

NORTH HERTFORDSHIRE DISTRICT COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE

**MEETING HELD IN THE COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES, GERONON ROAD, LETCHWORTH, HERTS, SG6 3JF
ON TUESDAY, 10TH FEBRUARY, 2026 AT 7.30 PM**

MINUTES

Present: *Councillors: Vijaiya Poopalasingham (Chair), Dominic Griffiths, Paul Ward, Stewart Willoughby and Daniel Wright-Mason.*

In Attendance: *Georgina Chapman (Policy & Strategy Team Leader), Ian Couper (Director - Resources), Susan Le Dain (Committee, Member and Scrutiny Officer) and James Lovegrove (Committee, Member and Scrutiny Manager).*

Other Presenters: *Henry Lau (Public Sector Audit Manager (KPMG)), Marshal Ngwarai (Audit Assistant Manager (KPMG)) and Salma Younis (Engagement Director (KPMG)).*

Also Present: *At the commencement of the meeting there were no members of the public present.*

50 APOLOGIES FOR ABSENCE

Audio recording – 2 minutes 13 seconds

Apologies for absence were received from Councillors Ruth Brown, Sarah Lucas and Steven Patmore and from Independent Member John Cannon.

51 MINUTES - 7 JANUARY 2026

Audio Recording – 2 minutes 30 seconds

Councillor Vijaiya Poopalasingham, as Chair, proposed and Councillor Stewart Willoughby seconded and, following a vote, it was:

RESOLVED: That the Minutes of the Meeting of the Committee held on 7 January 2026 be approved as a true record of the proceedings and be signed by the Chair.

52 NOTIFICATION OF OTHER BUSINESS

Audio recording – 3 minutes 13 seconds

There was no other business notified.

53 CHAIR'S ANNOUNCEMENTS

Audio recording – 3 minutes 18 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.

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

RESOLVED: That the Committee placed on record its sincere thanks and appreciation to Councillor Sean Nolan for his service as Chair of the Finance, Audit and Risk Committee.

54 PUBLIC PARTICIPATION

Audio recording – 4 minutes 35 seconds

There was no public participation at this meeting.

55 ANNUAL GOVERNANCE STATEMENT 2024/25 AND ACTION PLAN FOR 2025/26

Audio recording – 4 minutes 41 seconds

The Policy and Strategy Team Leader presented the report entitled 'Annual Governance Statement 2024/25 and Action Plan for 2025/26' and highlighted that:

- The Committee was required to consider the Annual Governance Statement (AGS) ahead of the Statement of Accounts.
- The AGS confirmed that the governance processes required were in place and identified areas for improvement.
- The draft AGS was presented to the Committee in 2025, following which the Action Plan, attached at Appendix A, was produced.
- The AGS had been updated to be more in line with corporate branding.
- However, two paragraphs had been missed from the final version, which related to improvements made to governance processes and a look ahead on governance arrangements. If approved, these paragraphs would be included in the final published version of the AGS.
- There was an update on action 3 on the Action Plan and it had been confirmed that all sub-delegations were up to date and accurate within service areas.

The following Members asked questions:

- Councillor Paul Ward
- Councillor Vijaiya Poopalasingham

In response to questions, the Policy and Strategy Team Leader advised that:

- She was unsure if limits relating to ICO compliance had been breached, but it would likely have been flagged as part of the AGS process if that was the case.
- It was considered that anything less than 100% in terms of mandatory training completion was not good enough. The proposals staggered requirements to ensure that time was allowed to address the shortage in completed mandatory training.
- Mandatory training had been in place for a number of years and therefore comparison data year-on-year could be provided.
- CIPFA were aware of the gap existing between the end of a financial year and the consideration of the AGS, but this was not identified or considered an issue.

- The AGS provided a review of the year, with the Action Plan looking forward, and the points in the Plan would be addressed as soon as possible.

Councillor Paul Ward requested that additional statistical information be provided to the Committee outside of the meeting regarding items included on the Action Plan.

Councillor Poopalasingham noted that it was positive to see the gap between the end of the financial year and the presentation of the AGS and thanked Officers for their work on this.

Councillor Daniel Wright Mason proposed and Councillor Stewart Willoughby seconded and, following a vote, it was:

RESOLVED:

- (1) That the Committee approved the AGS, as amended, at Appendix A.
- (2) That the Committee noted the current position of the actions within the AGS Action Plan, outlined in Appendix B.

