



MEETING : AUDIT AND GOVERNANCE COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 30 JANUARY 2024
TIME : 7.00 PM

PLEASE NOTE TIME AND VENUE

This meeting will be live streamed on the Council's Youtube page:
<https://www.youtube.com/user/EastHertsDistrict>

MEMBERS OF THE COMMITTEE

Councillor Martin Adams (Chairman)
Councillors B Deering, C Hart, D Jacobs, S Nicholls, G Williamson,
D Woollcombe (Vice-Chairman)

Substitutes

Conservative Group: Councillor J Wyllie
Liberal Democrat
Group: Councillors S Marlow and M Swainston
Green Group: Councillors M Connolly and N Cox
Labour Group: Councillor Y Estop

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

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- 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.

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AGENDA

1. Apologies

To receive any apologies for absence

2. Minutes - 29 November 2023 (Pages 6 - 22)

To approve as a correct record the minutes of the meeting held on 29 November 2023.

3. Chairman's Announcements

4. Declarations of Interest

To receive any declarations of interest.

5. External Audit Planning Report 2023/24

6. Budget 2024/25 and Medium Term Financial Plan 2024 – 2034
(Pages 23 - 89)

7. Treasury Management 2023/24 Mid-Year Review - 'To Follow'

8. Capital Strategy and Minimum Revenue Provision Policy 2024/25 for Scrutiny - 'To Follow'

9. Financial Management 2023/24 – Quarter 2 Forecast to Year End

10. Shared Internal Audit Service - Progress Report (Pages 90 - 102)

11. Shared Internal Audit Service - Internal Audit Plan 2024/25 - Full Report
(Pages 103 - 117)
12. Shared Anti-Fraud Service Anti-Fraud Plan Progress Report
(Pages 118 - 135)
13. Anti-Fraud Plan for 2024/25 (Pages 136 - 177)
14. Audit and Governance Committee Work Programme - 'To Follow'
15. 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.

Agenda Item 2

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MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON WEDNESDAY
29 NOVEMBER 2023, AT 7.00 PM

PRESENT:

Councillors B Deering, C Hart, D Jacobs,
S Nicholls, G Williamson and
D Woollcombe

ALSO PRESENT:

Councillor C Brittain
Mark Poppy - Independent Person
Nick Sharman - Independent Person

OFFICERS IN ATTENDANCE:

Michele Aves - Democratic
Services Officer
Jackie Bruce - Infrastructure
Contributions and
Spend Manager
James Ellis - Head of Legal and
Democratic
Services and
Monitoring Officer
Steven Linnett - Head of Strategic
Finance and
Property

ALSO IN ATTENDANCE:

Simon Martin - Shared Internal Audit
Service

224 APOLOGIES

There was an apology for absence from the Chairman, Councillor Adams. A subsequent apology was received from Councillor Swainston who was due to be substituting for Councillor Adams. It was noted that the Vice-Chairman, Councillor Woollcombe was acting as Chairman for the meeting.

225 MINUTES - 26 SEPTEMBER 2023

It was moved by Councillor Nicholls and seconded by Councillor Williamson that the minutes of the meeting of the Audit and Governance Committee held on 26 September 2023 be confirmed as correct records and signed by the Chairman. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the minutes of the meeting of the Audit and Governance Committee held on 26 September 2023 be confirmed as correct records and signed by the Chairman.

226 DECLARATIONS OF INTEREST

There were no declarations of interest.

227 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed all to the meeting and reminded the Members that the Budget would be on the agenda at the meeting of the Committee on 31 January 2024.

228 TRAINING - TREASURY MANAGEMENT

The Client Director from Arlingclose Ltd gave a treasury management training presentation to the Committee.

The Chairman advised the Committee that the training was commercially confidential, and that therefore the meeting was required to move to exclude the press and public on the grounds that it involved the likely disclosure of exempt information.

It was moved by the Chairman and seconded by Councillor Nicholls that under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED - that under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

Following the presentation Members were able to ask questions, which the Client Director from Arlingclose Ltd answered.

RESOLVED – that the training be received.

The Head of Strategic Finance and Property introduced the report and drew Members' attention to Appendix A, The Annual Treasury Management Review 2022-23. He referred to page 39 of the report which gave details of the Council's capital expenditure and borrowing for the year, and page 44 which gave the treasury position as of 31 March 2023.

The Head of Strategic Finance and Property referred to page 40 of the report which summarised the prudential indicators. He explained that 'unfinanced capital expenditure' was the term used to describe the Council's borrowing, which was below the operational boundary as recommended in 2022.

The Head of Strategic Finance and Property drew Members' attention to page 44 of the report which gave a summary of the Council's investment portfolio, including property funds. He referred to Section 4 of the report which gave background information on economics and said that all treasury indicators had been met.

Councillor Nicholls asked if the Council's annual investment returns exceeded the costs of its debts.

The Head of Strategic Finance and Property said that the Council currently had £3.2 million of debt, and 5.2 million in investments, and so there was a greater return on investments. He said that there was approximately £20 million invested in property funds which took longer to take back as they were long term commitments. He said that the Council was in the process of liquidising one of the property funds of approximately £10 million, and that investments were

being run down to fund capital expenditure as far as possible.

Mr Sharman referred to the table cited on page 39 of the report and asked for clarity regarding the figures which related to council borrowing.

The Executive Member for Financial Sustainability said that there had been a change in formula resulting in the figure of £8.906.

The Head of Strategic Finance and Property said that these figures would be corrected within the report, which would be presented to full Council.

The Chairman asked if there would be opportunity to discuss the authorised borrowing limit.

The Head of Strategic Finance and Property said that the authorised borrowing limit was agreed by Members each year at budget full council and was set with slight headroom linked to the Medium-Term Financial Plan. He said that the limit was set as a temporary measure to cover major emergency borrowing.

The Chairman said that this was very encouraging and thanked the Head of Strategic Finance and Property for his report.

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

RESOLVED – A) Members examine and comment on the Annual Treasury Management Review and Prudential Indicators for 2022/23 prior to its presentation to full Council for approval.

230 SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT

The Shared Internal Audit Service Manager introduced the report which was the second update for 2023/24. He referred to paragraph 2.3 of the report which gave a summary of all audits, 18 of which were complete, with the 8 which were outstanding assigned to staff.

The Shared Internal Audit Service Manager said that Members would be advised of any changes to the audit schedule and drew Members' attention to Appendix B of the report which detailed the high priority recommendations. He said that one new such recommendation had been added since the last meeting of the Committee.

The Shared Internal Audit Service Manager referred to the key performance indicators contained within paragraphs 2.7 – 2.9 of the report, alongside commentary which could be found at paragraphs 2.10 -2.11. He said that the vacancies within the service had now been successfully recruited to and drew Members' attention to Appendix C of the report which detailed the audit schedule.

The Chairman asked when the final report would be received.

The Shared Internal Audit Service Manager said that there were 4 reports each year, with the third coming

to the Committee in January 2024.

Mr Sharman asked for detail on the position for the Council to implement a legal case management system to track court costs.

The Shared Internal Audit Service Manager said that the Council currently effectively recorded court costs manually, but that should the volume or value of these costs increase there would be potential for a case management system.

The Chairman thanked the Shared Internal Audit Service Manager for his report.

RESOLVED – that the Internal Audit Progress Report and the Status of Critical and High Priority Recommendations be noted.

231 SHARED ANTI-FRAUD SERVICE - PROGRESS WITH THE DELIVERY OF THE 2023/24 ANTI-FRAUD PLAN

There was no representative from the Shared Anti-Fraud Service to introduce the report.

The Chairman asked Members if they had any questions, as these could be passed to Shared Anti-Fraud Service Officers outside of the meeting. There were no questions.

RESOLVED – that the work of the Council and the Shared Anti-Fraud Service in delivering the 2023/24 Anti-Fraud Plan be noted.

232 SECTION 106 UPDATE REPORT AND 2022/23 INFRASTRUCTURE FUNDING STATEMENT

The Executive Member for Financial Stability introduced the item which was the annual report to the Committee on Section 106 at East Herts Council, the Infrastructure Funding Statement and the work of the Section 106 Programme Manager.

The Executive Member for Financial Stability said that the report provided basic background information on Section 106 contribution identification, collection, and allocation at East Herts Council. He said that this included an overview of historic Section 106 contribution collection and allocations from 1st April 1996 to 31st March 2023, details of income and expenditure in the last five years, and an update on the Section 106 contributions collected and allocated in the current financial year (from 1st April 2023 to the end of September 2023).

The Executive Member for Financial Stability said that the report also included information on the audit of Section 106 which was currently being undertaken, for which draft feedback was very positive. He said that the final report would be shared with Members and reported on in detail in the next report to the Committee in November 2024.

The Executive Member for Financial Stability referred to Appendix A, the Annual Infrastructure Funding Statement for 2022 – 2023 which the Council was bound by Legislation to produce and publish. He said that this was the fourth Infrastructure Funding Statement produced by East Herts Council, which provided detailed information on Section 106 for the last financial year (2022/23).

The Executive Member for Financial Stability said that the Section 106 Programme Manager would be providing a Member Briefing on Section 106 on 7th December 2023, for which all Members would receive online meeting details.

Councillor Nicholls said that historically Section 106 funds were able to be reallocated internally to finance projects in different parts of the district, i.e., Hartham Swimming Pool. She asked if this had now changed.

The Section 106 Programme Manager said that legislation was changed in 2019 to include a named project use or recipient within the Section 106 contribution (with a degree flexibility for security and back up). She said that prior to this change agreements were generalised and enabled contributions to be received within the vicinity of the development. She said it was therefore vital that she was made aware by both Members and the community what was needed so this could be written into agreements.

The Section 106 Programme Manager said that Hartham received funding as it is one of the Council's flagship destinations, with the leisure facilities used by residents of new developments.

The Chairman said that it was good to note that the Section 106 Programme Manager was involved in Section 106 agreements from the beginning, and not just at the distribution of funds stage.

Councillor Jacobs asked if it was unusual to only have one provision to provide affordable housing included in a Section 106 agreement in a year (2022/23).

The Section 106 Programme Manager said that 2022/23 was a poor year for Section 106 agreements as there were few developments signed within the year. She said that a search of the Infrastructure Funding Statement would show several large developments with significant housing provision from previous years.

Councillor Hart said that a lack of affordable housing which met people's needs was a concern.

The Section 106 Programme Manager said that developments which come forward are bound by supplementary planning documents. She said that the Council negotiated with developers to obtain the maximum affordable housing possible, but that the outcome also depended on viability.

Councillor Hart asked if viability was placed above the needs of the local population. She said that there was a disconnect between the needs of the community and a demographic crisis being created, which encouraged younger people to live elsewhere.

The Section 106 Programme Manager said that such needs were taken into consideration, with a full report written by Officers. She said that there was also an independent viability review when viability was an issue with an application.

The Head of Strategic Finance and Property said that in line with the District Plan most of the major sites in the District have come forward for development and Section 106 agreements were signed. He said that the

provision to provide affordable housing occurred when a development application was for ten or more houses. He said that the Government had strict viability calculations, which the Council had to apply.

Councillor Nicholls asked for clarity on how the needs were defined for Section 106 NHS (National Health Service) Integrated Care Board (ICB) contributions.

The Section 106 Programme Manager said that she could not comment on needs, but that the ICB put forward their requirements as a statutory consultee when a planning application came forward.

Mr Poppy said that it was innovative for the Council to have a Section 106 Programme Manager in post and asked if Hertfordshire County Council (HCC) and the ICB contributed to the running of the service.

The Section 106 Programme Manager said that these bodies did not make such a contribution, but a monitoring fee was collected which went towards the funding of her role.

Mr Poppy asked if Section 106 contributions were taken back if they were not spent within the time specified in the agreement.

The Section 106 Programme Manager said that there had only been one instance where funds were taken back. She said that this was due to a change in circumstances, resulting in monies which could not be used for the set reason given within the agreement.

The Section 106 Programme Manager said that on

average a time limit of ten years was stipulated in agreements, but that many new agreements cited a five-year timeframe, which put pressure on both her and recipients. She added that HCC undertook its own collection and monitoring of Section 106.

Councillor Deering said that the NHS were not always good responders to Section 106 invites, with only a small improvement in engagement the last eighteen months.

Councillor Jacobs referred to the table on page 117 of the report and asked for clarification regarding the text found in place of several total funding amounts in column four.

The Section 106 Programme Manager said that the text was seen where there had been a deed of variation to a Section 106 agreement. She said that this was normally due to a legal change, such as a mortgagee, and so there would be no additional funds attached to the legal agreement.

The Chairman thanked the Section 106 Programme Manager and the Executive Member for Financial Sustainability for their report.

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

RESOLVED – that Members note and comment on the contents of the Section 106 Update Report and the 2022/23 Infrastructure Funding

Statement as attached at Appendix A.

233 MONITORING OF 2023/24 QUARTER TWO CORPORATE RISK REGISTER - NEW REPORTING FORMAT

The Head of Strategic Finance and Property introduced the report, which provided the new format for the Corporate Risk Register, covering Quarter 2 for 2023/24.

The Head of Strategic Finance and Property said that the new format had been reviewed by Leadership Team and now contained less risks and was more focused. He welcomed Members opinions and feedback.

Councillor Jacobs referred to Risk 4 – Key Contractor, and asked why this was scored relatively low despite the current risk of industrial action by the waste contractor.

The Head of Strategic Finance and Property said that the industrial dispute, as mentioned, had now been resolved.

Councillor Williamson said that the new format was a considerable improvement, being both clearer and easier to digest. He thanked Officers for their work.

Mr Sharman also welcomed the new more focused format. He said that it would be useful for each risk to include two categories, a distinction of the mitigations in place, and those being worked on. He said that an update from each risk owner, giving the current position and their concerns (if any) would also be of use.

The Chairman endorsed Members comments.

The Head of Strategic Finance and Property said that he would feedback Members comments and that the complete revised register would be seen at the next meeting of the Committee on 30 January 2023.

It was moved by Councillor Nicholls and seconded by Councillor Hart 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 2023/24 quarter two corporate risk register be reviewed, and officers advised of any suggested improvements to the format of the risk register.

(B) The 2023/24 quarter two corporate risk register be reviewed, and officers advised of any suggested improvements to the format of the risk register.

(C) The Committee notes the risk register and actions being taken to control and mitigate risk.

234 AUDIT AND GOVERNANCE WORK PROGRAMME

The Head of Strategic Finance and Property introduced the report. He said that Members would see that there was no training planned for the next meeting of the Committee due to the number of reports planned for the agenda.

The Head of Strategic Finance and Property said that he was confident that the new external auditor, Azets,

would be present at the January 2024 meeting, but he had not had any recent contact from EY Ltd.

The Head of Strategic Finance and Property listed the reports scheduled for the next meeting of the Committee and said that as customary the Chairman and Vice Chairman of the Overview and Scrutiny Committee would be invited for budget scrutiny.

Councillor Williamson said that he was pleased to see that there would be no training on the next agenda, allowing Members to concentrate on the budget. He asked, as discussed at the last meeting of the Committee, if there were any opportunities for agenda items to be "carried over" to further enable the budget to be given priority.

The Head of Legal and Democratic Services said that items were placed on the agenda as they needed Members attention. He said that should items be just for noting they could be provided to Members outside of the meeting.

The Head of Strategic Finance and Property said that as previously discussed, "call over" could be operated. This would mean that the Chairman would decide which reports on the next agenda would be discussed, or "called over" and discussed and voted upon, and which reports would be just for noting and not debated.

Councillor Deering said that he would not have a problem with this approach. He referred to paragraph 3.1 of the report and asked why the receipt of the statement of accounts was delegated to a Sub-

Committee and not an additional meeting of the full Audit and Governance Committee.

The Head of Strategic Finance and Property said that due to the unpredictability of when the statement of accounts would be returned, a Sub-Committee had historically been used to approve them as soon as practicable. He said that the self-selecting Sub-Committee meeting was held during the day and was usually less than an hour long.

Councillor Deering said that he understood that this was good housekeeping, but that in principle the statement of accounts should go through the full Audit and Governance Committee.

The Chairman and Councillor Hart agreed with Councillor Deering's comments. Councillor Hart said that Members could attend an extra daytime meeting of the Audit and Governance Committee to approve the statement of accounts if required.

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

RESOLVED – that the statement of accounts be submitted for approval to a full Audit and Governance Committee, to be arranged by Officers as soon as practicable after the audit is completed.

Councillor Williamson proposed an amendment to the Audit and Governance Committee Work Programme

recommendation A) to include the words "subject to the operation of "call over" at the January 2024 meeting of the Audit and Governance Committee".

It was moved by Councillor Williamson and seconded by Councillor Nicholls 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 work programme, subject to the operation of "call over" at the January 2024 meeting of the Audit and Governance Committee, as set out in the report be approved; and

B) that any training requirements be specified.

235 URGENT ITEMS

There were no urgent items.

The meeting closed at 8.43 pm

Chairman
Date

East Herts Council Report

Audit and Governance Committee

Date of meeting: 30 January 2024

Report by: Councillor Carl Brittain, Executive Member for Financial Sustainability

Report title: Budget 2024/25 and Medium Term Financial Plan 2024 – 2034

Ward(s) affected: All

Summary – This report sets out the revised Medium Term Financial Plan (MTFP) and options to balance the budget in 2024/25 and 2025/26. The council’s financial position will remain uncertain until the final Local Government Finance Settlement is published and officers have completed the NNDR1 forecast of business rates for 2024/25. Since the current MTFP was approved by Council on 1 March 2023, the financial situation facing local authorities has worsened, with inflation, particularly the pay award and major contract inflation, exceeding the provisions in the budget for the second year running. The council has also been subject to continuing real terms reductions in resources from Government and council tax increases have also been constrained and only been allowed at below inflation levels. This revised MTFP presents Members with difficult decisions to take to ensure the council can meet its financial commitments and remain financially sustainable. Budget proposals have been prepared so that services to vulnerable residents are protected.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- (A) Scrutinise the Executive's proposed budget and make any comments back to the Executive to consider before making their budget recommendation to Full Council.
- (B) Note that the proposed budget makes use of the flexibility from Government to increase Council Tax by 2.99%, which will increase Council Tax revenue by £366k a year and will result in a Band D Council Tax increase of £5.65 to £195.52 per year;
- (C) Consider the savings proposals for Member approval and advise Executive of any significant issues you believe may arise;
- (D) Note the proposed savings requirements, that will need to be delivered to balance the budget in the medium term, the delivery profile of which without any smoothing is as follows:

2025/26	£2.243 million
2026/27	£NIL
2027/28	£0.607 million
2028/29	£0.515 million

- (E) Note the amended Capital Programme which pauses the Old River Lane Arts Centre so as to reduce revenue costs of Minimum Revenue Provision and interest by £1,514k per annum on current interest rates, a total saving of £7.442 million over the MTFP period. Comment on the capital expenditure priorities:
 - i. essential property maintenance to meet statutory requirements or to prevent loss or damage to neighbouring properties;
 - ii. investment in ICT to continue but that the budget carry forward that has not been used for two years is deleted;
 - iii. invest to save initiatives where the business case indicates that the cost of the investment will be recovered in under 10 years;

- iv. to allow pausing of construction of the Arts Centre at Old River Lane until such time as debt levels have fallen sufficiently to make the revenue impacts of new borrowing affordable while at the same time undertaking landscaping works on the arts centre site so that it is an attractive site rather than an undeveloped area blighting the retail and commercial units in the City Heart scheme;
- v. provide up to £170k for essential maintenance works for the URC Church Hall in Bishop's Stortford;
- vi. completion of Hertford Theatre, at as low a cost as possible, so that the entire venue is opened and run on a strictly commercial basis to maximise income; and
- vii. investment in depot works and waste containers for the new waste and recycling contract.

(F) Note the provisional Local Government Finance Settlement figures confirmed the assumptions made at the December Executive. Note the implication of the Autumn Statement that a further round of austerity is proposed by the Government and that the two major parties seem intent on keeping to the announced expenditure totals which will severely reduce government funding and inevitably require service cuts.

1.0 Proposal(s)

- 1.1 The current Medium Term Financial Plan (MTFP) approved by Council in March 2023 has been updated to reflect current inflation impacts and the announced well below inflation increase in local government resources.
- 1.2 The financial situation facing local authorities has worsened over the last year with inflation, particularly the pay award and major contract inflation, exceeding the provisions in the budget for the second year running. The council has also been subject to continuing real terms reductions in resources from Government

and council tax increases have also been constrained and only been allowed at below inflation levels.

Budget pressure mitigation that has been built into the proposed MTFP update

1.3 Officers have identified several mitigating measures which have been built into the proposed revised financial forecast – in summary:

1.3.1 the increase in planning application fees has been fed into the resource model;

1.3.2 higher treasury income from higher interest rates has been factored in;

1.3.3 the previous assumption of government funding declining in real terms has been replaced with the announced 3% increase in 2024/25 and an increase of 2% in 2025/26 followed by a cash freeze thereafter. That said, following the Autumn Statement which signalled a return to austerity, this assumption may be too optimistic. The impact of a 35% reduction in funding spread over the four years from 2025/26 has been modelled and the impact of this is included in the Risk section;

1.3.4 the proposal that the Arts Centre element of the Old River Lane urban renewal scheme is postponed until the borrowing to construct the building becomes affordable. In the interim, it is proposed that a civic square would be constructed with services for the new arts centre provided in one corner of the square to promote the overall CityHeart scheme. Capital expenditure on the Old River Lane Scheme contains capitalised salaries of officers managing and monitoring delivery of the scheme of £500k per year, split between the main CityHeart development and the Arts Centre site; and

1.3.5 at least £6 million of capital receipts are generated and are used to reduce the capital financing requirement and pay down external debt while enabling the capital investment priorities in the proposed MTFP to be delivered. Debt financing is held as a corporate cost in accordance with the accounting code of practice so this will reduce the corporate level of debt. Officers have identified another £4.6 million of potential asset sales and it is proposed that those receipts are used to finance the capital programme avoiding £392,533 per year in borrowing costs.

Assumptions within the MTFP following mitigation

- 1.4 The revised MTFP position is shown in Appendix A. Several key assumptions have been made in refreshing the MTFP and these are detailed in the following paragraphs.
- 1.5 The proposed MTFP takes into account the costs of the 2023/24 pay settlement which was more than the budget provision as well as the effects of inflation.
- 1.6 The Council Tax Base due to be set at Council in December is currently estimated to improve on the current MTFP assumptions and is 64,809.9. The assumptions provide for a prudent level of increase in the tax base overall whilst avoiding a potential Collection Fund deficit in 2024/25. Should the estimate of new properties fail to materialise or there is an upswing in Working Age Local Council Tax Support claims then this will result in a Collection Fund deficit which will be apportioned between East Herts, the County Council and the Police and Crime Commissioner according to the statutory calculation based on Council Tax Precepts and Demands. The growth assumptions in the tax base calculation have been set prudently to avoid optimism bias at 500 new properties per year.

