Alison Stuart
Head of Legal and
Democratic Services

MEETING	**:**	PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY COMMITTEE
VENUE	**:**	COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE	**:**	TUESDAY 22 JANUARY 2019
TIME	**:**	7.00 PM

MEMBERS OF THE COMMITTEE

Councillor M Pope (Chairman)
Councillors A Alder, P Ballam, P Boylan, S Cousins, K Crofton, D Oldridge, T Page, L Radford, S Reed, P Ruffles, T Stowe, J Wyllie (Vice-Chairman) and Vacancy

Substitutes

Conservative Group: Councillors R Brunton, R Henson, W Mortimer and C Woodward

(Note: Substitution arrangements must be notified by the absent Member to Democratic Services 24 hours before the meeting)

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DISCLOSABLE PECUNIARY INTERESTS

1.   A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:

- must not participate in any discussion of the matter at the meeting;

- must not participate in any vote taken on the matter at the meeting;

- must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;

- if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;

- must leave the room while any discussion or voting takes place.

2.   A DPI is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they were civil partners) within the descriptions as defined in the Localism Act 2011.

3.   The Authority may grant a Member dispensation, but only in limited circumstances, to enable him/her to participate and vote on a matter in which they have a DPI.

4.   It is a criminal offence to:

- fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register;
- fail to notify the Monitoring Officer, within 28 days, of a DPI that is not on the register that a Member disclosed to a meeting;
- participate in any discussion or vote on a matter in which a Member has a DPI;
- knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a DPI or in disclosing such interest to a meeting.

(Note: The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale and disqualification from being a councillor for up to 5 years.)

Public Attendance

East Herts Council welcomes public attendance at its meetings and will provide a reasonable number of agendas for viewing at the meeting. Please note that there is seating for 27 members of the public and space for a further 30 standing in the Council Chamber on a "first come first served" basis. When the Council anticipates a large attendance, an additional 30 members of the public can be accommodated in Room 27 (standing room only), again on a "first come, first served" basis, to view the meeting via webcast.

If you think a meeting you plan to attend could be very busy, you can check if the extra space will be available by emailing democraticservices@eastherts.gov.uk or calling the Council on 01279 655261 and asking to speak to Democratic Services.

Audio/Visual Recording of meetings

Everyone is welcome to record meetings of the Council and its Committees using whatever, non-disruptive, methods you think are suitable, which may include social media of any kind, such as tweeting, blogging or Facebook. However, oral reporting or commentary is prohibited. If you have any questions about this please contact Democratic Services (members of the press should contact the Press Office). Please note that the Chairman of the meeting has the discretion to halt any recording for a number of reasons, including disruption caused by the filming or the nature of the business being conducted. Anyone filming a meeting should focus only on those actively participating and be sensitive to the rights of minors, vulnerable adults and those members of the public who have not consented to being filmed.

AGENDA

1. Chairman's Announcements

2. Apologies

3. Minutes (Pages 7 - 10)

   To approve as a correct record the Minutes of the meeting held on 20 November 2018

4. Declarations of Interest

   To receive any Members' Declarations of Interest and Party Whip arrangements

5. Annual Audit Letter and External Grants Certification Summary

   "To follow"

6. Treasury Management - Mid year Review 2017-18

   "To follow"

7. Treasury Management and capital strategies for 2019/20

   "To follow"

8. Capital Strategy - going forward

   "To follow"

9. <u>Shared Internal Audit Services - Update on the Audit Plan</u> (Pages 11 - 34)

10. <u>Progress on Anti-Fraud Plan 2018/19</u> (Pages 35 - 50)

11. <u>Performance Audit and Governance - Work Programme 2018/19</u> (Pages 51 - 66)

12. <u>Cyber Security and IT Disaster Recovery</u> (Pages 67 - 72)

13. <u>Exclusion of the Press and Public</u>

    To move that under section 100(A)(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the discussion of item 14 on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the said Act of the following description:

    Information relation to the financial or business affairs of any particular person (including the authority holding that information)

14. <u>Section 106 Agreements</u> (Pages 73 - 94)

    Note - Essential Reference Papers "B" and "C" are enclosed for Members only as they contain exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. In considering these matters, the meeting may exclude the press and public as detailed at item 13

15. <u>Urgent Items</u>

    To consider such other business as, in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.

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MINUTES OF A MEETING OF THE PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY COMMITTEE HELD IN THE COUNCIL CHAMBER, WALLFIELDS, HERTFORD ON TUESDAY 20 NOVEMBER 2018, AT 9.20 PM

PRESENT: Councillor M Pope (Chairman)
Councillors A Alder, P Ballam, K Crofton, D Oldridge, T Page, L Radford, S Reed, P Ruffles, T Stowe and J Wyllie

OFFICERS IN ATTENDANCE:

| Lorraine Blackburn | - | Democratic Services Officer |
| Mike Edley | - | Interim Scrutiny Officer |

280   CHAIRMAN'S ANNOUNCEMENTS

The Chairman drew Members' attention to a number of housekeeping issues.

281   APOLOGIES

Apologies for absence were received from Councillor P Boylan and S Cousins.

282   MINUTES

It was moved by Councillor J Wyllie and seconded by Councillor T Stowe that the Minutes of the meeting held on 4 September 2018 be confirmed as a correct record and signed by the Chairman. After being put to the meeting and a vote taken, the motion was declared CARRIED.

> RESOLVED – that the Minutes of the meeting held on 4 September 2018 be confirmed as a correct record and signed by the Chairman.

283   WORK PROGRAMME

The Chairman of Performance, Audit and Governance Scrutiny submitted a report setting out the Committee's future work programme. The Interim Scrutiny Officer provided an update on the work programme and reminded Members that he had circulated an update on the Council's Treasury Management Strategy in advance of a report to Members on 22 January 2019.

The Committee Chairman referred to the issue of Housing Associations and their performance. Members supported a suggestion to scrutinise their performance. Councillor T Stowe commented that his approach to a Director's office usually elicited a positive response within 14 days. Councillor P Ruffles felt that it was important to keep Housing Associations under review and suggested that Network Homes be included within any review. This was supported.   It was also suggested that the Executive Member for Housing be involved in the process.

The Interim Scrutiny Officer advised Members that a substantial amount of information would need to be gathered from a number of sources and explained that this information could be reviewed on the basis of a Task and Finish Group and then reported back to Members. This

approach was supported.

It was moved by Councillor K Crofton and seconded by Councillor J Wyllie that the draft work programme, as amended, be supported. After being put to the meeting and a vote taken, the motion was declared CARRIED.

> RESOLVED – that the draft Work Programme, as now amended, for Performance, Audit and Governance Scrutiny Committee, be approved.

The meeting closed at 9.30 pm

Chairman   ……………………………………………….

Date   ……………………………………………….

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East Herts Council

Performance, Audit and Governance
Scrutiny Committee
22 January 2019

Shared Internal Audit Service –
Progress Report

Recommendation

Members are recommended to:
a) Note the Internal Audit Progress Report
b) Note the Status of Critical and High Priority
   Recommendations

Contents

1. Introduction and Background

1.1 Purpose
1.2 Background

2. Internal Audit Plan Update

2.1 Delivery of Internal Audit Plan and Key Findings
2.5 Critical and High Priority Recommendations
2.7 Internal Audit Plan Amendments
2.8 Performance Management

Appendices:

A   Progress against the 2018/19 Internal Audit Plan
B   Implementation Status of Critical and High Priority Recommendations
C   Internal Audit Plan Items – Indicative Start Dates Agreed With Management
D   Assurance Definitions / Priority Levels

1. Introduction and Background

1.1 This report details:

    a) The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2018/19 Internal Audit Plan as at 4 January 2019.
    b) The findings for the period to 4 January 2019.
    c) The implementation status of previously agreed Internal Audit recommendations.
    d) An update on performance management information as at 4 January 2019.

Background

1.2 The 2018/19 Internal Audit Plan was approved by the Performance, Audit and Governance Scrutiny Committee on 13 March 2018. The Performance, Audit and Governance Scrutiny Committee receive periodic updates of progress with delivering the Internal Audit Plan.

1.3 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed Internal Audit Plan.

2. Internal Audit Plan Update

Delivery of Internal Audit Plan and Key Audit Findings

2.1 As at 4 January 2019, 62% of the 2018/19 Internal Audit Plan days have been delivered (calculation excludes contingency days that have not been allocated).

2.2 As at 4 January 2019, the following 2018/19 projects have been finalised:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Payroll Pension Certificate	April 2018	NA	NA
Freedom of Information	July 2018	Satisfactory	Three Medium, One Low/Advisory
Business Grants	Aug 2018	Limited	Four Medium, One Low/Advisory
Performance Mgmt. /	Aug 2018	Satisfactory	One Medium, One

Data Quality			Low/Advisory
CCTV (joint internal audit)	Aug 2018	Limited	Nine High *
DFG Certification	Oct 2018	NA	NA
Contract Management	Nov 2018	Limited	Four Medium, One Low/Advisory
Council Tax	Nov 2018	Good	None
S106 Spend Arrangements	Nov 2018	Limited	Three High, Two Medium
Development Management	Dec 2018	Satisfactory	One Medium, One Low/Advisory
Agency Staffing	Dec 2018	Satisfactory	One Medium, One Low/Advisory
Housing Benefits	Jan 2019	Good	None

* While owned by the CCTV partnership as a whole, the recommendations from the CCTV audit are primarily recorded and reported on within the Audit Committee papers for Stevenage Borough Council as the lead authority for the audit. They have thus been excluded from the total number of recommendations set out at para 2.9 below, but have been included for information at Appendix B.

