honour to be able to play a part in recognising the achievements of so many outstanding players in this sector. All the finalists and especially the winners should be proud. The judging process is strict and robust; each judge marks independently against a set of criteria, and they commit to declaring any conflict of interest. Each entry must achieve a fixed score threshold to become a finalist, ensuring consistent quality across the competition; which means all the finalists – individuals, teams and companies represent outstanding performance of the highest level.”*

**Outstanding Partnership – Hertfordshire Shared Anti-Fraud Service**

The Hertfordshire Shared Anti-Fraud Service (SAFS) deals with the growing threat of fraud to local government. Set up in 2015, the partnership utilises local government funding to increase effectiveness in preventing and detecting fraud. The partnership includes seven councils across Hertfordshire and Bedfordshire and a number of social housing providers. The SAFS team members are all fully accredited and trained. The service has received 4,000 fraud referrals in the last four years and successfully investigated more than 1,500 individual cases, been responsible for 60 successful prosecutions and recovered more than 90 social homes as well as saving in excess of £15m in public funds across numerous council services.

**3. SAFS Internal Audit 2019/20**

- 3.1 It was agreed by the SAFS Board that in 2019/20 the Service would part of a Joint Review Audit, as part of the Shared Internal Audit Service (SIAS) 2019/20 Audit Plan, for all SAFS partners. The primary aim of the review was to provide assurance that the key objectives of SAFS are being achieved.
- 3.2 The final report for the 2019/20 Internal Audit Review of the Shared Anti-Fraud Service conducted by SIAS/BDO was provided to the SAFS Board on 27 May 2020. SAFS Management was very pleased to receive a ‘Good’ level of

assurance from this report and the positive feedback provided by board members.

#### 4. Transparency Code- Fraud Data

4.1 The Department for Communities and Local Government (DCLG) published a revised Transparency Code in February 2015, which specifies what open data local authorities must publish.

4.2 The Code also recommends that local authorities follow guidance provided in the following reports/documents:

CIPFA: *Fighting Fraud Locally Strategy*

([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/118508/strategy-document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118508/strategy-document.pdf)).

The National Fraud Strategy: *Fighting Fraud Together*

(<https://www.gov.uk/government/publications/nfa-fighting-fraud-together>)

CIPFA Red Book 2 – *Managing the Risk of Fraud – Actions to Counter Fraud and Corruption*

(<http://www.cipfa.org/->

[/media/files/topics/fraud/cipfa\\_corporate\\_antifraud\\_briefing.pdf](http://www.cipfa.org/-/media/files/topics/fraud/cipfa_corporate_antifraud_briefing.pdf))

4.3 The Code requires that Local Authorities publish the following data in relation to Fraud. The response for *North Hertfordshire District Council* for 2019/2020 is in **Bold**:

- 3 Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.

**Nil. (The Council is a Partner to the Hertfordshire Shared Anti-Fraud Service and makes use of the National Anti-Fraud Network (NAFN) to conduct such enquiries on their behalf.**

- 4 Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.

**1.5 FTE**

- 5 Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists.

**1.5 FTE**

- 6 Total amount spent by the authority on the investigation and prosecution of fraud.

**£81,600**

- 7 Total number of fraud cases investigated.

**70 Cases investigated and closed in year**

4.4 In addition, the Code recommends that local authorities publish the following (*for North Hertfordshire District Council Fraud/Irregularity are recorded together and not separated*):

- Total number of cases of irregularity investigated-

**See 7 above**

- Total number of occasions on which a) fraud and b) irregularity was identified.

**42 (45 cases remained under investigation at year end)**

- Total monetary value of a) the fraud and b) the irregularity that was detected.

**£163,000 of fraud losses & £31,000 of fraud savings identified in year. A further £17,000 saved as a result of NFI 2018/19.**

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# Fighting Fraud and Corruption Locally

A strategy for the 2020s

A response to economic crime and fraud



# With support from:



This is the third Fighting Fraud and Corruption Locally Strategy, produced by local government for local government.

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*Introduction*

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*GAPPP*  
*The themes*

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*The Local Response*  
*Appendix 1 & Appendix 2*

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# Foreword

## — Richard Watts

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Since the first strategy was produced in 2011 councils have faced significant financial challenges. Councils have innovated, collaborated and prioritised in order to meet the financial challenge and to protect front line services. Tackling the threat of fraud and corruption has been and continues to be a cornerstone of protecting council finances and enabling them to maximise the value of every pound spent on behalf of local residents.

Every pound siphoned off by a fraudster is a pound that cannot be spent on services where they are needed. Councils need to be vigilant. Councils have a good record in countering fraud and the strategy contains numerous case studies and examples of successes.

As the strategy highlights, it is estimated that about one in three of all crimes committed nationally is fraud based and fraudsters are always seeking new ways to take money. The strategy also highlights that potential losses to fraud could run into hundreds of millions or even billions of pounds if preventative action is not

taken. Councils need to be agile and work together with national agencies and the Government to respond to new fraud threats, to prevent losses and to protect vulnerable people in our society. Collaboration to counter and prevent fraud is a theme running through the strategy.

The Fighting Fraud and Corruption Locally Strategy is an excellent example of how councils can come together for the overall benefit of local services and residents served. The strategy has been led by the Fighting Fraud and Corruption Locally Board. This Board has been described as “a coalition of the willing”. It is a group of senior multi-disciplinary experts from councils working together with partners, that work with the councils on counter fraud activities. The Board is currently chaired by a representative from the Society of Local Authority Chief Executives (SOLACE). The Board members and the organisations they come from all provide their expertise on a pro bono basis, for the benefit of the sector and to help counter fraud. The board is supported by the LGA. In carrying out the research to draft this new strategy, the board has run several workshops up and down the country that have been attended by representatives from more than 250 councils. The work of all these people is reflected in the strategy and our thanks are due to all of them.

The strategy outlines, outlines a governance framework for continuing national and regional collaboration on counter fraud under the Fighting Fraud and Corruption Locally umbrella. Section four of the strategy outlines a practical programme and checklist for individual councils to follow.

I am happy to endorse this strategy on behalf of the LGA and welcome it as an opportunity for councils to review and further improve their counter fraud work in the 2020s.

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**Cllr Richard Watts**  
Chair Resources Board, Local  
Government Association  
Leader Islington Council

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# Foreword

## — Mike Haley

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As the Chair of the Joint Fraud Taskforce I am delighted to support The Fighting Fraud and Corruption Locally 2020 strategy at a time when incidences of fraud and corruption are rising and there is an identified need for councils and their leaders to adopt a robust response.

Having worked as a fraud investigator I understand the importance of collaborative working and of having a structure and framework that guides and governs counter fraud and associated corruption activities.

Through working together and applying the principles of this strategy I am convinced that, perhaps for the first time, we have a model for true collaboration that is so important in identifying fraudsters, often organised groups, who seek to undermine and take financial advantage of systemic vulnerabilities and abuse those citizens in our community who are in themselves vulnerable.

I recognise the challenge that we all face in having to balance demands on resource across essential services at a time when funding is constrained. However, I also recognise the important role that local authorities and their frontline services play in tackling fraud and corruption that are a drain on those resources. Savings through enforcement and bringing fraudsters to justice can be used to support our social services and can build stronger and safer communities.

I am convinced that this strategy is an important step in tackling fraud and corruption that is so corrosive to society. In my role as Chair of the Joint Fraud Taskforce I welcome my local authority colleagues. By working together, I am convinced that we can deliver a step change in tackling fraud.

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**Mike Haley**

Chair of the Joint Fraud Taskforce

The Joint Fraud Taskforce is a partnership between banks, law enforcement and government to deal with economic crime.

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# Executive Summary

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*Fighting Fraud and Corruption Locally 2020 is the updated counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top.*

**By using this strategy local authorities will:**

- *develop and maintain a culture in which fraud and corruption are unacceptable*
- *understand the harm that fraud can do in the community*
- *understand their fraud risk*
- *prevent fraud more effectively*
- *use technology to improve their response*
- *share information and resources more effectively*
- *better detect fraud loss*
- *bring fraudsters to account more quickly and efficiently*
- *improve the recovery of losses*
- *protect those at risk.*

This strategy is aimed at council leaders, chief executives, finance directors and all those charged with governance in local authorities including those on audit committees and with portfolio responsibility. It is produced as part of the Fighting Fraud and Corruption Locally initiative, a partnership between local authorities and key stakeholders, and succeeds the previous strategies written in 2011 and 2016. It is not 'owned' by any one organisation but by the local authorities who have given time and support to develop it. Areas of focus for elected members, chief executives and those charged with governance are laid out in Section 4: The Local Response.

This partnership has been so successful it has existed since 2010 when the research and engagement first began.

Local authorities continue to face a significant fraud challenge and while the official figures are dated the argument about protecting funds and vulnerable people remains. The National Fraud Authority estimated local authorities face the threat of £2.1bn fraud in a year in 2013. In fact, the Annual Fraud Indicator produced by Crowe Clark Whitehill estimates that figure may be as high as £7.8bn in 2017, out of a total of £40.4bn for the public sector as a whole. The Government's Economic Crime Plan states that the numbers of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community. Fraud and corruption are a drain on local authority resources and can lead to reputational damage and the repercussions maybe far reaching.

Fraudsters are constantly revising and sharpening their techniques and local authorities need to do the same. There is a clear need for a tough stance supported by elected members, chief executives and those charged with governance. This includes tackling cross-boundary and organised fraud and corruption attempts, as well as addressing new risks such as social care fraud and cyber issues.

In addition to the scale of losses and potential losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities report that they are still encountering barriers to tackling fraud effectively, including lack of incentives, data sharing, information sharing and powers, but also that they require support from senior stakeholders and those in charge of governance.

These factors do present challenges. However, this strategy demonstrates the tenacity of local fraud teams in continuing to lead on innovation and collaborate and also that there is a network of local leaders willing to support this initiative. This strategy, then, is about creating a self-sustaining counter fraud response for the sector.

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# Review of 2016 Fighting Fraud and Corruption Locally Strategy

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**The previous two strategies focused upon pillars of activity that summarised the areas local authorities should concentrate efforts on. These were 'acknowledge', 'prevent' and 'pursue'.**

**These pillars are still applicable. During the research for this strategy they were supported as key areas by those who have input. However, another two areas of activity have emerged that underpin tenets of those pillars. These are 'govern' and 'protect'.**

**The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.**

## **Govern**

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.

## **Acknowledge**

Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

## **Prevent**

Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

## **Pursue**

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat and protect themselves and the community.

The second new area that has appeared during the research recognises the increased risks to victims and the local community:

## **Protect**

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.



## GOVERN

*Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.*



## ACKNOWLEDGE

*Accessing and understanding fraud risks.  
Committing the right support and tackling fraud and corruption.  
Demonstrating that it has a robust anti-fraud response.  
Communicating the risks to those charged with Governance .*



## PREVENT

*Making the best use of information and technology.  
Enhancing fraud controls and processes.  
Developing a more effective anti-fraud culture.  
Communicating its' activity and successes.*



## PURSUE

*Prioritising fraud recovery and use of civil sanctions.  
Developing capability and capacity to punish offenders.  
Collaborating across geographical and sectoral boundaries.  
Learning lessons and closing the gaps.*



## PROTECTING ITSELF AND ITS RESIDENTS

*Recognising the harm that fraud can cause in the community.  
Protecting itself and its' residents from fraud.*

This strategy and its tools provide ways for local authorities to further develop and enhance their counter fraud response by ensuring that it is comprehensive and effective and by focusing on the key changes that will make the most difference.

Local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes – the six Cs – that emerged from the 2016 research:

- Culture
- Capability
- Competence
- Capacity
- Communication
- Collaboration

Many local authorities have demonstrated that they can innovate to tackle fraud and can collaborate effectively to meet the challenges. Indeed, many have identified that a reduction in fraud can be a source of sizeable savings. There are case studies and quotes through this document evidencing the good work that is already happening.

### This strategy

- *recognises that fraud is not a victimless crime and seeks to protect the vulnerable from the harm that fraud can cause in the community*
- *calls upon senior management in local authorities to demonstrate that they are committed to tackling fraud and corruption*
- *calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment*
- *calls upon local authorities to work together to illustrate the benefits that can accrue from fighting fraud more effectively*
- *calls upon senior stakeholders to listen to the business cases on barriers put by local authorities in order to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers such as a lack of powers.*



## Case Study

### Birmingham City Council: Acknowledge Using data to tackle fraud

*In the original Fighting Fraud Locally 2011 Birmingham City Council was cited as good practice for setting up a data warehouse and protecting public funds. BCC continues to put fraud at the top of the agenda.*

BCC has used a well-established, sophisticated data warehouse to develop an automated programme of data matching that allows potential fraud and error to be detected within 24 hours. This has been particularly effective in identifying fraudulent claims for council tax single person discounts and fraudulent housing applications. In time BCC expects the process to reduce the amount of fraud or error requiring a formal investigation as it will have been prevented or stopped almost as soon as it began. As a result, services that are being provided incorrectly can be stopped quickly, thus helping to preserve resources and reduce the level of fraud and error.

“Local authorities must ensure they take the necessary steps to put in place a strategy which can deliver a response that protects itself and its residents. Councils need to commit adequate resources to support that work and also measure its progress against that strategy. Fighting Fraud and Corruption Locally provides the necessary tools and ideas to support that work.”

*Trevor Scott, Chief Executive Wealden District Council*

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# Introduction

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*This strategy document is aimed primarily at council leaders and other elected members, chief executives, finance directors and those charged with governance in local authorities.*

*As a result of lessons learned during previous incarnations this document contains the core strategy together with companion documents which provide more detailed guidance on its implementation which will be updated when necessary during the life of this strategy. In that way there will be live documents for practitioners to draw upon that will more readily reflect the ever changing fraud local landscape.*

*We recognise that pulling together practitioners and stakeholders to discuss these issues is a local authority exercise and detracts from day-to-day activity where there are limited resources in place. Therefore this strategy will cover from 2020 onwards supported by live companion documents.*

*The research for this strategy was carried out by local practitioners and board members.*

*The research was commissioned by the board and was coordinated by the secretariat.*

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## The research consisted of:



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The original Fighting Fraud Locally 2011 strategy was launched with a series of pilots and joint working, conferences and awards and was hugely successful. The workshops highlighted much work being done in local authorities that is commendable and can prevent fraud across boundaries. Therefore, as part of these fact-finding engagement exercises those that attended workshops were asked to offer activity to demonstrate the partnership as part of FFCL. Around 30 activities and events have been identified for 2020 that demonstrate some of the good practice found during the research for this document and show that local authorities continue to tackle fraud and corruption. It is intended that these examples will be used to kick-start momentum in the way that the 2011 strategy did. In addition a number of working groups have formed already to implement the recommendations.

The activity following the publication of FFCL 2016 was more limited. There was no formal local launch and limited board activity. Therefore some of the issues raised during that research still persist. Efforts have been made to redress this during the research for this strategy by setting in place activity to address those persistent issues.

Nevertheless it is clear that local authorities continue to tackle fraud, as evidenced in this strategy's case studies and by the appetite to take forward the issues raised during the research and in the good practice guides.

Several new areas were raised during the research as barriers to overcome and local authorities have already stepped up to join together to help tackle these barriers. As part of the engagement exercise working groups and local authorities are already in place to begin the work on these issues.

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This document is divided into four sections:

### Section 1

#### The Context

Sets out the nature and the scale of fraud losses, the argument for measurement and the key issues raised by stakeholders.

### Section 2

#### The Strategic Response

Describes the response that is required from local authorities to address the challenges they are facing, identifying the activities necessary in order to achieve the strategic vision.

### Section 3

#### Turning Strategy into Action – Delivery Plan

Sets out the recommendations and the framework for delivery.

### Section 4

#### The Local Response – Appendices

## Companion Annexes

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. These documents may be refreshed at any time during the life of the strategy. They are not part of the strategy but are further guidance that is changeable. Areas they cover include fraud risks, good practice and the counter fraud local landscape.

## Section 1: The Context

### a) The scale of fraud and corruption

It is accepted that fraud affects the UK across all sectors and causes significant harm.

The Office for National Statistics states that one in 16 members of the population is likely to fall victims. The Government's Economic Crime Plan 2019 states that the number of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

The last, most reliable and comprehensive set of local authority figures was published by the National Fraud Authority in 2013, and indicates that the fraud threat may have been costing the UK £52bn a year.

Within these figures the threat to local authorities totalled £2.1bn.

More recent estimates are higher. The Annual Fraud Indicator produced by Crowe Clark Whitehill estimated that figure may be as high as £7.8bn in 2017 of which procurement fraud was estimated as £4.3bn. This study estimated that the total threat faced by the public sector was £40.4bn.

*“We do not have a wholly reliable estimate of the total scale of economic crime. However, all assessments within the public and private sectors indicate that the scale of the economic crime threat continues to grow.”*

*Economic Crime Plan 2019*

The National Fraud Authority estimated public sector fraud (including local government) at £20.6bn in 2013.

The National Audit Office's Local Landscape Review 2018 estimated fraud at up to £20.3bn excluding local government.

The estimated losses for local authorities in 2013 are broken down in the following by identified fraud losses and hidden fraud losses:

#### Estimated Local Government Fraud Loss 2013

Fraud Type	Estimated loss
Housing tenancy fraud	£845m
Procurement fraud	£876m
Payroll Fraud	£154m
Council Tax fraud	£133m
Blue Badge Scheme misuse	£46m
Grant fraud	£35m
Pension fraud	£7,1m

Annual Fraud indicator 2013

These figures do not take into account the indirect costs of responding to and dealing with fraud and exclude some potentially significant areas of fraud loss. The fraud landscape has changed since 2013 as councils have introduced new ways of working and innovative responses to risks, while at the same time new areas of fraud risk have appeared.

Local authorities were sceptical about current publications on sector fraud figures and performance as there was a plethora of different numbers with no agreement or consensus. However, they remain keen to develop a consistent risk and performance methodology for the sector and for individual councils to estimate the potential risk they face on a consistent basis. Following the research for this strategy, a working group has been set up to develop methodologies for the sector to use.

## b) The nature of the problem

In June 2019 the Government published its first Economic Crime Plan and included fraud and corruption in the definition.

### The Government's Economic Crime Plan 2019

#### What is economic crime?

To help establish our partnership, we have agreed a common language across the public and private sectors regarding economic crime. We have used the following definition of economic crime to guide our efforts. Economic crime refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others. This poses a threat to the UK's economy and its institutions and causes serious harm to society and individuals. It includes criminal activity which:

- allows criminals to benefit from the proceeds of their crimes or fund further criminality

- damages our financial system and harms the interests of legitimate business
- undermines the integrity of the UK's position as an international financial centre
- poses a risk to the UK's prosperity, national security and reputation

*1.12 This definition is broader than terms such as 'financial crime' or 'white-collar crime' to provide a holistic response to the following types of criminality:*

- fraud against the individual, private sector and public sector
- terrorist financing
- sanctions contravention
- market abuse
- corruption and bribery
- the laundering of proceeds of all crimes

For the purposes of this strategy we have retained the terms 'fraud' and 'corruption' while recognising that they are part of a wider agenda. The strategy has not been re-titled 'Economic Crime'.

## c) Issues raised by stakeholders

During the workshops and research a number of barriers to effective working were raised – the main issues raised are below. Participants were asked how they would solve these issues and there were many ideas and opportunities presented. Local authorities are keen to play a part and influence the outcomes. Therefore a working group has been set up for each of these areas to assess the evidence so far, collect any further evidence and to report into the secretariat for the FFCL Board to consider. There is evidence to create an FFCL operational group from the current FFCL representative network. Further detail on how this will operate will be in the live Delivery Annex.

*Recommendation: A single regional FFCL operational group should be formed from the existing FFCL regional representatives.*

### Fraud measurement

While recognising that the repercussions of fraud are wider than financial it is important that councils have an up-to-date estimate of what the figures and areas of risk appear to be. There are a number of different methods of calculating fraud losses, and these vary across regions. Moreover the fraud priorities differ across regions. External organisations present figures to the sector but there is little or no ownership of these within local authorities. Local authority attendees raised this lack of independent analysis and free benchmarking to look at areas in deep detail rather than reported figures on numbers of referrals or cases detected. Local authorities could use this analysis to make the business case to tackle fraud, understand fraud issues more closely and see a more detailed picture across boundaries.

*Recommendation: A working group on measurement should be formed to develop a consistent risk and performance methodology for the sector.*

Local authorities have agreed to work together to build a set of figures for use as an indicator of actual losses, prevention measures and fraud areas. In addition this group will look at the area of benchmarking. This work is underway and the working group is now formed and is in place.

### Powers

Local authorities welcomed the introduction of the Prevention of Social Housing Fraud Act (PSHFA) and reported that it had improved accessibility to information and intelligence.

However, some issues on powers that had been raised previously had not been taken forward by any parties, as the PSHFA, had and have been exacerbated by

## Case Study

*An employee responsible for managing Ipswich Market and collecting stall rent from traders was prosecuted for theft of cash collected. The council's finance team identified an irregularity when it attempted to reconcile income received to income due. The theft was valued at £33,376 and totalled 91 thefts. The employee was given an 18-month prison sentence suspended for two years and ordered to carry out 250 hours of unpaid work in the community.*

*He was also ordered to pay £14,000 compensation to Ipswich Borough Council at the rate of £400 a month.*

new fraud areas such as social care fraud where local authorities report it is difficult to obtain information. During the research local authorities have provided a number of examples across service areas where they cannot obtain information or access organisations in order to progress investigations.

There are a number of potential avenues to resolve these issues and local authorities have themselves suggested opportunities to resolve these. These issues need to be explored further to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud investigations. This will then enable the sector to lobby for the additional powers required.

*Recommendation: A working group on powers should be formed.*

Local authorities have agreed to work together to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud activity and identify what additional powers are required, what forms that should take and to examine the suggestions that have been collated. This evidence should then be used to lobby government to grant additional powers required. This recommendation is underway and the working group is now formed and is in place

### Incentives

Local authorities welcomed the Counter Fraud Fund in 2015 which had been distributed by the then Department for Communities and Local Government

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This fund was a one-off and there were good results that are detailed on the Local Government Association Counter Fraud Hub page. However, many local authorities did not have the opportunity to bid and some had lost resources. Local authorities reported that they did not have funds to set up dedicated teams or undertake proactive work, and offers of technology were expensive and often duplicated existing offerings. Local authorities have made some suggestions about ways in which counter fraud activity may be funded. Local authorities have put together ideas on what types of incentives could support improved activity.

*Recommendation: A working group on incentives should be formed.*

Local authorities have agreed to work together to indicate where incentives may be required from Government and what forms they may take and to examine the suggestions that have been collated in the research.

The working group is now formed and is in place and the work is underway.

## Data analytics and matching

A number of data related initiatives exist which local authorities may take part in for example, counter fraud hubs. At the majority of workshops it was said that there is inconsistent advice, high pricing, lack of discussion with suppliers and difficulty filtering out what is useful from what is not. The National Fraud Initiative has two products which were highlighted as useful and these are the Fraud Hub and AppCheck. It was also reported that there were issues with data quality, data standards and a lack of quality assurance about products.

*Recommendation: A working group should be formed to review existing data related initiatives available to local authorities and recommend best practice or new ideas.*

Local authorities have agreed to form a working group to look at the area of data. A number of ideas have been put together and the group will consider these and what further activity is required. This group will need to decide what is in scope for this work as the issues raised are varied. This recommendation is underway and the working group is now formed and is in place.

## Social care issues

At most workshops the area of social care fraud was raised. Social care fraud harms the community and vulnerable individuals who are unable to detect scams or fraud and are often unable to report them. Sometimes abuse of funds by family members or carers complicates the situation. This can include financial abuse of vulnerable persons, not just direct payments and personal budgets.

