

MINUTES OF A MEETING OF THE  
AUDIT AND GOVERNANCE COMMITTEE  
HELD IN THE COUNCIL CHAMBER,  
WALLFIELDS, HERTFORD ON TUESDAY 14  
SEPTEMBER 2021, AT 7.00 PM

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PRESENT: Councillor M Pope (Chairman)  
Councillors R Fernando, A Huggins,  
T Stowe, R Townsend and A Ward-Booth

OFFICERS IN ATTENDANCE:

Steven Linnett	- Head of Strategic Finance and Property
Graham Mully	- Insurance and Risk Business Advisor
Nanci Pomfrett	- Trainee Environmental Health Practitioner
William Troop	- Democratic Services Officer
Ben Wood	- Head of Communications, Strategy and Policy

147 APOLOGIES

There were no apologies.

148 MINUTES - 29 JULY 2021

It was moved by Councillor Townsend and seconded by Councillor Stowe, that the Minutes of the meeting of the Committee held on 29 July 2021 be confirmed as a correct record and signed by the Chairman. After being put to the meeting and a vote taken, this motion was declared CARRIED.

**RESOLVED** – that the Minutes of the Committee meeting held on 29 July 2021 be confirmed as a correct record and signed by the Chairman.

149 CHAIRMAN'S ANNOUNCEMENTS

The Chairman said that this was the last meeting the Democratic Services Officer would facilitate as he was leaving the Council. He thanked the Democratic Services Officer for his work with the Committee and wished him luck for the future.

150 DECLARATIONS OF INTEREST

There were no declarations of interest.

151 PROGRESS WITH DELIVERY OF THE 2021/22 ANTI-FRAUD PLAN

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The Shared Anti-Fraud Service (SAFS) Officer briefly introduced the report. Assurance work on the various COVID-19 grant schemes had made up a large part of the recent workload, as well as work resulting from the National Fraud Initiative, which was often administrative or related to data which was now outdated. After this work was completed, work to feed

data into the fraud hub would be prioritised.

The SAFS Officer addressed several questions which were sent to him prior to the meeting by Members. In response to a question about response times to referrals, he said that there had been some slippage on the target set out in key performance indicator (KPI) three. However, considering the previous year's average response times, he was confident this would be recovered to a two day average. In response to a question about the low number of proactive referrals, the SAFS Officer said that most of the referrals were resolved by administrative tasks and were therefore not passed on for fraud investigation.

Members were advised that SAFS had procured a number of services from external providers to constitute a four year framework. This would allow different local authorities to access a bespoke service suited to their needs. There had also been work done on ensuring long-term empty homes were still empty and therefore entitled to tax discounts. This work was funded by Hertfordshire County Council, with the various districts then responsible for ensuring data was accurate. Data analytics had been carried out using various systems including CIFAS and Spotlight to provide assurance over grant schemes, including working with other local authorities to share information about fraud. Only four attempts of fraud had been made against the Council and none had been successful, which Officers should be commended on.

The SAFS Officer responded to a prior question regarding the resumption of investigations using face-

to-face interviews, which had been suspended during the pandemic. These interviews were now ongoing. However, work in partnership with the Department for Work and Pensions (DWP) had yet to resume as DWP staff were still deployed elsewhere and had not been working on housing benefit fraud.

The SAFS Officer responded to a prior question regarding the cost of the Council's membership to SAFS and a comparison of this against the savings and recovery of fraud losses. He assured Members that this subject was raised at regular meetings with Council staff, including the Head of Strategic Finance and Property. There had been considerable measurable financial savings, as well as soft prevention delivered by way of training, advice, anti-money laundering expertise and fraud awareness campaigns.

**RESOLVED** – that the report be considered and received.

152 STRATEGIC RISK REGISTER MONITORING Q1 2021/22

The Insurance and Risk Business Advisor briefly introduced the report. He said that the content of the report had now been standardised following the previous changes to formatting.

Councillor Stowe asked about the viability of attaining insurance to cover the Council's major projects and said that the rising costs of materials and labour were a risk.

The Insurance and Risk Business Advisor said that for some projects there were some specific legal risks,

which could not be disclosed in an open meeting. He said that Officers were working to mitigate against these risks. There was also cover for project delay, some unexpected costs as well as planning and drainage problems. However, less policies were now available and the cost was high due to due to Brexit and COVID-19.

Councillor Townsend asked about the £2.9m government support received so far and whether any further funds were expected.