- 1.7 The provisional local; government finance settlement confirmed planning assumptions on Retained Business Rates, Revenue Support Grant (RSG) and other grants were rolled forward and the 3% increase, already announced by ministers, was confirmed.
- 1.8 New burdens funding for the introduction of food waste collections for capital items such as vehicles and containers was announced with East Herts being given £1.5 million. The actual new burdens funding for on going revenue costs will be announced as part of the 2025/26 settlement. The grant has been used to fund capital expenditure by a charge to revenue.
- 1.7 The cash contribution to pay off the past service deficit arising in the pension fund is as per the just completed triennial revaluation of the fund. For budgetary purposes this figure is rolled forward over the life of the MTFP but will in reality be reset in 3 years' time at the next triennial revaluation.
- 1.8 Pay inflation, in line with inflation forecasts has been set at 5% in 2024/25 but remaining at 2% in future years. Contract inflation has been set at 4% in 2024/25 and 2% thereafter.
- 1.9 The resulting savings requirement was met by a combination of savings proposed by the Leadership Team which are being implemented under the scheme of delegation. These savings include areas such as reprocurring cheaper merchant acquiring fees on card payments, restructure of senior management, maximising housing benefit payments in hostels and undertaking a service review of the Shared Revenue and Benefits Service.
- 1.10 The current capital programme has effectively used up the borrowing headroom that the revenue account is able to sustainably resource in the medium term and it is vital that the capital programme is tightly controlled and that any additions

should not increase revenue costs. Newly emerging policies and strategies should be framed in the light of capital resources being scarce.

- 1.11 Members will be aware by now that there may be a need to borrow for capital investment but that this should only be where doing so yields savings over and above the costs of that borrowing. There is absolutely no further capacity for significant additional borrowing for new projects that do not make a positive return in the medium term. An example of an invest to save bid is where the council may purchase refuse vehicles at the start of the new contract where we can demonstrate that the saving covers the borrowing costs and makes a further saving by doing so. Officers have also identified a further £4.6 million of assets to be sold which would be used to finance the capital programme and save a further £393k in new borrowing costs.
- 1.12 The Transforming East Herts Programme is designed to modernise the council and deliver services that are digital by default ensuring end to end services are available 24/7 on the web. To be clear, there will still be a customer contact centre with members of staff on the telephone for those residents who cannot use digital services and/or need a customer contact agent to deal with complex queries. The speed at which services are made digital is likely to be increased from April 2024 when the new card payment system goes live, the current system cannot take on new payment funds and is also not compliant with industry standards. Officers are looking at how best to increase the roll out of digitisation and the removal of manual processes.
- 1.13 There is one possible significant source of additional revenue not included in the MTFP due to the fundamental uncertainty of the amounts and timing. This is the extended producer

responsibility regime. This has been delayed by DEFRA until 2025/26 but under this scheme the producers of cardboard packaging would be required to pay for the waste they introduced into the waste stream and so cash payments would be made to the council based on tonnages collected.

Revenue savings requirement

1.15 To balance the budget a further set of savings requiring Member authorisation was considered by the Executive. The savings to be recommended to Council are in Appendix C. Savings which are not recommended by the Executive, at this time, are in Appendix D.

2.0 Background

2.1 Significant uncertainty continues to dominate the context within which the council is working towards delivering a balanced budget over the medium term. The financial outlook remains unclear with a further one-year financial settlement anticipated for 2024/25 and, officers anticipate, in 2025/26 as either a new incoming government will not have had time to consider reform to the system or if the general election is held on the last possible day then the draft settlement will be issued by the outgoing government and the incoming government will have no time to do anything other than confirm that draft settlement. There is uncertainty whether key reforms to the financing of local government will be progressed and in particular any change from the current business rates system to a different form of property taxation for non-domestic properties. No party has declared a position on changing Council Tax which is not fit for purpose having never been subject to revaluation.

- 2.2 The council's business and financial planning is underpinned by the Corporate Plan and its priorities, which provide a clear focus for decisions about spending and savings and direct activity across the Council. The new Corporate Plan will be presented alongside the budget for consideration by Council on 28 February 2024.
- 2.3 Officers will continue to explore options to put to members to further reduce net cost to meet the savings targets. Given the financial position, which all the districts and boroughs in Hertfordshire are also facing, East Herts Council can no longer seek to protect the service offer to residents and hard decisions are required for this budget and future budgets.

3.0 Reason(s)

- 3.1 Council is required to set a balanced budget each year. The Local Government Finance Act 1992 requires the council to estimate revenue expenditure and income for the forthcoming year from all sources, together with contributions from reserves, in order to determine a net budget requirement to be met by government grant, Business Rates and Council Tax.

4.0 Options

- 4.1 Given the financial outlook there are limited options available to ensure a balanced budget. Any growth will need to be balanced by reductions elsewhere.
- 4.2 Members may propose a lower rate of Council Tax but this will result in compound revenue foregone from Council Tax which will be lost in perpetuity. This option, given the risks and uncertainty over the local government finance system, could lead to technical insolvency being reached years earlier under the 35% grant reduction scenario – see the risks section.

5.0 Risks

- 5.1 Significant uncertainty continues to dominate the context within which we are working towards delivering a balanced budget over the medium term. The financial outlook remains unclear with a further one-year financial settlement for 2024/25 and key reforms to the local government finance system now awaiting the result of the general election. The Autumn Statement spending totals for the next few years implies real terms reductions for local government funding. The Labour Party has committed to keeping to the spending totals announced in the Autumn Statement so we must assume that if either the Conservatives or Labour win the next general election that government funding will not rise.
- 5.2 The MTFP is based on a cash freeze in government grants which would produce a real terms reduction in each year. We have assumed that this is the path government will take because the scenario of a repeat of funding reductions seen after 2010, the austerity period, will not be implemented as it would likely lead to the majority of local authorities becoming technically insolvent.
- 5.3 Officers have modelled an austerity 2 scenario of a 35% reduction in local government funding spread over 4 years from 2025/26 and the savings requirement would increase by £1.6 million in 2025/26 and imply spending on services being reduced to £13.8 million. Given that the spending on outsourced services will be c. £8.5 million and the ICT Shared Service spend will be c.2.9 million, that leaves £2.4 million to spend on directly provided services. Based on that figure it is difficult to envisage how services could be reconfigured within that resource envelope to deliver statutory service levels.

5.4 The adequacy of the General Fund balance to meet unexpected expenditure will be considered by the Head of Strategic Finance and Property and be reported to Council as part of his report under Section 25 Local Government Act 2003 on the robustness of the estimates made in drawing up the budget and the adequacy of the proposed level of reserves. However, the council has historically had relatively low levels of reserves, as a result of the Large Scale Voluntary Transfer of council housing receipt from 2001, which created a negative Capital Financing Requirement of -£65 million which meant that capital expenditure could be incurred without any need to make Minimum Revenue Provision or set aside interest at the prevailing treasury rate. That negative Capital Financing Requirement has been used to support the capital programme in the last council and there is now a positive Capital Financing Requirement. The current earmarked reserve levels will be reduced in 2023/24 with the use of £3 million to fund Hertford Theatre. However, this will be repaid within 10 years as result of the capital receipts being applied to reduce debt levels and Hertford Theatre being put onto a commercial operating basis. The council will need to consider, if government funding or council tax referenda principles change to permit larger increases, whether the additional income is prioritised to build reserves levels up or is expended on services or to support new borrowing in the capital programme. As it stands, any large scale financial shock to the funding system could not be mitigated

6.0 Implications/Consultations

6.1 The council is required to consult with Business Ratepayers under s.34 Local Government Finance Act 1988.

6.2 Consultation with the public will involve asking about perceptions of value for money and the importance of services

to them but not specifics of the budget proposals due to the technical nature of the budget papers and resource pressures within the council.

Community Safety

The budget underpins delivery of the Council's policies and priorities in relation to community safety.

Data Protection

No

Equalities

The Council has a statutory duty under the Equalities Act 2010, in particular s149. This includes the requirements on the Council to have due regard to the need to eliminate discrimination and harassment, to advance equality of opportunity, to foster good relations and to remove or minimise disadvantages suffered by persons who share protected characteristics.

Compliance with these duties in the Equalities Act does permit the Council to treat some persons more favourably than others, but only to the extent that such conduct is not otherwise prohibited.

In setting the budget, decisions on some matters may be particularly relevant to the discharge of this duty, particularly fees and charges concessions and an equalities impact assessment will be undertaken to assess and ensure compliance with this duty.

Environmental Sustainability

The budget underpins policies and priorities in relation to the environmental and sustainability areas.

Financial

These are contained in the main body of the report.

Health and Safety

No

Human Resources

The budget will provide a provision for a pay award of up to 3% but the actual award is subject to national NJC negotiations. This provision is set in the light of forward inflation estimates for September 2021 in the Bank of England Monetary Policy Report August 2021.

Human Rights

No

Legal

Council is required to set a balanced budget each year. The Local Government Finance Act 1992 (as amended by the Localism Act 2011) requires the council to estimate revenue expenditure and income for the forthcoming year from all sources, together with government grant and contributions from reserves, in order to determine a basic Council Tax Requirement.

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates and adequacy of reserves to the Council when it is considering the budget.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Council if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year. The issuing of a Section 114 report requires the Full Council to meet within 21 days to consider the report and during that period the Council is prohibited from entering into new agreements involving the incurring of expenditure.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Appendix A – Budget and Medium-Term Financial Plan

Appendix B - Capital Programme

Appendix C – Recommended savings for Member Approval

Appendix D – Savings not recommended by Executive at this time.

Contact Member

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Steven Linnett, Head of Strategic Finance and Property



General Fund Revenue Budget and Medium Term Financial Plan 2024/25 to 2034/35

2023/24	Cost of Services	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
349	Chief Executive's Office	362	373	385	397	399	401	403	405	407	409
1,519	Communications, Strategy & Policy	1,626	1,683	1,731	1,780	1,836	1,894	1,954	2,016	2,080	2,146
2,193	Housing and Health	2,400	2,511	2,604	2,702	2,804	2,910	3,020	3,134	3,252	3,374
2,803	Operations	2,218	3,815	3,968	4,127	4,292	4,464	4,643	4,829	5,022	5,223
2,209	Planning & Building Control	2,345	2,429	2,504	2,581	2,634	2,688	2,743	2,799	2,856	2,914
960	Shared Revenues & Benefits Service	995	1,056	1,110	1,165	1,201	1,238	1,276	1,315	1,355	1,396
2,291	IT Shared Service	2,822	2,938	2,720	2,822	2,928	3,038	3,152	3,270	3,392	3,519
1,506	Legal & Democratic Services	1,597	1,651	1,700	1,750	1,786	1,823	1,861	1,900	1,940	1,981
570	Human Resources & Org Development	595	617	634	651	680	710	741	773	806	840
2,147	Strategic Finance & Property	2,567	2,867	3,149	3,429	3,551	3,677	3,807	3,942	4,082	4,227
546	Centrally Managed Costs	846	1,156	1,476	1,806	2,146	2,550	3,030	3,520	4,000	4,545
(150)	Revenue Costs Capitalised	(150)	(150)	(150)	(70)	(70)	(70)	(70)	(70)	(70)	(70)
238	Capital Expenditure Charged to a Revenue Account	4,739	550	550	650	650	650	650	650	650	650
17,181	Net Cost of Services	22,962	21,496	22,381	23,790	24,837	25,973	27,210	28,483	29,772	31,154
<hr/>											
2023/24	Corporate Budgets	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Fees and Charges Annual Review	(50)	(100)	(150)	(200)	(250)	(300)	(350)	(400)	(450)	(500)
557	Minimum Revenue Provision	1,032	1,634	1,702	1,786	1,786	1,786	1,786	1,786	1,786	1,786
979	Interest Payable on Loans	2,955	3,269	2,612	2,514	2,463	2,351	2,239	2,127	2,015	1,903
(1,000)	Investment Income	(1,200)	(1,200)	(900)	(900)	(800)	(800)	(800)	(800)	(800)	(800)
637	Pension Fund Deficit Contribution	637	637	637	637	637	637	637	637	637	637
1,173	Total Corporate Budgets	3,374	4,240	3,901	3,837	3,836	3,674	3,512	3,350	3,188	3,026
	Savings implemented under existing delegations	(1,103)	(1,589)	(1,818)	(1,818)	(1,818)	(1,818)	(1,818)	(1,818)	(1,818)	(1,818)
	Executive Recommended savings proposals	(83)	(2,606)	(2,606)	(2,606)	(2,606)	(2,606)	(2,606)	(2,606)	(2,606)	(2,606)
18,354	Total Costs	25,150	21,541	21,858	23,203	24,249	25,223	26,298	27,409	28,536	29,756

2023/24	Government Funding & Council Tax	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
(3,444)	Retained Business Rates - Business Rates	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)
(1,169)	Retained Business Rates - Section 31 Grants	(1,361)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)
(931)	New Homes Bonus Grant	(1,697)	(250)								
(111)	Revenue Support Grant	(111)	(111)	(111)	(111)	(111)	(111)	(111)	(111)	(111)	(111)
(1,250)	General Government Grants	(1,849)	(1,608)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)
	New Burdens Funding - food waste collection	(1,501)									
(12,113)	Council Tax Demand on the Collection Fund	(12,652)	(13,130)	(13,625)	(14,137)	(14,668)	(15,218)	(15,788)	(16,379)	(16,991)	(17,624)
1,583	Collection Fund (Surplus)/Deficit	(500)									
(17,435)	Total Government Funding & Council Tax	(22,604)	(19,548)	(19,901)	(20,413)	(20,944)	(21,494)	(22,064)	(22,655)	(23,267)	(23,900)
919	Net Budget before Reserves movements	2,546	1,993	1,957	2,790	3,305	3,729	4,234	4,754	5,269	5,856
2023/24	Contributions to/(from) Reserves	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
589	Contributions to Earmarked Reserves	454	250	60	60	60	60	60	60	60	60
(1,508)	Contributions (from) Earmarked Reserves	(3,000)									
	Contributions to General Fund										
	Contributions (from) General Fund										
(919)	Total Contributions to/(from) Reserves	(2,546)	250	60	60	60	60	60	60	60	60
0	Net Budget Position	(0)	2,243	2,017	2,850	3,365	3,789	4,294	4,814	5,329	5,916

Savings Target

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2024/25	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
2025/26		2,243	2,243	2,243	2,243	2,243	2,243	2,243	2,243	2,243
2026/27			0	0	0	0	0	0	0	0
2027/28				607	607	607	607	607	607	607
2028/29					515	515	515	515	515	515
2029/30						424	424	424	424	424
2030/31										
2031/32								1,025	1,025	1,025
2032/33									515	515
2033/34										587
	(0)	2,243	2,243	2,850	3,365	3,789	3,789	4,814	5,329	5,916

APPROVED SCHEMES	Schemes expenditure to 31/03/22 £000	2022/23 Unaudited Outturn £000	2023/24 Forecast Outturn £000	2024/25 Original Budget £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000	2031/32 Estimate £(000)	2032/33 Estimate £(000)	2033/34 Estimate £(000)	Total (£000)
Revenue Expenditure Funded as Capital Under Statute (REFCUS)														
Community Capital Grants		0	48	50	50	50	50	50	50	50	50	50	50	548
Rivers and Watercourse Maintenance		48	400	-	-	-	-	-	-	-	-	-	-	448
Land Management Asset Register & Associated Works		50	50	-	-	-	-	-	-	-	-	-	-	100
Total REFCUS		98	498	50	50	50	50	50	50	50	50	50	50	1,096
TOTAL CAPITAL EXPENDITURE	56,514	15,430	31,322	16,437	1,452	2,326	900	900	900	900	900	900	900	129,781
FUNDED BY:														
Borrowing (Internal)				-	-	-	-	-	-	-	-	-	-	(56,514)
Borrowing (External)		(11,743)	(24,222)	(14,053)	(552)	(1,426)	-	-	-	-	-	-	-	(51,996)
Capital Receipts		(1,427)	(306)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(4,233)
Capital Grants Applied		(2,207)	(3,506)	(83)	-	-	-	-	-	-	-	-	-	(5,796)
Capital Expenditure Charged to a Revenue Account		(53)	(3,288)	(2,051)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(11,242)
TOTAL CAPITAL PROGRAMME FUNDING	(56,514)	(15,430)	(31,322)	(16,437)	(1,452)	(2,326)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(129,781)

APPROVED BUT NOT YET COMMITTED														
Schemes approved not yet committed														
Transformation Programme			2,500	2,500										5,000
Home Improvement Loans			140	140	140	140	140	140	140	140	140	140	140	1,400
Historic Building Loans			20	20	20	20	20	20	20	20	20	20	20	200
Capital Contingency - Major Projects			1,500	-	-	-	-	-	-	-	-	-	-	1,500
TOTAL APPROVED BUT NOT YET COMMITTED	0	0	4,160	2,660	160	160	160	160	160	160	160	160	160	8,100

Funded by:														
Borrowing			(1,500)	-	-	-	-	-	-	-	-	-	-	(1,500)
Capital Receipts			-	-	-	-	-	-	-	-	-	-	-	-
Capital Grants Applied			-	-	-	-	-	-	-	-	-	-	-	-
Use of Earmarked Reserves			(2,500)	(2,500)	-	-	-	-	-	-	-	-	-	(5,000)
Capital Expenditure Charged to a Revenue Account			-	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(1,600)
TOTAL APPROVED BUT NOT YET COMMITTED	0	0	(4,160)	(2,660)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(8,100)

NOTE:
Schemes Approved but not yet Committed are those schemes where past experience has indicated there are traditionally underspends or there are specific issues with a scheme proceeding that is outside the control of the Council. Approval by Council provides protection for the budgeted scheme for the year(s) indicated. Schemes are Committed by the Head of Strategic Finance in consultation with the Executive Member for Financial Sustainability. Virements are forbidden from these budgets without the authority of Council to prevent these budgets being committed to cover overspends or for immediate transfer to new schemes that do not have Council approval.

Savings requiring Member Decision

	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Innovation Corridor	0	(10)	(10)	(10)
Digital Innovation Zone	0	(10)	(10)	(10)
Visit Herts	0	(5)	(5)	(5)
HGGT Joint Committee	(15)	(15)	(15)	(15)
Advertising	(18)	(38)	(38)	(38)
Asset Disposals		(528)	(528)	(528)
Invest to Save - Refuse Contract Vehicle Financing	0	(200)	(200)	(200)
Civil Parking Enforcement	0	(1,750)	(1,750)	(1,750)
Garden Waste Charges	0	0	0	0
Reduce Grounds Maintenance specification	(50)	(50)	(50)	(50)
	(83)	(2,606)	(2,606)	(2,606)

Service:	Innovation Corridor			
Portfolio:	Vicky Glover- Ward, Executive Member for Planning and Growth			
LT Lead:	Head of Communications, Strategy and Policy			
Priority:				
Description of Service:				
<p>Subscription to the London Stansted Cambridge Corridor (now referred to as the Innovation Corridor). This grouping of public sector and private sector bodies is a regional network that lobbies for inward investment into the area between North London and Cambridge known as the Innovation Corridor. It should be seen as a regional rival to the Midlands Engine, Northern Powerhouse, Golden Triangle and Oxford Cambridge Arc. The group has existed for around 15 years and has regular events regarding strategies and objectives for lobbying central government. It has recently appointed a new chair to provide new leadership. See website for more details:</p>				
Description of savings proposal:				
<p>The annual subscription is £10,000. This has been the same amount for some time (10 years) and not has increased by inflation (some discussion was had recently regarding the need to increase the contributions to cover rising costs). Subscriptions pay for a small amount of staff, based at LB Haringey, and an events and marketing budget. Although we are part of the geography, we could stop providing contributions to the corridor but would need to provide at least one year's notice</p>				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	0	(10)	(10)	(10)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only <u>not</u> financing)				
	Expenditure:	Income:	Net Budget:	
	10	0	10	
Equality Impact Assessment				
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	Unlikely as the corridor does not deliver any direct services			
Will a full EQIA be required?	Yes/No			
Key issues/Risks/Impacts of proposal				
Include here any potential negative public or media reaction and proposed lines to take with media messaging				
	Issues/Risks/Impacts	Mitigations and Media Messaging		
	The Corridor does not undertake any direct delivery work and its outputs are by nature strategic and intangible (e.g. lobbying for investment on 4 tracking the railway lines from North London to Cambridge). It is unlikely there would be any obvious impact in terms of service delivery however the political implications of withdrawing from the organisation would need to be considered.			