This area of fraud has emerged as a growing risk since the last strategy was published. The impact of this risk on already stretched social care services and budgets is potentially very significant. For this reason, organisations with relevant skills together with those local authorities that have developed good practice have offered to support work in this area of risk. Our research also highlighted a number of ideas about identifying and tackling some systemic vulnerabilities in this area. Local authorities should ensure fraud strategies are aligned with safeguarding responsibilities to ensure we actively protect the most vulnerable in our communities. Close working with social care teams will be required with joint approaches and planning.

*Recommendation: A working group on social care fraud should be formed to look at how local fraud strategies should align to local authorities' safeguarding responsibilities as well as to identify best practice in countering risks relating to social care fraud.*

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these and what further activity is required. This recommendation is underway and the working group is now formed and is in place.

*“Investing to prevent fraud should be one of the early steps in building your counter fraud response. The repercussions of fraud can be far reaching. We have a duty to protect residents in our communities from fraud and we should work in collaboration with officers across the council and partner agencies to prevent fraud and safeguard the vulnerable. Fraud is not a victimless crime”.*

*Clive Palfreyman, Executive Director Finance & Resources  
London Borough of Hounslow*

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## d) The themes

In FFCL 2016 a number of themes were identified and while those are still relevant and supported during the research one in particular stood out: collaboration.

### Collaboration

There is an appetite for collaboration across the sector and geographically. However, it does not apply solely to local authorities. There is a need for collaboration across sectors, local law enforcement and with suppliers and external organisations.

The current FFCL regional representatives' network functions well. However, there is still a gap where information does not flow. There are also links to law enforcement and both national and local bodies which if they were stronger would help support the fight against fraud. Some councils already participate in regional bodies that could easily be better connected. There is overwhelming support for the idea of more formal FFCL-linked groups. Local authorities requested FFCL regional group.

There is also the possibility of exploring the principle of placing an obligation on partner bodies to share information to assist the detection and prevention of fraud even if the fraud is not against the sharing body.

Furthermore, local authorities reported the need to be more formally linked into the national law enforcement bodies. During the research a number of issues and patterns appeared in workshops that have been raised with enforcement; this demonstrates the merits of a joined-up approach. The Chief Executive of Cifas currently chairs the Joint Fraud Taskforce as well as sitting on the FFCL board and this has enabled Cifas to raise issues with the National Economic Crime Centre about local authorities' fraud risks. Local authorities requested support for better links to the major bodies in enforcement.

It was noted that where support was offered from outside the sector this could lead to a lack of 'ownership' by local authorities and that, had they been consulted or asked to contribute, products and services might have had better take-up. In particular, the cost of external support was raised several times as a barrier to take-up.

*Recommendation: A single FFCL regional operational group should be created using the existing network that can link to relevant boards and enforcement.*

### Activity

During the workshops local authorities agreed to join the existing FFCL regional groups with a representative who is able to form part of a regional FFCL operational group supported by an FFCL Strategic Advisory Board (the current FFCL board).

The North East Regional Investigations Group will form a pilot and link to wider local law enforcement. This has been agreed with that region and is in place.

The new FFCL Strategic Advisory Board should have a dotted-line link into the Joint Fraud Taskforce, which will give access to the main players in local law enforcement.

There is further detail on this in the Delivery Plan Annex with a diagram that outlines how operational issues may flow upwards. The new FFCL regional operational group should be initially chaired by one of the local authority experts from the FFCL Strategic Advisory Board.

### Organising ourselves – a collaborative governance model

Local authorities involved in the workshops realised the need for a strategic board and were pleased that the FFCL board had been in place since 2010 with oversight and had stood the test of time. It was also noted that the board had changed in role several times as had the membership. The original board had been very active, the second board had been more of an oversight body and the current board was wider but less visible. Attendees at workshops raised questions regarding the governance of FFCL, the route for selection to the board and the seniority and expertise of the board.

Further detail is included in the Delivery Plan Annex

Attendees appreciated the support from the firms and private sector and did not object in any way to these board members. In particular, the rebuilt secretariat and the support for the conference and awards in 2019 were noted, as was Mazars' free support on toolkits.

*Recommendation: It is recommended that a review of governance takes place in respect of the role of the current board in light of the FFCL regional operational group and links to the Joint Fraud Taskforce.*

Further recommendations are detailed in the Delivery Plan Annex.

## Case Study

### The first social care fraud prosecuted by Veritau and City of York Council

*Veritau investigated following a referral from a member of the public. This is the first prosecution of a social care fraud by the council's legal department and an area of development for the counter fraud team. Several prosecutions for social care fraud have been achieved before, but these were jointly investigated by the police and taken to court by the Crown Prosecution Service.*

The defendant was the financial representative for his mother who received social care support funded by City of York Council. The council funded his mother's social care, and he failed to inform them when his parents' property sold in 2014. He subsequently lied about this on a financial assessment form. The £86,000 has been paid back to the council in full. Information was received that his parents' property had been sold in 2014 for £200,000 and he had not declared this to the council in an attempt to avoid paying for his mother's care fees. The investigation found that on two separate occasions in 2015 he informed the council that his parents were still joint owners of the property and that his father lived there. In a financial assessment for social care funding, jointly owned properties are disregarded if a family member continues to live there.

The counter fraud team worked alongside financial investigators from the council's trading standards team, who were able to obtain financial information which showed that £198,000 from the house sale was deposited into the son's bank account. This money should have been taken into account for his mother's social care funds, meaning that the council would not have had to pay £86,000 out of the public purse. As a result of the two teams working together, the man was billed and the entire loss has now been repaid to the council.

He pleaded guilty to two charges of fraud by false representation at York Magistrates' Court on 8 October 2019. The case was referred to York Crown Court for sentencing on 19 November where he received a 20-month suspended sentence and was ordered to do 80 hours of unpaid work. He was also ordered to pay court costs of over £1,100 and an £80 victim surcharge. When sentencing, the judge said that a significant factor in mitigation was that he had already repaid the £86,000 to the council.

## e) Fraud risk areas

*The research has highlighted the following types of fraud risks. These frauds are expanded on in the companion documents and the list below is a brief description:*

### Fraud risks raised in the research

<i>Social care fraud: personal budgets and direct payments</i>	overstatement of needs through false declaration, multiple claims across authorities, third party abuse by carer, family or organisation, posthumous continuation of claims
<i>Schools</i>	most issues that were raised in the workshops were also raised as issues for schools. This area did not feature in FFCL 2016
<i>Right to buy</i>	fraudulent applications under the right to buy/acquire
<i>Money laundering</i>	exposure to suspect transactions
<i>Commissioning of services</i>	including joint commissioning, joint ventures, commercial services, third sector partnerships – conflicts of interest, collusion
<i>Tenancy</i>	fraudulent applications for housing or successions of tenancy, and subletting of the property
<i>Procurement</i>	tendering issues, split contracts, double invoicing
<i>Payroll</i>	false employees, overtime claims, expenses
<i>Identity fraud</i>	false identity/fictitious persons applying for services/payments
<i>Council tax</i>	discounts and exemptions, council tax support
<i>Blue Badge</i>	use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees
<i>Grants</i>	work not carried out, funds diverted, ineligibility not declared
<i>Business rates</i>	fraudulent applications for exemptions and reliefs, unlisted properties
<i>Insurance fraud</i>	false claims including slips and trips
<i>Disabled facility grants</i>	fraudulent applications for adaptations to homes aimed at the disabled



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“Fraud has not disappeared: it is ever present, evolving and affects the funding that is needed for frontline services. In many public sector bodies it is still an area where there is significant underinvestment, because they are not recognising the extent of the epidemic and seeing other priorities, particularly around service delivery, as more important. As fraudsters evolve, we must too. To these ends, through collaboration and intelligence sharing with a fraud prevention specialist service, we are ensuring that cases of fraud are not replicated across our partnership, mitigating controls are put in place and offenders are dealt with appropriately. Through our proactive intelligence-led approach we are taking steps to ensure the public purse is protected from all fraudulent activity.”

*David Hill, Chief Executive South West Audit Partnership*

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*Concessionary travel schemes* – use of concession by ineligible person, including freedom passes

*No recourse to public funds* – fraudulent claims of eligibility

*New responsibilities* – areas that have transferred to local authority responsibility

*Local Enterprise Partnerships* – partnerships between local authorities and businesses. Procurement fraud, grant fraud. All LEPs should now be incorporated, with a local authority as accountable body, in a more formal and regulated relationship. Key issues are LEP governance, procedures for allocating/prioritising grants

*Immigration* – including sham marriages. False entitlement to services and payments

*Cyber-dependent crime and cyber-enabled fraud* – enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.

However, during the research for this strategy it has become clear that some frauds have become more prevalent and that some risks have reduced. In addition, fraud risks were raised at several workshops about money laundering, suspicious activity reports and risks attached to local authorities becoming more commercial.

The details of these risks are included in the companions as these are seen as changing areas that may need frequent updating.

While the direct consequences of fraud may be financial and reputational loss there are wider impacts that surround the harm to victims locally and the harm in the community. Local authorities have raised a number of issues about protecting the vulnerable from fraud and this spans a large area. There are also other stakeholders in this local landscape who offer support to victims, have developed networks and done deeper research. A large number of volunteers have come forward from the workshops with good practice and a willingness to collaborate to prevent and tackle these issues. The main fraud risk area that has drawn attention is social care fraud. However, there are other frauds that may merit scrutiny.

### Activity

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these, what further activity is required and if any wider work can be done.

### Economic Crime Plan 2019

*Economic crime touches virtually all aspects of society. Economic crimes range across the full breadth of criminality, ranging from low-level frauds through to sophisticated cyber-enabled market manipulation. Fraud is now the second most common crime type in England and Wales, with nearly every individual, organisation and type of business vulnerable to fraudsters.*

## f) Counter Fraud Capacity, Competence and Capability

In FFCL 2016 themes were identified in the areas of capacity, competence and capability as part of the 6Cs – see page 23. These issues still exist.

Despite the challenge around capacity, competence and capability and lack of dedicated resource it is clear that activities to tackle fraud across the sector are being pursued and having a positive impact. But demand and growth in the number of incidents of fraud reported nationally mean local authorities must focus on areas of fraud that they identify as posing greatest risk and adverse impact on their organisations and the vulnerable. Working collaboratively and sharing resources should be encouraged and the FFCL regional board should undertake an analysis of which local authorities may benefit from support and how this might happen.

Many local authority practitioners reported that their capacity to tackle fraud and corruption had been reduced as a result of austerity-related local authority funding reductions. In addition several workshops were attended by shared service representatives and reported that non-attendees no longer had counter fraud resources. In one workshop it was noted that eight councils did not have any resource but that a colleague in the revenue department of a neighbouring authority had been 'helping out' across them. There are also situations that require collaboration: for example, a district council pursues council tax and business rates fraud, but the main beneficiaries are the county council and the Government.

In many cases practitioners also reported that some of the skilled investigation resource had been transferred to the Department for Work and Pensions and had not been replaced. There were large disparities in respect of numbers of staff and skills.

Local authorities reported that their staff did not always have the skills or training to tackle fraud and corruption. Many attendees were skilled and qualified. It was also clear that because a number of local authorities did not have access to a team they were not covering the full range of fraud activities. In contrast the workshops were well attended by experts who, while overloaded, were attempting to tackle all frauds but with one hand behind their backs. Very often they said they would be pleased to assist neighbouring councils but had no contact or requests. The FFCL regional board may assist with this and what support can be given.

In addition there were some parts of the country where the teams were not up to date with current local landscape issues or activities that would benefit them in their roles. At the FFCL 2019 conference questions were raised about free access to tools and

good practice and it was agreed to hold this in the Knowledge Hub, which is an independent, free tool that many local authorities already use. In addition some local authorities already have small networks in the Knowledge Hub that they could link to the FFCL pages. The Knowledge Hub has been open for FFCL since the summer and now contains the archive documents as well as details about other current issues.

### Adult care services successful prosecution and repayment in full of fraud loss

*The subject of this investigation was the husband of a Hertfordshire County Council service user in receipt of financial support to pay for daily care. He completed the financial assessment forms on behalf of his wife but failed to declare ownership of residential property that was rented out in the private sector.*

*The allegation originated from a social worker who had a 'gut feeling' that the couple had a second home and referred to matter to Herts' shared anti-fraud service.*

*The investigation found that the couple jointly owned three properties in addition to their residential home. All three properties were rented out and held equity.*

*The husband was interviewed under caution where he accepted ownership of the properties but denied any wrongdoing, stating that there was no capital in any of the additional homes and that he had been struggling financially since his wife became ill. As part of the enquiries conducted by the team a fourth property was identified abroad.*

*On 1 July 2019 at Luton Crown Court, he pleaded guilty to all three counts of fraud by false representation. He was sentenced to two years in prison, suspended for two years. The judge adjourned any financial sanction until the confiscation order was completed. A service decision was made in that had the financial assessment form been completed correctly and the additional property declared, the service user would have been deemed a self-funder and received no financial support for care. Therefore the loss to HCC was calculated as £75,713 and a future saving of £1,166 per week (£60,632 per year) was recorded.*

*The loss including interest was calculated to be £89,141, which he has paid in full.*

## Case Study

### Collaboration on Protect and Pursue

*A man was sentenced to 18 months' imprisonment, suspended for 18 months, after forging documents when applying for disabled persons' freedom passes and disabled persons' Blue Badges.*

He was found guilty of 12 offences - nine at Brent, Enfield and Haringey councils. He then pleaded guilty to a further three charges of forgery at Waltham Forest Council.

A lengthy investigation, led by Brent Council's fraud team, discovered that the subject used fake birth certificates, utility bills and medical certificates to falsely present himself and others as disabled.

Brent Council worked with the other three local boroughs, who carried out their own thorough and professional investigations with Brent's support, to join up the charges that resulted in the successful verdict.

For the Brent, Enfield and Haringey offences he was sentenced to 18 months' imprisonment per offence for these nine offences to be served concurrently. The sentence was suspended for 18 months.

The man was sentenced to 12 months' imprisonment for each of the three Waltham Forest offences. This was also suspended and will be served concurrently with the 18-month sentence. He also needs to complete 20 hours of a rehabilitation activity requirement order.

## Culture

Some local authority practitioners reported that senior managers were finding it difficult to dedicate sufficient time to demonstrate their support for counter fraud activities due to a focus on other priorities such as meeting budget savings targets and maintaining key services to residents.

This was considered to have a negative effect upon performance, and was associated with counter fraud work having a low profile and the benefits of counter fraud work not being fully appreciated. Appendix 1 details what senior officers and members should focus on.

There is reluctance in some cases to report identified fraud, for example in press releases, for fear of presenting a negative impression of an authority. Reporting of successful outcomes is a powerful tool in prevention and deterrence.

It is important to embed a counter fraud culture and this requires a focus and leadership from the top. This requires having an appropriate resource in place. There is a role for the audit committee to challenge activity, understand what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

## Collaboration

Local authority practitioners demonstrated an appetite for working more formally across local authority boundaries and with other agencies, departments and the private sector. They reported a range of difficulties in securing progress to working together.

Examples included counter fraud work not being consistently prioritised across the sector, lack of financial incentives to make the business case to collaborate, local lack of understanding of data protection rules, and lack of funding.

They also reported an appetite for innovative use of data and wider data sharing, but had encountered barriers to this or made very slow progress.

Local authorities further reported that they found it hard to get the police involved in their cases and that they did not receive feedback on cases from crime reporting hotlines.

During the research a number of incidents were highlighted that demonstrated patterns of activity, organised fraud and money laundering. These issues have been acted upon. However, it is important that local authorities have access to routes where they can report these matters. Local authorities are the eyes and ears of the community and have a wealth of data that can help other local law enforcement if legally

accessed but this communication is not happening everywhere. This collaboration would support the fight against serious and organised crime. If the recommendations about links between the operational board and the JFT are agreed this will start to resolve some of the issues in this section.

*Recommendations:*

*The external auditor should highlight FFCL and its appendices to the audit committee in the annual report*

*The regional network should continue use the Knowledge Hub as a free, independent, non-commercial confidential space to share information. When it is live the secretariat should hand it to the FFCL operational board.*

*Local authorities should partner with neighbours and engage in regional networks and should consider sharing resources and expertise. The FFCL operational board should take the lead on this.*

While this strategy covers fraud and corruption, no instances of corruption were raised at the workshops though it was clearly considered alongside fraud in local strategies. The Ministry of Housing, Communities and Local Government has conducted research on procurement fraud and corruption that will be added to

the live FFCL documents.

“Working in partnership has allowed the Veritau member councils to establish a dedicated corporate fraud team. The team offers each council access to fraud investigators with specialist knowledge of the fraud risks facing local government. The team has also helped each council to recover significant fraud losses, particularly in new and emerging areas like adult social care.”

*Max Thomas, Managing Director Veritau*

## Case Study

### Devon Audit Partnership

A social housing local landlord alleged that Mr P was potentially subletting his property illegally to an unentitled third party. Mr P was already in the process of applying for the right to buy his social housing property.

The subsequent investigation revealed evidence that Mr P's friend was subletting the property from him and had been for at least two years. It also confirmed that Mr P was living in a private rented property with his girlfriend less than two miles away.

Mr P constantly denied the allegations. However, at his interview under caution with the DAP counter fraud services team, after repeatedly lying, he admitted the overwhelming evidence proved he was letting his friend live at his social housing property but denied that he had done anything wrong.

***Mr P was subsequently prosecuted and pleaded guilty at that point to two offences contrary to:***

*Prevention of Social Housing Fraud Act 2013 – in relation to the dishonest illegal sublet of a social housing property*

*Fraud Act 2006 – in relation to the dishonest attempt to fraudulently obtain a £39,600 discount on his right to buy.*

Mr P was sentenced to 160 hours' unpaid work for each charge and ordered to pay Plymouth City Council £750 towards its costs. Judge Darlow stated at the end of the case: “It was fraud [and] the decision by Plymouth City Council to prosecute is to be applauded.”

## Section 2: The Strategic Approach

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements to foster and improve collaboration across boundaries.

The recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support and leadership across all levels of local

government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

The key principles are laid out in the pillars and themes:



### PROTECTING ITSELF AND ITS RESIDENTS

*Recognising the harm that fraud can cause in the community.*  
*Protecting itself and its' residents from fraud.*

## Govern

The bedrock of the strategy is that those who are charged with governance support the activity by ensuring that there are robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation. Beating fraud is everyone's business. The internal arrangements that are put in place should be communicated throughout the organisation and publicly available to demonstrate the culture and commitment to preventing fraud.

Without exception the research revealed an 'ask' that those charged with governance be directed to the strategy and that this become a key element. During the research for FFL 2011 and 2016 it was requested that some key points be laid out for those charged with governance in local authorities to make it simple for them to ensure fraud was being tackled. This request was repeated on numerous occasions during the workshops for FFCL 2020. Some basic questions are laid out at the end of the strategy in Appendix 1.

The supplements to this strategy lay out some key stakeholders, their roles and the areas that they should consider when evaluating the counter fraud efforts in their organisations.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

## Acknowledge

In order to create a counter fraud response an organisation must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource to tackling fraud.

This means undertaking a risk assessment of fraud areas and vulnerabilities and then agreeing an appropriate resource. Not every local authority requires a large team but they should have assessed the risk, have a plan to address it and have access to resources with the right capabilities and skills.

## Prevent

Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Local authorities should set in place controls to prevent fraudsters from accessing services and becoming employees. It is nearly always more cost-effective to prevent fraud than to suffer the losses or investigate after the event.

The technology to establish identity, check documents and cross-check records is becoming cheaper and more widely used. Controls should apply to potential employees as well as service users. If someone lies about their employment history to obtain a job they are dishonest and it may not be appropriate to entrust them with public funds. In any case they may not have the training or qualifications to perform the job to the required standard.

## Case Study

### Fraud Hub Hertfordshire County Council

Hertfordshire County Council and a number of its neighbouring authorities are taking the next step to protect themselves by sharing intelligence in a newly formed FraudHub from the National Fraud Initiative to ensure they can reveal the full extent of fraudulent activities within their region.

**Results so far have been extremely positive for Hertfordshire with over...**

- *3,000 Blue Badges cancelled*
- *3,000 concessionary travel passes being revoked*
- *120 LG pensions or deferred pensions stopped*
- *182 Direct Payments or personal budgets for adult care being stopped/reduced or reviewed*
- *15 residential care placements being cancelled*
- *23 payroll discrepancies being subject to further investigation*
- *50,000 customer records removed from database alone using mortality data*
- *More than £5m in estimated savings in its first 12 months*

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## Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response on sanctions and collaboration.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat.

A further theme has appeared during the research to link with the government strategy but also recognising the increased risks to victims and the local community.

## Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cyber-crime and also protecting itself from future frauds. This theme lies across the pillars of this strategy.

From the research it is clear that a large number of local authorities use the FFCL initiative as a basis for local plans. Some local authorities have embedded the pillars into operational work. An example of how this has been done is included in the Annexes.

### Case Study Pursue

#### Subletting Case Study Westminster City Council – unlawful profits

The council investigated following an anonymous tipoff that the tenant of a council property was not using the address as required by their tenancy and was profiting from the short-term letting of the property using Airbnb.

Searches of Airbnb carried out by the investigator found the property, which is a studio flat, advertised as a whole property with over 300 reviews. The council investigator found that even though the listing was not in the tenant's name, some of the reviews mentioned the tenant by his name, thanking him for his advice and local restaurant recommendations.

The council obtained the tenant's bank statements under the provisions of the Prevention of Social Housing Fraud Act using the authorised officer service provided by the National Anti-Fraud Network. The investigator subsequently found credits totalling over £125,000 covering four years.

All payments were credited from Airbnb, PayPal or Worldpay. When investigators visited the property they found a man at the premises who denied being the tenant even though his appearance matched the tenant's description. The next day the adverts had been removed from Airbnb but the investigator

had already retrieved and saved copies. The tenant failed to attend several interviews under caution, but when possession action began his solicitors asked for a further opportunity for their client to be interviewed under caution to provide an account of events. This was agreed but again the tenant failed to attend the interview. Having applied the Code for Crown Prosecutors to the facts of the case and the defendant's personal circumstances, criminal action was not taken.

At the possession hearing, the District Judge said the Airbnb evidence was strong and that there was no distinction between 'short-term let' and subletting the home. The judge found in favour of the council. At an unsuccessful appeal hearing the judge agreed to the council's unlawful profits order of £100,974.94 – one of the highest that has ever been awarded to the council.

The tenant has now been evicted from the property.

## Fighting Fraud and Corruption Locally – embedding the pillars

*Durham County Council's counter fraud and corruption team has embedded many of the themes to create a robust approach. They have set up partnerships across sectors and regions, created a data hub and used the FFCL strategy to inform all of their work. The audit committee has supported the team and attended the FFCL awards in 2019.*

*DCC believes the best defence is to create a strong anti-fraud culture based on zero tolerance to deter fraud from being committed. It has reinforced this with a new corporate fraud sanction policy.*

*Norwich City Council adopted the FFCL pillars into its anti-fraud and bribery strategy in 2017 with the additional pillars of governance (similar to the NHS model). This has had a positive response from council executives and members including the audit committee. The annual report contains a RAG-rated review against the criteria set out in the local strategy and an activity plan based on the criteria each year to demonstrate progress and highlight areas to focus on.*

*A more detailed explanation of these is in the Annexes.*

## The Themes – Six Cs

*The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. In the 2016 Strategy six themes were identified and during the research the workshop attendees were keen that these remain part of the strategy document.*

*Local authorities should consider their performance at a minimum against each of the six themes that emerged from the research conducted. To ensure this is effective and proportionate local authorities should benchmark this information where possible.*

### The themes are:

**Culture** – creating a culture where fraud and corruption are unacceptable and that is measurable

**Capability** – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate

**Capacity** – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance

**Competence** – having the right skills and standards commensurate with the full range of counter fraud and corruption activity

**Communication** – raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes

**Collaboration** – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

### Making the business case:

#### Investing in counter fraud activity –

Local authorities should pursue opportunities to invest in counter fraud and corruption activity in order to generate savings by preventing and recovering losses.