The Head of Strategic Finance and Property said the government had committed to the income support scheme for transactional income for quarter one, but the amount to be claimed was still being assessed. Government were also asking retrospective questions regarding controls and assurance on grant schemes. There was a further £1m in Additional Restrictions Grant which would be distributed to businesses in the district.

The Chairman asked about the risk of performance, resilience and security of IT systems. He suggested that the likelihood should be higher and asked that the Committee's concern about this be minuted.

The Insurance and Risk Business Advisor said that the Committee's comments on this in the past had been considered. The Deputy Chief Executive had reviewed this and the likelihood score had remained the same; the risk had been considered to 'probably occur' annually, rather than 'expected to occur or occurs regularly' monthly as per the likelihood scoring matrix in the report.

The Head of Strategic Finance and Property said that the Shared Internal Audit Service (SIAS) were currently conducting an audit on cyber security, which would be presented to the Committee in due course. It was agreed that the Committee would await the conclusion of this audit before exploring this point further.

The Insurance and Risk Business Advisor said that the Committee may wish to consider recommending to the Executive that it receives the Risk Register as an appendix to financial reports, as had previously been the case. The Committee agreed there was merit in this proposal.

The Chairman said that he thought it unnecessary that the Committee receive both a clean and tracked changes version of the register, unless there was a significant amount of change, and a tracked changes version only would be sufficient. This was agreed.

It was moved by Councillor Fernando and seconded by Councillor Huggins that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

**RESOLVED** – that (A) the report be received and considered; and

(B) the Committee recommend to the Executive that it receive the quarterly Strategic Risk Register as an appendix to financial reports.

153 ASSETS OF COMMUNITY VALUE

The Head of Communications, Strategy and Policy briefly introduced the report and explained the context and purpose of the register of Community Assets, as well as outlining some case studies detailed in the report. He said that it was always made clear to community groups that registering something as an asset did not prevent planning applications being considered, but the community interest would be noted and taken into account by planning inspectors. However, it had become clear that the legislation lacked the means to allow effective enforcement if contact was ignored by land owners.

Councillor Stowe said that the owner of the Rose and Crown in his ward had ignored attempts by the community to engage and, as part of the conditions, would need to prove that they had actively marketed the property for sale.

Councillor Ward-Booth and the Chairman said that some of the assets were either coming to the end of the five year term or had already expired. They asked whether the Council would contact community groups about this.

Councillor Huggins and Councillor Townsend said that new Members should also be made aware of assets in their ward when elected.

The Head of Communications, Strategy and Policy said that the Interim Policy Officer had been assigned actions relating to the register and would take forward the requests of the Committee.

**RESOLVED** – that the report be received and considered.

154 FINANCIAL MANAGEMENT 2021/22 – QUARTER 1  
FORECAST TO YEAR END

The Head of Strategic Finance and Property briefly introduced the report and addressed several questions which were sent to him prior to the meeting by Members. He said there had been a small overspend on revenue and some slippage on the capital budget. There would a be a claim made on the government's income support scheme, the Council would absorb losses up to 5% of the budgeted sales, fees and charges income, with the government compensating for 75p in every pound of relevant loss thereafter.

Property rents were holding up and fewer claims of lower council tax support were received than forecasted. There was an overspend within Strategic Finance and Property, this was largely due to rent reductions which were agreed for Charringtons House for tenants in financial difficulty, although this opportunity was used to favourably change the terms of the leases.

In response to a prior question, the Head of Strategic Finance and Property said that sundry debts related to things like pest control work where the Council had not received payment. Further details could be given to Members outside of the meeting should they require it.

Councillor Stowe asked if a report on the debts could



be presented to the Committee.

The Head of Strategic Finance and Property said he was happy to provide a summary report to the Committee, but it should be borne in mind that regarding debt write offs, this would only be done where it was impossible for the debt to be recovered, such as in the case of bankruptcy.

The Chairman asked about the unspent £4.1m from the capital budget. He also asked whether the underspend in revenues and benefits masked problems elsewhere within the Council.

The Head of Strategic Finance and Property said that the unspent budget would be carried forward. Revenues and benefits had a devolved budget, the positive result in this area was largely due to new burdens funding from government to support changes and processes around business rates.

