NORTH HERTFORDSHIRE DISTRICT COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE

MEETING HELD IN THE COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES, LETCHWORTH GARDEN CITY, SG6 3JF ON WEDNESDAY, 12TH NOVEMBER, 2025 AT 7.30 PM

MINUTES

Present: *Councillors: Sean Nolan (Chair), Vijaiya Poopalasingham (Vice-Chair), Matt Barnes and Paul Ward.*

John Cannon (Independent Member) Non-voting advisory role.

In Attendance: *Amy Cantrill (Trainee Committee, Member and Scrutiny Officer), Ian Couper (Director - Resources) and Susan Le Dain (Committee, Member and Scrutiny Officer).*

Other Presenters: *Darren Bowler (Counter-Fraud Manager, Shared Anti Fraud Service), Henry Lau (Public Sector Audit Manager (KPMG)) and Salma Younis (Engagement Director (KPMG)).*

Also Present: *There were no members of the public pressent for the duration of the meeting.*

Councillor Ian Albert was in attendance as Executive Member for Resources.

26 APOLOGIES FOR ABSENCE

Audio recording – 1 minute 28 seconds

Apologies for absence were received from Councillors Ruth Brown, Stewart Willoughby, Steven Patmore and Dominic Griffiths.

Having given due notice Councillor Matt Barnes substituted for Councillor Brown.

Councillor Sarah Lucas was absent.

27 MINUTES - 10 SEPTEMBER 2025

Councillor Sean Nolan, as Chair, proposed to approve the Minutes with following amendments to Minute 25:

- The audio recording time to be included as 2 hours 7 minutes 56 seconds
- And the text to read ‘The Chair led a discussion regarding possible agenda items for future meetings and advised Members that items could be suggested in between meetings.’

This was seconded by Councillor Vijaiya Poopalasingham.

Independent Member John Cannon commented that the minutes mentioned an action to be taken around communications and asked if this had been added to the action plan, the Chair noted this and said he would pick it up outside of the meeting.

Having been proposed and seconded and, following a vote, it was:

RESOLVED: That the Minutes of the Meeting of the Committee held on 10 September 2025 be approved, as amended, as a true record of the proceedings and be signed by the Chair.

28 NOTIFICATION OF OTHER BUSINESS

Audio recording – 5 minutes 3 seconds

There was no other business notified.

29 CHAIR'S ANNOUNCEMENTS

Audio recording – 5 minutes 10 seconds

(1) The Chair advised that, in accordance with Council Policy, the meeting would be recorded.

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

(3) The Chair advised that section 4.8.23(a) of the Constitution did not apply to this meeting.

30 PUBLIC PARTICIPATION

Audio recording – 5 minutes 58 seconds

There was no public participation at this meeting.

31 EXTERNAL AUDIT PLAN AND STRATEGY 2024-25

Audio recording – 6 minutes 4 seconds

The Engagement Director – KPMG advised that there were two papers on the agenda from KPMG. The first report, the 'External Audit Plan and Strategy 2024/25', was being presented at this meeting as it now included the value for money risk assessment, which was not included in the draft version presented in June 2025.

The Public Sector Audit Manager – KPMG presented the report entitled 'External Audit Plan and Strategy 2024/25' and highlighted that:

- The draft version of the report was bought to this Committee in June 2025 and there were limited changes.
- The materialities outlined on page 18 of the report pack had not been revised, as the forecasted amounts were accurate to the actual year end performance.
- Four significant risks were outlined on page 20 of the report pack, which were valuation of land and buildings, valuation of investment property, valuation of post-retirement benefit obligations and management override of controls.
- Following the mid-year General Ledger migration, an additional risk had been included to cover the risks associated with this move.
- Further narrative relating to the audit risk of each of the identified areas was included within the report, and the assumptions made in reaching the significant risk rating.
- The significant risk associated with the fraud risk from revenue recognition and expenditure recognition had been rebutted, as outlined on page 26 of the reports pack. The main reason was that the nature of the income was simplistic and provided limited area for manipulation.

- An issue relating to this provision of high needs housing provision in Hitchin had been identified as a performance improvement observation, as outlined on page 43 of the report pack. However, a report was being taken to Cabinet in November 2025, which would seek decisions on this identified issue.
- The Audit Timeline was included at Appendix B to the report, and KPMG were confident with there ability to meet the backstop deadline at the end of February.