2.3 The table below summarises the overall position with regard to 2018/19 projects as at 4 January 2019. Appendix A provides a status update on each individual project within the 2018/19 Internal Audit Plan. Details of indicative start dates for the individual projects are also shown in Appendix C.

Status	No of Audits at this Stage	% of Total Audits
Final Report Issued	12	37%
Draft Report Issued	4	13%
In Fieldwork/Review	4	13%
In Planning/ToR Issued	9	28%
Allocated	2	6%
Cancelled	1	3%
Total	32	100%

2.4 The following 2017/18 project has also been finalised in the period since the last progress report to Performance, Audit and Governance Scrutiny Committee:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Cyber Security *	Sept 2018	Limited	Three High, Two Medium, Three Merits Attention

* The above audit was included in the annual audit opinion for 2017/18 and is therefore not included in the performance figures for 2018/19. The three high priority recommendations are contained in Appendix B.

Critical and High Priority Recommendations

2.5 A final Internal Audit report is issued when agreed by management. This includes an agreement to implement recommendations that have been made. It is SIAS's responsibility to bring to the attention of Members the implementation status of critical and high priority recommendations; it is the responsibility of officers to implement the recommendations by the agreed date.

2.6 The current position in respect of existing outstanding critical and high priority recommendations is shown at Appendix B.

Proposed Internal Audit Plan Amendments

2.7 The following changes to the 2018/19 Internal Audit Plan have already been approved by this Committee.

a) Land Charges - audit cancelled and days returned to contingency.
b) CCTV - joint internal audit resourced from contingency.

No further changes have been proposed since the last progress report to this Committee.

Performance Management

2.8 Annual performance indicators and associated targets were approved by the SIAS Board in March 2018 and are reviewed annually.

2.9 The actual performance for East Herts Council against the targets that can be monitored in year is set out in the table below.

Performance Indicator	Annual Target	Profiled Target	Actual to 4 Jan 2019
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	61% (212 / 347 days)	62% (214.5 / 347 days)

2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	61% (19 / 31 projects to draft)	52% (16 / 31 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (4 returned to date)
4. Number of Critical and High Priority Audit Recommendations Agreed	95%	95%	100% (3 High priority agreed) *

* This figure excludes the 9 high priority recommendations from the CCTV audit and the 3 high priority recommendations from the Cyber Security audit as per paragraphs 2.2 and 2.4 above.

APPENDIX A: PROGRESS AGAINST THE 2018/19 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	LA				
Key Financial Systems – 77 days								
Asset Management					10	Yes	0.5	ToR Issued
Council Tax	Good	0	0	0	6	Yes	6	Final Report Issued
Creditors					10	Yes	0.5	ToR Issued
Debtors					10	Yes	0.5	ToR Issued
General Ledger					10	Yes	0.5	ToR Issued
Housing Benefits & Rent Allowances	Good	0	0	0	6	Yes	6	Final Report Issued
NDR					6	Yes	6	Draft Report Issued
Payroll					12	Yes	3	In Fieldwork
Payroll Certificate	NA	0	0	0	1	Yes	1	Complete
Treasury Management					6	Yes	0.5	ToR Issued
Operational Audits – 124 days								
Development Management	Satisfactory	0	1	1	12	Yes	12	Final Report Issued
S106 Agreements (spend arrangements)	Limited	3	2	0	10	Yes	10	Final Report Issued
Business Grants Scheme	Limited	0	4	1	8	Yes	8	Final Report Issued
Performance Mgmt. / Data Quality	Satisfactory	0	1	1	10	Yes	10	Final Report Issued
Land Charges					1	N/A	1	Cancelled
Freedom of Information	Satisfactory	0	3	1	8	Yes	8	Final Report Issued
GDPR – PIR					10	Yes	10	Draft Report Issued
Homelessness Reduction Act / Temporary Accommodation					12	Yes	0	Allocated
Houses in Multiple Occupation (HMOs)					10	Yes	10	Draft Report Issued
Herts Home Improvement Agency					2	Yes	2	In Quality Review
Digital East Herts					12	Yes	9	In Fieldwork

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	LA				
Agency Staffing	Satisfactory	0	1	1	12	Yes	12	Final Report Issued
Commercialisation / Income Generation					12	Yes	0.5	In Planning
DFG Capital Grant Certification	NA	0	0	0	1	Yes	1	Complete
CCTV – joint internal audit	Limited	9*	0	0	2	Yes	2	Final Report Issued
Garden Town - Project Assurance					2	Yes	1.5	In progress
Procurement – 29 days								
Waste Contract – client services, trade waste					15	Yes	0.5	In Planning
Compliance Monitoring Contract					2	Yes	0.5	In Planning
Contract Management	Limited	0	4	1	12	Yes	12	Final Report Issued
IT Audits – 30 days								
Cyber Security					6	Yes	0	Allocated
Incident Management					6	Yes	0.5	In Planning
Mobile Device Management and BYOD					6	Yes	6	Draft Report Issued
TSS Improvement Plan - Governance					12	Yes	10	In Fieldwork
Shared Learning – 8 days								
Shared Learning Newsletters / Summary Themed Reports / Joint Reviews					8	N/A	2	In Progress
Risk Management – 0 days								
No audits							0	
Anti-Fraud – 3 days								
Anti-Fraud – Controls Review					3	N/A	0	Through Year
Strategic Support – 51 days								
2019/20 Audit Planning					10	N/A	7	In Progress

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	LA				
Audit Committee					12	N/A	8.5	Through Year
Client Meetings					10	N/A	7	Through Year
Liaison with External Audit					1	N/A	0.5	Through Year
Head of Internal Audit Opinion 2017/18					4	N/A	4	Complete
Plan Monitoring					9	N/A	6.5	Through Year
Ad-hoc Advice					2	N/A	1	Through Year
SIAS Development					5	N/A	5	Through Year
Contingency – 15 days								
Contingency					13	N/A	0	Not yet allocated
Follow Ups – 3 days								
Follow up of priority recommendations					3	N/A	2	Through Year
2017/18 Projects requiring completion – 20 days								
Various					20	Yes	20	Complete
EHC TOTAL		**3**	**16**	**6**	**360**		**214.50**	

* While owned by the CCTV partnership as a whole, the recommendations from the CCTV audit are primarily recorded and reported on within the Audit Committee papers for Stevenage Borough Council as the lead authority for the audit. They have thus been excluded from the total number of recommendations, but have been included for information at Appendix B.

APPENDIX B: IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
1.	CCTV - joint review led by Stevenage Borough Council (2018/19) - *These recommendations and their implementation status are overseen and monitored by Stevenage Borough Council as the lead authority, but are included here for Member information.*	We recommend that the governance framework for the overall CCTV Partnership is reviewed and confirmed as being fit for purpose, or changed as necessary, and is clearly understood by all parties, including the respective roles and responsibilities of the relevant Members and Officers.	We will draft a governance framework for the overall CCTV arrangements to include: - Governance for Hertfordshire CCTV Partnership - Governance for Hertfordshire CCTV Partnership Ltd. - Governance lines between the Partnership and the Company - Member roles and responsibilities -Officer roles and responsibilities These will be consulted on and agreed by the CCTV Joint	CCTV Joint Executive and Company Board of Directors.	1 December 2018.	This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
			Executive and the Company Board of Directors.				
2.	CCTV - joint review (2018/19) *As above.*	We recommend that an appropriate new Partnership Agreement between the current four CCTV Partner Authorities is drawn up and executed. It should clearly include the specific roles and responsibilities of the Partner Authorities. It should also clearly state the relationship the Partner Authorities have with Hertfordshire CCTV Partnership Ltd. and the function of that company in respect of the overall CCTV Partnership.	We will prepare an updated CCTV Partnership Agreement drafted through the CCTV Officer Management Board to be signed by all four Partner Authorities.	CCTV Officer Management Board.	31 March 2019.	This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.
3.	CCTV - joint review (2018/19) *As above.*	We recommend that the current Shareholders' Agreement for the Company is reviewed to ascertain if it remains fit for purpose	The Company Directors' will consider this recommendation through their Shareholder Representatives	Company Board of Directors.	31 March 2019.	This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
		and, if so, that the terms are fully complied with.	in light of future considerations relating to the future of Hertfordshire CCTV Partnership Ltd.				
4.	CCTV - joint review (2018/19) *As above.*	We recommend that appropriate revised / new Terms of Reference for the CCTV Joint Executive and the CCTV Officer Management Board are drawn up and formally agreed.	Terms of Reference will be updated for the CCTV Joint Executive and a Terms of Reference will be created for the CCTV Officer Management Board.	CCTV Joint Executive and CCTV Officer Management Board.	31 March 2019.	This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.
5.	CCTV - joint review (2018/19) *As above.*	We recommend that, once agreed, the revised/new Terms of Reference for the CCTV Joint Executive and the CCTV Officer Management Board are revised / added in the Constitutions for each of the four Partner Authorities, together with the	New Terms of Reference will be submitted for formal incorporation into constitutional arrangements for the four Partner Authorities.	Each of the four Partner Authorities.	31 July 2019.	This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
		updated Member/Officer representation for both groups.					
6.	CCTV - joint review (2018/19) *As above.*	We recommend that a new five year Business Plan for the overall CCTV Partnership is drawn up and agreed. As a minimum, the plan should be monitored on a monthly basis in terms of achievements against projections and it should be the subject of a full review and refresh annually to cover the next five years ahead on a rolling basis. Besides financial projections, it should include non-financial aims and targets that should be monitored, reviewed and refreshed on the same basis.	We will develop a new five year rolling Business Plan (with monthly monitoring and full annual reviews) for the overall Hertfordshire CCTV Partnership based on decisions about the future direction of Hertfordshire CCTV Partnership Ltd.	CCTV Joint Executive and Company Board of Directors.	31 July 2019.	This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.
	CCTV - joint review	We recommend that the role and	The role of the SBC Group	CCTV Officer Management	31 July 2019.	This is a new addition and the management	Not yet implemented –

