



MEETING : AUDIT AND GOVERNANCE COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 14 SEPTEMBER 2021
TIME : 7.00 PM

PLEASE NOTE TIME AND VENUE

MEMBERS OF THE COMMITTEE

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

Substitutes

Conservative Group: Councillors J Burmicz and A Curtis

*(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.)

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AGENDA

1. Apologies

To receive apologies for absence.

2. Minutes - 29 July 2021 (Pages 7 - 18)

To receive the Minutes of the meeting held on Thursday, 29 July 2021.

3. Chairman's Announcements

4. Declarations of Interest

To receive any Member's Declaration of Interest.

5. Progress with delivery of the 2021/22 Anti-Fraud Plan (Pages 19 - 34)

6. Strategic Risk Register Monitoring Q1 2021/22 (Pages 35 - 102)

7. Assets of Community Value (Pages 103 - 114)

8. Financial Management 2021/22 – Quarter 1 Forecast to Year End
(Pages 115 - 130)

9. 2020/21 Provisional Outturn (Pages 131 - 146)

10. Changes to the Committee Work Programme (Pages 147 - 160)

11. Work Programme Proposals 2021-22 (Pages 161 - 170)

12. Urgent Items

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.

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON THURSDAY 29
JULY 2021, AT 7.00 PM

PRESENT: Councillor M Pope (Chairman)
Councillors A Alder, T Stowe, R Townsend
and A Curtis

ALSO PRESENT:

Councillors G Williamson

OFFICERS IN ATTENDANCE:

Steven Linnett	- Head of Strategic Finance and Property
Nanci Pomfrett	- Trainee Environmental Health Practitioner
William Troop	- Democratic Services Officer

ALSO IN ATTENDANCE:

Nazeer Mohammed - EY

121 APOLOGIES

Apologies for absence were submitted on behalf of Councillors Fernando, Huggins and Ward-Booth. It was noted that Councillor Curtis was acting as a substitute

for Councillor Ward-Booth.

122 MINUTES - 27 MAY 2021

It was moved by Councillor Alder and seconded by Councillor Townsend, that the Minutes of the meeting of the Committee held on 27 May 2021 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 Committee meeting held on 27 May 2021 be confirmed as a correct record and signed by the Chairman.

123 CHAIRMAN'S ANNOUNCEMENTS

The Chairman thanked the Democratic Services Officer for providing Members with answers to outstanding queries from the previous meeting.

124 DECLARATIONS OF INTEREST

There were no declarations of interest.

125 SHARED INTERNAL AUDIT SERVICE (SIAS) INTERNAL AUDIT PLAN PROGRESS REPORT

The Shared Internal Audit Service (SIAS) Officer gave a brief summary of the report.

Councillor Curtis thanked the SIAS Officer for his report. He asked about the disaster recovery plan and whether Officers were comfortable with the amount of time the work on IT systems was taking, given the

Council's exposure in the meantime. He added that he hoped that the Committee would have oversight of the new document.

The SIAS Officer said that the work on the disaster recovery plan was simply to collate all relevant policies and procedures into one comprehensive document. This did not suggest there were problems with existing procedures.

Councillor Townsend asked whether business continuity would be incorporated into the disaster recovery plan.

The SIAS Officer said that business continuity was usually a comprehensive set of procedures in itself and would generally be collated separately, but he would check this and respond to Members outside of the meeting.

The Chairman asked about disused audit days being added to the contingency balance.

The SIAS Officer confirmed that these days were not lost, but simply used elsewhere when an unplanned business need was identified. Not all audit needs could be foreseen and it was normal practise for the audit plan to change throughout the year.

Councillor Alder asked what constituted a low level of fraud regarding fly-tipping.

The SIAS Officer said that he would look into this and respond to Members outside of the meeting.

The Chairman asked about the gaps in the policies and procedures regarding fly-tipping as identified in the report and whether this was something which should be referred to Overview and Scrutiny Committee for further consideration.

The SIAS Officer said that there were well-established processes regarding fly-tipping, but documentation of these could be improved to aid business continuity in the event of staff absence.

It was moved by Councillor Curtis and seconded by Councillor Stowe 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 Internal Audit Progress Report be noted;

(B) changes to the Internal Audit Plan as at 9 July 2021 be approved; and

(C) the status of Critical and High Priority Recommendations be noted.

126 ANNUAL GOVERNANCE STATEMENT 2020/21

The Head of Strategic Finance and Property gave a brief summary of the report. The Annual Governance Statement (AGS) this year was longer than in previous years to provide further detail and comparison against the Chartered Institute of Public Finance and Accountancy (CIPFA) standards.

The Chairman thanked the Head of Strategic Finance

and Property for the comprehensive document.

Councillor Curtis said that whilst informative detail was welcome, it may make the document more difficult for the general public to digest.

The Head of Strategic Finance and Property said that there was a summary page included. The purpose of the AGS was to provide assurance to the public, alongside the statement of accounts. However, it would likely be difficult to digest it in any case, without an understanding of the relevant governance framework.

Councillor Townsend said that those seeking out the AGS were likely to be able to comprehend it and therefore the level of detail and clarity of the report was appropriate.

Councillors Stowe, Curtis, Townsend and the Chairman made several comments about the possibility of a Members being required to complete a minimum level of training.

The Head of Strategic Finance and Property said that this was something that would need to be referred to the Constitution Review Group as this would not be within his remit.

The Chairman requested that Member briefings being added to the Assurance Cycle graphic in the AGS. This was agreed. He also asked about policies being reviewed by Members.

The Head of Strategic Finance and Property said that

the whistleblowing and anti-money laundering policies were due to be reviewed by the Shared Anti-Fraud Service (SAFS).

The Chairman and Councillor Curtis asked how the impact and consequences of decisions were measured. Councillor Curtis also said that Overview and Scrutiny Committee could improve at this.

The Head of Strategic Finance and Property outlined a number of ways the Council did this, including by using key performance indicators (KPIs).

Councillor Williamson, Executive Member for Financial Sustainability, said that there was also the Quarterly Corporate Health Check which afforded Members ongoing oversight.

The Chairman asked whether the Council was still committed to apprenticeships.

The Head of Strategic Finance and Property said that Leadership Team (LT) had rejected a proposal to stop the apprenticeship scheme. This was still valued and partly funded by the apprenticeship levy.

The Chairman asked about the assurance mapping exercise.

The Head of Strategic Finance and Property said that this would be included for the first time and the Council would be the first in Hertfordshire to utilise it. This would afford a visual tool to assist in understanding the areas of assurance and identify areas which the Council needed to provide more or

less assurance. This would form part of the SIAS Officer's report going forward.

The Chairman asked about the cross-service Officer group which would be established to discuss asset management issues. He also asked whether the Committee would be involved in the Commercial Strategy.

The Head of Strategic Finance and Property said that the Executive Member for Financial Sustainability would attend the cross-service Officer group and other Members may be welcome depending on their areas of interest.

Councillor Williamson said the Commercial Strategy would be discussed by LT and the Executive and its scrutiny path would then be decided.

Councillor Townsend asked whether the asset strategy would include planned preventative maintenance.

The Head of Strategic Finance and Property said that the Council was adhering well to the asset management plan, including on projects such as Hertford Theatre and Grange Paddocks.

The Chairman asked when the planned external review of the ICT strategy would take place.

The Head of Strategic Finance and Property said that procurement would take place soon. A new Interim Head of IT had just been appointed.

RESOLVED – that the report be received and considered.

127 RECEIPT OF THE EXTERNAL AUDITOR'S AUDIT PLANNING REPORT

Ernst and Young's (EY) representative briefly introduced the report.

Councillor Curtis thanked EY's representative for the report. He asked how the values of the Council's properties, particularly those that were part of the capital projects, were accurately valued. He said that this was of high importance so that Members could make appropriate decisions.

EY's representative said that the changes relating to property values were more to do with material uncertainty caused by the COVID-19 pandemic. The perceived risk for the Council was low, as buildings such as leisure centres were not as at risk as retail facilities, for example. The Council's capital programme was also reviewed last year by EY as part of its value for money work.

Councillor Townsend pointed out a typo on page 92 of the report in the figures relating to performance materiality. EY's representative said this would be corrected in the final report.

The Chairman asked the Head of Strategic Finance and Property to outline the risks caused by the delayed audit.

The Head of Strategic Finance and Property said that it

was unclear what action the Ministry of Housing, Communities and Local Government (MHCLG) would take in relation to Business Rates. If the deadline was not extended for the audit, the money could potentially be withheld and problems with cash flow could be damaging to the Council. It would likely be necessary for an additional meeting of the Committee to take place or the establishment of a Sub-Committee to approve the statement of accounts at the end of the year.

The Chairman asked how much extra work the new fraud risks generated for EY. He also asked whether the group accounting was a complex area as the accounts for Millstream should be fairly straight forward. Finally, he asked whether the audit work would be completed remotely.

EY's representative said the work relating to the Minimum Revenue Provision would be major and specialists would need to be engaged. The other areas could be included into standard testing. EY had not yet seen material relating to Millstream, but it was more the values of the properties the subsidiary owned which was considered complex. The audit would be completed remotely.

The Chairman asked about EY's data analytics tool. He also asked how big the sample sizes were which were used.

EY's representative said that the tool did compliance testing using data, for example by flagging unusual transactions within payroll. Sample sizes varied, using the example of payroll once again, 40 or 50 samples

would be used and bank confirmations would also be sought.

The Chairman asked about the 2019/20 audit fee and whether Public Sector Audit Appointments (PSAA) had responded to the considerable proposed increase.

The Head of Strategic Finance and Property said that audit firms had consistently undercut each other and were now all struggling and seeking increases in fees. Comments from PSAA had yet to have been received.

The Chairman asked that the Committee's concern over the delay to the audit and the considerable risks this posed to the Council be minuted. Whilst it was accepted that many other local authorities were in the same position, the Committee wished to place on record its disappointment at the situation.

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

(B) that the fact that Council would be unable to comply with the 30 September 2021 statutory deadline for publishing audited accounts as set out in the Accounts and Audit Regulations 2015 (as amended), as the audit work would not commence until October, be noted; and

(C) the risks that the late audit work exposed the Council be noted.

128 WORK PROGRAMME PROPOSALS 2020-21

The Democratic Services Officer briefly introduced the

report and explained that the Scrutiny Officer was on annual leave but any comments would be passed on upon her return.

The Chairman mentioned the Provisional Outturn report and that another meeting to approve the statement of accounts at the end of the year would need to be added.

The Head of Strategic Finance and Property said that the work programme would need to be substantially changed due to the delays with the audit. A report would be produced which would set out this and the need for an additional meeting of the Committee or creation of a Sub-Committee.

The Chairman asked about the possibility of provision of additional training.

The Head of Strategic Finance and Property said training in treasury management, insurance and account statements could be considered. A workshop relating to the accounts might be possible, although the high existing workload would need to be factored into this.

It was moved by Councillor Stowe and seconded by Councillor Townsend 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 consolidated work programme

be agreed.

129 URGENT ITEMS

There was no urgent business.

The meeting closed at 8.26 pm

Chairman

Date



East Herts Council

Progress with delivery of the 2021/22 Anti-Fraud Plan

Recommendation

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the **2021/22 Anti-Fraud Plan**

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Introduction

1. Background
2. Summary of anti-fraud activity at EHC- April- August 2021

Appendix

- A. EHC Anti-Fraud Plan 2021/22
- B. SAFS KPI performance

Introduction

This report provides details of the work undertaken to protect the Council against the threat of fraud and the Council's 2021/22 Anti-Fraud plan. The Committee are asked to note this work.

Recent reports have been provided to Council officers and are being used by SAFS to ensure that the Council is aware of its fraud risks and finding ways to mitigate or manage these effectively wherever possible.

These reports include:

Fighting Fraud and Corruption Locally a Strategy for the 2020's. This document replaces the previous 2016-2019 Strategy on which all current Anti-Fraud Plans are based however, much of the format/themes/content of the previous document are retained with key changes being around the governance and 'ownership' of anti-fraud and corruption arrangements.

Tackling Fraud in the Public Sector 2020. In 2019 CIPFA commissioned a survey and several round table events for senior managers in local government to establish what local authorities were doing to tackling fraud. The survey was conducted by an independent body with the support of LGA & MHCLG.

COVID-19 Counter Fraud Measures Toolkit. The Government Counter Fraud Function within the Cabinet Office provided a 'toolkit' of services, guidance, support for local government as part of the national response to the Covid-19 outbreak in the UK.

The Governments ***United Kingdom Anti-Corruption Strategy 2017-2022*** includes the vision and priorities for dealing with and reducing the risk of corruption within the UK private, public & charity sectors and when working with organisations /companies/government agencies abroad.

1. Background

- 1.1 According to reports from CIPFA, National Audit Office (NAO), Cabinet Office, and the Private Sector, fraud risk across local government in England exceeds £2billion each year, with some more recent reports indicating levels considerably above this.
- 1.2 The Cabinet Office, Ministry for Housing Communities and Local Government, National Audit Office, and CIPFA have issued advice, and best practice guidance, to support local councils in the fight to reduce the risk of fraud and prevent loss to the public purse. This advice includes the need for Councils to be vigilant in recognising their fraud risks and to invest sufficient resources in counter fraud activities that deliver savings.
- 1.3 It is essential that to support this service the Council has in place a robust framework to prevent and deter fraud, including effective strategies and policies, as well as plans to deal with the investigation and prosecution of identified fraud.
- 1.4 East Herts Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS). This Committee has previously received detailed reports about the creation of SAFS, and how this service works closely with the Shared Internal Audit Service (SIAS). SAFS works across the whole Council dealing with many aspects of fraud, from deterrence & prevention to investigation & prosecution.

2. Anti-Fraud Activity 2021/22

Staffing & Resources

- 2.1 In March 2021 (this Committee approved the 2020/21 Anti-Fraud Plan for the Council and KPIs for SAFS to achieve in respect of delivery of the plan. See **Appendix A** for details of the Plan and **Appendix B** for progress with delivery and KPI Performance.
- 2.2 The SAFS Team this year is composed of 20 accredited and trained counter fraud staff and is based at Hertfordshire County Council's offices in Stevenage.
- 2.3 Each SAFS Partner receives dedicated support and response. This is achieved by allocating officers to work in each Partner, but also allowing all officers to work with different Partners from time to time. Providing the Service in this manner allows officers to develop working relationships with Council staff, and also provides improved resilience and flexibility across the Partnership as a whole. SAFS Officers have access to Council offices, officers, systems & data to conduct their enquiries.
- 2.4 For 2021/22 SAFS has deployed one Counter Fraud Officer to work exclusively for the Council, and this officer is supported by SAFS Management and the SAFS Intelligence Team, based at Stevenage, which includes expertise in open-source investigations, statutory data-matching, data-analytics and financial investigations.

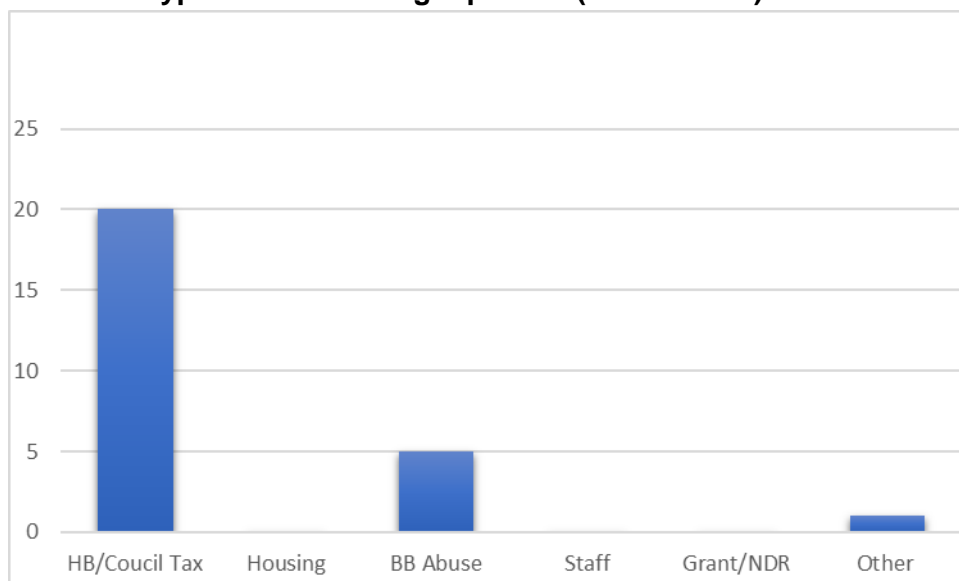
Fraud Awareness and Prevention

- 2.3 A key objective for the Council is to develop the existing anti-fraud culture; ensuring senior managers and members consider the risk of fraud when developing policies or processes; helping to prevent fraud occurring; deterring potential fraud through external communication; encouraging all officers to report fraud where it is suspected; and providing public confidence in the Councils stance on fraud and corruption.
- 2.5 The Councils Head of Legal Services and SAFS officers are completing the review of the Councils anti-fraud policies and there are plans to publish these later in 2021.
- 2.6 The Council will take part in several fraud awareness/preventions in the current year including the International Fraud Awareness Week in November. These campaigns encourage residents to report fraud that they suspect may impact on the Council. SAFS works with the communication teams in all Partners to develop shared social media campaigns to cover the whole County.
- 2.7 The SAFS webpage – www.hertfordshire.gov.uk/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@hertfordshire.gov.uk These contact details are also available on the Councils own website and intranet. None of these functions replace the Council's own Whistleblowing reporting procedures. Council staff can use the same methods to report fraud or contact SAFS officers working at the Council offices.
- 2.8 Alongside the Councils HR team SAFS maintains the delivery of its e-training package for staff to raise awareness of fraud as a risk. This training package is hosted on the Councils intranet. Additional training for front line staff is being agreed with service leads and will be delivered via Teams/Zoom/Skype for the remainder of this year.

Counter Fraud Activity & Reported Fraud

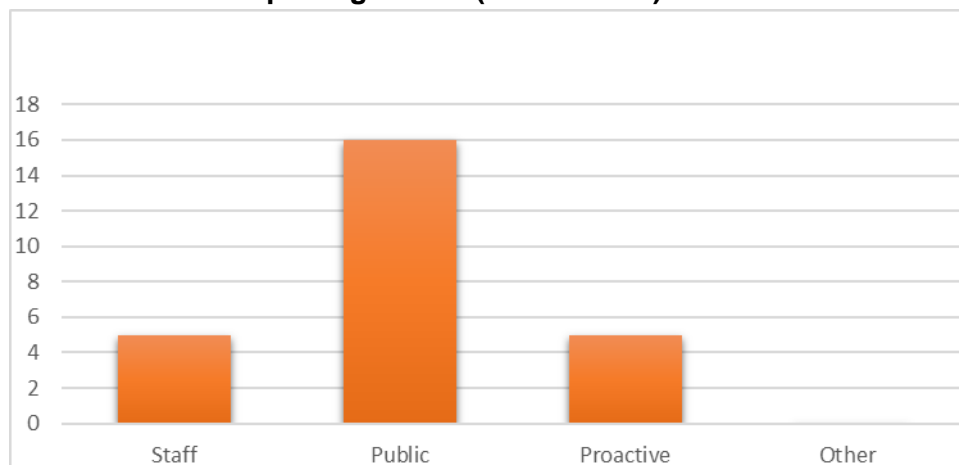
- 2.9 Between April and August SAFS has received a total of 26 allegations of fraud affecting Council services. Allegations of fraud have decreased considerably compared to 2020/21 at this time (46 allegations had been received at this point in 2020). The decrease mainly relates to allegations made by staff to SAFS (20 in 2020 compared to 5 in the same period in 2021) and although there was some reporting about grant fraud in 2020 we are working with officers to better understand the reasons for this decline.