Local authorities do not, as a rule, explicitly budget for fraud losses (the exception to this is housing benefit, where subsidy losses are budgeted for). However, estimates of local authority losses demonstrate that there is a significant problem, and therefore a significant opportunity for local authorities.

Local authorities should seek to assess their potential losses and measure actual losses in order to make the business case for investing in prevention and detection. In many cases there is an existing business case based upon the experience of other local authorities. For example, the prevention and detection of fraud perpetrated in income areas such as council tax is now widespread and offers higher tax revenue which can be recovered through existing, efficient collection systems. However, each local authority will need to make its own case as fraud risks will vary significantly depending on location, scope, and scale of activities.

**The moral case** – fraud and corruption in local authorities are unacceptable crimes that attack funds meant for public services or public assets.

The result is that those in genuine need are deprived of vital services. Fraud and corruption are often linked with other criminal offences such as money laundering and drug dealing. Local authorities have a duty to protect the public purse and ensure that every penny of their funding is spent on providing local services. More often than not, in doing so they achieve wider benefits for the community. For example, adult social care sits within the precept for council tax and reducing fraud in this area means that taxpayers' money is protected and is an incentive.

## Case Study

An interim manager hired vehicles for personal use covering at least nine different vehicles and costing more than £18,000. The fraud included various invoice frauds for gardening services and over £20,700 paid to the interim manager's account.

In total the interim manager's actions resulted in monies, goods or services with a total value of £60,882.16 being ordered or obtained at a cost to the council from seven suppliers, including false invoices purporting to be from a gardening company.

Thirty-one fraudulent invoices were introduced by the interim manager totalling over £48,000 and were processed, authorised and paid using the council's systems. A further eight invoices totalling

more than £7,000 were subsequently authorised by the interim manager's line manager for liabilities incurred by the interim manager. Employee purchase cards were used to pay for goods worth over £1,270 and the interim manager personally benefited by £4,000 from the compensation payment and over £20,780 from the fraudulent invoices he submitted from the gardening company.

### *The fraud was discovered via a whistleblowing referral to audit services*

The council's investigation found that the maintenance company with the same bank account as the interim manager's company did not exist. The council's audit services department led an investigation with the police to take the matter to Birmingham Crown Court where the interim manager pleaded guilty to Fraud Act offences. He was sentenced to three years' imprisonment on 25 September 2019.

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## Section 3: Turning Strategy into Action

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### The Delivery Plan

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements and foster and improve collaboration across boundaries.

The set of recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support across all levels of local government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

Further details on governance and recommendations are in the Delivery Plan Annex.

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# Section 4: The Local Response

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## Appendix 1

*What should senior stakeholders do?*

### *The chief executive*

1. Ensure that your authority is measuring itself against the checklist for FFCL
2. Is there a trained counter fraud resource in your organisation or do you have access to one?
3. Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?

### *The section 151 officer*

1. Is there a portfolio holder who has fraud within their remit?
2. Is the head of internal audit or counter fraud assessing resources and capability?
3. Do they have sufficient internal unfettered access?
4. Do they produce a report on activity, success and future plans and are they measured on this?

### *The monitoring officer*

1. Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?
2. Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?

### *The audit committee*

1. Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work
2. Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured
3. Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud
4. Should support proactive counter fraud activity
5. Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

### *The portfolio lead*

***Receives a regular report that includes information, progress and barriers on:***

- The assessment against the FFCL checklist  
Fraud risk assessment and horizon scanning.

## Appendix 2

### *FFCL Checklist*

- The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.
- The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.
- There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.
- The relevant portfolio holder has been briefed on the fraud risks and mitigation
- The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources
- There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.
- The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.
- Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.
- Successful cases of proven fraud/corruption are routinely publicised to raise awareness.
- The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.
- The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
  - codes of conduct including behaviour for counter fraud, anti-bribery and corruption
  - register of interests
  - register of gifts and hospitality.
- The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended

- in FFCL 2020 to prevent potentially dishonest employees from being appointed.
- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.
- There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.
- There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.
- Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.
- Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.
- There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.
- Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.
- Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.
- There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.
- All allegations of fraud and corruption are risk assessed.
- The fraud and corruption response plan covers all areas of counter fraud work:
  - prevention
  - detection
  - investigation
  - sanctions
  - redress.
- The fraud response plan is linked to the audit plan and is communicated to senior management and members.
- Asset recovery and civil recovery are considered in all cases.
- There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.
- There is a programme of proactive counter fraud work which covers risks identified in assessment.
- The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.

- The local authority shares data across its own departments and between other enforcement agencies.
- Prevention measures and projects are undertaken using data analytics where possible.
- The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.
- The counter fraud team has access to the FFCL regional network.

There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.

The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.

The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:

- surveillance
- computer forensics
- asset recovery
- financial investigations.

Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.

## Section 4

*The Fighting fraud and Corruption Locally board would like to thank*

*The Fighting Fraud and Corruption Locally board is:*

Charlie Adan – Chief Executive and SOLACE  
 Bevis Ingram – LGA  
 Andrew Hyatt – Royal Borough of Kensington and Chelsea  
 Mike Haley – Cifas and Joint Fraud Taskforce  
 Rachael Tiffen – Cifas and secretariat  
 Suki Binjal - Lawyers in Local Government  
 Colin Sharpe – Leicester City Council  
 Clive Palfreyman – LB Hounslow  
 Trevor Scott – Wealden District Council  
 Alison Morris – MHCLG  
 Mark Astley – NAFN  
 Paula Clowes – Essex County Council  
 Simon Bleckly – Warrington Council  
 Karen Murray – Mazars  
 Paul Dossett – Grant Thornton  
 Marc McAuley – Cipfa

The Board would like to thank Cifas for managing this process, for the delivery of the research and the drafting of this document.

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## *Regional Workshops*

*Around 260 councils attended workshops organised in the following areas:*

East Anglia  
SouthWest, Devon, Plymouth, Cornwall and Devon  
Kent  
London and the South East  
Essex  
Hertfordshire and Home Counties  
Midlands Fraud Group and Chief Internal Auditors and County Networks  
North West Fraud Groups  
Yorkshire Groups  
North East and North Regional Fraud Group

*The Fighting Fraud and Corruption Locally board wishes to thank:*

Andrea Hobbs  
Colin Sharpe  
Debbie Dansey  
Helen Peters  
James Flannery  
Jamie Ayling  
Jacqui Gooding  
David Hill  
Max Thomas  
Jonathan Dodswell  
Hannah Lindup  
Shelley Etherton  
Gary Taylor  
Nick Jennings  
Ken Johnson  
Mark O'Halloran  
Paul Bicknell  
Lauren Ashdown  
Steven Graham  
Matt Drury  
Gillian Martin  
Sara Essex  
Sally Anne Pearcey  
Paula Hornsby  
Rachel Worsley  
Nikki Soave  
Francesca Doman  
Andrew Reeve  
Jason Pengilly  
Paul Bradley  
Professor Alan Doig  
Sean Turley  
Neil Masters  
Dan Matthews  
Scott Reeve  
Corinne Gladstone  
Louise Baxter  
Keith Rosser  
Ben Russell  
Philip Juhasz  
Paddy O'Keefe  
Mark Wilkes

Andrew Taylor  
Neil Farquharson  
Steven Pearce  
Lucy Pledge  
Sheila Mills  
Jamey Hay  
Kerrie Wilton  
Michael Skidmore  
Oliver Day  
Carol McDonnell  
Nici Frost-Wilson

*Special thanks go to:*

***The researchers and drafters:***

Rachael Tiffen – Cifas  
Paula Clowes – Essex County Council  
Andy Hyatt – Royal Borough of Kensington and Chelsea

\*\*

And all those who attended the workshops, provided feedback, responded to surveys and who took up the actions after the workshops.

## **Section 5**

*Glossary and documents*

NAFN – National Anti-Fraud Network  
CIPFA – Chartered Institute of Public Finance and Accountancy  
Cifas – UK's fraud prevention service  
NECC – National Economic Crime Centre  
NCA – National Crime Agency  
MHCLG – Ministry of Housing, Communities and Local Government

ONS: [www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingseptember2019#fraud](http://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingseptember2019#fraud)  
[www.gov.uk/government/publications/economic-crime-plan-2019-to-2022](http://www.gov.uk/government/publications/economic-crime-plan-2019-to-2022)  
National Fraud Authority, Annual Fraud Indicator, March 2013  
National Fraud Authority - Good practice publication: [www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/](http://www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/)  
Economic Crime Plan 2019: [www.gov.uk/government/publications/economic-crime-plan-2019-to-2022](http://www.gov.uk/government/publications/economic-crime-plan-2019-to-2022)  
Eliminating Public Sector Fraud: [www.cabinetoffice.gov.uk/sites/default/files/resources/eliminating-public-sector-fraud-final.pdf](http://www.cabinetoffice.gov.uk/sites/default/files/resources/eliminating-public-sector-fraud-final.pdf)  
Smarter Government: [www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/smarter-government-report](http://www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/smarter-government-report)  
Local Government Association Counter Fraud Hub: [www.local.gov.uk/counter-fraud-hub](http://www.local.gov.uk/counter-fraud-hub)  
Veritau: [veritau.co.uk/aboutus](http://veritau.co.uk/aboutus)  
SWAP Internal Audit Services: [www.swapaudit.co.uk](http://www.swapaudit.co.uk)  
Devon Audit Partnership: [www.devonaudit.gov.uk](http://www.devonaudit.gov.uk)

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**North Hertfordshire District Council  
Anti-Fraud Plan 2019/2020**

**in partnership with**

**The Shared Anti-Fraud Service**



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## **Introduction**

This plan supports the Council's Anti-Fraud and Corruption Policy by ensuring that the Council, working in partnership with the Shared Anti-Fraud Service (SAFS), has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Council's Policy states:

The Council's Anti-Fraud and Corruption Policy is the overall framework for good ethical governance at North Hertfordshire District Council.

The Policy sets out the Council's commitment to the prevention and detection of fraud and corruption.

This Policy links closely to the Council's Priority of 'Living within our means' to deliver cost effective services. It summarises the responsibilities of Councillors, management and employees and outlines the procedures to be followed where suspicion of financial irregularity is raised.

This plan includes objectives and key performance indicators that support the Strategy and meet the best practice guidance/directives from central government department such as Ministry for Housing Communities and Local Government and other bodies such as National Audit Office and the Chartered Institute for Public Finance and Accountancy.



## National Context.

In 2013 the National Fraud Authority stated that the scale of fraud against local government is large, but difficult to quantify with precision. Since 2013 a number of reports have been published by various organisations including CIPFA, NAO and MHCLG stating that the threat of fraud against local government is both real, causes substantial loss and that fraud should be prevented where possible and pursued where it occurs.

In its 2015 publication *Code of practice on managing the risk of fraud and corruption* CIPFA highlighted the five principles for public bodies to embed effective standards for countering fraud and corruption in their organisations. These principles support good governance and demonstrate effective financial stewardship and strong public financial management

The five key principles of the code are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption.

The CIPFA *Local Government Counter Fraud and Corruption Strategy (2016-2019)* included a summary of reported fraud losses across councils in England totalling £307m per annum but that hidden and unreported fraud risks could exceed £2bn each year. The strategic response for local government to respond to the threat of fraud threats provides three key principles '**Acknowledge/Prevent/Pursue**'. The strategy was supported by Department for Communities and Local Government, the Local Government Association and Fighting Fraud Locally Board.

In addition, local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes (6C's) identified in the CIPFA Strategy:

- Culture - creating a culture in which beating fraud and corruption is part of daily business,
- Capability - ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks,
- Capacity - deploying the right level of resources to deal with the level of fraud risk,
- Competence - having the right skills and standards,
- Communication - raising awareness, deterring fraudsters, sharing information, celebrating successes
- Collaboration - working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information

The Annual Fraud Indicator (AFI) 2017 (published in partnership by Crowe Clark Whitehill, Portsmouth University and Experian) attempts to identify the cost of fraud to the UK economy. The AFI estimated fraud losses for local government as follows.

- Total loss across local government - £7.8bn
- Tenancy Fraud- £1.8bn
- Procurement Fraud - £4.4bn
- Payroll Fraud - £1bn
- Other - £.6bn

The AFI does not include housing benefit fraud or council tax fraud as a loss to local government but estimates the loss of these combined at around £1.1bn.

What is clear is that every pound lost to fraud from the public purse is a pound lost from essential front line services. The Councils Anti-Fraud Plan 2019/2020 is based on the principles of 'Acknowledge/ Prevent/ Pursue' and the 6 C's to ensure the Council is adequately protected from fraud risk or, where fraud does occur, that there are plans to manage, mitigate, recover any losses.

## **SAFS Resources 2019/2020**

### **Anti-Fraud Arrangements**

North Hertfordshire District Council is a founding Partner in the Hertfordshire Shared Anti-Fraud Service (SAFS) and this service has provided the majority of the anti-fraud arrangements for the Council since April 2015.

SAFS is a Partnership where each organisation pays an annual fee for Hertfordshire County Council to provide a contracted service across the whole Partnership. SAFS, as a service, has a number of key objectives developed by its Management Board (the Board) and every Partner has one seat on the Board. For North Hertfordshire District Council the Service Director- Resources is the Board representative.

Although SAFS provides much of the Councils proactive, reactive and operational counter fraud work Council officers are responsible for ensuring the policies, procedures, training and appropriate resources are in place to protect the Council from fraud, corruption and bribery.

### **Budget**

In September 2018 the SAFS Board accepted a report from the SAFS Manager to increase the fees for all Partners. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for the next three years. There has been no previous increase in fees for District Council Partners since SAFS was established in 2015.

The Board agreed that the annual fee for all Partners would increase by 2% per annum to 2022 to be reviewed further at that time and that fees for District Councils, without housing stock, would be fixed to £81,600 +VAT.

Fees for North Hertfordshire District Council in 2019/2020 will increase from £80,000 + VAT to £81,600 + VAT.

### **Staffing**

The full complement of SAFS in 2019/20 will be 17.6 FTE's; 1 Manager, 2 Assistant Managers, 10 Investigators, 3 Intelligence Officers. The Team is also supported by 1 FTE Data-Analyst and .6 FTE Accredited Financial Investigator both posts funded from SAFS Budgets.

For staffing – North Hertfordshire District Council will have exclusive access to 1 FTE Investigator, access to intelligence functions of the service, all data-matching services being offered through the SAFS Data-Hub and Herts *FraudHub* hosted by the Cabinet Officer and can call on SAFS management for liaison meetings, management meetings and two Audit Committees reports per annum. SAFS also have access to specialist IT forensics, covert surveillance and national counter fraud intelligence services provided via third party providers and litigation services.

## **SAFS - Standards of Service.**

SAFS will provide the Council with the following fraud prevention and investigation services as part of the contracted anti-fraud function.

1. Access to a managed fraud hotline and webpage for public reporting.
2. Process and document for SAFS Partner staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Prevention.
4. Assistance in the design/review of Council policies, processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates which can be adopted by the Council.
6. SAFS will provide a proactive data-matching solution (NFI- Herts *FraudHub*) to assist in the early identification and prevention of fraud.
  - The FraudHub will be funded by the Council
  - The FraudHub will be secure and accessible only by nominated SAFS and Council Staff.
  - Data will be collected and loaded in a secure manner.
  - SAFS will design and maintain a data-sharing protocol for all SAFS Partners to review and agree annually. The protocol will clearly outline security provisions and include a Privacy Impact Assessment.
  - SAFS will work with nominated officers in the Council to access data-sets to load into the data-warehouse and determine the frequency of these.
  - SAFS will work with Council officers to determine the most appropriate data-matching for each of them and the frequency of such data-matching.
7. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
8. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA\* and all relevant policies of the Council.
9. Reactive fraud investigations.
  - All reported fraud will be actioned by SAFS within 5 days, on average.
  - Any high profile, high value, high risk cases or matters reported by senior managers will receive a response within 2 working days of receipt
  - All cases reported to SAFS will be reviewed within 5 days of receipt and decision made on immediate action including selection of cases for further review, no action, investigation or referral to 3<sup>rd</sup> parties including police, DWP, Action Fraud.
  - The Council will be informed of all reported fraud affecting its services.
  - SAFS will allocate an officer to each case selected for investigation.
  - SAFS officers will liaise with nominated officers at the Council to access data/systems/office accommodation required to undertake their investigations.
  - SAFS officers will provide updates on cases and a report with summary of facts and supporting evidence on conclusion of the investigation for the Council to review and make any decisions.
  - Where a decision indicates an offence SAFS will draft a report for the nominated officers of the Council to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal based on the Code for Crown Prosecutors and the Council's published policies.
11. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.
12. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.
13. SAFS will provide reports through the SAFS Board and to the Council's Audit Finance Audit & Risk Committee as agreed in the SAFS Partnership Contract.

*\*Data Protection Act , General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act, Investigatory Powers Act.*

## NHDC / SAFS Action Plan 2019/2020

CIPFA Principles	Goals & 6Cs	Activities	Responsible Officer
<b>ACKNOWLEDGE</b>	Fraud is acknowledged as a Risk for the Council <b>CULTURE</b>	The Council has in place Anti-Fraud and Corruption Strategy & Fraud Response Plan	Chief Executive/ Service Director - Resources
		Inclusion of Fraud Risks and the Councils actions to manage/mitigate/reduce this in its Annual Governance Statement. Review the Councils Money Laundering/ Bribery/ Whistleblowing/ Cyber-Crime Policies	Service Director - Resources/ Service Director – Legal and Community
		Audit Committee and Senior Managers ensure compliance with CIPFA best practice in their counter fraud arrangements	Service Director - Resources
		The Council will make it clear through its policies and codes of conduct for staff and Members that fraud and corruption will not be tolerated.	Service Director – Legal and Community/ Corporate Human Resources Manager
	The Council has a robust communication policy demonstrating its commitment to prevent fraud <b>COMMUNICATION</b>	The Councils Communication Team will publicise prosecutions, anti-fraud campaigns and provide internal communications to staff on fraud awareness	Communications Manager
		Access to SAFS fraud reporting tools (web/phone/email) for staff, public and elected Members.  The Council and SAFS will provide fraud awareness or specific anti-fraud training across all Council services and review the E-Learning Training for staff  SAFS will provide fraud alerts to appropriate officers/staff/services from Action Fraud/ NAFN/ Police .	SAFS Manager SAFS Manager / Corporate Human Resources Manager SAFS Manager
<b>PREVENT</b>	Co-ordination of effort, sharing of best practice, data, fraud alerts and new threats. <b>COLLABORATION</b>	Implement the contract for the Council to join the Herts <i>FraudHub</i> in 2019.	Service Director - Resources/ SAFS Manager
		Review data sharing agreements/protocols to ensure compliance with DEA & GDPR/DEA	Service Director – Legal and Community / SAFS Manager
		Deliver the NFI 2018/19 Exercise	Service Director - Resources/ SAFS Manager
		Work with DWP to deliver CTRS/HB joint working 2018 roll-out	Service Director - Resources/ SAFS Manager
	Have the highest levels of professional standards <b>COMPETENCE</b>	Work with other organisations, including private sector, to improve access to data	SAFS Manager
		All SAFS staff will be fully trained and accredited	SAFS Manager
		All investigations will comply with relevant legislation and Council Policies	SAFS Manager
		SAFS will work with the LGA and Cabinet Office to support the roll out of a Counter-Fraud Profession	SAFS Manager
<b>PURSUE</b>	Ensuring the Counter-Fraud Measures are appropriate to the range of fraud risk. <b>CAPABILITY</b>	SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council	SAFS Manager
		SAFS will record and report on all fraud referred, investigated and identified	SAFS Manager
		SAFS will review fraud trends and new threats and report on these to Council officers	SAFS Manager
		SAFS and the Councils Legal and Debt teams will seek to 'prosecute' offenders and recover losses	SAFS Manager / Service Director – Legal and Community / Service Director - Resources
	Develop the right level of resources to deal with the level of fraud risk <b>CAPACITY</b>	The Council will review its ROI from SAFS Membership	Service Director - Resources
		SAFS will assist the Council in providing its Transparency Code (Fraud) Data annually	SAFS Manager
		Reports for Finance Audit and Risk Committee on all Counter Fraud activity	Service Director - Resources/ SAFS Manager
		SAFS will work with bodies including MHCLG/LGA/CIPFA/FLLB to develop anti-fraud strategies at a national level that support fraud prevention in local government	SAFS Manager

SAFS

KPIs 2019/2020

KPI	Measure	Target 2019/2020	Achieved 2018/2019	Reason for KPI
1	Return on investment from SAFS Partnership.	Demonstrate, via SAFS Board, that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.	New Target	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	A. 1 FTE on call at NHDC. (Supported by SAFS Intel/ AFI/Management). B. 3 Reports to FAR Committee. C. SAFS Attendance at Council management/governance groups.	100% to all	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	A. All urgent/ high risk cases 2 Days. B. All other cases 5 Days on Average.	New Target	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Added value of SAFS membership.	A. Membership of NAFN. B. Membership of CIPFA Counter Fraud Centre. C. Access to NAFN for relevant Council Staff. D. 5 Fraud training events for staff/Members in year.	New Target	Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses.
5	Allegations of fraud received. & Success rates for cases investigated.	A. 100 - Fraud referrals from all sources reported to SAFS. B. 60% of cases investigated and closed in year with a positive outcome (includes cases prosecuted, sanctioned, or where loss identified).	A. 114 (100 Target) B. 68% (60% Target)  (As at 20.2.2019)	This target will measure the effectiveness of the service in promoting the reporting of fraud by staff and public, & Measure the effectiveness in identifying cases worthy of investigation.
6	Making better use of data to prevent/identify fraud.	A. Implement the Herts FraudHub for NHDC. B. Assist with compliance with NFI 2018/2019.	New Target	Build a Hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.

