

**NORTH HERTFORDSHIRE DISTRICT COUNCIL**

**FINANCE, AUDIT AND RISK COMMITTEE**

**MEETING HELD IN THE COUNCIL CHAMBER, COUNCIL OFFICES, GERON ROAD,  
LETCWORTH GARDEN CITY  
ON MONDAY, 16TH MARCH, 2020 AT 7.30 PM**

**MINUTES**

**Present:** *Councillors: Sam North (Vice-Chair), Sam Collins and George Davies*

**In Attendance:** *Ian Couper (Service Director - Resources), Reuben Ayavoo (Policy and Community Engagement Manager), Mark Chalkley (Client Audit Manager SIAS) and Matthew Hepburn (Committee, Member and Scrutiny Officer)*

**64 APOLOGIES FOR ABSENCE**

*Audio Recording – 17 Seconds*

Apologies for absence were received from Councillors: Kate Aspinwall, Morgan Derbyshire, Steve Jarvis, Kay Tart and Michael Weeks.

Having given due notice, Councillor Sam Collins advised that he would be substituting for Councillor Steve Jarvis and Councillor George Davies advised that he would be substituting for Councillor Michael Weeks.

**65 MINUTES - 20 JANUARY 2020**

*Audio Recording – 55 Seconds*

**RESOLVED:** That the Minutes of the Meeting of the Committee held on 20 January 2020 be approved as a true record of the proceedings and be signed by the Chair.

**66 NOTIFICATION OF OTHER BUSINESS**

*Audio Recording – 1 Minute 17 Seconds*

There was no other business notified.

**67 CHAIR'S ANNOUNCEMENTS**

*Audio Recording – 1 Minute 22 Seconds*

- (1) The Chair welcomed those present at the meeting;
- (2) The Chair advised that, in accordance with Council Policy, the meeting would be audio recorded;
- (3) The Chair drew attention to the item on the agenda front pages regarding Declarations of Interest and reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question.

**68 PUBLIC PARTICIPATION**

*Audio Recording – 2 Minutes 4 Seconds*

There was no public participation.

**69 SIAS INTERNAL AUDIT PLAN REPORT**

*Audio Recording – 2 Minutes 9 Seconds*

The Client Audit Manager (SIAS) provided the Committee with background information regarding the SIAS Internal Audit before presenting the report as follows,

- Members were directed to paragraph 2.8 on page 17;
- Details of the targets set for 2020/21 were shown in the table at paragraph 3.3 on page 18 within the report;
- The proposed North Herts District Council Audit Plan was set out in Appendix A on page 20 within the report;
- Appendix B illustrated the Proposed North Herts District Council Audit Plan 2020/21 Reserve List; and
- Appendix C displayed the Audit start dates agreed with Management.

The following Members asked questions:

- Councillor Sam North

In response to the Member's question regarding absence management, the Service Director-Resources and the Client Audit Manager (SIAS) advised that:

- The proposed absence management audit, as listed on Appendix B, was added to the audit plan prior to the Covid-19 outbreak.
- The Client Audit Manager was happy that the absence management audit remained on the reserve list as an option to bring in should it be necessary; and
- As the Covid-19 outbreak is an exceptional situation, it would be managed through business continuity policies rather than absence management.

**RESOLVED:** That the proposed North Herts District Council Internal Audit Plan for 2020/21 be approved

**REASON FOR DECISION:** To ensure that the proposed North Herts District Council Internal Audit Plan for 2020/21 is approved.

**70 SIAS PROGRESS REPORT**

*Audio Recording – 9 Minutes 17 Seconds*

The Client Audit Manager (SIAS) presented the report entitled SIAS Progress Report and provided the Committee with the following information:

- The table at paragraph 2.2 on page 31 within the report illustrated the 2019/20 final reports that had been issued since 15 November 2019;

- The standard template schedule attached at Appendix B showed the management response, target implementation date and the implementation of the status of the agreed high priority audit recommendations that were currently not implemented;
- Small additions of time had been added to the following audits – Time Recording System (2 days) and Workforce Planning and Development (2 days);
- The table at paragraph 2.13 on page 33 within the report displayed the actual performance for North Herts District Council against the targets that could be monitored in year;
- 317 Planned days out of 338 had been delivered;
- 22 Planned Projects out of 27 had been delivered;
- Appendix B summarised the high priority recommendations that had been made previously, 2 of which have been implemented; and
- Appendix C displayed the audit plan start dates agreed with management. 5 reports had now gone to draft including: Expenses, SAFS Review, Financial Resilience of Suppliers, Insurance and Development management.