Table 1. Types of fraud being reported- (26 Referrals)



*'HB/Council Tax'- Housing Benefit/Council Tax Reduction Scheme/ Single Person Discounts
'NDR'- National Non-Domestic Rates or Business Rates.*

Table 2. Who is reporting Fraud- (26 Referrals)



'Proactive'- includes all data matching/ analytics activity

2.10 SAFS also carried forward 20 live cases from 2020/21.

2.11 At the time of this report many cases raised for investigation are still in the early stages and of the 25 investigations still under investigation the estimated fraud loss and savings combined exceed £213k. Five cases have been closed so far this year with fraud losses of just over £20k in recovery.

'Fraud Loss' is where a fraud has occurred resulting in a debt that can be recovered through civil/statutory routes. 'Fraud Savings' reflect attempted frauds that have been prevented or an ongoing 'Loss' that has been stopped.

2.12 A number of cases continue to be delayed or suspended due to the restrictions with face-to-face interviews impaired by social distancing and some cases where SAFS works with other agencies, in particular the Department for Work and Pension (DWP),

have been delayed as staff working for the DWP have been diverted to the delivery of Universal Credit during the Covid crisis.

SAFS Response to Covid-19

- 2.13 Through 2020/21 SAFS provided senior officers and this committee with reports detailing how we were working with officers to deal with new and emerging fraud threats related to the national and local responses to the Covid Pandemic. As we move into the post pandemic/recovery phase SAFS continues to provide the same support for officers.
- 2.14 In February 2020, the Government had published its ***Fraud in Emergency Management and Recovery principles***, we have shared this guidance with those involved in the response to the outbreak.
- 2.16 The areas that have seen the most focus from SAFS have been as follows:
- Support with the NDR / Small Business Relief (SBR) Grant/ discount schemes.
 - Providing guidance and support to NDR Teams on the services provided NAFN, CIFAS and the 'Spotlight' system from the Cabinet Office.
 - Enhanced alerts around mandate / phishing frauds targeting staff working from home from bodies including Cabinet Office, CIFAS/CIPFA/ NFIB, Herts Police, OWL and NAFN.
 - SAFS is assisting in a national scam email to local councils attempting to obtain data about local businesses in the hospitality and pharmacy sectors.
 - Phishing emails sent to residents purporting to be from local councils or Government offering grants/refunds.
 - SAFS has been liaising nationally and regionally with other counter fraud services and to share best practice and initiatives as well as requesting support and guidance from the South East Counter Fraud Group, London Fraud Forum and others.

Proactive and Prevention Activity

- 2.14 SAFS has worked with the District Revenues Manager Group to develop a new framework contract for all councils in Hertfordshire to conduct bulk reviews of council tax discounts and exemptions, improving collection and preventing fraud. These service will be funded in full by the County Council, with the district and borough councils undertaking the work with selected contractors. The Councils Shared Revenue and Benefit Service plans to make use of this Framework in 2021/22.
- 2.15 SAFS continues to work in partnership with the DWP to share data and evidence where fraud impacts on local welfare schemes, such as Council Tax Support or Housing

Benefit, and national schemes, such as Income Support and Job Seekers Allowance or Universal Credit. But, as mentioned already may cases are delayed due to DWP staff being redeployed as part of the national response to the Covid pandemic.

- 2.16 SAFS officers ensured the Council's compliance with the National Fraud Initiative (NFI) 2021/22. The NFI is a nationwide statutory anti-fraud data sharing exercise conducted by the Cabinet Office every two years across local and central government. The upload of data took place in October 2020 with the output from this being received between February and March 2021- see tables 3A & 3B below. SAFS and Council officers are working through the reports/matches at present.

Table 3A. NFI Activity Main exercise

Total Matches received 2020/21	High Priority Matches	Matches Reviewed end July 2021	High Priority Matches Outstanding end July 2021	Total loss detected
1092	316	183	141*	£0

**The focus at present is on high priority matches.*

Table 3B. NFI SPD and Covid Grants reports

Report	Matches	Matches Reviewed end July 2021	Matches Outstanding end July 2021	Total loss detected
SPD*	1429	0	1429	£0
Covid Grants**	26	0	26	£0

**SPD cases are being reviewed by SAFS*

*** Covid Grant discrepancies are being reviewed by Council officers. We suspect an error in the data has caused the high number of matches rather than actual fraud.*

- 2.17 The Council joined the Hertfordshire FraudHub in April 2021. This project operates using the same legal framework as the two yearly NFI but allows data to be matched more frequently helping to prevent fraud or detecting it sooner. We will begin the upload of data into the FraudHub once the majority of the NFI work is cleared to prevent duplication of reports/matches.

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**East Herts Council
Anti-Fraud Plan 2021/22**

in partnership with

The Shared Anti-Fraud Service



SAFS
Shared Anti-Fraud Service
Fighting Fraud in Partnership

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Introduction

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

The Councils Strategy states:

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 Policy and follows the latest best practice/guidance/directives from the Ministry for Housing Communities and Local Government (MHCLG), National Audit Office (NAO), Local Government Association (LGA) and the Chartered Institute for Public Finance and Accountancy (CIPFA).

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”. Since 2013 a number of reports have been published including by CIPFA, NAO and MHCLG stating that the threat of fraud against local government is both real, causes substantial loss (including reputational, service as well as financial) and should be prevented where possible and pursued where it occurs. The latest annual estimates of fraud risk to local government exceed £7bn.

The Fighting Fraud and Corruption Locally, A Strategy for the 2020’s, published in March 2020 is supported by CIPFA, the LGA, SOLCACE and a number of External Auditors.

The new Strategy compliments work undertaken in 2019 by CIPFA, NAO and Cabinet Office as well as the *Code of practice on managing the risk of fraud and corruption* CIPFA 2015 adding to its three ‘Pillars’ of **Acknowledge, Prevent & Pursue** with a fourth **Governance** with an overarching aim **Protect** which sits across all Pillars:

Governance: *Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Ensuring a tone from the top*

Protect: *Against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.*

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.



EHC Anti-Fraud Plan 2021-2022

The Councils Plan will be overseen by the Shared Anti-Fraud Service (SAFS) but officers at all levels across the Council will have responsibility for ensuring that the plan is delivered.

The Anti-Fraud Plan highlights specific areas of work to protect the Council against fraud and corruption, the Council also has a duty to protect the public and it does this through its work across all services but in particular by sharing information and knowledge through communications either directly or via its website. The Council has frameworks and procedures in place to prevent fraud and encourage staff and the public to report suspicions of fraud through a number of channels

The Anti-Fraud Plan follows current best practice contained in the Fighting Fraud and Corruption Locally Strategy (FFCL) and elsewhere. The FFCL checklist attached at **Appendix A** will be completed by March 2022 and reported back to this Committee then with updates throughout the year. This will help determine if there are any further actions or activities that should be added to the Fraud Plan via an in-year update.

SAFS Resources 2021-2022

Anti-Fraud Arrangements

East Herts Council is a Partner of the Hertfordshire Shared Anti-Fraud Service (SAFS) and this service has provided the majority of the anti-fraud arrangements for the Council since April 2015. In 2019 and 2020 the SAFS Partnership won the 'Outstanding Partnership' award at the Tackling Economic Crime Awards.

SAFS is a Partnership with each organisation paying an annual fee for Hertfordshire County Council to provide a contracted service across the Partnership. SAFS, as a service, has a number of key objectives developed by its Management Board (the Board) and every Partner has a seat on that Board. For the East Herts Council the Head of Strategic Finance & Property is the Board representative.

Although SAFS provides much of the Councils proactive, reactive and operational counter fraud work Council officers are responsible for ensuring the policies, procedures, training and appropriate resources are in place to protect the Council from fraud, corruption and bribery.

Budget

In December 2020 the SAFS Board agreed to increase the fees for all Partners by 1% to meet increased service costs. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for the next three years.

East Herts Council fees for 2021-2022 have been set at £84,064. This sum is payable in four quarters.

Staffing

The full complement of SAFS in 2021-2022 will be 19.6 FTE.

East Herts Council will have exclusive access to 1 FTE Counter Fraud Officer (Investigator), access to intelligence functions of the service, all data-matching services being offered through the SAFS Data-Hub and Herts *FraudHub* (hosted by Cabinet Office) and can call on SAFS management for liaison meetings, management meetings and three Audit Committees reports per annum. An Accredited Financial Investigator is also available to assist in money laundering or proceeds of crime investigations.

SAFS also has access to specialist IT forensics, covert surveillance and national counter fraud intelligence services provided via third parties and criminal litigation services to support Councils the in-house legal team.

SAFS will also provide alerts (local and national) to Council officers and senior management of new and emerging fraud risks through its membership of anti-fraud forums and specialist providers including the Fighting Fraud and Corruption Locally Board (FFCLB) the Credit Industry Fraud Avoidance Service (CIFAS), Certified Institute of Public Finance and Accountancy (CIPFA) Finance National Fraud Intelligence Bureau (NFIB) and the National Anti-Fraud Network (NAFN).

Workplans & Projects 2021/2022

SAFS will work in the following areas delivering specific activity agreed with service managers.

Service Area	Agreed Projects
Central Services / Finance	<p>General Support and advice on fraud matters.</p> <p>3 Reports to Audit and Governance Committee.</p> <p>Qtly Meetings with officer group to consider any new and emerging fraud risks and performance against SAFS KPIs</p> <p>SAFS attendance at Corporate Governance/Enforcement Groups.</p> <p>10 fraud training/awareness events for staff/members in year.</p> <p>AML/ MLRO Provision- Policy review and training.</p> <p>Liaison with SIAS on fraud risks as part of the Audit Plan and areas of weaknesses identified either through the Audit Plan or from SAFS work.</p> <p>Review of all current and any new Anti-Fraud and Corruption arrangements.</p>
Revenues and Benefits	<p>Reactive investigations for HB/CTRS.</p> <p>Identify systems/processes/new developments to assist in recovery of debt created by fraud.</p> <p>Assist with potential fraud resulting from Covid Grant Schemes administered by the Council.</p> <p>Post payment assurance of grant schemes.</p>
Housing Services	<p>Reactive investigations for housing application or homelessness fraud</p> <p>Provide a focus on fraud risks affecting temporary accommodation costs.</p> <p>Review housing register to identify fraudulent applications and, where appropriate, investigate these.</p>
Data- Analytics	<p>Use of data and technology to prevent or identify fraud.</p> <p>Assist with NFI 2020/21 output and reports.</p> <p>FraudHub. Agreeing a programme for upload of data-sets and reporting of matches to relevant services.</p> <p>Lead on a county-wide Council Tax Review Framework.</p> <p>Use of data-analytics to identify fraud/evasion of business rates and rate collection.</p> <p>Review extension of NFI Powers to 'other' crime and debt collection.</p>
Other / Contingency	<p>Identify fraud risks and training in other areas including payroll, licensing, parking services, planning, procurement processes & contract management.</p>

SAFS KPIs.

SAFS will work to a set of KPIs agreed with senior officers and can be found at **Appendix B** and progress with delivering these will be reported to senior officers and the Finance Audit and Risk Committee throughout the year.

SAFS - Standards of Service.

SAFS will provide the Council with the following anti-fraud services.

1. 24/7 Access to a fraud hotline, email and online solution for public reporting.
2. Process for Council 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/review of Council policies, processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates which can be adopted by the Council.
6. SAFS will continue to develop with the Cabinet Office and Council officers a data-matching solution (NFI- Herts *FraudHub*) to assist in the early identification and prevention of fraud.
 - The FraudHub will be funded by the Council
 - The FraudHub will be secure and accessible only by nominated SAFS and Council Staff.
 - Data will be collected and loaded in a secure manner.
 - SAFS will design and maintain a data-sharing protocol for all SAFS Partners to review and agree annually.
 - SAFS will work with Council officers to identify data-sets (and frequency) of the upload of these.
 - SAFS will work with Council officers to determine the most appropriate 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, UK GDPR, PACE, CPIA, HRA, RIPA, IPA* and relevant Council policies
9. Reactive fraud investigations.
 - Any high profile, high value, high risk cases or matters reported by senior managers will receive a response within 24 hours of receipt
 - All cases reported to SAFS will be reviewed within 2 days of receipt and decision made on immediate action including selection of cases for further review, no action, investigation or referral to 3rd parties including police, DWP, Action Fraud.
 - The Council will be informed of all reported fraud affecting its services.
 - SAFS will allocate an officer to each case.
 - SAFS officers will liaise with nominated officers at the Council to access data/systems to undertake investigations.
 - SAFS officers will provide updates on cases and a summary of facts and supporting evidence on conclusion of the investigation for Council officers to review and make any decisions.
 - Where criminal offences are identified SAFS will draft a report for Council officers 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 in line with the Council's policies.
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.
12. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.
13. SAFS will provide reports through the SAFS Board and to the Council's Audit Finance Audit & Risk Committee as agreed in the SAFS Partnership Contract.

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

SAFS KPIs - 2021/ 2022

KPI	Measure	Target 2021/22	Performance to August 2021
1	Return on investment from SAFS Partnership.	Demonstrate, via SAFS Board, that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.	Report to SAFS Board in June 2021 (planned reports Sep/Dec/March). EHC S.151 sits on the SAFS Board and has access to and meets with SAFS Mgt regularly.
2	Provide an investigation service.	A. 1 FTE on call at the Council. (Supported by SAFS Intel/ AFI/Management). B. 3 Reports to Audit & Governance Committee. C. SAFS Attendance at Corporate Governance, Champion meetings, team management meetings.	A. FTE left on Mat Leave in June 2021 but replacement CFO has covered vacancy. B. Reports to A&G Comm in May 2021 and September 2021 and third report planned for March 2022. C. SAFS has close working with relationship with R&B and regular liaison is taking place.
3	Action on reported fraud.	A. All urgent/ high risk cases 1 Day. B. All other cases 2 Days on Average.	A. All urgent cases are being met within 24 hours B. Non-urgent referrals are taking 3 days at present. We are studying the data to understand why this is the case.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD B. Membership of CIPFA Counter Fraud Centre C. NAFN Access/Training for relevant Council Staff D. 10 Training events for staff/Members in year.	A. SAFS has access to both and EHC staff can access NAFN B. SAFS Mgt are members of the CF Centre. C. See A above. D. Training events are still being developed with HR.
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to the Council by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each, Reported.	A. This is happening daily as referrals received B. This is being monitored and will be included in SAFS year-end report. The SAFS CMS allows the reporting of granular detail on every referral received and each case investigated and the MI from this is used to manage workflow and workloads.
6	Making better use of data to prevent/identify fraud.	A. Support the NFI 2020/21 Output and reports across services. B. Support the implementation of the Herts FraudHub at EHC. C. Consider other areas where the better use of data will benefit the Council financially.	A. SAFS and Council officers are working on the output from NFI 2020/21 at present. Progress is slower than planned but the target to close all reports by October 2021 will be met. B. Once A above is achieved the Council will make use of the FraudHub. We cannot start this before then as it would potentially duplicate the work required. C. SAFS continues to use data analytics to assist with assurance on he covid grant schemes and respond to new fraud threats.

East Herts Council Report

Audit and Governance Committee

Date of meeting: 14 September 2021

Report by: Executive Member for Corporate Services

Report title: Strategic Risk Register – Monitoring 2021/22 - Quarter One

Ward(s) affected: All

Summary

- The report provides details the changes to the Strategic Risk Register for quarter one.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- a) The 2021/22 quarter one Strategic Risk Register be reviewed and officers advised of any further action that could be taken to manage risk.**

1.0 Proposal(s)

- 1.1 This report details the controls introduced during quarter one.

2.0 Background

- 2.1 Leadership Team reviews the content of the Strategic Risk Register quarterly and provides updates that are relayed within this monitoring report to Audit and Governance Committee.

3.0 Reason(s)

- 3.1 The Strategic Risk Register details significant business risks; essentially those that could prevent the council meeting its objectives.
- 3.2 The register has been submitted in the format agreed at Audit and Governance Committee in March. A clean version of the register is provided at appendix one with changes tracked in the second appendix.
- 3.3 Leadership Team has set a risk tolerance level. Risks above the tolerance levels are actively managed and regularly reviewed in order to ensure that contingency and mitigation action is being taken. Risks below the tolerance line are managed by Heads of Service but these are often delegated. (Heads of Service are responsible for keeping all risks under review and taking action to reduce the impact of the risk on the council.)
- 3.4 A summary of business risks and the risk tolerance line is shown in the matrix below. Risks in the red area of the grid are those actively managed by Leadership Team in accordance with the Risk Management Strategy.

Impact	A	7, 9, 13	10	3	1, 8, 12
	B		4, 11	2	
	C			6	5
	D				
		1	2	3	4
	Likelihood				

Description		Likelihood of occurrence	Probability of occurrence
Likelihood	4 High	Monthly	The event is expected to occur or occurs regularly
	3 Medium	Annually	The event will probably occur
	2 Low	1 in 5 years	The event may occur
	1 Very Low	Less frequently than 1 in 5 years	The event may occur in exceptional circumstances

		Description	Financial	Reputation	Service / operation
Impact	A	Critical	> £1m p.a.	Serious negative media	Catastrophic fall in service quality or long term disruption to services
	B	Significant	£400,000 to £1m p.a.	Adverse national media	Major fall in service quality or serious disruption to services
	C	Marginal	£100,000 to £400,000 p.a.	Adverse local media	Significant fall in service quality
	D	Minor	< £100,000	Public concerns restricted to local complaints	Little impact to service quality
1	Financial resources				
2	Corporate governance and external political environment				
3	Performance, resilience and security of IT systems				
4	Staff capacity and skills to deliver services				
5	Poor performance or failure of key partner or contractor				
6	Judicial review and or major legal challenge				
7	District Plan				
8	Climate change				
9	Child / vulnerable adult protection				
10	Equalities				
11	Internal control				
12	Outbreak of disease in humans				
13	Business Continuity Plan / Emergency Plan				

4.0 Options

4.1 The council's most significant risks at present are:

4.1.1 Financial resources and primarily the reduction in government grant combined with the impact of the pandemic and higher demand for services. Lockdown caused a loss of income of approximately £800,000 per month. Total Government support of just over £2.9m has been received to date.

4.1.2 Climate change and the need to reduce the council's carbon footprint.

4.1.3 The response to the pandemic has seen a higher demand for services. Managing the council's response has impacted productivity and some critical work. However there have been benefits such as agile working, increased self-service and a reduced carbon footprint due to lack of commuting.

4.1.4 Performance, resilience and security of IT systems. Although the upgrade project progresses, aging infrastructure is increasingly impacting the council and the project will hopefully be accelerated.

4.2 It has not been necessary to change any risk scores for the reporting period.

4.3 No new risks have been added to the register and none have been deleted.

4.4 The impact of the pandemic continues to influence a numbers of risks:

4.4.1 Risk 1 - Financial resources: As detailed in 4.1.

4.4.2 Risk 2 – Corporate Governance and the external political environment: Administering Covid support grants, business rate relief and funding to support the safe reopening of high streets in the District. The pandemic has also presented an opportunity to develop customer self-help options given the reduction in visits to council offices.

4.4.3 Risk 4 – Staff capacity and skills to deliver services: Reduction in staff turnover given the employment market. (Statistics have not been updated for this reporting period.)

4.4.4 Risk 5 – Poor performance or failure of key partner or contractor: Risk of business failure has increased due to the pandemic. As detailed in the financial risk, the national shortage of HGV drivers places additional pressures on the waste contract.

4.4.5 Risk 8 – Climate change: The pandemic has resulted in a reduction of the council's carbon footprint with fewer journey's to the office and reduced energy consumption.

4.4.6 Risk 13 - Business continuity and emergency planning generally.

5.0 Risks

5.1 This report details the top business risks facing the council.

6.0 Implications/Consultations

6.1 Leadership Team reviewed on 17 August 2021. The Executive Member for Corporate Services has also been consulted.

Community Safety

No

Data Protection

None specific but the topic features within the Strategic Risk Register.

