

NORTH HERTFORDSHIRE DISTRICT COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE

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

MINUTES

Present: *Councillors: Sean Nolan (Chair), Vijaiya Poopalasingham (Vice-Chair), Ruth Brown, Sam Collins, Steven Patmore, Paul Ward and Stewart Willoughby.*

John Cannon and Councillor Ian Albert Non-voting advisory role.

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

Other Presenters: *Darren Bowler (Counter-Fraud Manager, Shared Anti Fraud Service) and Chris Wood (Head of Assurance Services (HCC) & Client Audit Manager (NHDC)).*

Also Present: *There were no members of the public in attendance for the duration of this meeting.*

63 APOLOGIES FOR ABSENCE

Audio recording – 1 minute 30 seconds

Apologies for absence were received from Councillor Dominic Griffiths.

Having given due notice, Councillor Sam Collins substituted for Councillor Griffiths.

Councillor Tina Bhartwas was absent.

64 MINUTES - 5 FEBRUARY 2025

Audio Recording – 1 minute 54 seconds

Councillor Stewart Willoughby noted that there were spelling errors within the Minutes which needed to be corrected.

Councillor Sean Nolan, as Chair, proposed and Councillor Ruth Brown seconded and, following a vote, it was:

RESOLVED: That the Minutes of the Meeting of the Committee held on 5 February 2025 be approved, as amended, as a true record of the proceedings and be signed by the Chair.

65 NOTIFICATION OF OTHER BUSINESS

Audio recording – 3 minutes 36 seconds

There was no other business notified.

66 CHAIR'S ANNOUNCEMENTS

Audio recording – 3 minutes 40 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.
- (4) The Chair advised that the following changes to the order of Agenda had been made since publication, Agenda Item 11 would now follow Agenda Item 8.

67 PUBLIC PARTICIPATION

Audio recording – 4 minutes 34 seconds

There was no public participation at this meeting.

68 SAFS ANTI-FRAUD PLAN PROGRESS UPDATE 2024/25

Audio Recording – 4 minutes 40 seconds

The Counter Fraud Manager presented the report entitled 'SAFS Anti-Fraud Plan Progress Update 2024-25' and highlighted that:

- The report showed that the performance at the end of December 2024 was in line with the Key Performance Indicators (KPIs) laid out in the annual plan.
- The KPIs highlighted in green were complete and those in yellow were expected to be met but were not yet complete.
- So far this year there were 87 allegations of fraud of which 33 were live investigations.
- In 5 cases SAFS have identified £34k lost, a further £21k prevented from loss and £20k recovered.
- 5 civil penalties had been being issued, of which 2 were cases of providing false allegations.
- SAFS were working together with the National Fraud Team as part of the Fraud Hub.

The following Members asked questions:

- Councillor Sam Collins
- Councillor Paul Ward
- Independent Person John Cannon

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

- Two of the KPIs in appendix B could not be monitored, these were left in the report due to being part of the plan, these KPIs were being met but there was no data available to show this in the report.
- It was hard to predict what would happen in terms of fraud cases but at the moment it was expected there would be fewer instances than previous years. The final data would be presented in the end of year report.
- Data on trends year on year was not available, but it would be circulated to the appropriate Officers when available.

- The anti-fraud week was an international media campaign. SAFS participate in the campaign to promote anti-fraud services throughout Hertfordshire and Bedfordshire.

Councillor Stewart Willoughby proposed and Councillor Vijaiya Poopalasingham 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.

69 SAFS PROPOSED ANTI-FRAUD PLAN 2025/26

Audio Recording – 16 minutes 31 seconds

The Counter Fraud Manager presented the report entitled 'SAFS Proposed Anti-Fraud Plan 2025-26' and highlighted that:

- In preparing this report SAFS used theory from five publications on how to prevent fraud, these were listed on paragraph 3 of the report.
- The report was similar to the previous plan for 2024/25, and it outlined how to prevent and deter fraud and corruption, as well as the controls used to reduce fraud.
- The objectives and KPIs for 2025/26 were set out through pages 30-34.

The following Members asked questions:

- Councillor Ruth Brown
- Councillor Paul Ward
- Councillor Sam Collins

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

- There were two short appendices on page 25.
- KPIs that related to service delivery were not binary as they were more flexible. For example, meeting with the council was quarterly, but the report used the wording 'regularly' to allow SAFS and the Council to control the frequency of meetings due to need throughout the year.
- Attending the resources meetings allowed SAFS to prepare papers and give an input to issues raised by the Council, for example how do SAFS deal with individual instances of fraud.
- The current standard response time was 24 hours for all reports of fraud. The system used by SAFS did not have the capacity to measure the high priority reports, therefore the KPI was for all reports to be dealt with within 48 hours to build in for delays due to the reporting service being available 24/7.