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## NHDC / SAFS Action Plan 2019/2020

CIPFA Principles	Goals & 6Cs	Activities	Responsible Officer	Progress to March 2020	
<b>ACKNOWLEDGE</b>	Fraud is acknowledged as a Risk for the Council <b>CULTURE</b>	The Council has in place Anti-Fraud and Corruption Strategy & Fraud Response Plan Inclusion of Fraud Risks and the Councils actions to manage/mitigate/reduce this in its Annual Governance Statement. Review the Councils Money Laundering/ Bribery/ Whistleblowing/ Cyber-Crime Policies Audit Committee and Senior Managers ensure compliance with CIPFA best practice in their counter fraud arrangements The Council will make it clear through its policies and codes of conduct for staff and Members that fraud and corruption will not be tolerated.	Chief Executive/ Service Director - Resources Service Director - Resources/ Service Director – Legal and Community Service Director - Resources Service Director – Legal and Community/ Corporate Human Resources Manager	New F&C Policy to FARC on 10.9.2019 Complete FARC July 2019. New Policy 2019 Complete	
		The Councils Communication Team will publicise prosecutions, anti-fraud campaigns and provide internal communications to staff on fraud awareness Access to SAFS fraud reporting tools (web/phone/email) for staff, public and elected Members. The Council and SAFS will provide fraud awareness or specific anti-fraud training across all Council services and review the E-Learning Training for staff SAFS will provide fraud alerts to appropriate officers/staff/services from Action Fraud/ NAFN/ Police .	Communications Manager SAFS Manager SAFS Manager / Corporate Human Resources Manager SAFS Manager	SAFS worked with Comms Team on BB campaign in May 2019 and the Fraud Awareness Week in November 2019. All staff can report using 'white-listed' forms. New policy includes all reporting lines E-learning Package in place supported by HR. 22 Alerts issued to NHDC Senior Managers	
	<b>PREVENT</b>	Co-ordination of effort, sharing of best practice, data, fraud alerts and new threats. <b>COLLABORATION</b>	Implement the contract for the Council to join the Herts <i>FraudHub</i> in 2019. Review data sharing agreements/protocols to ensure compliance with DEA & GDPR/DEA Deliver the NFI2018/19 Exercise Work with DWP to deliver CTRS/HB joint working 2018 roll-out Work with other organisations, including private sector, to improve access to data	Service Director - Resources/ SAFS Manager Service Director – Legal and Community / SAFS Manager Service Director - Resources/ SAFS Manager Service Director - Resources/ SAFS Manager SAFS Manager	Complete Complete Resolved internally. Reports & Matches are being reviewed by officers. JW in place with Stevenage DWP Office. SAFS work with SAS Analytics, Credit Industry Fraud Avoidance Service & Hooyu
			All SAFS staff will be fully trained and accredited All investigations will comply with relevant legislation and Council Policies SAFS will work with the LGA and Cabinet Office to support the roll out of a Counter-Fraud Profession SAFS will work with Council Services to make best use of 3rd party providers such as NAFN, PNLD, CIPFA	SAFS Manager SAFS Manager SAFS Manager SAFS Manager	All SAFS Staff trained and ACFS/T/M or equivalent. SAFS conduct 121 with staff, 'dip' sample cases and management review all closures and any cases referred for sanction/prosecution HCC part of a collective (London based) application to join the Profession by October 2020. SAFS are members of CIPFA , London Borough Fraud Investigation Officers Group (LBFIG), Police National Law Database (PNLD), NAFN (All Partners), London Fraud Forum (LFF), Eastern County Council Counter Fraud Hub, and Tenancy Fraud Forum (TFF)
<b>PURSUE</b>		Ensuring the Counter-Fraud Measures are appropriate to the range of fraud risk. <b>CAPABILITY</b>	SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council SAFS will record and report on all fraud referred, investigated and identified SAFS will review fraud trends and new threats and report on these to Council officers SAFS and the Councils Legal and Debt teams will seek to 'prosecute' offenders and recover losses	SAFS Manager SAFS Manager SAFS Manager SAFS Manager / Service Director – Legal and Community / Service Director - Resources	S. 151 is a Board member and receives quarterly service reports. FARC Reports from SAFS in the Fwd Plan. All cases now recorded and reported via SAFS case management system (OPUS) All recent published reports from various agencies reviewed and shared with officers. Fraud Alerts remain in place Good working relationship between legal team & SAFS.
			The Council will review its ROI from SAFS Membership SAFS will assist the Council in providing its Transparency Code (Fraud) Data annually Reports for Finance Audit and Risk Committee on all Counter Fraud activity SAFS will work with bodies including MHCLG/LGA/CIPFA/FFLB to develop anti-fraud strategies at a national level that support fraud prevention in local government	Service Director - Resources SAFS Manager Service Director - Resources/ SAFS Manager SAFS Manager	Champion Meetings and Board Reports in place Provided in Annual Report to FARC in July 2019 Report to FARC agreed in Fwd Plan SAFS involved with CIPFA/CIPFA/LGA/FFCLB in developing the Local Government AF Strategy 2020-2025

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## NHDC Reported Fraud Stats 2019/20

### REFERRAL SOURCES

TOTAL	Partner	Public	Proactive	Other Agency
77	24	44	8	1

### REFERRAL TYPES

TOTAL	CTRS & HB	Discounts	Housing	Blue Badge	NNDR	Other
77	61	7	3	2	1	3

### ALL CASES CLOSED IN YEAR

TOTAL	Positive	Not Proved	Intervention	Rejected
79	48	22	13	27

### POSITIVE CASES CLOSED

Investigated	% Positive	CTR/HB Sanctioned	Prosecuted	Employee disciplined	Employee Dismissed	Employee Resigned
70	69%	16	3*	0	0	0

### BREAKDOWN LOSSES/ NEW REVENUE

	Recoverable Fraud Losses	Saving/ Prevention	New Revenue	Notes
Housing Benefit	£ 128,798	£ 22,175	£ 51,519	HB Subsidy creates potential new revenue
Council Tax	£ 34,064	£ 8,837	£ 42,901	Lost and Saved all billed for recovery
Staff	£ -	£ -	£ -	
Housing Fraud	£ -	£ -	£ -	
NNDR	£ -	£ -	£ -	Destin procured pre-COVID
Other	£ 539	£ -	£ -	
NFI		£ 17,452		NFI 2018/19 Stats (30th March)
Ctax Framework	£ -	£ -	£ -	Not used in 2019/20
Fines & Penalties			£ 5,119	From HB/Ctax penalties
<b>Total</b>	£ 163,401	£ 48,464	£ 99,539	

\* Cases referred to DWP and awaiting outcomes

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**FINANCE, AUDIT AND RISK COMMITTEE  
20 JULY 2020**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: ANNUAL GOVERNANCE STATEMENT 2019/20**

REPORT OF THE POLICY AND COMMUNITY ENGAGEMENT MANAGER

EXECUTIVE MEMBER: [NON-EXECUTIVE FUNCTION]

COUNCIL PRIORITY: BE A MORE WELCOMING AND INCLUSIVE COUNCIL / BUILD THRIVING AND RESILIENT COMMUNITIES / RESPOND TO CHALLENGES TO THE ENVIRONMENT / ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY / SUPPORT THE DELIVERY OF GOOD QUALITY AND AFFORDABLE HOMES

**1. EXECUTIVE SUMMARY**

1.1 For the Finance, Audit & Risk Committee to review the draft Annual Governance Statement (AGS) including Action Plan for the year 2019/20.

**2. RECOMMENDATIONS**

2.1 That the Committee is recommended to review and comment on the draft AGS Action Plan in order for it to be finalised for approval (in September 2020).

**3. REASONS FOR RECOMMENDATIONS**

3.1 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.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 There are no alternative options to be considered.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

5.1 No prior consultation has taken place, although a copy of the draft AGS will be sent to the Shared Internal Audit Service (SIAS), Ernst & Young (External Auditors) and the Shared Anti-Fraud Service. Account will be taken of any comments made by them and this Committee on the draft AGS before it is finalised for the September Committee approval process.

## 6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

## 7. BACKGROUND

- 7.1 The Local Audit and Accountability Act 2014 ('LAAA 2014') and the Accounts and Audit Regulations 2015/234 ('AAR 2015' made under the LAAA 2014) place a requirement on NHDC, as a relevant authority, to conduct an annual review of the effectiveness of the system of internal controls and prepare an AGS.
- 7.2 This must be considered by Members of this Committee and the AGS approved under Regulation 6(4)(a) AAR 2015 in advance of the relevant authority approving the Statement of Accounts (in accordance with Regulation 9(2)(b)). The review should be undertaken as against the relevant CIPFA/ SOLACE Framework, which is the *Delivering good governance in Local Government Framework 2016 Edition* and any CIPFA/ SOLACE guidance<sup>1</sup>.
- 7.3 The draft AGS has been prepared following an in-depth review/ input and scoring of arrangements by SMT against the Framework 2016 Principles (in accordance with the guidance<sup>2</sup>). SMT has reviewed and provided details of systems and examples that met the 2016 Principles and scored the arrangements on the assurance level basis:
- Full: There is a sound system of control designed to achieve the system objectives and manage the risks to achieving those objectives. No weaknesses have been identified.
  - Substantial: Whilst there is a largely sound system of control, there are some minor weaknesses, which may put a limited number of the system objectives at risk.
  - Moderate: Whilst there is basically a sound system of control, there are some areas of weakness, which may put some of the system objectives at risk.
  - Limited: There are significant weaknesses in key control areas, which put the system objectives at risk.
  - No: Control is weak, leaving the system open to material error or abuse.
- 7.4 In terms of format of the AGS, CIPFA indicate that the AGS should be a '*meaningful but brief communication*'; there is no requirement to repeat all the arrangements that have been comprehensively assessed. Nevertheless, the AGS should draw out a few key areas with reference to the 2016 Principles, identify any actions and include an overall conclusion on the arrangements.
- 7.5 Members will note at this stage, that a key element of the review of effectiveness, detailed in the draft AGS, includes the Head of Internal Audit's Annual report/ Opinion on arrangements. This report was presented to the June meeting and have been incorporated into the AGS.

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<sup>1</sup> CIPFA/SOLACE Delivering good governance in Local Government Guidance Notes for English Authorities 2016 Edition.

<sup>2</sup> As above (*ibid*)

- 7.6 Members are reminded that the AGS must be approved before the Statement of Accounts and it should accompany them. The Council will include the 2019/20 AGS with the Statement of Accounts (as it has in previous years).

## **8. RELEVANT CONSIDERATIONS**

- 8.1 The SMT AGS self-assessment, external organisation and Committee's review of the draft AGS (in preparation for finalising the AGS) provides the Council with an opportunity to consider the robustness of its governance and internal control arrangements. It highlights areas where governance can be further reinforced.
- 8.2 The draft AGS for 2019/20 is attached as Appendix A for review and comment. The SMT AGS self-assessment will be available on the Corporate Governance page after all comments have been received as per paragraph 5.2 as detailed under background documents.
- 8.3 Updates on the AGS Action Plan will be reported to this Committee twice a year at the September and March meetings.
- 8.4 Overwhelmingly following on from the process as outlined at 7.3, SMT concluded that the assurance level as assessed against the 2016 Principles were Substantial. Actions were included to address any perceived weaknesses and these have been detailed in the draft AGS Action Plan (final page to Appendix A). The detailed (101 pages) self-assessment document has not been appended. It will, however, following comments from SIAS and advice from CIPFA be loaded on the Council's Corporate Governance internet pages.

## **9. LEGAL IMPLICATIONS**

- 9.1 Under the LAAA 2014/ AAR 2015 Regulations the 2019/20 AGS must be approved by this Committee by 31 July. An amendment to the regulation (The Accounts and Audit (Coronavirus) (amendment) Regulations 2020, due the impact of Covid-19, has extended that deadline. Otherwise the legal implications are set out under section 7 above.
- 9.2 The Terms of Reference of this Committee under 10.1.5(i) are: "*To ensure that an annual review of the effectiveness of internal controls (accounting records, supporting records and financial) systems is undertaken and this review considered before approving the Annual Governance Statement.*" This review of the draft AGS therefore falls within the Committee's remit.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The final AGS is to be approved and accompany the Statement of Accounts. By presenting the draft AGS to this Committee before the audit of the accounts is concluded, the Committee has time to raise any points that may need to be addressed. Subject to the completion of the audit by Ernst and Young it is hoped that the Statement of Accounts will be available for this Committee to approve in September. Although the Committee should note that due to the impacts of Covid-19 the deadline for approval of the Accounts has been extended until the end of November. Other than this there are no financial implications arising from this report.

## **11. RISK IMPLICATIONS**

- 11.1 The process of assessing the Council's governance arrangement enables any areas of weakness to be identified and improvement actions put in place, therefore reducing the risk to the Council.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.1 There are no direct equality implications of this report or the AGS. Where relevant the Council's arrangements have been assessed against the 2016 Framework Principles. In respect of those arrangements, the SMT AGS self-assessment identifies the procedures in place and any outcomes. Council reports include any equality implications and are assessed by the Policy and Community Engagement Manager. Where appropriate an impact assessment will be undertaken and mitigation measures identified. The Policy and Community Engagement Manager/ Trainee Policy Officer undertakes an Annual Cumulative Equality Impact Assessment of these and publishes them on the internet.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. The Social Value Act and "go local" requirements do not apply to this report.

## **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 For the employees of the Council the Organisational Values and Behaviours and Employee Handbook provide further advice on the standards we expect from our staff.

## **16. APPENDICES**

16.1 Appendix A –Draft AGS for 2019/20

## **17. CONTACT OFFICERS**

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17.5 Georgina Chapman, Trainee Policy Officer  
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## **18. BACKGROUND PAPERS**

18.1 The SMT AGS self-assessment will be placed on the Corporate Governance Page following the process in 8.4: <https://www.north-herts.gov.uk/home/council-performance-and-data/corporate-governance>. This will also contain links to relevant background documents, reports, Policies and Guidance. The draft AGS also contains links to relevant documents.

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## NHDC ANNUAL GOVERNANCE STATEMENT 2019-2020

### Introduction

North Hertfordshire District Council (NHDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

NHDC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, NHDC should have proper arrangements for the governance of its affairs in place. It is legally required<sup>1</sup> to review arrangements and prepare an Annual Governance Statement ('AGS'). It should prepare this Statement in accordance with proper practices set out in the Chartered Institute of Public Finance and Accountancy (CIPFA)/ the Society of Local Authority Chief Executives and Senior Managers (SOLACE) Delivering Good Governance in Local Government: Framework 2016. This AGS explains how NHDC has complied with these requirements. The Finance, Audit & Risk (FAR) Committee Members have been informed of progress on producing this AGS and will review it and evaluate the robustness of the underlying assurance statements and evidence. FAR Committee approves the final AGS and monitors the actions identified.

### Delivering good governance in Local Government:

The Governance Framework comprises of systems, processes, culture and values, by which the authority is directed and controlled. It enables NHDC to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) applies to AGS' prepared for the 2016/17 financial year onwards. The Principles are further supported by examples of what good governance looks like in practice. The Principles are set out in the diagram below:



[www.cipfa.org/services/networks/better-governance-forum](http://www.cipfa.org/services/networks/better-governance-forum)

- ❖ Council, Cabinet and Stronger Leader model that provides leadership, develops and sets policy.
- ❖ A decision-making process that is open to the public and decisions are recorded / available on the NHDC website.
- ❖ An established Shared Internal Audit Service (SIAS) that undertakes detailed reviews.
- ❖ Risk Management and performance procedures that enable risks to be identified and these to be monitored by Senior Management Team (SMT) and Members on a quarterly basis.
- ❖ Overview & Scrutiny (O&S) Committee reviewing performance and policies.
- ❖ An effective FAR Committee as the Council's Audit Committee that reviews governance and financial arrangements.
- ❖ A SMT, which includes the statutory officers and provides effective corporate management.
- ❖ Following a restructure in June 2018, a strategic officer leadership team has been established, which includes the Chief Executive, Deputy Chief Executive and the six Directors (which again includes all statutory officers).

### How NHDC complies with the 2016 Governance Framework

NHDC has approved and adopted:

- ❖ a [Local Code of Corporate Governance](#) in March 2019 which incorporate the Framework 2016 Principles.
- ❖ a number of specific strategies and processes for strengthening corporate governance

Set out below is a summary of *some of the central ways* that NHDC complies with the 2016 Framework Principles. The detailed arrangements, and examples are described / links provided in the SMT AGS self-assessment document on the Corporate Governance page: <https://www.north-herts.gov.uk/home/council-performance-and-data/corporate-governance> or can be obtained from, NHDC, District Council offices, Gernon Road, Letchworth Garden City SG6 3JF.

### Key Elements of the Governance Framework:

<sup>1</sup> Local Audit and Accountability Act 2014 and The Accounts and Audit Regulations 2015.

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### Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

#### What NHDC has or does:

- ❖ Operates Codes of Conduct for Members and Employees, maintaining arrangements for sign off of those, awareness of key policies and reporting / investigating any allegations of breaching those Codes.
- ❖ Complaints concerning employees are dealt with according to the Managing Misconduct Policy, and/ or Employment Procedure rules for officer (for relevant officers will also potentially involve the Independent Person Panel, Employment Committee and Full Council).
- ❖ A Standards Committee which oversees and promotes high standards of Member conduct. It is composed 12 Councillors and 2 non-voting co-opted Parish Councillors. The IPs are invited to attend the meetings of the Standards Committee. The Committee oversees the Complaints Handling Procedure and Final Determination Hearings through a Subcommittee. The Chairman of Standards Committee provides an annual report to Full Council in May. This is designed to promote shared values with Members, employees, the community and partners.
- ❖ The Council's Constitution includes a scheme of delegation and terms of reference for each of the Council's Committees and decision making practices are outlined. The Council's Constitution is reviewed annually.
- ❖ The Council's Fraud Prevention Policy, which includes the Anti-Money Laundering, Anti-Bribery, Anti-Fraud and Tax Evasion. In addition the Whistleblowing Policies, have been reviewed and are available on the internet.<sup>2</sup> Contract Procedure Rules in Section 20 of the Constitution underpin the Council's approach to Procurement. Standard Contracts include an obligation to adhere to the requirements of the Bribery

Act 2010 and the Councils' requirements as set out in the Councils' Anti-Bribery Policy.

- ❖ The Council also has Policies and procedures for Members and Employees to declare interests, including Organisational ones. Members are obliged to comply with such arrangements under their Code of Conduct and employees sign an Annual Declaration Letter to ensure that they are aware of and will comply with key governance policies.

- ❖ The Council has a Monitoring Officer (MO) whose role is to ensure that decisions are taken lawfully, in a fair manner and procedures followed. After consulting the Chief Executive and Chief Finance Officer (CFO) the MO has a statutory duty/ powers to report any proposal, decision or omission that he/she considers would give rise to unlawfulness or any decision or omission that has given rise to maladministration ("Section 5 report"). The MO is responsible for providing advice on ethics and governance to the Standards Committee and to the Members of this Council. A Legal advisor attends Full Council, Cabinet and regulatory Committees – such as Planning, Licensing and Standards to be on hand to provide advice. A Finance Officer attends Full Council, Cabinet and FAR Committee. Legal services/The MO maintain records of advice provided.

- ❖ The Council's CFO (s151 Officer) has a duty to the Council's taxpayers to ensure that public money is being appropriately spent and managed, and reports directly to the Chief Executive. The CFO ensures that appropriate advice is given on all financial matters, is responsible for keeping proper financial records and accounts and for maintaining an effective system of internal control.

- ❖ All Committee reports and delegated decision templates have required areas for legal advice (as well as Finance, Social Value Act 2012 and equality and environmental requirement); part 1 reports are published and available for inspection as per the statutory requirements. Committee and Member Services provide support to the Council, Councillors and the democratic processes of the Council. The team organise the civic calendar of Committee

meetings dates, the Forward Plan of Executive Decisions, prepare and despatch agendas and reports in advance of the meetings and take and despatch minutes and decision sheets after the meetings. Delegated decisions are retained by them and they provide support for Councillor Surgeries.

### Principle B: Ensuring openness and comprehensive stakeholder engagement.

#### What NHDC has or does:

- ❖ The Council's vision is one created by all partners of the North Herts Partnership and this and relevant documents are made available on the Council's website with Service Plans that show how the Objectives will be delivered in practical terms [[Council Objectives page](#)].

- ❖ Open Data is published on the NHDC website, and is available to re-use through the terms of the Open Government Licence [[Open Data page](#)]. Data Sets on NNDR (Full list and monthly credit balances) are also available [[Published Data Sets](#)].

- ❖ An Annual Monitoring Report is produced containing indicators and targets across the District to aid with future planning decisions and identification of local priorities [[Annual Monitoring Report 2018-2019](#)].

- ❖ NHDC have a duty to review air quality in the district to provide comprehensive information on the quality of air within the region Air Quality Annual Status Report [[Air Quality Annual Status report 2019](#)]

- ❖ There is a Committee administration process in places so that all Council meeting agendas, reports, minutes are available for inspection, and these, together with public meeting recordings, are available online and through the Modern.gov system [[Council meetings page](#)].

- ❖ There is a presumption of openness and transparency, with reports (or confidential parts of reports) only being exempt so long as statutory exemption requirements<sup>3</sup> apply. Report authors

<sup>2</sup><https://www.north-herts.gov.uk/home/council-data-and-performance/policies/fraud-prevention-policy>

<sup>3</sup> Under the Local Government Act 1972 Schedule 12A, and/ or Local Government Act 2000/ The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012/2089

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consider such matters with the designated Constitutional “Proper Officer”. Meetings are open to the press and public (unless an exemption applies).

❖ There is a Council and Democracy page on the NHDC website. This links to information about the Council, Councillors, MPs, Council meetings, Council departments, Forward Plan of Key Decisions, Petitions, Notices of Part 2 (exempt) decisions that the Council intends to take in the near future, delegated decisions, recordings/ the right to record Council meetings and Notices of Urgent Decisions [[Council and Democracy](#)]. Public Registers and Delegated Decisions are available on the NHDC website for [Environmental Health Licensing](#), [[Public Registers and Delegated Decisions](#)] and Planning applications/ decisions [[View Planning Applications](#)]. Delegated Executive and Non-Executive decisions<sup>4</sup> are on the Council’s website [[Delegated Decisions](#)].

❖ The Constitution also sets out what information is available to the public and how to engage with the Council [[Constitution](#)].

The Council has a 5 year Consultation Strategy for 2016-2020 [[Consultation Strategy 2016-2020](#)] that sets out the methods that will be used to consult and practical considerations for doing so. This entails various approaches to consultation. A Statement of Community Involvement (SCI) sets out how the Council will involve the community in preparing the Local Plan and in considering planning applications [[Statement of Community Involvement - Adopted September 2015](#)]. A public [consultation](#) took place in early 2020 to amend the SCI

❖ The Council conducts a District Wide Survey every two years [[2019 District Wide Survey - Key Findings Report](#)]. Residents who take part in the District Wide Survey are invited to join the Council’s Citizens Panel, which is used for consultation.

❖ The Council also has an internal Staff Consultation Forum, a Joint Staff Consultative Committee (JSCC) and a Staff Consultation Policy [[Staff Consultation Policy](#)].

❖ The Council’s Customer Care Standards aims to put people first [[Customer Care Standards](#)]. The Communications Strategy and action plan [[Communications Strategy page](#)] set out the approach to communicating with residents, partners and the media. The Council has a multi-media approach to communication – on-line, in person, by phone, by post, and social media sites (on Facebook, Twitter and Instagram). The use of social media sites and text alerts is geared towards engagement with the IT adept and/ or younger residents.

❖ The Council is also part of the [Hertfordshire Local Enterprise Partnership](#) which aims to ensure a prosperous economy for the District’s residents and businesses. It also works with Town Centres in Partnership to co-ordinate and progress the work in the town, tackle growth and development challenges. It has assisted with the renewals of the 3 Business Improvement Districts (Hitchin, Letchworth and Royston) which will be in place for another 3 years

**Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**

### *What NHDC has or does:*

❖ The Council has a Council Objectives and Plan approval / review process and its vision is based on partnership aspirations. The Objectives provide the foundations for the Service planning process. Delivery is monitored through detailed Senior Management, Committee and Executive Member / Member procedures.

❖ The Corporate Equality Strategy contains equality objectives and contributes towards the Council’s vision of equality and diversity [[Corporate Equality page](#)]. These issues are monitored through the report / decision making process and Annual [Cumulative Equality Impact Assessment 2019-20](#)

**Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

### *What NHDC has or does:*

❖ Decision making is effectively delegated through the Constitution (to Council, Committees, Cabinet, Executive Members and Officer). The Council has a set report / delegated decision template and guidance on how to complete these, which include standard areas such as an ‘options’ appraisal called “Alternative options considered” and risk analysis assists with optimising outcomes.