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Consultation requirements:

None

Thematic Assessment
(these themes will be replaced with Corporate Plan Priorities once agreed)

Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design

Service:	Digital Innovation Zone			
Portfolio:	Vicky Glover- Ward, Executive Member for Planning and Growth			
LT Lead:	Head of Communications, Strategy and Policy			
Priority:				
Description of Service:				
Subscription to the Digital Innovation Zone. This is a grouping of public sector and private sector bodies across West Essex and East/ South Hertfordshire. It undertakes different activities including networking events to look at new and developing technologies, better collaboration across public and private sectors and also has a work programme based on successful bids to central government on digital connectivity. The highest profile example was the 2019/20 award of funds to accelerate broadband connections between GP surgeries				
Description of savings proposal:				
The subscription costs £10,000 per annum. This has been the same since the DIZ was formed in 2017 and has not risen in inflation. The subscription provides a very small number of staff as well as a marketing and events budget (n.b. this is much smaller than the corridor budget). We could withdraw from the DIZ but would need to provide one year's notice				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	0	(10)	(10)	(10)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only <u>not</u> financing)				
	Expenditure:	Income:	Net Budget:	
	10	0	10	
Equality Impact Assessment				
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	Unlikely as the DIZ does not deliver any direct services			
Will a full EQIA be required?	Yes/No			
Key issues/Risks/Impacts of proposal				
Include here any potential negative public or media reaction and proposed lines to take with media messaging				
	Issues/Risks/Impacts	Mitigations and Media Messaging		
	the DIZ does not deliver any direct services to the public so in that sense would not present immediate risks. It does however have a more tangible work programme than (for instance) the corridor with some evidence of actual delivery of projects and is regularly submitting bids to different central government funding pots to undertake digital projects. The political implications of withdrawing would need to be considered			

Consultation requirements:			
None			
Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design

Service:	Visit Herts			
Portfolio:	Vicky Glover- Ward, Executive Member for Planning and Growth			
LT Lead:	Head of Communications, Strategy and Policy			
Priority:				
Description of Service:				
<p>Visit Herts won a contract to deliver designation management services from the LEP in 2016. This was topped up by contributions from 8 of the 10 districts. The contract actually launched in East Herts when it was first set up. They deliver a range of destination management services including marketing for tourism businesses and venues and those in their supply chains. They are in essence, a marketing company. Many of their campaigns have been good at publicising key events or venues then encouraging visitors to then stay in the local area and visit local pubs and restaurants. They have ad hoc campaigns (e.g. heritage trails/ parks and pubs) and regular events such as the Herts Big Weekend. They also produce the annual value and volume survey which provides metrics on the tourism sector in the county. We pay a small extra amount to have this broken down by our 5 towns. East Herts always comes out in the top 1 or 2 districts for the overall value of the visitor economy to the wider economy (mostly driven by day trip spend). East Herts used to have an in house destination management resource (essentially 1 person). In 2015 this post was made redundant with the option of opting into the Visit Herts contract to achieve savings and better value for money. Please note our £5k contribution has not increased by inflation since 2015</p>				
Description of savings proposal:				
<p>The current contract is up for renewal in the middle of 2024. The LEP are currently seeking views from districts and other partners on what sort of a destination management service the county needs. We have the option of opting out of the next tender exercise (likely to be awarded late 2024/ early 2025)</p>				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	0	(5)	(5)	(5)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only <u>not</u> financing)				
	Expenditure:	Income:	Net Budget:	
	5	0	5	
Equality Impact Assessment				
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	This may require some assessment as Visit Herts to tend to work with hospitality and entertainment businesses. Withdrawing support for them - which means reducing support we give to these businesses in the district - means some business owners may be disproportionately impacted. However the value is small.			
Will a full EQIA be required?	Yes/No	yes		
Key issues/Risks/Impacts of proposal				
Include here any potential negative public or media reaction and proposed lines to take with media messaging				
	Issues/Risks/Impacts	Mitigations and Media Messaging		
	Tourism is actually a significant part of the East Herts economy (see the value and volume surveys for more detail) and this limited investment does support many of the businesses in that industry. The current contract and SLA could certainly do with some revision however to allow them to focus on few			

activities in a more focused way

Consultation requirements:

Some consultation with businesses who have featured in Visit Herts campaigns may be required to get their feedback on how it has worked for them

Thematic Assessment

(these themes will be replaced with Corporate Plan Priorities once agreed)

Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design

Service:	Harlow and Gilston Garden Town Joint Committee			
Portfolio:	Cllr Ben Crystall, Leader of the Council			
LT Lead:	Head of Planning and Building Control			
Priority:				
Description of Service:				
Harlow and Gilston was designated as a Garden Town by the Department for Homes, Communities and Local Government in January 2017 and will comprise new and existing communities in and around Harlow.				
East Herts together with Epping Forest and Harlow District Councils are working together with Hertfordshire and Essex County Councils to bring forward plans for 16,000 new homes to 2033, with a further 7,000 planned for the Gilston area to be built from 2033 onwards. The Gilston area is the largest allocation with 10,000 new homes in East Herts.				
To support delivery and joint working the programme is currently being overseen by the Garden Town Board which will be replaced by a Joint Committee and Delivery Team. Core funding for the Delivery Team comes from annual contributions from the partner authorities and capacity funding from Homes England. The contribution sought for 2024/25 from each partner authority is £150k.				
Description of savings proposal:				
The saving proposed is £15k representing a 10% reduction. This would mean the Council's contribution to the core funding of HGGT would be £135K for 2024/2025. This is considered to be an appropriate saving whilst still providing a meaningful contribution to the operation of HGGT. This would still allow for a clear work programme to be developed and provide support for the Joint Committee.				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	(15)	(15)	(15)	(15)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	0	0	0	

Equality Impact Assessment	
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	No
Will a full EQIA be required?	No
Key issues/Risks/Impacts of proposal	
Include here any potential negative public or media reaction and proposed lines to take with media messaging	
Issues/Risks/Impacts	Mitigations and Media Messaging
Full extent of the HGGT work programme may not be realised in 2024/2025 and may need to be adjusted/scaled back to fit with the core funding allocation.	Continued proactive and positive engagement as a key partner in HGGT and support for the Joint Committee.
Consultation requirements:	
The joint committee and the partner councils will need to be consulted on this proposal, although early indications are that a number of partners are considering a 10% reduction in contributions to reflect the current budget pressures all partner authorities have.	

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design
		The proposed reduction is unlikely to affect the work of the Joint Committee.	

Service:	Advertising on Assets			
Portfolio:	Financial Sustainability			
LT Lead:	Head of Strategic Finance and Property			
Priority:	Assets			
Description of Service:				
Charging for advertising or accepting sponsorship on physical assets and the website				
<p>Currently the council does not have advertising space on or in its physical assets, or on its websites. Income generation from sponsorship is extremely low, is done only by individual initiative within some services and there is no policy in place to provide a framework for officers to operate within.</p> <p>A draft advertising and sponsorship policy has been written and was taken, along with an asset listing, to the market to gauge potential income levels.</p>				
Description of savings proposal:				
<p>Large digital advertising screens facing out towards main roads. Probably 3 @£5k per year.</p> <p>Opportunities with other assets and smaller boards and screens – e.g.. digital screens in foyer at Northgate End. Requires further work to ascertain income levels</p> <p>Website could yield £4k per annum</p> <p>Street furniture is usually managed in house and we would require new bins with advertising panels. Income unknown at this point but based on Stourbridge town centre could be £80 per month per bin. 20 bins would yield £19,200 per year</p> <p>Sponsorship opportunities to be explored for other street furniture e.g. benches.</p> <p>Work on potential sponsorship packages for Hertford Theatre need to be expedited to reduce borrowing costs. These packages will also be available for the ORL Arts Centre to meet construction and fit out costs.</p>				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	(18)	(38)	(38)	(38)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	0	0	0	

Equality Impact Assessment	
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	No
Will a full EQIA be required?	No
Key issues/Risks/Impacts of proposal	
Include here any potential negative public or media reaction and proposed lines to take with media messaging	
Issues/Risks/Impacts	Mitigations and Media Messaging
<p>Sites for large advertising boards unlikely to gain planning permission as in conservation areas or were refused on last application.</p> <p>The list of sites where approval would not be granted, but income potential is high, need to be assessed as to what measures, that are affordable, can be undertaken to gain approval.</p>	<p>Planning Teams will need to provide pre-application advice to ensure that potential income is maximised.</p> <p>Planning Teams will need to provide pre-application advice to ensure that potential income is maximised.</p>
Consultation requirements:	
<p>Consultation on the policy can be undertaken, although there is no statutory requirement to undertake consultation. As the policy is mainly to defend the council's position against any potential offensive materials and to prevent the advertising of anything that would go against council policy and corporate plan aims and objectives.</p> <p>Physical advertising sites will require planning permission with statutory consultation undertaken on each application site.</p>	

Thematic Assessment

(these themes will be replaced with Corporate Plan Priorities once agreed)

Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design
<p>The advertising policy prohibits advertising the direct consumption of fossil fuels or any product or service that principally consumes fossil fuels, except local public transport services.</p>	<p>The advertising policy prohibits advertising material which, in the council's opinion, may have a negative impact on groups in the community because of their race, disability, gender, age, sexual orientation, or faith. To protect members of the community who may be struggling financially the policy prohibits advertising any product or service offering unsecured credit at interest rates significantly above market norms.</p>	<p>The policy may result in more and/or higher quality street furniture as a result of providing sponsorship. Litter may be reduced in the district as a result of the opportunity to sponsor bins.</p> <p>Cultural, leisure and recreational venues may be able to afford items as a result of sponsorship that could not be afforded from the base budget and improve the experience of living, working and visiting the district.</p>	<p>Application processes for advertising and sponsorship will be designed from a CRM First perspective so that the council only accept electronic applications that must include all relevant information and have been paid in full by debit or credit card before the application can be submitted.</p>

Service:	Asset Disposals to pay down debt			
Portfolio:	Financial Sustainability			
LT Lead:	Steven Linnett			
Priority:	Assets			
Description of Service:				
Sale of assets to reduce borrowing costs				
Assets that are not, and unlikely to be, used in service delivery and which are not suitable to be let or are in productive use are a cost to the council. Such assets should be identified and disposed of. The money received for the sale of assets are called capital receipts. The law on capital receipts says that they can only be used to repay debt or to fund new capital expenditure. External debt results in two charges to the revenue account: Minimum Revenue Provision is a statutory requirement to set aside an amount to repay the principal of the debt over a number of years, usually 30; and interest, which is usually fixed for the duration of the loan taken from the Public Works Loans Board.				
Description of savings proposal:				
Assets would be sold and the capital receipts used to pay off borrowing. Each £1 million of debt repaid will save £88,133 per year for 30 years. It is proposed that officers identify £6 million worth of assets for disposal. It is proposed that the assets are offered for sale in the most appropriate manner. The Northgate End Residential will be sold via an Estate Agent, the car parks will be offered to the current tenant, Southern Maltings will be offered to Ware Town Council first and the rest sold via public auction, with a reserve price on each item. A proposed sale list is appended below.				
The capital receipt generated will be used to repay debt along with the balance of £3 million in the MRP Reserve to reduce the debt to be serviced by the council. Further receipts are proposed to the sum of £4.6 million which it is proposed to be used to fund the capital programme and cancel the need to raise new loans for the items to be funded saving a further £392k if Members approve the total sales list and the values are realised. The list of proposed capital programme items is appended below. The savings figures below only include the £6 million debt repayment at this stage.				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	0	(528)	(528)	(528)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	0	0	0	

Equality Impact Assessment	
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	No
Will a full EQIA be required?	No
Key issues/Risks/Impacts of proposal Include here any potential negative public or media reaction and proposed lines to take with media messaging	
Issues/Risks/Impacts	Mitigations and Media Messaging
<p>Council is selling the family silver and denying future generations the enjoyment of the assets.</p> <p>Speculators will pick up the land cheaply.</p> <p>Will the land be bought and the buyer put in an application to build housing.</p>	<p>The assets are not used in service delivery and if there was public access then they would be being used for service delivery. These assets often cost the council money in maintenance. Where an asset is leased the loss of income has been factored into the calculation as to whether it would be a net benefit to the council to dispose of the asset as there is a net saving to the revenue account.</p> <p>The land has been valued by professional valuers and the council will put a reserve price on assets at the public auction to prevent the land being sold at an undervalue.</p> <p>Where the land is suitable to build a house(s) then the valuation reflects the potential to build housing. Any planning application would be determined by in the usual way.</p>
Consultation requirements:	
<p>There is no requirement to consult before disposing of assets. The decision to sell assets is an Executive function and if Members object then the decision is subject to call in to Overview and Scrutiny Committee. If a Town or Parish Council wishes to purchase any of the assets at the valuation price then they should contact Property Services and a sale can be arranged with the Town or Parish Council at the valuation price avoiding the need to attend the auction.</p>	

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design
Asset disposal should not affect the net zero, climate change and sustainability.	As assets are not used in service provision there should be no affect on local communities from the asset sales. Some communities may object to any planning applications for housing on sites sold, but if the proposals are in line with the District Plan then there should be no grounds for objection.	Sites redeveloped or improved will improve the landscape of the district.	Sale by auction is felt to deliver the best value for money solution to the method of sale.

Proposed list of asset disposals	£(000)
Northgate End Residential	3,750
Waitrose Car Park Bishop's Stortford	2,200
TESCO Car Park Ware	1,250
CityHeart Old River Lane main site receipt	2,700
Land at Widford Road, Hunsdon	156
22 Great Innings North, Watton at Stone	240
Land at King George Road Ware	206
Southern Maltings, Ware	250
Land adjacent to 65 Sele Road, Hertford	45
	<u>10,797</u>

Service:	INVEST TO SAVE: Refuse Vehicle Financing			
Portfolio:	Financial Sustainability/Environmental Sustainability			
LT Lead:	Head of Strategic Finance and Property/Head of Operations			
Priority:	Assets			
Description of Service:				
Vehicles used in the refuse, recycling and streets contract are traditionally financed by the contractor and therefore the council pays mark-up on the financing costs as part of the contract.				
Description of savings proposal:				
Where there is a demonstrable cost saving to both councils, the competitive dialogue process has been exploring the option for the council's to finance and therefore own the refuse and recycling vehicles purchased at the start of the contract. The cost saving will be directly deducted from the contract price. Bidders are being specifically asked to submit prices where they arrange the financing and where the councils provide financing. Initial calculations indicate that the level of price reduction in the contract for council provided financing would recover the costs of providing the capital financing in full and also a further saving reflecting the contractor's profit charged on them providing the financing. A full value for money justification for this invest to save proposal will be calculated when final tenders are submitted and it is proposed that Council be requested to delegate authority to the Head of Strategic Finance and Property, in consultation with the Executive Members for Financial Sustainability and Environmental Sustainability to enter into the necessary borrowing and contractual arrangements to purchase vehicles. Savings in the table below are based on indicative vehicle purchases after discussions with bidders in the competitive dialogue process. MRP would be charged over 8 years for these vehicles to recover the debt principal over the life of the minimum contractual term.				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	0	(200)	(200)	(200)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	0	0	0	

Equality Impact Assessment	
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	No
Will a full EQIA be required?	No
Key issues/Risks/Impacts of proposal	
Include here any potential negative public or media reaction and proposed lines to take with media messaging	
Issues/Risks/Impacts	Mitigations and Media Messaging
<p>Vehicle ownership rests with the council with contractual protections in place so contractor has to maintain and insure the vehicles and at the end of useful life the contractor will take the vehicles to the auction site specified by the councils for disposal.</p> <p>As provision of vehicles for free would contravene subsidy control issues, a finance charge will be required to be made to the contractor for vehicle use but this charge will pass back via the contract price but without contractor mark-up thus income and expenditure on the finance charge nets to zero and the real incurred capital finance costs remain.</p>	
Consultation requirements:	
None.	

Thematic Assessment

(these themes will be replaced with Corporate Plan Priorities once agreed)

Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design
			By utilising capital financing the councils will save on the cost of the refuse, recycling and streets contract by providing cheaper financing rates, seeing an auditable reduction in contract price and avoiding contractor mark up on financing charges that they arrange themselves.

Service:	Civil Parking Enforcement			
Portfolio:	Environmental Sustainability			
LT Lead:	Head of Operations			
Priority:	Income Generation			
Description of Service:				
Civil Parking Enforcement is undertaken by East Herts under an agency agreement with Hertfordshire County Council. Executive Members have indicated they want a new parking policy, changes to tariffs and TROs to keep short stay car parks free of long term parking so that shoppers are not driving between car parks in search of a space and producing more pollution. The service has not recovered costs to date and there is a cumulative deficit of £4 million which the council could recover from any surplus on car parking.				
Description of savings proposal:				
Increase revenue from car parking so that the council makes a surplus of £250k per year to recover the deficit with a new policy and changes to TROs increasing on and off street revenues.				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	0	(1,750)	(1,750)	(1,750)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	2,289	(5,005)	(2,716)	

Equality Impact Assessment		
<p>Does initial EQIA screening indicate any key issues? (If yes, list the issues)</p>	<p>Potentially, depending on the proposals.</p>	
<p>Will a full EQIA be required?</p>	<p>Yes</p>	
Key issues/Risks/Impacts of proposal		
<p>Include here any potential negative public or media reaction and proposed lines to take with media messaging</p>		
Issues/Risks/Impacts	Mitigations and Media Messaging	
<p>The council are using motorists as a cash cow.</p>	<p>The council's policy is designed to limit congestion and reduce air pollution and keep traffic movements efficient by ensuring vehicles are using the most appropriate car park and that the number and size of car parks is appropriate.</p>	
Consultation requirements:		
<p>Traffic Regulation Orders require a statutory consultation process which will take at least 6 months to complete.</p>		

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design
<p>By reducing unnecessary vehicle movements to find car parking spaces this should reduce pollution and the price mechanism should encourage modal shift to more sustainable travel options.</p>	<p>Residents, visitors and businesses should find that it is easier to make shopping trips where short stay spaces are available in car parks rather than needing to drive between car parks finding a space.</p>	<p>More available spaces for short stay use should make local shopping places easier to reach encouraging foot fall.</p>	<p>Paying for parking has become more digital. We will explore the possibility of removing pay and display machines completely by making it possible to pay for parking in cash at PayPoint outlets.</p>

Service:	Garden Waste Charging			
Portfolio:	Environmental Sustainability			
LT Lead:	Head of Operations			
Priority:	Income Generation			
Description of Service:				
Garden Waste service is opt-in and has been £49 since its introduction in 2021/22. A new waste contract is currently in the competitive dialogue process and indications are that the cost of the garden waste service will increase. Under the Fees and Charges Policy the price will need to be recalculated to reflect the new cost.				
Description of savings proposal:				
Ensure the new charge covers the total cost of providing the service and investigate the cost of introducing a discount for those residents who are in receipt of Housing Benefit and/or Council Tax Support. In line with the fees and charges policy the cost of the discount will be paid for by increased charges for those not in receipt of the discount. Once the charge is calculated then investigate the possibility of making surplus income by increasing the charge.				
The potential income cannot be assessed until the new waste contract is put in place.				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	0	0	0	0
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	0	0	0	

Equality Impact Assessment			
<p>Does initial EQIA screening indicate any key issues? (If yes, list the issues)</p>	<p>Yes - the use of Council Tax Support as the sole eligibility criterion will exclude those residents who are not the liable person for Council Tax or whose Council Tax is included in the rent paid (Council Tax Support does not apply in these cases as the Council Tax element of the rent can be eligible for Housing Benefit in Houses in Multiple Occupation for example).</p>		
<p>Will a full EQIA be required?</p>	<p>Yes/No</p>		
Key issues/Risks/Impacts of proposal			
<p>Include here any potential negative public or media reaction and proposed lines to take with media messaging</p>			
	Issues/Risks/Impacts	Mitigations and Media Messaging	
	<p>Public expectation that charge will be on a cost recovery basis only.</p>	<p>Fees and Charges Policy covers charging more than cost and justification for this.</p>	
Consultation requirements:			
<p>Consultation on the change to the calculation of the charge and the effects on take up of the service will be required prior to implementation. Consultation will target existing customers and those who are not customers at present.</p>			

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design
<p>Garden waste tonnages count towards the council's recycling tonnage and has a positive affect on the headline percentage waste recycled. There is an argument that garden waste collection adds CO2 and other pollutants to the environment and that it would be better to compost this material rather than collect it. Not all residents have space to compost and the anerobic digestion process klimits harmful methane emmissions.</p>			<p>Garden waste service is a digital first service although sign on and payment is currently undertaken by the contractor. Sign up and payment will be undertaken by the council under the new contract and the introduction of direct debit, online sign up/paperless direct debit and a new card payment system is underway to have the infrastructure in place for February 2025 renewal/sign up.</p>

Service:	Grounds Maintenance Contract			
Portfolio:	Cllr Sarah Hopewell Executive Member for Wellbeing			
LT Lead:	Head of Operations			
Priority:				
Description of Service:				
Current Grounds Maintenance contract costs £1.3 million per annum. The contractor often struggles to recruit staff and meet the contract specification.				
Description of savings proposal:				
In negotiation with the contractor, reduce the specification by £50k per annum.				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	(50)	(50)	(50)	(50)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	1,399	0	1,399	

Equality Impact Assessment	
Does initial EQIA screening indicate any key issues? (If yes, list the issues)	None
Will a full EQIA be required?	No
Key issues/Risks/Impacts of proposal	
Include here any potential negative public or media reaction and proposed lines to take with media messaging	
Issues/Risks/Impacts	Mitigations and Media Messaging
Minor changes to specification and will probably reflect where contractor struggles to meet specification, e.g. sweeping paths and car park at Wallfields every 28 days is often not achieved.	
Consultation requirements:	
We will need to reduce the specification by negotiating with the contractor and any changes we will seek to prioritise away from high profile areas such as parks. However, some consultation may be required where we cannot limit changes to operational buildings.	