**RESOLVED:**

- (1) That the Internal Audit Progress Report for the period to 4 March 2020 be noted;
- (2) That the proposed amendments to the 2019/20 Annual Audit Plan be noted; and
- (3) That the implementation status of high priority recommendations be noted.

**REASON FOR DECISIONS:** To ensure that the Internal Audit Progress Report, the 2019/20 Annual Audit Plan and the implementation status of high priority recommendations are noted.

**71 SAFS - PROPOSED ANTI-FRAUD PLAN 2020/21 AND PROGRESS WITH DELIVERY OF 2019/20 ANTI-FRAUD PLAN**

*Audio Recording – 14 Minutes 55 Seconds*

The Head of Shared Anti-Fraud Service provided the Committee with a brief update on the Proposed Anti-Fraud Plan 2020/21 and the progress with delivery of the 2019/20 Anti-Fraud Plan, as follows:

- On target to deliver the plan;
- The Service Director – Resources has been kept updated on the progress;
- The Anti-Fraud Plan for 2021/22 was being thought about;
- The NHDC/SAFS Action Plan 2020/21 as detailed on page 88 within the report; and
- The KPIs 2020/21 as detailed on page 89 within the report.

The Head of Shared Anti-Fraud Service advised that a further annual report would be provided to the Finance, Audit and Risk Committee in May or June 2020 in order to inform Members of all the work undertaken by SAFS and the Authority over the preceding 12 months.

The Head of Shared Ant-Fraud Service directed Members to the Councillor's Workbook on Bribery and Fraud Prevention contained within the report and similarly, brought Members' attention to the International Public Sector Fraud Forum which was made up of governments/authorities in Australia, New Zealand, Canada and the USA.

**RESOLVED:** That the SAFS/NHDC Anti-Fraud Plan 2020/21 be reviewed and approved.

**REASON FOR DECISION:** To ensure the SAFS/NHDC Anti-Fraud Plan for 2020/21 is reviewed and approved.

**72 LOCAL CODE OF CORPORATE GOVERNANCE 2020 AND ANNUAL GOVERNANCE STATEMENT 2018/19 (ACTION PLAN FOR 2019/20) UPDATE**

*Audio Recording – 19 Minutes 57 Seconds*

The Committee received the report entitled Local Code of Corporate Governance 2020 and Annual Governance Statement 2018/19 (Action Plan for 2019/20) Update, provided by the Policy and Community Engagement Manager.

The Policy and Community Engagement referred Members to the following:

- Paragraph 7.2 on page 92 within the report;
- Appendix A starting on page 97 within the report and advised that the basis of assessment had stayed the same for that year. The only amendment made was the addition of the revised Council Objectives that had been agreed earlier in the year;
- Paragraph 8.2 on page 93 within the report and advised that Appendix B detailed the progress made against the individual actions against the Action Plan for 2019/20; and
- Appendix B on page 109 within the report and stated that of the 8 actions, 5 had been completed and the remaining 3 were on-going for that financial year.

The following Members asked questions:

- Councillor Sam Collins.

In response to the Members' question relating to the Gender Pay Gap report action plan for 2019/20, the Policy and Community Engagement Manager responded that the report was published on an annual basis and that it was being prepared for the end of March 2020. This report would be published on the North Herts District Council website as well as going to the Joint Staff Consultative Committee.

**RESOLVED:**

- (1) That the Local Code of Corporate Governance 2020 (Appendix A) be approved;
- (2) That the current position with the AGS Action Plan (Appendix B) be noted.

**REASONS FOR DECISIONS:**

- (1) It is recommended practice to review the Local Code of Corporate Governance each year to ensure it remains up to date and relevant.
- (2) Reviewing the AGS Action Plan during 2019/20 provides the Committee with assurances that NHDC is following through with recommended changes and/or improvements to its governance arrangements.

**73 RISK AND OPPORTUNITIES MANAGEMENT UPDATE**

*Audio Recording – 23 Minutes 21 Seconds*

The Service Director – Resources presented the report entitled Risk and Opportunities Management Update and advised the Committee as follows:

- There were a series of changes to the waste risks;
- The changes consolidate the existing Waste risks into 4 risk entries – 2 Corporate Risks and 2 Service Risks;
- The Key Changes in approach were outlined in table 2 at paragraph 8.6; and
- Covid-19 was a significant corporate risk and would be scored at a 9.

Members entered into a brief discussion relating to the Covid-19 outbreak and the impact it would have on the Council.

The Service Director – Resources agreed with the concerns raised by Members and added that at present, working was being done to ensure Council services could be kept running during the Covid-19 outbreak. The Service Director – Resources further explained that there would be a recovery phase and potentially an emergency response across the County in the future.