In response to a question from Councillor Paul Ward, the Public Sector Audit Manager – KPMG responded that the observations laid out would be followed up in a future report to ensure completion.

Councillor Vijaiya Poopalasingham proposed and Councillor Matt Barnes seconded and, following a vote, it was:

RESOLVED: That the Committee noted the External Audit Plan & Strategy 24/25.

32 EXTERNAL AUDIT - AUDITORS ANNUAL REPORT 2024-25

Audio recording – 13 minutes 26 seconds

The Engagement Director – KPMG presented the report entitled 'External Audit - Auditors Annual Report 2024-25' and highlighted that:

- This report was mandatory as part of the Audit Code and was being presented to the Committee as a draft report, as the deadline required to present this was 30 November 2025.
- The approach to value for money assessments had not changed and the detail of the areas assessed were outlined at page 63 of the reports pack. Where areas of potential weakness were identified, further work is conducted to assess whether this would lead to an actual weakness.
- Two risks of significant weaknesses were identified, one around 'Governance' and one around 'Improving economy, efficiency and effectiveness' but there was no actual significant weakness identified.
- The 'Governance' risk, as outlined on page 70 of the reports pack, where the statutory reporting deadline for draft account publication was missed, was identified as not being a significant risk, as the accounts were published in mid-July 2025, which was an was improvement on last year.
- The 'Improving economy, efficiency and effectiveness' risk, as outlined on page 73 of the reports pack, was identified due to a requirement for appropriate staffing levels, and the relatively small Senior Management Team at the Council, as well as shortages in other areas. However, following discussions with Officers, it was clear this was being addressed by management as appropriate. It was therefore deemed that this was not an actual significant risk.

The following Members asked questions:

- Councillor Paul Ward
- Councillor Matt Barnes

In response to questions, the Director – Resources stated that there were no penalties applied or actual implications for the Council missing the accounts publication deadline and that KPMG were made aware at the time.

In response to questions, the Engagement Director – KPMG stated that:

- The issue of late reporting of accounts in the 2023/24 financial year was highlighted in the report last year, but it may not have been identified as a significant risk weakness after full assessment.
- There was a sector wide backlog of audit work, and therefore the 'Direction of Travel' had a downward arrow to highlight the potential of this wider risk.
- Since the mitigations around staffing were already being addressed by management, KPMG would not add any additional recommendations.

Councillor Matt Barnes proposed and Councillor Vijaiya Poopalasingham seconded and, following a vote, it was:

RESOLVED: That the Committee noted the External Audit Auditors Annual Report 24/25.

33 SAFS PROGRESS REPORT 2025/26

Audio recording – 25 minutes 14 seconds

The Counter Fraud Manager presented the report entitled 'External Audit - Auditors Annual Report 2024-25' and highlighted that:

- The report provided data from the whole period of April to September, however a Progress Report had been provided in September, providing data to the end of July 2025.
- Three Fraud Alerts had been raised in this period, including around identify documents and email spoofing, which were prevalent threats. Fifteen Fraud Threat reports had been circulated to all partners.
- Three training sessions had been delivered, including to the Housing and Revenue and Benefits teams at the Council, and a session provided to all Officers at the November staff briefing.
- A total of 54 referrals had been received, including 14 from Officers. SAFS currently had 26 cases under investigation, or at referral stage, with estimated losses of £759,000 recorded in this caseload.
- 5 of the 6 investigations closed in this period resulted in fraud being identified, with £5,000 in fraud loss identified for recovery.
- 16 low level reviews of council tax discounts/benefits cases had been conducted, and this has identified savings of around £3,000.
- Five social housing properties had been recovered across the district which were fraudulently used by residents on the housing waiting list of North Herts Council.
- Following a data matching exercise from the National Fraud Initiative, 13 potential frauds had been identified, with savings of £52k reported so far.
- The most recent matches from the Hertfordshire Fraud Hub, identified 166 matches which could be process, with 6 frauds identified and a further identified savings of £26k reported.
- All KPIs for SAFS were being met, on target or part met as outlined in the table at page 78 of the reports pack.