❖ The Corporate business planning programme is used to assess projects against criteria including the Council’s agreed Policy, its priorities, the outcomes of public consultation, demonstration of continuous improvement and changing legislative need.

❖ The Council has a Risk Management Framework, and Service Managers have to identify threats to service delivery/performance in their own areas, when undertaking projects, letting contracts, formulating or introducing new policies and engaging in partnership working. This is part of the [Risk Management Framework - Strategy](#) These are recorded on the Risk Register and monitored through the Council’s [Pentana performance/risk management system](#). Project management lessons are logged and detailed in a Corporate Lessons Log, which is available on the intranet.

❖ The Council’s Financial Regulations [[Constitution PART B Section 19 Financial Regulations](#)] are an essential part of risk management / resource control for delivery of services (whether internally, externally or in partnership). The Medium Term Financial Strategy (MTFS) is reviewed annually to set an indicative 5 year financial plan for the longer term strategic vision as well as a detailed one year budget. The MTFS and annual budget are prepared in line with the agreed Objectives and Council Plan/ business planning process. Budget workshops are provided to Political groups prior to budget setting/ budget approval and these help to optimise achievements.

**Principle E: Developing the entity’s capacity,**

<sup>4</sup> Made under The Openness of Local Government Bodies Regulations 2014/2095

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### including the capability of its leadership and the individuals within it

#### *What NHDC has or does:*

❖ The Council recognises the importance of employees, planning recruitment and development. The People Strategy incorporates the Workforce Development Plan [[People Strategy 2015-2020; Workforce profile](#)] and was developed with the Corporate Objectives (Priorities as was), Corporate Projects and workforce demands anticipated. A vacancy management process provides a corporate overview of vacancy management and to ensure compliance with proper recruitment practices. The Council promotes ILM Leadership & Management qualifications and has Investors in People accreditation.

❖ Members and employees engage in various groups and benchmarking initiatives. These assist the Council in analysing/ improving its capability, such as the County Benchmarking LG Futures, HR Salary benchmarking, Sport England's National Benchmarking service and Customer Services.

❖ Service area employees attend / are part of groups – such as Legal PLP and Herts First where good practice can be shared.

❖ The Council also considers and participates in Shared Service/ commercial ventures to develop services and resilience, such as the CCTV Partnership, the Local-Authority Building Control Company, 'Hertfordshire Building Control, and has been a Lead authority developing the Herts Home Improvement Agency and shared Waste service with East Hertfordshire District Council.

❖ The Leader is part of Herts Leaders Group and East of England Leaders Group, has weekly Chief Executive/ Leader Briefings. Political Liaison Board (PLB) meetings are held and opposition Member/ shadow Member briefings provided by the Chief Executive/ Service Directors and other senior officers.

❖ Bi-monthly SMT meetings are held where Policy, Projects, Performance and Risk are (amongst

other things) monitored. The Council encourages close working liaison between Senior Officers and Executive Members. A strategic officer leadership team has been established, which meets to discuss corporate strategic issues.

❖ Statutory officers meet regularly with political leaders where relevant standard issues are raised. Service directors convene monthly briefings with relevant Executive Members

❖ Following the recently published Gender Pay Gap report, NHDC officers will take actions to implement the recommendations of the report.

❖ Following an [LGA Corporate Peer Challenge assessment](#), an Action Plan has been developed to ensure the benefits of the CPS process are realised through thorough Organisational Development -

### Principle F: Managing risks and performance through robust internal control and strong public financial management

#### *What NHDC has or does:*

❖ The Council has extensive mechanisms in place to manage risk and performance, for example, through the Risk Management Team/Group/Member Champion and the [Risk Management Framework, Policy Statement Policy](#) and [Strategy](#) and operational guide. The Pentana system supports the logging/monitoring process by identifying performance indicators, individual risks and relevant 'ownership'. These are reported to SMT, FAR (risk) and O&S (performance) Committees and Cabinet for transparency and in Cabinet's case, overall management purposes. The Risk Management framework is embedded across all service areas and helps to inform decision making. [The Annual Report on Risk Management](#) (April 2018-March 2019) also proposes an action plan for 2019/20 to maintain the Council's effective and strong risk management processes.

❖ [SIAS' reviews of Risk Management and Financial systems during 2019/20](#) provided an overall

Satisfactory assurance. SIAS concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice on corporate governance.

### Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

#### *What NHDC has or does:*

❖ The Council's 'Outlook' Magazine is provided to all households in the District and is available on the Council's website. It contains information about the Council's services and events. The Autumn Outlook– Annual Residents Report contains a review of the previous financial year and summarises key achievements against priorities / expenditure and is a useful accountability mechanism.

❖ SIAS undertake numerous planned audits/ (additional on request) and present progress reports against these, an Annual Assurance Statement Internal audit/ opinion report of the Head of Internal Audit on the work undertaken. On an annual basis SIAS is required to evidence its conformance with the requirements of the Public Sector Internal Audit Standards (PSIAS). [Annual Assurance Statement and Internal Audit Report 2019/20 presented in June 2020.](#) An external review is required at least once every five years and this was last carried out in January 2016. In SIAS' Opinion report for 2016/17: 'The Head of Assurance has concluded, therefore, that SIAS 'generally conforms' to the PSIAS, including the Definitions of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. 'Generally conforms' is the highest rating and means that SIAS has a charter, policies and processes assessed as conformant to the Standards and is consequently effective and has the processes in place to deliver robust assurance work.

❖ The CFO follows: the CIPFA Code of practice on local authority accounting in the United Kingdom 2019/20 and the CIPFA Statement on the role of the

## NHDC ANNUAL GOVERNANCE STATEMENT 2019-2020

Chief Financial Officer in Local Government 2016 by ensuring that the financial statements are prepared on a timely basis, meet legislative requirements, financial reporting standards and professional standards as reflected in CIPFA's Code of Practice.

❖ External Auditors provide key timetabling/ stage of audit reports to FAR Committee (Audit Fee Letter, Audit Plan, testing routine procedures, Audit on financial statement and value for money conclusions/ Audit completion certificate and Annual Audit Letter).

### Review of Effectiveness

The Council uses a number of ways to review and assess the effectiveness of its governance arrangements. These are set out below:

#### Assurance from Internal and External Audit

One of the fundamental assurance statements the Council receives is the Head of Internal Audit's Annual Assurance Statement/ Opinion on the work undertaken. During 2019/20 SIAS reported on 27 areas of which 4 received a Good assurance, 11 received a satisfactory assurance and 1 received limited assurance, 4 not assessed and 7 not finalised. The limited assurance opinion related to the Time Recording System audit. A high priority recommendation was made and implemented. All key financial/ risk systems/ contract management were also reviewed and a satisfactory assurance opinion overall on financial systems was concluded. . Recommendations are detailed in the June 2020 SIAS report to FAR Committee [[2019/20 Annual Assurance Statement and Internal Audit Report](#)]. SIAS concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. Some of the recommendations have been implemented and outstanding ones will be taken forward and monitored through the 2020/21 reports to FAR Committee. SIAS also reviewed the

effectiveness of the FAR Committee. Their conclusions for 2018/19 were that overall the FAR committee was substantially compliant with guidance issued by CIPFA. SIAS intend to complete a more thorough review of the effectiveness of the Committee in future years

The Council's external auditors provide assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. The last Annual Audit Letter presented to the FAR Committee in December 2019 was very positive, with unqualified opinions on both the Council's financial statements and the value for money in use of its resources, [[NHDC Annual Audit Letter 2018-19](#)]. The most recent External Audit Update report issued [[External Audit plan for year ending 31/3/20](#)] indicated that there were no changes to the audit risks identified . The Audit Letter issued in December 2019 proposed to issue an unqualified opinion on its value for money conclusion. The ([NHDC Annual Audit letter](#)). The document set out the output of the Council's most recent financial statement; identified that there were no issues with the accounts. These arrangements are therefore deemed to be effective.

SIAS confirmed a substantial compliance level for corporate governance for the systems in place for 2019/20

#### Assurance from self-assessment

The review of effectiveness is informed by the work of the Senior Managers within the authority who have responsibility for the development and maintenance of the governance environment. Each Service Director was responsible for producing their own assurance statements and an improvement action plan to rectify any identified governance weaknesses, as part of the Service Planning process. This process was reviewed

with an overall SMT assurance statement provided [see<sup>5</sup>].

SMT is chaired by the Chief Executive, includes the MO, CFO and key senior managers. It followed the CIPFA/ SOLACE recommended self-assessment process of reviewing the Council's arrangements against the 2016 Framework Principles/ sub-principles guidance examples. This was undertaken during March-June and SMT is satisfied that appropriate and overall Substantial 2016 Framework governance arrangements are in place. However, any improvement actions have been identified for 2019-20 in the Action Plan. The detailed AGS self-assessment is available on the Corporate Governance page<sup>6</sup>.

#### Assurance from Risk Management

The top risks for the Council, as reported to FAR Committee in March 2020 ([Risk Management report March 2020](#)), are: Brexit, Local Plan, Managing the Council's Finances, Cyber Risks, Delivery of the Waste Collection and Street Cleansing Services Contract, Impact of Anti-Social Behaviour on Council Facilities, Income Generation, Sustainable Development, External Factors Affecting the Future Provision of Waste Services, Increased Homelessness and Workforce Planning. It was also agreed to retain Route Optimisation of Collection Rounds as a top risk, to add Novel Coronavirus (Covid-19) as a top risk with a matrix score of 9 and to archive the top risk relating to the completed North Hertfordshire Museum & Hitchin Town Hall Project. Three of the other risks also scored 9 on the risk matrix:

❖ Delivery of the **Local Plan** has been and remains a top risk. The Planning Inspector published the Main Modifications arising from the Local Plan examination process in November 2018. These were reported to Cabinet in December 2018, when approval was granted for consultation on the proposals. The Council concluded consultation on the Main

<sup>5</sup> <https://www.north-herts.gov.uk/home/council-data-and-performance/corporate-objectives>

<sup>6</sup> <https://www.north-herts.gov.uk/home/council-performance-and-data/corporate-governance>

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Modifications in April 2019. Following the consultation on the Main modifications in January 2020, the Inspector arranged for further hearing sessions for March 2020.

❖ **Managing the Council's Finances** is an ongoing top risk which is reported through the FAR Committee and Cabinet process. The MTFs, budgets and capital programme are, however, noted as soundly based and designed to deliver the Council's strategic objectives.

❖ **Brexit** has been a top risk since March 2019, with the risk score reflecting the continued high level of uncertainty. The Council continues to analyse and assess the potential implications and to take proportionate actions based on the likelihood and potential impact.

### **Assurance from Complaints outcomes**

**Local Government Ombudsman (LGO):** The Council reports complaints to SMT and O&S. The summary for the period 2018/19 (April to September) indicated that NHDC received 1947 complaints of which 1,006 were complaints regarding contractors. This was presented at the July 2019 Overview and Scrutiny meeting.

10 complaints were made to the LGO during 2019/20, of which 4 were upheld (3 upheld: maladministration

and injustice and 1 upheld: maladministration and no injustice).

### **Standards complaints involving Councillors**

During the 2019/20 year there have been eleven formal complaints made to the Monitoring officer (one relating to a Town Councillor, one relating to a Parish Councillor, three relating to Community Councillors, five relating to District Councillors, and one relating jointly to a Parish Councillor and a District Councillor). These complaints were reported to the Standards Committee in a report delivered by the Service Director for Legal and Community on the 22<sup>nd</sup> October 2019. The report can be found here: <https://democracy.north-herts.gov.uk/documents/s8736/Standards%20Matters.pdf>

### **Information Commissioner's office (ICO)**

During 2019/20 the Council received 837 requests for information with 96% of these handled within the statutory deadline. One complaint were made to the ICO during this period. This was put on hold by the ICO

awaiting the result of the First Tier Tribunal Hearing and subsequent Decision Notice - this was then closed due to the complainant not indicating that they wish to pursue the case further In terms of other reports/ issues there have been no formal Statutory reports issued by the MO or s151 (CFO). The Council is therefore assured that effective complaint handling and response measures are in place.

### **Conclusion**

No significant governance issues have arisen as a result of the review of effectiveness for the 2019/20 financial year. The Council is satisfied that it has appropriate arrangements in place. The Council proposes over the coming year to take the actions set out in the Action Plan below to address/ enhance its governance arrangements. Implementation will be monitored through the FAR Committee.

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**Cllr Martin Stears-Hanscomb Leader of NHDC**

**David Scholes, Chief Executive of NHDC**

### **Action Plan 2019/2020**

**NHDC ANNUAL GOVERNANCE STATEMENT 2019-2020**

1. Ethical awareness training – increased staff/member uptake of the Anti-bribery e-learning module (Learning & Development)
2. Revised Grant Policy to be reviewed after a complete cycle of area committee meeting to assess awards across the voluntary sector (Community Engagement Manger;
3. Implement recommendations of Gender Pay Gap Report action plan for 2020/21 (Senior Management Team)
4. Implementation of LGA Peer Challenges recommendations; development of action plan; links to Organisational Development with reference to demonstration of NHDC compliance with relevant 2016 Framework Principles. [Senior Management Team].

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**FINANCE, AUDIT AND RISK COMMITTEE  
20 JULY 2020**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: RISK MANAGEMENT UPDATE**

REPORT OF THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: FINANCE AND IT

CURRENT COUNCIL PRIORITY: PROSPER AND PROTECT / RESPONSIVE AND EFFICIENT

NEW COUNCIL PRIORITY: BE A MORE WELCOMING AND INCLUSIVE COUNCIL / BUILD THRIVING AND RESILIENT COMMUNITIES / RESPOND TO CHALLENGES TO THE ENVIRONMENT / ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY / SUPPORT THE DELIVERY OF GOOD QUALITY AND AFFORDABLE HOMES

**1. EXECUTIVE SUMMARY**

- 1.1 To provide the Committee with an update on the Corporate risks and the proposed changes to these risks

**2. RECOMMENDATIONS**

- 2.1 That the Committee notes the reviews of the Corporate Risks for the quarter, namely the review of the Novel Coronavirus (COVID 19) risk with an unchanged score of 9. The review of the Cyber Risks and Data Protection Risk with an unchanged score of 8.
- 2.2 That the Committee notes and refers the Annual report on Risk Management to Cabinet and then Full Council.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1. The responsibility for ensuring the management of risks is that of Cabinet.
- 3.2. This Committee has responsibility to monitor the effective development and operation of Risk Management.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. There are no alternative options that are applicable.

#### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1. Consultation has been undertaken with the Senior Management Team (SMT) and the Risk Management Group (RMG). This includes the Executive Member for Finance and IT as Risk Management Member Champion and these recommendations were supported. Lead Officers discuss these risks with the relevant Executive Member.

#### **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a key Executive decision first notified on the Forward Plan on the 5 May 2020.

#### **7. BACKGROUND**

- 7.1. At the March meeting, the Committee noted the proposed changes to the Waste Risks, the deletion of the North Hertfordshire Museum and Town Hall project risk and the proposed Risk Management Framework documents. The Committee also discussed and recommended the addition of a Covid-19 risk. Due to the impact of Covid-19 the scheduled Cabinet meeting did not take place, so the recommendations from this Committee were approved by the Chief Executive in consultation with the Leader of the Council (using urgency provisions).

#### **8. RELEVANT CONSIDERATIONS**

- 8.1. The Corporate risks summarised in Table 1 have been reviewed and agreed by SMT. Members are able to view the current risk descriptions on Pentana, the Council's performance and risk management software.

**Table 1: Draft Risk and Opportunities Matrix**

The dates specified relate to the date that officers last reviewed the risk. Risks that Officers have reviewed since the last FARC meeting have been given a direction of travel arrow.

<b>Likelihood</b>	<b>3 High</b>	<b>4</b>	<b>7</b> <ul style="list-style-type: none"> <li>• Impact of Anti-Social Behaviour on Council Facilities (29.10.19)</li> <li>• Income Generation (07.10.19)</li> <li>• Sustainable Development (17.01.20)</li> </ul>	<b>9</b> <ul style="list-style-type: none"> <li>• Brexit (27.04.20) ↔</li> <li>• Local Plan (17.01.20)</li> <li>• Managing the Council's Finances (17.02.20) ↔</li> <li>• Novel Coronavirus - COVID-19 (27.04.20) ↔ - introduced as a Corporate Risk with a score of 9 following the previous RMG meeting</li> </ul>
	<b>2 Medium</b>	<b>2</b>	<b>5</b> <ul style="list-style-type: none"> <li>• Increased Homelessness (01.05.20) ↔</li> <li>• Workforce Planning (03.01.20)</li> </ul>	<b>8</b> <ul style="list-style-type: none"> <li>• Cyber Risks (21.04.20) ↔</li> <li>• Delivery of the Waste Collection and Street Cleansing Services Contract (28.01.20)</li> </ul>
	<b>1 Low</b>	<b>1</b> <ul style="list-style-type: none"> <li>• Route Optimisation of Collection Rounds (17.02.20) - archiving postponed pending the provision of further information</li> </ul>	<b>3</b>	<b>6</b> <ul style="list-style-type: none"> <li>• External Factors Affecting the Future Provision of Waste Services (28.01.20)</li> </ul>
		<b>1 Low</b>	<b>2 Medium</b>	<b>3 High</b>
		<b>Impact</b>		

- 8.2. At the Risk Management Group (RMG) meeting on 18 May, the Novel Coronavirus (Covid19) Risk was reviewed. (Appendix A) It was acknowledged that it was difficult to ensure the risk entry remained up to date, in view of the fast moving and ever-changing nature of the risks. Going forward, the risk entry will be stripped back to remove references to things that had now materialised or been completed and should focus more on the emerging risks relating to isolation and recovery. The RMG agreed that the overall risk score of 9 was still appropriate.
- 8.3. The RMG received an overview of the recently reviewed Cyber Risks. (Appendix B) NHDC is awaiting the outcome of its PSN submission to the Cabinet Office in April 2020 and there are currently no areas of concern. This year, NHDC will be inviting an external Cyber Security Specialist to carry out Cyber Essentials and Cyber Essentials Plus, two days of onsite training and testing, which will provide NHDC with another cyber security accreditation. However, this cannot take place until we return to normal day-to-day working in the offices. Plans to implement a new Cyber Security Basics Mandatory e-learning package are underway. It was agreed that the current Risk Score of 8 remained appropriate, with a recommendation that a Target Risk Score should be set at the next review in October 2020.
- 8.4. A new Service risk had been set up for Delivering the NHDC Climate Change Strategy, with a risk score of 3. (Appendix C) It is included in this report despite being recommended as a Service risk, due to previous discussions at this Committee and the commitment to responding to the Climate Change emergency declared by NHDC. RMG felt that the impact of not delivering the strategy should be high, particularly given the political focus on climate change. There was also some discussion as to whether the additional challenges presented by Covid 19 would affect the likelihood of non-achievement. It is acknowledged that all Service plans will need to be reviewed considering Covid19. After discussion with the risk owner, the score was increased to a 6 (i.e. high impact, low likelihood).
- 8.5. The Annual report on Risk Management was reviewed and agreed by the RMG. The report summarises the changes to the Corporate Risks approved by Cabinet (and monitored by Finance, Audit and Risk Committee) throughout 2019/20. The report is included as Appendix D. Recommendation 2.2 is that this report is referred to Cabinet and Full Council.

## **9. LEGAL IMPLICATIONS**

- 9.1. The Committee's Terms of Reference include monitoring the effective development and operation of risk management and corporate governance, agreeing actions (where appropriate) and making recommendations to Cabinet. This report gives the Committee the opportunity to review and comment on the high-level risks and how it is proposed they are managed.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 There are no direct financial implications arising from this report. However, it should be noted that there is a separate Corporate risk relating to Managing the Councils Finances.

## **11. RISK IMPLICATIONS**

- 11.1. The Risk and Opportunities Management Strategy requires the Finance Audit and Risk Committee to consider regular reports on the Councils Corporate Risks. Failure to provide the Committee with regular updates would conflict with the agreed Strategy and would mean that this Committee could not provide assurance to Cabinet that the Councils identified Corporate Risks are being managed.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. Reporting on the management of risk provides a means to monitor whether the Council are meeting the stated outcomes of the district priorities, its targets or delivering accessible and appropriate services to the community to meet different people's needs. The risks of NHDC failing in its Public Sector Equality Duty are recorded on the Risk Register. The Councils risk management approach is holistic, taking account of commercial and physical risks. It should also consider the risk of not delivering a service in an equitable, accessible manner, and especially to its most vulnerable residents, such as those who are homeless.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. The Social Value Act and "go local" requirements do not apply to this report.

## **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1.1 There are no direct human resource implications relating to this report, but it should be noted that there is a separate Corporate risk relating to Workforce Planning.

**16. APPENDICES**

- 16.1. Appendix A – Novel Coronavirus
- Appendix B – Cyber Risks
- Appendix C – Delivering the NHDC Climate Change Strategy
- Appendix D – Annual report on Risk Management

**17. CONTACT OFFICERS**

- 17.1. Rachel Cooper, Controls, Risk & Performance Manager  
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Ian Couper, Service Director – Resources  
[ian.couper@north-herts.gov.uk](mailto:ian.couper@north-herts.gov.uk) ext. 4243

**18. BACKGROUND PAPERS**

- 18.1. The risks held on Pentana, the Councils Performance and Risk Management software.

