

NORTH HERTFORDSHIRE DISTRICT COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE

**MEETING HELD IN THE COUNCIL CHAMBER, COUNCIL OFFICES,
GERNON ROAD, LETCHWORTH GARDEN CITY
ON MONDAY, 29TH JULY, 2019 AT 7.30 PM**

MINUTES

Present: *Councillors Councillor Kate Aspinwall (Chairman), Councillor Sam North (Vice-Chairman), Morgan Derbyshire, Steve Jarvis, Michael Weeks and Adem Ruggiero-Cakir (In place of Kay Tart)*

In Attendance: *Nick Jennings (Shared Anti-Fraud Manager, Shared Anti-Fraud Services), Darren Bowler (Assistant Manager, Shared Anti Fraud Service), Suresh Patel (Audit Executive Director, Ernst and Young), Julie Criel (Ernst and Young), (Ian Couper (Service Director - Resources), Antonio Ciampa (Accountancy Manager), Reuben Ayavoo (Policy and Community Engagement Manager) and Hilary Dineen (Committee, Member and Scrutiny Manager)*

Also Present: *At the commencement of the meeting approximately 2 members of the public.*

14 APOLOGIES FOR ABSENCE

Audio Recording – 1 minutes 15 seconds

Apologies for absence were received from Councillor Kay Tart.

Having give due notice Councillor Adem Ruggiero-Cakir advised that he would be substituting for Councillor Tart.

15 MINUTES - 3 JUNE 2019

Audio Recording – 1 minute 45 seconds

Councillor Michael Weeks apologised for his non-attendance at the meeting held on 3 June 2019.

RESOLVED: That the Minutes of the Meeting of the Committee held on 3 June 2019 be approved as a true record of the proceedings and be signed by the Chairman.

16 NOTIFICATION OF OTHER BUSINESS

Audio Recording – 2 minutes 41 seconds

There was no other business notified.

17 CHAIRMAN'S ANNOUNCEMENTS

Audio Recording – 2 minutes 45 seconds

(1) The Chairman welcomed those present at the meeting, especially those who had attended to give a presentation;

- (2) The Chairman advised that, in accordance with Council Policy, the meeting would be audio recorded;
- (3) The Chairman 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;
- (4) The Chairman reminded Members to complete their skills audit. The Service Director – Resources was working hard to train members of the Committee to a high standard.

18 PUBLIC PARTICIPATION

Audio Recording – 3 minutes 44 seconds

There were no presentations by members of the public.

19 SHARED ANTI-FRAUD SERVICE REPORT

Audio Recording – 3 minutes 50 seconds

The Shared Anti-Fraud Manager, Shared Anti-Fraud Services, introduced the Shared Anti-Fraud Service Report.

The Assistant Manager, Shared Anti Fraud Service, presented the detail of the report.

The following Members took part in the debate and asked questions:

- Councillor Michael Weeks;
- Councillor Sam North;
- Councillor Steve Jarvis;
- Councillor Kate Aspinwall.

The Shared Anti-Fraud Manager and Assistant Manager provided answers to questions raised by Members.

A workbook on anti bribery and fraud was given to each Member.

RESOLVED: That the report entitled Shared Anti-Fraud Service be noted.

REASON FOR DECISION: To enable the Finance, Audit and Risk Committee to review the following:

- The Councils work to combat fraud in 2018/19;
- The performance of SAFS in meeting its KPIs in 2018/19;
- The progress delivering the Councils 2019/20 Anti-Fraud Plan.

20 ANNUAL GOVERNANCE STATEMENT 2018

Audio Recording – 27 minutes 44 seconds

The Policy and Community Engagement Manager presented the report entitled Annual Governance Statement 2019 together with the following appendix:

- Appendix A – Annual Governance Statement for 2018/19 and Action Plan.

RESOLVED:

- (1) That the review of Finance Audit and Risk Committee that advised that it was compliant with CIPFA regulations be noted;
- (2) That the Annual Governance Statement for 2018/19 and the amended action plan, as attached to the report at Appendix A, be approved.

REASON FOR DECISIONS:

- (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) This Committee is the legal body with responsibility for approval of the AGS;
- (3) Reviewing the AGS Action Plan during 2019/20 will provide the Committee with assurances that NHDC is examining and where necessary improving its governance arrangements.