Councillor Sam North, as a Deputy Executive Member, advised that Executive Members were being briefed by Senior Management in relation to Covid-19 and Members were instructed to contact the Communications Manager for any updates regarding the matter.

In response to a series of questions raised by Members, the Service Director – Resources responded accordingly.

**RESOLVED:** That the review/changes to the Corporate Risks for the quarter be noted;

**RECOMMENDED TO CABINET:**

- (1) That the proposed changes to the Waste risks be approved, with the exception of the archiving of the Route Optimisation of Collection Rounds risk which should be retained until further information is provided;
- (2) The archiving of the North Hertfordshire Museum and Town Hall project risk following sign off by Project Board;
- (3) That the Covid-19 outbreak be added as a Corporate Risk with a score of 9; and
- (4) That the proposed Risk Management Framework documents, to replace the current Policy and Strategy, be approved.

**REASONS FOR DECISIONS:**

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

## 74 THIRD QUARTER REVENUE MONITORING 2019/20

*Audio Recording – 44 Minutes 35 Seconds*

The Service Director – Resources presented the report entitled Third Quarter Revenue Monitoring 2019/20 and provided the Committee with the following information:

- Much of the focus was on table 3, starting at page 154 within the report;
- There was a £130k reduction in Planning Application Income forecasted; and
- Table 4 on page 158 within the report detailed the significant sources of income.

The following Members asked questions:

- Councillor Sam Collins; and
- Councillor Sam North.

In response to questions raised, the Service Director – Resources responded as follows:

- The date of approval for the Local Plan was not yet known; and
- The increase in income from Parking Penalty Charge Notices was partly due to there being a full team of Parking Enforcement Officers.

### **RECOMMENDED TO CABINET:**

- (1) That the Third Quarter Revenue Monitoring 2019/20 be noted;
- (2) That the changes to the 2019/20 General Fund Budget, as identified in table 3 and paragraph 8.2, a £262k in net expenditure be approved;
- (3) That the changes to the 2020/21 General Fund budget, as identified in table 3 and paragraph 8.2, a £287k in net expenditure be approved.

### **REASON FOR DECISIONS:**

Members are able to monitor, make adjustments within the overall budgetary framework and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.

## 75 THIRD QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2019/20

*Audio Recording – 49 Minutes*

The Service Director – Resources presented the report entitled Third Quarter Investment Strategy (Capital and Treasury) Review 2019/20 and drew Members' attention to the following:

- Table 2 at paragraph 8.4 on page 167 within the report, with particular focus on the scheme to provide Housing at Market Rents. The Service Director – Resources explained that in relation to that scheme, there had been delays in undertaking work at Harkness Court and that work would now commence in 2020/21;
- Table 3 on page 169 within the report; and
- Treasure Management 2019/20 - Paragraph 8.10 on page 170 within the report.

The following Members asked questions:

- Councillor Sam North; and
- Councillor Sam Collins.

In response to questions raised, the Service Director – Resources responded as follows:

- Full Council set the Treasury and Investment Strategy;
- A recommendation to Full Council would not be necessary as it stood currently;
- Breaching the £5M limit in the current account was not planned;
- The majority of people paid Council Tax by Direct Debit, therefore funds would be automatically received; and
- Despite the changes to the Business Rates, there would no financial impact on the Council as there would be a Section 31 Grant made available.

**RECOMMENDED TO CABINET:**

- (1) That the forecast expenditure of £1.804million in 2019/20 on the capital programme be noted;
- (2) That the adjustments to the capital programme for 2019/20 onwards as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in 2020/21 and beyond by £3.831million be approved;
- (3) That the position of the available of capital resources, as detailed in table 3 paragraph 8.6 and the requirement to keep the capital programme under review for affordability, be noted;
- (4) That the position of Treasure Management activity as at the end of December 2019 be noted.

**REASONS FOR RECOMMENDATIONS**

- (1) Cabinet is required to approve adjustments to the capital programme and ensure the capital programme is fully funded.
- (2) To ensure the Council's continued compliance with CIPFA's code of practice on Treasury Management and the Local Government Act 2003 and that the Council manages its exposure to interest and capital risk.

**76 POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS**

*Audio Recording – 58 Minutes 24 Seconds*

The Chair requested that the following items be discussed at the next meeting of the Finance, Audit and Risk Committee:

- An update on the impact of Covid-19 on the Council; and
- Route Optimisation of Collection Rounds.

The meeting closed at 8.31 pm

Chair