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design

**Savings not recommended by Executive
at this budget round**

[Economic Development](#)

[Community Grants](#)

[Citizen's Advice](#)

[Community Alliance](#)

[Planning Enforcement](#)

[Blue Badge](#)

	2024/25 £(000)	2025/26 £(000)	2026/27 £(000)	2027/28 £(000)
Economic Development	(26)	(52)	(52)	(52)
Community Grants	(30)	(30)	(30)	(30)
Citizen's Advice	(10)	(10)	(10)	(10)
Community Alliance	(1)	(1)	(1)	(1)
Planning Enforcement	(176)	(176)	(176)	(176)
Blue Badge	(60)	(60)	(60)	(60)
	(303)	(329)	(329)	(329)

Service:	Economic Development			
Portfolio:	Vicky Glover- Ward, Executive Member for Planning and Growth			
LT Lead:	Head of Communications, Strategy and Policy			
Priority:				
Description of Service:				
<p>Economic development consists of an economic development officer (joint with North Herts), 0.5 FTE grade 8, contracts officer, 50% funded from ERDF and now UKSPF, 0.8 FTE, grade 8, and an economic development manager, 40% funded from the Launchpad (1.0 FTE, Grade 10). The team undertake all business support and liaison functions as well as contract and project management. Currently it has been agreed with North Herts that we will continue with the joint post for another year at least (until 31 March 2025). In addition the contract officer is part funded from UKSPF until 31 March 2025, hence no savings could be made until then.</p>				
Description of savings proposal:				
<p>Cease all economic development work. This would involve deletion of the economic development officer (net cost to the council £27,000 per year) and deletion of the contract officer (net cost to the council £23,000 per year). The manager role is subject to the senior manager (£500k) saving and therefore is out of scope</p> <p>In terms of the impact this would mean we have no capacity to undertake any economic development related activity. Specifically it would mean no project management or contract management for LEP activity (business support programmes and inward investment), Visit Herts (destination management), the Innovation Corridor, the Digital Innovation Zone and ad hoc smaller contracts such as Better Business for All and the county and local (BS and Buntingford) Chambers of Commerce. There would also be no capacity to undertake any town centre related work (e.g. liaison with the BS BID or dealing with issues such as bollards in Hertford by liaising with the town council and county council). There would also be no capacity to input into employment land discussions on strategic sites). We would also be unable to project manage any external funding schemes such as the UKSPF or prioritise writing bids for funding. The UKSPF is currently scheduled to finish on the 31 March 2025 in any case so this may not be an issue in terms of the contract officer. However, the scheme is likely to be continued or refined and we expect further details in late 2024</p>				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	(26)	(50)	(50)	(50)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	50	0	50	

Equality Impact Assessment		
<p>Does initial EQIA screening indicate any key issues? (If yes, list the issues)</p>	<p>Unlikely as function works with businesses as opposed to members of the public to deliver a discretionary service.</p>	
<p>Will a full EQIA be required?</p>	<p>No</p>	
Key issues/Risks/Impacts of proposal		
<p>Include here any potential negative public or media reaction and proposed lines to take with media messaging</p>		
Issues/Risks/Impacts	Mitigations and Media Messaging	
<p>Risk are captured above in terms of work that would no longer be undertaken. Although small the service has a good reputation particularly with those businesses that have benefitted from grant funding and direct support</p>	<p>Challenge would be around communicating that the council is business friendly if it ceases discretionary support functions leaving only regulatory functions (business rates' collection, licensing and environmental health).</p>	
Consultation requirements:		
<p>Some consultation with stakeholders required (business infrastructure organisations such as the chambers and BID). Consultation with staff affected required</p>		

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design

Service:	Community Grants			
Portfolio:	Cllr Alex Daar, Executive Member for Communities			
LT Lead:	Head of Housing and Health			
Priority:				
Description of Service:				
<p>The council gives grants to community groups, voluntary groups, town and parish councils and individuals through an application process underpinned by a set of priorities, eligibility criteria and an assessment process approved by Council on an annual basis. In 2023/24, the total pot available is £40k. This itself represents a reduction on the previous year's total of £94k although much of the difference has been made up by £40k of UK Shared Prosperity Fund monies used for cultural activities and environmental sustainability grants.</p>				
Description of savings proposal:				
<p>The maximum saving proposed is £30k. This would reduce the community grants pot to £10k which is the amount funded from the council's income from the East Herts Lottery. Alternatively, a lower reduction of, say, £20k or £10k could be made. Of note, in 2024/25, there will be grant funding from the UKSPF of at least £20k for environmental sustainability projects and upwards of £60k for cultural activities, particularly those linked to proposed Arts Showcase. Therefore, even with the largest reduction to the community grants pot, the combined community grants, environmental sustainability and cultural activities grants are likely to total more in 2024/25 than in 2023/24, that is, £90k vs £80k this year.</p>				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	30	30	30	30
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	40	0	40	

Equality Impact Assessment		
<p>Does initial EQIA screening indicate any key issues? (If yes, list the issues)</p>	<p>Possibly, in that community grant applications are prioritised when they are focused on areas of relative deprivation and harder-to-reach groups. Therefore, a reduction in funding could adversely affect at least some groups with protected characteristics. That said, the likely increase in the overall grants pot (community grants, environmental sustainability and cultural activities) would, to some extent, ameliorate any negative impacts.</p>	
<p>Will a full EQIA be required?</p>	<p>Yes</p>	
Key issues/Risks/Impacts of proposal		
<p>Include here any potential negative public or media reaction and proposed lines to take with media messaging</p>		
Issues/Risks/Impacts	Mitigations and Media Messaging	
<p>(a) Reputational risk - the council could be seen to be reducing support for community groups working with people with less access to services at a time of cost of living pressures. (b) Although individual grants are relatively small (in a range from £300 to £3,000), fewer such grants could exacerbate things such as social isolation and poor mental or physical health and thus put increased pressure on statutory care and/or health services.</p>	<p>(a) The increase in UKSPF-funded grants in 2024/25 would mitigate a reduction in community grants, albeit in that year alone. (b) Funding of the Arts Showcase in 2024/25 through the UKSPF includes facilitating the establishment of a steering group with fund-raising skills to enable future annual Showcase events. The council could work with this new steering group to facilitate a stream of grants to community groups which could potentially supplant the council's community grants from 2025/26 onwards. (c) The council will continue to promote the East Herts Lottery as a way for local groups to fund raise.</p>	
Consultation requirements:		
<p>None. The community grants programme is a discretionary programme, the continuation and degree of funding of which, the council reviews on an annual basis.</p>		

Thematic Assessment

(these themes will be replaced with Corporate Plan Priorities once agreed)

Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design
	The reduction in grants could adversely impact this theme, however, mitigations have been identified.		

Service:	Citizens' Advice Bureau			
Portfolio:	Cllr Sarah Hopewell, Executive Member for Wellbeing			
LT Lead:	Head of Housing and Health			
Priority:				
Description of Service:				
<p>The council has given an annual grant to Citizens Advice East Herts for a considerable number of years. In return, as specified in an SLA, Citizens Advice support residents in the district facing financial, legal, housing, employment and similar issues. The annual grant has gradually reduced over around the last five years. In 2023/24, the base grant was £99k. In addition, the council pays Citizens Advice a grant other c£20k from its Homelessness Prevention Grant from the government for them to provide debt advice to homeless clients of the council. Note: the proposal here only relates to the base grant from the council's budget; it is proposed to continue with the Homelessness Prevention Grant funded grant at the same level.</p>				
Description of savings proposal:				
<p>As part of an overall proposal to reduce council grants to external bodies by 10%, it is proposed to reduce the Citizens Advice grant from 2024/25 onwards by £10k to £89k. It is worth noting that Cllr Hopewell and Jonathan Geall have recently commenced work with three voluntary sector organisations, including Citizens Advice, with a view to drawing up a joint bid for National Lottery funding. If successful, this could offset a reduction in council funding.</p>				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	(10)	(10)	(10)	(10)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	99	0	99	

Equality Impact Assessment

Does initial EQIA screening indicate any key issues? (If yes, list the issues)	It is to be expected that Citizens Advice's clients will experience more hardship than most residents. Those with protected characteristics can be over-represented among those experiencing disadvantage. That said, a reduction in grant from £99k to £89k would, in all probability, not lead to a wholesale withdrawal of client-facing services.
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Will a full EQIA be required?	No	
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Key issues/Risks/Impacts of proposal

Include here any potential negative public or media reaction and proposed lines to take with media messaging

Issues/Risks/Impacts	Mitigations and Media Messaging
<p>(a) Reputational risk - the council could be accused of reducing support for Citizens Advice at a time when some residents are still struggling to cope with the cost of living crisis.</p> <p>(b) Previous reductions in the Citizens Advice grant have led to representations to senior members by Citizens Advice outlining how damaging the reductions were.</p> <p>(c) Although the reduction on the face of it appears to be relatively small in comparison with Citizens Advice's overall funding, any resulting reduction in their service could potentially put increased pressure on statutory care and/or health services.</p>	<p>(a) The council would continue to provide a not insignificant grant to the organisation. Of note, neighbouring Broxbourne Council cut all its funding to their local Citizens Advice around three years ago.</p> <p>(b) The council would continue to provide a grant of c£20k from its Homelessness Prevention Grant.</p> <p>(c) The Portfolio Holder and Head of Service's work with three voluntary sector organisations, including Citizens Advice, to draw up a joint bid for National Lottery funding would, if successful, more than offset a £10k reduction in council funding.</p>

Consultation requirements:

It would be reasonable to discuss the proposal with Citizens Advice and, in doing so, explore any non-financial ways the council could further support the organisation to offset the reduction.

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design
	<p>The reduction in the grant could adversely impact this theme, however, mitigations have been proposed, notably the potential to support a joint bid to the National Lottery Fund.</p>		

Service:	Community Alliance			
Portfolio:	Cllr Sarah Hopewell, Executive Member for Wellbeing			
LT Lead:	Head of Housing and Health			
Priority:				
Description of Service:				
<p>The council has given an annual grant to Community Alliance Broxbourne and East Herts (previously known as the CVS) for a considerable number of years. In return, as specified in an SLA, Community Alliance support local voluntary and community groups in the district to establish themselves and grow, including for example, advising on fund-raising. The annual grant has gradually reduced over around the last five years. In 2023/24, the base grant was £13k.</p>				
Description of savings proposal:				
<p>As part of an overall proposal to reduce council grants to external bodies by 10%, it is proposed to reduce the Community Alliance grant from 2024/25 onwards by £1k to £12k. It is worth noting that Cllr Hopewell and Jonathan Geall have recently commenced work with three voluntary sector organisations, including Community Alliance, with a view to drawing up a joint bid for National Lottery funding. If successful, this could offset a reduction in council funding.</p>				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	(1)	(1)	(1)	(1)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	13	0	13	

Equality Impact Assessment

Does initial EQIA screening indicate any key issues? (If yes, list the issues)	It is to be expected that Community Alliance's clients include groups working with residents experiencing more hardship than most. Those with protected characteristics can be over-represented among those experiencing disadvantage. That said, a reduction in grant from £13k to £12k would, in all probability, not lead to a wholesale withdrawal of client-facing services.
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Will a full EQIA be required?	No
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Key issues/Risks/Impacts of proposal

Include here any potential negative public or media reaction and proposed lines to take with media messaging

Issues/Risks/Impacts	Mitigations and Media Messaging
<p>(a) Reputational risk - the council could be accused of reducing support for Community Alliance at a time when community groups need to support residents who are still struggling to cope with the cost of living crisis.</p> <p>(b) Although the reduction on the face of it appears to be relatively small in comparison with Community Alliance's overall funding, any resulting reduction in their service could potentially put increased pressure on statutory care and/or health services.</p>	<p>(a) The council would continue to provide a very similar level of grant to the organisation as in 2023/24.</p> <p>(b) The Executive Member and Head of Service's work with three voluntary sector organisations, including Community Alliance, to draw up a joint bid for National Lottery funding would, if successful, more than offset a £1k reduction in council funding.</p>

Consultation requirements:

It would be reasonable to discuss the proposal with Community Alliance and, in doing so, explore any non-financial ways the council could further support the organisation to offset the reduction.

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design
	<p>The reduction in the grant could adversely impact this theme, however, mitigations have been proposed, notably the potential to support a joint bid to the National Lottery Fund.</p>		

Service:	Planning and Building Control			
Portfolio:	Vicky Glover- Ward, Executive Member for Planning and Growth			
LT Lead:	Sara Saunders, Head of Planning and Building Control			
Priority:				
Description of Service:				
<p>Planning enforcement is the investigation of alleged breaches of planning control and, where a breach of planning control is identified, the aim is to resolve these using the most appropriate action. It is not a statutory service and it is not legally incumbent on the Council to investigate all matters that are alleged as a breach of planning control.</p>				
Description of savings proposal:				
<p>The maximum savings proposed is £176k which would limited the planning enforcement resource to compliance only.</p> <p>Alternatively, a lower reduction could be made by reducing the enforcement officer resource from 3 to 1, saving £106k. This would retain the Planning Enforcement Team Leader post.</p> <p>Equally, a lower reduction could be made by reducing the enforcement officer resource from 3 to 2, saving £55k. This would retain the Planning Enforcement Team Leader post, and 1 Planning Enforcement Officer post.</p> <p>Both of these options could only work if the backlog of open enforcement cases is reduced and the Planning Enforcement Plan is refreshed to reflect a reduction in officer resource and ability of the Council to positively deal with breaches in planning control. Compliance would be retained in all options at 0.8 FTE.</p>				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	(176)	(176)	(176)	(176)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	0	0	0	

Equality Impact Assessment

Does initial EQIA screening indicate any key issues? (If yes, list the issues)	An equalities impact assessment will be required as the number of allegations of breaches of planning control are disproportionately about a group with protected characteristics.
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Will a full EQIA be required?	Yes
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Key issues/Risks/Impacts of proposal

Include here any potential negative public or media reaction and proposed lines to take with media messaging

Issues/Risks/Impacts	Mitigations and Media Messaging
Whilst not a statutory service, planning enforcement is considered to be important function by which the Council seeks to ensure that the amenity and character of the district is maintained in the public interest, and is of high importance to the public, Members, Town and Parish Councils and other interest groups. Any reduction would limit the Council's ability to take enforcement action and positively respond to resolving breaches in planning control. This in turn could undermine public confidence in the Council.	Retention of the compliance officer post would provide some limited support for the implementation of strategic sites and major developments.

Consultation requirements:

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design

Service:	Blue Badge OFF STREET Parking only			
Portfolio:	Cllr Tim Hoskin Executive Member for Environmental Sustainability			
LT Lead:	Head of Operations			
Priority:				
Description of Service:				
Disabled persons with a Blue Badge can park free of charge on street and off street. The majority of local authorities do not provide concessions for off street parking.				
Description of savings proposal:				
Remove concession in OFF STREET car parks so disabled customers will be required to pay for parking. ON STREET car parking to remain free.				
Value of proposal(s) per year (Estimated) £ (000)				
Savings must be shown as a negative figure, set up costs as a positive figure				
	2024/25	2025/26	2026/27	2027/28
	£(000)	£(000)	£(000)	£(000)
Revenue	(60)	(60)	(60)	(60)
Capital	0	0	0	0
Current budget £(000) (Net Revenue Costs or CAPEX only not financing)				
	Expenditure:	Income:	Net Budget:	
	0	0	0	

Equality Impact Assessment		
<p>Does initial EQIA screening indicate any key issues? (If yes, list the issues)</p>	<p>Full EQIA will be required to ensure On Street provision is adequate</p>	
<p>Will a full EQIA be required?</p>	<p>Yes</p>	
Key issues/Risks/Impacts of proposal		
<p>Include here any potential negative public or media reaction and proposed lines to take with media messaging</p>		
	Issues/Risks/Impacts	Mitigations and Media Messaging
Consultation requirements:		

Thematic Assessment (these themes will be replaced with Corporate Plan Priorities once agreed)			
Net Zero, climate change and sustainability	Communities (how it affects the people in the district)	Place (how it affects the district as a place)	Value for money services that are digital by design

Agenda Item 10



East Herts Council Audit & Governance Committee

30 January 2024
Shared Internal Audit Service –
Progress Report

Recommendations

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Note the Status of Critical and High Priority Recommendations

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Internal Audit Plan and Key Findings
 - 2.4 Internal Audit Plan Changes
 - 2.5 Critical and High Priority Recommendations
 - 2.7 Performance Management

Appendices:

- A Progress against the 2023/24 Internal Audit Plan
- B Implementation Status of Critical and High Priority Recommendations
- C Internal Audit Plan Items (April 2023 to March 2024) - Indicative start dates agreed with management
- D Assurance Definitions / Priority Levels

1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2023/24 Internal Audit Plan to 12 January 2024.
 - The findings for the period 11 November 2023 to 12 January 2024.
 - Details of any changes required to the approved Internal Audit Plan.
 - The implementation status of previously agreed audit recommendations.
 - An update on performance management information to 12 January 2024.

Background

- 1.2 Internal Audit's Annual Plan for 2023/24 was approved by the Audit & Governance Committee at its meeting on 28 March 2023. The Audit & Governance Committee receive periodic updates against the Internal Audit Plan. This is the third update report for 2023/24.
- 1.3 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit function is fulfilling its statutory obligations. It is considered good practice that progress reports also include details of changes to the agreed Annual Internal Audit Plan.

2 Audit Plan Update

Delivery of Internal Audit Plan and Key Audit Findings

- 2.1 As of 12 January 2024, 67% of the 2023/24 Internal Audit Plan days have been delivered (the calculation excludes contingency days that have not yet been allocated).
- 2.2 The following final reports have been issued since 11 November 2023:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Planning & Development Fees	Nov 2023	Substantial	None
Software Licence Management 2022/23	Nov 2023	Limited	Two High, One Medium Priority
Housing Benefits	Dec 2023	Substantial	None
Debtors	Dec 2023	Reasonable	One Medium, One Low Priority
S106 Agreements	Dec 2023	Substantial	One Low Priority

Land Charges	Dec 2023	Reasonable	One Medium Priority
Council Tax	Jan 2024	Substantial	Two Low Priority

See definitions for the above assurance levels and recommendation priorities at Appendix D.

- 2.3 The table below summarises the position regarding delivery of the 2023/24 approved projects to 12 January 2024. Appendix A provides a status update on each individual project within the 2023/24 Internal Audit Plan.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	13	49%
Draft Report Issued	2	7%
In Fieldwork/Quality Review	4	15%
In Planning/Terms of Reference Issued	3	11%
Allocated	5	18%
Not Yet Allocated	0	0%
Cancelled/Deferred	0	0%
Total	27	100%

Internal Audit Plan Changes

- 2.4 There has not been any Internal Audit Plan changes during the year to date.

Critical and High Priority Recommendations

- 2.5 Members will be aware that a Final Audit Report is issued when it has been agreed (“signed off”) by management; this includes an agreement to implement the recommendations that have been made.
- 2.6 The schedule attached at Appendix B details any outstanding Critical and High priority audit recommendations. Two new recommendations have been added to the schedule, relating to software licence management.

Performance Management

- 2.7 The 2023/24 annual performance indicators were approved at the SIAS Board meeting in March 2023.

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

Performance Indicator	Performance Target for 31 March 2024	Profiled Performance 12 Jan 2024	Actual Performance 12 Jan 2024	Notes
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	71%	67%	160 days delivered out of the current 238 days planned
2. Planned Projects * – percentage of actual completed projects to draft report stage against planned completed projects by 31 st March 2024	90%	63%	56%	15 projects to draft or final report from the 27 planned
3. Planned Projects – percentage of actual completed projects to final report stage against planned completed projects by the production of the Annual Report	100%	N/a	48%	New Indicator – first measurement will be May 2024 (Currently 13/27 delivered to final report)
4. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100%	Based on the results of the 4 completed questionnaire received (from the 13 issued)
5. Number of High and Critical Priority Audit Recommendations agreed as a percentage	95%	95%	100%	3 High Priority recommendation made and agreed

* Based on Audit Plan 'deliverables' at draft, final and audit closed stage and items carried forward from 2022/23 that were not at draft report stage by 31 March 2023.

2.9 In addition, the performance targets listed below are annual in nature. Members will be updated on the performance against these targets within a separate Annual Report:

- **6. Annual Plan** – prepared in time to present to the March meeting of each Audit & Governance Committee. If there is no March meeting, then the Plan should be prepared for the first meeting of the financial year. This indicator was achieved for

2023/24 as the audit plan for the financial year 2023/24 was presented to the Committee in March 2023.

- **7. Chief Audit Executive's Annual Report** – presented at the May meeting of the Audit & Governance Committee. This indicator was achieved for 2023/24 as the Client Audit Manager's Annual Report (for 2022/23) was presented to the May 2023 meeting of this committee.

Summary of Performance Against KPI's

- 2.10 Whilst Plan delivery is naturally subject to a continued stable establishment and availability of client officers to support audits, we currently report no risks to the delivery of a robust annual assurance opinion.

APPENDIX A - PROGRESS AGAINST THE 2023/24 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Key Financial Systems – 49 days									
Business Rates (shared with SBC)						49	Yes	34	Quality Review
Council Tax (shared with SBC)	Substantial	0	0	0	2		Yes		Final Report Issued
Housing Benefits (shared with SBC)	Substantial	0	0	0	0		Yes		Final Report Issued
Creditors							Yes		In Fieldwork
Debtors	Reasonable	0	0	1	1		Yes		Final Report Issued
Asset Management							Yes		Allocated
Treasury Management							Yes		Allocated
Main Accounting							Yes		Allocated
Payroll							Yes		In Planning
Operational Audits – 95 days									
S106 Agreements	Substantial	0	0	0	1	12	Yes	12	Final Report Issued
Land Charges	Reasonable	0	0	1	0	10	Yes	10	Final Report Issued
Community Grants & Funding						12	Yes	2	ToR Issued
Houses in Multiple Occupation	Reasonable	0	0	9	1	10	Yes	10	Final Report Issued
Environmental Health Case Management Record Keeping						15	Yes	3	In Fieldwork
Customer Services Cash Handling	Reasonable	0	0	4	0	8	Yes	8	Final Report Issued
Court Cost Tracking	Limited	0	1	1	1	10	Yes	10	Final Report Issued
Residents Parking Permits						8	Yes	7.5	Draft Report Issued
Planning & Development Fees	Substantial	0	0	0	0	10	Yes	10	Final Report Issued
On Demand Grant Audits – 7 days									
Next Steps Accommodation Programme	Unqualified	N/A				1	Yes	1	Final Report Issued
Grant Audit Contingency						6	N/A	0	Through Year
Corporate Services/Themes – 28 days									
Tendering Process						12	Yes	11.5	Draft Report Issued

APPENDIX A - PROGRESS AGAINST THE 2023/24 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Risk Management (Assurance Mapping Refresh)						2	Yes	0.5	In Fieldwork
Corporate Governance (Assurance Mapping Refresh)						2	Yes	0	Allocated
Transformation (continuous assurance)						12	No	0	Allocated
IT Audits – 12 days									
Mobile Phone Security (shared with SBC)						6	Yes	0	Allocated
IT Project Management (shared with SBC)						6	Yes	1	ToR Issued
Completion of 2022/23 Projects – 6 days									
Supply Chain Interruption	Substantial	0	0	0	2	6	Yes	6	Final Report Issued
Elections Payroll	Reasonable	0	0	5	0		Yes		Final Report Issued
Software Licence Management	Limited	0	2	1	0		Yes		Final Report Issued
Contingency – 6 days									
Contingency						6	N/A	0	Through Year
Strategic Support – 47 days									
Head of Assurance Opinion						3	Yes	3	Complete
Audit Committee & Recommendation Follow Up						10	Yes	6	Through Year
Client Engagement & Adhoc Advice						10	Yes	6.5	Through Year
2024/25 Audit Planning						5	Yes	5	Complete
Service Development						5	Yes	5	Complete
Progress Monitoring						12	Yes	8	Through Year
SAFS Related Matters						2	Yes	0	Through Year
TOTAL		0	3	22	8	250		160	
* C = Critical Priority, H = High Priority, M = Medium Priority, LA = Low/Advisory Priority									

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

The following appendix provides Audit & Governance Committee Members with a summary of the most recent update provided by management in respect of outstanding high priority recommendations.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Jan 2024)
1.	Payment Card Data Security Standard (2020/21).	<p><u>Recommendation:</u> <u>PCI-DSS Self-Assessment & Compliance Structure.</u> The Council has not completed a SAQ and does not have a formal PCI-DSS compliance strategy/program in place to meet required data security standards. As the option for non-compliance was taken several years ago and since that point there have been multiple personnel changes, the Council should re-assess the level of risk and decide if the non-compliant route is still the most preferred option. A cross-Council PCI-DSS working group should be established to focus on assessing the level of risk presented by sustained non-compliance with the PCI-DSS. This group's primary objective should be to determine whether to accept the level of risk and continue to pay the monthly penalty imposed by WorldPay or agree roles and responsibilities to engineer and maintain compliance with the published standards. Should the decision be made to focus on compliance, the Councils are recommended to consult the best practice guidance produced by the PCI DSS Council in January 2019.</p> <p><u>Agreed Management Action(s):</u> The s.151 officer has advised that the level of risk and the monthly fines for non-compliance does not represent proper management of financial affairs. In addition, the expansion of the number of services to be put on the web, which require the ability to have payment facilities, means that the Council must be PCIDSS compliant in order to proceed. Having previous experience of ICON it is not possible to achieve PCIDSS compliance with this software and suitable replacement software has been identified. This will be implemented jointly with Stevenage BC. A revised Information Security Policy has been developed and will be distributed to staff annually as part of the compliance process. This emphasises card security measures in the short term.</p>	<p>Responsible Officer: Head of Strategic Finance & Property.</p> <p>Revised Due Date: 31 March 2024.</p>	<p><u>January 2024.</u> Replacement software has been commissioned and is on track for implementation by the due date.</p>	Implemented.
2.	Payment Card Data Security Standard	<p><u>Recommendation:</u> <u>Roles and Responsibilities.</u> As a subsequent output from the formation of the cross-Council</p>	<p>Responsible Officer: Head of</p>	<p><u>January 2024.</u> Replacement software has been commissioned</p>	Implemented.