21 AUDIT FINDINGS REPORT FOR NHDC 2018/19

Audio Recording – 30 minutes 43 seconds

The Audit Executive Director and Engagement Partner, Ernst and Young, presented the report entitled Audit Findings Reports for NHDC 2018/19.

The following Members entered into the debate:

- Councillor Michael Weeks.

RESOLVED: That the report entitled Audit Findings for NHDC 2018/19 be noted.

REASON FOR DECISION: To enable the Finance, Audit and Risk Committee to consider the Audit Findings for NHDC 2018/19.

22 STATEMENT OF ACCOUNTS 2018/19

Audio Recording – 39 minutes 5 seconds

The Service Director – Resources presented the report entitled Statement of Accounts 2018/19 together with the following appendix:

- Appendix A- Statement of Accounts 2018/19 (with highlighted changes).

RESOLVED: That the 2018/19 Annual Statement of Accounts, as set out in Appendix A, be approved and signed by the Chairman.

Note: The Chairman signed the Accounts.

REASON FOR DECISION: To ensure that the Council abides by the Audit and Account Regulations 2015, which require the approval and publication of the Statement of Accounts by no later than the 31 July 2019.

23 ANNUAL REPORT ON RISK MANAGEMENT 2018/2019

Audio Recording – 42 minutes 33 seconds

The Chairman advised that this agenda item and any reports had been amalgamated with Agenda Item 11.

24 RISK AND OPPORTUNITIES MANAGEMENT UPDATE

Audio Recording – 42 minutes 43 seconds

The Service Director-Resources presented the report entitled Risk and Opportunities Management Update together with the following appendices:

- Appendix A - New Risk Anti Social Behaviour;
- Appendix B - Annual Report on Risk Management 2018-19.

The Risk Management Group would hold its next meeting on 8 August 2019 and Members of this Committee were welcome to attend. This Group discussed a number of issues and reviewed at least one corporate risk per meeting.

He explained that it was for the Committee to consider suggested changes to the risks

A new risk was being brought to the attention of the Committee, being the Impact of Anti-Social Behaviour on Council Facilities. This was being presented as a Service Risk, although the Committee could change this.

This did not relate to Anti Social Behaviour in general, but to the effect on Council properties.

Appendix B of the report was the Annual Report on Risk Management that would be considered by Cabinet and Council.

The following Members asked question and entered in the debate:

- Councillor Sam North;
- Councillor Kate Aspinwall
- Councillor Steve Jarvis;
- Councillor Michael Weeks.

Members felt that the Anti-Social Behaviour risk should be a Corporate Risk. The Council needed to consider the likelihood of the impact and threats associated with this risk. This had already had an effect on the ability to keep car parks open and public toilets had been vandalised and had to be closed resulting in a cost to the Council.

Members noted that, in Letchworth, although the rates of crime had dropped, anti-social behaviour had dramatically increased in the Town Centre. This may result in the Council having to provide more services such as CCTV and lighting.

Members also noted that this was not only regarding financial risk, but also reputational risk and the ability to provide services.

The Service Director-Resources advised that CCTV had been discussed in relation to the multi store car parks, however it would be difficult to place cameras in a place that they would not also be damaged.

The Chairman asked the Committee to consider a new risk regarding Climate Emergency and the impact that mitigation would have on the Council. Placing this item on the Risk Matrix

would ensure more scrutiny. It was suggested that this risk should be related to the Council's implementation of the Climate Change Strategy.

The Service Director- Resources advised that this would be referred to the Risk Management Group and, following consideration by that Group, would be referred back to this Committee.

Members asked for the link to the Council's Risk Management System, Pertana, be circulated to all Members and substitutes of the Committee.

RESOLVED:

- (1) That the Service Director – Resources be requested to refer an update to the existing Climate Change risk to the Risk Management Group;
- (2) That the Workforce Planning Risk retain its current Risk score of 5.
- (3) That the Service Director – Resources be requested to circulate the link to the Council's Risk Management System, Pertana, to all Members and Substitutes of this Committee.

RECOMMENDED TO CABINET:

- (1) That the risk entitled Impact of Anti-Social Behaviour on Council Properties be adopted as a Corporate Risk;
- (2) That the Annual Report on Risk and Opportunities be noted and referred to Full Council for consideration.

REASON 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.