The following Members asked questions:

- Councillor Paul Ward
- Councillor Matt Barnes
- Councillor Vijaiya Poopalasingham

In response to questions, the Counter Fraud Manager stated that:

- Under the new Economic Crime and Corporate Transparency Act 2023, the Council would have a duty toto prevent fraud with proper safeguards in place, especially in relation to dealing with private companies.

- The briefing was currently high-level and a briefing note would be provided to the Leadership Team at the Council, and a GAP analysis would be done to show if there are weaknesses.
- The 26 cases under investigation and associated losses were higher than previously. For some situations, the value in terms of money was easy to identify, however in other cases it is more difficult to come to an amount. Estimated amounts were included in these circumstances to assist with the monitoring of risks.
- Trends were always highlighted in the Annual Report, however it was difficult to provide this in the interim reports, but this could be explored for provision in future reports.
- The 'provide an investigation service' KPI was slightly below the expected level to date. This was due to other members of the partnership needing extra support and therefore this KPI would vary year on year. Previously additional support had been provided to NHDC, and there was no additional charge for additional work required.
- Quarterly meetings were required, and monitored through KPI, to ensure that the required work was being delivered by SAFS as required, and as directed by the Council as to identified areas of risk.
- All S151 Officers met regularly to ensure the delivery of work provided by SAFS was implemented effectively.
- All information around International Fraud Week would be shared on SAFS social media and was already with the Communication team at the Council to be shared by them as well.

In response to questions, the Director - Resources stated that:

- Once the GAP analysis findings have been reviewed by the Senior Management Team, it would be shared with Members, alongside the briefing paper.
- The quarterly meetings with SAFS did take place and the detail of these meetings was accurately reflected in the responses from the Counter Fraud Manager.

Councillor Vijaiya Poopalasingham proposed and Councillor Paul Ward seconded.

As part of the debate, Councillor Poopalasingham noted:

- That the important work done by SAFS to prevent fraud should be recognised.
- That an action should be added to the Action Plan regarding the communications around the International Fraud Week.
- That any future successes of the service should be promoted through communication channels.

Having been proposed and seconded and, following a vote, it was:

RESOLVED: That the Committee noted the progress by officers and the Shared Anti-Fraud Service to deliver the Anti-Fraud Plan for the Council.

34 PROCUREMENT STRATEGY 2025-28

Audio recording – 46 minutes 23 seconds

The Director – Resources presented the report entitled 'Procurement Strategy 2025-2028' and highlighted that:

- The Procurement Strategy needed a refresh after changes to the procurement rules, following the implementation of the Procurement Act.
- The proposed Procurement Strategy, attached at Appendix A, set out our strategic objectives for procurement and therefore had strong links to the Council Plan.

- In section 2 it set out four key aims, delivering value for money, maximising public benefit, transparency in our communications and acting with integrity.
- The remaining sections detailed further goals including, commercial innovation, engaging with Small and Medium sized enterprises (SME) and engaging Voluntary, Community and Social Enterprises (VCSE) and how the Council would seek continuous improvement.
- Annex A outlined the Go Local Policy which aimed to encourage the flow of money back into North Herts.

The following Members asked questions:

- Councillor Matt Barnes
- Councillor Paul Ward
- Councillor Sean Nolan
- Independent Member John Cannon

In response to questions, the Director – Resources stated that:

- Under the new Strategy, up to 2 points, out of 100 points, would be awarded for suppliers that met the definitions of being Local. It is a difficult balance to make sure that points awarded to target specific criteria still allow sufficient points for the main quality and price criteria.
- The Council wanted to encourage SMEs to bid for Council contracts to help with the flow of jobs into North Herts.
- When businesses were asked if they met the Go Local criteria the answers would be validated before points were added.
- The Procurement Strategy was one of three sets of documents used for the procurement process, the Procurement rules set out the rules that must be followed, this Strategy provides a policy direction, and they are both incorporated into internal detailed guidance for Officers.
- It is recommended to Cabinet that the Procurement Strategy should reference the Procurement Rules.
- The Key Performance Indicators in paragraph 6 of the report would be used to measure current Procurement with the aim of setting focused targets in the future.
- Currently, there was no report for procurement outcomes, but this could be added to MIS for Councillor information, or a report could be requested by Cabinet or Overview and Scrutiny.
- This Committee could look at the effectiveness of the Procurement Reporting Process.