Equalities

None specific but the topic features within the Strategic Risk Register.

Environmental Sustainability

None specific but climate change features within the Strategic Risk Register.

Financial

None specific but risk management can provide protection of budgets from unexpected losses. Better governance can be demonstrated and the annual audit plan is risk based.

Health and Safety

None specific but risk management processes can provide a safer environment across the District and all services for the benefit of the public, staff and our contractors.

Human Resources

No

Human Rights

No

Legal

None specific but legal matters feature within the Strategic Risk Register.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 Please see the Strategic Risk Registers at Appendices 1 and 2.

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No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
1	A 4	Financial Resources	<p>Reduction in government grant combined with higher demand for demand-led services such as homelessness, or failure to generate income.</p> <p>Failure to realise capital receipts from disposals to support capital expenditure.</p> <p>External auditor challenges MRP Policy and capital financing decisions</p> <p>Council Tax Referendum levels set too low to generate sufficient tax revenue. Sudden economic Down turn results in negative Tax Base figures because of increased local Council Tax support claims</p>	<ul style="list-style-type: none"> • Reductions in services required • Performance against community expectations and targets reduced • Investment in improvement not possible or severely reduced • Failure to meet statutory duties with potential for legal action or Local Government Ombudsman finds significant cases of maladministration • Corporate Manslaughter charges if maintenance works not carried out, e.g. Legionella in air handling and cooling units • Large numbers of staff redundancies • Major media 	Head of Strategic Finance & Property	<ul style="list-style-type: none"> • Minimum Balances held on risk assessment basis to cushion impact over short term (max 2 years) • Modelling of impact of grant settlement scenarios and function and funding changes • Three year MTFP savings programme • Transformation Programme in scoping stage to deliver savings and efficiencies through an emphasis on: digital self-service; process automation; agile working leading to a much reduced accommodation requirement with target of £1 million cashable savings. • Transforming East Herts Commercial Strategy will specify commercial skill sets and set out the council's approach to risk appetite

East Herts Council Corporate Risk Register – 2021/22 quarter one

Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
		<p>Members do not agree significant savings at budget setting leading to an unbalanced budget leading to a s.114 report.</p> <p>Delay and/or significant cost over runs on major projects</p>	<p>engagement</p> <ul style="list-style-type: none"> Potential for MHCLG intervention Delay leads to cost increases beyond the ability of the council to finance the capital costs Delays and cost overruns lead to non-delivery of savings requiring service offer reductions to compensate Projected savings not achieved after project completion due to 		<p>and give guidance on how income generating ideas should be taken forward.</p> <ul style="list-style-type: none"> New capital programme items must make a return for the investment in cost reductions or income on top of covering the interest and MRP costs Charges will be required to be in conformity with proposed corporate policy on charging recovering total costs and concessions will need to be justified in policy terms and funded by higher charges for others. Business case reviews to ensure that projects make a return Cost and income estimates commissioned from industry expert consultants to feed into business case Project delivery by Major Projects Team with quarterly reports on

East Herts Council Corporate Risk Register – 2021/22 quarter one

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
				<p>changes in market away from service offer</p> <ul style="list-style-type: none"> • Significant local media engagement • Reputational damage. 		<p>progress to Leadership Team and Executive.</p> <ul style="list-style-type: none"> • Construction insurance presentation held in November and quotes to be sought for relevant covers. • Capital Programme is phased and financed across years and contingency built into budgets so can be re-phased if required.

Update on current position

1		<ul style="list-style-type: none"> • The lockdown has caused a loss of income of approximately £800,000 per month. The third national lockdown was reviewed in mid-February and with the new variants of the virus and the vaccination programme underway the base planning assumption that some form of restriction will remain in place until June at the earliest was confirmed. Once restrictions are eased we expect a cautious and gradual lifting with close examination of data so it is likely to take some time for people to return to their previous patterns of behaviour. • Total Government support of just over £2.9 million has been received to date for Council services. A further £63.6 million has been received by the Council and paid out to support business and the community in East Herts. • Council's £2.9 million funding compensates for loss of transactional income but not items such as rent on investment properties. It also contains one off funding for new burdens administering grants for business and residents but is significantly less than the actual cost of administering these schemes. • Rent payments on investment properties have no significant defaults to date. Rent reductions have been agreed for 2 tenants in Charringtons but this has to set against compensation that would have been payable when we need to move tenants out for handover for the Old River Lane regeneration as we have included appropriate break clauses
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Update on current position

as part of the new rent agreement.

- Government has committed to the income compensation scheme for the first quarter of 2021/2 and it is possible that they would extend the scheme to cover periods of restrictions beyond quarter 1.
- Once the pandemic has ended and the economy has started to recover, the Government will have to determine how it will manage public finances going forward. It is likely that a new phase of austerity may well follow and central funding for district councils is likely to be limited or reduced. The government may well change the local taxation system by abolishing Business Rates and Council Tax and replacing it with some other form of property related or land value taxation. The Government may also decide to impose reorganisation on local government to reduce the number of Councils significantly.
- Leadership Team and Service Managers have looked at agile working proposals and validated the likely maximum number of desks required going forward. Indicative figures at this stage indicate that Wallfields is too large for our requirements and officers are now exploring options around sharing space with tenants or whether relocation elsewhere would produce greater savings.
- Transformation Programme vision, benefits realisation classifications, work streams and new digital by default customer journey ethos due for Executive approval in July with staff briefings in August. Regular update reports to Executive on progress.
- Savings plans for 2021/22 is on target with garden waste sign up being on budget assumption with a high on-line sign up of 92.5% and direct debit payments at 82%
- Corporate policy on charging to be developed to ensure consistency across charges – there have been a number of below cost charges agreed with no clear policy or justification in the past that are having to be dealt with as part of aligning charges with North Herts for joint commercial waste services.
- Grange Paddocks and Northgate End construction work is underway.
- Hartham contract awarded and within budget in February with works commenced late March.
- Old River Lane /Arts Centre change in scope progressing and approved by Council in March alongside the business plan. Development Agreement and Development Management Agreement draft approaching completion in April with s.151 officer and monitoring officer input.
- Hertford Theatre due to commence later in 2021.

Update on current position		
		<ul style="list-style-type: none">• All major capital projects are at risk of potential prices increases as a result of the combined impact of COVID / BREXIT related inflationary pressures. The materials market has seen a 25% increase in both steel and timber prices in the last quarter as well as increases in concrete and other materials. In addition to the increasing cost of materials, there is a significant shortage of labour supply for the construction and M&E industries, which is in turn pushing up the price of labour. This is a national issue.• The national shortage of HGV drivers is driving up pay and this will lead to pressures on the cost of the waste contract.

East Herts Council Corporate Risk Register – 2021/22 quarter one

Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
2	B 3	Corporate Governance and external political environment	<p>Brexit trade deal risks</p> <ul style="list-style-type: none"> • Potential project delays due to labour shortages or materials imports, or increased project costs due to tariffs or supply chain difficulties. • Settled status for EU nationals not taken up with consequent Border Force enforcement action • Non-Tariff barriers leading to supply chain price increases and longer replenishment times. Some UK businesses may relocate to the EU making current domestic supplies into imports. • Government policy changes to introduce development zones, ends s.106 and CIL for government infrastructure levy <p>Planning Policy Changes</p>	Chief Executive	<ul style="list-style-type: none"> • Address issues of labour shortage with contractors at progress meetings. Raise skills shortages at the LEP to ensure we train young people. • Promote settled status application sand provide assistance through the CAB • Consider forward funding stockpile of materials subject to delays as part of contract mobilisation • Consider risks to supply chain as part of procurement exercises • Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies

East Herts Council Corporate Risk Register – 2021/22 quarter one

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
Page 49			Local government reorganisation / Devolution	<ul style="list-style-type: none"> Government impose unitary authorities and reduce exchequer grants by savings made 		<ul style="list-style-type: none"> Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies.
			Climate Change / Zero Carbon / Build Back Greener	<ul style="list-style-type: none"> District required to be carbon neutral from 2030 and Government targets set with fines for non-achievement 		<ul style="list-style-type: none"> Work underway to progress carbon reduction and also exploring potential investments that support this aim but would also produce income for the council in the medium term.
			Changes to local taxation	<ul style="list-style-type: none"> Business Rates and or Council Tax replaced with Land Value Tax or Local Income Tax Potential protests and non-payment campaigns Measure may end land banking with developers commencing on multiple sites to build out permissions and avoid LVT Uncertainty as to tax yields and redistribution 		<ul style="list-style-type: none"> Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies. LVT is in operation in Denmark, Estonia and Latvia and there are suggested routes to implementation already published. Local Income Tax would require key data from HMRC before implications could be

East Herts Council Corporate Risk Register – 2021/22 quarter one

Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
		<p>Leadership / Management change</p> <p>Recession leading to increase in unemployment, business failure; low business growth and commercial property values decreasing significantly.</p>	<p>mechanisms cause difficulties budgeting</p> <ul style="list-style-type: none"> • Change in leadership politically sets radically different policy agenda and tone • Change in Leadership Team structure • Unemployment. • Empty properties / shops. • Lower rental income from council property portfolio. • Increased demand on council services. • Reduction in Council Tax Base due to LCTSS being a discount. • Reduction in Business Rates income to the safety net level 		<p>understood.</p> <ul style="list-style-type: none"> • Corporate Plan process • Member induction and training • Code of conduct • Monitoring Officer/ s.151 officer • HR policies • Estimates of workload v capacity • Corporate Plan process • European Regional Development Fund / MHCLG project to support businesses with advice and support on growing. Ware and Bishop's Stortford Launchpad to be grown. • COVID support grants and business rates reliefs for 2020/21 and 2021/22 to support businesses through the pandemic. • Broxbourne BC and CVS digital skills support

Update on current position		
2		<ul style="list-style-type: none"> Rydon's report that there is a national shortage of bricklayers which may affect Northgate End redevelopment timescales although they are confident they can resolve the issue. This situation seems counter intuitive since ONS issued statistics showing 64% of bricklayers were furloughed and their wages fell by 8%. Officers shall continue to monitor the situation and seek to understand the situation but as bricklayers are considered a high vulnerability job, as it cannot be done remotely and therefore has a high risk of infection, there is perhaps a reluctance to come off furlough until they have been vaccinated. As at 12 December 7,200 individuals with an East Herts address had applied for Settled Status. This indicates a strong appetite for EU citizens to remain in the district. Officers are considering the lessons from how the Council has been able to operate during the pandemic. It is evident that working from home is possible on a greater scale and this will have implications for our future accommodation needs and reduce travel leading to lower carbon emissions Council is actively targeting food waste reduction. The Climate Change Committee say that for the UK's next carbon budget food waste must be reduced by 75% i.e. the vast majority of carbon emissions are from the production and transportation of food that is wasted. The UN report on food waste said that almost a billion tons of food was wasted and led to carbon emissions that if it were a country, would be third behind the USA and China 2 stage approach to mitigating recession following COVID-19: In the first lockdown the council supported over 2,200 businesses with £30m of government funded grants and £18m of reliefs. A further £6.8m has been paid out since November through different government grant schemes and a further 600 businesses have benefitted on top of the 2,200 above. £132,000 of ERDF funding has been allocated to support safe re-opening of High Streets and has covered work such as traffic management on high streets to encourage social distancing. Due to the second national lockdown retail businesses are again facing significant challenges and our most recent response has been to introduce a shop local campaign focused on on-line buying and takeaways / click and collect services. The funding was also used to purchase hand sanitisers in town centres and planters to replace temporary traffic barriers. Council also commissioned a new service with Broxbourne Borough Council and the CVS to support newly unemployed residents get back into work by supporting them with digital skills such as interviewing over Zoom and

Update on current position

MS Teams. Service launched 5th October 2020. As at 31 March 2021, 41 individuals had made use of the scheme.

East Herts Council Corporate Risk Register – 2021/22 quarter one

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
3	A 3	Performance, resilience and security of IT systems	<p>Data and/or information lost causing breach of Data Protection Act</p> <p>Cyber-attack results in total loss of data and systems</p> <p>Investment in ICT does not result in savings</p>	<ul style="list-style-type: none"> • Substantial fine from Information Commissioner • Major media engagement • Reputational damage • Disruption to services potentially long-running • Inability to carry out enforcement as no records to check against • Resources devoted to recovery moved off to assist police investigation delaying recovery • Major media engagement • Reputational damage • Council becomes financially unsustainable 	Deputy Chief Executive	<ul style="list-style-type: none"> • Network Virtual Desktop configuration prevents download of data to local storage devices • Network firewall and security systems tested and monitored • Staff training • Confidential waste shredded • Massive reductions in printing since pandemic • Projects to include estimated benefits and monitored through benefits realisation reports. The investment requirements are tried and tested systems that have resulted in savings elsewhere.

Update on current position

3

- January's report showed that:
 - 3,298 spam emails were blocked out of 248,920 received.
 - 19 impersonation attempts were blocked.
 - 20 emails containing malware were blocked.
- A dedicated GDPR/Data Protection Officer has been recruited and has taken up the post.
- Recent weekend shutdowns have enabled the disabling of old technology that was no longer supported or updated. New firewalls and switches have been installed and although slightly behind due to resourcing issues, all major projects are progressing well.
- A small agile working group has been established and is currently working to develop a trial partial reopening of the Wallfields office in April. We are working towards the Government dates and will review in line with any guidance or changes that emerge. The office has been assessed to ensure it is meeting current COVID guidance.
- As the ICT upgrade projects progress there have been several incidents that have resulted in the loss of IT for staff and members. A day and a half of productivity was lost in June. The issue was identified and rectified but this has further exposed how our aging infrastructure is starting to impact on the organisation.
- SBC (IT Shared partner) are developing a scope to be agreed by both parties for a review to be undertaken at the request of the respective council leaders, to provide assurance going forward. In addition additional resourcing is being investigated to see if the replacement programme can be accelerated.
- This has not resulted in the councils experiencing any data security and cyber risks.
- A new interim ICT Partnership Manager came into post during August and is making changes in project delivery arrangements and major incident protocols.

East Herts Council Corporate Risk Register – 2021/22 quarter one

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
4	B 2	Staff capacity and skills to deliver services	<p>Loss of key staff</p> <p>Staff capacity unable to deliver projects</p> <p>Unable to recruit to key posts</p>	<ul style="list-style-type: none"> • Disruption to Council services • Poor customer service • Internal control or governance failure • Reputation damaged in the media • Staff cannot undertake level or volume of work to meet all priorities • Council does not deliver performance expectations • Opportunities lost to improve outcomes • Partners lose confidence in ability to deliver • Public lose confidence in ability to deliver • Disruption to Council services • Poor customer service • Internal control or governance failure • Reputation damaged in the media • Disruption to Council 	Head of Human Resources and Org Development	<ul style="list-style-type: none"> • Staff development including the on-line learning pool • Succession planning for key staff within Services • Use of flexible retirement to ensure continuity of experienced staff whilst bringing on staff into roles • Prioritisation of work through the Corporate Plan and Executive Members • Major projects taken forward with corporate project management standards via the Major Projects Team • Market supplements where appropriate • Selective use of external resources and contingent labour through neutral vendor to drive down costs. • Internal communications emphasising welfare and mental health • Contingency planning

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Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
		Industrial action	services <ul style="list-style-type: none"> • Poor customer service • Non-delivery of projects 		<ul style="list-style-type: none"> • Contingency planning

Update on current position					
4		<ul style="list-style-type: none"> • Staff turnover had reduced for the 19/20 (1/4/19-31/3/2020) period to 10.1% from 19% (18/19) meaning that the regrading and pay proposals appear to have aided attraction and retention as planned. Turnover has continued to remain low which is common in the current pandemic and for 20/21 it has reduced further to 8.4% for global turnover with 6.3% for voluntary turnover (there were 28 leavers, but 7 leavers left due to redundancy/FTC expiring). • The number of leavers in Q4 did increase and it remains challenging to recruit senior planning officers especially as agency terms are move favourable than direct salaries, the service is being restructured in 21-22 to try to improve the structure and create more opportunities for growth and retention (Golden Hellos are already used where appropriate as is 100% funding for qualifications. The area remains a priority for grow your own through apprentice and career graded posts and these are used but currently there is not a valid apprentice framework to utilise. In line with savings required all recruitment must be approved by Leadership Team with enhanced justification and a requirement to explore either restructures or process changes to eliminate the need for the post. • The temporary labour supply arrangement went live in April 2020 which has reduced fees paid to agencies and ensures a wider pool of potential candidates. This is working fairly well with issues resolved with Matrix where they arise to improve the pooling. • The Indeed EHC branded website is working ok but has not been as successful as hoped. An improved online application form managed through an Applicant Tracking System (ATS) will be introduced in 21-22 to make the candidate journey easier and hopefully reduce the drop off caused by moving between systems. • Ongoing work has continued with the Communications team and HR to improve the online presence and promote the employer brand further. Case studies are being developed to support welcoming diversity. • Career graded posts are continuing to be used and proving successful for hard to recruit posts with all four Lawyer 			

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Update on current position		
		<p>roles successfully filled. All four have started in post which is already really improving the legal capacity of EHC.</p> <ul style="list-style-type: none"> • A review of apprentices is continuing to both manage costs and support succession. This has been slowed by the pandemic, but we now recruiting into customer services as this allows progression into a range of services. We are awaiting a new planner framework and will use this to bring further planning apprentices. • The Wellbeing survey was re-run alongside a full staff survey in December 2020 and the staff satisfaction rates received are high which is positive with 95% of respondents proud to work for EHC and 94.7% would recommend EHC to others as a good place to work. • Once completed, Northgate End, Hertford Theatre and Old River Lane sites will all require IT and Facilities Management support over extended operating hours.

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
5	C 4	Poor performance or failure of key partner or contractor	Poor performance or failure of key partner or contractor	<ul style="list-style-type: none"> • Disruption to all Council services • Additional costs resulting from response • Demand to partner organisations to provide mutual aid to support our response • Cost and time involved in unplanned procurement exercises • Major media engagement • Reputational damage 	Head of Operations	<ul style="list-style-type: none"> • Risk of contractor failure increased due to COVID. Regular discussions are continuing with contractors and key third sector partners to ensure no failures in delivery particularly during the pandemic • Credit risk scores are obtained for major contractors during the operation of the contract and particular attention is

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Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
		Failure to mobilise major outsourced contracts properly and/or on time	<ul style="list-style-type: none"> • Disruption to council services • Damage to relations with outsourcing partner and potential damages claim • Major media engagement • Reputational damage 		<p>paid to trade news concerning contractors' financial health.</p> <ul style="list-style-type: none"> • Offer of open book accounting to examine any potential cost increases as a result of changing circumstances. • Waste-related business continuity plans are also regularly reviewed. Brexit restrictions and the closure of Asian export markets will impact on the sale of materials and income may cease and costs may increase. Talks are ongoing with other Hertfordshire authorities to determine alternative recycling operators. The council is investigating a circular economy option for the plastics waste stream in particular.

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Update on current position		
5		<ul style="list-style-type: none"> Risk of business failure has increased due to COVID. Business continuity plans refreshed and regular dialogue maintained with contractors who have been informed the council would look sympathetically at cost increases provided the council was told in advance and the contractor undertook to use reasonable endeavours to resolve cost pressures themselves utilising furlough and other central government support. Successful bid to the National Leisure Recovery Fund in partnership with SLM to support costs whilst reopening with reduced activities and reduced class sizes to maintain social distancing. Contingency plans to step in should contractors fail. Principal route will be to use a TEKAL company to provide the service pending retendering as the company vehicle preserves the private sector T&Cs of employment. Council has and is prepared to offer loans to help contractors with cash flow, subject to an assessment that they are a going concern Requirement for higher recycled packaging content has caused some plastic materials prices to increase.