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
	(2018/19) *As above.*	responsibilities of the SBC Group Accountant in respect of the overall CCTV Partnership are reviewed, evaluated and formerly confirmed. Consideration should be given to increased use of the external Accountants with regard to the accounting requirements of Hertfordshire CCTV Partnership Ltd.	Accountant in relation to the overall Partnership will be clarified in the revised Partnership Agreement. The Company Directors will consider the accountancy needs of the Company and source appropriately.	Board, Company Board of Directors and SBC Assistant Director, Finance & Estates.		response opposite is therefore the latest comment.	continue to monitor.
8.	CCTV - joint review (2018/19) *As above.*	We recommend that all reporting arrangements for the Partner Authorities are formally reassessed, agreed and documented to ensure there is complete clarity and transparency of expectations and understanding across all interested parties	Authority reporting arrangements to be included as part of a revised Partnership Agreement, Shareholder Agreement and Terms of Reference as necessary.	CCTV Joint Executive, CCTV Officer Management Board and Company Board of Directors as appropriate.	31 July 2019.	This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
		regarding the need, responsibility, frequency, timing, content, format and distribution of each report required.					
9.	CCTV - joint review (2018/19) *As above.*	We recommend that there is a review of how charges are being calculated and billed to the Partner Authorities, clarification of who is responsible for this and agreement of the timing.	A schedule of charges to be prepared for the Partnership. The schedule will identify recharges applied to the Partnership, including; staffing, overheads, IT, etc. The schedule will also include recharges applied to Hertfordshire CCTV Partnership Ltd. A quarterly finance report to be prepared for the CCTV Officer Management Board, to include	SBC Assistant Director, Finance & Estates.	1 November 2018.	This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
			year-end financial projections for the Partnership.				
10.	Cyber Security (2017/18)	The Council must define its position regarding its ability to identify and manage devices that are connecting to its IT network. A solution must be able to manage devices that have physically connected to the Councils' IT networks. Devices that have connected to the network should be reviewed and, where they are found to have not been authorised, they should be removed. The solution should include the use of personal devices to connect to the IT network. Furthermore, management should	This will be resolved with the correct solution not only for devices but also for ports on all devices that need to be restricted.	Strategic ICT Partnership Manager.	31 March 2019.	This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
		put arrangements in place to monitor network access on a regular basis.					
11.	Cyber Security (2017/18)	Management should perform a full review of the Councils' perimeter firewall rules and, where necessary, remove inactive or unnecessary rules unless explicitly required. The 'Any' rules should be replaced with port object groups that contain an explicit set of ports as required for the rule. Management should also ensure that all users that have access and can make changes to any of the Councils' external firewall rules have individual accounts and should put arrangements in place for monitoring all	The majority of the council's firewalls need replacing and part of that work will require the correct configuration and management. ICT Partnership Manager has been tasked to restructure the ICT department and as part of that to have dedicated security and network staff to resolve and maintain control of these areas.	Strategic ICT Partnership Manager.	31 March 2019.	This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
		configuration changes. Furthermore, management should establish a record of how all firewalls, both internal and external, have been configured and should review the rules for appropriateness on a routine basis.					
12.	Cyber Security (2017/18)	Management must complete the action on the IT Improvement Plan to migrate all IT services and systems onto servers that are running supported operating systems. Furthermore, the Councils' patch management procedures should be approved and made available to all relevant members of staff.	This is in the current work schedule which means that all servers running supported OS will be removed from the network by the end of September.	Strategic ICT Partnership Manager.	30 September 2018.	This is a new addition. November 2018 - The council is now running supporting operating systems and software. IT also has ongoing plans to move off operating systems which will be going out of support in coming years. IT has automated patch management where possible, and where not these are manually applied by ICT staff. In general all staff need to know is when they need to	Partially implemented – continue to monitor.

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
						reboot devices, so outside of ICT there is no requirement for staff to see or approve patch management procedures.	
13.	S106 Spend Arrangements (2018/19)	Departmental and individual roles and responsibilities in relation to the end to end process for S106 agreements, including the spend arrangements, are made clear and they are documented. This should incorporate senior management oversight of operating effectiveness, including appropriate use of risk registration and budgetary control processes.	This area had already raised concerns and as a result, a Section 106 Programme Manager is currently being recruited to oversee the entire process from initial agreement negotiation, project allocation, internal authorisation, monitoring, collection and mobilisation of funds. A programme of works for all activities will also	Deputy Chief Executive Officer.	Complete.	This is a new addition and the management response opposite is therefore the latest comment.	Implemented.

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
			be monitored and managed by this officer, and monthly reporting will commence. Further to this will be the full process mapping of Section 106 and allocation of R&Rs within each specific service area as part of these works.				
14.	S106 Spend Arrangements (2018/19)	Record keeping of S106 contributions, the spend arrangements and associated timeframes be reviewed to confirm fitness for purpose. An effective master record is adopted for monitoring and reporting purposes.	There currently exist a number of records relating to different areas of Section 106. These include our planning system – Uniform, our finance system – Advanced and a further Excel based database. It is recognised that there exists some gaps in these and a full	Deputy Chief Executive Officer.	April 2019.	This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
			audit of contained data has commenced and a single harmonised database will be established to provide monitoring triggers, fund allocation and reporting.				
15.	S106 Spend Arrangements (2018/19)	The Council establish a sound legal position in respect of any time expired contributions. Contributions due to expire in the near future are subject to urgent consideration and remedial action where required.	All mentioned funding had already been highlighted internally and work on the pertinent contributions is ongoing to ensure application. Before any final allocation any project would be scrutinised by our legal team to ensure complicity with all relevant	Deputy Chief Executive Officer.	February 2019.	This is a new addition and the management response opposite is therefore the latest comment.	Not yet implemented – continue to monitor.

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Original Target Date	Management Comments	SIAS Comment (Jan 2019)
			contractual requirements and stipulations. A S106 Officer group has also been established to oversee allocation.				

# APPENDIX C: INTERNAL AUDIT PLAN ITEMS – INDICATIVE START DATES AGREED WITH MANAGEMENT

Apr	May	Jun	July	Aug	Sept
Payroll Annual Pension Certificate **(Complete)**	Business Grants Scheme **(Final Report Issued)**	Freedom of Information **(Final Report Issued)**	GDPR – PIR **(Draft report Issued)**	S106 **(Final Report Issued)**	Home Improvement Agency **(In QR)**
	Contract Mgmt. **(Final Report Issued)**	Agency Staffing **(Final Report Issued)**	Land Charges **(Cancelled)**	HMOs **(Draft Report Issued)**	Development Mgmt. **(Final Report Issued)**
	Mobile Device Mgmt. and Bring Your Own Device **(Draft Report Issued)**	Performance Mgmt. / Data Quality **(Final Report Issued)**			Digital East Herts **(In Fieldwork)**
	CCTV – joint audit **(Final Report Issued)**				

Oct	Nov	Dec	Jan	Feb	Mar
Council Tax **(Final Report Issued)**	NDR **(Draft Report Issued)**	Debtors **(ToR Issued)**	Creditors **(ToR Issued)**	HRA & Temporary Accommodation **(Allocated)**	
Housing Benefits **(Final Report Issued)**	Payroll **(In Fieldwork)**	Asset Mgmt. **(ToR Issued)**	Waste Contract **(In Planning)**	TSS Improvement Plan – Cyber Security **(Allocated)**	
Commercial / Income Generation **(In Planning)**	Compliance Monitoring Contract – joint audit **(In Planning)**	Main Accounting **(ToR Issued)**	TSS Improvement Plan - Incident Mgmt. **(In Planning)**		
DFG Capital Grant Certification **(Complete)**	TSS Improvement Plan – Governance (b/f from Jan) **(In Fieldwork)**		Treasury Mgmt. **(ToR Issued)**		

APPENDIX D: ASSURANCE DEFINITIONS/PRIORITY LEVELS

Assurance Level	Definition
Good	The design and operation of the internal control framework is effective, thereby ensuring that the key risks in scope are being well managed and core objectives will likely be achieved. There are minor reportable audit findings.
Satisfactory	The internal control framework is largely working well in managing the key risks in scope, with some audit findings related to the current arrangements.
Limited	The system of internal control is only partially effective, with important audit findings in key areas. Improvement in the design and/or operation of the control environment is necessary to gain assurance risks are being managed to an acceptable level, and core objectives will be achieved.
No	The system of internal control has serious gaps, and controls are not effective in managing the key risks in scope. It is highly unlikely that core objectives will be met without urgent management intervention.

Priority Level			Definition
Corporate	**Critical**	🟥	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	**High**	🟧	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium	🟨	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low / Advisory	🟩	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

East Herts Council

Progress Report
Anti-Fraud Plan 2018/19

January 2019

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the *Anti-Fraud Plan 2018/19*.