In response to questions, the Service Director - Resources advised that it was within the remit of this Committee to amend wording in relation to the KPIs included. The Committee could delegate authority to the Service Director – Resources and SAFS to amend these as requested by Members.

Councillor Ruth Brown proposed with an additional recommendation 2.2 and Councillor Sam Collins seconded and, following a vote, it was:

RESOLVED:

- (1) That Committee reviewed and approved the Anti-Fraud Plan 2025/26.

- (2) That the Committee delegated authority to the Service Director – Resources to review and update the language, alongside SAFS, to make the KPIs, attached at Appendix B, more specific, particularly in relation to 1 and 3.

70 SIAS PROPOSED PLAN 2025/26

Audio Recording – 34 minutes 50 seconds

The SIAS The SIAS Head of Assurance presented the report entitled 'SIAS Proposed Plan 2025-26' and highlighted that:

- The Internal Audit Strategy was shown in Appendix E and was for Members to comment on.
- SIAS board would approve the strategy in June 2025 after it was reviewed by all partner audit Committees.
- There was an error in the report and the client satisfaction target on page 46 of the report should be 90%, instead of 100%. This Paper was published before the SIAS board approved KPIs.
- There was a group of General Internal Audits totalling 48 days. These potential projects are listed at page 53 of the report. These had not yet been formally confirmed, and the Committee would be informed when these were finalised.

The following Members asked questions:

- Councillor Ruth Brown
- Councillor Sean Nolan
- Councillor Paul Ward

In response to questions, the SIAS Head of Assurance advised that:

- The projects that were audited would be decided by doing a risk assessment in conjunction with Service Directors.
- Changes to Professional Standards did not impact this report but some of the new Standards required more around root cause analysis.
- Each progress update, the last one was 5 February 2025, had the implementation status of high priority SIAS recommendations and the inclusion of an audit in the Audit Plan was reflective of the interest this Committee took in the implementation status high priority recommendations. This was appreciated.

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

RESOLVED: That Committee

- (1) Approved the proposed North Herts Council Internal Audit Plan for 2025/26.
- (2) Noted the SIAS Internal Audit Strategy and provide any comments prior to approval by the SIAS Board.

71 LOCAL CODE OF CORPORATE GOVERNANCE 2025

Audio Recording – 45 minutes 47 seconds

The Policy & Strategy Team Leader presented the report entitled 'Local Code of Corporate Governance 2025' and highlighted that:

- It was good practice for The Local Code of Corporate Governance to be reviewed annually and it had been a year since the last update.
- The 2025 version was based on the CIPFA/Solace framework 2016 principles.
- Appendix A showed the Code in a diagram which laid out all the principles.
- As approved the Code would go on the Councils web page and would provide a basis for the Annual Governance Statement (AGS) for 24/25.

In response to a question by Independent Member John Cannon, the Policy & Strategy Team Leader advised that there were no changes this year but there was an ongoing consultation on an addendum which would go into next year's update.

Councillor Ruth Brown proposed, and Councillor Stewart Willoughby and, following a vote, it was:

RESOLVED: That Committee approved the Local Code of Corporate Governance 2025 (Appendix A).

REASONS FOR DECISION: It is recommended practice to review the Local Code of Corporate Governance each year to ensure it remains up to date and relevant.

72 THIRD QUARTER REVENUE BUDGET MONITORING 2024/25

Audio Recording – 49 minutes 50 seconds

The Service Director – Resources presented the report entitled 'Third Quarter Revenue Budget Monitoring 2024/25' and highlighted the following:

- Table 3 of the report highlighted changes and carry forward, indicating the predicted spends on these areas would not be achieved this year. However, money would still, in the main, be spent the following year and therefore there would be no net improvement.
- The final column of Table 3 showed the ongoing impact of any over and underspend, showing an increase in planned spend for next year of £76,000. Reasons show for over or underspend were included and although this level of overspend was concerning, it was not at a level the Council needed to take drastic action.
- Paragraph 8.4 of the report referred to carry forward from the previous year. Some of these were ongoing underspends due to lack of capacity or outside factors meaning works had not been achieved yet.
- The Corporate Financial Health Indicators were shown numerically in Table 4 of the report and then further context to these included at Table 5 of the report.
- The General Fund showed a £840k increase due to a lower net expenditure, most of which was carry forward to next year.
- The report also monitored financial risk and as this was towards the end of the year, most risks would now have been realised if they were going to happen, but it was still important to be aware of them despite it being less likely to encounter a risk.