## Novel Coronavirus (COVID-19)

Generated on: 14 May 2020




<b>Risk Code</b>	CR68	<b>Risk Title</b>	Novel Coronavirus (COVID-19)
<b>Risk Owner</b>	Vaughan Watson	<b>Updated By</b>	Brian Simmonds
<b>Year Identified</b>	2020	<b>Corporate Priority</b>	Build thriving and resilient communities
<b>Risk Description</b>	<p>The outbreak of the novel Coronavirus (COVID-19) was declared a Public Health Emergency of International Concern by the World Health Organisation (WHO) on 30 January 2020. On 11 March 2020, WHO characterised COVID-19 as a pandemic. The Council is now running on a Business Continuity footing and this needs to be recognised as not being 'business as usual'. As a result of the rapid spread of this virus, there is a risk that:</p> <ul style="list-style-type: none"> <li>- NHDC (and contractor) employees and Members could become infected;</li> <li>- The virus could spread rapidly throughout the organisation;</li> <li>- On a wider scale, residents could become infected throughout the district.</li> <li>- The 'lockdown' restrictions could be protracted, with significant long-term effects on the Council.</li> </ul> <p>This could lead to:</p> <ul style="list-style-type: none"> <li>- Employees and Members being unavailable due to illness or quarantine guidelines;</li> <li>- Subsequent inability to deliver services and make decisions;</li> <li>- A change in service usage, due to fears of being in public and potential exposure to the virus;</li> <li>- The Council incurring unforeseen costs to change to manage the new environment (e.g. IT equipment/software);</li> <li>- Pressure on the Council's financial position, both in terms of income and impact upon reserves;</li> <li>- A detrimental effect on the Council's ability to deliver 'normal' services and any cost of change;</li> <li>- Contractor's inability to stay active or to continue service delivery;</li> <li>- Increasing work levels due to loss of third sector withdrawal (ASB, Domestic Violence, Homelessness etc.)</li> </ul> <p>These risks could arise during the first wave of the pandemic but could also arise in potential subsequent waves.</p>		
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>- Review and enhancement of current general resilience arrangements.</li> </ul>		
<b>Consequences</b>	<ul style="list-style-type: none"> <li>- Negative impact on the general well-being of employees, Members and residents.</li> <li>- Increased pressure on employees not infected with the virus.</li> <li>- Inability to deliver statutory (and discretionary) services.</li> <li>- Decrease in service income compared with relevant budgets.</li> </ul>		
<b>Work Completed</b>	<ul style="list-style-type: none"> <li>- NHDC Resilience Plan and NHDC Pandemic Guidance Resilience Response Plan in place.</li> <li>- NHDC critical functions reviewed.</li> <li>- Able to call upon the Hertfordshire NHS Pandemic Influenza Framework and the Pandemic Flu Checklist for Businesses.</li> <li>- Hertfordshire Resilience Forum Strategic Coordinating Group established with links to LAs.</li> <li>- Update included in the February/March 2020 Insight staff briefings.</li> <li>- Staff intranet page and public web page created signposting staff and the public to key guidance and information.</li> <li>- Promoting a visible change in hygiene habits at NHDC, to reinforce good hand and respiratory hygiene habits in a hot-desk environment.</li> <li>- Cleaning kits available in visible locations within the entrance of each office floor.</li> <li>- Increased number of hand gel dispensers available around the building, e.g. lift foyers and on each office floor.</li> <li>- Corporate communications increased promoting hygiene measures for infection control including new hygiene posters displayed around key sites and guidance on the intranet.</li> <li>- Government guidance and Public Health England campaigns monitored.</li> </ul>		

	<ul style="list-style-type: none"> <li>- Public Health England hygiene campaign material issued for display on staff entrance and Reception screens.</li> <li>- Detailed staff FAQs produced and published on the intranet, including guidance on home working.</li> <li>- Staff Survey carried out on home working capability and those with childcare/caring responsibilities.</li> <li>- Daily situation reports (SITREPs) introduced to monitor the number of staff self-isolating and affect on service provision.</li> <li>- Business Continuity Incident Management Team established chaired by Anthony Roche, supported by Ian Couper, Vaughan Watson and key officers.</li> <li>- Officers appointed as NHDC representatives on specific LRF cells.</li> <li>- Changes to NHDC services made in line with Government direction.</li> <li>- Alternative conference call facilities considered.</li> <li>- Increased capacity for phones for staff home working.</li> <li>- Home working capability increased for staff.</li> <li>- Full Council meeting took place remotely.</li> <li>- The Council graded itself with an overall Amber traffic light status rating, which was required by the Herts Strategic Coordinating Group to enable a countywide/multi-agency perspective of how responders are coping with the crisis.</li> </ul>
<p><b>Ongoing Work</b></p>	<ul style="list-style-type: none"> <li>- Working with partners in the Hertfordshire Local Resilience Forum through the Strategic Coordinating Group and specific cells, to monitor and share information and coordinate response.</li> <li>- Business Continuity Incident Management Team reviewing the Council's preparedness, actions required and the impacts of the current situation on services.</li> <li>- Emergency Planning officers keeping a watching brief.</li> <li>- Client officers working closely with our main contractors (Urbaser, SLL and JOC) to effectively manage the implementation of their BCPs in ensuring services can be provided, wherever possible, whilst protecting the essential services specified in the Council's BCP.</li> <li>- Site identified and NHDC volunteers available to assist with response to support vulnerable people, if required.</li> <li>- Service SITREPS ongoing.</li> <li>- Communications messages, as required.</li> <li>- Coronavirus intranet pages updated with FAQs and guidance, as appropriate.</li> <li>- Web pages updated with guidance and information on changes to Council services.</li> <li>- Only a handful of employees are now working in the DCO, reducing the risk of infection.</li> <li>- The majority of staff (an average of 270 per day) are working from home, which is supporting the Business Continuity plan. This has been possible because of the significant input by IT staff, and delivery and configuration of hundreds of computers, laptops and phones. Anecdotally, NHDC is in a good position compared to its peers, although nationally, the demands upon the broadband network means that at times, many broadband service speeds slow.</li> <li>- Working through challenges associated with telephony and video conferencing (Microsoft Teams, MiCollab and Highfive software now being used).</li> <li>- Environmental Health Officers are awaiting the correct facemasks (lower specification masks have been delivered) relating to a duty to escort infected persons under certain circumstances.</li> <li>- Whilst HCC lead regular deliveries to self-isolating persons, NHDC distributes 100 food parcels weekly to Letchworth Heritage Foundation, Salvation Army, The Need Project and Feed Up, Warm Up.</li> <li>- NHDC assisting the NHS by redirecting staff to telephone self-isolating persons who received the Government shielding letter but have not yet responded, in order to minimise those who might 'fall between the cracks'. These volunteer staff have made welfare calls to all 661 recipients of letters.</li> <li>- Waste Services have suspended bulky, food and garden waste at present with a view to early restoration.</li> <li>- Social distancing with bin crews is currently working within Government guidelines, although if instructed to have a driver only, this would have a significant impact on the waste services we could deliver to residents.</li> <li>- Development of a lockdown toolkit supporting staff mental health and wellbeing and Welfare calls being made by the HR Team.</li> <li>- Working on a recovery plan that allows moving back towards normal, whilst managing risk, monitoring impacts and being ready to scale back again if there was a second wave.</li> </ul>



Novel Coronavirus (COVID-19)

	- Monitoring the financial impact, determining impact on the Council's overall position and supporting the lobbying for funding from Government.		
<b>Current Impact Score</b>	3	<b>Current Likelihood Score</b>	3
<b>Overall Risk Score</b>	9	<b>Current Risk Matrix</b>	
<b>Date Reviewed</b>	27-Apr-2020	<b>Next Review Date</b>	27-May-2020
<b>Latest Note</b>	<p>29-Apr-2020 Risk reviewed and an activity update provided by Brian Simmonds on 27 April 2020. The Risk Description was updated, including the removal of the following, which were considered to be no longer valid as risks:</p> <ul style="list-style-type: none"> <li>- Central government guidance could impose self-isolation and restricted movement;</li> <li>- Resilience/emergency plans being invoked to deal with wide scale issues throughout North Hertfordshire/Hertfordshire.</li> </ul> <p>Work Completed and Ongoing Work fields updated to reflect Brian's activity update.</p> <p><b>The risk will continue to be monitored and updated to strip out risks which have already materialised and replace with detail of the current risks and arrangements relating to the recovery phase.</b></p>		

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# Cyber Risks and Data Protection Act 2018


Generated on: 14 May 2020



<b>Risk Code</b>	CR62	<b>Risk Title</b>	Cyber Risks
<b>Risk Owner</b>	Howard Crompton	<b>Updated By</b>	Vic Godfrey
<b>Year Identified</b>	2014	<b>Corporate Priority</b>	Be a more welcoming and inclusive council
<b>Risk Description</b>	<p><b>As a result of:</b></p> <ul style="list-style-type: none"> <li>- Computer virus</li> <li>- Malware</li> <li>- Ransomware</li> <li>- Computer hacking</li> <li>- Action by Staff/Member (e.g. opening a malicious link)</li> <li>- Malicious tampering of computer records</li> <li>- Information being sent to the wrong recipient</li> <li>- Loss or damage to server room</li> </ul> <p><b>There is a risk of:</b></p> <ul style="list-style-type: none"> <li>- Systems being interrupted or damaged</li> <li>- Data being corrupted or erased</li> <li>- Personal data being stolen</li> <li>- Breach of the Data Protection Act 2018</li> </ul>		
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>- Safe and effective use of Information Technology</li> </ul>		
<b>Consequences</b>	<p>The consequences of these risks include:</p> <ul style="list-style-type: none"> <li>- Loss of reputation</li> <li>- Ability to provide services is disrupted</li> <li>- Revenue streams are reduced</li> <li>- Additional costs to investigate and test following repair/restoration</li> <li>- Claims for compensation if a third party suffers a financial loss</li> <li>- Fines from the Information Commissioner</li> </ul>		
<b>Work Completed</b>	<ul style="list-style-type: none"> <li>- Information Security policy in place, which applies to staff and Members use of IT systems</li> <li>- Email encryption software (EGress) implemented</li> <li>- Introduced new software (Clearswift and Bloggs) to enhance the checking of threats attempting to attack via the firewall</li> <li>- All data centres have fire suppressing systems and are located in secure areas</li> <li>- Disaster recovery in place at a remote site (Unit 3)</li> <li>- Basic computer insurance provides limited cover for damage to equipment and reinstatement of data (although it does not cover payment of any fines or compensation to third parties)</li> <li>- Business Continuity Plans in place</li> <li>- Ransomware attack resulting in the write-off of IT hardware and infrastructure identified as a financial risk for 2019/20 and 2020/21 (Low/£200k)</li> <li>- Data Protection/FOI SIAS internal audit</li> <li>- Controls in place to ensure any third party providers adhere to NHDC security requirements</li> <li>- Annual PEN Test completed autumn 2018 and PSN Accreditation renewed January 2019</li> <li>- SIAS audit of Cyber Security (March 2018) provided Moderate overall assurance</li> <li>- Implemented specific cyber roles/responsibilities within the ICT team to strengthen resources and approach (September 2018)</li> <li>- Implemented the recommendations from the SIAS audit of Cyber Security</li> <li>- Reviewed findings of the 2018 penetration test and worked through the minor improvements identified</li> <li>- In 2019, the requirement for Members to be registered as Data Controllers with the ICO was removed</li> </ul>		

	<ul style="list-style-type: none"> <li>- SIAS audit of Cyber Security (August 2019) provided Satisfactory overall assurance and the report made five recommendations (four medium priority and one low priority)</li> <li>- NHDC PSN submission was sent to the Cabinet Office on 19 April 2020</li> </ul>		
<b>Ongoing Work</b>	<ul style="list-style-type: none"> <li>- Anti-virus/malware software in place and automatic updates are performed to servers and all PCs/laptops/tablets</li> <li>- Email Filter monitoring</li> <li>- Web Filter monitoring</li> <li>- Firewalls continually reviewed and updated</li> <li>- Reviewing firewall log files</li> <li>- Microsoft patches kept up to date</li> <li>- Annual PEN Tests to be undertaken and PSN Accreditation to be renewed</li> <li>- Regular advice and reminders issued to users</li> <li>- LMS training available (e.g. annual DPA 2018)</li> <li>- Control/security systems enable potential threats to be identified, investigated and managed accordingly</li> <li>- Regular reminders to all staff and Members are sent by the Service Director - Customers about the need to be vigilant about opening emails from unknown sources</li> <li>- Attending MHCLG Cyber Pathfinder Training Scheme events</li> <li>- Implementing the recommendations from the SIAS audit of Cyber Security (August 2019), including the forthcoming release of a new Cyber Security mandatory training package</li> <li>- NHDC has met and will be inviting an external Cyber Security Specialist in to carry out Cyber Essentials and then Cyber Essentials Plus, which cannot happen until we return to normal day-to-day working and into the offices</li> </ul>		
<b>Current Impact Score</b>	3	<b>Current Likelihood Score</b>	2
<b>Overall Risk Score</b>	8	<b>Current Risk Matrix</b>	
<b>Date Reviewed</b>	21-Apr-2020	<b>Next Review Date</b>	21-Oct-2020
<b>Latest Note</b>	21-Apr-2020 Risk reviewed and updated with Vic Godfrey on 21 April 2020. We need to keep the risk scores as they are, as this continues to be a very highly sensitive area and we cannot get complacent in our approach to managing the associated risks.		

<b>Risk Code</b>	RR304	<b>Risk Title</b>	Data Protection Act 2018
<b>Risk Owner</b>	Howard Crompton	<b>Updated By</b>	Vic Godfrey
<b>Year Identified</b>	2005	<b>Corporate Priority</b>	
<b>Risk Description</b>	<p>As a result of:</p> <ul style="list-style-type: none"> <li>- Action by individuals (e.g. use of the email system is the predominant cause of breaches)</li> <li>- CCTV systems not being fully compliant</li> <li>- Retention of out of date information on IT systems and in hard copy</li> <li>- Inappropriate use/disclosure of personal information</li> <li>- Fraudulent use of data</li> <li>- Loss or theft of portable devices</li> </ul> <p>There is a risk that:</p> <ul style="list-style-type: none"> <li>- There could be breaches of the Data Protection Act 2018 (the UK's implementation of the General Data Protection Regulation)</li> </ul>		
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>- Ensuring compliance with legislation and appropriate handling of personal data</li> <li>- Reduced disk storage requirements, leading to reduced costs</li> </ul>		
<b>Consequences</b>	<ul style="list-style-type: none"> <li>- Inappropriate use/disclosure of personal information</li> <li>- Fraudulent use of data</li> <li>- Enforcement/Information Notice being served by the Information Commissioner</li> <li>- Penalties under the General Data Protection Regulation, i.e. 4% of annual global turnover or €20 million, whichever is greater</li> <li>- Loss of reputation and customer confidence/trust</li> </ul>		
<b>Work Completed</b>	<ul style="list-style-type: none"> <li>- Information Security and Internet/Email user policy prevents staff sending emails to their home address</li> <li>- Incident Register in place</li> <li>- Data protection policy in place</li> <li>- NHDC creates its own data sharing protocols on a case-by-case basis; data sharing agreements are in place with all relevant external organisations</li> <li>- Information security policy adopted on the 02 February 2011 and it is reviewed on a regular basis</li> <li>- Purchased Active Navigation software, which highlights duplicate records and out of date information/documentation held on the network and recommends appropriate filing systems for stored information</li> <li>- Egress email encryption software replaced with Clearswift Email Encryption for the corporate wide encrypted and secure sending of personal, confidential and sensitive information outside of the authority</li> <li>- USB encrypted pens are monitored by GIF Software</li> <li>- All NHDC CCTV systems are fully data compliant</li> <li>- ICT has ownership of all CCTV devices within the authority buildings, which also includes displayed signage and extraction of data when requested via a Subject Access Request (SAR)</li> <li>- Software in place to redact images if there is a request for CCTV images (the amount of time required to redact images manually was lengthy/costly)</li> <li>- Network log-in screens detail terms/conditions of use</li> <li>- NHDC data protected on portable devices</li> <li>- Financial risk identified for 2020/21: <ul style="list-style-type: none"> <li>-- Fines for breaches of the EU General Data Protection Regulation by the Council or by NHDC outsourced providers when handling and storing data originally collected by NHDC (Low/£500K)</li> </ul> </li> <li>- SIAS audit of Data Protection and Freedom of Information (December 2016) provided moderate overall assurance</li> <li>- Officer seconded to the Information Team to help with preparations for the General Data Protection Regulation</li> <li>- Auto-forwarding of emails was switched off on 26 June 2017, in line with the high priority SIAS audit recommendation</li> <li>- Presentation to Senior Managers Group (November 2017)</li> <li>- Implemented the recommendations from the SIAS audit of Data Protection and Freedom of Information (December 2016)</li> </ul>		


	<ul style="list-style-type: none"> <li>- Full information audit completed, including gap analysis and review of processes/procedures, and agreed actions implemented to ensure compliance with the General Data Protection Regulation</li> <li>- Member information/training sessions</li> <li>- SIAS audit of General Data Protection Regulations (July 2018) provided Satisfactory overall assurance</li> <li>- Designated Data Protection Officer in place</li> <li>- Information Security Policy published</li> <li>- Developed strategy for officers/Members to use BlackBerry Apps to deliver better services at reduced cost across the authority</li> <li>- Completed required changes to documentation, e.g. fair processing notices</li> <li>- Implemented the recommendations from the SIAS audit of General Data Protection Regulations (July 2018)</li> <li>- Requirement for Members to register as a Data Controller with the ICO removed in 2019 (previously, if requested by Members, officers did this on their behalf, including payment of the fee)</li> <li>- GDPR Operational SIAS audit report received in October 2019 provided Satisfactory overall assurance (two medium and two low priority recommendations)</li> </ul>		
<b>Ongoing Work</b>	<ul style="list-style-type: none"> <li>- Mandatory annual training via e-learning; completion by staff monitored and escalation processes in place</li> <li>- Regular reminders to staff and Members on the use of email</li> <li>- The use of email quotas forces individuals to review the data they are keeping</li> <li>- Continue to implement/monitor the Active Navigation tool</li> <li>- Information Team works with service areas to ensure all departments are keeping documents in line with their retention schedules</li> <li>- Annual review of CCTV in Operation notices to ensure they are up to date and fully displayed (all areas covered by cameras, including meeting rooms)</li> <li>- Monthly tests of all CCTV data extraction processes are carried out</li> <li>- ICT control and monitor regularly data storage and retention in off site facility</li> <li>- Identified DPA breaches reported to the ICO if required; so far, the ICO has not instigated any formal action</li> <li>- Ongoing communication with officers and Members to raise awareness</li> <li>- Regular officer meetings to review/discuss DPA 2018 issues</li> <li>- Implementation of new systems/databases require the completion of Privacy Impact Assessments and if required, Data Processing Agreements</li> </ul>		
<b>Current Impact Score</b>	2	<b>Current Likelihood Score</b>	2
<b>Overall Risk Score</b>	5	<b>Current Risk Matrix</b>	
<b>Date Reviewed</b>	21-Apr-2020	<b>Next Review Date</b>	21-Oct-2020
<b>Latest Note</b>	<p>22-Apr-2020 Risk reviewed with Vic Godfrey on 21 April 2020. The Information Compliance Team continue to work with the L&amp;D Team to review the LMS to ensure colleagues are completing the Essential Data Protection Training. Impact score reduced from High to Medium, in view of the likely value of any ICO penalty and the mitigating measures we have in place, although it is acknowledged that the impact would also be reputational, which could be significant for the Council. The reduced overall risk score of 5 is a fairer reflection of the current risks to the Council.</p>		

# Delivering the NHDC Climate Change Strategy 2020-25



Generated on: 27 May 2020

<b>Risk Code</b>	RR570	<b>Risk Title</b>	Delivering the NHDC Climate Change Strategy 2020-25
<b>Risk Owner</b>	Jeanette Thompson	<b>Updated By</b>	Reuben Ayavoo
<b>Year Identified</b>	2020	<b>Corporate Priority</b>	Respond to challenges to the environment
<b>Risk Description</b>	<p>On 21 May 2019, Council passed a motion to declare a Climate Emergency, pledging its commitment to do everything within its power to make North Hertfordshire carbon zero by 2030. As one of the first council's in the UK to pass this motion, NHDC is leading the way for climate action.</p> <p>Building on previous strategies and initiatives, on 28 January 2020, Cabinet approved the NHDC Climate Change Strategy 2020-25, which sets out how the Council aims to do this. The strategy identifies three strategic priorities, with related actions, to reduce the organisation's impact on the environment.</p> <p><b>As a result of:</b></p> <ul style="list-style-type: none"> <li>- A lack of available funding, e.g. diminishing capital receipts, a continuing reduction in government support and the concentration of capital receipts on schemes to reduce revenue costs or generate income.</li> <li>- The need to prioritise actions, in terms of the extent to which they can be delivered and the timing of delivery, to ensure that the overall programme is affordable within the Council's available resources.</li> <li>- The evaluation of individual business cases, in terms of cost, benefit and risk.</li> <li>- A lack of available staff resources.</li> <li>- A lack of engagement with local people, businesses and partners.</li> </ul> <p><b>There is a risk that:</b></p> <ul style="list-style-type: none"> <li>- The Council fails to deliver the proposed actions and to achieve the aims of the strategy, i.e. net zero carbon emissions by 2030.</li> </ul>		
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>- Effective leadership and partnership working within North Hertfordshire to address Climate Change.</li> <li>- Improvement to or reduced negative impact on the local environment.</li> <li>- Increased awareness and action by local people, businesses and partners, e.g. voluntary and community groups.</li> </ul>		
<b>Consequences</b>	<ul style="list-style-type: none"> <li>- NHDC does not reduce its impact on the local environment to the expected level.</li> <li>- Council services are unable to adapt or respond to changes linked to Climate Change, e.g. adverse weather conditions/events.</li> <li>- Services become less resilient.</li> <li>- Damage to the Council's reputation.</li> <li>- Local people, businesses and partners do not reduce their own carbon impact.</li> </ul>		
<b>Work Completed</b>	<ul style="list-style-type: none"> <li>- Cabinet Panel on the Environment (advisory panel) established, with community participation encouraged.</li> <li>- Climate Change Implementation Group formed to co-ordinate and formulate Climate Change actions and to make recommendations in relation to policy development.</li> <li>- New objective of 'Respond to challenges to the environment' introduced in the Council Plan.</li> <li>- Cabinet (28 January 2020) resolved 'That the Strategy and Appendices be kept under review and updated as required.'</li> <li>- Proposed actions (agreed by SMT and Executive Members) included in both the Council Plan and Climate Change Strategy.</li> <li>- First meeting of the Climate Change Implementation Group held on 27 February 2020.</li> </ul>		

<b>Ongoing Work</b>	<ul style="list-style-type: none"> <li>- Introducing 'Environmental Implications' into the committee report template.</li> <li>- Developing monitoring and measuring arrangements, e.g. for the Climate Change Implementation Group and O&amp;S.</li> <li>- Evaluation of individual actions (costs involved, anticipated benefits and associated opportunities/risks) to determine the most effective way of implementing them.</li> <li>- Introducing related measures into corporate monitoring reports, e.g. quarterly performance reports to O&amp;S.</li> </ul>		
<b>Current Impact Score</b>	3	<b>Current Likelihood Score</b>	1
<b>Overall Risk Score</b>	6	<b>Current Risk Matrix</b>	
<b>Date Reviewed</b>	20-May-2020	<b>Next Review Date</b>	18-Sep-2020
<b>Notes</b>	<p>21-May-2020 Risk entry discussed at the Risk Management Group meeting held on 18 May 2020. There were concerns that the Original Risk Score of 3 was too low. Following the meeting, these concerns were raised with Reuben Ayavoo. Having reviewed the risk again, Reuben was happy to increase the Current Risk Score to 6 in line with the Risk Management Group's suggestion, as delivery of the strategy could prove to be challenging in the current circumstances. However, it should also be acknowledged that our collective impact on the environment will have reduced in the current COVID-19 lockdown.</p> <p>11-Feb-2020 Draft risk entry created following Cabinet's approval of the NHDC Climate Change Strategy 2020-25 on 28 January 2020 and a subsequent meeting with Reuben Ayavoo and Georgina Chapman. Although there are reasons why the Council may be unable to deliver all of the proposed actions and achieve the strategic priorities, implementation of the strategy has only just started. In view of the preparations involved during the development of the strategy and the accompanying actions, and that responding to challenges to the environment is now a Council objective, the current assessment is that we are likely to deliver the aims of the strategy. The risk entry will continue to be reviewed and assessed in light of further developments and the actual progress being made.</p>		



**NORTH HERTFORDSHIRE  
DISTRICT COUNCIL**



**Annual Report on Risk Management**

**April 2019 to March 2020**

**A progress report on Risk Management at North  
Hertfordshire District Council**

# **Annual Report on Risk Management** **April 2019 to March 2020**

1. Introduction
2. Recommendations
3. Overview
4. Significant Changes to the Corporate Risks
5. Review of the Risk Management Framework at NHDC
6. Risk Awareness and Appetite
7. Insurance Review
8. Business Continuity Plans
9. Health and Safety
10. Achieving the Key Actions for 2019/20
11. Key Actions for 2020/21
12. Conclusion
13. Definitions
14. Summary Matrix of Corporate Risks as at 31 March 2020

# Annual Report on Risk Management

April 2019 to March 2020

## 1 Introduction

1.1 This report provides Full Council with an annual summary of risk management at NHDC during the financial year 2019/20. The 2018/19 report was considered and noted by Council in September 2019.

1.2 It aims to:

- Confirm the Council's ongoing commitment to the management of risks and the consideration of associated opportunities to enable the achievement of its objectives and the successful delivery of its projects, initiatives and services.
- Summarise significant changes to Corporate Risks.
- Summarise the completion of significant related actions and propose additional actions for 2020/21, which aim to further strengthen the Council's effective risk management processes.