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
6	C 3	Judicial Review and or major legal challenge	<ul style="list-style-type: none"> Council loses case 	<ul style="list-style-type: none"> Council policy (ies) can no longer be used Unregulated activity until soundly based policy put in place Large costs award against Council Reputational damage Major media engagement Monitoring Officer and 	Head of Legal and Democratic Services	<ul style="list-style-type: none"> All Executive, Committee and Council reports require sign off by legal and finance to ensure compliance with budget and policy framework and current legislation. List of policies maintained with review dates. Information Governance function strengthened to

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Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
			<p>or s.151 officer issues Report in the Public Interest</p> <ul style="list-style-type: none"> • MHCLG intervention • Potential requirement to repeat procurement exercise and compensate unsuccessful bidders in first exercise • Additional and or abortive costs 		<p>ensure compliance with data protection.</p> <ul style="list-style-type: none"> • Policies should be backed by evidence and Leadership Team consideration involves constructive challenge as well as formal Monitoring Officer and s.151 officer.

Update on current position					
6		<ul style="list-style-type: none"> • Four new solicitors starting with the Council following a successful recruitment process. First solicitor started in January and the final one joined in April. The Contracts Lawyer, who started in March 2021, will allow for much greater control over the Council's major project work and has already begun attending meeting of this nature. • Successfully recruited an Information Governance and Data Protection Manager who started at the beginning of 2021, providing the Council with greater resilience against data breaches. Making good progress in addressing any deficiencies or weakness in the Council's approach to data protection and information management. • There has been a reduction in the amount of work being outsourced meaning that, where legal advice is required, East Herts Legal Team are consulted throughout. This should reduce the risk of problems arising further down the line. 			

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No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
7	A 1	District Plan	Failure to refresh District Plan to timescales and /or refreshed District Plan found to be unsound at examination	<ul style="list-style-type: none"> Planning becomes developer led rather than planning policy led through 5 year land supply test Additional costs to redo work Additional costs of planning appeals and possible judicial reviews Reputational damage Loss of affordable housing and S.106 / community infrastructure levy benefits Failure to meet 5 year Housing Land Supply requirements Possible intervention by MHCLG 	Head of Planning	<ul style="list-style-type: none"> Evidence based planning policy decisions Strong focus on Member, Parish, partner and community buy-in

Update on current position						
Page 61		<ul style="list-style-type: none"> The District Plan was adopted in October 2018 following a successful examination in public. Planning in East Herts is therefore 'plan-led' rather than 'developer-led'. 				

Update on current position

- The majority of strategic sites now have an agreed Masterplan.
- Following the Housing Delivery Test results in January, the Council has maintained the minimum 5% buffer and therefore can demonstrate a five year land supply in excess of 6 years.
- The Council has also continued its trend of annual improvements on the Housing Delivery Test, this year being able to demonstrate a 104% delivery rate meaning that the Council is meeting its housing need and addressing the undersupply of previous years as well.
- A total of 994 dwellings were completed in 2020/21. Of these, 326 were affordable homes which represents 32.8% of all completed dwellings in the district.
- To be effective plans need to be kept up-to-date. The National Planning Policy Framework states policies in local plans, should be reviewed to assess whether they need updating at least once every 5 years, and should then be [updated as necessary](#). Officers are currently considering whether a review of the District Plan is required.

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No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
8	A 4	Climate change	<p>Severe Weather causing major incident (includes flood, wind, snow, cold and heat)</p> <p>Drought</p> <p>Weather extremes require substantial retrofit costs for asset adaptations</p>	<ul style="list-style-type: none"> • Disruption to Council services as staff diverted to response • Additional costs of response • Service changes required if long recovery phase • Service change required to adapt e.g. heatwave early day starts • Major media engagement • Disruption to some services through water restrictions • Additional costs of support to vulnerable service users • Public health issues • Non-availability of capital resources may cause working conditions on some days to be unbearable. • Instances of abandoning assets where hold the 	Head of Housing & Health	<ul style="list-style-type: none"> • Business Continuity Plan Severe Weather section • Emergency Plan including specific response plans to flooding etc. • Health and Safety Policy details severe weather response • Council reducing carbon footprint for the district • Emergency Plan • Business continuity plan • Council reducing carbon footprint for the district • New modern workspace work stream of the Transformation Programme will address climate change issues in the design

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Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
			<p>line defences against floods no longer viable</p> <ul style="list-style-type: none"> Increasing attacks by non-native species causing biodiversity loss Increased costs arising from new operating requirements, e.g. sustained +30 degree heat requires refuse freighter insides to be degreased and jetted out regularly to prevent oils and fats combusting 		

Update on current position					
8		<ul style="list-style-type: none"> Climate change motion agreed July 2019. Multi-agency environmental and climate change forum continues. Energy efficiency modifications to key existing buildings and new electricity contract is from renewable sources. Review of motor fleet with extended use of e-vehicles proposed. Carbon footprint reducing as a consequence of pandemic and homeworking. Future agile working will support. Food waste minimisation campaign to reduce carbon footprint by food being wasted as well as the disposal route. List of achievements posted on website at https://www.eastherts.gov.uk/about-east-herts-0/environmental-sustainability/sustainability-get-involved. Training commenced for officers. Attended by 101 employees to date. Clean Air Day campaign held. 			

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Update on current position		
		<ul style="list-style-type: none"> Engagement with insurers over design / materials for new buildings. Use of sustainable materials and modern methods of construction proving problematic. Insurers want more emphasis on property protection (in addition to life saving standards). Major developments are also situated in or adjacent to flood zones.

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
9	A 1	Child / Vulnerable Adult Protection	Child / Vulnerable Adult protection failure	<ul style="list-style-type: none"> Possible legal action for damages Possible prosecution Major media engagement Reputational damage 	Head of Housing & Health	<ul style="list-style-type: none"> Safeguarding policy Annual training for staff and Members

Update on current position		
9		<ul style="list-style-type: none"> Member safeguarding training took place on 17 February 2021 Officer training on safeguarding annually. Targeted training took place for 10 officers in quarter one with 40 booked to future sessions. Further training being provided to Community Safety Partnership Board and Joint Advisory Group Partners. Quarterly safeguarding report submitted to Leadership Team. Herts Safeguarding Adults Board invited to undertake a review with the Council of its safeguarding policies and practice.

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No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
10	A 2	Equalities	Council found to discriminated against individuals or communities with protected characteristics OR council has made a decision without considering equalities and diversity implications.	<ul style="list-style-type: none"> Possible legal action for damages Possible enquiry and report by Equalities & Human Rights Commission Major media engagement Reputational damage 	Head of Comms, Policy & Strategy	<ul style="list-style-type: none"> East Herts into a shared service for equalities and diversity support with HCC in November 2020. New strategy being developed to address challenges and embed equalities and diversity in decision making.

Update on current position

10		<ul style="list-style-type: none"> Strategy due to go to Overview and Scrutiny Committee on 8 June 2021, then Executive 6 July and Council 28 July. New strategy has been drafted and shared with Committee and Executive along with stakeholders including the CAS, CVS, GATE, LGBT representatives, the CDA and others. We are confident the strategy articulates the right challenges and issues and sets out actions on how to mitigate them. Once adopted at council we will begin delivery of the key actions. 				
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No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
11	B 2	Internal control	Failure of internal control or unethical behaviour	<ul style="list-style-type: none"> Qualified accounts Possible Police involvement if fraud involved Major media engagement 	Head of Strategic Finance and Property	<ul style="list-style-type: none"> Key reconciliations carried out regularly. Internal audit work planned and undertaken on key areas. Assurance Mapping

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No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
				<ul style="list-style-type: none"> • Reputational damage • Increased costs as a result of loss or fine or compensation payments 		<ul style="list-style-type: none"> • Electronic workflow where controls much harder to circumvent • Separation of duties appropriate to the staffing numbers

Update on current position						
11		<ul style="list-style-type: none"> • Audits remain mostly on track and there is sufficient audit scope for an assurance opinion to be given • Assurance Mapping approach to be introduced which will show visually where assurance is gained and also identifies duplications and unnecessary steps which will inform officers undertaking lean process reviews and help Audit & Governance Committee to see where there are risks and then internal audit resources can be directed there. 				

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Page 58	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
12	A 4	Outbreak of disease in humans	Pandemic and/or Public Health Emergency Declared	<ul style="list-style-type: none"> • Loss of staff and/or key skills due to illness and related absenteeism • Requirement to enable entire workforce to work from home • Requirement for Council and Committees to meet via video conference • Loss of income/additional costs • Loss of essential services /utilities/ suppliers • Demand from partner organisations to provide staff and other resources to support their response • Major media engagement • Disruption to all Council services • Increased risk of fraud from support programmes 	Head of Housing and Health	<ul style="list-style-type: none"> • Business Continuity Plan • Emergency Plan • Dynamic risk assessments and keeping office open and COVID secure in line with government guidance. • Agile working introduced and scaled up to ensure social distancing • Fraud alerts on pandemic circulated by SAFS

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Update on current position		
12		<ul style="list-style-type: none">• Updates on financial compensation are included under Risk 1• Updates on recovery work on supporting the local economy are detailed under Risk 2• Alternative working methods instigated as a result of Covid 19 including home working and IT communications solutions (Zoom, Teams, WhatsApp and the like)• Agile Working pilot commenced 19th April 2021 to trial more permanent move to more flexible working methods• Detailed, up-to-date risk assessments in place including frequent Covid self-testing• Live Well, Work Well programme amended to incorporate greater emphasis on staff mental health• Joined up working with key partners, notably HCC and the police, to ensure coherent and planned use of financial and staff resources, for example Covid marshals and joint visits/advice/enforcement actions re: businesses. (Covid marshal scheme extended during quarter one.) Shop safe, shop local campaign held.• Restart grants for businesses and community covid recovery grant schemes opened.• Public facing recovery plan published in April.• In-person Member meetings resumed.

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Update on current position		
		<ul style="list-style-type: none"> Review of business continuity plan to commence in quarter two.

Likelihood	Description		Likelihood of occurrence	Probability of occurrence
	4	High	Monthly	The event is expected to occur or occurs regularly
	3	Medium	Annually	The event will probably occur
	2	Low	1 in 5 years	The event may occur
	1	Very Low	Less frequently than 1 in 5 years	The event may occur in exceptional circumstances

Impact	Description		Financial	Reputation	Service / operation
	A	Critical	> £1m p.a.	Serious negative media	Catastrophic fall in service quality or long term disruption to services
	B	Significant	£400,000 to £1m p.a.	Adverse national media	Major fall in service quality or serious disruption to services
	C	Marginal	£100,000 to £400,000 p.a.	Adverse local media	Significant fall in service quality
	D	Minor	< £100,000	Public concerns restricted to local complaints	Little impact to service quality

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No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
1	A 4	Financial Resources	<p>Reduction in government grant combined with higher demand for demand-led services such as homelessness, or failure to generate income.</p> <p>Failure to realise capital receipts from disposals to support capital expenditure.</p> <p>External auditor challenges MRP Policy and capital financing decisions</p> <p>Council Tax Referendum levels set too low to generate sufficient tax revenue. Sudden economic Down turn results in negative Tax Base figures because of increased local Council Tax support claims</p>	<ul style="list-style-type: none"> • Reductions in services required • Performance against community expectations and targets reduced • Investment in improvement not possible or severely reduced • Failure to meet statutory duties with potential for legal action or Local Government Ombudsman finds significant cases of maladministration • Corporate Manslaughter charges if maintenance works not carried out, e.g. Legionella in air handling and cooling units • Large numbers of staff redundancies • Major media 	Head of Strategic Finance & Property	<ul style="list-style-type: none"> • Minimum Balances held on risk assessment basis to cushion impact over short term (max 2 years) • Modelling of impact of grant settlement scenarios and function and funding changes • Three year MTFP savings programme • Transformation Programme in scoping stage to deliver savings and efficiencies through an emphasis on: digital self-service; process automation; agile working leading to a much reduced accommodation requirement <u>with target of £1 million cashable savings.</u> • <u>Transforming East Herts Commercial Strategy will specify commercial skill sets and set out the council's approach to risk appetite</u>

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Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
		<p>Members do not agree significant savings at budget setting leading to an unbalanced budget leading to a s.114 report.</p> <p>Delay and/or significant cost over runs on major projects</p>	<p>engagement</p> <ul style="list-style-type: none"> Potential for MHCLG intervention Delay leads to cost increases beyond the ability of the council to finance the capital costs Delays and cost overruns lead to non-delivery of savings requiring service offer reductions to compensate Projected savings not achieved after project completion due to 		<p><u>and give guidance on how income generating ideas should be taken forward.</u> Financial Sustainability Committee considering investments in infrastructure or operational assets that yield income or cost reductions that are not caught PWLB lending rules</p> <ul style="list-style-type: none"> New capital programme items must make a return for the investment in cost reductions or income on top of covering the interest and MRP costs Charges will be required to be in conformity with proposed corporate policy on charging recovering total costs and concessions will need to be justified in policy terms and funded by higher charges for others. Business case reviews to ensure that projects make a return

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No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
				<p>changes in market away from service offer</p> <ul style="list-style-type: none"> • Significant local media engagement • Reputational damage. 		<ul style="list-style-type: none"> • Cost and income estimates commissioned from industry expert consultants to feed into business case • Project delivery by Major Projects Team with quarterly reports on progress to Leadership Team and Executive. • Construction insurance presentation held in November and quotes to be sought for relevant covers. • Capital Programme is phased and financed across years and contingency built into budgets so can be re-phased if required.

Update on current position						
1				<ul style="list-style-type: none"> • The lockdown has caused a loss of income of approximately £800,000 per month. The third national lockdown was reviewed in mid-February and with the new variants of the virus and the vaccination programme underway the base planning assumption that some form of restriction will remain in place until June at the earliest was confirmed. Once restrictions are eased we expect a cautious and gradual lifting with close examination of data so it is likely to take some time for people to return to their previous patterns of behaviour. 		

Update on current position

- Total Government support of just over £2.9 million has been received to date for Council services. A further £63.6 million has been received by the Council and paid out to support business and the community in East Herts.
- Council's £2.9 million funding compensates for loss of transactional income but not items such as rent on investment properties. It also contains one off funding for new burdens administering grants for business and residents but is significantly less than the actual cost of administering these schemes.
- Rent payments on investment properties have no significant defaults to date. Rent reductions have been agreed for 2 tenants in Charringtons but this has to set against compensation that would have been payable when we need to move tenants out for handover for the Old River Lane regeneration as we have included appropriate break clauses as part of the new rent agreement.
- Government has committed to the income compensation scheme for the first quarter of 2021/2 and it is possible that they would extend the scheme to cover periods of restrictions beyond quarter 1.
- Once the pandemic has ended and the economy has started to recover, the Government will have to determine how it will manage public finances going forward. It is likely that a new phase of austerity may well follow and central funding for district councils is likely to be limited or reduced. The government may well change the local taxation system by abolishing Business Rates and Council Tax and replacing it with some other form of property related or land value taxation. The Government may also decide to impose reorganisation on local government to reduce the number of Councils significantly.
- Leadership Team and Service Managers have looked at agile working proposals and validated the likely maximum number of desks required going forward. Indicative figures at this stage indicate that Wallfields is too large for our requirements and officers are now exploring options around sharing space with tenants or whether relocation elsewhere would produce greater savings.
- Transformation Programme vision, benefits realisation classifications, work streams and new digital by default customer journey ethos due for Executive ~~validation during May approval in July~~ with ~~all Member briefing session to be programmed in staff briefings in August. Regular update reports to Executive on progress.~~
- Savings plans for 2021/22 is on target with garden waste sign up being on budget assumption with a high on-line sign up of 92.5% and direct debit payments at 82%

Update on current position		
		<ul style="list-style-type: none"> Corporate policy on charging to be developed to ensure consistency across charges – there have been a number of below cost charges agreed with no clear policy or justification in the past that are having to be dealt with as part of aligning charges with North Herts for joint commercial waste services. Grange Paddocks and Northgate End construction work is underway. Hartham contract awarded and within budget in February with works <u>commencing on site</u> commenced late March. Old River Lane /Arts Centre change in scope progressing and approved by Council in March alongside the business plan. Development Agreement and Development Management Agreement draft approaching completion in April with s.151 officer and monitoring officer input. <u>Hertford Theatre due to commence later in 2021.</u> <u>All major capital projects are at risk of potential prices increases as a result of the combined impact of COVID / BREXIT related inflationary pressures. The materials market has seen a 25% increase in both steel and timber prices in the last quarter as well as increases in concrete and other materials. In addition to the increasing cost of materials, there is a significant shortage of labour supply for the construction and M&E industries, which is in turn pushing up the price of labour. This is a national issue.</u> <u>The national shortage of HGV drivers is driving up pay and this will lead to pressures on the cost of the waste contract.</u>

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Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
2	B 3	Corporate Governance and external political environment	<p>Brexit trade deal risks</p> <ul style="list-style-type: none"> Potential project delays due to labour shortages or materials imports, or increased project costs due to tariffs or supply chain difficulties. Settled status for EU nationals not taken up with consequent Border Force enforcement action Non-Tariff barriers leading to supply chain price increases and longer replenishment times. Some UK businesses may relocate to the EU making current domestic supplies into imports. Government policy changes to introduce development zones, ends s.106 and CIL for government infrastructure levy <p>Planning Policy Changes</p>	Chief Executive	<ul style="list-style-type: none"> Address issues of labour shortage with contractors at progress meetings. Raise skills shortages at the LEP to ensure we train young people. Promote settled status application sand provide assistance through the CAB Consider forward funding stockpile of materials subject to delays as part of contract mobilisation Consider risks to supply chain as part of procurement exercises Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies

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No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
Page 79			Local government reorganisation / Devolution	<ul style="list-style-type: none"> Government impose unitary authorities and reduce exchequer grants by savings made 		<ul style="list-style-type: none"> Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies.
			Climate Change / Zero Carbon / Build Back Greener	<ul style="list-style-type: none"> District required to be carbon neutral from 2030 and Government targets set with fines for non-achievement 		<ul style="list-style-type: none"> Work underway to progress carbon reduction and also exploring potential investments that support this aim but would also produce income for the council in the medium term.
			Changes to local taxation	<ul style="list-style-type: none"> Business Rates and or Council Tax replaced with Land Value Tax or Local Income Tax Potential protests and non-payment campaigns Measure may end land banking with developers commencing on multiple sites to build out permissions and avoid LVT Uncertainty as to tax yields and redistribution 		<ul style="list-style-type: none"> Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies. LVT is in operation in Denmark, Estonia and Latvia and there are suggested routes to implementation already published. Local Income Tax would require key data from HMRC before implications could be

East Herts Council Corporate Risk Register – 2021/22 quarter one

Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
		<p>Leadership / Management change</p> <p>Recession leading to increase in unemployment, business failure; low business growth and commercial property values decreasing significantly.</p>	<p>mechanisms cause difficulties budgeting</p> <ul style="list-style-type: none"> • Change in leadership politically sets radically different policy agenda and tone • Change in Leadership Team structure • Unemployment. • Empty properties / shops. • Lower rental income from council property portfolio. • Increased demand on council services. • Reduction in Council Tax Base due to LCTSS being a discount. • Reduction in Business Rates income to the safety net level 		<p>understood.</p> <ul style="list-style-type: none"> • Corporate Plan process • Member induction and training • Code of conduct • Monitoring Officer/ s.151 officer • HR policies • Estimates of workload v capacity • Corporate Plan process • European Regional Development Fund / MHCLG project to support businesses with advice and support on growing. Ware and Bishop's Stortford Launchpad to be grown. • COVID support grants and business rates reliefs for 2020/21 and 2021/22 to support businesses through the pandemic. • Broxbourne BC and CVS digital skills support

Update on current position		
2		<ul style="list-style-type: none"> Rydon's report that there is a national shortage of bricklayers which may affect Northgate End redevelopment timescales although they are confident they can resolve the issue. This situation seems counter intuitive since ONS issued statistics showing 64% of bricklayers were furloughed and their wages fell by 8%. Officers shall continue to monitor the situation and seek to understand the situation but as bricklayers are considered a high vulnerability job, as it cannot be done remotely and therefore has a high risk of infection, there is perhaps a reluctance to come off furlough until they have been vaccinated. As at 12 December 7,200 individuals with an East Herts address had applied for Settled Status. This indicates a strong appetite for EU citizens to remain in the district. Officers are considering the lessons from how the Council has been able to operate during the pandemic. It is evident that working from home is possible on a greater scale and this will have implications for our future accommodation needs and reduce travel leading to lower carbon emissions Council is actively targeting food waste reduction. The Climate Change Committee say that for the UK's next carbon budget food waste must be reduced by 75% i.e. the vast majority of carbon emissions are from the production and transportation of food that is wasted. The UN report on food waste said that almost a billion tons of food was wasted and led to carbon emissions that if it were a country, would be third behind the USA and China 2 stage approach to mitigating recession following COVID-19: In the first lockdown the council supported over 2,200 businesses with £30m of government funded grants and £18m of reliefs. A further £6.8m has been paid out since November through different government grant schemes and a further 600 businesses have benefitted on top of the 2,200 above. £132,000 of ERDF funding has been allocated to support safe re-opening of High Streets and has covered work such as traffic management on high streets to encourage social distancing. Due to the second national lockdown retail businesses are again facing significant challenges and our most recent response has been to introduce a shop local campaign focused on on-line buying and takeaways / click and collect services. The funding was also used to purchase hand sanitisers in town centres and planters to replace temporary traffic barriers. Council also commissioned a new service with Broxbourne Borough Council and the CVS to support newly unemployed residents get back into work by supporting them with digital skills such as interviewing over Zoom and

Update on current position

MS Teams. Service launched 5th October 2020. As at 31 March 2021, 41 individuals had made use of the scheme.