REASONS FOR DECISION:

- (1) The AGS must be considered and approved by this Committee before the approval of the Statement of Accounts under Regulation 6(4)(a) of the Accounts and Audit Regulations ('AAR') 2015/234.
- (2) The Committee is the legal body with responsibility for approval of the AGS.
- (3) Reviewing the AGS Action Plan for 2025-26 will provide the Committee with assurances that the Council is examining and where necessary improving its governance arrangements.

56 STATEMENT OF ACCOUNTS 2024/25

Audio recording – 15 minutes 09 seconds

The Engagement Director (KPMG) introduced the item and advised that:

- The Statement of Accounts item contained three reports from KPMG, the Auditors Annual Report, the ISA260 Report and the Management Representation Letter.
- They had completed the 2024/2025 audit and tested the in year movement of income and expenditure, as well as assessing the liabilities of the Council.
- The audit opinion was 'disclaimed', as KPMG were unable to access appropriate audit evidence, but this was a result of the 'disclaimed' position on previous audits and was an expected part of the backstop arrangements put in place.

The Public Sector Audit Manager (KPMG) presented the appendix entitled 'KPMG Year End Report (ISA260)' and highlighted that:

- There were a number of Outstanding Matters outlined on page 184 of the reports pack, but these did not cause a risk to the audit as they were normally outstanding matters at this stage.
- There were four significant risks identified as part of the audit, which were 'Valuation of Land and Buildings', 'Valuation of investment property', 'Valuation of post-retirement benefit obligations' and 'Management override of controls'.
- There was detail provided on the identified significant risks, including the findings of the auditors, at pages 185-197 of the reports pack.

- The auditors also reviewed the transfer of data as a result of the general ledger migration during that year.
- There was an assessment of Value for Money at pages 199 and 200 of the reports pack, from which improvements were observed and auditors were comfortable that management have implemented previous recommendations.

The following Members asked questions:

- Councillor Daniel Wright-Mason
- Councillor Paul Ward

In response to questions, the Engagement Director (KPMG) advised that it was too early to consider the impact of Local Government Reorganisation (LGR) on accounts, but this was considered as part of the Value for Money assessment. Consideration of the impact of LGR would be more relevant as part of the 2025/26 audit process.

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

- The management responses to issues would be tracked by KMPG going forward, but could be reported to the Finance, Audit and Risk Committee to ensure work was happening.
- There had been responses provided by management to the outstanding items under 'Control Deficiencies'.
- Item 6 was a one off, but spot checks would take place going forward to ensure this did not happen again. It was felt that anything further would be disproportionate to the time required.
- A new applicant tracking system would be implemented and would be better at monitoring contracts to address Item 7.
- To address Item 12, the revaluation of assets would be managed through the finance ledger system, rather than a spreadsheet, which would remove the risk of errors occurring and was due to be implemented before the end of this financial year.

The Audit Assistant Manager (KPMG) presented the appendix entitled 'KPMG Year End Report (ISA260)' and highlighted that:

- There was an uncorrected audit misstatement included on page 29 of the report. However, this was a closing amount and would not affect the audit itself.
- The corrected audit misstatements were included on page 30 of the report.
- The detail on each of the Control Deficiencies identified was provided from page 31 of the report onwards.
- The Control Deficiencies identified were in line with best practice and would require action from the Council to address these and ensure controls were in place.

In response to a question from Councillor Paul Ward, the Director – Resources advised that the cost of implementing recommendations on the identified Control Deficiencies 1 and 2 would not be proportionate to the outcome and therefore would not be implemented. Management would consider what could be done to address the recommendations in Control Deficiency 3.

The Engagement Director (KPMG) presented the appendix entitled 'KPMG Auditors Annual Report' and highlighted that:

- The Auditors Annual Report was included at page 155 of the reports pack onwards and, whilst there had been some updates to the draft version presented to the Committee in November 2025, the recommendations had remained the same.

- The summary of the Value for Money assessments were included at page 167 of the reports pack, however, once assessed, there were no areas of concern identified.
- There was no requirement on the Management Representations beyond the standard responses required.
- A letter was sent by the Ministry of Housing, Communities and Local Government in November which confirmed the timetable to return to the standard audit cycle and for the disclaimer period to come to an end.
- To support this timetable, ahead of the 2025/26 audit, risk assessment work would be carried out on the two disclaimed audit reports, for 2022/23 and 2023/24, to consider whether any further work was required. This would then be considered alongside management to see how this could be delivered for the 2025/26 and 2026/27 audits.