## 2 Recommendations

2.1 Full Council notes the continuing strong processes of the Risk Management Framework at NHDC, which supports the overarching governance framework.

2.2 Full Council notes the changes to the NHDC's Corporate Risks during 2019/20.

## 3 Overview

3.1 Throughout 2019/20, the Finance, Audit and Risk (FAR) Committee received quarterly reports on the management of the Council's Corporate Risks and associated risk issues, and where necessary, referred these reports to Cabinet.

3.2 The Executive Member for Finance and IT in his role as the Member Risk Management Champion, and the Deputy Executive Member, were regular attendees at the quarterly Risk Management Group (RMG) meetings. The items discussed at these meetings helped to inform the content of the committee reports.

3.3 The RMG was chaired by the Service Director – Resources, the Corporate Champion for Risk Management, who is responsible for the risk management function at a strategic and operational level. This is delivered and supported by the Controls, Risk and Performance Manager and the Performance and Risk Officer, including the provision of training and support to officers and Members.

3.4 During the year, four new Corporate Risks were introduced, four were archived and two were re-classified to Service Risks. In addition, the overall risk score of one Corporate Risk had been reduced. Section 4 provides details of these risks.

3.5 In November 2019, the Shared Internal Audit Service (SIAS) undertook an audit of Risk Management. The subsequent recommendations led to a fundamental review of

NHDC's approach and in March 2020, a new Risk Management Framework was approved. This replaced the existing Risk and Opportunities Management Policy Statement and Strategy documents. The significant changes are summarised in Section 5 and the new documentation is available on the Risk Management intranet page. Officers will undertake further work during 2020/21 to develop and implement associated operational guidance and e-learning to complete the framework.

- 3.6 Hertfordshire County Council (HCC) continued to deliver the Council's insurance services and HCC's Risk and Insurance Manager continued to attend RMG meetings. This enabled the Council to obtain an insight into emerging risks and related issues at both HCC and other local authorities in Hertfordshire. The SIAS Client Audit Manager also continued to attend meetings, helping to increase the group's understanding of wider risk issues.

## **4 Significant Changes to the Corporate Risks**

- 4.1 There is a single set of Corporate Risks, which are the responsibility of the Senior Management Team and Cabinet, with Cabinet ensuring that they are managed appropriately. These Corporate Risks facing the Council are those that cut across the delivery of all services, key projects and those that could affect the delivery of the Council's objectives. They are likely to require a high level of resources to manage and mitigate, and need to be monitored at a strategic level.
- 4.2 The quarterly reporting of the Council's Corporate Risks to Cabinet via the FAR Committee, allows these significant risks the Council is prepared to take to be approved and monitored accordingly.
- 4.3 At each meeting, officers provided the FAR Committee with updates on the assessment and management of the Corporate Risks. Section 14 of this report presents a summary risk matrix, which shows the position of each Corporate Risk as at 31 March 2020. The following paragraphs highlight the changes that officers reported in the past year.
- 4.4 The changes detailed below were approved by the FAR Committee and Cabinet, or for March 2020, by decision made under delegated authority on 2 April 2020, as a result of the Cabinet meeting on 24 March 2020 being cancelled due to the Covid-19 situation.

### **Archived and Re-Classified Corporate Risks**

#### **March 2020**

- 4.5 **North Hertfordshire Museum and Hitchin Town Hall Project**  
Following the full opening of the facility to the public in July 2019, the Hitchin Town Hall and North Hertfordshire Museum Panel Review was completed and the findings were reported to Cabinet in December 2019. The End Project Report and Lessons Learned were produced, and the Project Board formally closed the project in February 2020.
- 4.6 **Waste**  
As part of the further review of Waste risks, which resulted in the creation of two new Corporate Risks (detailed in paragraph 4.8) the following changes were made:

#### **Archived**

- "Waste Management, Recycling and Street Cleansing" was replaced by the new Corporate Risk "Delivery of the Waste Collection and Street Cleansing Services Contract". The previously referenced risk of "Snow and Ice" was removed from the new risk entry, as this had been managed to an appropriate level.

- “Disposal Arrangements for Waste” was replaced by the new Corporate Risk “External Factors Affecting the Future Provision of Waste Services”, which now covered emerging external factors, as well as the previously referenced risks relating to a Northern Transfer Station.
- “Depot and Recycling Material Transfer Station (Buntingford)” was archived, as the main risks of failing to secure the Environment Agency permit and failing to agree a cost-effective alternative to a fire suppression system had both been managed to a successful conclusion.

#### Re-Classified to Service Risks

- “Sale of Recyclable Materials” was re-classified. The risk score had been reduced from 9 to 5, to reflect that although the risk had effectively materialised and remained ongoing, there was a low likelihood of a high impact but a greater likelihood of a low to medium impact.
- “Food and Garden Waste” was re-classified, with a new title of “Organic Waste”. This was because for garden waste, the originally identified risks relating to the introduction and commencement of the new chargeable service were no longer relevant. The new service had also now gone through the first renewal process. The main operational risks remaining related to the introduction and management of concessionary rates and the introduction of direct debits. For food waste, the main risk continued to be residents failing to utilise caddies and continuing to dispose of food waste in purple bins.

### **New Corporate Risks**

#### July 2019

#### 4.7 **Impact of Anti-Social Behaviour on Council Facilities**

Following a recommendation by the Risk Management Group, officers had created the new risk entry with a Risk Score of 7, which reflected the number and nature of incidents experienced recently. Although officers presented the risk to FARC as a Service Risk, following a debate, Members agreed that it should be promoted to a Corporate Risk.

#### March 2020

#### 4.8 **Waste**

In 2019/20, officers had undertaken a further review of Waste risks, which resulted in the introduction of two new Corporate Risks. “Delivery of the Waste Collection and Street Cleansing Services Contract” (Risk Score of 8) replaced the existing parent Corporate Risk of “Waste Management, Recycling and Street Cleansing” (Risk Score of 9). “External Factors Affecting the Future Provision of Waste Services” (Risk Score of 6) replaced the existing sub-risk of “Disposal Arrangements for Waste” (Risk Score of 8).

#### 4.9 **Novel Coronavirus (Covid-19)**

At the beginning of February 2020, officers had created this new risk entry and in view of the fast paced developments relating to the Covid-19 outbreak and the associated increasing risks, it was agreed that it should be added as a new Corporate Risk with an overall Risk Score of 9 (High likelihood and High impact).

### **Corporate Risks with Changed Risk Scores**

- 4.10 As part of the regular review process, officers re-assess the impact and likelihood scores of the Council’s Corporate Risks. Section 13 of this report details the revised definitions used for assessing these scores, which aim to ensure a consistent approach throughout the Council.

### **March 2020**

#### **4.11 Route Optimisation of Collection Rounds**

Officers had decreased the likelihood (from Medium to Low) and impact (from Medium to Low) scores and had proposed that the risk entry be archived. This was because the initial Phase 2 changes had been implemented and Cabinet had decided on 30 July 2019 to retain the existing weekly collection of residual waste from multi occupancy properties. Although NHDC continued to work with the contractor to resolve associated residual issues as a business as usual activity, the significant risks relating to the service changes were no longer there. However, it was agreed that the risk should be retained until further information was provided.

## **5 Review of the Risk Management Framework at NHDC**

5.1 In November 2019, SIAS undertook an audit of the Risk Management process at NHDC and the report published in February 2020 provided overall Satisfactory assurance. The report contained one Medium recommendation relating to Outlining Risk Appetite, as the existing strategy did not make it clear how the risk appetite of the Council was defined. In addition, initial feedback from the Peer Review undertaken in January 2020, identified a general perception, both internally and externally, that the Council was risk averse. To address the highlighted issues, officers undertook a fundamental review of the existing Strategy and Policy documents, resulting in a new Risk Management Framework. This consisted of a new Policy Statement, Policy and Strategy.

5.2 The key changes identified in the committee report were:

<b>Change of Name/Format</b>	The documentation is now under the title of Risk Management Framework and consists of a Policy Statement, Policy, Strategy and Toolkit.
<b>Change of Approach</b>	The aim is that identified risks should always be actively managed down. Risks to be assessed twice at the outset, with the initial risk score and a target risk score assessed and recorded. Smart actions to manage the risks down to the target score to be recorded on Pentana Risk, including owners and target dates.
<b>Change of Approach</b>	Once a risk has been managed down to its target risk score by completion of the actions, it should be updated with new actions or be considered for archiving, e.g. if management of the risk is now considered a business as usual activity.
<b>Change of Approach</b>	Risks assessed as low risk with a green status (overall risk scores of 1, 2 or 3) or risks that have been managed down to the same level, and where no further cost-effective actions can be taken, should not be monitored further and should be put forward for archiving.
<b>Scoring Matrix</b>	The likelihood of a risk materialising is now categorised as: 1 – Less than a 20% likelihood; 2 – Between 20% and 60% likelihood; 3 – Greater than a 60% likelihood.
<b>Scoring Matrix</b>	The impact of a risk materialising is now categorised as: 1 – Consequences will be minor and associated losses to the Council will be small; 2 – Will have a noticeable effect on the Council; 3 – Will have a significant impact on the Council.

- 5.3 The new Risk Management Framework was approved by the FAR Committee in March 2020 and by a decision made under delegated authority on 2 April 2020, as a result of the Cabinet meeting on 24 March 2020 being cancelled due to the Covid-19 situation.

## **6 Risk Awareness and Appetite**

- 6.1 NHDC remains committed to the proactive identification and management of key external and internal risks, which may affect the delivery of its objectives. This allows it to be risk aware, understanding that risks may increase as services evolve and more commercial opportunities are developed and undertaken.

- 6.2 NHDC's risk appetite is its willingness to accept risks in order to realise opportunities and achieve its objectives. NHDC has to take risks in order to evolve and continue to deliver its services effectively and has to decide what risks it wants to take and what ones it wants to avoid, whilst acknowledging that it cannot or should not avoid all risks. NHDC's Risk Management Framework recognises that risks accompany all new objectives and opportunities and provides guidance on managing them appropriately.

- 6.3 NHDC will have a range of different appetites for different risks depending on the circumstances, and these might vary over time. The new Risk Management Framework specifies that we will now actively manage and monitor risks scoring 4 or higher on the risk matrix, including the completion and effectiveness of control and mitigating activities. As at 31 March 2020, the following Corporate Risks had a score of 4 or above:

- Brexit (9)
- Local Plan (9)
- Managing the Council's Finances (9)
- Novel Coronavirus (Covid-19) (9)
- Cyber Risks (8)
- Delivery of the Waste Collection and Street Cleansing Services Contract (8)
- Impact of Anti-Social Behaviour on Council Facilities (7)
- Income Generation (7)
- Sustainable Development (7)
- External Factors Affecting the Future Provision of Waste Services (6)
- Increased Homelessness (5)
- Workforce Planning (5)

- 6.4 Following the Peer Review Challenge carried out in January 2020, the Action Plan agreed by Cabinet set out an action that:

“there needs to be a strategic approach to the Council's risk appetite, also noting the Peer team's recommendation to 'be brave'. A strategic discussion around risk will be facilitated at the Political Liaison Board, as this is felt to be more of an issue of attitude rather than policy. A review of some existing practices may be needed to achieve this, as it is arguable these have not facilitated the required culture to date”

This Finance, Audit and Risk Committee will have a role in monitoring how effectively the Council delivers against its stated risk appetite.

## **7 Insurance Review**

- 7.1 Hertfordshire County Council handles the Council's insurance arrangements under a shared service arrangement. The arrangement was subject to an internal audit review in 2019/20 and the draft report gave a satisfactory overall assurance level.
- 7.2 The Council transfers some financial risks to its insurers. Public liability insurance provides the Council with insurance cover for claims made by the public for personal injury and/or property damage. These are each subject to a £10,000 excess that is charged to the responsible service area. Areas that have been subject to a claim are identified and wherever possible, action is taken to prevent future damage to property or personal injury.
- 7.3 Thirteen claims were received from the public relating to the policy year 2019/20. Although claims are made, these are not always successful for the claimant, as payments of compensation are made only when there is a proven legal liability. As at the end of March 2020, two of the twelve claims relating to minor property damage had been settled. One personal injury claim was made and this was declined. In addition, two Official Indemnity claims and one miscellaneous claim had been made and remained outstanding.
- 7.4 The Municipal Mutual Insurance (MMI) Scheme of Arrangement was triggered in 2013 and the Council now pays 25% of any new claims dating back to the period that MMI was the Council's insurers (1974 to 1993). The Council's Financial Risks make provision for any new claims and any further levy demands relating to the period that MMI were the Council's insurers. As at 31 March 2020, there was one outstanding claim with MMI.

## **8 Business Continuity Plans**

- 8.1 For the foreseeable future, our work is focused upon Covid-19 and for NHDC, Covid-19 has had a double serious impact. Firstly, we are required by law to be able to continue to function throughout a major emergency, hence our investment in Business Continuity (internal response). Covid-19 has had a significant effect upon this ability and whilst we are not in a 'business-as-usual' mode, we are clearly currently running in an emergency 'business continuity' mode. Our ability to adapt to homeworking because of our successful IT strategy means that we are far from being reduced to delivering merely our critical functions and are managing well given the circumstances. Secondly, Covid-19 is a national emergency. As a Category 1 responder, we still have legal duties to plan, respond and cooperate in resolving the emergency (external response). There is a significant amount of work taking place not only to manage the emergency, but also to manage the recovery of our community to whatever the 'new normal' is going to be, as such we are part of a newly formed countywide Recovery Group. We have had our own emergency Recovery Response Plan for some time and this addresses both internal crisis and external emergencies. This was reviewed in January 2020, as part of our preparation for Covid-19.

### **8.2 Business Impact Review**

Early in 2020, with the spread of Covid-19 looming, our Business Continuity Plans were revisited and reviewed. This included a review of our existing 10 Core Critical Functions (originally, over 80 key areas were proposed as critical functions and SMT debated these and challenged the impact and likelihood scoring, which resulted in our 10 Core Critical Functions). The review saw the BCP scoring grid revisited and as a result 'Environmental Health, infectious disease control' impact and likelihood scores were elevated and added to the existing Core Critical Functions.

#### Core Critical Functions

- Burials
- Careline



- Emergency Planning
- Housing – Dealing with homelessness approaches and rough sleepers
- Customer Service
- Communications
- IT
- Safeguarding – Managing alerts/concerns
- Revenues and Benefits - Payments
- Waste Management (Waste Contract/Loss of Buntingford Depot)
- Environmental Health response

SMT monitor these Core Critical Functions, whilst individual Service Directors retain responsibility for lower scale risks in their areas. Our Business Continuity Plan structure is very comprehensive and consists of a number of Corporate Level Plans:

- Main Resilience Plan
- Mass Staff Absence Plan
- Recovery Plan
- Pandemic Plan
- IT Recovery Plan
- Property Services; Loss of Building (currently work in progress)
- Waste Contract (Lot 1)

8.3 A storage facility is located at Works Road, Letchworth. This houses emergency planning equipment and IT disaster recovery, and it has suitable facilities to be converted to a secondary Incident Control Centre.

#### 8.4 **Business Continuity Training**

The 2019/20 Resilience training programme was completed. Training focused on key response roles, including Incident Manager and Reception Centre management and staff training.

#### 8.5 **Working in Partnership**

The Hertfordshire Local Resilience Forum takes a lead role in Business Continuity Planning and therefore promotes a broader understanding of issues. NHDC officers have secured good relationships with local organisations such as Churches Together, Urbaser, Pearce, Johnson Matthey and Garden Square retail. NHDC works closely with its peer authorities on topics such as cybercrime, reception centres, managing equipment, mutual aid and Brexit.

#### 8.6 **Business Continuity Preparedness**

Despite uncertainty, work has been ongoing to prepare NHDC for the effect of Brexit, with waste and food being the key areas of change. We are key members of an Environmental Health countywide Food Officer Group and we are working closely with Urbaser about waste. Brexit is recorded as a Corporate Risk and as such, it is regularly monitored.

#### 8.7 **Business Continuity Promotion**

In respect of Covid-19, the NHDC Communications team is part of the County Communications Group working directly to the Herts Strategic Coordinating Group tackling the Covid-19 response. This ensures clear, consistent but locally relevant messaging and signposting to our community and businesses.

8.8 Awareness work was carried out for Business Continuity Awareness Week in May 2019 and NHDC published a series of key messages for businesses via Twitter. Internally, an article in the Insight magazine promoted key information for staff. The NHDC Resilience Planning booklet containing advice on Business Continuity is

available on the NHDC website along with additional information and direction to Hertfordshire County Council for further guidance.

- 8.9 Business Continuity actions during 2020/21 include:
- Continue to monitor and assess potential effects of Brexit.
  - Business Impact Assessments and key activities to be regularly reviewed by SMT.
  - Business Continuity Plans for critical functions to be reviewed and updated as required.
  - Business Continuity training to be provided.
  - Resilience Direct to be used as a secure online external repository for NHDC's Resilience Plan documents.
  - Further promotion of Business Continuity Planning to the business community.

## **9 Health and Safety**

### **9.1 Covid-19**

Following the start of the current Covid-19 crisis, most of the work being done by Health and Safety is around ensuring there are safe places for staff to work and continue to deliver all services.

- 9.2 As part of the ongoing controls, staff have been requested to work from home wherever possible and have been provided with information and guidance for setting up, at short notice, their homeworking environment.
- 9.3 Requests for staff to complete new Display Screen Equipment (DSE) risk assessments in their homes have been sent out and further guidance and advice is being offered, as required.
- 9.4 There are instances where staff have been able to request further assistance in the setting up of their homeworking environment and have been able to "borrow" equipment from the office to facilitate this, for example, chairs and IT equipment.
- 9.5 There has been a lot of work completed in producing risk assessments for other areas that are still being accessed by staff and ensuring the correct controls have been put in place. Further risk assessments are being produced to look at what additional controls might need to be considered once lockdown restrictions are slowly lifted.
- 9.6 Areas that are being looked at for possible further occupation/reopening are:
- DCO main offices, including looking at staff movement in and out of the building and the control of access and use of desks etc.
  - The main DCO reception area, including the control of members of the public accessing the building and interacting with staff.
- 9.7 Generic risk assessments are being produced to assist managers in developing their own departmental risk assessments for when staff are required to deliver services on a more normal basis.
- 9.8 Hitchin and Letchworth multi-storey car parks have also been risk assessed and controls will be implemented to ensure safe use of the facilities by visitors. At Letchworth, some of the controls put in place have been completed in conjunction with the town centre management to ensure they can safely control numbers being allowed back into the town centre via the car park entrance once shops start to reopen. All sites will be monitored and amended to reflect the developing situation.

- 9.9 The Health and Safety compliance contract is still continuing with the contractor providing a scaled down monthly inspection and servicing regime based on the current usage of our premises.

## 10 Achieving the Key Actions for 2019/20

- 10.1 Last year's Annual Report detailed the following key actions for 2019/20, to enhance implementation and development of the risk management framework:

Action	Due Date
To review the Risk Management Group's Terms of Reference and agree the changes required.	30/09/19
To review the Risk and Opportunities Management Strategy, including the need for changes to reflect the Council's adopted approach to commercialisation.	31/12/19

- 10.2 In May 2019, the RMG reviewed its Terms of Reference and agreed relevant changes. This included adding the Deputy Executive Member for Finance & IT to the existing structure.
- 10.3 Section 5 details the comprehensive review of existing risk management arrangements and the subsequent approval of a new Risk Management Framework.

## 11 Key Actions for 2020/21

- 11.1 The implementation of the following key actions in 2020/21 will ensure the implementation of the new Risk Management Framework and the continued development of risk management at NHDC:

Action	Due Date
Development and launch of the Risk Management e-learning module.	31/08/20
Development and launch of the Risk Management toolkit, providing operational guidance on implementing the Risk Management Framework.	30/11/20

## 12 Conclusion

- 12.1 NHDC continued to implement robust risk management practices throughout 2019/20, including the regular review and reporting of Corporate Risks. The approval of a new Risk Management Framework will further improve these practices and ensure a better understanding of the risks NHDC faces. This in turn, will help NHDC to determine the most cost-effective way to manage these risks and to exploit associated opportunities. As a result, the Council will become even more risk aware.

## 13 Definitions

13.1 The following diagram highlights the definitions of Likelihood and Impact used in the Risk Management Framework.

<p><b>4 Likelihood High (3) Impact Low (1)</b></p> <p>Chance of it happening -More than 60% Consequences - Minor</p>	<p><b>7 Likelihood High (3) Impact Medium (2)</b></p> <p>Chance of it happening - More than 60% Consequences - Noticeable effect on the Council</p>	<p><b>9 Likelihood High (3) Impact High (3)</b></p> <p>Chance of it happening - More than 60% Consequences - Significant impact on the Council</p>
<p><b>2 Likelihood Medium (2) Impact Low (1)</b></p> <p>Chance of it happening – between 20 – 60% Consequences - Minor</p>	<p><b>5 Likelihood Medium (2) Impact Medium (2)</b></p> <p>Chance of it happening – between 20 – 60% Consequences – Noticeable effect on the Council</p>	<p><b>8 Likelihood Medium (2) Impact High (3)</b></p> <p>Chance of it happening – between 20 – 60% Consequences – Significant impact on the Council</p>
<p><b>1 Likelihood Low (1) Impact Low (1)</b></p> <p>Chance of it happening – less than 20% Consequences - Minor</p>	<p><b>3 Likelihood Low (1) Impact Medium (2)</b></p> <p>Chance of it happening – less than 20% Consequences – Noticeable effect on the Council</p>	<p><b>6 Likelihood Low (1) Impact High (3)</b></p> <p>Chance of it happening – less than 20% Consequences – Significant impact on the Council</p>

## 14 Summary Matrix of Corporate Risks as at 31 March 2020

14.1 As reported to and approved by the FAR Committee and Cabinet in March 2020.

<b>Likelihood</b>	<b>3 High</b>	<b>4</b>	<b>7</b> <ul style="list-style-type: none"> <li>• Impact of Anti-Social Behaviour on Council Facilities</li> <li>• Income Generation</li> <li>• Sustainable Development</li> </ul>	<b>9</b> <ul style="list-style-type: none"> <li>• Brexit</li> <li>• Local Plan</li> <li>• Managing the Council's Finances</li> <li>• Novel Coronavirus (Covid-19)</li> </ul>
	<b>2 Medium</b>	<b>2</b>	<b>5</b> <ul style="list-style-type: none"> <li>• Increased Homelessness</li> <li>• Workforce Planning</li> </ul>	<b>8</b> <ul style="list-style-type: none"> <li>• Cyber Risks</li> <li>• Delivery of the Waste Collection and Street Cleansing Services Contract</li> </ul>
	<b>1 Low</b>	<b>1</b> <ul style="list-style-type: none"> <li>• Route Optimisation of Collection Rounds (archiving postponed pending the provision of further information)</li> </ul>	<b>3</b>	<b>6</b> <ul style="list-style-type: none"> <li>• External Factors Affecting the Future Provision of Waste Services</li> </ul>
		<b>1 Low</b>	<b>2 Medium Impact</b>	<b>3 High</b>

**FINANCE, AUDIT AND RISK COMMITTEE  
20 JULY 2020**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: FINANCIAL IMPACTS OF COVID-19**

REPORT OF THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: Finance and IT

COUNCIL PRIORITY: BE A MORE WELCOMING AND INCLUSIVE COUNCIL / BUILD THRIVING AND RESILIENT COMMUNITIES / RESPOND TO CHALLENGES TO THE ENVIRONMENT / ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY / SUPPORT THE DELIVERY OF GOOD QUALITY AND AFFORDABLE HOMES

**1. EXECUTIVE SUMMARY**

- 1.1 This report summarises the forecast financial impact of Covid-19 on the Council and the implications that arise from this.