East Herts Council Corporate Risk Register – 2021/22 quarter one

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
3	A 3	Performance, resilience and security of IT systems	<p>Data and/or information lost causing breach of Data Protection Act</p> <p>Cyber-attack results in total loss of data and systems</p> <p>Investment in ICT does not result in savings</p>	<ul style="list-style-type: none"> • Substantial fine from Information Commissioner • Major media engagement • Reputational damage • Disruption to services potentially long-running • Inability to carry out enforcement as no records to check against • Resources devoted to recovery moved off to assist police investigation delaying recovery • Major media engagement • Reputational damage • Council becomes financially unsustainable 	Deputy Chief Executive	<ul style="list-style-type: none"> • Network Virtual Desktop configuration prevents download of data to local storage devices • Network firewall and security systems tested and monitored • Staff training • Confidential waste shredded • Massive reductions in printing since pandemic • Projects to include estimated benefits and monitored through benefits realisation reports. The investment requirements are tried and tested systems that have resulted in savings elsewhere.

Update on current position

3

- January's report showed that:
 - 3,298 spam emails were blocked out of 248,920 received.
 - 19 impersonation attempts were blocked.
 - 20 emails containing malware were blocked.
- A dedicated GDPR/Data Protection Officer has been recruited and has taken up the post.
- Recent weekend shutdowns have enabled the disabling of old technology that was no longer supported or updated. New firewalls and switches have been installed and although slightly behind due to resourcing issues, all major projects are progressing well.
- A small agile working group has been established and is currently working to develop a trial partial reopening of the Wallfields office in April. We are working towards the Government dates and will review in line with any guidance or changes that emerge. The office has been assessed to ensure it is meeting current COVID guidance.
- As the ICT upgrade projects progress there have been several incidents that have resulted in the loss of IT for staff and members. A day and a half of productivity was lost in June. The issue was identified and rectified but this has further exposed how our aging infrastructure is starting to impact on the organisation.
- SBC (IT Shared partner) are developing a scope to be agreed by both parties for a review to be undertaken at the request of the respective council leaders, to provide assurance going forward. In addition additional resourcing is being investigated to see if the replacement programme can be accelerated.
- This has not resulted in the councils experiencing any data security and cyber risks.
- A new interim ICT Partnership Manager came into post during August and is making changes in project delivery arrangements and major incident protocols.

East Herts Council Corporate Risk Register – 2021/22 quarter one

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
4	B 2	Staff capacity and skills to deliver services	<p>Loss of key staff</p> <p>Staff capacity unable to deliver projects</p> <p>Unable to recruit to key posts</p>	<ul style="list-style-type: none"> • Disruption to Council services • Poor customer service • Internal control or governance failure • Reputation damaged in the media • Staff cannot undertake level or volume of work to meet all priorities • Council does not deliver performance expectations • Opportunities lost to improve outcomes • Partners lose confidence in ability to deliver • Public lose confidence in ability to deliver • Disruption to Council services • Poor customer service • Internal control or governance failure • Reputation damaged in the media • Disruption to Council 	Head of Human Resources and Org Development	<ul style="list-style-type: none"> • Staff development including the on-line learning pool • Succession planning for key staff within Services • Use of flexible retirement to ensure continuity of experienced staff whilst bringing on staff into roles • Prioritisation of work through the Corporate Plan and Executive Members • Major projects taken forward with corporate project management standards via the Major Projects Team • Market supplements where appropriate • Selective use of external resources and contingent labour through neutral vendor to drive down costs. • Internal communications emphasising welfare and mental health • Contingency planning

East Herts Council Corporate Risk Register – 2021/22 quarter one

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Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
		Industrial action	services <ul style="list-style-type: none"> • Poor customer service • Non-delivery of projects 		<ul style="list-style-type: none"> • Contingency planning

Update on current position					
4		<ul style="list-style-type: none"> • Staff turnover had reduced for the 19/20 (1/4/19-31/3/2020) period to 10.1% from 19% (18/19) meaning that the regrading and pay proposals appear to have aided attraction and retention as planned. Turnover has continued to remain low which is common in the current pandemic and for 20/21 it has reduced further to 8.4% for global turnover with 6.3% for voluntary turnover (there were 28 leavers, but 7 leavers left due to redundancy/FTC expiring). • The number of leavers in Q4 did increase and it remains challenging to recruit senior planning officers especially as agency terms are move favourable than direct salaries, the service is being restructured in 21-22 to try to improve the structure and create more opportunities for growth and retention (Golden Hellos are already used where appropriate as is 100% funding for qualifications. The area remains a priority for grow your own through apprentice and career graded posts and these are used but currently there is not a valid apprentice framework to utilise. In line with savings required all recruitment must be approved by Leadership Team with enhanced justification and a requirement to explore either restructures or process changes to eliminate the need for the post. • The temporary labour supply arrangement went live in April 2020 which has reduced fees paid to agencies and ensures a wider pool of potential candidates. This is working fairly well with issues resolved with Matrix where they arise to improve the pooling. • The Indeed EHC branded website is working ok but has not been as successful as hoped. An improved online application form managed through an Applicant Tracking System (ATS) will be introduced in 21-22 to make the candidate journey easier and hopefully reduce the drop off caused by moving between systems. • Ongoing work has continued with the Communications team and HR to improve the online presence and promote the employer brand further. Case studies are being developed to support welcoming diversity. • Career graded posts are continuing to be used and proving successful for hard to recruit posts with all four Lawyer 			

East Herts Council Corporate Risk Register – 2021/22 quarter one

Update on current position		
		<p>roles successfully filled. All four have started in post which is already really improving the legal capacity of EHC.</p> <ul style="list-style-type: none"> • A review of apprentices is continuing to both manage costs and support succession. This has been slowed by the pandemic, but we now recruiting into customer services as this allows progression into a range of services. We are awaiting a new planner framework and will use this to bring further planning apprentices. • The Wellbeing survey was re-run alongside a full staff survey in December 2020 and the staff satisfaction rates received are high which is positive with 95% of respondents proud to work for EHC and 94.7% would recommend EHC to others as a good place to work. • Once completed, Northgate End, Hertford Theatre and Old River Lane sites will all require IT and Facilities Management support over extended operating hours.

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
5	C 4	Poor performance or failure of key partner or contractor	Poor performance or failure of key partner or contractor	<ul style="list-style-type: none"> • Disruption to all Council services • Additional costs resulting from response • Demand to partner organisations to provide mutual aid to support our response • Cost and time involved in unplanned procurement exercises • Major media engagement • Reputational damage 	Head of Operations	<ul style="list-style-type: none"> • Risk of contractor failure increased due to COVID. Regular discussions are continuing with contractors and key third sector partners to ensure no failures in delivery particularly during the pandemic • Credit risk scores are obtained for major contractors during the operation of the contract and particular attention is

East Herts Council Corporate Risk Register – 2021/22 quarter one

Page No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
			Failure to mobilise major outsourced contracts properly and/or on time	<ul style="list-style-type: none"> • Disruption to council services • Damage to relations with outsourcing partner and potential damages claim • Major media engagement • Reputational damage 		<p>paid to trade news concerning contractors' financial health.</p> <ul style="list-style-type: none"> • Offer of open book accounting to examine any potential cost increases as a result of changing circumstances. • Waste-related business continuity plans are also regularly reviewed. Brexit restrictions and the closure of Asian export markets will impact on the sale of materials and income may cease and costs may increase. Talks are ongoing with other Hertfordshire authorities to determine alternative recycling operators. The council is investigating a circular economy option for the plastics waste stream in particular.

East Herts Council Corporate Risk Register – 2021/22 quarter one

Update on current position		
5		<ul style="list-style-type: none"> Risk of business failure has increased due to COVID. Business continuity plans refreshed and regular dialogue maintained with contractors who have been informed the council would look sympathetically at cost increases provided the council was told in advance and the contractor undertook to use reasonable endeavours to resolve cost pressures themselves utilising furlough and other central government support. Successful bid to the National Leisure Recovery Fund in partnership with SLM to support costs whilst reopening with reduced activities and reduced class sizes to maintain social distancing. Contingency plans to step in should contractors fail. Principal route will be to use a TEKAL company to provide the service pending retendering as the company vehicle preserves the private sector T&Cs of employment. Council has and is prepared to offer loans to help contractors with cash flow, subject to an assessment that they are a going concern Requirement for higher recycled packaging content has caused some plastic materials prices to increase.

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
6	C 3	Judicial Review and or major legal challenge	<ul style="list-style-type: none"> Council loses case 	<ul style="list-style-type: none"> Council policy (ies) can no longer be used Unregulated activity until soundly based policy put in place Large costs award against Council Reputational damage Major media engagement Monitoring Officer and 	Head of Legal and Democratic Services	<ul style="list-style-type: none"> All Executive, Committee and Council reports require sign off by legal and finance to ensure compliance with budget and policy framework and current legislation. List of policies maintained with review dates. Information Governance function strengthened to

East Herts Council Corporate Risk Register – 2021/22 quarter one

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Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
			<p>or s.151 officer issues Report in the Public Interest</p> <ul style="list-style-type: none"> • MHCLG intervention • Potential requirement to repeat procurement exercise and compensate unsuccessful bidders in first exercise • Additional and or abortive costs 		<p>ensure compliance with data protection.</p> <ul style="list-style-type: none"> • Policies should be backed by evidence and Leadership Team consideration involves constructive challenge as well as formal Monitoring Officer and s.151 officer.

Update on current position					
6		<ul style="list-style-type: none"> • Four new solicitors starting with the Council following a successful recruitment process. First solicitor started in January and the final one joined in April. The Contracts Lawyer, who started in March 2021, will allow for much greater control over the Council's major project work and has already begun attending meeting of this nature. • Successfully recruited an Information Governance and Data Protection Manager who started at the beginning of 2021, providing the Council with greater resilience against data breaches. Making good progress in addressing any deficiencies or weakness in the Council's approach to data protection and information management. • <u>There has been a reduction in the amount of work being outsourced meaning that, where legal advice is required, East Herts Legal Team are consulted throughout. This should reduce the risk of problems arising further down the line.</u> 			

East Herts Council Corporate Risk Register – 2021/22 quarter one

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
7	A 1	District Plan	Failure to refresh District Plan to timescales and /or refreshed District Plan found to be unsound at examination	<ul style="list-style-type: none"> Planning becomes developer led rather than planning policy led through 5 year land supply test Additional costs to redo work Additional costs of planning appeals and possible judicial reviews Reputational damage Loss of affordable housing and S.106 / community infrastructure levy benefits Failure to meet 5 year Housing Land Supply requirements Possible intervention by MHCLG 	Head of Planning	<ul style="list-style-type: none"> Evidence based planning policy decisions Strong focus on Member, Parish, partner and community buy-in

Update on current position						
Page 91		<ul style="list-style-type: none"> The District Plan was adopted in October 2018 following a successful examination in public. Planning in East Herts is therefore ‘plan-led’ rather than ‘developer-led’. 				

Update on current position		
		<ul style="list-style-type: none"> • The majority of strategic sites now have an agreed Masterplan. • Following the Housing Delivery Test results in January, the Council has maintained the minimum 5% buffer and therefore can demonstrate a five year land supply in excess of 6 years. • The Council has also continued its trend of annual improvements on the Housing Delivery Test, this year being able to demonstrate a 104% delivery rate meaning that the Council is meeting its housing need and addressing the undersupply of previous years as well. • A total of 994 dwellings were completed in 2020/21. Of these, 326 were affordable homes which represents 32.8% of all completed dwellings in the district. • To be effective plans need to be kept up-to-date. The National Planning Policy Framework states policies in local plans, should be reviewed to assess whether they need updating at least once every 5 years, and should then be updated as necessary. Officers are currently considering whether a review of the District Plan is required.

East Herts Council Corporate Risk Register – 2021/22 quarter one

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
8	A 4	Climate change	<p>Severe Weather causing major incident (includes flood, wind, snow, cold and heat)</p> <p>Drought</p> <p>Weather extremes require substantial retrofit costs for asset adaptations</p>	<ul style="list-style-type: none"> • Disruption to Council services as staff diverted to response • Additional costs of response • Service changes required if long recovery phase • Service change required to adapt e.g. heatwave early day starts • Major media engagement • Disruption to some services through water restrictions • Additional costs of support to vulnerable service users • Public health issues • Non-availability of capital resources may cause working conditions on some days to be unbearable. • Instances of abandoning assets where hold the 	Head of Housing & Health	<ul style="list-style-type: none"> • Business Continuity Plan Severe Weather section • Emergency Plan including specific response plans to flooding etc. • Health and Safety Policy details severe weather response • Council reducing carbon footprint for the district • Emergency Plan • Business continuity plan • Council reducing carbon footprint for the district • New modern workspace work stream of the Transformation Programme will address climate change issues in the design

East Herts Council Corporate Risk Register – 2021/22 quarter one

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Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
			line defences against floods no longer viable <ul style="list-style-type: none">Increasing attacks by non-native species causing biodiversity lossIncreased costs arising from new operating requirements, e.g. sustained +30 degree heat requires refuse freighter insides to be degreased and jetted out regularly to prevent oils and fats combusting		

Update on current position					
8		<ul style="list-style-type: none">Climate change motion agreed July 2019.Multi-agency environmental and climate change forum continues.Energy efficiency modifications to key existing buildings and new electricity contract is from renewable sources.Review of motor fleet with extended use of e-vehicles proposed.Carbon footprint reducing as a consequence of pandemic and homeworking. Future agile working will support.Food waste minimisation campaign to reduce carbon footprint by food being wasted as well as the disposal route.List of achievements posted on website at https://www.eastherts.gov.uk/about-east-herts-0/environmental-sustainability/sustainability-get-involved.Training commenced for officers. Attended by 101 employees to date.Clean Air Day campaign held.			

East Herts Council Corporate Risk Register – 2021/22 quarter one

Update on current position		
		<ul style="list-style-type: none"> Engagement with insurers over design / materials for new buildings. Use of sustainable materials and modern methods of construction proving problematic. Insurers want more emphasis on property protection (in addition to life saving standards). Major developments are also situated in or adjacent to flood zones.

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
9	A 1	Child / Vulnerable Adult Protection	Child / Vulnerable Adult protection failure	<ul style="list-style-type: none"> Possible legal action for damages Possible prosecution Major media engagement Reputational damage 	Head of Housing & Health	<ul style="list-style-type: none"> Safeguarding policy Annual training for staff and Members

Update on current position		
9		<ul style="list-style-type: none"> Member safeguarding training took place on 17 February 2021 Officer training on safeguarding annually. Targeted training took place for 10 officers in quarter one with 40 booked to future sessions. Further training being provided to Community Safety Partnership Board and Joint Advisory Group Partners. Quarterly safeguarding report submitted to Leadership Team. Herts Safeguarding Adults Board invited to undertake a review with the Council of its safeguarding policies and practice.

East Herts Council Corporate Risk Register – 2021/22 quarter one

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
10	A 2	Equalities	Council found to discriminated against individuals or communities with protected characteristics OR council has made a decision without considering equalities and diversity implications.	<ul style="list-style-type: none"> Possible legal action for damages Possible enquiry and report by Equalities & Human Rights Commission Major media engagement Reputational damage 	Head of Comms, Policy & Strategy	<ul style="list-style-type: none"> East Herts into a shared service for equalities and diversity support with HCC in November 2020. New strategy being developed to address challenges and embed equalities and diversity in decision making.

Update on current position

10		<ul style="list-style-type: none"> Strategy due to go to Overview and Scrutiny Committee on 8 June 2021, then Executive 6 July and Council 28 July. New strategy has been drafted and shared with Committee and Executive along with stakeholders including the CAS, CVS, GATE, LGBT representatives, the CDA and others. We are confident the strategy articulates the right challenges and issues and sets out actions on how to mitigate them. Once adopted at council we will begin delivery of the key actions. 				
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No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
11	B 2	Internal control	Failure of internal control or unethical behaviour	<ul style="list-style-type: none"> Qualified accounts Possible Police involvement if fraud involved Major media engagement 	Head of Strategic Finance and Property	<ul style="list-style-type: none"> Key reconciliations carried out regularly. Internal audit work planned and undertaken on key areas. Assurance Mapping

East Herts Council Corporate Risk Register – 2021/22 quarter one

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
				<ul style="list-style-type: none"> • Reputational damage • Increased costs as a result of loss or fine or compensation payments 		<ul style="list-style-type: none"> • Electronic workflow where controls much harder to circumvent • Separation of duties appropriate to the staffing numbers

Update on current position						
11		<ul style="list-style-type: none"> • Audits remain mostly on track and there is sufficient audit scope for an assurance opinion to be given • Assurance Mapping approach to be introduced which will show visually where assurance is gained and also identifies duplications and unnecessary steps which will inform officers undertaking lean process reviews and help Audit & Governance Committee to see where there are risks and then internal audit resources can be directed there. 				

East Herts Council Corporate Risk Register – 2021/22 quarter one

No	Score	Vulnerability	Trigger	Consequence	Risk owner	Mitigation / control
12	A 4	Outbreak of disease in humans	Pandemic and/or Public Health Emergency Declared	<ul style="list-style-type: none"> • Loss of staff and/or key skills due to illness and related absenteeism • Requirement to enable entire workforce to work from home • Requirement for Council and Committees to meet via video conference • Loss of income/additional costs • Loss of essential services /utilities/ suppliers • Demand from partner organisations to provide staff and other resources to support their response • Major media engagement • Disruption to all Council services • Increased risk of fraud from support programmes 	Head of Housing and Health	<ul style="list-style-type: none"> • Business Continuity Plan • Emergency Plan • Dynamic risk assessments and keeping office open and COVID secure in line with government guidance. • Agile working introduced and scaled up to ensure social distancing • Fraud alerts on pandemic circulated by SAFS

Update on current position		
12		<ul style="list-style-type: none"> • Updates on financial compensation are included under Risk 1 • Updates on recovery work on supporting the local economy are detailed under Risk 2 • Alternative working methods instigated as a result of Covid 19 including home working and IT communications solutions (Zoom, Teams, WhatsApp and the like) • Agile Working pilot commenced 19th April 2021 to trial more permanent move to more flexible working methods • Detailed, up-to-date risk assessments in place including frequent Covid self-testing • Live Well, Work Well programme amended to incorporate greater emphasis on staff mental health • <u>Joined up working with key partners, notably HCC and the police, to ensure coherent and planned use of financial and staff resources, for example Covid marshals and joint visits/advice/enforcement actions re: businesses. (Covid marshal scheme extended during quarter one.) Shop safe, shop local campaign held.</u> • <u>Restart grants for businesses and community covid recovery grant schemes opened.</u> • <u>Public facing recovery plan published in April.</u> • <u>In-person Member meetings resumed.</u>

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- Normal business continuity and emergency planning activities have continued during the pandemic
- Mutual aid was provided to the NHS to support staff shortages as well as supporting testing and vaccination
- Desk top exercise accessing plans and refresh of contact lists undertaken
- Responded to IT outage referenced in item 3 and services were maintained. Royal death protocol implemented following the passing of the Duke of Edinburgh.
- Communications test undertaken from County to Districts to check notification cascade.