Contents

Appendix

1.   Introduction

In March 2018 this Committee approved the Anti-Fraud Plan proposed by senior officers and SAFS management- see **Appendix A**. The Plan followed guidance and best practice from the Chartered Institute of Public Finance and Accounts (CIPFA), The Local Government Association (LGA) and the Ministry for Housing, Communities and Local Government (MHCLG).

In particular the Plan for 2018/19 took account of the following reports.

- *Fighting Fraud and Corruption Locally 2016–2019 Strategy*
- *UK Annual Fraud Indicator 2017*
- *Fraud and Corruption Tracker 2017*
- *United Kingdom Anti-Corruption Strategy 2017-2022*

The main aim of the Plan is to deliver an anti-fraud culture across the Council, with the prevention and deterrence of fraud being the primary objective but, ensuring that sufficient resources are in place to investigate fraud, where its occurs, and pursue those guilty of defrauding the Council, including the recovery of losses and imposition of penalties, both civil and criminal.

The following page shows the planned anti-fraud activity for the Council in 2018/19 and the current status for each area.

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Progress- EHC / SAFS Action Plan 2018/2019

CIPFA Principles	SAFS Objectives	Goals & 6Cs	Activities	Responsible Officer	Progres
ACKNOWLEDGE	Ensure ongoing effectiveness and resilience of anti-fraud arrangements	Fraud is acknowledged as a Risk for the Council **CULTURE**	The Council has in place Anti-Fraud and Corruption Strategy	Head of Finance / Head of Legal	Complete
			The Council has a Fraud Response Plan and this Action Plan	Head of Finance / Head of Legal	Complete
			PAG and Senior Managers ensure compliance with CIPFA best practice in their counter fraud arrangements	Head of Finance	Ongoing
			The Council conducts Fraud Risk Assessments	SAFS Mgr/ Risk Mgr	Complete
			The Council has in place Policies to deal with Money Laundering/ Bribery/ Whistleblowing/ Cyber-Crime	Head of Legal	Reviews ongoing
	Improve the reach into areas of 'corporate' fraud across all Partners	The Council has a robust communication policy demonstrating its commitment to prevent fraud **COMMUNICATION**	The Councils Communication Team will publicise prosecutions and anti-fraud campaigns conducted by it and SAFS	Head of Comms	Ongoing
			SAFS will provide access to fraud reporting tools (web/phone/email)	SAFS Mgr	Complete
			The Council and SAFS will make availble fraud awareness or specific anti-fraud training across all Council services	SAFS Mgr & Head of HR	Complete
			Provide fraud alerts to appropriate officers/staff/services.	SAFS Mgr	Ongoing
			SAFS will provide an E-Learning Packages for staff/members	SAFS Mgr & Head of HR	Ongoing
PREVENT	Create a data hub for Hertfordshire	Co-ordination of effort, sharing of best practice, data, fraud alerts and new threats. **COLLABORATION**	Develop existing SAFS Data Hub to improve the use of Data to prevent/identify fraud	SAFS Mgr	Ongoing
			Review data sharing agreements/protocol between internal and external partners	Head of Legal / SAFS Mgr	Ongoing
			Work to develop 'Flexible NFI' & 18/19 NFI Matches	SAFS Mgr	Complete
			Work with DWP to deliver CTRS/HB/Housing Fraud 2018 National roll-out	SAFS Mgr/ Head of Finance	Complete
			Work with other organisations, including private sector, to improve data-sharing	SAFS Mgr	Ongoing
	Develop services which can be marketed to external bodies	Have the highest levels of professional standards **COMPETENCE**	All SAFS staff will be fully trained and accredited	SAFS Mgr	Complete
			All investigations will be undertaken in compliance with relevant legisaltion and Council Policies	SAFS Mgr	Complete
			SAFS will work with bodies such as CLG/LGC/CIPFA to develop local anti-fraud strategies at a national level	SAFS Mgr	Ongoing
			SAFS will work with Council Services to make best use of 3rd party Providers such as NAFN, PNLD etc	SAFS Mgr	Complete
PURSUE	Deliver financial benefits in terms of cost savings or increased revenue	Ensuring the Counter-Fraud Measurs are appropriate to the range of fraud risk. **CAPABILITY**	SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council	SAFS Mgr	Ongoing
			SAFS will record and report on all fraud referred, investigated and identified	SAFS Mgr	Ongoing
			SAFS will review fraud trends and new threats and report on these to Council Managers	SAFS Mgr	Ongoing
			SAFS and the Council Legal and Debt teams will seek to 'prosecute' offenders and recover losses	SAFS Mgr /Head of Legal/ Head of Finance	Ongoing
	Create a recognised centre of excellence that is able to disseminate alerts and share best practice nationally	Develop the right level of resources to deal with the level of fraud risk **CAPACITY**	The Council will review its ROI from SAFS Membership	Head of Finance	Ongoing
			SAFS will assist the Council in providing its Transparency Code (Fraud) Data annually	SAFS Mgr	Complete
			Reports to Senior Mgt and Audit Committee on SAFS and Council activity	SAFS Mgr / Head of Finance	Complete
			Inclusion of Fraud Risks and the Councils actions to manage/mitigate/reduce this in its Annual Governance Statement	Head of Finance	Under Review

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2.   Fraud Awareness and Fraud Reporting

One of the key aims for the Council is to create an 'Anti-Fraud' culture. This will assist preventing and deterring fraud; encourage senior managers and members to consider the risk of fraud when developing policies or processes; encourage all staff and local residents to understand the impact of fraud on Council services and to report fraud where it is suspected.

The Council ensures that suspected fraud can be reported by both staff and the public alike. The Councils website has details on how to report fraud and links to the SAFS webpage. The SAFS webpage – www.hertsdirect.org/reportfraud includes an online reporting tool. A confidential fraud hotline (0300 123 4033) and a secure email account are also available for reporting fraud – fraud.team@hertforshire.gov.uk. None of these functions replace the Council's own in-house Whistleblowing procedures.

The SAFS have issued several alerts to officers from the National Fraud Intelligence Bureau and the National Anti-Fraud Network reporting new and emerging fraud threats or fraud trends.   SAFS have also issued reminders to staff to be vigilant against the continued attempts by fraudsters, using social media and fake emails, to encourage breaches of financial regulations and payment processes.

3.   Counter Fraud Staffing

in April 2018 the SAFS Team was Composed of sixteen accredited counter fraud staff and is based at Hertfordshire County Councils offices in Stevenage.

Each SAFS Partner receives dedicated support and response from the SAFS team. The most effective way to do this is by allocating officers to work exclusively for each Partner. These officers act as the first point of contact for that Partner's services, and will assist in developing relationships at a service level, delivering training, and working on local pilot projects. SAFS Officers have access to Council offices, officers and systems to conduct their enquiries.

For the *2018/19 Anti-Fraud Plan* SAFS deployed one Counter Fraud Officer to work exclusively for the Council. This officer was supported by SAFS Management and Intelligence Team which includes data-analytics & financial investigation specialists.

4.   Counter Fraud Activity

To the end of December 2018 SAFS had received 62 allegations of fraud affecting Council services. 28 cases were carried forward from 2017/18, and 48 cases were still under investigation in January 2019.

Reported fraud covers a number of Council services and these reports come from a variety of sources including Council staff. Compared to other district councils in the SAFS Partnership the volume and variety of alleged fraud being reported is very good.

Table 1. Types of fraud being reported (*in year*):

Housing Benefit & Council Tax Support	Housing & Homeless	Blue Badge	Other Council Tax Discounts	**Total**
37	6	5	14	**62**

Table 2. Who is reporting Fraud?

Fraud Reported by Staff	Reports from Public	Proactive Drives and Data-Matching	Other	**Total**
26	31	2	3	**62**

At this time many cases raised for investigation are still in the early stages. However, of the 14 cases investigated and closed in year where fraud was identified have yielded combined losses and savings of £83k. A full breakdown of all cases where fraud has been identified and how savings/losses are recorded will be included in the *2018/2019 Annual Report* to this Committee in 2019.

Two prosecutions for housing benefit and/or council tax support fraud have been concluded successfully, one led by DWP/CPS Prosecutors one by the Councils own legal team, and two further matters are awaiting prosecution.

SAFS has worked with the Revenue & Benefit Service to identify potentially fraudulent applications for discounts and exemptions. The Council is now making active use of civil and financial penalties relating to false claims for discounts and exemptions as an alternative to prosecution, where appropriate. So far the Council has imposed financial penalties on four occasions in 2018/19.

The national roll-out of joint working with the DWP Fraud and Error Service in February 2019 follows a successful 18 month pilot at three SAFS sites in Hertfordshire, including East Herts Council. This activity assists the Council in the early identification and prevention of Housing Benefit fraud.

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SAFS continues to work with social housing providers investigating allegations of housing fraud within the Councils boundaries. This work is of particular benefit to the Council as it has nomination rights for residents on the Housing Register to any properties that are recovered as a result of this work.

SAFS completed the delivery of a framework contract for all councils in Hertfordshire to make use of to conduct bulk reviews of council tax discounts and exemptions to improve collection rates and prevent fraud. The Council have made use of this framework and a review of this work is due for completion in the next few weeks.

Council officers have ensured the Council complies with the National Fraud Initiative (NFI) which takes place between October 2018 and February 2019. The NFI is a national anti-fraud data sharing exercise conducted by the Cabinet office every two years across local and central government. Results from this work will be reported from March 2019 onwards to the Cabinet Office and senior management at the Council.