The Director – Resources presented the appendix entitled ‘Statement of Accounts 2024/25’ and highlighted that:

- The reports outlined the audit work carried out by KMPG.
- The Statement of Accounts outlined that although there was a ‘disclaimed’ position provided, there was lots of work which had been carried out by KPMG, supported by the finance team, to ensure that there could be confidence in the systems.
- The Committee was asked to approve the Statement of Accounts, and the Management Representation letter. However, as there was still some work required, a delegation to the Chair of the Committee had been included in case of any minor changes required.
- The appendix included highlighted sections which were to show where there was a difference from the draft Statement of Accounts.
- A minor amendment was required to recommendation 2.3, and it should be the Director – Resources, not the Chair of the Committee, to sign the Management Representation letter.

The Chair highlighted that as the audits had provided ‘disclaimed’ positions, it was important that the Committee provided oversight to ensure the robustness of the processes in place and had confidence that the authority was in a good overall position.

Councillor Stewart Willoughby proposed and Councillor Paul Ward seconded and, following a vote, it was:

RESOLVED:

- (1) That the Committee noted the KPMG Annual Report as attached at Appendix B and the KPMG Year End Report (ISA 260) to the Finance, Audit and Risk Committee at Appendix C.
- (2) That the Committee approved the 2024/25 Statement of Accounts as attached at Appendix A (with the Auditors Report to be added), and that they can be signed by the Chair of the Committee.
- (3) That the Committee approved the signing of a Management Representation letter by the Director – Resources, as attached at Appendix D.
- (4) That if there are minor changes required to the Statement of Accounts or the Management Representation letter then these can be approved by the Chair of the Committee.

REASON FOR DECISION: To ensure that the Council abides by the Audit and Account Regulations 2015, which require the approval and publication of audited Statement of Accounts. Furthermore, to meet the back-stop deadlines set out in the Accounts and Audit (Amendment) Regulations 2024.

57 BUDGET 2026/27 (REVENUE AND CAPITAL BUDGETS)

Audio recording – 44 minutes 52 seconds

The Chair invited Councillor Ian Albert, as Executive Member for Resources, to introduce the Budget 2026/27. Councillor Albert thanked the Chair and advised that:

- He wished to thank all the Officers and Members who had been involved in the process.
- The budget had been approached in a pragmatic way, and whilst consideration was given to Local Government Reorganisation (LGR), the budget had to be considered in a way which planned for this Council existing in a few years.
- Budget workshops had been held for Members, which presented the areas of investment prioritised by the administration, such as Careline and IT capacity.
- The provisional settlement provided before Christmas was positive and the introduction of a 3 year settlement was welcomed and provided additional certainty for this period.
- Some reserves would remain and, other than the Business Rates reserves, all of these were for specific purposes.
- There was some consideration given to areas where investment could be made in communities across the district, but this was postponed until the final settlement had been agreed.
- There were investment proposals included in the budget, such as funding for the Royston Learner Pool, digital signage for Hitchin car parks and additional water features at North Herts Leisure Centre.
- As part of the LGR process, the Council was looking to create a £2m reserve.
- It would have been irresponsible not to increase Council Tax by the maximum 2.99% allowed, as this would generate an additional £400k which could be used for vital services and, without this, the resources available would be limited.
- The increase in Council Tax from North Herts Council was below the increases proposed by the Police and Crime Commissioner and Herts County Council.
- This would be a balanced budget across the period and, at the same time, would provide investment in important services and community facilities.

The Director – Resources presented the report entitled 'Budget 2026/27 (Revenue and Capital Budgets)' and highlighted that:

- The provisional settlement received had been confirmed as final as of 9 February 2026 and there were no major changes.
- The report would be fully updated to reflect this final settlement ahead of the Council meeting to consider the budget approval.
- The process followed in terms of setting the budget were outlined in Section 8 of the report and included looking at funding available, assessing risk factors, reviewing balances and reserves available and then considering the required minimum general fund balance.
- The Section 25 report was included at Appendix D and provided commentary from the Chief Financial Officer on liabilities and assumptions, and this included a comparison against other authorities.
- The cumulative impact of the budget was set out in Appendix E and the position of the Council was outlined over the next three financial years, 2 years as the current authority and 1 year post-LGR.
- A recommendation was included to bring forward funding for replacing pool covers at the outdoor pool, so this could be completed before the start of the 2026 season.

The following Members asked questions:

- Councillor Daniel Wright-Mason
- Councillor Paul Ward
- Councillor Dominic Griffiths

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

- The Council used to receive a grant for domestic abuse support, but a specific budget was created for this in 2023/24. There would be no impact on service delivery from the amount included in this report.
- The process of zero rating low value financial risks was a long term practice, but this was reported and monitored in year by this Committee.
- The 20% decrease in Extended Producer Responsibility payments was an assumption, as this was to encourage the reduction of packaging used and it was expected that, over time, companies would look at ways of reducing it.
- Any items included as 'TBC' would have final figures added before consideration by Full Council.