East Herts Council Corporate Risk Register – 2021/22 quarter one

Update on current position		
		<ul style="list-style-type: none"> Review of business continuity plan to commence in quarter two.

Likelihood	Description		Likelihood of occurrence	Probability of occurrence
	4	High	Monthly	The event is expected to occur or occurs regularly
	3	Medium	Annually	The event will probably occur
	2	Low	1 in 5 years	The event may occur
	1	Very Low	Less frequently than 1 in 5 years	The event may occur in exceptional circumstances

Impact	Description		Financial	Reputation	Service / operation
	A	Critical	> £1m p.a.	Serious negative media	Catastrophic fall in service quality or long term disruption to services
	B	Significant	£400,000 to £1m p.a.	Adverse national media	Major fall in service quality or serious disruption to services
	C	Marginal	£100,000 to £400,000 p.a.	Adverse local media	Significant fall in service quality
	D	Minor	< £100,000	Public concerns restricted to local complaints	Little impact to service quality

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East Herts Council Report

Audit and Governance Committee

Date of meeting: 14 September 2021

Report by: Councillor Geoffrey Williamson, Executive Member for Financial Sustainability

Report title: Assets of Community Value in East Herts

Ward(s) affected: All

Summary

- This paper provides an update to Members of the Audit and Governance Committee on the Community Asset Register in East Herts.

RECOMMENDATION FOR AUDIT AND GOVERNANCE COMMITTEE:

- a)** To review the current register of Community Assets

1.0 Proposal(s)

- 1.1 That Committee Members review the current register of Community Assets

2.0 Background

Legislation and national picture

- 2.1 The Localism Act (2011) and associated regulations which came into force in 2012 create opportunities for local organisations

to bid for buildings and land defined as community assets when the owner wishes to sell them.

2.2 The Regulations Section 88(2) defines an asset / land of community value if:

- Its actual or current use (or there is a time in the recent past when its use) furthers the social wellbeing or social interests of the local community, and
- It is realistic to think that there can continue to be (or it is realistic to think that there is a time in the next 5 years) non-ancillary use of the building or land that would further the social wellbeing or social interests of the local community.

2.3 Groups such as parish councils and constituted local voluntary and community organisations are able to nominate local land or buildings to be included in the list of community assets maintained by the relevant local authority. In two tier areas, this is the District/ Borough Council.

2.4 If an asset is placed on the register, the owner is obliged to notify the local authority when intending to dispose of it, which will trigger a moratorium period of six weeks. During this time, the community group can apply to be treated as potential bidders through an expression of interest.

2.5 The owner will be able to begin the sale process after an interim period of six weeks if no bidder has come forward. If a written intention to bid is received in that time, then a full six month moratorium period will take place which gives community groups time to prepare a bid.

2.6 The sale itself takes place under normal market conditions and whilst the community group will be given an opportunity to submit a bid the owner is not bound to accept it.

- 2.7 Certain buildings and land are excluded, including residential property and land, hotels, land owned by the church of England and land used by public utilities. A property will remain on the list for five years. It can be re-nominated after that point.
- 2.8 The Localism Act (2011) was brought in by the Conservative-Liberal Democrat Coalition government to increase community involvement and accountability in delivery of public services (Committee Members may recall the language of 'Big Society'). Legislation pertaining to Assets of Community Value (ACV) was designed to provide an additional safeguard for community facilities such as pubs, village halls, shops and local sports grounds.
- 2.9 After an initial period of publicity and interest, the provisions of the Localism Act have received little attention or support from national government in recent years. However, at local level, communities have been continuing to make use of the tool.
- 2.10 The Ministry of Housing, Communities and Local Government does not collect formal statistics on either the number of listed assets or the number bought by community groups. A report from February 2015 stated that just 11 assets had been bought by community groups in England since the Act was introduced. A Parliamentary Question in January 2017 stated that around 4,000 ACVs had been listed in England.
- 2.11 In 2018, the mySociety project produced a national database of ACVs, called *Keep It In The Community* (now hosted by the Plunkett Foundation). It is unclear whether this is kept up to date however as the web page shows 4039 assets listed which is the same as the figure quoted in 2017:
<https://www.keepitinthecommunity.org/>

The process in East Herts

2.12 In East Herts the current list of assets can be found here:

<https://www.eastherts.gov.uk/community-wellbeing/assets-community-value-overview/assets-community-value-register>

and all background information on how to nominate can be found here: <https://www.eastherts.gov.uk/community-wellbeing/assets-community-value-overview>

2.13 There are currently 32 assets registered. At the time of writing a further four are in the process of being registered including the Countryman Inn (Chipping), The Silver fox (Hertford Heath) and Ziszi Village Stores (Hertford Heath) and Astonbury Woods (Aston). Nominations are submitted via the website. It is the responsibility of East Herts Council's Policy Officer (currently vacant) to check the submission and liaise with the nominating group over any issues or details. Thereafter the process, as agreed by Leadership Team in May 2019, is as follows:

- Owner and any relevant stakeholders (Eg. tenants or leaseholders) are contacted to let them know a nomination has been made and invite them to submit evidence as part of the decision making process
- Ward member is informed (please note since the Policy Officer post became vacant this may not have been happening consistently)
- A panel is convened composed of a representative from the Community Engagement Team, Planning Service and the Head of Communications, Strategy and Policy (who chairs the panel)
- A decision is made to list the asset based on whether evidence submitted by the nominating group meets the criteria set out in (2.2) above
- The decision is communicated to nominating group and owners/ stakeholders

- The owner is given 8 weeks in which they can ask for a review of the decision
- If no review is requested the asset is listed on the website and the Land Registry are updated accordingly so that the listing shows on any land searches
- If a review is requested a Council employee at manager level, who is not part of the panel, will review and decide whether to uphold the decision or not

2.14 Most ACV nominations are straightforward and left unchallenged. However the process of listing the following assets have proved complex but also provided some important learning:

2.15 **The Cock Inn, Stocking Pelham.** Stocking Pelham Parish Council nominated this pub to be registered in early 2018 and it was added to the register in April of that year. The pub had burnt down in 2008 but in 2013 the site was granted permission for 2 residential dwellings and a replacement pub (with the residential developments being enablers for the rebuild of the pub). The pub was only built to a shell and has never been brought back into use. The present owner has made two further planning applications to convert the building to residential, both of which were turned down and also dismissed by the Planning Inspector upon appeal. Stocking Pelham Parish Council felt that adding the pub to the asset register would help prevent further attempts at development.

2.16 The registration was challenged by the owner, reviewed and subsequently upheld. The owners then appealed to the First Tier Tribunal of the General Regulatory Chamber (the independent body that oversees decisions regarding ACV).

2.17 In the tribunal's decision of February 2019 (ref: , CR/2018/0007) Judge Christopher Hughes noted, *"Given the recent planning history and the emphatic decision of the most recent Planning*

Inspector who examined the matter three months ago there is no realistic prospect of another lawful use within the next five years... The evidence before me is sufficient to lead me to conclude that future use as a public house is a realistic possibility. I am therefore satisfied that this appeal must fail." As a consequence the Cock Inn remains on the asset register.

- 2.18 The pub is also listed for sale and despite attempts by the Stocking Pelham Community Action Group to purchase it no agreement with the owner has been reached.
- 2.19 **Rose and Crown Pub, Aston.** Aston Parish Council nominated this pub to be added to the register in June 2018. The owners had submitted a planning application to convert the pub and grounds into residential use (with a micro pub included) and it was felt by the local community that the registration would provide extra protections against this development. The council rejected the planning application and the owners subsequently appealed. A hearing was held on 19th June 2019 and the Inspector published their decision on 13th August, dismissing the appeal (Ref: APP/J1915/W/18/3204166).
- 2.20 The appeal was dismissed on the basis of policy CFLR8 within the District Plan and its requirement that the loss of a community use should be refused, unless an assessment had been undertaken which clearly showed that the facility is "no longer needed". The Inspector also made the point "*my decision on this main issue is not incumbent on the building being listed as an ACV, albeit the desire to have the building listed as an ACV does demonstrate the community's commitment to retaining this facility*".
- 2.21 Despite it being clear the ACV listing has little impact on the overall planning process the owners of the Rose and Crown requested a review of the Panel's Decision. The decision to list it

was upheld and the owners then appealed to the First Tier Tribunal.

- 2.22 In his ruling (ref: CR.2019.0009) , Tribunal Judge Simon Bird ruled that the requirements set out in the Localism Act were met in listing the Rose and Crown as an ACV and dismissed the appeal. He noted, *"The dismissal of the planning appeals... is likely to require the Appellant to re-consider its plans for their future and on the basis of the community interest and growth in the population of the local catchment identified by Inspector, it is realistic to conclude that this could involve use as a community pub in the next five years."*
- 2.23 The pub has now been granted permission for a residential dwelling in the grounds with a condition that pub remains a pub for 7 years and is actively marketed. The Village Investment Group have attempted to purchase the pub from the owner but thus far no agreement has been reached.
- 2.24 **Box Wood** (an area of working woodland near Stevenage). The Friends of Fairlands Farm nominated this area as an asset of community value in September 2020. The group and local stakeholders were concerned that freehold ownership had transferred to a development company who were selling off parcels of land for development (without planning permission) at auction. It was felt listing the asset would slow down the process by ensuring the owners entered the moratorium period before disposing of the site. This proved to be largely ineffective as ownership details were hard to obtain (especially as parts of the asset started to change ownership) and the developer and their agent's refused to engage with the council. The land still appears to be for sale on the agent's website.

Conclusions:

- 2.25 It is reasonable to conclude that the use of ACV procedures has fallen short of the original intentions of the Localism Act 2011. To date, not one asset in East Herts has transferred to community ownership following a listing.
- 2.26 It is also unclear what penalties or consequences exist for any owners who refuse to engage with a moratorium and proceed to a sale without informing the Council. The case of Box Wood illustrates this difficulty (often complicated where there are multiple leaseholders and/ or tenants as well as freeholders).
- 2.27 Although East Herts has a relatively streamlined process for listing an asset, there can be unforeseen costs in the process. Most require nothing except for officer time and land registration fees. However where cases are referred to the First Tier Tribunal we require additional legal support and advice which ranges in cost from £1500 – £3000 per case.
- 2.28 There is a general assumption that getting an asset listed as an ACV will help prevent loss of the facility and/ or conversion to residential use. However, as the case of the Cock Inn and Rose and Crown have demonstrated, it is very marginal to planning determinations and serves only as a proxy indicator for community appetite to retain a facility.
- 2.29 That said, should the council ever consider use of Compulsory Purchase Orders (CPO) in relation to Assets of Community Value it may have some bearing, albeit very limited. The Government's "Guidance on Compulsory purchase process and The Crichel Down Rules" (Department for Communities and Local Government CPO Guidance February 2018) sets out the circumstances in which powers can be used and includes the following words under section 17:

- 2.30 *"Authorities can receive requests from the community or local bodies to use their compulsory purchase powers to acquire community assets, which may have been designated as Assets of Community Value, that are in danger of being lost where the owner of the asset is unwilling to sell or vacant commercial properties that are detracting from the vitality of an area"*
- 2.31 Implementing a successful CPO requires very stringent tests to demonstrate it is in the public interest and is a means of last resort. The ACV listing will be marginal to these overall considerations but does indicate a level of community commitment to retaining an asset. Thus, listing an asset as an ACV may not itself deliver much on top of the existing planning process but may provide a platform for exploring additional avenues to protect community assets.
- 2.32 East Herts Council is not in a position to purchase community assets where they are in danger of being lost. However, where a community group has the necessary financial resources and appetite to purchase and run a local facility and the owner shows little willingness to bring it back into use, the Council may wish to review options with said group.

3.0 Reason(s)

- 3.1 The Register of Community Assets has to be maintained by East Herts Council and be accessible to members of the public

4.0 Options

- 4.1 There are no options as maintaining the Register is a requirement set out in the Localism Act

5.0 Risks

- 5.1 None

6.0 Implications/Consultations

- 6.1 The owners of all assets that are nominated are contacted to provide evidence to challenge the listing

Community Safety

No

Data Protection

All data published on the website with regards to ACV only includes details of the asset and not the owners

Equalities

No

Environmental Sustainability

No

Financial

There are limited financial impacts to contesting appeals in the First Tier Tribunal. So far these have proved manageable within the policy budget.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

No

Specific Wards

No

7.0 Background papers, appendices and other relevant material

None

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East Herts Council Report

Audit and Governance Committee

Date of Meeting: 14 September 2021

Report by: Councillor Geoff Williamson, Deputy Leader and Executive Member for Financial Sustainability

Report title: Quarterly Corporate Budget Monitor – Quarter 1 – June 2021

Ward(s) affected: All

Summary

- To provide a report on financial monitoring for East Herts Council for 2021/22 as at 30th June 2021.
- The net revenue budget for 2021/22 is £11.056m as set out in table 1, this is funded by Council Tax. The forecast outturn as at 30th June 2021 predicts an over spend of £0.082 million at the year end.
- The revised capital budget for 2021/22 is £50.039 million, which includes £4.171m carried forward from 2020/21 to be approved as part of the Provisional Outturn report.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- a. The net revenue budget forecast over spend of £0.082 million in 2021/22 be noted (table 1); and**
- b. The revised capital budget for 2021/22 of £50.039million, which includes £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.

1.0 Proposal(s)

1.1 Not applicable

2.0 Background

2.1 This report sets out the financial position for the financial year 2021/22 to date and provides forecasts for the outturn position.

2.2 The Council's revenue budget is made up of 5 areas; these are shown in table 1. The report that follows provides details of the forecast outturn position against these areas.

Table 1 – 2021/22 Revenue Forecast Outturn

	Original Budget 2021/22	Forecast outturn	Variance
	£'000	£'000	£'000
Net Cost of Services	16,787	16,193	126
Corporate Budgets	(16)	(16)	-
Net Use of Reserves	2,485	2,441	(44)
Funding	(8,200)	(8,200)	-
Net Revenue Spend	11,056	11,138	82
Funded by Council Tax	(11,056)	(11,056)	-
Over spend / (Under spend)	-	82	82

2.3 The report contains the following sections and Appendices:

Background Report Sections	
2.6	Net Cost of Services
2.14	Corporate budgets
3.0	Reserves
4.0	Funding
5.0	Capital budgets
6.0	Debtors

Appendices	
A	Capital
B	Debtors

2.4 Net Cost of Services

The Council's net cost of services budget for 2021/22 is £16.787m, which includes carry forwards from previous year's budget of £414k of which £404k is for Shared Business and Technology and £10k for Housing and Health.

- 2.5 An over spend of £0.126 million is forecast in 2021/22. Table 2 overleaf shows this current forecast outturn position broken down by service area.
- 2.6 As reported previously, the Council's income and expenditure continues to be impacted by the Covid-19 pandemic. This report contains estimates of the Covid-19 income loss scheme funding from the government to support the loss of fees and charges income and also Local Authority support grant.
- 2.7 For the first quarter of 2021/22, the sales, fees and charges compensation grant scheme will operate on the same basis as last year's scheme which involves a 5% deductible rate, whereby councils will absorb losses up to 5% of their budgeted sales, fees and charges income, with the government compensating them for 75p in every pound of relevant loss thereafter. This

will then allow the budgets for the remaining quarters to be better profiled to reflect seasonal changes in budgeted income.

Table 2 – Net Cost of Services

	Original Budget 2021/22 £(000)	Forecast Outturn £(000)	Grant Funding £(000)	Revised Forecast Outturn £(000)	Variance £(000)
Chief Executive	401	393		393	(8)
Communications, Strategy & Policy	1,366	1,366		1,366	0
HR & Organisational Development	561	533		533	(28)
Strategic Finance & Property	1,773	1,904		1,904	131
Housing & Health	2,542	2,621	(25)	2,596	54
Legal & Democratic	1,411	1,429		1,429	18
Planning	1,202	1,430	(129)	1,301	99
Operations	3,989	4,133	(144)	3,989	0
Shared Revenues & Benefits Service	1,724	1,724		1,724	0
Revenues & Benefits retained costs	(465)	(633)		(633)	(168)
Housing Benefit Subsidy	(550)	(496)		(496)	54
Shared ICT Service	2,595	2,569		2,569	(26)
Capital Expenditure Charged to a Revenue Account	238	238		238	0
Net Cost of Services	16,787	17,211	(298)	16,913	126

2.2 The use of reserves to fund Net Cost of Services expenditure is included in section 3.0.

2.3 HR and Organisational Development

A forecast under spend of £28k is reported. Most of this relates to an under spend on salary budgets due to no further recruitment of apprentices due to posts being hold until the impact of the Transforming East Herts Programme becomes clearer.

2.4 Strategic Finance and Property

A forecast over spend of £131k is reported, this relates to:

- £114k reduced rental income from Charrington's House due to redevelopment of the site.
- £26k increase in service charge and business rates costs due to vacant space in building as site is to be redeveloped.

2.5 Housing and Health

A forecast over spend of £54k is reported for this service. This is mostly due to a forecast under-recovery of licence fees for licensed premises, gambling and taxis and maternity cover costs net of savings across budget centres.

2.6 Planning and Building control

A forecast over spend of £99k is reported against this service. However this is offset by £208k for salary funding from reserves for the Gilston Garden Town project and increased fee income due to number of planning applications being submitted up by 41% compared to this time last year.

2.7 Revenues and Benefits Retained Costs

The revenues and benefits retained costs budget is forecast to overachieve by £168k. This consists of additional central government new burdens funding net of expenses as a result of the pandemic.

2.8 Shared ICT Service

A forecast under spend of £26k is reported against this service. This primarily relates to print costs and management costs which are forecasted to cost less than the budgeted amount. Additionally, £404k unspent from 2020/21 budgets has been carried forward into this financial year, which is forecast to be spent in 2021/22.

2.9 Corporate Budgets

Corporate budgets are costs and income received by the Council that are not service specific, these include income from the Council's investments and pension deficit contributions. Table 3 shows the forecast outturn position against the corporate budgets.

Table 3 – Corporate budgets 2021/22 forecast outturn

	Original Budget 2021/22	Forecast outturn	Variance
	£'000	£'000	£'000
Interest & Investment Income	(750)	(750)	-
Pension Fund Deficit contribution	734	734	-
Corporate Budget Total	(16)	(16)	-

3.0 Reserves

3.1.1 The Council holds earmarked reserves to fund unpredictable

financial pressures and to smooth the effect of known spending over time. Table 4 reflects the forecast outturn position as at 30th June 2021.