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Jan 2024)
	(2020/21).	<p>PCI-DSS working group, there should be named individuals assigned to steering the Councils compliance journey. Traditionally, the ownership of the compliance process may be the Head of Finance, as they generally occupy the position of signing off the annual Attestation of Compliance (AoC). But it must also be noted that much of the compliance structure content relates to technical configuration, so the Council should designate roles based on this dual ownership.</p> <p>Whilst Finance owns the overall compliance objective, the IT work stream owns the infrastructure that the payment systems sit on. Both departments should have an equal vested interest in compliance.</p> <p>Agreed Management Action(s):</p> <p>The above will lead the new system implementation and compliance as he has done this at a previous authority. To achieve compliance the new system will not permit card number entry by staff. Instead, customers choosing to phone up to pay will be handed off to a secure IVR system and will need to enter card details on their phone keypad. Subsequent payments, providing it is for a service with an account number for the customer, e.g. Council Tax, then the system uses a secure token that shows the last 4 digits of the card number and the expiry date. The customer is asked to confirm the expiry date and payment can be taken from that card with no need for card input unless the card is replaced/renewed.</p> <ul style="list-style-type: none"> - About 60% of PCIDSS compliance relates to firewalls, encryption and network security and requires best practice testing and maintenance which will be usefully checked for PCIDSS compliance as well as the standard annual cyber security checks. 	<p>Strategic Finance & Property.</p> <p>Revised Due Date: 31 March 2024.</p>	<p>and is on track for implementation by the due date.</p>	
3.	Software Licence Management (2022/23).	<p>Recommendation: <u>Recording, Management and Monitoring of Software Licence Information.</u></p> <p>The exercise to populate Manage Engine with contract information should be prioritised and finalised, ensuring that:</p> <p>a) All known contracts are entered on to the system to ensure that the data is complete, up to date and reflects records held locally</p>	<p>Responsible Officer: Matt Canterford, Assistant Director and CTO.</p>	<p>January 2024. New recommendation. The management response opposite is the latest comment.</p>	Not yet due.

APPENDIX B – IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Jan 2024)
		<p>(e.g., on spreadsheets).</p> <p>b) All contracts entered on to the system are supported by a copy of the software licence agreement and contract.</p> <p>c) Notification rules are set to promote consistency of renewal processes. E.g., notifications for upcoming expiry of contracts are set as 100 days at a minimum.</p> <p>d) Licences which are expired, due to expire or be renewed are reported to senior management to enhance oversight and decision making.</p> <p>Agreed Management Action(s): Since October, we hired a business support officer to help us prioritise the data population of the Manage Engine for each contract and to ensure we have a copy of the software license agreement. Furthermore, we are setting up notification rules to alert us of any upcoming contract expires.</p>	<p>Due Date: 30 April 2024.</p>		
4.	<p>Software Licence Management (2022/23).</p>	<p>Recommendation: <u>Software Licensing Polices.</u> Policies should be reviewed and updated to ensure that they include specific, clear, and relevant policy statements in respect of software licensing management activities, e.g.:</p> <p>a) Responsibilities for obtaining, approving, distributing, monitoring, and using software licences.</p> <p>b) Steps to take in the event of the installation of unauthorised or unlicensed software.</p> <p>c) Preferred licensing models.</p> <p>Agreed Management Action(s): The current IT Policies are to be reviewed and updated to ensure that they outline responsibilities for obtaining, approving, distributing, monitoring, and using software licences.</p>	<p>Responsible Officer: Matt Canterford, Assistant Director and CTO.</p> <p>Due Date: 30 April 2024.</p>	<p>January 2024. New recommendation. The management response opposite is the latest comment.</p>	<p>Not yet due.</p>

APPENDIX C – INTERNAL AUDIT PLAN 2023/24 – PLANNED AUDIT START DATES

Apr	May	Jun	July	Aug	Sept
Election Payroll 2022/23 (Final Report)	Customer Services Cash Handling (Final Report)	Land Charges (Final Report) c/f from April	Tender Process (Draft Report) c/f from May	Houses in Multiple Occupation (Final Report)	Debtors (Final Report)
Supply Chain 2022/23 (Final Report)	NSAP Grant Audit (Final Report)		S106 Agreements (Final Report) c/f from May	Court Cost Tracking (Final Report)	Planning & Development Fees (Final Report)
Software Licence Management 2022/23 (Final Report)					
Oct	Nov	Dec	Jan	Feb	Mar
Environmental Health Case Management - Record Keeping (In Fieldwork) c/f from June	Council Tax (Final Report) b/f from Jan	Business Rates (Quality Review)	Main Accounting Assurance Mapping Refresh (Allocated)	Treasury Management Assurance Mapping Refresh (Allocated)	
Residents Parking Permits (Draft Report)	Housing Benefits (Final Report)	Creditors (In Fieldwork)	Asset Management Assurance Mapping Refresh (Allocated)	Risk Management Assurance Mapping Refresh (In Fieldwork)	
	IT Project Management (ToR Issued) c/f from July		Mobile Device Security (Allocated)	Corporate Governance Assurance Mapping Refresh (Allocated)	
			Community Grants & Funding (ToR Issued) c/f from July	Payroll Assurance Mapping Refresh (In Planning) c/f from Dec	

APPENDIX D – ASSURANCE/PRIORITY LEVELS

Audit Opinions	
Assurance Level	Definition
Assurance Reviews	
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.
Grant / Funding Certification Reviews	
Unqualified	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.
Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.
Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.
Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.
Recommendation Priority Levels	
Priority Level	Definition
Corporate	Critical Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	High Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.



INTERNAL AUDIT PLAN 2024/25

EAST HERTS COUNCIL
AUDIT & GOVERNANCE COMMITTEE
30 JANUARY 2024

**RECOMMENDATION:
MEMBERS ARE RECOMMENDED TO APPROVE THE
PROPOSED EAST HERTS COUNCIL INTERNAL AUDIT
PLAN FOR 2024/25**

Contents

1. Introduction and Background

2. Audit Planning Process

2.1 Planning Principles

2.2 Approach to Planning

2.10 Planning Context

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3. Performance Management

3.1 Update Reporting

3.3 Performance Indicators

Appendices

A Proposed East Herts Council Internal Audit Plan 2024/25

B Proposed Audit Start Dates

1. Introduction and Background

- 1.1 The mission of Internal Audit is “to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”. The Public Sector Internal Audit Standards (PSIAS) encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). These Standards note that a professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.
- 1.2 The SIAS Board reviewed the SIAS Internal Audit Strategy in 2022, and this strategy outlines how SIAS will achieve the mission of Internal Audit and ensure ongoing compliance with the PSIAS. The following report follows the key principles within the Strategy related to Audit Planning and Resourcing, with the Strategy document itself being available to Members upon request.
- 1.3 The PSIAS set out how SIAS must approach audit planning. The specific standards that SIAS must adhere to are as follows:

Standard	Description
2010	A risk-based plan, setting out audit priorities consistent with the goals of the organisation.
2010	Linked to annual opinion need and Internal Audit Charter
2010.A1	Based on documented risk assessment, updated at least yearly and consulting Senior Management and Members
2010.A2	Reflect expectations of Senior Management, Members, and other stakeholders
2020	Communicated to Senior Management for review and to Members for approval
2030	Ensure internal audit’s resources are fit and effectively used
2030	Must explain how resource adequacy assessed, and set out results of any limits

- 1.4 The Council’s Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council’s wider assurance framework. It supports the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Chief Audit Executive’s Annual Opinion Report.
- 1.5 The Shared Internal Audit Service’s (SIAS) Audit Charter was presented to the May 2023 meeting of this Committee, and it shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach complies with the requirements of the United Kingdom Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013 and revised on 1 April 2017. An updated version of the SIAS Audit Charter will be brought to the May 2024 Audit & Governance Committee meeting for Member approval.

1.6 Section 2 of this report details how SIAS complies with these requirements.

2. **Audit Planning Process**

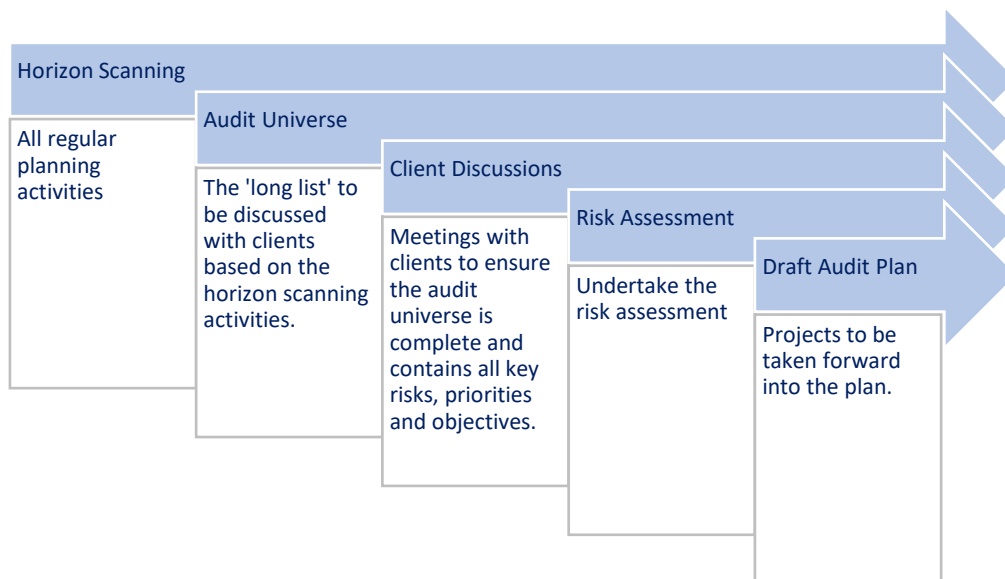
Planning Principles

2.1 SIAS audit planning is underpinned by the following principles:

- a) Focus of assurance effort on the Council's obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.
- b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the Council's control arrangements.
- c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk.
- d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource-constrained environment, all needs cannot be met.
- e) Identification of responsibilities where services are delivered in partnership.
- f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge.
- g) Capacity to deliver key commitments including governance work.
- h) Capacity to respond to management requests for assistance with special investigations, consultancy, and other forms of advice.

Approach to Planning

- 2.2 SIAS has developed an approach to annual planning that ensures ongoing compliance with the requirements of the PSIAS, SIAS applies the following methodology at its partners:



Horizon Scanning and Audit Universe

- 2.3 SIAS conducts horizon scanning to ensure that it is aware of the key issues and risks locally and nationally as well as the corporate and service objectives of the Council. To do this, SIAS undertakes the following activities:



- 2.4 Following the horizon scanning work, SIAS creates an Audit Universe based on all auditable areas and entities. The Audit Universe forms the basis of discussions with senior managers.

Client Discussions

- 2.5 SIAS undertook detailed discussions with senior managers and other key officers within the Council to confirm auditable areas and elicit high level detail of the scope of audits. This process incorporates the gathering of information to inform the risk assessment phase of audit planning.

Risk Assessment

- 2.6 The overarching risk that SIAS bases planning against is the risk that audit work completed does not provide sufficient coverage and significance for SIAS to provide a robust annual assurance opinion. Therefore, SIAS risk assesses each auditable area to ensure that their resources are directed appropriately.
- 2.7 The risk assessment behind the development of the 2024/25 Internal Audit Plan was correlated to the Council's plans and associated monitoring through risk assessments, KPI's and project progress.
- 2.8 SIAS also include considerations of financial materiality, corporate significance, vulnerability and change and management concerns, as part of the risk assessment, including alternative sources of assurance through the Three Lines (of Defence) model.

Draft Audit Plan

- 2.9 The results of the discussions with senior managers provides a draft Internal Audit Plan. SIAS has presented this draft plan to the Senior Leadership Team to seek their views on the assessments completed and to provide any further updates or comments. The outcome is now presented to Members as part of this report for their approval of the Draft Internal Audit Plan 2024/25.

The Planning Context

- 2.10 The context within which local authorities provide their services remains challenging:
- Demand for services is still rising, driven a range of factors including the growing and ageing population, and challenges in the healthcare system. Combined with the cost of living, local authorities will have to continue to be more innovative and commercially minded.
 - Macro-economic uncertainty continues, driven by factors such as inflation, interest rates, energy costs and a range of geo-political tensions. Resulting cost pressures and government funding make financial planning a key component of local government finance.
 - Cyber and data security remains a consistent threat to organisations and there are a growing number of local authorities that have been subjected

to successful cyber-attacks. Continued vigilance and risk management remain key to protecting local authority assets and services.

- Local authorities are facing significant challenges in relation to talent management, both in terms of recruitment and retaining staff meaning ability to remain resilient and deliver high quality services may continue to be an increasing concern.
- Many local authorities have declared a Climate & Ecological Emergency and made public commitments relating to carbon reduction and becoming Net Zero.

2.11 The resultant efficiency and transformation programme that councils are in the process of implementing and developing continues to profoundly alter each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.

2.12 The challenge of giving value in this context, means that Internal Audit needs to:

- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives.
- Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective.
- Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as use of technology to achieve 'whole population testing' and new insights over sampling or 'continuous assurance' where appropriate.
- Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses, this is particularly key given the current challenges and risks and the impact this has had on audit activity.

Internal Audit Plan 2024/25

2.13 The draft plan for 2024/25 is included at Appendix A and contains a high-level proposed outline scope for each audit; Appendix B details the likely start months. The number of days commissioned in 2024/25 is 250 days.

2.14 The table shows the estimated allocation of the total annual number of commissioned audit days for the year.

	2024/25 Days	%
Key Financial Systems	39	16
Operational Services	60	24
IT Audits	12	5
Corporate Services / Themes	74	30
Carry forward work 2023/24	5	2
Contingency and other	5	2
Strategic Support*	55	21
Total allocated days	250	100%

* This includes supporting the Audit & Governance Committee, monitoring delivery of the internal audit plan, SIAS service development and implementing the new Global Internal Audit Standards

- 2.15 Any significant audit plan changes agreed between Management and SIAS will be brought before this committee for noting through the usual plan update reporting cycle. The cancellation of any audits will require approval from the Head of Strategic Finance & Property.
- 2.16 Members will note the inclusion of a provision for the completion of projects that relate to 2023/24. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible; especially given the high dependence on client officers during a period where there are competing demands on their time, e.g. year-end closure procedures.
- 2.17 Members should also note provision for implementing the updated Global Internal Audit Standards during 2024/25. Currently in draft form, the new Standards are expected to address key aspects of internal auditing such as:
- Purpose of Internal Auditing e.g. what internal audit is and how it should operate.
 - Ethics and Professionalism e.g. conduct and professional performance.
 - Governing the Internal Audit Function e.g. direction and responsibilities for audit committees and senior leaders.
 - Managing the Internal Audit Function e.g. principles for planning, resourcing, and performance.
 - Performing Internal Audit Services e.g. conducting day to day internal audit work.

Changes which have an impact on the role of Audit & Governance Committee Members will be highlighted once the Standards have been finalised.

- 2.18 The nature of assurance work is such that enough activity must have been completed in the financial year for the Chief Audit Executive to give an overall opinion on the Authority's internal control environment. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Head of Strategic Finance & Property.

Resources

- 2.19 The Standard 2030 requires SIAS to consider our resources, how these will be effectively used and any limitations of the adequacy of resources.
- 2.20 Achievement of our role and objectives is predicated on the matching of audit needs to available resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients. SIAS resources are calculated based on the chargeability of each member of the team and the structure was designed to ensure sufficient chargeability to deliver all plans.
- 2.21 SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.
- 2.22 SIAS staff are provided training and development across the year to support service delivery at our partners. In addition, SIAS provides funding for professional qualifications and currently has team members studying towards their professional qualifications.
- 2.23 The service will be adequately resourced to deliver the number of planned internal audit days commissioned by East Herts Council. There are currently no limitations on the adequacy of resources in place to deliver the East Herts Council Internal Audit Plan 2024/25.

3. Performance Management

Update Reporting

- 3.1 SIAS is required to report its work to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. Progress against the agreed plan for 2024/25 and any proposed changes will be reported to this Committee four times in the 2024/25 civic year.

- 3.2 SIAS will report on the implementation of agreed critical and high priority recommendations as part of the update reporting process.

Performance Indicators

- 3.3 Annual performance indicators were approved at the SIAS Board and are reviewed annually by the Board. Details of the targets set for 2024/25 are shown in the table below. Actual performance against target will be included in the update reports to this Committee.

Performance Indicator	Performance Target	Reporting
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	Update Report
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31st March 2025	90%	Update Report
3. Planned Projects – percentage of actual completed projects to final report stage against planned completed projects by the production of the Annual Report	100%	Update Report
4. Client Satisfaction - percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	Update Report
5. Number of High and Critical Priority Audit Recommendations agreed as a percentage	95%	Update Report
6. Annual Plan – prepared in time to present to the last Audit & Governance meeting of the financial year. If there is no meeting, then the Plan should be prepared for the first meeting of the financial year	Yes	Annual
7. Chief Audit Executive's Annual Assurance Opinion and Report – presented at the first Audit & Governance Committee meeting of the financial year	Yes	Annual

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2024/25

Audit	Proposed Outline Scope	Proposed Days
COVERAGE OF KEY FINANCIAL SYSTEMS		
Business Rates (shared with SBC).	An audit covering risks linked to raising liability, billing (including reliefs and discounts), collection, and recovery.	39
Council Tax (shared with SBC).	An audit covering risks linked to raising liability, billing (including reliefs and discounts), collection, and recovery.	
Housing Benefits (shared with SBC).	An audit covering risks linked to claim submission, assessment, changes in circumstances and payment.	
Creditors (Risk & Control Mapping Refresh).	A short review of the existing map for any changes and exceptions.	
Debtors (Risk & Control Mapping Refresh).	A short review of the existing map for any changes and exceptions.	
Treasury Management (Risk & Control Mapping Refresh).	A short review of the existing map for any changes and exceptions.	
Main Accounting (Risk & Control Mapping Refresh).	A short review of the existing map for any changes and exceptions.	
Payroll.	An audit covering risks linked to starters, leavers, payments to third parties e.g. HMRC, payroll runs and BACS payments.	
COVERAGE OF OPERATIONAL SERVICES		
Freedom of Information	An audit covering risks linked to receiving, processing, and responding to requests received under the Act.	10
Garden Waste Collection	An audit covering risks linked to requesting and paying for the collection of garden waste.	10
Rent and Lease Administration	An audit covering risks linked to recognising, billing, and collecting rental income arising from leased property.	10

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2024/25

Audit	Proposed Outline Scope	Proposed Days
Homelessness	An audit covering risks linked to signposting, receiving, and managing people presenting as homeless.	10
Licensing	An audit covering risks linked to receiving, processing and payment for licences issued.	10
Follow up of Limited Assurance Reports from 2023/24	Provision for following up Limited Assurance audits from 2023/24 (two at the time of writing) to help ensure matters arising have been addressed.	10
COVERAGE OF CORPORATE SERVICES/THEMES		
Crisis Management: Extreme Events	An audit covering risks linked to preparing for and responding to civil emergencies.	10
Risk Management (Risk & Control Mapping Refresh).	A short review of the existing map for any changes and exceptions.	2
Corporate Governance (Risk & Control Mapping Refresh).	A short review of the existing map for any changes and exceptions.	2
Sickness Absence Management	An audit covering risks linked to policy, training, and absence monitoring.	10
On Demand Grant Audits	Provision for auditing external funding arrangements where the funding body attaches associated conditions e.g. Homes England.	6
Travel & Expenses	An audit covering risks linked to reimbursing employees who have incurred business related expenditure whilst doing their job.	10
Embedded Project Assurance	A provision for real time contributions to nominated key projects during 2024/25.	12
Corporate Health & Safety Management	An audit covering risks linked to policy and procedures for managing health & safety responsibilities.	10
Community Safety Partnership	An audit covering risks linked to the delivery of core objectives and outcomes arising from the Community Safety Partnership.	12

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2024/25

Audit	Proposed Outline Scope	Proposed Days
COVERAGE OF INFORMATION TECHNOLOGY		
Data Breach Incidents & Response (shared with SBC)	An audit covering risks linked to data processing notices, breach prevention and incident management.	6
IT Hardware Acquisition, Movement & Disposal (shared with SBC)	An audit covering risks linked to controlling movement of IT assets.	6
CONTINGENCY		
Contingency.	To provide for adequate response to risks emerging during the financial year.	5
STRATEGIC SUPPORT		
Head of Internal Audit Opinion 2023/24.	To prepare and agree the Head of Internal Audit Opinion and Annual Report for 2023/24.	3
Audit & Governance Committee and Recommendation Follow Up.	To provide services linked to the preparation and agreement of Audit Committee reports, meeting with the Audit Committee Chair prior to each Audit Committee (as required) and presentation of reports / participation at Audit Committee. Follow up of any Critical and High priority recommendations.	10
Client Liaison, Adhoc Advice and Consultancy.	This involves meetings and updates with the Council's Audit Champion and other key officers. Also a provision for adhoc internal audit advice and consultancy.	10
Plan and Progress Monitoring.	To produce and monitor performance and billing information, work allocation and scheduling.	12

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2024/25

Audit	Proposed Outline Scope	Proposed Days
SIAS Development and Global Internal Audit Standards implementation.	Included to reflect the Council's contribution to developing and maintaining the shared service / partnership through its service planning activity and assurance mapping objectives (10 days). A provision for implementing the new Global Internal Audit Standards (5 days).	15
2025/26 Audit Planning.	To provide services in relation to preparation and agreement of the 2025/26 Audit Plan.	5
2023/24 projects requiring completion.	Additional time, if required, for the completion of 2023/24 audit work carried forward into the 2024/25 year. Any unused days will be returned to contingency for use on emerging risks and audits or allocated to audits in the reserve list.	5
TOTAL		250
Reserve/substitute list (if required): <ul style="list-style-type: none"> - Staff Welfare & Wellbeing (drivers e.g. health, support, security, environment, purpose) - Counter Fraud Strategy (objectives, work plan, training & awareness) - Social Media (presence, reputation management, regulatory compliance) - Business Continuity Planning (impact analysis and recovery response) - Building Security (entry control, fire prevention & detection, incident response, lone working) - Cyber Defence – Control Risk Self-Assessment (identification, prevention, detection, response, recovery) - Contracts Register (unidentified spend data analytics) 		

APPENDIX B – EAST HERTS COUNCIL PROPOSED AUDIT START DATES

Apr	May	Jun	July	Aug	Sept
Travel & Expenses	Freedom of Information	Licensing	Rent & Lease Administration	Crisis Management	Community Safety Partnership
Sickness Absence Management	Corporate Health & Safety	Follow Up (1)	Data Breach Incidents & Response		Payroll

Oct	Nov	Dec	Jan	Feb	Mar
IT Hardware	Council Tax	Business Rates	Debtors	Main Accounting	
Homelessness	Housing Benefits	Creditors	Treasury Management	Garden Waste Collection	
		Risk Management	Corporate Governance	Follow Up (2)	

At this stage, the above is an indicative spread of audits as not all services have specified a preferred start date.