The Chair thanked all those involved in putting together the budgets and bringing proposals forward and noted that there were some welcome items included which had long been required, but not previously addressed.

Councillor Daniel Wright-Mason proposed and Councillor Stewart Willoughby seconded and, following a vote, it was:

REFERRED TO CABINET: That Finance, Audit and Risk comments on the budget process, assumptions and risks contained within this report, in the context that Cabinet recommend to Council that:

- (1) Notes the position on the Collection Fund and how it will be funded.
- (2) Notes the position relating to the General Fund balance and that due to the risks identified a minimum balance of £3.5 million is recommended.
- (3) Notes the Chief Finance Officer's section 25 report (Appendix D) which provides a commentary on the risks and reliability of estimates contained in the budget.
- (4) Approves the revenue savings and investments as detailed in Appendix B.
- (5) Approves the capital programme as detailed in Appendix C.
- (6) Approves a net expenditure budget of £27.321m, as detailed in Appendix E.
- (7) Approves a Council Tax increase of 2.99%, which is in line with the provisions in the Medium Term Financial Strategy.
- (8) Approves bringing forward the capital budget for pool covers at the outdoor pools to 2025/26.

REASON FOR REFERRAL: To ensure that all relevant factors are considered in arriving at a budget (revenue and capital) and Council Tax level for 2026/27. To ensure that the budget is aligned to Council priorities for 2024-28 as set out in the Council Plan.

58 INVESTMENT STRATEGY 2026/27

Audio recording – 1 hour 4 minutes 50 seconds

N.B. Councillor Paul Ward declared an interest in this item due to his employment and left the Chamber for this item and did not return.

The Director – Resources presented the report entitled 'Investment Strategy 2026/27' and highlighted that:

- The report provided information on what the Investment Strategy should cover and a number of indicators to monitor throughout the year and was in line with that presented in previous years.
- The main change to the strategy related to addressing the motion titled 'The Local Government Pension Scheme & Responsible Investment' passed at Council on 4 December 2025.
- Since this, there had been a meeting with the treasury advisors to the Council to consider how the requirements of the motion could be reasonably addressed whilst not putting the Council at risk. Following this, changes had been made to the strategy which were outlined in the table at paragraph 8.8 of the report.
- There was a proposal to increase the amount allowed to be invested in other Local Authorities to £5m. This was to reflect the low risk nature of these investments, the fewer number of investments through banks available and an increasing number of authorities seeking a minimum £5m investment.
- There was a proposal to reduce the period of longer term investments, which was a reflection of the Local Government Reorganisation process, whereby shorter term investments would be more appropriate.

The following Members asked questions:

- Councillor Daniel Wright-Mason
- Councillor Vijaiya Poopalasingham

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

- The treasury advisors consulted provided a list of Environmental, Social and Governance (ESG) investments available, which the Council would follow.
- Some of the ESG investments available required a large minimum amount, but they would allow for local authorities to pool investments together to reach this amount.
- There would be a focus on maintaining and expanding investments with other authorities and building societies.
- It was always important to have a range of investments, but the motion actions needed to be addresses and in the right way.

In response to questions, the Executive Member for Resources advised that:

- The discussions with the treasury advisors had been clear as to what the Council wanted to achieve and consider the methods in how this could be delivered.
- However, there would be some areas that would be too difficult to achieve, such as changing the bank account of the Council.

Councillor Daniel Wright-Mason proposed and Councillor Stewart Willoughby seconded and, following a vote, it was:

REFERRED TO CABINET: That Finance, Audit and Risk Committee make recommendations to Cabinet on this Strategy, and in relation to Cabinet's recommendations which are:

That Cabinet recommends to Council that they:

- (1) Approve the adoption of the Investment Strategy (as attached at Appendix A).
- (2) That Council approve the adoption of the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.10 to 8.16).

REASON FOR REFFERAL: To ensure the Council's compliance with CIPFA's code of practice on Treasury Management, the Local Government Act 2003, statutory guidance from Government, and the CIPFA Prudential Code. As well as determining and managing the Councils risk appetite in respect of investments.

59 POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS

Audio recording – 1 hour 15 minutes 00 seconds

The Chair led a discussion regarding possible agenda items for future meetings and no items were suggested. The Chair advised Members to contact him outside of the meeting if there were any suggested topics.

The meeting closed at 8.45 pm

Chair