The following Members asked questions:

- Councillor Sam Collins
- Councillor Ruth Brown
- Councillor Paul Ward
- Independent Member John Cannon

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

- The underspend seen within the apprentice scheme included those apprentices remaining within the Council and finding other roles before the end of their apprenticeship. The Council currently had 10 apprentices, which was above the ongoing budget of 8.
- In terms of the general staffing issues, this was resulting in the Council not undertaking or postponing work which resulted in carry forward of budgets.
- Staffing gaps were an issue experienced across local authorities, with specific issues in certain difficult to recruit areas, such as planning or legal.
- Some of the cause may be due to pay levels, the Council had been using an LGA tool to benchmark pay against other authorities and was working on interpreting the data.
- The latest Staff Survey showed that most staff found the Council a good place to work and would recommend the Council as a place to work to others. However, in some cases, it was proving challenging to replace staff when they did decide to leave.
- The Council would continue to work on recruitment, including around non-pay benefits and the advertising of roles.
- While recruitment is challenging project prioritisation was important.
- The Council were competing with the private sector, which had bigger resources and therefore could pay more. In response to this, the Council was working on growing talent in house, through career graded positions.
- There had previously been trends with the number of burials going down and then up again. At this stage, the Council were observing current trends rather than reflecting to the impact of ongoing reduced income too early.
- The budget for included additional resource to try to increase revenue from commercial refuse and recycling; however, it was about providing a service to businesses that covered costs, not making a substantial profit.
- Planning applicants pay a fee when submitting an application, however this can only be reflected as income when the application has been resolved. Therefore, these were highlighted as funds that are coming but were not yet available to the Council.

In response to questions, Councillor Ian Albert, as Executive Member for Finance and IT, advised that:

- The Council had a wonderful array of staff and improvements to recruitment and retention had been made through the introduction of flexible working policies, which allowed people to work from around the country and attracted talent from further away.
- The Corporate Peer Challenge was presented to the Overview and Scrutiny Committee and a key part of this was to develop a new HR Strategy, which would reflect the new priorities of the Council.

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

RECOMMENDED TO CABINET: The Finance, Audit and Risk Committee commented on the assumptions and information contained within this report, in the context that Cabinet agrees that:

- (1) That Cabinet note this report.
- (2) That Cabinet approve the changes to the 2024/25 General Fund budget, as identified in table 3 and paragraph 8.2, a £840k decrease in net expenditure.
- (3) That Cabinet approve the changes to the 2025/26 General Fund budget, as identified in table 3 and paragraph 8.2, a total £807k increase in net expenditure.

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

73 THIRD QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2024/25

Audio Recording – 1 hour 16 minutes 4 seconds

N.B. Cllr Paul Ward declared an interest in this item due to his employment and left the chamber.

The Service Director – Resources presented the report entitled 'Third Quarter Investment Strategy (Capital and Treasury) Review 2024/25' and highlighted the following:

- The Q2 Investment Strategy Review highlighted a significant amount of slippage. Due to this being caught earlier there was less slippage in Q3, which was detailed at Table 2 of the report.
- Table 3 of the report highlighted changes to forecast spend, with some slippage moving forward into this financial year.
- The Council had forecast a positive CFR by end of the year; meaning the Council would move into a borrowing position and would borrow internally against cash reserves.
- Paragraph 8.9 of the report onwards detailed the surplus cash.
- All investments were in accordance with the Council treasury strategy and paragraph 8.11 of the report highlighted where these investments were.
- The Local Authority Market currently had the best returns and therefore most of the Council's investments were there, however there were some investments in banks and with DMO.

The following Members asked questions:

- Councillor Sam Collins
- Councillor Vijaiya Poopalasingham

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

- If Local Government restructuring happened, then the money this Council invested in other Councils would be transferred into the new Authority that North Hertfordshire Council became part of.
- If this Council became part of a different Local Authority, then assets and money transfer across to the new Local Authority.
- The number of Home Repair Assistance grants given out in the last financial year was not currently available but could be provided to Members.

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

RECOMMENDED TO CABINET: The Finance, Audit and Risk Committee commented on the recommendations to Cabinet, which are:

- (1) That Cabinet noted the forecast expenditure of £16.816M in 2024/25 on the capital programme, paragraph 8.3 refers.
- (2) That Cabinet approved the adjustments to the capital programme for 2024/25 onwards, as a result of the revised timetable of schemes detailed in table 2 and 3, increasing the estimated spend in 2025/26 by £0.627M.

- (3) That Cabinet noted the position of the availability of capital resources, as detailed in table 4 paragraph 8.6 and the requirement to keep the capital programme under review for affordability.
- (4) Cabinet is asked to note the position of Treasury Management activity as at the end of December 2024.

REASON 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.

N.B. Cllr Paul Ward returned to the Chamber at 20:55.

74 POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS

Audio recording – 1 hour 24 minutes 46 seconds

The Chair led a discussion regarding possible agenda items, and training needs for meetings in the next civic year.

Councillor Paul Ward requested training with an insight into the working of the fraud area, with worked examples.

Independent Member John Cannon suggested training based on Local Government Reorganisation and the potential consequences in regard to finance and risk.

The meeting closed at 8.55 pm

Chair