Agenda Item 12

Audit & Governance Committee
East Herts Council
January 2024



East Herts Council

Progress with delivery of the
2023/24 Anti-Fraud Plan

Recommendation

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the **2023/24 Anti-Fraud Plan**

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3	Introduction
4	Background
4	Summary of anti-fraud activity at EHC April- December 2023
8	List of Background Papers

Appendices	A. EHC Anti-Fraud Plan 2023/24
	B. SAFS KPI monitoring to December

Introduction

1. This report provides details of the work undertaken to protect the Council against the threat of fraud and the Council's 2023/24 Anti-Fraud plan. The Committee are asked to note this work.
2. Recent reports on fraud and corruption have been shared with Council officers and are 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.
3. Some of the most significant recent reports include:
 - ***Fighting Fraud and Corruption Locally a Strategy for the 2020's***. This strategy focuses on the governance and 'ownership' of anti-fraud and corruption arrangements. The Strategy also identifies areas of best practice and includes a 'Checklist' to compare against actions taken by the Council to deter/prevent/investigate fraud. The checklist is maintained and reviewed by SAFS and officers.
 - ***Tackling Fraud in the Public Sector 2020***. In 2019 CIPFA commissioned a survey and 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 and MHCLG.
 - ***UK Fraud Strategy 'Stopping Scams and Protecting the Public***. The Government launched its latest strategy in 2023 aimed at bringing government and the private sector together to tackle fraud, the pursuit and punishment of fraudsters, providing more recognition of fraud and how to avoid it .
 - ***Lost Homes, Lost Hope***. This paper, published by the Fraud Advisory Panel & Tenancy Fraud Forum in April 2023 uses previous data and research to estimate the current cost to local government of tenancy fraud along with the volume of fraud across the sector. The SAFS Partners have adopted the value of fraud loss used in this academic piece when reporting 'tenancy fraud'.

Background

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.

Anti-Fraud Activity 2023/24

Staffing & Resources

5. In March 2023 (this Committee approved the 2023/24 Anti-Fraud Plan for the Council and KPIs for the SAFS. See **Appendix A** for details of the Plan and **Appendix B** for progress with delivery and KPI Performance.
6. The SAFS Team this year is composed of 23 accredited and trained counter fraud staff and is based at Hertfordshire County Council's offices in Hertford.
7. Each SAFS Partner receives dedicated support and response through a number of 'operational' days where SAFS staff are allocated to various cases, projects, training or other anti-fraud functions at the Council, the Council has also invested further resources into SAFS to provide further anti-fraud capacity around its housing stock.
8. The SAFS allocated 285 operational days exclusively for East Herts Council, this includes SAFS Management, fraud risk assessment & Executive Reports, reactive/proactive investigations, data-matching & data-analytics (NFI etc), face to face and virtual learning sessions for staff, financial investigations, application of sanctions and supporting prosecutions.

Fraud Awareness and Prevention

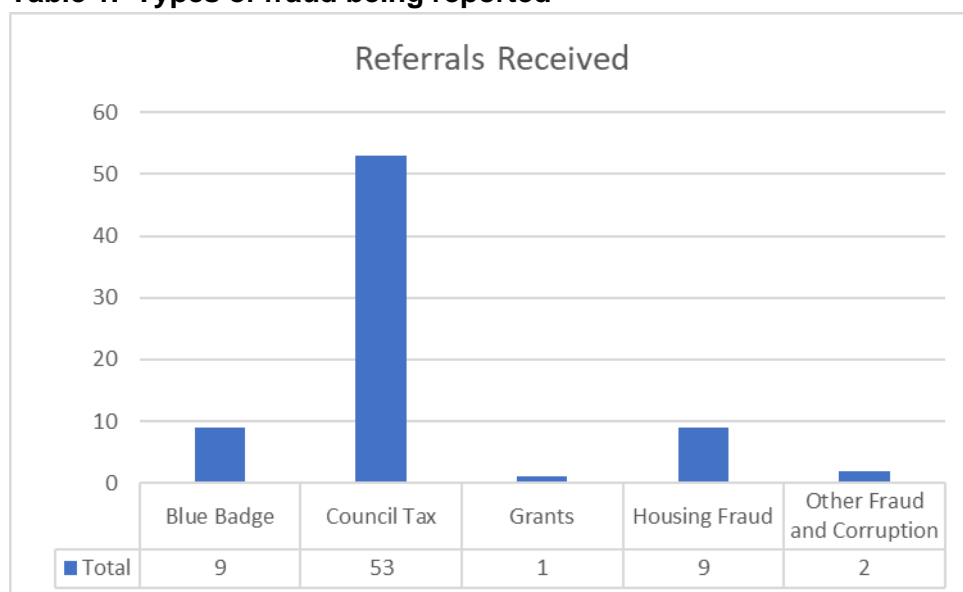
9. A key objective for the Council is to develop the existing anti-fraud culture; ensuring senior managers and members consider the risk of fraud when developing policies or processes; helping to prevent fraud occurring; deterring potential fraud through external communication; encouraging all officers to report fraud where it is suspected; and providing public confidence in the Council's stance on fraud and corruption.
10. The Council took part in the International Fraud Awareness Week in November 2023 with activity utilising social media and national/international resources across the whole County. Campaigns such as this encourage residents to report fraud and provide assurance that the Council takes fraud seriously and acts on those reports.

11. The SAFS webpage – www.hertfordshire.gov.uk/reportfraud includes an online reporting tool, confidential fraud hotline (0300 123 4033) and a secure email account for reporting fraud – fraud.team@hertfordshire.gov.uk These contact details are also available via the Councils own website on its Fraud and Whistleblowing pages <https://www.eastherts.gov.uk/about-east-herts-0/fraud-and-whistleblowing-policies> and on the Councils intranet for staff. None of these functions replace the Council’s own Whistleblowing reporting procedures, which this committee receives a separate report about.
12. Working with the Councils HR team SAFS maintains the delivery of its e-training package for staff to raise awareness of fraud, bribery, and money laundering. This training package is hosted on the Councils intranet and is mandatory for all staff.

Counter Fraud Activity & Reported Fraud

13. Between April and December 2023 SAFS received 74 ‘referrals’, or allegations, of suspected fraud affecting Council services. Allegations received have increased slightly compared to the same period in 2022/23.

Table 1. Types of fraud being reported



'Council Tax'-includes Housing Benefit/Council Tax Reduction Scheme/ Single Person Discounts

14. Of the 74 referrals received 44 came from members of the public, 28 from Council staff and 2 from other agencies.
15. SAFS carried forward 10 live cases from 2022/23, with a further 21 at referral stage. Many new cases raised for investigation are still in the early stages (14 referrals) and of 14 live cases under investigation at the end of December the estimated fraud loss/savings for these cases is £320k.

16. Five 'reactive' investigations have been closed so far this year, and a further 31 low level reviews/interventions have been undertaken, with fraud losses/savings combined of just over £41k reported.

'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.

17. SAFS Continues to work closely with senior management and the Legal Team at the County to bring prosecutions against those who commit deliberate acts of fraud or corruption against the Council.
18. A large number of cases continue to be delayed where SAFS works with other agencies, in particular the Department for Work and Pension (DWP), where staff are now being redeployed to deal with an increase in fraud in the Universal Credit system.
19. A report from the Fraud Advisory Panel in 2023, Lost Homes Lost Hope, estimates that the cost of social housing fraud to local councils could exceed £42k for every property that is being illegally sub-let. SAFS response to this fraud threat is to work more closely with the Councils Housing Service as well as with registered housing providers across the County, to assist in the investigation and recovery of council properties where illegal sub-letting or 'key-selling', succession and right to buy fraud is identified.
20. SAFS staff are based at the Council offices and spend part of their time within the Housing Needs Team or Revenue and Benefits areas and this encourages staff to report suspicions of fraud directly.
21. SAFS works closely with the Councils parking enforcement team dealing with the misuse of disabled persons 'Blue Badges' in the Councils pay and display car parks across the borough.

Proactive and Prevention Activity

22. SAFS continues to provide alerts of new and emerging fraud from our network of partners including Cabinet Office, CIFAS, CIPFA, National Fraud Intelligence Bureau (NFIB), Herts Police- OWL, National Cyber Security Centre (NCSC) and NAFN.

23. The Head of SAFS sits on the Hertfordshire Fraud and Cyber Crime Steering which is hosted by Hertfordshire Constabulary and includes stakeholders from a wide range of enforcement partners.
24. SAFS continues to work 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 (LFF), London Borough Fraud Investigators Group (LBFIG) and the Home Counties Tenancy Fraud Forum (TFF).
25. SAFS has worked with the 'District Revenues Manager Group' to develop a framework contract for all district councils in Hertfordshire to conduct bulk reviews of council tax discounts and exemptions, improving collection and preventing fraud. This service is funded by the County Council, with the district councils undertaking the work with selected contractors. The Council took part in this exercise in 2023/24 with a review of all single person discounts identifying that 297 of these were incorrect or fraudulent and were withdrawn as a result raising £184k in additional council tax for collection in year.
26. 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 many cases are delayed due to DWP staff still being redeployed.
27. SAFS is working with Council officers to review the outcome from the National Fraud Initiative (NFI) by providing resources and support to deal with reports/matches received in February 2023. To date of 741 matches, 259 high priority matches have been reviewed and 17 are still subject to investigation. From the reviews conducted, 21 discrepancies/frauds have been identified savings of £52k.
28. The Council subscribes to the Hertfordshire FraudHub. This project operates using the same legal framework as main NFI exercise but allows data to be matched more frequently helping to prevent fraud or detecting it sooner. In Quarters 1-3 more than 5,100 matches have been reported of which around 10% have been reviewed so far, 45 cases are being investigated at present and to date 30 discrepancies have identified savings through prevention in excess of £58k.
29. SAFS have provided a number of reports to the Councils senior management about fraud risks identified from investigations, both at the Council and other SAFS Partners, with recommendations on how the Council can better

manage/mitigate these risks in future. Where recommendations relate directly to Council services we have shared our reports with SIAS to help inform future audit planning.

List of Background Papers - Local Government Act 1972, Section 100D

- (b) Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)*
- (c) Fighting Fraud and Corruption Locally- A Strategy for the 2020's (CIPFA/CIFAS/LGA 2020)*
- (d) Tackling Fraud in the Public Sector (CIPFA 2020)*
- (e) Code of Practice – Managing the Risk of Fraud and Corruption (CIPFA 2014)*
- (f) Fighting Fraud- Breaking the Chain. (Report of Session 2022-2023 House of Lords)*
- (g) HMG Counter Fraud Standards (Cabinet Office 2021)*
- (h) HMG Fraud Strategy – Stopping Scams, Protecting the Public (May 2023)*

Appendices

Appendix A - SAFS/East Herts Council Anti-Fraud Plan 2023/24

Appendix B - SAFS KPI monitoring 2023/24

**East Herts Council
Anti-Fraud Plan 2023-2024**

In partnership with

The Hertfordshire 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 East Herts Council, working in partnership with the Hertfordshire Shared Anti-Fraud Service and others, has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Council's **policy statement on fraud and corruption**;

- **Be clear that the council will not tolerate fraudulent or corrupt acts and will take firm action against those who defraud the authority, who are corrupt or engage in financial malpractice.**
- **Provide a consistent framework for managers and Members, which enables effective deterrence, prevention, detection and investigation of fraud and corruption.**
- **Detail the responsibilities of employees, management and Members with regards to fraud and corruption.**
- **Assist the Head of Strategic Finance and Property in the fulfilment of the role as the council's Section 151 Officer and the Head of Legal and Democratic Services in the role as the council's Monitoring officer.**
- **Explain the role of council officers in relation to the prevention of fraud and actively promote a culture of openness and honesty in all dealings. (The council has Codes of Conduct for Members and officers.)**

This plan includes objectives and key performance indicators that support the Councils Policy and follows the latest best practice/guidance/directives from the Department for Levelling Up Housing and Communities (DLUHC), 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 DLUHC indicating 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.

In 2022 the Public Sector Fraud Authority (Cabinet Office) published a report stating that in 2021/22 the public sector had experienced more than 5 million acts of fraud, that more than £33bn in public money was lost to fraud each year and that fraud against the Covid-19 Financial Support packages alone had cost £19bn.

The *Fighting Fraud and Corruption Locally, A Strategy for the 2020’s*, published in March 2020 and supported by CIPFA, the LGA, SOLCACE and External Auditors provides a framework for the Council to adopt in developing its counter fraud activity and this Anti-Fraud Plan follows the guidance and recommendations of the *Strategy*. A copy of the *Strategy* can be found at <https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fighting-fraud-and-corruption-locally>

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 including the four ‘Pillars’ of **Govern Acknowledge, Prevent, Pursue** with an overarching aim of **Protect**:

For the Council this includes protecting public funds it administers and protecting the Council and its residents against fraud and cybercrime.



Anti-Fraud Plan 2023-2024

The Councils Anti-Fraud Plan will be managed by the Hertfordshire 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 and in particular by sharing information and knowledge through communications either directly or via its website or social media outlets. 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 for 2023-2024 follows the guidelines and checklists contained in the *Fighting Fraud and Corruption Locally Strategy* and progress against this will be reported to senior management and the Councils Audit and Standards Committee. A break-down of work included in the Plan can be found at **Appendix A** along with the officers with responsibility for ensuring the plan is delivered.

SAFS Resources 2023-2024

Anti-Fraud Arrangements

East Herts Council is a founding member 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. The SAFS Partnership, as well as East Herts Council, includes Stevenage Borough Council, Broxbourne Borough Council, Hertfordshire County Council, Luton Borough Council, North Herts Council, Hertsmeare Borough Council and from April 2023 Welwyn and Hatfield Council. The SAFS also provides services to other public sector bodies across Hertfordshire.

The SAFS Team is made up of 21.5 full time equivalent staff in 2023/24. All staff are fully trained and accredited (or working towards this) specialising in fraud prevention, fraud investigation, fraud awareness, fraud risk assessment as well as proceeds of crime, anti-bribery and anti-money laundering.

Since 2019 the SAFS Team has been nominated for and/or won awards for the services it provides including the **Tackling Economic Crime Awards** (TECAS), the **Institute of Revenue Rating and Valuation Awards** (IRRV), the **Public Finance Awards** (PFA), and most recently in February 2023 the **Public Sector Counter Fraud Awards**.

SAFS is a Partnership with each organisation paying an annual fee for Hertfordshire County Council for a contracted service for all Partners. 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 Hertsmeare Borough Council the **Head of Strategic Finance and Property** is the Board representative.

Although SAFS will provide much of the Councils 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 2022 the SAFS Board agreed fees for all Partners from April 2023. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for at least the next three years.

Fees for East Herts Council for 2023-2024 have been agreed at £89,180+ VAT.

Staffing

The full complement for SAFS in 2023-2024 is planned to be 21.5 FTE.

The Council will have access to 285 days of counter fraud work, 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 reports per annum to the Audit and Standards Committee. An Accredited Financial Investigator is available to assist in money laundering or proceeds of crime investigations.

SAFS has access to specialist IT forensics, covert surveillance and national counter fraud intelligence services provided via third parties and criminal litigation services to support the Council's legal team.

SAFS will 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), Fraud Advisory Panel (FAP) and the National Anti-Fraud Network (NAFN).

Workplans & Projects 2023-2024

As well as an agreed programme of work (see **Appendix A**) SAFS will work in the following areas delivering specific activity agreed with service managers. Progress with this work will be reported to the relevant head of service/managers on a quarterly basis.

Service Area	Agreed Projects
Cross Cutting Corporate Initiatives	<p>General Support. Three Reports to Audit & Governance Committee. SAFS attendance at Corporate Governance Groups and management meetings. Assisting with the review of the Councils existing anti-fraud policies. Money Laundering Reporting Officer (MLRO) role. Assist with NFI Output and the Herts FraudHub. Assisting with Payroll fraud matters including disciplinary investigations. Identify new fraud risks and fraud alerts across all Council services and providing a resource to support any investigation, reporting or risk assessment required from any emerging fraud or corruption.</p> <p>Training. Five fraud training/awareness events for staff/members in year delivered face to face/virtually/hybrid. Review and re-release of SAFS I-Learn training package on fraud/bribery/money laundering – accessible via the Councils intranet. Roll out of NAFN training and registration for appropriate services/officers.</p> <p>Procurement. Work with the Shared Procurement Service developing a bespoke risk assessment for fraud in procurement/contracts.</p>
Revenues and Benefits	<p>This work will be arranged with the Shared Revenue and Benefit Service hosted by the Council. Proactive training and awareness for management and front-line staff. Reactive investigations for housing benefit, council tax support/discount and business rate fraud. Support for single person discount review utilising 3rd party framework. Identify systems/processes/new developments to assist in recovery of debt created by fraud. Use of data-analytics to identify fraud/evasion of business rate liability and collection. Joint working with DWP where council tax support and other 'national' benefits are in payment.</p>
Housing Services	<p>This work will be arranged with the Councils housing services and in partnership with Clarion Housing Group, Catalyst Housing (now part of Peabody), B3Living and other housing providers with stock within the Councils area. Proactive training and awareness for management and front-line staff. Reactive investigations for Housing Application, tenancy fraud- including sub-letting or right to buy fraud, and misuse of temporary accommodation. Provide a focus on fraud risks affecting temporary accommodation costs. Review housing register to identify fraud risks and, where appropriate, investigate these.</p>

SAFS Key Performance Indicators (KPI) & Standards of Service.

SAFS will work to a set of KPIs agreed with senior officers and these targets will assist in delivering the Councils Anti-Fraud Plan. The KPI's can be found at **Appendix B** and will be reported to senior officers and Audit and Standards 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 via email/phone/weblinks.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Money Laundering.
4. A Money Laundering Reporting Officer service as laid out in the relevant Council policies.
5. Assistance in the design/review of Council policies, processes, and documents to deter/prevent fraud.
6. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
7. 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 datasets (and frequency) of the upload of these.
 - SAFS will work with Council officers to determine the most appropriate data-matching.
8. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
9. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA* and relevant Council policies.
10. 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 decide on any further sanctions/prosecutions.
11. 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.
12. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.
13. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.
14. SAFS will provide reports through the SAFS Board and to the Council's Audit Committee as agreed in the SAFS Partnership Contract.

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

Appendix A.

EHC / SAFS Action Plan 2023/2024			
FFCL Pillars	Objectives	Activities	Responsible Officer
Governance	Having robust arrangements and executive support to ensure anti fraud, bribery and corruption measures are embedded throughout the organisation.	Ensure the Councils Anti-Fraud and Corruption Strategy & Fraud Response Plan and associated policies to deter, prevent, investigate and punish acts of fraud or corruption are reviewed against latest best practice. Review and update the Councils Money Laundering/ Bribery/ Cyber-Crime Policies	Chief Executive / Monitoring Officer / S.151 Officer
		The Councils Audit & Governance Committee will receive reports during the year about the arrangements in place to protect the Council against fraud and the effectiveness of these.	Head of Internal Audit /Head of SAFS
		The Audit & Governance Committee and its Chairman, along with the senior management team, will ensure compliance with the latest best practice in the Councils anti-fraud arrangements including that published by CIPFA, NAO and LGA.	A&G Committee Chairman/ S.151 Officer / Monitoring Officer
		System/process weaknesses or risks revealed by instances of actual fraud will be fed back to departments/services with recommendations to manage/mitigate these risks. Reports will be shared with senior managers or the Shared Internal Audit Service (SIAS) to review outcomes and management response to recommendation.	Head of Internal Audit / Head of SAFS
		SAFS will assist the Council in providing its Fraud Data for the Transparency Code annually	Head of SAFS
		The Council will make it clear through its policies and codes of conduct for staff and Members that fraud and corruption will not be tolerated.	Monitoring Officer / Head of Human Resources
ACKNOWLEDGE	<p>Accessing and understanding fraud risks.</p> <p>Committing the right support and tackling fraud and corruption.</p> <p>Demonstrating that it has a robust anti-fraud response.</p> <p>Communicating the risks to those</p>	Inclusion of Fraud Risks and actions to manage/mitigate/reduce this in its Annual Governance Statement.	Risk Manager / Head of SIAS/ S.151 Officer
		The Councils Communication Team will publicise anti-fraud campaigns and provide internal communications to staff on fraud awareness	Head of SAFS/ Communications Mgr
		The Council and SAFS will provide fraud awareness & specific anti-fraud training across all Council services and implement E-Learning modules available for staff that is mandatory.	Head of HR / Head of SAFS
		The Council is a member of the Hertfordshire Shared Anti-Fraud Service (SAFS). Council Officers will ensure that the services provided by SAFS are appropriate and provide an effective ROI in both in terms of savings delivered and added value.	S.151 Officer
		Audits conducted by the SIAS will take account of known or emerging fraud risks when audit activity is being planned. The SIAS will report any suspected fraud to senior management and SAFS to review.	Head of SIAS
		All SAFS staff will be fully trained and accredited. SAFS will continue to work with the Cabinet Office to support the Counter-Fraud Profession.	Head of SAFS
PREVENT	<p>Making the best use of information and technology.</p> <p>Enhancing fraud controls and processes.</p> <p>Developing a more effective anti-fraud culture. Communicating its' activity and successes.</p>	SAFS will provide fraud alerts and new and emerging fraud threats to be disseminated to appropriate officers/staff/services.	Head of SAFS
		SAFS will work with all Council services to make best use of 3rd party providers such as NAFN, PNLG, CIPFA, CIFAS.	Head of SAFS
		Develop the Councils use of the Herts FraudHub and support Council officers with the output from NFI 2022/2023 Exercise	Head of SAFS/ S.151 Officer
		The Council, and SAFS, will seek to work with other organisations, including private sector, to improve access to data and data-services that will assist in the detection or prevention of fraud.	Head of SAFS/ S.151 Officer
		The SAFS Mgt will provide reports to the SAFS Board quarterly on anti-fraud activity across the Partnership and any learning to be shared with all Partners	Head of SAFS
		The Council will review data sharing agreements/protocols to ensure compliance with DEA & GDPR/DEA to maximise the use of sharing data with others to help prevent/identify fraud.	Monitoring Officer
		SAFS will work with the LGA and Cabinet Office to support the work of the Public Sector Fraud Authority.	Head of SAFS
PURSUE	<p>Prioritising fraud recovery and use of civil sanctions.</p> <p>Developing capability and capacity to punish offenders.</p> <p>Collaborating across geographical and sectoral boundaries.</p>	All fraud reported to the Council will be captured via SAFS fraud reporting tools (web/phone/email) for staff, public and elected Members. SAFS will work with officers to promote the reporting of suspected fraud by officers and the public.	Head of SAFS
		All investigations will comply with relevant legislation and Council Policies. Investigations will include civil, criminal and disciplinary disposals	Head of SAFS
		SAFS will use its case management system to record and report on all fraud referred, investigated and identified.	Head of SAFS
		Legal Service and debt recovery teams will seek to 'prosecute' offenders, apply sanctions and recover financial losses- supported by relevant policies.	Monitoring Officer/ S.151 Officer
		SAFS and the Councils Shared R&B Service will work with DWP to deliver joint investigations where fraud affects both council tax and housing benefit or other 'national' benefits'	Head of SAFS/ Head of R&B Service
SAFS will use its in-house expertise as well as external partners when considering the use of POCA, Surveillance or IT Forensics.	Head of SAFS		
PROTECT	<p>Recognising the harm that fraud can cause in the community.</p> <p>Protecting itself and its' residents from fraud.</p>	SAFS will provide reports and data to Fraud Champions on all anti-fraud activity as required by Council officers.	Head of SAFS
		Reports for Audit Committee on all Counter Fraud activity at the Council 3 times in 2023-2024	Head of SAFS / S.151 Officer
		The Council has in place measures to protect itself against cyber crime, malware and other potential attacks aimed at its IT infrastructure, with training for staff and elected members	S.151 Officer/ Head of IT
		SAFS will work with bodies including MHCLG/LGA/CIPFA/FFLB to develop anti-fraud strategies at a national level that support fraud prevention in local government	Head of SAFS

Appendix B.