Working with HR Learning and Development team at the County Council SAFS have designed and delivered an E-Learning package for all staff hosted on the Councils intranet. SAFS have also been delivering training to front line staff to assist in the identification of false identity documents.

In October and November 2018 the Council supported the *International Anti-Fraud Week* with a publicity campaign including the use of social media and press releases timed to coincide with work that the SAFS team were undertaking for all Partner organisations.

In October 2018 the SAFS Partnership was awarded a Highly Commended status at the *Institute of Revenues Rating and Valuations* annual conference for its work in combatting fraud against local government.

5. SAFS KPI Performance

KPI	Measure	2018/2019 Target	Achieved in Qtrs 1-3
1	Provide an Investigation Service	• 1 FTE on call at EHC (Supported by SAFS Intel/ Management). • Membership of the National Anti-Fraud Framework (NAFN) • Access to NAFN for relevant EHC Staff • Membership of CIPFA Counter Fraud Centre • Fraud training events for staff/Members	• 1 FTE in place with full support. • Membership of NAFN in place and training provided to officers. • SAFS are members of the CIPFA Counter Fraud Centre for all Partners. • Staff training sessions delivered and more planned in early 2019
2	Identified Value of Fraud prevented/detected. Based on the Methodology agreed by SAFS Board	£150k From fraud identified and savings/prevention	£83k *(£35K Fraud Losses & £48k Fraud Savings reported)*
3	Allegations of fraud Received. From all sources.	100 Fraud referrals from all sources to SAFS	62 Referrals received
4	Success rates for cases investigated. This will ensure that quality investigations are undertaken.	50%	50% *(14 cases closed- 7 proved)*
5	Conduct Data-Matching using the local data-hub, NFI and other data-matching/mining.	• Data-Hub for local data matching. • Access to NFI output. • County wide Council Tax Review Framework.	• EHC submits data to the SAFS Data-Hub. • NFI 2018/19. • CTax Framework available for Discount Reviews

Appendices:

A. EHC Anti-Fraud Plan 2018/2019

2018/2019 Anti-Fraud Plan

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East Herts Council
Anti-Fraud Plan 2018/2019

in partnership with

The Shared Anti-Fraud Service

Contents

Introduction

This plan supports the Councils Anti-Fraud and Corruption Strategy by ensuring that the Council, working in partnership with the Hertfordshire Shared Anti-Fraud Service and others, has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Councils states that the key elements for the Strategy are;

Culture- the prevailing set of assumptions and values within the organisation- and the reporting of suspicions of fraud and corruption,

Actions to prevent and deter fraud and corruption,

Controls to detect and ensure investigation of fraud and corruption,

Alertness and vigilance reinforced by training.

This plan includes objectives and key performance indicators that support the Councils Strategy and meet the best practice guidance/directives from central government department such as Department for Communities and Local Government and other bodies such as National Audit Office and the Chartered Institute for Public Finance and Accountancy.

National Context.

In 2013 the National Fraud Authority stated that the scale of fraud against local government is large, but difficult to quantify with precision.

In its 2015 publication *Code of practice on managing the risk of fraud and corruption* CIPFA highlighted the five principles for public bodies to embed effective standards for countering fraud and corruption in their organisations. These principles support good governance and demonstrate effective financial stewardship and strong public financial management

The five key principles of the code are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption.

The CIPFA *Local Government Counter Fraud and Corruption Strategy (2016-2019)* included a summary of reported fraud losses across councils in England totalling £307m per annum but that hidden and unreported fraud risks could exceed £2bn each year. The strategic response for local government to respond to the threat of fraud threats provides three key principles **'Acknowledge/Prevent/Pursue'**. The strategy was supported by Department for Communities and Local Government, the Local Government Association and Fighting Fraud Locally Board.

In addition, local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes (6C's) identified in the CIPFA Strategy:

- **Culture** - creating a culture in which beating fraud and corruption is part of daily business,
- **Capability** - ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks,
- **Capacity** - deploying the right level of resources to deal with the level of fraud risk,
- **Competence** - having the right skills and standards,
- **Communication** - raising awareness, deterring fraudsters, sharing information, celebrating successes
- **Collaboration** - working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information

The Annual Fraud Indicator (AFI) 2017 (published in partnership by Crowe Clark Whitehill, Portsmouth University and Experian) attempts to identify the cost of fraud to the UK economy. The AFI estimated fraud losses for local government as follows.

- Total loss across local government - £7.8bn
- Tenancy Fraud- £1.8bn
- Procurement Fraud - £4.4bn
- Payroll Fraud - £1bn
- Other - £.6bn

The AFI does not include housing benefit fraud or council tax fraud as a loss to local government but estimates the loss of these combined at around £1.1bn.

What is clear is that every pound lost to fraud from the public purse is a pound lost from essential front line services. The Councils Anti-Fraud Plan 2017/2018 is founded on the principles of 'Acknowledge/ Prevent/ Pursue' and the 6 C's to ensure the Council is adequately protected from fraud risk or that where fraud does occur there are plans to manage and mitigate any losses.

SAFS Resources 2018/2019

Budget

In December 2016 the SAFS Board agreed that the annual fee for District Councils, who did not hold housing stock, would be fixed to £80,000 +VAT. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for 5 years with an increase in fees each year at 1% from 2019 onwards.

Fees for East Herts Council in 2018/2019 remain at £80,000 + VAT.

Staffing

The full complement of SAFS now stands at 14.5 FTE's; 1 Manager, 2 Assistant Managers, 8 Investigators and 2 Intelligence Officers. The Team is also supported by 1 FTE Data-Analyst and 0.5 FTE Business Support who are funded from SAFS Budgets.

For staffing – East Herts Council will have exclusive access to 1 FTE Investigator, access to intelligence functions of the service, all data-matching services being offered through the local data-warehouse and can call on one of the SAFS management for liaison meetings, management meetings and two Audit Committees reports per annum. SAFS also have access to an Accredited Financial Investigator (AFI), specialist IT and financial and forensic through third party providers and criminal litigation services.

SAFS - Standards of Service.

SAFS will provide the Council with the following fraud prevention and investigation services as part of the contracted anti-fraud function.

1. Access to a managed fraud hotline and webpage for public reporting.
2. Process and document for SAFS Partner staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Prevention.
4. Assistance in the design of Council policies, processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
6. SAFS will provide a proactive data-matching solution (data-warehouse) to assist in the early identification of fraud and fraud prevention
   - The data-warehouse will be funded by SAFS
   - The data-warehouse will be secure and accessible only by nominated SAFS Staff. Data will be collected and loaded in a secure manner.
   - SAFS will design and maintain a data-sharing protocol for SAFS Partners to review and agree annually. The protocol will clearly outline security provisions and include a Privacy Impact Assessment.
   - SAFS will work with nominated officers in the SAFS Partners to access data-sets to load into the data-warehouse and determine the frequency of these.
   - SAFS will work with Partners to determine the most appropriate data-matching for each of them and the frequency of such data-matching.
7. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
8. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA* and all relevant policies of the Council.
9. Reactive fraud investigations.
   - All reported fraud will be actioned by SAFS within 5 days, on average.
   - The Council will be informed of all reported fraud affecting its services.
   - SAFS will allocate an officer to each investigation.
   - SAFS officers will liaise with nominated officers at the Council to access data/systems/accommodation required to undertake their investigations.
   - SAFS officers will provide updates on cases and a report with summary of facts and supporting evidence on conclusion of the investigation for the Council to review and make any decisions.
   - Where a decision indicates an offence SAFS Officers will draft a report for the nominated officers of the Council to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal based on the Code for Crown Prosecutors and the Council's published policies. SAFS will provide reports through the SAFS Board on progress and to the Council's Audit Committee.
11. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.

Data Protection Act, General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act.