**2. RECOMMENDATIONS**

- 2.1. That Cabinet notes 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.
- 2.2. That Cabinet approves the delay of the capital spend of £2,809k to 2021/22 onwards, as detailed in table 6.

**That Cabinet recommend to Full Council:**

- 2.3. That Council notes 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.
- 2.4. That Council approves that £350k is added to the Capital Programme for the resurfacing of the top deck of the Lairage Car Park, Hitchin
- 2.5. That Council approves 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.

### **3. REASONS FOR RECOMMENDATIONS**

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

### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. The main alternative option is that the Council could look at implementing an emergency budget. This would require the identification of options that are quick to implement and would save the Council money. It is considered that, based on current projections, it is better for the Council to use some reserves to allow time to develop plans for medium-term solutions.

### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1. The Executive Member for Finance and IT and the Leader of the Council have been provided with regular updates on the forecast financial impacts.
- 5.2. The Council has provided returns to the Ministry for Housing, Communities and Local Government (MHCLG) to highlight the impact. It is hoped that this will contribute to the receipt of additional funding to help reduce the impact. Details supporting these returns have also been provided to the Local Government Association (LGA) to support the lobbying that they are carrying out.

### **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on 8 June 2020.

### **7. BACKGROUND**

- 7.1 On 30<sup>th</sup> January 2020 the World Health Organisation declared a Public Health Emergency of International Concern for the coronavirus known as Covid 19. During March social distancing measures were introduced along with initial guidance on self-isolation.
- 7.2 On 24<sup>th</sup> March 2020 the Government issued a countrywide lockdown, closing the majority of businesses; and enforcing strict social distancing measure in an attempt to reduce the rate of infection from Covid 19.

### **8. RELEVANT CONSIDERATIONS**

- 8.1. The financial impact on the Council of Covid-19 can be broken down in to four main areas:
  - Additional costs of delivering services
  - Additional costs to support our residents and communities
  - Reductions in income from sales, fees and charges
  - Reductions in funding



- 8.2. The length of impacts of the above could vary significantly. Some will be very short-term impacts that will probably already have ended, unless there is a second spike in infections. Others will depend on how lock-down measures are eased and how people respond to that easing. Some will have much longer impacts as they are affected by ongoing changes in behaviour or are linked to economic recovery. The following paragraphs provide a description of each significant area, the financial forecasts and reasons for uncertainty. Some of the information is considered to be commercially confidential and is therefore covered in a part 2 report.
- 8.3 The Council has received additional funding from Government. It has received two tranches of general non-ringfenced grant that totals £1.372m. Some specific funding to support rough-sleepers has also been provided (£5,200). Whilst the Council has also received other funding (e.g. for Business Grants, Council Tax Hardship and Business Improvement District funding), this has all been money that is to be passed on to others. In the case of the Business Grants and Council Tax Hardship this resulted in a lot of extra work for the Revenues team and the Council should expect to receive New Burdens funding at some stage.
- 8.4 In early July there was an announcement of further Government support in the form of a further £500m for Local Authorities and an income guarantee. At the time of writing this report there was very little information on the details of this support. In relation to the £500m it is expected that this is to meet spending pressures and therefore the vast majority of this will go to upper tier Authorities as they are generally facing much greater spending pressures than lower tier Authorities. The income guarantee is that each Local Authority will need to meet the fund income pressures up to 5% of their income budget for the year. After that Government will fund 75% of the remaining shortfall. It is unclear as to whether there will be any exclusions, although it is expected that commercial income will be excluded. This would not be a significant issue for the Council as of the areas that have seen a significant impact, only trade waste would be considered to be commercial income. There is also uncertainty in relation to how leisure facilities will be treated. If the guarantee only relates to income then that leads to a very different position for in-house services compared to those that are contracted out. The final assumption is that the income guarantee is on top of grants already received (i.e. the grants already received are to cover expenditure pressures). It is likely that the Government will see this as the final support package for Local Government.

### **Waste Services**

- 8.5 Due to the impact of waste collection staff displaying symptoms and needing to self-isolate it was necessary to suspend some services in late March (i.e. garden waste, food waste and bulky waste collections). These services were reinstated in mid-May. The trade waste service continued to operate, but customers were given the opportunity to suspend or reduce their service. Due to the impacts of lock-down and residents spending more time at home, the Council has seen a significant increase in household waste, although volumes are now starting to reduce back down.

- 8.6 As Cabinet approved in June, the decision to extend the garden waste subscription period is expected to cost the Council **£186k**. This is expected to be a one-off impact in 2020/21, but the new renewal date in October might have an ongoing impact on the number of sign-ups to the service.
- 8.7 As Cabinet approved in June, the decision to confirm that trade waste customers could suspend or reduce their level of service immediately in response to Covid-19 (rather than in accordance with contract terms) is expected to cost the Council **£43k**.
- 8.8 The Council provided some additional funding to the waste contractor to support the reintroduction of services in May, and also to support the increased volumes. To date **£27k** has been allocated. There may be a need for some additional funding until waste volumes drop.
- 8.9 The Council's recycled materials processing contractor is incurring additional costs that will need to be funded. The first of these relates to slowing down the materials processing to enable their employees to be socially distanced. This has required the contractor to start operating on Sundays and therefore incur the associated additional costs. The Contractor is putting measures in place (e.g. plastic screens) to enable the processing to revert back to running at normal speed. The contractor would also usually open up any bagged waste to separate out any recyclable materials, but are currently having to treat this as residual waste. This might have to continue. Residual waste comes with a significant disposal cost compared with a small net income for recyclable materials. The total impact of the above is forecast to be around **£25k**, but could increase.
- 8.10 The total income that the Council receives for recyclable materials is based on general market indicator prices and the price that can be obtained by the contractor, as well as material volumes. General market values were already declining, but this seems to have been exacerbated by the Covid-19 economic impacts. The Council is also seeing increases in co-mingled volumes and decreases in paper volumes. On the assumption that income/ costs and volumes return more towards normal the estimated impact this year is around **£300k**. If income/ costs and volumes stay more in line with current levels then the impact could be more like £550k. It is possible that some of this impact could continue on an ongoing basis.

## Parking

- 8.11 During April, May and June the Council has seen the following levels of parking income compared to budget:

**Table 1**

<b>% reduction in income</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Overall (April-June)</b>
Pay as you use ticket income	95	92	74	87
Season Ticket renewals	100	88	17	69
Resident permit renewals	41	32	10	28
Penalty Charge Notices (PCNs)	75	93	64	77

- 8.12 During this period parking charges still applied, although permits were (and still are) provided free of charge for key workers. Restrictions being lifted on non-essential retailers in June should result in additional use of car parks. To protect staff and support those in lock-down, during April and May, PCNs were only being issued in relation to unsafe parking and blue badge bay infringements. During early June reminders were put on vehicles that they should be paying for parking, and PCNs were issued as normal from 22<sup>nd</sup> June.
- 8.13 The following percentage reductions have been used to forecast income for the rest of the financial year. This is based on a gradual increase in usage, getting back to normal levels by the end of the year. It is possible however that habits will change and that parking income will never get back to pre-lockdown levels, or that it will take a much longer period to recover. At the time of writing this report, there was very limited information to base forecasts on and therefore this will be kept under regular review. An update on the final June position will be provided at the meeting.

**Table 2**

<b>Estimated reduction month</b>	<b>% by</b>	<b>April , May and June (actual)</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>
Pay as you use ticket income		87	50	45	40	35	30	25	20	15	10
Season Ticket renewals		69	20	20	20	20	10	10	10	10	10
Resident permit renewals		28	5	5	5	0	0	0	0	0	0
Penalty Charge Notices (PCNs)		77	50	45	40	35	30	25	20	15	10
Financial Impact (£000)		607	147	128	115	98	85	72	59	43	19

- 8.14 The total impact above is therefore currently estimated at **£1.37m**. This does not include any provision for free parking initiatives, either general or focused. These would have to be assessed on a case-by-case basis to balance the impact on Council finances with the wider economic impact. Due to the percentage of Business Rates income that the Council retains and the reliefs that are currently in place it is very difficult to make a case that free parking initiatives could be funded from Business Rate gains (or avoided losses).
- 8.15 See part 2 report.

## Planning

8.16 Planning fee income in April was £11k less than budget. Income in May was looking like it would be significantly under budget (by up to £50k) but some large applications meant that it was only £5k under. June income is forecasted to be in line with budget, but again this is due to some large applications. It is not expected that the receipt of large applications will continue and the underlying picture is one of reduced income. The budgeted income was also based on progressing the Local Plan which has now been further delayed by Covid-19. It is forecast that July will be £48k under budget and then gradually improving until the end of the year. This would give an August loss of around £42k, September £36k, October £30k, November £24k, December £18k, January £12k, February £6k and March onwards as normal. That would equate to a total impact of **£232k**.

## Other lost income

8.17 The table below summarises other areas where there has been a reduction in income in April and May, and forecasts of lost income in the rest of the year:

**Table 3**

<b>Income source</b>	<b>Reduced income (April and May) £000</b>	<b>Total forecast reduction for 20/21 £000</b>	<b>Description</b>
Court Summons income	40	120	Courts due to reopen in June. Assumption is that the Council will continue to give residents some extra time to pay. So will return to budgeted levels from around October 2020.
Land Charges	15	60	Linked to property market. Assumed gradual recovery during year, with income back to budget by March 2021.
Hitchin Town Hall	34	154	Annual budget is £200k, with most income coming from large events that can not operate with social distancing.
District Museum	8	36	Net income from museum shop sales, education services and events.
Treasury investments	N/a	100	A total is not included for April and May due to fluctuations in interest rates and cash balances. The forecast for the year is that the income received will be £100k less than budget due to the reduced forecast cash balances and the very low interest rates currently available.

## Homelessness

- 8.18 Total costs incurred up to the end of June were £69k. This was to provide hotel accommodation to those who were sleeping rough or in hostels. This cost is net of estimated levels of housing benefit subsidy. It is estimated that there will be a need to continue to provide hotel accommodation until December. The estimated total cost (net of housing benefit) is around **£200k**.

## Community Grants

- 8.19 The Council has developed a protocol for providing funding to community groups that are helping to mitigate the impact of Covid-19 on residents. The funding for this is coming from the Special Reserve. The overall focus is on provision of food and essentials, mental health support and domestic abuse support. There are two main tranches to the funding.
- The first is grant funding for known providers through a Memorandum of Grant Funding. The bodies will be identified and approached by NHDC and asked to express an interest. It is the aim to predominately support and prioritise those groups that have broad coverage and effective infrastructure to provide this support (i.e. helping a range of people across the District) for the next 3-6 months.
  - The second is smaller grants via a District Panel recommendation. These will generally be groups that are focused on a particular group (or groups) of people or covering a specific geographical area. They could also be District wide groups.
- 8..20 The first District Panel to consider the second tranche was held on 17<sup>th</sup> June. The panel received applications totalling £59k, although one application totalling £18k (part of the £59k) will now be considered as part of the tranche one process. Four further applications were received for consideration at a Panel meeting on 9<sup>th</sup> July.
- 8.21 The Community Engagement team are contacting and working with providers in relation to the tranche one funding stream.
- 8.22 Overall it is estimated that the total funding to be awarded will be up to **£150k**.

## Public Toilets

- 8.23 The increased cleaning regime required to reopen public toilets could cost up to £1,500 per week. It may be difficult to determine an appropriate time for that cleaning to be reduced back to normal levels so it could be in place for the rest of the financial year. That could therefore equate to a cost of up to **£60k**.

## Other areas of additional spend

- 8.24 The table below summarises other areas where there has been additional spend in April and May, and forecasts of additional spend in the rest of the year:

**Table 4**

<b>Income source</b>	<b>Additional Spend (April and May) £000</b>	<b>Total forecast additional for 20/21 £000</b>	<b>Description</b>
Public Health Burials	2	4	A small number have been required and assumed that will not be any more after the end of July.
IT costs	19	28	Staff and other costs to enable home-working and virtual meetings
Advertising	2	2	Newspaper adverts to let residents know what was happening to Council services
Personal Protective Equipment and property related costs	2	6	Includes costs to encourage social distancing in our car parks
Careline overtime	2	5	Overtime to cover Careline Operator shifts, as cannot train a new starter whilst social distancing is in place.

### **Funding Implications**

8.25 The Council receives most of its funding from Council Tax (budget £11.8m) and Business Rates (budget £2.7m). In the short-term the main impact on Council Tax income will be eligibility for the Council Tax Reduction Scheme (CTRS), which reduces the amount that households are liable to pay. For 2020/21 the Council was expecting that there would be around 4,350 eligible for working age CTRS. Based on what has happened to date, it is now expected that this could be around 5,100, although this could escalate even further if more businesses fail as a result of the pandemic. An increased CTRS eligibility reduces the Council Tax Base, which is expressed as a number of Band D equivalents. The reduction in the Tax Base will be less than the increase in the CTRS numbers as there will still be a requirement to pay a proportion of the Council Tax. The Tax Base also assumes some growth in properties during the year due to new properties being built or uninhabitable properties being brought back in to use. The budget was set based on a Tax Base of 49,980 Band D properties. The current Tax Base is estimated at 49,222, although this will change during the year with changes to CTRS eligibility (may reduce it further) and changes to overall property numbers (will probably increase it with some new properties). The estimated financial impact of the current difference in Tax Base would be just under **£200k**. On top of this there will also be households that are unable to pay their Council Tax bill.

This could just be a cashflow impact if the amounts are received at a later date, but there could also be amounts that are never received. However, for the year so far (to the end of June) the amounts of due Council Tax (i.e. adjusted for CTRS) that have been received are broadly in line with expectations (28.7% versus 29.3% in June 2019). As Council Tax is administered through a Collection Fund, the Council will receive funding this year in line with budget, but any deficit will need to be funded as part of next years budget. Unless there is a quick economic recovery, CTRS is also likely to have an impact next year and in the longer-term through a reduction in the Tax Base.

This means that the level of Council Tax for 2021/2022 will have to increase just to raise the same amount of revenue.

8.26 The Council assumes net growth of 1% per year in the Council Tax base. This based on housing growth and a stable CTRS eligibility. The actual assumption is that growth will be a bit higher than 1% but that some of this is needed to fund the additional costs associated with a new house (e.g. waste collection). Experience over the last two years was that growth was just about 1%, but the expectation was that this could pick up with an adopted Local Plan. Further delays to the Local Plan hearings and a general economic downturn mean that housing growth is likely to be suppressed. Therefore in the Medium Term Financial Strategy, there will be a need to revise these forecasts.

8.27 The Council is prudent in forecasting Business Rate income, in that it only assumes income that is in line with the Baseline set by Government. This baseline is set based on the assessed amount that the Council 'needs' to run its services, alongside an assumed level of Council Tax income. In previous years the Council has generally retained more income than the baseline level, particularly when it has been part of a Business Rate Pool or Pilot. Due to the various Business Rate reliefs provided by Government, a large number of businesses are not required to pay rates this year and instead the Council receives the amount that they would have paid as a grant from Government. In general this reduces the risk of non-payment. However if the businesses do close down then they cease to be eligible for rate relief and this creates a funding risk. The largest hereditaments in North Hertfordshire are generally supermarkets, so are not high risk in relation to the economic impacts of the pandemic. The Council is currently part of a Business Rate pool which means any impact is affected by the forecasts of all members of the pool. However the pool (like if the Council was acting individually) does have a safety net, where reductions in funding that are more than 7.5% below baseline are covered by Government. Using the Council acting individually as a proxy, this would mean that the maximum budgeted impact would be around £200k. Current expectations are that the actual impact would be a lot less than this. Whilst unbudgeted, the Council had expected to gain up to £400k from being part of the Business Rates Pool. This is unlikely to now happen.

### **Overall Summary and comparison with reserves**

8.28 The table below provides a summary of the information above including where there is variability in the current estimates. However note that there could be significant variability in all the totals, due to the high level of uncertainty and are just best estimates. This also details whether the amount is thought to be covered by the income guarantee referenced in paragraph 8.4.

Table- see part 2 report

- 8.29 The current estimate is that the Council will face expenditure and income pressures of £4.7m - £5.2m. Against this the Council has received grant funding of just under £1.4m. It is also estimated that around £3.3m - £3.5m will be eligible to be covered by the income guarantee. As detailed below this still leaves a significant impact that the Council will need to fund. The Council therefore has three options for dealing with the current situation; setting an emergency budget to reduce expenditure, using reserves, or a combination of the two. The extent to which reserves can be used depends on how the forecast impact compares with the level of reserves available, including making provision for the medium term.
- 8.30 The Council had planned to use its General Fund reserves to smooth the impact of expected future reductions in Government funding, and so therefore had purposely built them up. Whilst the Special Reserve has some commitments against it, it has no other specific purpose so could also be used. There is a need to maintain a minimum General Fund balance, and this should be at a level set by the Chief Finance Officer. This was last reviewed for the 2020/21 budget set in February. In the absence of detailed analysis it is proposed that this is increased by £1m to reflect the additional uncertainty at the current time.
- 8.31 Without detailed guidance, it is only possible to estimate the extent to which the income guarantee will cover losses. The Council has to fund the first tranche of losses up to 5% of the income budget. It is assumed that this will be based on the total budget for income, excluding grants and contributions. 5% of this would be around £570k. Government would then fund 75% of the remainder which would be around £2m of additional funding (i.e. £3.3m total losses less the Council needing to cover the first £570k leaves a balance of around £2.7m, of which Government provide funding of 75%).
- 8.32 The table below summarises the forecast position:

**Table 6**

	<b>Amount £000</b>
General Fund Reserve (at 31 <sup>st</sup> March 2020)	9,378
Special Reserve (at 31 <sup>st</sup> March 2020)	1,175
Less: Commitments against the Special Reserve	-350
Add: Grant funding received	1,372
<b>Gross Funding Available</b>	<b>11,575</b>
Less: Minimum General Fund balance (as set at 2020/21 budget)	-2,450
Less: additional minimum General Fund balance	-1,000
<b>Net Funding available</b>	<b>8,125</b>
Less: Estimates of spend and income pressures detailed in paragraphs 8.4 to 8.21	-4,708
Add: Estimated income guarantee	2,000
<b>Remaining Reserve balance (above minimum level)</b>	<b>5,417</b>

- 8.33 The table above shows that there would still be reserve balances available for any increases in the estimates above and to provide a reasonable level of medium-term resilience. Therefore at this stage it is recommended that the Council should plan to use available reserves, and does not need to set an emergency budget.



## Capital Programme

8.34 The capital programme was set in February. There has been some new capital spend related to Covid-19. There has also been some new spend identified that is not directly related to Covid-19. The majority of these new schemes have been approved by the Executive Member for Finance and IT in accordance with the financial regulations as each scheme has been under £100k.

8.35 The table below summarises the capital programme as it currently stands and makes recommendations about existing and new capital spend:

**Table 7**

	<b>£000</b>	
Capital Programme set in February	9,357	Approved by Full Council
Add: Schemes slipped from 2019/20 at Quarter 3	3,831	Already approved by Cabinet
Add: Schemes slipped from 2019/20 at end of the year	247	Already approved by Cabinet
Add: New Spend already approved <ul style="list-style-type: none"> <li>• Access Road Burymead Road, Hitchin</li> <li>• Laptops to enable improved remote meetings</li> </ul>	84 65	Approved by Executive Member: Finance and IT
Proposal to add: Resurfacing of the top deck of the Lairage Car Park, Hitchin	350	Requires approval by Full Council
Proposed changes to timing (delayed to 2021/22 onwards): <ul style="list-style-type: none"> <li>• John Barker Place- delayed until 2022/23 in line with scheme timetable</li> <li>• Spend linked to the adoption of the Local Plan delayed until 2021/22 (Cycle Strategy Implementation and Transport Plans implementation)</li> <li>• Capital spend in relation to car park charging (off-street and on-street) delayed until 2021/22. Revenue spend investigating options will still be incurred.</li> <li>• Museum Storage- revised plan is to get the building deigned and works tendered, so assume a maximum spend of £100k. So £900k deferred to 2021/22.</li> </ul>	(1,096)  (528)  (285)  (900)	Delays to be approved by Cabinet as part of in-year monitoring
<b>Revised Capital Spend for 2020/21</b>	<b>11,125</b>	

8.36 The reason that the top deck of the Lairage Car Park needs resurfacing relates to water ingress. Currently there is water ingress which is permeating through the surfacing and affecting two parking bays. To prevent cars being damaged the affected bays have been sectioned off. It is expected that this ingress could get worse over time, and could affect more parking spaces.

- 8.37 The available capital reserves at the start of the year were £7.454m. Included within the remaining capital spend is £4m in relation to investments in line with the Property Acquisition and Development Strategy. The intention was that the Council would need to borrow to fund this spend, and that the borrowing costs of this would be covered by the returns generated. So, even if the Council does not generate any further capital receipts this year, there are still sufficient funds to cover the remainder of the programme.

### **Investment Strategy**

- 8.38 On the 9<sup>th</sup> April, the Chief Executive made an urgent decision in relation to the Investment Strategy. This meant that the limit on amounts held in the Council's current account was temporarily removed. The limit has now been reinstated and the Council will keep balances in the current account below £5m.
- 8.39 The Investment Strategy details how the Council will invest its cash, which includes loans for service purposes. Within the agreement for setting up the Building Control company, there was a provision for each of the partner Authorities to provide up to two loans to the company. The first of these loans was for £107k and was provided when the company was set up. The second loan is for up to £65k. When the Investment Strategy was written in February it was not expected that the Building Control company would need a further loan. Due to the impact of Covid-19 it is possible that the loan will be needed, so Council are asked to approve a change to the Investment Strategy to include this provision. The loan will only be provided if the company can demonstrate that it is sustainable in the medium-term.

## **9. LEGAL IMPLICATIONS**

- 9.1. *Council approves and adopts the budget (constitution 4.4.1 b) following a recommendation from Cabinet (constitution 5.6.39). This includes the revenue and capital budgets. Cabinet monitor revenue and capital budgets and approve changes within the overall budgetary framework (constitution 5.6.7 and 5.6.8). Given the scale of the impacts contained within this report it is considered that the changes are outside the budgetary control framework. So whilst an emergency budget is not proposed (which would always require Council approval), it is still considered necessary to refer the decision on using reserves to Council. The addition of the scheme to the capital programme also requires Council approval.*

## **10. FINANCIAL IMPLICATIONS**

- 10.1. These are generally covered in the body of the report. It is expected that there will be some further financial support from Government, although the details of this are currently unknown. This would provide further support in the short-term and may also provide some longer-term support.

## **11. RISK IMPLICATIONS**

- 11.1. Table 5 includes an assessment of risk, in that it determines how much headroom there is the Council's reserves compared with forecast impacts. The majority of the amounts referenced are forecasts only and will depend on how quickly things recover back towards normal, especially in relation to leisure and parking.
- 11.2. If it transpires that the impact is significantly underestimated then it may be necessary to revisit the decision to not put an emergency budget in place. The key budget areas are being kept under regular review.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no direct equalities implications arising from this report.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. The Social Value Act and "go local" requirements do not apply to this report.

## **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. There are no known Environmental impacts or requirements that apply to *this report*.

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 *The Council will continue to manage its staffing costs. Although there are no plans for any organisation wide restructure changes, some savings maybe possible from ongoing restructure efficiencies.*

## **16. APPENDICES**

- 16.1 *None*

## **17. CONTACT OFFICERS**

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**18. BACKGROUND PAPERS**

18.1 *Investment Strategy 2020/21*

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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