Councillor Vijaiya Poopalasingham proposed and Councillor Paul Ward seconded and, following a vote, it was:

RECOMMENDATION TO CABINET: That Finance, Audit and Risk Committee provide comments to Cabinet on the proposed Procurement Strategy (as attached at Appendix A) with a focus on any risk and governance issues.

REASON FOR RECOMMENDATION: Having a Procurement Strategy provides a focus for procurement activity and guidance, so that it can support the delivery of Council priorities.

35 MEDIUM TERM FINANCIAL STRATEGY 2026-30

Audio Recording – 1 hour 1 minute 3 seconds

The Director – Resources presented the report entitled ‘Medium Term Financial Strategy 2026-30’ and highlighted that:

- The report had been delayed in the hope that there would be more clarity on future funding, however as there had been no detailed announcement from central government on the allocation of future funding, there were still significant estimates.
- The Strategy was included at Appendix A and followed the same format as previous strategies and referred to the Fair Funding 2.0 and the expected new formula.
- By Christmas 2025 the Council would be aware of its funding for the following three years.
- The spread of £2.6 million on table 1 of Appendix A were not worse case and best-case scenario but two possible scenarios that could happen depending on Government decisions. In theory there could be a better positive case and a worse negative case.
- The Council does have reserves, which gave it time to react to potential options outlined in the report.
- Table 6 of Appendix A looked at the current projects in the delivery plan, including two with uncertainty over what could be large costs i.e. Churchgate and Local Government Reorganisation (LGR).
- Table 7 of Appendix A showed the spread of the forecast budget gap. The spread was a prediction and highlighted the huge range of numbers, for example £0.32Million to £2.97Million budget gap in year 2029/30.

The following Members asked questions:

- Councillor Matt Barnes
- Independent Member John Cannon

In response to questions, the Director – Resources stated that:

- There were several options that were possible in relation to the Council Tax Reduction Scheme to help avoid people dying in poverty. This was a campaign promoted by Marie Curie. There was an option that provided full council tax support to everyone who had a terminal illness regardless of financial circumstances. The Council currently offered 100% relief on the lowest income and was waiting for a response from Marie Curie as to whether this was a proportional response. That could be supported by ensuring our discretionary scheme was clear about supporting those with a terminal illness.
- For housing growth (e.g. new housing developments) an increase in the tax base (number of properties paying Council Tax) of 0.5% in Council Tax had been assumed. For any housing growth some of the additional Council Tax income would go on direct costs such as waste collection. For larger developments we would also need to consider the costs of new facilities and whether additional staffing would be required.
- There would be an update to this Committee in January 2026 which would reflect the funding announcement from central government.

As part of the questions, Councillor Paul Ward gave a summary of the questions he asked outside of the meeting and the response which would be circulated to members of the Committee and Cabinet.

Councillor Vijaiya Poopalasingham proposed and Councillor Paul Ward seconded.

As part of the debate Councillor Matt Barnes stated that Cabinet should be aware of the information around the costs of LGR and the information highlighted by Councillor Ward, and the Chair gave assurance that he would highlight it to Cabinet.

Having been proposed and seconded and, following a vote, it was:

REFERAL TO CABINET: That Finance, Audit and Risk Committee note and comment to Cabinet on the Medium Term Financial Strategy, as attached at Appendix A.

REASON FOR REFERAL: Adoption of a Medium Term Financial Strategy (MTFS) and communication of its contents will assist in the process of forward planning the use of Council resources and in budget setting for 2026/2027 onwards, culminating in the setting of the Council Tax precept for 2026/27 in February 2026. Alongside the Council Plan, this will support the Council in setting a budget that is affordable and aligned to Council priorities.

36 POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS

Audio recording – 1 hour 21 minutes 7 seconds

The Chair led a discussion regarding possible agenda items for future meetings, and encouraged members to get in touch between meetings.

The Chair also advised that a Committee Action Plan could be introduced, to document requests and actions agreed, and presented to the Committee on a regular basis for monitoring.

The meeting closed at 8.54 pm

Chair