EHC / SAFS Action Plan 2018/2019

CIPFA Principles	SAFS Objectives	Goals & 6Cs	Activities	Responsible Officer
ACKNOWLEDGE	**Ensure ongoing effectiveness and resilience of anti-fraud arrangements**	Fraud is acknowledged as a Risk for the Council *CULTURE*	The Council has in place Anti-Fraud and Corruption Strategy	Head of Finance / Head of Legal
			The Council has a Fraud Response Plan and this Action Plan	Head of Finance / Head of Legal
			PAG and Senior Managers ensure compliance with CIPFA best practice in their counter fraud arrangements	Head of Finance
			The Council conducts Fraud Risk Assessments	SAFS Mgr/ Risk Mgr
			The Council has in place Policies to deal with Money Laundering/ Bribery/ Whistleblowing/ Cyber-Crime	Head of Legal
	Improve the reach into areas of 'corporate' fraud across all Partners	The Council has a robust communication policy demonstrating its commitment to prevent fraud *COMMUNICATION*	The Councils Communication Team will publicise prosecutions and anti-fraud campaigns conducted by it and SAFS	Head of Comms
			SAFS will provide access to fraud reporting tools (web/phone/email)	SAFS Mgr
			The Council and SAFS will make availble fraud awareness or specific anti-fraud training across all Council services	SAFS Mgr & Head of HR
			Provide fraud alerts to appropriate officers/staff/services.	SAFS Mgr
			SAFS will provide an E-Learning Packages for staff/members	SAFS Mgr & Head of HR
PREVENT	**Create a data hub for Hertfordshire**	Co-ordination of effort, sharing of best practice, data, fraud alerts and new threats. *COLLABORATION*	Develop existing SAFS Data Hub to improve the use of Data to prevent/identify fraud	SAFS Mgr
			Review data sharing agreements/protocol between internal and external partners	Head of Legal / SAFS Mgr
			Work to develop 'Flexible NFI' & 18/19 NFI Matches	SAFS Mgr
			Work with DWP to deliver CTRS/HB/Housing Fraud 2018 National roll-out	SAFS Mgr/ Head of Finance
			Work with other organisations, including private sector, to improve data-sharing	SAFS Mgr
	Develop services which can be marketed to external bodies	Have the highest levels of professional standards *COMPETENCE*	All SAFS staff will be fully trained and accredited	SAFS Mgr
			All investigations will be undertaken in compliance with relevant legisaltion and Council Policies	SAFS Mgr
			SAFS will work with bodies such as CLG/LGC/CIPFA to develop local anti-fraud strategies at a national level	SAFS Mgr
			SAFS will work with Council Services to make best use of 3rd party Providers such as NAFN, PNLD etc	SAFS Mgr
PURSUE	**Deliver financial benefits in terms of cost savings or increased revenue**	Ensuring the Counter-Fraud Measurs are appropriate to the range of fraud risk. *CAPABILITY*	SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council	SAFS Mgr
			SAFS will record and report on all fraud referred, investigated and identified	SAFS Mgr
			SAFS will review fraud trends and new threats and report on these to Council Managers	SAFS Mgr
			SAFS and the Council Legal and Debt teams will seek to 'prosecute' offenders and recover losses	SAFS Mgr /Head of Legal/ Head of Finance
	Create a recognised centre of excellence that is able to disseminate alerts and share best practice nationally	Develop the right level of resources to deal with the level of fraud risk *CAPACITY*	The Council will review its ROI from SAFS Membership	Head of Finance
			SAFS will assist the Council in providing its Transparency Code (Fraud) Data annually	SAFS Mgr
			Reports to Senior Mgt and Audit Committee on SAFS and Council activity	SAFS Mgr / Head of Finance
			Inclusion of Fraud Risks and the Councils actions to manage/mitigate/reduce this in its Annual Governance Statement	Head of Finance

SAFS

KPIs 2018/2019

KPI	Measure	2018/2019 Target	Achieved 2017/2018 To 31.12.2017	SAFS Partnership Aims
1	Provide an Investigation Service	1 FTE on call at EHC (Supported by SAFS Intel/ Management). Membership of NAFN Membership of CIPFA Counter Fraud Centre Access to NAFN for relevant EHC Staff Fraud training events for staff/Members*	100%	Ensure ongoing effectiveness and resilience of anti-fraud. Deliver a return on investment for the Councils financial contribution to SAFS.
2	Identified Value of Fraud prevented/detected. Based on the Methodology agreed by SAFS Board	£150k From fraud identified and savings/prevention	£117k *to 31.12.2017* (Target £100k)	Deliver financial benefits in terms of cost savings or increased revenue.
3	Allegations of fraud Received. From all sources.	100 Fraud referrals from all sources to SAFS	72 *to 31.12.2017* (100Target)	Improve the reach into the areas of non-benefit and corporate fraud within the county.
4	Success rates for cases investigated. This will ensure that quality investigations are undertaken.	50%	61% *(16 of 26 cases proved)* (50% Target)	Create a recognised centre of excellence able to disseminate alerts and share best practice nationally.
5	Conduct Data-Matching using the local data-hub, NFI and other data-matching/mining.	Data-Hub for local data matching. Access to NFI output. County wide Council Tax Review Framework.	NFI complete, CTax FW in place. Data-Warehouse operational	Create a data hub for Hertfordshire.

Costs will include salary and direct on-costs for CFO (1 FTE), ACFM (1/3 FTE), Intel Officer (1/3 FTE) = £62k. Costs for NAFN/CIPFA/CMS/ Data Hub = £10k. Costs for 5 training events = £2.5k.

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EAST HERTS COUNCIL

PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY: 22 JANUARY 2019

REPORT BY CHAIRMAN OF PERFORMANCE, AUDIT AND GOVERNANCE

SCRUTINY WORK PROGRAMME

WARD(S) AFFECTED: *none*

Purpose/Summary of Report

- To review and determine the future work programme of Performance, Audit and Governance Scrutiny Committee.

RECOMMENDATION FOR DECISION:	
(A)	the work programme shown in this report (**Essential Reference Paper B attached**) be agreed.

1.0   Background

1.1   Items previously required, identified or suggested for the PAG work programme are set out in **Essential Reference Paper 'B'**.

1.2   Scrutiny committees have the power of influence and are entitled to review and scrutinise the functions of the Council and the decisions of the Executive.   The Committee serves as a 'critical friend' and is not a decision-making body but can make recommendations to the Executive.

2.0   Report

2.1   The draft agenda for 12 March 2019 meeting of PAG Committee is shown in **Essential Reference Paper 'B'**. The timing of some

items shown may have to change depending on availability of essential data (eg. from central government) and officers.

2.2   Members are welcome to submit a scrutiny proposal at any time by completing a Scrutiny Proposal Form (**Essential Reference Paper 'C'**) providing officers with sufficient information to ensure their specific questions are addressed. The Scrutiny Officer will then liaise with officers and the Scrutiny Chairman to consider the best way to address the subject and complete a scoping document.

2.3   Members agreed to extend an invitation to an Executive Member to provide an overview on their portfolio, followed by questions from the Committee at each meeting. The Committee is asked to consider which Executive Members to invite to each meeting for 2018/19.

2.4   Members are asked whether there is any training relevant to scrutiny or to the function and remit of the PAG Committee that they wish to suggest.

3.0   <u>Implications/Consultations</u>

3.1   Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

<u>Background Papers:</u> none

<u>Contact Member:</u>   PAG, Committee Chairman: Councillor M Pope
                mark.pope@eastherts.gov.uk

<u>Contact Officer:</u>   Alison Stuart, Head of Legal and Democratic Services
                alison.stuart@eastherts.gov.uk

<u>Report Author:</u>   Michael Edley: Scrutiny Officer
                Mike.edley@eastherts.gov.uk

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives *(delete as appropriate):*	**Priority 1:** Improve the health and wellbeing of our communities **Priority 2:** Enhance the quality of people's lives **Priority 3:** Enable a flourishing local economy The primary aim of the scrutiny process is to ensure, through enquiry, investigation and evaluation, that the Council's policies and services and those of its partners, reflect their corporate objectives.
Consultation:	Potential topics for scrutiny are always invited from officers and the Executive and all Members and the public are asked through an annual invitation in the 'council tax' edition of LINK magazine which is delivered to every household. The work programme is refreshed at every scrutiny committee through this standing item on the agenda.
Legal:	According to the Council's constitution, the scrutiny committees are responsible for the setting of their own work programme in consultation with the Executive and in doing so they shall take into account wishes of members on that committee who are not members of the largest political group on the Council.
Financial:	There are no financial implications arising from this report.
Human Resource:	Any additional meetings and every task and finish group has resource needs linked to officer support activity and time for officers from the services to make the required input.
Risk Management:	Scrutiny is about risk management, politically and organisationally. None the less, matters which may benefit from scrutiny may be overlooked. The selection of inappropriate topics for review would lead to inefficient use of resources for the council and

	potentially its partners and damage the reputation of the council and its relations with partners. These risks are minimised by ensuring ongoing consultation regarding the committees work programmes with councillors, officers and the wider public.
Health and wellbeing – issues and impacts:	The broad remit of scrutiny is to review topics which are of concern to the public, many of which will have an impact on the general wellbeing of residents of East Herts.
Equality Impact Assessment required:	Not required although this maybe a valid line of inquiry for Scrutiny.

Performance, Audit & Governance Scrutiny (PAG) Committee Work Programme 2019

NB: This is a working document and will be regularly subject to amendment

Meeting Date	Topic	Lead Officer	Notes
4 September 2018 **Deadline 22 Aug**	Annual Leisure Performance Report 2017	Jess Khanom, Head of Operations	• Agreed at May 2017 meeting. To go to this meeting or May/June 2018 • [NB: Last year Leisure Contract Year 8 report: Members asked that a fine breakdown of satisfaction data to show very/fairly etc. be included] • Moved from May as new officer not yet in position. • AND invite Eric Buckmaster as portfolio holder
	Q1 Financial Health Check Report(April – June 2018), and Medium Term Financial Plan Update	Isabel Brittain, Head of Strategic Finance	*Performance section: Ben Wood* *Risk Management: Graham Mully*

Meeting Date	Topic	Lead Officer	Notes
	Treasury Management Strategy Review 17/18 Outturn	Isabel Brittain, Head of Strategic Finance	
	Annual Audit Letter/Report and response to Audit Letter	Isabel Brittain, Head of Strategic Finance Natalie Clark, Ernst & Young	Email report deadline to Natalie Clark, EY
	SIAS Shared Internal Audit Plan Update	Simon Martin HCC	*possibly combine these reports into 1 item*
	Annual SIAS- Board Report 2016-17	Simon Martin HCC	
	Work Programme	Scrutiny officer	
20 November 2018 Deadline: 7 November 2018 (midday) ==NB: THIS IS A JOINT SCRUTINY COMMITTEE==	Old River Lane Development	Liz Watts. CEX	*Draft report with MTE*
	Introduction by Portfolio Holder: Finance & Support Services	Cllr Geoff Williamson	*as joint scrutiny meeting gives opportunity for OS members to have Q&A on this portfolio*
	Treasury Management Strategy 2018-19 & Medium Term Financial Plan	Isabel Brittain, Head of Strategic Finance and External Auditor from Ernst & Young	