SAFS KPIs - 2023/ 2024- EHC

KPI	Measure	Objectives	Reason for KPI
1	Return on investment from SAFS Partnership.	<p>Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.</p> <p>A. Meetings to take place with the Councils Head of Strategic Finance and Property, quarterly.</p> <p>B. Head of Strategic Finance and Property will sit on the SAFS Board that meets quarterly.</p> <p>C. Regular meetings to take place with Service Leads to agree and update local work plans.</p> <p>D. Reports on progress with any area of work covered by the SAFS Partnership Agreement will be provided on request.</p>	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	<p>A. 285 Days of counter fraud activity including proactive and reactive investigation work, data-analytics, training and fraud risk management (Supported by SAFS Intel/Management).</p> <p>B. 3 Reports to Audit & Governance Committee.</p> <p>C. SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings.</p>	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	<p>A. All urgent/ high risk cases will be responded to within 24 hours.</p> <p>B. All other cases 2 Days, on Average.</p>	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Added value of SAFS membership.	<p>A. Membership of NAFN & PNLD</p> <p>B. Membership of CIPFA Counter Fraud Centre and access to CIFAS/NCSC/AF/FFCL alerts, trends, best practice</p> <p>C. NAFN Access/Training for relevant Council Staff</p> <p>D. 5 Training events for staff/Members in year. (To be agreed with Service leads and HR)</p>	Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses.
5	Allegations of fraud received. & Success rates for cases investigated.	<p>A. All reported fraud (referrals) will be logged and reported to officers by type & source.</p> <p>B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers.</p> <p>C. SAFS will work with social providers across the Borough.</p>	This target will measure the effectiveness of the service in promoting the reporting of fraud & measure the effectiveness in identifying cases worthy of investigation.
6	Making better use of data to prevent/identify fraud.	<p>A. Support the output from NFI 2022/23 Council services.</p> <p>B. Membership and VFM from the Herts FraudHub in 2023/24.</p>	Build a data hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.

Appendix B.

KPI for SAFS 2023/24

	Not Started		Work Commenced		Work Ongoing		Complete or on Plan
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KPI	Objectives	Progress
1	<p>Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.</p> <p>A. Meetings to take place with the Councils Head of Strategic Finance and Property quarterly.</p> <p>B. Head of Strategic Finance and Property will sit on the SAFS Board that meets quarterly.</p> <p>C. Regular meetings to take place with Service Leads to agree and update local work plans.</p>	<p>A. SAFS Mgt have meetings planned throughout the year with Senior Mgrs/SL.</p> <p>B. SL invited to attend all SAFS Board meetings in 23/24.</p> <p>C. Meetings with R&B in place on regular basis.</p>
2	<p>A. 285 Days of counter fraud activity including proactive and reactive investigation work, data-analytics, training and fraud risk management (Supported by SAFS Intel/Management).</p> <p>B. Three Reports to Audit Committee.</p> <p>C. SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings.</p>	<p>A. 138 days recorded to December – 49%. More work is taking place in Q4 on NFI/FraudHub.</p> <p>B. Dates are booked in for Sep/Nov/Jan and A&G member training delivered in September.</p> <p>C. There is not enough visibility at Mgt Level of SAFS at EHC</p>
3	<p>A. All urgent/ high risk cases will be responded to within 24 hours.</p> <p>B. All other cases 2 Days, on Average.</p>	<p>A. Average at present is 3 days for all cases and we are unable to separate out urgent cases on the CMS .</p> <p>B. 3 Days at present.</p>
4	<p>A. Membership of NAFN & PNLD</p> <p>B. Membership of CIPFA Counter Fraud Centre and access to CIFAS/NCSC/AF/FFCL alerts, trends, best practice</p> <p>C. NAFN Access/Training for relevant Council Staff</p> <p>D. 5 Training events for staff/Members in year. (To be agreed with Service leads and HR)</p>	<p>A. SAFS has membership of PNLD which has been shared with EHC Legal. NAFN membership paid for by SAFS 23/24.</p> <p>B. SAFS/HCC member of CIPFA and CIFAS.</p> <p>C. NAFN service awareness to be shared across Council service areas for relevant officers</p> <p>D. SAFS still liaising with HR to finalise training programme for all staff</p>
5	<p>A. All reported fraud (referrals) will be logged and reported to officers by type & source.</p> <p>B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers.</p> <p>C. SAFS will work with social providers across the Borough.</p>	<p>A. Fraud reporting options available for staff and residents on the EHC webpage and intranet- This is linked to SAFS reporting tools. Further Comms on this to be developed internally and externally.</p> <p>B. All cases will be recorded on SAFS CMS</p> <p>C. Contracts in place with Clarion/Catalyst/B3Living/Settle.</p>
6	<p>A. Support the output from NFI 2022/23 Council services.</p> <p>B. Membership and VFM from the Herts FraudHub in 2023/24.</p>	<p>A. Access to NFI data and relevant systems arranged for SAFS officers. Output and matches reviewed</p> <p>B. Contracts with C/O signed. Data-upload schedules in place and data being loaded. Matches are being reviewed by SAFS and officers.</p>

Agenda Item 13

EHC- Audit & Governance Committee
SAFS Report
January 2024



East Herts Council

Audit & Governance Committee Report

Anti-Fraud Plan 2024/25

Purpose

- 1 This report provides members with details of the Councils Anti-Fraud Plan for 2024/25.

Recommendations

- 2 **The Committee is RECOMMENDED to:**
 - I. **Review and approve the Anti-Fraud Plan 2024/25.**

Background

- 3 Recent reports are used by SAFS and Council officers to ensure that the Council is aware of its fraud risks and finds ways to mitigate or manage these effectively wherever possible. These reports include:

Fighting Fraud and Corruption Locally a Strategy for the 2020's. The strategy focuses on the governance and 'ownership' of anti-fraud and corruption arrangements. The Strategy also identifies areas of best practice and includes a 'Checklist' to compare against actions taken by the Council to deter/prevent/investigate fraud. The checklist is maintained and reviewed by SAFS and officers.

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 and MHCLG.

UK Fraud Strategy 'Stopping Scams and Protecting the Public. The Government launched its latest strategy in 2023 aimed at bringing government and the private sector together to tackle fraud, the pursuit and punishment of fraudsters, providing more recognition of fraud and how to avoid it .

Lost Homes, Lost Hope. This paper, published by the Fraud Advisory Panel & Tenancy Fraud Forum in April 2023 uses previous data and research to estimate the current cost to local government of tenancy fraud along with the volume of fraud across the sector. The SAFS Partners have adopted the value of fraud loss used in this academic piece when reporting 'tenancy fraud'.

- 4 According to reports from CIPFA, National Audit Office (NAO), Cabinet Office, and the Private Sector, the risk of fraud across local government in England exceeds £2billion each year, with some more recent reports indicating levels considerably higher.
- 5 The Cabinet Office, Department for Levelling Up Housing and Communities (DLUHC), NAO, 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 vigilance in recognising fraud risks and the investment of sufficient resources in counter fraud activities.

- 6 It is essential that 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.
- 7 Members of this committee have received reports about how this service works closely with the Shared Internal Audit Service (SIAS) dealing with all aspects of fraud from prevention and deterrence to investigation and prosecution, working with services and Council staff at all levels.

Report

Anti-Fraud Plan 2024/25

- 8 The reports and papers mentioned at section 3 above and guidance from the NAO, DLUHC and the Local Government Association (LGA) recommend that organisations have effective and robust counter fraud and corruption measures. These measures require the acknowledgement of fraud as a tangible risk, policies, and procedures to deter and prevent fraud occurring and the provision of sufficient resources to investigate and recover losses caused by fraud. Above all an organisation should have a plan to protect itself against fraud.
- 9 Council officers and SAFS management develop and agree an **Anti-Fraud Plan** each year and the proposed plan for 2024/25 is presented at **Appendix B**.

The Plan and Fighting Fraud and Corruption Locally

- 10 The Anti-Fraud Plan has been developed over several years to meet the recommendations of the Fighting Fraud and Corruption Locally Strategy (FFCL) (**Appendix A**) by adopting the 'pillars' of Protect, Govern, Acknowledge, Prevent and Pursue.
- 11 The Plan identifies officers/members who will have a role in delivering it and SAFS will work with all concerned to ensure they understand their role both in delivering the Plan and supporting the FFCL strategy.
- 12 Members will note that this Committee has a role in ensuring key elements in the Plan are implemented and in monitoring the Councils anti-fraud work.

Counter Fraud Funding and Resources 2024/25

- 13 At pages 4 – 6 of the main body of the Plan (**Appendix B**) details are provided of funding on counter fraud in 2024/25.
- 14 Page 7 of the Plan includes reference to the SAFS KPIs for 2024/25 and the SAFS Standards of Service agreed.

- 15 SAFS will maintain its relationship with specialist third party providers and national networks to keep the Council informed of new and emerging fraud threats or changes to best practice that assist in deterring/preventing fraud and corruption.
- 16 SAFS will continue to work closely with Council officers working in those services mentioned in the Plan.
- 17 Regular reports will be provided to senior management and this Committee on progress delivering the Plan for 2024/25.

Appendices

The following appendices are attached to this report:

Appendix A - Fighting Fraud and Local Strategy for the 2020's.

Appendix B - East Herts Council - Anti-Fraud Plan 2024/25.

List of Background Papers - Local Government Act 1972, Section 100D

- (a) ***Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)***
- (b) ***Fighting Fraud and Corruption Locally- A Strategy for the 2020's (CIPFA/CIFAS/LGA 2020)***
- (c) ***Tackling Fraud in the Public Sector (CIPFA 2020)***
- (d) ***Code of Practice - Managing the Risk of Fraud and Corruption (CIPFA 2014)***
- (e) ***Fighting Fraud - Breaking the Chain. (Report of Session 2022-2023 House of Lords)***
- (f) ***HMG Fraud Strategy - Stopping Scams, Protecting the Public (May 2023)***
- (g) ***Lost Homes, Lost Hope. (Fraud Advisory Panel 2023)***

Fighting Fraud and Corruption Locally

A strategy for the 2020s

A response to economic crime and fraud



With support from:



This is the third Fighting Fraud and Corruption Locally Strategy, produced by local government for local government.

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Foreword

— Richard Watts



Since the first strategy was produced in 2011 councils have faced significant financial challenges. Councils have innovated, collaborated and prioritised in order to meet the financial challenge and to protect front line services. Tackling the threat of fraud and corruption has been and continues to be a cornerstone of protecting council finances and enabling them to maximise the value of every pound spent on behalf of local residents.

Every pound siphoned off by a fraudster is a pound that cannot be spent on services where they are needed. Councils need to be vigilant. Councils have a good record in countering fraud and the strategy contains numerous case studies and examples of successes.

As the strategy highlights, it is estimated that about one in three of all crimes committed nationally is fraud based and fraudsters are always seeking new ways to take money. The strategy also highlights that potential losses to fraud could run into hundreds of millions or even billions of pounds if preventative action is not

taken. Councils need to be agile and work together with national agencies and the Government to respond to new fraud threats, to prevent losses and to protect vulnerable people in our society. Collaboration to counter and prevent fraud is a theme running through the strategy.

The Fighting Fraud and Corruption Locally Strategy is an excellent example of how councils can come together for the overall benefit of local services and residents served. The strategy has been led by the Fighting Fraud and Corruption Locally Board. This Board has been described as “a coalition of the willing”. It is a group of senior multi-disciplinary experts from councils working together with partners, that work with the councils on counter fraud activities. The Board is currently chaired by a representative from the Society of Local Authority Chief Executives (SOLACE). The Board members and the organisations they come from all provide their expertise on a pro bono basis, for the benefit of the sector and to help counter fraud. The board is supported by the LGA. In carrying out the research to draft this new strategy, the board has run several workshops up and down the country that have been attended by representatives from more than 250 councils. The work of all these people is reflected in the strategy and our thanks are due to all of them.

The strategy outlines, outlines a governance framework for continuing national and regional collaboration on counter fraud under the Fighting Fraud and Corruption Locally umbrella. Section four of the strategy outlines a practical programme and checklist for individual councils to follow.

I am happy to endorse this strategy on behalf of the LGA and welcome it as an opportunity for councils to review and further improve their counter fraud work in the 2020s.

Cllr Richard Watts
Chair Resources Board, Local
Government Association
Leader Islington Council

Foreword

— Mike Haley



As the Chair of the Joint Fraud Taskforce I am delighted to support The Fighting Fraud and Corruption Locally 2020 strategy at a time when incidences of fraud and corruption are rising and there is an identified need for councils and their leaders to adopt a robust response.

Having worked as a fraud investigator I understand the importance of collaborative working and of having a structure and framework that guides and governs counter fraud and associated corruption activities.

Through working together and applying the principles of this strategy I am convinced that, perhaps for the first time, we have a model for true collaboration that is so important in identifying fraudsters, often organised groups, who seek to undermine and take financial advantage of systemic vulnerabilities and abuse those citizens in our community who are in themselves vulnerable.

I recognise the challenge that we all face in having to balance demands on resource across essential services at a time when funding is constrained. However, I also recognise the important role that local authorities and their frontline services play in tackling fraud and corruption that are a drain on those resources. Savings through enforcement and bringing fraudsters to justice can be used to support our social services and can build stronger and safer communities.

I am convinced that this strategy is an important step in tackling fraud and corruption that is so corrosive to society. In my role as Chair of the Joint Fraud Taskforce I welcome my local authority colleagues. By working together, I am convinced that we can deliver a step change in tackling fraud.

Mike Haley

Chair of the Joint Fraud Taskforce

The Joint Fraud Taskforce is a partnership between banks, law enforcement and government to deal with economic crime.

Executive Summary

Fighting Fraud and Corruption Locally 2020 is the updated counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top.

By using this strategy local authorities will:

- *develop and maintain a culture in which fraud and corruption are unacceptable*
- *understand the harm that fraud can do in the community*
- *understand their fraud risk*
- *prevent fraud more effectively*
- *use technology to improve their response*
- *share information and resources more effectively*
- *better detect fraud loss*
- *bring fraudsters to account more quickly and efficiently*
- *improve the recovery of losses*
- *protect those at risk.*

This strategy is aimed at council leaders, chief executives, finance directors and all those charged with governance in local authorities including those on audit committees and with portfolio responsibility. It is produced as part of the Fighting Fraud and Corruption Locally initiative, a partnership between local authorities and key stakeholders, and succeeds the previous strategies written in 2011 and 2016. It is not 'owned' by any one organisation but by the local authorities who have given time and support to develop it. Areas of focus for elected members, chief executives and those charged with governance are laid out in Section 4: The Local Response.

This partnership has been so successful it has existed since 2010 when the research and engagement first began.

Local authorities continue to face a significant fraud challenge and while the official figures are dated the argument about protecting funds and vulnerable people remains. The National Fraud Authority estimated local authorities face the threat of £2.1bn fraud in a year in 2013. In fact, the Annual Fraud Indicator produced by Crowe Clark Whitehill estimates that figure may be as high as £7.8bn in 2017, out of a total of £40.4bn for the public sector as a whole. The Government's Economic Crime Plan states that the numbers of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community. Fraud and corruption are a drain on local authority resources and can lead to reputational damage and the repercussions maybe far reaching.

Fraudsters are constantly revising and sharpening their techniques and local authorities need to do the same. There is a clear need for a tough stance supported by elected members, chief executives and those charged with governance. This includes tackling cross-boundary and organised fraud and corruption attempts, as well as addressing new risks such as social care fraud and cyber issues.

In addition to the scale of losses and potential losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities report that they are still encountering barriers to tackling fraud effectively, including lack of incentives, data sharing, information sharing and powers, but also that they require support from senior stakeholders and those in charge of governance.

These factors do present challenges. However, this strategy demonstrates the tenacity of local fraud teams in continuing to lead on innovation and collaborate and also that there is a network of local leaders willing to support this initiative. This strategy, then, is about creating a self-sustaining counter fraud response for the sector.

Review of 2016 Fighting Fraud and Corruption Locally Strategy

The previous two strategies focused upon pillars of activity that summarised the areas local authorities should concentrate efforts on. These were 'acknowledge', 'prevent' and 'pursue'.

These pillars are still applicable. During the research for this strategy they were supported as key areas by those who have input. However, another two areas of activity have emerged that underpin tenets of those pillars. These are 'govern' and 'protect'.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

Govern

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.

Acknowledge

Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

Prevent

Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat and protect themselves and the community.


The second new area that has appeared during the research recognises the increased risks to victims and the local community:

Protect

Protecting 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.



 **PROTECTING ITSELF AND ITS RESIDENTS**
*Recognising the harm that fraud can cause in the community.
 Protecting itself and its' residents from fraud.*

This strategy and its tools provide ways for local authorities to further develop and enhance their counter fraud response by ensuring that it is comprehensive and effective and by focusing on the key changes that will make the most difference.

Local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes – the six Cs – that emerged from the 2016 research:

- Culture
- Capability
- Competence
- Capacity
- Communication
- Collaboration

Many local authorities have demonstrated that they can innovate to tackle fraud and can collaborate effectively to meet the challenges. Indeed, many have identified that a reduction in fraud can be a source of sizeable savings. There are case studies and quotes through this document evidencing the good work that is already happening.

This strategy

- *recognises that fraud is not a victimless crime and seeks to protect the vulnerable from the harm that fraud can cause in the community*
- *calls upon senior management in local authorities to demonstrate that they are committed to tackling fraud and corruption*
- *calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment*
- *calls upon local authorities to work together to illustrate the benefits that can accrue from fighting fraud more effectively*
- *calls upon senior stakeholders to listen to the business cases on barriers put by local authorities in order to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers such as a lack of powers.*

Case Study

Birmingham City Council: Acknowledge Using data to tackle fraud

In the original Fighting Fraud Locally 2011 Birmingham City Council was cited as good practice for setting up a data warehouse and protecting public funds. BCC continues to put fraud at the top of the agenda.

BCC has used a well-established, sophisticated data warehouse to develop an automated programme of data matching that allows potential fraud and error to be detected within 24 hours. This has been particularly effective in identifying fraudulent claims for council tax single person discounts and fraudulent housing applications. In time BCC expects the process to reduce the amount of fraud or error requiring a formal investigation as it will have been prevented or stopped almost as soon as it began. As a result, services that are being provided incorrectly can be stopped quickly, thus helping to preserve resources and reduce the level of fraud and error.

“Local authorities must ensure they take the necessary steps to put in place a strategy which can deliver a response that protects itself and its residents. Councils need to commit adequate resources to support that work and also measure its progress against that strategy. Fighting Fraud and Corruption Locally provides the necessary tools and ideas to support that work.”

Trevor Scott, Chief Executive Wealden District Council

Introduction

This strategy document is aimed primarily at council leaders and other elected members, chief executives, finance directors and those charged with governance in local authorities.

As a result of lessons learned during previous incarnations this document contains the core strategy together with companion documents which provide more detailed guidance on its implementation which will be updated when necessary during the life of this strategy. In that way there will be live documents for practitioners to draw upon that will more readily reflect the ever changing fraud local landscape.

We recognise that pulling together practitioners and stakeholders to discuss these issues is a local authority exercise and detracts from day-to-day activity where there are limited resources in place. Therefore this strategy will cover from 2020 onwards supported by live companion documents.

The research for this strategy was carried out by local practitioners and board members.

The research was commissioned by the board and was coordinated by the secretariat.

The research consisted of:



The original Fighting Fraud Locally 2011 strategy was launched with a series of pilots and joint working, conferences and awards and was hugely successful. The workshops highlighted much work being done in local authorities that is commendable and can prevent fraud across boundaries. Therefore, as part of these fact-finding engagement exercises those that attended workshops were asked to offer activity to demonstrate the partnership as part of FFCL. Around 30 activities and events have been identified for 2020 that demonstrate some of the good practice found during the research for this document and show that local authorities continue to tackle fraud and corruption. It is intended that these examples will be used to kick-start momentum in the way that the 2011 strategy did. In addition a number of working groups have formed already to implement the recommendations.