Table 4: Use of reserves 2021/22

	2021/22 Budget	2021/22 Forecast Outturn	Variance
	£'000	£'000	£'000
Contributions to reserves	3,369	3,369	-
Contributions from reserves	(769)	(813)	(44)
Use of General reserve	(414)	(414)	-
Contribution to Priority spend Reserve	299	299	-
Use of Reserves:	2,485	2,441	(44)

3.1.2 It is forecasted that there will be a contribution from reserves of £813k in 2021/22. This is made up of funding for items included in the Net Cost of Services such as Harlow Gilston Garden Town project costs and the smoothing of the leisure contract costs, approved as part of the 2021/22 budget setting.

3.1.3 In addition to above, £414k will be utilised from the General reserve. This consists of carry forwards from unspent budgets in the previous year with £404k for Shared Business and Technology service and £10k for Housing and Health service.

4.0 Funding

These income budgets are general and non-service specific income sources. The table below shows the value and source of these funding streams as at 30 June 2021.

Table 5: 2021/22 funding

	Original Budget 2021/22	Forecast Funding 2021/22	Variance
Business Rates	(2,721)	(2,721)	-
(Surplus)/Deficit on collection fund	2,455	2,455	-
Gov. support grant	(874)	(874)	-
Section 31 grants	(4,666)	(4,666)	
Capital salaries	(150)	(150)	
New Homes Bonus	(2,244)	(2,244)	-
Total Funding	(8,200)	(8,200)	-

4.1.1 The impact on collection rates for both Council Tax and Business Rates as a result of Covid-19 is being closely monitored by officers.

5.0 Capital Programme

5.1.1 The revised capital budget for 2021/22 is £50.039 million, which includes £4.271 million slippage from 2020/21 carried forward, subject to approval as part of the 2020/21 Provisional Outturn report.

5.1.2 Appendix A provides a breakdown of the 2021/22 revised capital budget against the forecast outturn. There are no variations to budget to report this quarter.

6.0 Debtors

6.1.1 The total outstanding debt as at 30th June 2021 is £2.383m, a decrease of £376k since year end position

6.1.2 The outstanding debt over 120 days totals £1.774m, an increase of £494k from the position reported at year end

6.1.3 As reported previously there has been an increase in aged debt due to the current nationwide pandemic. However officers have been proactively working with debtors in agreeing payment plans/deferrals in order to pursue the debt.

6.1.4 An exercise to write off old debts due to bankruptcy etc. is still under way and will be reported to Executive for approval.

6.1.5 Appendix B analyses the profile of aged debtors.

7.0 Reason(s)

7.1 Section 28 of the Local Government Act 2003 requires the Council to monitor the budget and monitor and assess the adequacy of reserves and balances during the year. East Herts Council's financial management framework requires quarterly reports to Audit & Governance Committee and the Executive with expenditure forecasts to the year end.

7.2 The Executive must consider the budget forecasts and ensure that action is taken in relation to any expenditure over spends or any underachievement of income so that the Council's financial resources are not exceeded.

8.0 Options

8.1 Not applicable

9.0 Risks

9.1 Costs may increase and income may decrease due to the pandemic if a vaccine resistant variant should emerge resulting in the resumption of lockdowns.

10.0 Implications/Consultations

Consultation was undertaken with budget managers/finance

contacts to assist in writing this report.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

All financial implications are included in this report.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Section 28 of the Local Government Act 2003 requires the Council to monitor the budget and monitor and assess the adequacy of reserves and balances during the year. East Herts Council's financial management framework requires quarterly reports to Audit & Governance Committee and the Executive with expenditure forecasts to the year end.

The Executive considers the budget forecasts and ensures that action is taken in relation to any expenditure over spends or any underachievement of income so that the Council's financial resources

are not exceeded.

Specific Wards

None

11.0 Background papers, appendices and other relevant material

Appendix A: Capital

Appendix B: Debtors

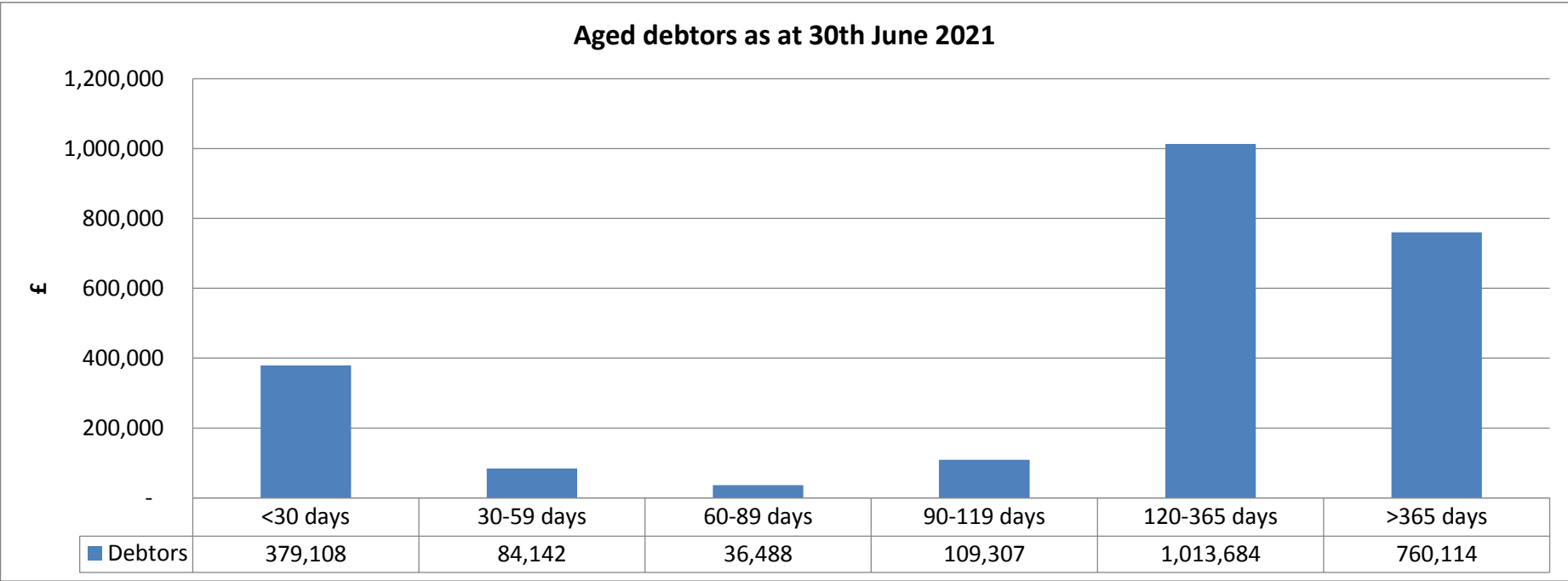
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Capital Forecast Outturn Quarter 1 June 2021

	Revised Budget 2021/22 £'000	Forecast Outturn 2021/22 £'000	Variance 2020/21 £'000
Land and Buildings			
Investment in operational assets	250	250	0
Grange Paddocks Leisure Centre	10,873	10,873	0
Hartham Leisure Centre	9,681	9,681	0
Ward Freman Leisure Centre	843	843	0
Hertford Theatre	9,613	9,613	0
Car Park Resurfing	815	815	0
Arts Centre - ORL	10,248	10,248	0
Northgate End	3,531	3,531	0
Buntingford Depot site works for Residual Waste	127	127	0
Vehicles and Equipment			
Rolling programme to be utilised on ICT projects subject to ITSG review	1,597	1,597	0
LED Lighting Upgrades	198	198	0
Community Assets			
Folly View, Herford - Open Space Improvements	15	15	0
Replacement play equipment across the district (in response to the Condition Audit to be reviewed in 2018/19)	50	50	0
Play Area and other projects, Hartham Common, Hertford	106	106	0
Castle Park - HLF	1,678	1,678	0
Phisiobury Park - HLF	72	72	0
Trinity Close - Open Space Project	57	57	0
Revenue Expenditure Funded as Capital Under Statute (REFCUS)			
Home Improvement Loans	20	20	0
Improve & renew structures along rivers and watercourses	48	48	0
Land Management Asset Register & Associated Works	50	50	0
Green Deal Loans	20	20	0
Historic Building Loans	20	20	0
Community Capital Grants	127	127	0
Current Capital Programme Budget Total	50,039	50,039	0

Original Capital Programme	45,768
Carry Forward of 2020/21 Slippage	4,271
Revised Capital Programme Budget	50,039

The following graph shows the age of the £2.383m of debts outstanding as at 30th June 2021



Members should note that the previously advised write off exercise is still being collated and that considerable amounts of old debt over 120 days will be submitted to the Executive to authorise its write off.

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East Herts Council Report

Audit and Governance Committee

Date of Meeting: 14 September 2021

Report by: Cllr Geoffrey Williamson, Deputy Leader and Executive Member for Financial Sustainability

Report title: General Fund Revenue and Capital Outturn 2020/21

Ward(s) affected: All

Summary

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- (a) **Note the General Fund revenue outturn of £116k over spend funded from the general reserve;**
- (b) **Note that revenue budgets of £414k are recommended to be carried forward from 2020/21 to 2021/22; and**
- (c) **That capital budgets of £4.271m are recommended to be carried forward to 2021/22 to fund ongoing capital schemes.**

1.0 Proposal(s)

- 1.1 To advise members on the General Fund Revenue Outturn for 2020/21 and provide explanations for significant variances against approved budget.
- 1.2 To advise members of the financing arrangements for the 2020/21 Capital Outturn.

2.0 Background

- 2.1 The 2020/21 budget was approved by Council on 29 January 2020, prior to the Covid-19 pandemic.
- 2.2 In year budget monitoring and management actions have sought to deliver the Council's plans. Members have been kept updated throughout the year through quarterly budget monitoring reports where any significant variances have been reported.
- 2.3 The Council's income and expenditure has been impacted by the Covid-19 Pandemic, as previously reported.

3.0 Reason(s)

- 3.1 The final outturn for the year, detailed in this report is still subject to external audit. The final audited accounts will be presented to the Audit and Governance Committee later in the year following the external audit.
- 3.2 An over spend of £116k is reported against the 2020/21 revenue budget. This is summarised in Table 1. It is recommended that this over spend is funded from the Council's General Reserve.

Table 1: Summarised 2020/21 Outturn position

	2020/21 Original Budget	2020/21 Outturn	Variance
	£'000	£'000	£'000
Total Net Cost of Services	15,603	16,274	671
Corporate Budgets Total	588	432	(156)
Net Use of Reserves	732	12,387	11,655
Funding	(6,256)	(18,310)	(12,054)
Council Tax	(10,667)	(10,667)	-
Over spend	0	116	116
Contribution from general reserve	0	116	116

Net Cost of Services

- 3.3 Additional costs and reduced income as a consequence of the Covid-19 pandemic has resulted in an over spend of £672k against original budget for the Net Cost of Services.
- 3.4 Additional contractor costs, increased costs in respect of Charrington's House and unbudgeted expenditure in respect of planning appeals have put pressure on the 2020/21 budget and resulted in over spends.
- 3.5 Sales fees and charges compensation grant of £2.3m was claimed from central government in 2020/21 to compensate for income lost due to reductions in licencing and planning fees and closure of car parks and Hertford Theatre due to the pandemic. This income is included in the net cost of services

outturn. The grant scheme involved Councils absorbing 5% of their budgeted sales fees and charges and the government compensating for 75 pence in the pound there after, therefore there is an impact on the outturn of lost income not covered by the scheme.

- 3.6 £404k of IT projects scheduled to be completed in 2020/21 have were not completed before the 31st of March, therefore the unspent budget will be transferred to the general reserve and utilised to fund these projects in 2021/22.
- 3.7 Community grants of £10k allocated in 2020/21 were not distributed by 31st March 2021 following delays in the projects they were supporting. The unspent budget will be transferred to the general reserve and the grants funded from this in 2021/22.

Corporate Budgets

- 3.8 Corporate budgets achieved additional income to that budgeted of £156k, as detailed in the table below.

Table 2: Corporate Budgets 2020/21

	2020/21 Budget	2020/21 Outturn	Variance
	£'000	£'000	£'000
NHB Grants to Town & Parish Councils	708	704	(4)
Interest Payments	207	206	(1)
Interest & Investment income	(891)	(1,086)	(195)
Pension Fund Deficit contribution	715	715	0
Capital Salaries	(151)	(107)	44
Corporate Budgets Total:	588	432	(156)

- 3.9 The 2020/21 investment outturn is £195k above budget, this is due to property fund investments exceeding anticipated performance. This surplus will be transferred to reserves and used to manage any future investment budget deficits.

Reserves

- 3.10 There has been a significant contribution to reserves in 2020/21, as shown in the table below and Appendix A:

Table 3: Contributions to and from Reserves 2020/21

	2019/20 Budget	2019/20 Outturn	Variance
	£'000	£'000	£'000
Contributions to Earmarked reserves	1,645	1,875	230
Contributions from Earmarked reserves	(817)	(414)	403
Use of General reserve	(96)	318	414
Contribution to Section 31 NNDR Reserve	0	10,608	10,608
Use of Reserves:	732	12,387	11,655
2020/21 under spend to general reserve	0	(116)	(116)
Net Use of reserves	732	12,271	11,539

- 3.11 Contributions to earmarked reserves includes an unbudgeted £195k of investment income transferred to the Interest Equalisation reserve.

- 3.12 Contributions from reserves were below budget by £403k this is due to a change in the programming of works to be undertaken by the IT shared service to improve the IT infrastructure. These works will be carried out in 2021/22.
- 3.13 The general reserve includes a contribution to reserves of £414k that wasn't budgeted for. This is unspent revenue budget from 2020/21, this will be utilised in 2021/22 to fund the revenue budget carry forwards, as per paragraphs 3.6 and 3.7 above.
- 3.14 Due to the statutory accounting requirements for business rates £10.608m has been placed in a new reserve (Section 31 NNDR) this will be utilised in 2021/22 to 2023/24 to cover the spreading of the 2020/21 NNDR deficit and is not available to fund any other spending.

Funding

- 3.15 A breakdown of the Council's funding sources is shown in the table below; this shows a £12.1m surplus above budget.

Table 4: 2020/21 Funding

	2020/21 Budget	2020/21 Outturn	Variance
	£'000	£'000	£'000
NDR	(3,124)	(2,275)	849
Section 31	0	(10,608)	(10,608)
(Surplus)/Deficit on Collection fund	(300)	(785)	(485)
Other General Grants	0	(1,811)	(1,811)
New Homes Bonus	(2,832)	(2,832)	0
Funding:	(6,256)	(18,310)	(12,054)

- 3.16 A major contributor to additional funding in 2020/21 is Non Domestic Rating (NDR) Section 31 income. This is due to timing

differences between when the council sets its budget and statutory returns submitted to Central Government which determine the funding for the year and the reliefs granted in year due to the Covid-19 pandemic. Section 31 grant is received from central government to compensate local government for mandatory business rate reliefs granted. This has been transferred to reserves in line with the business rates regulations and will be utilised in 2021/22.

- 3.17 East Herts received £1.8m local authority support grant to cover increased expenditure as a result of Covid-19.

Capital Outturn

- 3.18 The progress of the capital programme has been reported to Executive throughout the year as part of the budget monitoring process.
- 3.19 Capital expenditure in 2020/21 was £31.5m, as detailed in table 5:

Table 5: 2020/21 capital outturn

	2020/21 Budget	2020/21 Outturn	Variance	Carry forward to 2021/22
	£'000	£'000	£'000	£'000
Strategic Finance & Property	29,034	14,446	(14,588)	1,317
Business & Technology Shared Service	1,165	380	(785)	785
Operations	30,029	13,773	(16,257)	2,122
Housing & Health	354	182	(172)	47
Planning	23	39	17	0
Millstream Loans	4,010	2,705	(1,305)	0
Total:	64,614	31,525	(33,089)	4,271

3.20 An under spend of £33.089m is reported in 2020/21. This is largely due to schemes not commencing or progressing in line with initial expectations.

3.21 It is recommended that £4.271m of budgets be carried forward from 2020/21 to the 2021/22 capital programme. This relates to slippage of projects against the assumed spend profile at 31st March 2021 which was used to set the capital programme budgets for 2021/22 onwards. Further details can be found in Appendix B.

3.22 The 2020/21 capital programme expenditure has been financed from the following sources:

Table 6: Capital Financing

	£'000
Capital Receipts & Reserves	422
Government Grants	6,448
Internal Borrowing	24,655
TOTAL:	31,525

4.0 Options

- 4.1 The Executive can choose to reduce the General Fund balance by the deficit amount rather than using the General Reserve.
- 4.2 The Executive can choose not to carry forward capital budgets although this will cause budget shortfalls and over spends on major projects that span financial years. This is not recommended. The Executive can choose not to carry forward capital budgets and cancel those projects which have not started.

5.0 Risks

- 5.1 There is a risk that the external auditors will require the accounts to be adjusted after audit which may increase the revenue deficit. There is, conversely an upside risk that the revenue deficit may decrease after the audit.

6.0 Implications/Consultations

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

Contained within the body of the report

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Regular monitoring and forecasting of the budget and capital programme are required to ensure that the Council is managing its resources effectively and complies with section 28 of the Local Government Act 2003 and the Council's Financial Procedure Rules.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 Appendix A – Use of Reserves 2020/21

7.2 Appendix B – 2020/21 Capital Outturn

Contact Member	<p>Councillor Geoffrey Williamson, Deputy Leader and Executive Member for Financial Sustainability</p> <p>geoffrey.williamson@eastherts.gov.uk</p>
Contact Officer	<p>Steven Linnett, Head of Strategic Finance and Property</p> <p>Contact Tel No. 01279 502050</p> <p>steven.linnett@eastherts.gov.uk</p>
Report Author	<p>Alison Street, Financial Planning Manager</p> <p>Contact Tel. No. 01279 502056</p> <p>alison.street@eastherts.gov.uk</p> <p>Contact Tel. No. 01279 502056</p>

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2020/21	Funding NCS			Funding MTFP			2020/21
Opening balance	Cont. to reserve	Cont. From Reserve	Net	Cont. to reserve	Cont. From Reserve	Net	Closing balance
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

General Reserve	772	-	-	-	414	(212)	202	974
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Earmarked Reserves

Interest Equalisation Reserve	1,785	-	-	-	195	-	195	1,980
Insurance Fund	935	-	(27)	(27)	-	-	-	908
Provision for future whole Council elections	-	-	0	0	28	-	28	28
New Homes Bonus Priority Spend	4,593	-	(127)	(127)	1,602	-	1,602	6,068
MTFP Transition Funding Reserve	673	-	(260)	(260)	-	-	-	413
HB Subsidy Volatility Reserve	-	50	0	50	-	-	-	50
Section 31 NNDR	-	-	0	0	10,607	-	10,607	10,607
Collection Fund Reserve	2,554	-	-	-	-	-	-	2,554
Neighbourhood Planning Grant	64	-	-	-	-	-	-	64
IER Grant	106	-	-	-	-	-	-	106
Flexible Homelessness Grant	354	-	-	-	-	-	-	354
Emergency Planning Reserve	36	-	-	-	-	-	-	36
LDF - Public Exam / Green Belt Review	62	-	-	-	-	-	-	62
Housing Condition Survey	90	-	-	-	-	-	-	90
Sinking Fund - Leisure utilities / pension	228	-	-	-	-	-	-	228
Performance reward grant	10	-	-	-	-	-	-	10
Waste recycling income volatility reserve	103	-	-	-	-	-	-	103
Footbridge over the River Stort	150	-	-	-	-	-	-	150
DCLG Preventing Repossessions	18	-	-	-	-	-	-	18
DEFRA Flood Support for Local Businesses Grant Reserve	4	-	-	-	-	-	-	4
Preventing Homelessness New Burdens Reserve	31	-	-	-	-	-	-	31
Healthy Lifestyle Promotions Reserve	33	-	-	-	-	-	-	33
Land Charges New Burdens	30	-	-	-	-	-	-	30
Total Earmarked Reserves	11,859	50	(415)	(365)	12,432	-	12,432	23,927