Meeting Date	Topic	Lead Officer	Notes
MEETING (Both OS and PAG Members to attend to scrutinise Budget and service plans)	2019/20 Corporate Service Plans	Ben Wood, Head of Comms, Strategy and Policy Nathan Bookbinder, Policy Officer	**All heads of service to be present to answer project related questions.**
20th November 2018 PAG (to follow Joint Meeting) **Deadline** midday, 7 November 2018	Minutes of Meeting of 4th September 2018		Number of actions that need a response from Directors/HoS
	Forward Work Programme	Michael Edley	
22 January 2019 Deadline: 9 January 2019	Q2 Financial Health Check Report(July – Sept 2018), incl section on performance And to include Corporate strategic plan progress to include risk management commentary	Isabel Britain, Head of Strategic Finance, Alison Street, Finance Business Partner Ben Wood, for performance and corporate strategic plan progress	To include: • section on performance Corporate strategic plan progress AND RISK MANAGEMENT

Meeting Date	Topic	Lead Officer	Notes
	Treasury Management - Mid-year Review 2017-18	Isabel Brittain, Head of Strategic Finance	Nicola Munro
	Update on the Implementation of the Annual Governance Statement 2018/19 – Action Plan	Isabel Brittain, Head of Strategic Finance	
	Annual Audit Letter and External Audit Grants Certification Summary	Natalie Clark, EY	Email Natalie Clark EY with report deadline details
	Shared Internal Audit Service (SIAS) Update on Audit Plan	Simon Martin SIAS, HCC	
	Progress on Anti-Fraud Plan 2018/2019	Nick Jennings, SAFS, HCC	Progress - Anti-Fraud Plan 2018/2019 (*NJ Confirmed OK)*
	Cyber security and IT disaster recovery	Helen Standen, Director	Requested via PAG 24 July 2018. Held over at CE's request (email 19 Sept 2018)
	Section 106 Agreements (inc a financial statement summarising the position)	Helen Standen, Director and Head of Planning and Building Control	Requested via PAG 24 July 2018. Held over at Dep CE's request (email 19 Sept 2018)
	Forward Work Programme	Scrutiny Officer	

Meeting Date	Topic	Lead Officer	Notes
12 March 2019 Deadline 26th February 2019	Performance relating to CVS SLA 2018/19 and and proposals for 2019/20	Jonathan Geil	At request of Jonathan 10/01/19
	Annual Leisure Performance Report 2018	Head of Operations, Jess Khanom	Annual Update To go to this meeting or May/June 2019
	Q3 Financial Health Check Report(Oct – Dec 2019), incl section on performance And risk management	Isabel Brittain, Head of Strategic Finance	Including Performance section (Ben Wood) Risk management: Graham Mully
	External Auditor 2018-19 Audit Plan	External Auditor from Ernst & Young	Email Natalie Clark EY with report deadline
	Shared Anti-Fraud Service with draft plan for 2019/20 for approval	Nick Jennings HCC	SAFS/EHC Anti-Fraud Plan 2019/2020
	Shared Internal Audit Plan (SIAS) 2019/20	Simon Martin SIAS, HCC	Propose to combine into 1 report
	SIAS Audit Plan Update	As above	SAFS/EHC Anti-Fraud Plan 2019/2020

Meeting Date	Topic	Lead Officer	Notes
	Annual Review of Risk Management Strategy	Isabel Brittain, Head of Strategic Finance/Graham Mully, Risk and Insurance Business Advisor	Annual Update To go to this meeting or May/June 2019
	Scrutiny Work Programme	Michael Edley: Scrutiny Officer	

Other items/notes:

- **Financial Healthcheck Reports** (Isabel Brittain, Head of Strategic Finance)
  Finance will continue to provide quarterly finance health checks for 2018-19.
  The dates for the quarterly finance healthchecks to go to PAG are as following:
  Quarter 1 (April – June 2018) PAG – 4/09/2018
  Quarter 2 (July – September 2017) PAG – 20/11/2018
  Quarter3 (October – December 2017) PAG – 12/03/2018
  Outturn (full year 2018/19) PAG – will go to PAG in July 2019

- Insurance Options to PAG July 2019 – Review of current arrangements quested at PAG 24 July 2018

- **Complaints lodged with the monitoring officer** (Alison Stuart, Head of Democratic and Legal Support Services) - This will be as and when there are updates to report.

- **Constitution Review Update** (Alison Stuart, Head of Democratic and Legal Support Services) Item removed from work programme as it will go to full council.

- **Shared Anti-Fraud Service (SAFS):**

November reports: *Progress - Anti-Fraud Plan 2018/2019* & *SAFS/EHC Anti-Fraud Report 2017/2018*.
March report: *SAFS/EHC Anti-Fraud Plan 2019/2020*

- **Shared Internal Audit Service (SIAS):**
  24 July 2018: Shared Internal Audit Service – update on Annual Assurance; Shared Internal Audit Service – update on Audit Plan
  4 September 2018: SIAS Shared Internal Audit Plan Update; Annual SIAS- Board Report 2017-18
  22 Jan 2019: Shared Internal Audit Service (SIAS) Update on Audit Plan
  12 March 2019: Shared Internal Audit Plan (SIAS) 2019/20; SIAS Audit Plan Update

- **Risk Monitoring:**
  24 July 2018: Risk Management Monitoring Report (January - March 2018)
  4 September 2018: Risk Management Monitoring Report (April – June 2018)
  20 November 2018: Risk Management Monitoring Report (July to Sept 2018)
  12 March 2019: Risk Management Monitoring Report (Oct to Dec 2019)

- **Review of the introduction of 'pay-on-exit' parking software:**
  Officers will provide a briefing note for the Committee on this subject in May/June 2018

  Items to be scoped/added:
- Staff recruitment/retention (including Planning)
- IT resilience (including Cyber security, BATs shared service and additional costs of license software)
  Officers have confirmed that this will be covered by the Overview and Scrutiny Committee's scrutiny

of Shared Services, which will be considered at a single item meeting, date TBC. (PAG 24 July 2018)
- Section 106 - review of the management of S106 payments (PAG 24 July 2018)

Information:
- Housing Associations – General Concerns repairs etc (Discussed at PAG 24 July - within the remit of OS Committee)

PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY – Deadlines for Papers

DATE OF MEETING	REPORT DEADLINE (midday)
4 September 2018	22 August 2018
20 November 2018	7 November 2018
22 January 2019	9 January 2019
12 March 2019	26 February 2019

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ESSSENTIAL REFERENCE PAPER C

Topics for Scrutiny may be proposed by Members and Officers of East Herts Council, staff of its partner organisations, and by residents of East Hertfordshire.

The aim of this form is to secure as much initial information about the issue at an early stage so that a decision as to whether to proceed is based upon sound evidence.

SCRUTINY PROPOSAL FORM

Name of proposer:

Please answer the following questions as fully as possible continuing on separate sheet/s if necessary

What would you like to suggest for investigation / review by scrutiny?

Why would you like this to be reviewed? (Include the main issues/concerns to be considered)

What would be the likely benefits and outcomes of carrying out this investigation / review?

Relevant witnesses, existing documentation and research/consultation required

Estimated resource implications (e.g. research group, one-off report, dedicated meeting etc) to achieve the likely outcome. The outcome must be proportionate to the cost of carrying out the review.

Will this investigation / review contribute to one or more of the Council's Strategic Priorities? If so, which (please tick)?	
Improve the health and wellbeing of our communities	
Enhance the quality of people's lives	
Enable a flourishing local economy	
Will this investigation / review meet one or more of the criteria below? If so, which (please tick)?	
Public Interest: The issue has been identified as a concern by local people and affects a significant proportion of the local population or disproportionately affects a particular community of place, interest or association.	
Impact (Value): Resolution of the issue will make a significant improvement to the social, economic and environmental wellbeing of residents, or particular community of place, interest or association.	
Relevance: The issue is relevant and does not duplicate existing work being undertaken elsewhere	
Partnership working or external scrutiny: The issue involves moving towards collective action and community leadership	

Would you like to be involved in the investigation / review?	
Yes	**No**
Date of request:	**Signed:**

Please return this form to:

Scrutiny Officer, East Herts Council, Wallfields, Pegs Lane, Hertford, SG13 8EQ

Email: scrutiny@eastherts.gov.uk and copy to mike.edley@eastherts.gov.uk

EAST HERTS COUNCIL

PERFORMANCE, AUDIT AND GOVERNANCE COMMITTEE –
22 JANUARY 2019

REPORT BY SIMON RUSSELL – ICT STRATEGIC PARTNERSHIP
MANAGER

JOINT ICT SERVICE CYBER SECUIRTY AND RESILIENCE UPDATE

WARD(S) AFFECTED: All

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Purpose/Summary of Report

- Update on progress and plan to strengthen and improve cyber security and resilience of ICT provision across the council's shared IT service.

RECOMMENDATION(S) FOR Performance, Audit and Governance Committee: That:	
(A)	**Members are invited to review and comment on the report**

1.0   Background

1.1   Audit reports have shown that Cyber security and resilience is an area within ICT that has been neglected in the past and have put both councils at great risk of down time and cyber-attacks. This has been highlighted as high priority for the ICT team to target.