It was moved by Councillor Ward-Booth and seconded by Councillor Fernando that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

**RESOLVED** – that (A) the net revenue budget forecast over spend of £0.082 million in 2021/22 be noted; and

(B) the revised capital budget for 2021/22 of £50.039million, which included £4.171m carried forward from 2020/21 to be approved as part of the Provisional Outturn report, and the forecast zero variance to that budget, be noted.

155 2020/21 PROVISIONAL OUTTURN

The Head of Strategic Finance and Property briefly introduced the report. He said that the external audit was still awaited. The overspend of approximately £116,000 could be considered as a positive outcome in light of the significant difficulties of the previous year.

The Chairman said that the net cost of services had increased and asked if was related to the impact of COVID-19.

The Head of Strategic Finance and Property highlighted his earlier points about reduced rental income and the terms of the income support scheme claim again. Some costs related to the cost of refuse staff being replaced by agency workers when they were required to self-isolate.

Councillor Townsend asked whether assigned but unspent community grants would remain allocated to the relevant groups.

The Head of Strategic Finance and Property said that it would. The Council had previously required work to start before the funds were allocated. However, this was not widely accepted practise and going forward funds would be allocated and monitoring done to ensure they were used as agreed.

Councillor Pope asked how prospective changes to the New Homes Bonus (NHB) would affect the Council.

The Head of Strategic Finance and Property said that

the government wanted to remove the 'dead weight' factor whereby it was paying bonuses on new homes that would likely have been built in any case. Once this happened, it was unlikely the Council would receive any NHB. Caution had been taken and this was the assumption that had been made in the financial forecast. Financial pressure would continue; there had been only a 0.6% increase in the Council's resources despite the increase in council tax.

The Chairman asked about positive windfalls on property funds that the Council had invested in and the contribution to the section 31 national non-domestic rates (NNDR) reserve.

The Head of Strategic Finance and Property said that the diversified property fund had outperformed expectations and the Bank of England base rate, so the decision had been made to keep it. The NNDR contribution related to the government's irrecoverable losses grant scheme on business rates. The rules had been changed around this so the numbers were slightly lower than expected, but this could be mitigated elsewhere.

The Chairman asked about the capital underspend of approximately £30m. He also asked for a general update on reserves.

The Head of Strategic Finance and Property said that this was due to the Council's previous practice of carrying forward bulk underspends, once the new practice of showing profiled expenditure across years was implemented, much smaller variance would be seen. Planning costs for Harlow and Gilston had been

funded from reserves in the past and this was not sustainable going forward. Applications would soon begin to be heard, which created further budget and staff pressures in the Planning Service.

It was moved by Councillor Ward-Booth and seconded by Councillor Fernando that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

**RESOLVED** – that (A) the General Fund revenue outturn of £116k overspend funded from the general reserve be noted;

(B) the carrying forward of the revenue budgets of £414k from 2020/21 to 2021/22 be noted; and

(C) the carrying forward of capital budgets of £4.271m to 2021/22 to fund ongoing capital scheme be approved.

## 156 CHANGES TO THE COMMITTEE WORK PROGRAMME

The Head of Strategic Finance and Property briefly introduced the report. The external audit was expected to be completed in December 2021. It was recommended that the Committee agree to form a Sub-Committee to approve the statement of accounts in December. Training prior to meetings of the Committee was also recommended.

Councillor Stowe said oversight of the Council's commercial projects would be welcome.

Councillor Townsend asked if the training would

immediately precede meetings and whether this would be open to the public.

The Head of Strategic Finance and Property said that this was the Committee's prerogative, but this had been done in public at previous local authorities where he had worked.

The Chairman and Councillor Stowe said that it would be useful to have the training in open session so any members of the public could also benefit from it.

Members agreed that the Sub-Committee would need a minimum of three Members to be quorate, although all Members that were available were welcome. Training relating to the statement of accounts was also requested.

It was moved by Councillor Stowe and seconded by Councillor Huggins that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

**RESOLVED** – that (A) the creation of the Statement of Accounts Approval Sub-Committee be approved and the quorum set at a minimum of three Members;

(B) that the work programme as set out in the report be approved; and

(C) training requirements be specified.

157 WORK PROGRAMME PROPOSALS 2021-22

It was moved by Councillor Stowe and seconded by Councillor Huggins that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

**RESOLVED** – that (A) the main agenda items for the next meeting be agreed; and

(B) the proposed work programme, at Appendix A, in relation to Audit and Governance matters, be agreed.

158 URGENT ITEMS

There was no urgent business.

The meeting closed at 8.14 pm

Chairman .....
Date .....