Total Reserves	12,631	50	(415)	(365)	12,846	(212)	12,634	24,901
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	2020/21 Revised Budget	2020/21 Outturn	Variance	Carry Forward to 2021/22
	£	£	£	£
Strategic Finance & Property				
Investment in operational assets	15,074	0	(15,074)	0
Jackson Square MSCP _ LED	120,000	5,179	(114,821)	114,801
Gascoyne Way MSCP - Major Repair Works	80,000	0	(80,000)	70,000
Kibes Lane North - Refurbishment &	75,000	0	(75,000)	75,000
Wallfields Office - LED Lighting Conversion Scheme	75,000	25,158	(49,842)	0
Hillcrest: LED Lighting.	15,000	6,473	(8,527)	8,527
Boiler Replacement - Hartham Pool	23,163	23,163	0	0
Ward Freman - Pool Circulation Pipework	24,450	24,450	0	0
Street Lighting LED conversion	80,000	0	(80,000)	80,000
Rose Court / Resurfacing ~ Baker Street, Hertford	14,455	14,455	0	0
Improve & renew structures along rivers and	81,653	16,809	(64,844)	0
Land Management Asset Register & Associated	50,000	18,454	(31,546)	0
Solar Panels - Wallfields	45,000	0	(45,000)	0
ORL - Arts Centre & Other	250,000	2,000	(248,000)	248,000
Northgate End	19,033,000	11,704,028	(7,328,972)	721,000
Financial Sustainability	3,944,689	5,000	(3,939,689)	0
Land on London Road, BS	350,695	344,054	(6,641)	0
New Hostel & Annex	2,251,727	2,251,727	(0)	0
Accommodation update Wallfields	3,171	3,171	(0)	0
Capital Contingency	2,500,000	0	(2,500,000)	0
Ware Arts Centre	1,494	1,494	0	0
Total Strategic Finance & Property	29,033,571	14,445,615	(14,587,956)	1,317,328

Shared Business & Technology Services				
Hardware / Software	1,164,588	379,590	(784,998)	784,998
Total Shared Business & Technology Services	1,164,588	379,590	(784,998)	784,998

Operations				
Grange Paddocks Leisure Centre	15,861,765	11,694,457	(4,167,308)	1,315,000
Hartham Leisure Centre	9,605,256	509,438	(9,095,819)	391,000
Ward Freman Leisure Centre	881,000	38,102	(842,898)	(38,102)
Hertford Theatre - Consultants	1,065,548	1,093,355	27,807	(87,000)
Hertford & Beyond	8,433	0	(8,433)	0
Play Equipment Rolling Programme	3,000	0	(3,000)	0
Play Area and other projects, Hartham Common, Hertford	375,477	269,195	(106,283)	106,283
Castle Park - HLF - Development Phase	54,264	(39,392)	(93,656)	0
Castle Park - HLF - Delivery Phase	1,455,275	22,149	(1,433,126)	178,000
Phisiobury Park - HLF	79,360	6,903	(72,457)	72,457
Trinity Close - Open Space Project	127,000	69,622	(57,378)	57,378
Buntingford Depot site works for Residual Waste	207,700	81,082	(126,618)	126,618

CAPITAL OUTTURN 2020/21

Appendix B

	2020/21 Revised Budget	2020/21 Outturn	Variance	Carry Forward to 2021/22
	£	£	£	£
Heat Detection Unit at Buntingford Depot	305,320	27,907	(277,413)	0
Total Head of Operations	30,029,399	13,772,817	(16,256,582)	2,121,635
Housing & Health				
Decent Home Grants	120,000	31,942	(88,058)	0
Future Housing Schemes (6 Water Lane, Hertford)	817	817	(0)	0
Future Housing Schemes (Disabled Access Works to Hillcrest Hostel)	5,367	3,059	(2,308)	0
Colebrook Court (Network Housing)	32,500	32,500	0	0
Energy Grants	20,000	12,693	(7,307)	0
Community Capital Grants	150,208	81,894	(68,314)	47,116
Castle Weir Micro Hydro Scheme	25,000	19,323	(5,677)	0
Total Housing & Health	353,892	182,227	(171,665)	47,116
Planning				
Historic Building Grants	20,000	36,831	16,831	0
Improvements to The Wash, Maidenhead Street & Bull Plain, Hertford	2,576	2,576	(0)	0
Total Planning	22,576	39,406	16,830	0
Millstream Loans				
Millstream - Loans	4,010,437	2,705,421	(1,305,016)	0
Total Millstream Loans	4,010,437	2,705,421	(1,305,016)	0
TOTAL	64,614,463	31,525,076	(33,089,387)	4,271,077

East Herts Council Report

Audit and Governance Committee

Date of meeting: 14 September 2021

Report by: Head of Strategic Finance and Property

Report title: Audit and Governance Committee Work Programme

Ward(s) affected: All

Summary

- To present to Audit and Finance Committee the work programme for the year of finance and audit business with a brief summary of each report so that Members can see the business that will come before the Committee at each meeting.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- a)** Approve the creation of the Statement of Accounts Approval Sub-Committee and nominate the three Members to sit on the Committee;
- b)** Approve the work programme as set out in the report; and
- c)** Specify any training requirements

1.0 Proposal(s)

1.1 Audit and Governance Committee's audit functions are:

1.1.1 Approving the Council's statement of accounts.

- 1.1.2 Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- 1.1.3 Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
- 1.1.4 Be satisfied that the Council's assurance statements, including reviewing the Annual Governance Statement against the good governance framework, properly reflect the risk environment and any actions required to improve it.
- 1.1.5 Approve internal audit's strategy, its plan and monitor its performance.
- 1.1.6 Approve the shared anti-fraud service strategy, its plan and monitor its performance.
- 1.1.7 Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- 1.1.8 Receive the annual report of the head of internal audit.
- 1.1.9 Receive and consider the reports of external audit (including the annual audit letter) and inspection agencies, and monitor management action in response to the issues raised.
- 1.1.10 Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.
- 1.1.11 Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.

- 1.1.12 Oversight of the Council's commercial projects.
- 1.2 Audit and Governance Committee's finance functions are:
 - 1.2.1 Receive budget monitoring reports and risk management reports.
 - 1.2.2 Lead the cross Member scrutiny and consideration of the Council's draft annual budget and medium term financial plan.
 - 1.2.3 Scrutinise the Council's Annual Investment Strategy, Annual Capital Strategy, Mid-Year Treasury Management Report and Annual Treasury Management Report and through review gain assurance that systems of governance and control for Treasury Management are effective.
 - 1.2.4 Where appropriate, assisting the Council and the Executive in the development of its budget and policy framework by in-depth analysis of financial, procurement and governance related policy issues.
 - 1.2.5 Where relevant to the audit or finance functions of the Committee, overseeing and scrutinising all Internal, Corporate and Corporate Governance functions of the Council.
- 1.3 In order to fulfil these functions a series of reports will be brought to Members to provide:
 - 1.3.1 Assurance that the council's financial affairs are being properly managed and that the council is making the best use of resources;
 - 1.3.2 An adequate and effective system of internal audit is operating and that it's approved plan is being delivered;
 - 1.3.3 The Council's governance arrangements are adequate;

- 1.3.4 That key business risks have been identified, evaluated and are being managed;
- 1.3.5 That key systems and controls are operating effectively giving assurance that the Statement of Accounts is materially correct and can be approved;
- 1.3.6 Receive and consider the external auditor's Audit Plan, report and Annual Audit Letter; and
- 1.3.7 Receive copies of Executive budget monitoring reports, for information, so that the final accounts outturn position can be compared to forecasts during the year.

2.0 Training

- 2.1 Training for Members of the Committee will in future be delivered for the first 30 minutes of the Committee meeting and will be related to the business before the Committee.
- 2.2 Members are recommended to review the proposed work programme and suggested training and identify any other training needs they require.

3.0 Work Programme

- 3.1 The Committee will recall that the external audit of the council's accounts will start in October and conclude in December. Once the audit is concluded the Accounts and Audit Regulations require the Committee to approve the accounts as soon as practicable thereafter. As there is no meeting scheduled at the end of December the Committee can choose to call an extra meeting of the whole Committee or create a Sub-Committee to approve the accounts. Given the probability the meeting could be between Christmas and New Year a Sub-Committee of 3 Members available to meet during the day would seem to be

the optimum solution to ensure that the accounts can be approved. Members will need to be physically present in Wallfields for the meeting as the meeting will be taking a decision however the meeting should, subject to Member questions and any issues arising as a result of the audit, be a relatively short meeting.

- 3.2 The work programme for the Committee is proposed to be as follows:

Committee	Date	Report Title	Report Summary
Audit and Governance	9 November 2021	Training: Treasury Management	Presentation by the council's treasury advisors (Link) on Members' role in treasury management governance
		Budget 2022/23 and Medium Term Financial Plan 2022/23 – 2026/27	To provide Audit and Governance Committee with an update on the budget and MTFP including costs pressures, savings and efficiencies against the original proposals, forward budget and planning assumptions for scrutiny.
		Annual Treasury Report 2020/21	To provide Audit and Governance Committee with a copy of the Annual Treasury Report so that they can scrutinise the Report.
		Treasury Management 2021/22 Mid-Year Review	To provide Audit and Governance Committee with a copy of the Treasury Management Mid-Year Review Report so that they can scrutinise the Report

Committee	Date	Report Title	Report Summary
		Strategic Risk Register Monitoring Q2 2021/22	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 2.
		Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.
		Annual Infrastructure Funding Statement Report 2020-21	To present to Audit and Governance Committee an update on Section 106 contributions and the council's Annual Infrastructure Funding Statement Report 2020/21
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year
Statement of Accounts Approval Sub-Committee	December 2021	Receipt of the External Auditor's Annual Governance Report	In accordance with the Code of Audit Practice (the Code), this report provides a summary of the work the external auditor has carried out during their audit of accounts, the conclusions they have reached and the

Committee	Date	Report Title	Report Summary
			<p>recommendations they have made to discharge their statutory audit responsibilities to those charged with governance (in this case the Audit and Finance Committee) at the time they are considering the financial statements. In preparing their report, the Code requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 ‘Communication of Audit Matters to Those Charged With Governance’.</p>
		Approval of the Statement of Accounts	<p>Regulation 10 (1) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a committee of the Council, such approval to take place before 30 September immediately following the end of a year, or as soon as practicable after the conclusion of the audit.</p>

Committee	Date	Report Title	Report Summary
Audit & Governance	25 January 2022	Budget Scrutiny - Budget 2022/23 and Medium Term Financial Plan 2022-25	To present to Audit and Governance Committee the Executive's proposed General Fund Budget and Medium Term Financial Plan for scrutiny.
		Investment Strategy 2021/22 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Investment Strategy for scrutiny
		Capital Strategy and Minimum Revenue Provision Policy 2021/22 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Capital Strategy and Minimum Revenue Provision Policy for scrutiny
		Receipt of the External Auditor's Annual Audit Letter 2020/21	To present to Audit and Governance Committee the external auditor's Annual Audit Letter covering the Council's financial audit and Value For Money assessment. The Committee

Committee	Date	Report Title	Report Summary
			receives the report on behalf of the Council and may make observations to Executive who can decide to take action to improve performance based on the external auditor's assessment.
		Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.
		Shared Internal Audit Service Internal Audit Plan 2022/23	To present to Audit and Governance Committee the Shared Internal Audit Service Internal Audit Plan for the forthcoming year and seek its approval. Regulation 5 of the Account and Audit Regulations 2015 requires that the Council must undertake an adequate and effective internal audit of its accounting records and of its system of internal control.
		Financial Management 2021/22 – Quarter 2 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive Report with the

Committee	Date	Report Title	Report Summary
			forecast position on revenue spending and the capital programme as at the end of quarter 2
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
Audit & Governance	29 March 2022	Training: Risk Management	Presentation on risk management and its importance for the council
		Strategic Risk Register Monitoring Q3 2021/22	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 3.
		Annual Review of Risk Management Strategy	To present to Audit & Governance Committee the annual review of the council's risk management strategy.
		External Audit Planning Report 2021/22	To present to Audit and Governance Committee the external auditor's Audit Planning Report. The Committee

Committee	Date	Report Title	Report Summary
			receives the report on behalf of the Council.
		Financial Management Quarter 3 Forecast to Year End	To provide Audit and Finance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 3.
		Review of Internal Audit	To present to Audit and Governance Committee the review of the effectiveness of Internal Audit. Regulation 6 of The Accounts and Audit Regulations 2015 require the Council, at least once a year, to conduct a review of the effectiveness of its internal audit.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.

4.0 Reasons

- 4.1 To ensure that Audit and Governance Committee is aware of the work programme and ensure that Members have the opportunity to request any training or briefing around upcoming items.

5.0 Risks

- 5.1 Risk Management is reported to the Committee regularly.

6.0 Implications/Consultations

Community Safety

No

Data Protection

Data Protection reports and policies will be brought before the Committee as appropriate.

Equalities

No

Environmental Sustainability

No

Financial

The report details the Committee's responsibilities in relation to finance.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Legal requirements are noted in the report summaries in the table in this report.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 None

Contact Officer

Steven Linnett, Head of Strategic Finance and Property

Contact Tel. No. 01279 502050

steven.linnett@eastherts.gov.uk

East Herts Council Report

Audit and Governance Committee

Date of Meeting: 14 September 2021

Report by: Chairman of Audit and Governance Committee

Report title: Audit and Governance Committee - Draft Work Programme 2021/22

Ward(s) affected: All

Summary

- To invite Members to review and determine the future work programme of Audit and Governance Committee and any proposed amendments to the ongoing Work Programme.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE, that:

- (A) the main agenda items for the next meeting be agreed;**
- (B) the proposed work programme, at Appendix A, in relation to Audit and Governance matters, be agreed.**

1.0 Proposal(s)

- 1.1 Items previously required, identified or suggested for the work programme are set out in **Appendix A**. The Appendix is now presented as a single report as a new approach is being trialled for items to Overview and Scrutiny Committee.

2.0 Background

- 2.1 The draft agenda for the next Audit and Governance Committee is shown in **Appendix A**. Members are asked to confirm that these are the key items they wish to consider.
- 2.2 Whilst the timing of some items shown may have to change depending on availability of essential data (eg. from central government), etc Members are asked to consider the future programme and add, remove or move items as they see fit.

3.0 Reason(s)

- 3.1 While Audit and Governance is not a Scrutiny Committee, it has a specific role of monitoring the budget and oversees a range of information such as inspection reports and action plan monitoring. It approves the Council's Statement of Accounts and is also the Council's Audit Committee and carries out Treasury Management functions. As a result, the work programme helps provide structure and identifies a clear reporting timeframe for those reports.

4.0 Options

- 4.1 Members have the option to include or exclude any items on the proposed work programme, however, Officers recommend approval of the listed items as consideration will fulfil the council's audit functions and the items reflect the issues previously raised by Members. It is worth noting that this is a draft work programme which is continually reviewed and will evolve as the work programme develops triggered by external and internal influences.

5.0 Risks

- 5.1 If the Audit and Governance Committee chose not to consider the various audit and financial reports in the proposed work

programme, subject to the Legal observations made later in this report, the council could potentially be at risk of not identifying potential issues and risks to the authority and thus taking mitigating actions.

6.0 Implications/Consultations

6.1 Information on any corporate issues and consultation associated with this report can be found within the body of this report.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

None applicable to this report apart from the benefits, as discussed above, of Member oversight of the council's key financial practices and policies.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

None applicable to this report but Audit and Governance is required to receive and consider reports and agree such reports as required by statute. These include for example, the Treasury Management Statement and Statement of Accounts.

Specific Wards – All wards

7.0 Background papers, appendices and other relevant material

Appendix A

Contact Member	Mark Pope, Chairman of Performance Audit and Governance Oversight Committee mark.pope@eastherts.gov.uk
Contact Officer	James Ellis, Head of Legal and Democratic Services, Tel No: 01279 502170 james.ellis@eastherts.gov.uk
Report Author	Lorraine Blackburn, Scrutiny Officer Tel No: 01279 502172 lorraine.blackburn@eastherts.gov.uk

Audit and Governance Committee - Work Programmes 2021/22

(this is a working document and is subject to regular amendment) – last updated 6 September 2021

Meeting Date	Topic and Notes	Lead Member and Officer	Background notes	
27 May 2021	Annual Assurance Statement and Internal Audit Annual Report 2020/21	Simon Martin, SIAS		
	Strategic Risk Register – Monitoring 2020/21 - Quarter 4	Graham Mully, Steven Linnett Head of Strategic Finance and Property		
	2020/21 Provisional Outturn	Steven Linnett Head of Strategic Finance and Property		
	2020/21 Annual Anti-Fraud Report	Nick Jennings, SAFS		
	Data Protection Update Report	James Ellis, Head of Legal and Democratic Services		
	Standards Update	James Ellis, Head of Legal and Democratic Services		
	Questions to the Executive Member for Financial Sustainability	Executive Member for Financial Sustainability		
29 July	SIAS Internal Audit Plan	Simon Martin, SIAS		

Audit and Governance Committee - Work Programmes 2021/22

(this is a working document and is subject to regular amendment) – last updated 6 September 2021

Meeting Date	Topic and Notes	Lead Member and Officer	Background notes	
2021	Progress Report			
	Annual Governance Statement 2020/21	Executive Member for Financial Sustainability and Head of Strategic Finance and Property		
	Receipt of the External Auditor's Audit Planning Report	Suresh Patel, EY and Head of Strategic Finance and Property		
14 September 2021	Progress with delivery of the 2021/22 Anti-Fraud Plan	Nick Jennings, SAFS		
	Quarterly Strategic Risk Register Quarter 1	Graham Mully, Steven Linnett - Head of Strategic Finance and Property		
	Assets of Community Value	Ben Wood - Head of Communications, Strategy and Policy		
	Financial Management 2021/22 – Q1 Forecast to Year	Steven Linnett - Head of Strategic Finance and		

Audit and Governance Committee - Work Programmes 2021/22

(this is a working document and is subject to regular amendment) – last updated 6 September 2021

Meeting Date	Topic and Notes	Lead Member and Officer	Background notes	
	End	Property		
	2020/21 Provisional Outturn	Steven Linnett - Head of Strategic Finance and Property		
	Changes to the Committee Work Programme	Steven Linnett - Head of Strategic Finance and Property		
9 November	Financial Management 2021/22	Steven Linnett Head of Strategic Finance and Property		
	Quarter 2 Forecast to year end	Steven Linnett Head of Strategic Finance and Property		
	Budget 2022/23 and MTFP 2022/23 – 2026/2027	Steven Linnett Head of Strategic Finance and Property		
	Treasury Management 2021/22 and Mid-Year Review	Steven Linnett Head of Strategic Finance and Property		

Audit and Governance Committee - Work Programmes 2021/22

(this is a working document and is subject to regular amendment) – last updated 6 September 2021

Meeting Date	Topic and Notes	Lead Member and Officer	Background notes	
	Data Protection Update	Tyron Suddes, James Ellis - Head of Legal and Democratic Services		
	Standards Update	James Ellis, Head of Legal and Democratic Services		
	Annual Funding Infrastructure Statement 2020/21	Steven Linnett Head of Strategic Finance and Property		
	SIAS Internal Audit Plan Progress report	Simon Martin - SIAS		
	Quarterly Strategic Risk Register Quarter 2	Graham Mully, Steven Linnett Head of Strategic Finance and Property		
	Annual Treasury Report 2020/21	Steven Linnett Head of Strategic Finance and Property		

Updates

Audit and Governance Committee - Work Programmes 2021/22

(this is a working document and is subject to regular amendment) – last updated 6 September 2021

	Audit and Governance
	<p>Complaints lodged with the Monitoring Officer (Head of Democratic and Legal Support Services). When there are updates.</p> <p>Changes to Constitution Review Update (Head of Democratic and Legal Support Services): When there are updates.</p>

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