2.0   Report

2.1   Power resilience: Installation of generator has been followed by structural works to ensure that second data centre at Cavendish is fully protected. This work was scheduled to be completed over the weekend of the 8 December 2018.

2.2   Dark Fibre link: This link between the two data centres in Stevenage is vulnerable to be severed by road works, which has happened twice in recent months. ICT are in the process of tendering for a Microwave connection between both sites which will be constantly active removing this single point of failure. This should be installed in Quarter 4.

2.3   VDI desktop provisioning: Any server 'down time' planned or otherwise, causes serious disruption of the service as there is a delay in the provision of desktops to staff as they cannot be provisioned quickly enough. This is because of limitations of the present version of Horizon VDI and bottlenecks in the switches connected to them. The budget has been secured to update to the latest version of Horizon (7), update required storage and replace all switches across the network which are over 5 year old. Tender process is being started and we are anticipating installation in Quarter 1 2019.

2.4   Firewalls: All the council's firewalls are over 5 years with the exception of 2 which are 3 years old. A budget has been allocated to replace all firewalls during the financial year 2019/2020

2.5   Public Service Network (PSN): We are awaiting approval of our PSN certification. The external ICT health check showed 99 areas of high risk. Over the past few months these have been reduced that to 2 and expect resolution of those end of 2018.

2.6   Email security: We have setup TLS 1.2 and DMARC, this is ongoing work but allows us to discontinue the use of GCSX email which is ending operation in March 2019. Those emails

will be included in our 'normal' email setup in Exchange and the end result is a much higher level of security and encryption for all the council's emails.

2.7   Unsupported Operating Systems: All unsupported OS and databases have now been removed from the council's networks and we have started a scheme of work to remove Windows 2008 and SQL which will come out of support in 2019.

2.8   PSN Phase 2: We have started a scheme of work to focus on areas of vulnerability identified by PSN but which does not affect our ability to be certified.

2.9   Storage: Our present storage is 6 years old and the security firmware is not supported. Budget has been obtained to replace the storage in Q4/Q1.

3.0   Web and Email filtering: These systems are scheduled to be replaced during financial year 2019/2020

3.1   Office 365: Email and unstructured data will be transitioned to Office 365 as part of the move to cloud services. This brings with it in-built security features of the software but also other risks. As part of this solution we will be looking to implement two factor authentications.

3.2   ICT Staff restructure: The department is undergoing a restructure and as part of that, two new positions have been created: senior security and network technicians. These two positions will focus purely on securing and maintaining the security of the councils systems. At present this responsibility is spread across the IT team and thus has no real focus. The creation of these roles will resolve that issue and also enable the time resource to resolve and implement many of the systems and solutions aforementioned.

3.3   Data Compliance and GDPR: The data compliance team is to be moved into the ICT department from January 1st 2019. At present this is just one permanent staff member and two temps, and discussions are being held about staffing. The proposal is to have joined approach to data protection and GDPR. Systems are being investigated to cover the governance side of GDPR.

4.0   Implications/Consultations

4.1   Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Report Author: Simon Russell – ICT Strategic Partnership Manager
                      simon.russell@stevenage.gov.uk

Contact Officer: Name - Simon Russell – ICT Strategic Partnership Manager
                      simon.russell@stevenage.gov.uk

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives *(delete as appropriate):*	Priority 1 – Improve the health and wellbeing of our communities Priority 2 – Enhance the quality of people's lives Priority 3 – Enable a flourishing local economy
Consultation:	*Partnership Board – Shared IT Services* *S151 East Herts and Stevenage*
Legal:	*None*
Financial:	*All estimated costs have been agreed and allocated by the S151 in both authorities*
Human Resource:	*Stevenage HR are the lead*
Risk Management:	*Without the investment in our ICT we continue to risk further outages and if out of date equipment is not replaced, we will be vulnerable to attack*
Health and wellbeing – issues and impacts:	*None*
Equality Impact Assessment required:	*No*

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EAST HERTS COUNCIL

PERFORMANCE AUDIT AND GOVERNANCE COMMITTEE – 22 JANUARY 2019

REPORT BY HELEN STANDEN– DEPUTY CHIEF EXECUTIVE

SECTION 106 AGREEMENTS

WARD(S) AFFECTED: All

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Purpose/Summary of Report

- To respond to the request from PAG members for a report on Section 106 Agreements (including a financial statement summarising the position)

RECOMMENDATION(S) FOR PERFORMANCE AUDIT AND GOVERNANCE COMMITTEE: That:	
(A)	**Members review the actions and are invited to comment**

1.0   **Background**

1.1   Section 106 (S106) of the Town and Country Planning Act 1990 allows us, as the local planning authority, to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement.

1.2   These agreements are a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing.

1.3   Section 106 of the Town and Country Planning Act 1990 allows landowners to enter into planning obligations either:
•individually
•or by agreement with the council as local planning authority

1.4   Planning obligations must relate to a specific area of land that is identified on a plan or map attaching to the obligation. They are usually (but not always) used to make sure that a planning permission is carried out satisfactorily.

1.5   Historically East Herts Council has entered into S106 agreements with developers across the District. The contributions are used to improve facilities for residents and to enhance the environment. Agreements are usually for a specific purpose and many of the agreements that were signed historically are very specific, tying the funding to a particular area and/or specific provision.

1.6   Examples of S106 provisions are:
•works to provide safe access to a site, to accommodate safely local increases in traffic due to the development, and to discourage the additional traffic from using unsuitable local roads;

- works within a transport sector to encourage travellers to and from a development to change to a more sustainable means of transport, including park and ride;
- works, services or incentives to secure improved accessibility to and from a site by all forms of transport, including public transport, cycling and walking;
- flood defence and mitigation works;
- an element of affordable or special needs housing;
- the provision or enhancement of play space which cannot be accommodated on-site;
- education facilities at nursery, primary and secondary levels;
- community facilities;

- measures to provide for public safety and security;
- a contribution to skills analysis and training provision;
- facilities or measures to offset the loss of or impact on any resource, such as woodland or open space, present on a site prior to development;
- works to adjacent areas of public realm, including tree planting;
- public art.

2.0 <u>**Report**</u>

2.1   Following a recommendation instigated by the Deputy Chief Executive, Leadership Team were asked in October 2018 to approve the establishment of a dedicated S106 role to oversee and monitor S106 including proactively ensuring the sums are fully utilised.

2.2   In addition an Internal Audit Report on Section 106 Spending Arrangements was finalised and published in November 2018 which gave only limited assurance in the arrangements. The full report has already been issued to PAG members, but is attached at exempt **Essential Reference Paper "B**" for ease of reference.

2.3   Officers welcomed the report as it helped to triangulate areas for improvement that officers had already identified.

2.4   In late 2017, a project officer was assigned to review the S106 process. She found that the recording of S106 took place across numerous systems and there was no central record. Additionally, there was little monitoring undertaken. As a result of these initial findings a S106 officer group was established who meet on a monthly basis. This has already enabled the identification of potential S106 projects across the District. A list of projects can be found at exempt **Essential Reference Paper "C"**

2.5   Officers had already identified that there was some unspent historical S106 funding that was reaching time-bar. Significant input from the Project Officer currently overseeing S106 has already had a positive effect and projects have been identified to ensure the funding is spent.

2.6   Due to the very specific wording of some historical S106 agreements, it may not be possible to fully utilise the funding, however, officers are working to maximise every opportunity.

2.7   The current financial position (January 2019) in respect of S106 is summarised within exempt **Essential Reference Paper "C"**

3.0   <u>Summary</u>

3.1   Having identified weaknesses within the S106 arrangements, in late 2017 senior officers began to have closer oversight of the process and asked for regular reporting to take place.

3.2   Due to the complex nature of S106 agreements and the lack of consistent recording, it has taken much longer than anticipated to get the agreements into a user friendly format.

3.3   Actions taken so far:

- Centralisation of S106 agreements
- Establishment of an officer working group (meeting monthly)
- Establishment of a project plan list
- Creation and approval of a dedicated role
- Proactively approaching potential partners to expedite S106 spend

3.4   Active recruitment will be undertaken in the New Year and close monitoring and reporting will continue, with oversight from the Deputy Chief Executive and Head of Communications, Strategy and Policy.

3.5   Proposed actions for next six months:

- Recruitment of S106 Officer
- Establish a regular report format
- Appoint a Member 'S106 Champion'
- Develop an effective mechanism for members and officers to further develop and input to the project plan list

4.0   Implications/Consultations

4.1   Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers: none

Contact Officer: Helen Standen – Deputy Chief Executive
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                     helen.standen@eastherts.gov.uk

Report Author: Helen Standen – Deputy Chief Executive
                     Contact Tel No 1405
                     helen.standen@eastherts.gov.uk

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IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives *(delete as appropriate):*	Priority 1 – Improve the health and wellbeing of our communities Priority 2 – Enhance the quality of people's lives Priority 3 – Enable a flourishing local economy
Consultation:	*Head of Planning* *Head of Communications, Strategy and Policy* *Leadership Team*
Legal:	*None*
Financial:	*Any financial costs will be offset by the improved ability to raise, allocate, monitor and spend S106 effectively within the District. (Agreed with S151 officer)*
Human Resource:	*JD and PS has been through JEP and agreed*
Risk Management:	*Whilst no dedicated resource is available there is a high risk that effective monitoring and spend will not be achievable*
Health and wellbeing – issues and impacts:	*None*
Equality Impact Assessment required:	*No*

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