25 FIRST QUARTER REVENUE BUDGET MONITORING 2019/20

Audio Recording – 1 hour 9 minutes 51 seconds

The Accountancy Manager presented the report entitled First Quarter Revenue Budget Monitoring 2019/20.

The following Members took part in the debate:

- Councillor Kate Aspinwall:
- Councillor Michael Weeks.

RECOMMENDED TO CABINET:

- (1) That Cabinet note this report;
- (2) That Cabinet approves the changes to the 2019/20 General Fund budget, as identified in table 3 and paragraph 8.2, a £239k decrease in net expenditure;
- (3) That Cabinet notes the changes to the 2020/21 General Fund budget, as identified in table 3 and paragraph 8.2, a £130k decrease in net expenditure. These will be incorporated in the draft revenue budget for 2020/21.

REASON FOR DECISIONS: To enable the Finance, Audit and Risk Committee to consider the report entitled First Quarter Revenue Budget Monitoring 2019/20 prior to consideration by Cabinet.

26 FIRST QUARTER INVESTMENT STRATEGY (Integrated and Treasury Monitoring) 2019/2020

Audio Recording – 1 hour 17 minutes 58 seconds

The Service Director – Resources presented the report entitled First Quarter Investment Strategy (Capital and Treasury) Review together with the following appendices:

- Appendix A - Capital Assets as at 31 March 2019;
- Appendix B - Capital Programme Detail including Funding 2018/19 onwards;
- Appendix C - Treasury Management Update.

The following Members asked questions and took part in the debate:

- Councillor Sam North;
- Councillor Michael Weeks.

In response to a question about the riskiness of investing in other Councils, the Service Director – Resources advised that all Councils had the ability to raise Council Tax and were subject to strict controls. Most trading and commercial ventures were done through companies, which gave some protection to the Council.

In response to a further question he advised that most investments were managed in-house, although fund management was used for approximately 25 percent of investments. These were used where the rate obtained (after fees) was better than could be obtained in-house.

RESOLVED: That the report entitled First Quarter Investment Strategy (Capital and Treasury) Review be noted.

RECOMMENDED TO CABINET:

- (1) That Cabinet notes the forecast expenditure of £7.822million in 2019/20 on the capital programme, paragraph 8.2 refers;
- (2) That Cabinet approves 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 by £1.408million;
- (3) That Cabinet notes the position of the availability of capital resources, as detailed in table 3 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 May 2019.

REASON FOR DECISIONS: To enable the Finance, Audit and Risk Committee to consider the report entitled First Quarter Investment Strategy (Capital and Treasury) Review prior to consideration by Cabinet.

27 MEDIUM TERM FINANCIAL STRATEGY 2020-25

Audio Recording – 1 hour 35 minutes 5 seconds

The Service Director – Resources presented the report entitled Medium term Financial Strategy 2020-25 together with the following appendix:

- Appendix A- Medium Term Financial Strategy 2020-25.

The following Members asked questions and took part in the debate:

- Councillor Kate Aspinwall;
- Councillor Steve Jarvis;
- Councillor Sam North.

Members queried how the Commercialisation Strategy interacted with the Medium Term Financial Strategy and asked what estimates had been made regarding growth.

The Service Director- Resources advised that he expected these would form part of detailed budget setting.

Members suggested that the MTFS should contain a comment that it did not take account of any potential impacts of Brexit.

In response to a question about how the MTFS reflected housing growth, the Service Director – Resources advised that currently there was an assumption of one percent growth in Council Tax Base.

RECOMMENDED TO CABINET:

- (1) That Cabinet ask the Service Director – Resources to update the MTFS to show that it did not take account of any potential impacts of Brexit;
- (2) That Cabinet recommends to Full Council the adoption of the Medium Term Financial Strategy 2020-25 as attached at Appendix A.

REASON FOR RECOMMENDATIONS: To enable the Finance, Audit and Risk Committee to consider the report entitled Medium Term Financial Strategy prior to consideration by Cabinet.

28 FUTURE MEETINGS - POSSIBLE AGENDA ITEMS

Audio Recording – 1 hour 48 minutes 16 seconds

The Chairman requested that should any Members have any suggestions for agenda items at future meetings would the please advise himself, officers or the Committee Clerk.

The meeting closed at 9.19 pm

Chairman