The activity following the publication of FFCL 2016 was more limited. There was no formal local launch and limited board activity. Therefore some of the issues raised during that research still persist. Efforts have been made to redress this during the research for this strategy by setting in place activity to address those persistent issues.

Nevertheless it is clear that local authorities continue to tackle fraud, as evidenced in this strategy's case studies and by the appetite to take forward the issues raised during the research and in the good practice guides.

Several new areas were raised during the research as barriers to overcome and local authorities have already stepped up to join together to help tackle these barriers. As part of the engagement exercise working groups and local authorities are already in place to begin the work on these issues.

This document is divided into four sections:

Section 1

The Context

Sets out the nature and the scale of fraud losses, the argument for measurement and the key issues raised by stakeholders.

Section 2

The Strategic Response

Describes the response that is required from local authorities to address the challenges they are facing, identifying the activities necessary in order to achieve the strategic vision.

Section 3

Turning Strategy into Action – Delivery Plan

Sets out the recommendations and the framework for delivery.

Section 4

The Local Response – Appendices

Companion Annexes

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. These documents may be refreshed at any time during the life of the strategy. They are not part of the strategy but are further guidance that is changeable. Areas they cover include fraud risks, good practice and the counter fraud local landscape.

Section 1: The Context

a) The scale of fraud and corruption

It is accepted that fraud affects the UK across all sectors and causes significant harm.

The Office for National Statistics states that one in 16 members of the population is likely to fall victims. The Government's Economic Crime Plan 2019 states that the number of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

The last, most reliable and comprehensive set of local authority figures was published by the National Fraud Authority in 2013, and indicates that the fraud threat may have been costing the UK £52bn a year.

Within these figures the threat to local authorities totalled £2.1bn.

More recent estimates are higher. The Annual Fraud Indicator produced by Crowe Clark Whitehill estimated that figure may be as high as £7.8bn in 2017 of which procurement fraud was estimated as £4.3bn. This study estimated that the total threat faced by the public sector was £40.4bn.

“We do not have a wholly reliable estimate of the total scale of economic crime. However, all assessments within the public and private sectors indicate that the scale of the economic crime threat continues to grow.”

Economic Crime Plan 2019

The National Fraud Authority estimated public sector fraud (including local government) at £20.6bn in 2013.

The National Audit Office's Local Landscape Review 2018 estimated fraud at up to £20.3bn excluding local government.

The estimated losses for local authorities in 2013 are broken down in the following by identified fraud losses and hidden fraud losses:

Estimated Local Government Fraud Loss 2013

Fraud Type	Estimated loss
Housing tenancy fraud	£845m
Procurement fraud	£876m
Payroll Fraud	£154m
Council Tax fraud	£133m
Blue Badge Scheme misuse	£46m
Grant fraud	£35m
Pension fraud	£7,1m

Annual Fraud indicator 2013

These figures do not take into account the indirect costs of responding to and dealing with fraud and exclude some potentially significant areas of fraud loss. The fraud landscape has changed since 2013 as councils have introduced new ways of working and innovative responses to risks, while at the same time new areas of fraud risk have appeared.

Local authorities were sceptical about current publications on sector fraud figures and performance as there was a plethora of different numbers with no agreement or consensus. However, they remain keen to develop a consistent risk and performance methodology for the sector and for individual councils to estimate the potential risk they face on a consistent basis. Following the research for this strategy, a working group has been set up to develop methodologies for the sector to use.

b) The nature of the problem

In June 2019 the Government published its first Economic Crime Plan and included fraud and corruption in the definition.

The Government's Economic Crime Plan 2019

What is economic crime?

To help establish our partnership, we have agreed a common language across the public and private sectors regarding economic crime. We have used the following definition of economic crime to guide our efforts. Economic crime refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others. This poses a threat to the UK's economy and its institutions and causes serious harm to society and individuals. It includes criminal activity which:

- allows criminals to benefit from the proceeds of their crimes or fund further criminality

- damages our financial system and harms the interests of legitimate business
- undermines the integrity of the UK's position as an international financial centre
- poses a risk to the UK's prosperity, national security and reputation

1.12 This definition is broader than terms such as 'financial crime' or 'white-collar crime' to provide a holistic response to the following types of criminality:

- fraud against the individual, private sector and public sector
- terrorist financing
- sanctions contravention
- market abuse
- corruption and bribery
- the laundering of proceeds of all crimes

For the purposes of this strategy we have retained the terms 'fraud' and 'corruption' while recognising that they are part of a wider agenda. The strategy has not been re-titled 'Economic Crime'.

c) Issues raised by stakeholders

During the workshops and research a number of barriers to effective working were raised – the main issues raised are below. Participants were asked how they would solve these issues and there were many ideas and opportunities presented. Local authorities are keen to play a part and influence the outcomes. Therefore a working group has been set up for each of these areas to assess the evidence so far, collect any further evidence and to report into the secretariat for the FFCL Board to consider. There is evidence to create an FFCL operational group from the current FFCL representative network. Further detail on how this will operate will be in the live Delivery Annex.

Recommendation: A single regional FFCL operational group should be formed from the existing FFCL regional representatives.

Fraud measurement

While recognising that the repercussions of fraud are wider than financial it is important that councils have an up-to-date estimate of what the figures and areas of risk appear to be. There are a number of different methods of calculating fraud losses, and these vary across regions. Moreover the fraud priorities differ across regions. External organisations present figures to the sector but there is little or no ownership of these within local authorities. Local authority attendees raised this lack of independent analysis and free benchmarking to look at areas in deep detail rather than reported figures on numbers of referrals or cases detected. Local authorities could use this analysis to make the business case to tackle fraud, understand fraud issues more closely and see a more detailed picture across boundaries.

Recommendation: A working group on measurement should be formed to develop a consistent risk and performance methodology for the sector.

Local authorities have agreed to work together to build a set of figures for use as an indicator of actual losses, prevention measures and fraud areas. In addition this group will look at the area of benchmarking. This work is underway and the working group is now formed and is in place.

Powers

Local authorities welcomed the introduction of the Prevention of Social Housing Fraud Act (PSHFA) and reported that it had improved accessibility to information and intelligence.

However, some issues on powers that had been raised previously had not been taken forward by any parties, as the PSHFA, had and have been exacerbated by

Case Study

An employee responsible for managing Ipswich Market and collecting stall rent from traders was prosecuted for theft of cash collected. The council's finance team identified an irregularity when it attempted to reconcile income received to income due. The theft was valued at £33,376 and totalled 91 thefts. The employee was given an 18-month prison sentence suspended for two years and ordered to carry out 250 hours of unpaid work in the community.

He was also ordered to pay £14,000 compensation to Ipswich Borough Council at the rate of £400 a month.

new fraud areas such as social care fraud where local authorities report it is difficult to obtain information. During the research local authorities have provided a number of examples across service areas where they cannot obtain information or access organisations in order to progress investigations.

There are a number of potential avenues to resolve these issues and local authorities have themselves suggested opportunities to resolve these. These issues need to be explored further to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud investigations. This will then enable the sector to lobby for the additional powers required.

Recommendation: A working group on powers should be formed.

Local authorities have agreed to work together to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud activity and identify what additional powers are required, what forms that should take and to examine the suggestions that have been collated. This evidence should then be used to lobby government to grant additional powers required. This recommendation is underway and the working group is now formed and is in place

Incentives

Local authorities welcomed the Counter Fraud Fund in 2015 which had been distributed by the then Department for Communities and Local Government

This fund was a one-off and there were good results that are detailed on the Local Government Association Counter Fraud Hub page. However, many local authorities did not have the opportunity to bid and some had lost resources. Local authorities reported that they did not have funds to set up dedicated teams or undertake proactive work, and offers of technology were expensive and often duplicated existing offerings. Local authorities have made some suggestions about ways in which counter fraud activity may be funded. Local authorities have put together ideas on what types of incentives could support improved activity.

Recommendation: A working group on incentives should be formed.

Local authorities have agreed to work together to indicate where incentives may be required from Government and what forms they may take and to examine the suggestions that have been collated in the research.

The working group is now formed and is in place and the work is underway.

Data analytics and matching

A number of data related initiatives exist which local authorities may take part in for example, counter fraud hubs. At the majority of workshops it was said that there is inconsistent advice, high pricing, lack of discussion with suppliers and difficulty filtering out what is useful from what is not. The National Fraud Initiative has two products which were highlighted as useful and these are the Fraud Hub and AppCheck. It was also reported that there were issues with data quality, data standards and a lack of quality assurance about products.

Recommendation: A working group should be formed to review existing data related initiatives available to local authorities and recommend best practice or new ideas.

Local authorities have agreed to form a working group to look at the area of data. A number of ideas have been put together and the group will consider these and what further activity is required. This group will need to decide what is in scope for this work as the issues raised are varied. This recommendation is underway and the working group is now formed and is in place.

Social care issues

At most workshops the area of social care fraud was raised. Social care fraud harms the community and vulnerable individuals who are unable to detect scams or fraud and are often unable to report them. Sometimes abuse of funds by family members or carers complicates the situation. This can include financial abuse of vulnerable persons, not just direct payments and personal budgets.

This area of fraud has emerged as a growing risk since the last strategy was published. The impact of this risk on already stretched social care services and budgets is potentially very significant. For this reason, organisations with relevant skills together with those local authorities that have developed good practice have offered to support work in this area of risk. Our research also highlighted a number of ideas about identifying and tackling some systemic vulnerabilities in this area. Local authorities should ensure fraud strategies are aligned with safeguarding responsibilities to ensure we actively protect the most vulnerable in our communities. Close working with social care teams will be required with joint approaches and planning.

Recommendation: A working group on social care fraud should be formed to look at how local fraud strategies should align to local authorities' safeguarding responsibilities as well as to identify best practice in countering risks relating to social care fraud.

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these and what further activity is required. This recommendation is underway and the working group is now formed and is in place.

“Investing to prevent fraud should be one of the early steps in building your counter fraud response. The repercussions of fraud can be far reaching. We have a duty to protect residents in our communities from fraud and we should work in collaboration with officers across the council and partner agencies to prevent fraud and safeguard the vulnerable. Fraud is not a victimless crime”.

*Clive Palfreyman, Executive Director Finance & Resources
London Borough of Hounslow*

d) The themes

In FFCL 2016 a number of themes were identified and while those are still relevant and supported during the research one in particular stood out: collaboration.

Collaboration

There is an appetite for collaboration across the sector and geographically. However, it does not apply solely to local authorities. There is a need for collaboration across sectors, local law enforcement and with suppliers and external organisations.

The current FFCL regional representatives' network functions well. However, there is still a gap where information does not flow. There are also links to law enforcement and both national and local bodies which if they were stronger would help support the fight against fraud. Some councils already participate in regional bodies that could easily be better connected. There is overwhelming support for the idea of more formal FFCL-linked groups. Local authorities requested FFCL regional group.

There is also the possibility of exploring the principle of placing an obligation on partner bodies to share information to assist the detection and prevention of fraud even if the fraud is not against the sharing body.

Furthermore, local authorities reported the need to be more formally linked into the national law enforcement bodies. During the research a number of issues and patterns appeared in workshops that have been raised with enforcement; this demonstrates the merits of a joined-up approach. The Chief Executive of Cifas currently chairs the Joint Fraud Taskforce as well as sitting on the FFCL board and this has enabled Cifas to raise issues with the National Economic Crime Centre about local authorities' fraud risks. Local authorities requested support for better links to the major bodies in enforcement.

It was noted that where support was offered from outside the sector this could lead to a lack of 'ownership' by local authorities and that, had they been consulted or asked to contribute, products and services might have had better take-up. In particular, the cost of external support was raised several times as a barrier to take-up.

Recommendation: A single FFCL regional operational group should be created using the existing network that can link to relevant boards and enforcement.

Activity

During the workshops local authorities agreed to join the existing FFCL regional groups with a representative who is able to form part of a regional FFCL operational group supported by an FFCL Strategic Advisory Board (the current FFCL board).

The North East Regional Investigations Group will form a pilot and link to wider local law enforcement. This has been agreed with that region and is in place.

The new FFCL Strategic Advisory Board should have a dotted-line link into the Joint Fraud Taskforce, which will give access to the main players in local law enforcement.

There is further detail on this in the Delivery Plan Annex with a diagram that outlines how operational issues may flow upwards. The new FFCL regional operational group should be initially chaired by one of the local authority experts from the FFCL Strategic Advisory Board.

Organising ourselves – a collaborative governance model

Local authorities involved in the workshops realised the need for a strategic board and were pleased that the FFCL board had been in place since 2010 with oversight and had stood the test of time. It was also noted that the board had changed in role several times as had the membership. The original board had been very active, the second board had been more of an oversight body and the current board was wider but less visible. Attendees at workshops raised questions regarding the governance of FFCL, the route for selection to the board and the seniority and expertise of the board.

Further detail is included in the Delivery Plan Annex

Attendees appreciated the support from the firms and private sector and did not object in any way to these board members. In particular, the rebuilt secretariat and the support for the conference and awards in 2019 were noted, as was Mazars' free support on toolkits.

Recommendation: It is recommended that a review of governance takes place in respect of the role of the current board in light of the FFCL regional operational group and links to the Joint Fraud Taskforce.

Further recommendations are detailed in the Delivery Plan Annex.

Case Study

The first social care fraud prosecuted by Veritau and City of York Council

Veritau investigated following a referral from a member of the public. This is the first prosecution of a social care fraud by the council's legal department and an area of development for the counter fraud team. Several prosecutions for social care fraud have been achieved before, but these were jointly investigated by the police and taken to court by the Crown Prosecution Service.

The defendant was the financial representative for his mother who received social care support funded by City of York Council. The council funded his mother's social care, and he failed to inform them when his parents' property sold in 2014. He subsequently lied about this on a financial assessment form. The £86,000 has been paid back to the council in full. Information was received that his parents' property had been sold in 2014 for £200,000 and he had not declared this to the council in an attempt to avoid paying for his mother's care fees. The investigation found that on two separate occasions in 2015 he informed the council that his parents were still joint owners of the property and that his father lived there. In a financial assessment for social care funding, jointly owned properties are disregarded if a family member continues to live there.

The counter fraud team worked alongside financial investigators from the council's trading standards team, who were able to obtain financial information which showed that £198,000 from the house sale was deposited into the son's bank account. This money should have been taken into account for his mother's social care funds, meaning that the council would not have had to pay £86,000 out of the public purse. As a result of the two teams working together, the man was billed and the entire loss has now been repaid to the council.

He pleaded guilty to two charges of fraud by false representation at York Magistrates' Court on 8 October 2019. The case was referred to York Crown Court for sentencing on 19 November where he received a 20-month suspended sentence and was ordered to do 80 hours of unpaid work. He was also ordered to pay court costs of over £1,100 and an £80 victim surcharge. When sentencing, the judge said that a significant factor in mitigation was that he had already repaid the £86,000 to the council.

e) Fraud risk areas

The research has highlighted the following types of fraud risks. These frauds are expanded on in the companion documents and the list below is a brief description:

Fraud risks raised in the research

<i>Social care fraud: personal budgets and direct payments</i>	overstatement of needs through false declaration, multiple claims across authorities, third party abuse by carer, family or organisation, posthumous continuation of claims
<i>Schools</i>	most issues that were raised in the workshops were also raised as issues for schools. This area did not feature in FFCL 2016
<i>Right to buy</i>	fraudulent applications under the right to buy/acquire
<i>Money laundering</i>	exposure to suspect transactions
<i>Commissioning of services</i>	including joint commissioning, joint ventures, commercial services, third sector partnerships – conflicts of interest, collusion
<i>Tenancy</i>	fraudulent applications for housing or successions of tenancy, and subletting of the property
<i>Procurement</i>	tendering issues, split contracts, double invoicing
<i>Payroll</i>	false employees, overtime claims, expenses
<i>Identity fraud</i>	false identity/fictitious persons applying for services/payments
<i>Council tax</i>	discounts and exemptions, council tax support
<i>Blue Badge</i>	use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees
<i>Grants</i>	work not carried out, funds diverted, ineligibility not declared
<i>Business rates</i>	fraudulent applications for exemptions and reliefs, unlisted properties
<i>Insurance fraud</i>	false claims including slips and trips
<i>Disabled facility grants</i>	fraudulent applications for adaptations to homes aimed at the disabled

“Fraud has not disappeared: it is ever present, evolving and affects the funding that is needed for frontline services. In many public sector bodies it is still an area where there is significant underinvestment, because they are not recognising the extent of the epidemic and seeing other priorities, particularly around service delivery, as more important. As fraudsters evolve, we must too. To these ends, through collaboration and intelligence sharing with a fraud prevention specialist service, we are ensuring that cases of fraud are not replicated across our partnership, mitigating controls are put in place and offenders are dealt with appropriately. Through our proactive intelligence-led approach we are taking steps to ensure the public purse is protected from all fraudulent activity.”

David Hill, Chief Executive South West Audit Partnership

Concessionary travel schemes – use of concession by ineligible person, including freedom passes

No recourse to public funds – fraudulent claims of eligibility

New responsibilities – areas that have transferred to local authority responsibility

Local Enterprise Partnerships – partnerships between local authorities and businesses. Procurement fraud, grant fraud. All LEPs should now be incorporated, with a local authority as accountable body, in a more formal and regulated relationship. Key issues are LEP governance, procedures for allocating/prioritising grants

Immigration – including sham marriages. False entitlement to services and payments

Cyber-dependent crime and cyber-enabled fraud – enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.

However, during the research for this strategy it has become clear that some frauds have become more prevalent and that some risks have reduced. In addition, fraud risks were raised at several workshops about money laundering, suspicious activity reports and risks attached to local authorities becoming more commercial.

The details of these risks are included in the companions as these are seen as changing areas that may need frequent updating.

While the direct consequences of fraud may be financial and reputational loss there are wider impacts that surround the harm to victims locally and the harm in the community. Local authorities have raised a number of issues about protecting the vulnerable from fraud and this spans a large area. There are also other stakeholders in this local landscape who offer support to victims, have developed networks and done deeper research. A large number of volunteers have come forward from the workshops with good practice and a willingness to collaborate to prevent and tackle these issues. The main fraud risk area that has drawn attention is social care fraud. However, there are other frauds that may merit scrutiny.

Activity

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these, what further activity is required and if any wider work can be done.

Economic Crime Plan 2019

Economic crime touches virtually all aspects of society. Economic crimes range across the full breadth of criminality, ranging from low-level frauds through to sophisticated cyber-enabled market manipulation. Fraud is now the second most common crime type in England and Wales, with nearly every individual, organisation and type of business vulnerable to fraudsters.

f) Counter Fraud Capacity, Competence and Capability

In FFCL 2016 themes were identified in the areas of capacity, competence and capability as part of the 6Cs – see page 23. These issues still exist.

Despite the challenge around capacity, competence and capability and lack of dedicated resource it is clear that activities to tackle fraud across the sector are being pursued and having a positive impact. But demand and growth in the number of incidents of fraud reported nationally mean local authorities must focus on areas of fraud that they identify as posing greatest risk and adverse impact on their organisations and the vulnerable. Working collaboratively and sharing resources should be encouraged and the FFCL regional board should undertake an analysis of which local authorities may benefit from support and how this might happen.

Many local authority practitioners reported that their capacity to tackle fraud and corruption had been reduced as a result of austerity-related local authority funding reductions. In addition several workshops were attended by shared service representatives and reported that non-attendees no longer had counter fraud resources. In one workshop it was noted that eight councils did not have any resource but that a colleague in the revenue department of a neighbouring authority had been 'helping out' across them. There are also situations that require collaboration: for example, a district council pursues council tax and business rates fraud, but the main beneficiaries are the county council and the Government.

In many cases practitioners also reported that some of the skilled investigation resource had been transferred to the Department for Work and Pensions and had not been replaced. There were large disparities in respect of numbers of staff and skills.

Local authorities reported that their staff did not always have the skills or training to tackle fraud and corruption. Many attendees were skilled and qualified. It was also clear that because a number of local authorities did not have access to a team they were not covering the full range of fraud activities. In contrast the workshops were well attended by experts who, while overloaded, were attempting to tackle all frauds but with one hand behind their backs. Very often they said they would be pleased to assist neighbouring councils but had no contact or requests. The FFCL regional board may assist with this and what support can be given.

In addition there were some parts of the country where the teams were not up to date with current local landscape issues or activities that would benefit them in their roles. At the FFCL 2019 conference questions were raised about free access to tools and

good practice and it was agreed to hold this in the Knowledge Hub, which is an independent, free tool that many local authorities already use. In addition some local authorities already have small networks in the Knowledge Hub that they could link to the FFCL pages. The Knowledge Hub has been open for FFCL since the summer and now contains the archive documents as well as details about other current issues.

Adult care services successful prosecution and repayment in full of fraud loss

The subject of this investigation was the husband of a Hertfordshire County Council service user in receipt of financial support to pay for daily care. He completed the financial assessment forms on behalf of his wife but failed to declare ownership of residential property that was rented out in the private sector.

The allegation originated from a social worker who had a 'gut feeling' that the couple had a second home and referred to matter to Herts' shared anti-fraud service.

The investigation found that the couple jointly owned three properties in addition to their residential home. All three properties were rented out and held equity.

The husband was interviewed under caution where he accepted ownership of the properties but denied any wrongdoing, stating that there was no capital in any of the additional homes and that he had been struggling financially since his wife became ill. As part of the enquiries conducted by the team a fourth property was identified abroad.

On 1 July 2019 at Luton Crown Court, he pleaded guilty to all three counts of fraud by false representation. He was sentenced to two years in prison, suspended for two years. The judge adjourned any financial sanction until the confiscation order was completed. A service decision was made in that had the financial assessment form been completed correctly and the additional property declared, the service user would have been deemed a self-funder and received no financial support for care. Therefore the loss to HCC was calculated as £75,713 and a future saving of £1,166 per week (£60,632 per year) was recorded.

The loss including interest was calculated to be £89,141, which he has paid in full.

Case Study

Collaboration on Protect and Pursue

A man was sentenced to 18 months' imprisonment, suspended for 18 months, after forging documents when applying for disabled persons' freedom passes and disabled persons' Blue Badges.

He was found guilty of 12 offences - nine at Brent, Enfield and Haringey councils. He then pleaded guilty to a further three charges of forgery at Waltham Forest Council.

A lengthy investigation, led by Brent Council's fraud team, discovered that the subject used fake birth certificates, utility bills and medical certificates to falsely present himself and others as disabled.

Brent Council worked with the other three local boroughs, who carried out their own thorough and professional investigations with Brent's support, to join up the charges that resulted in the successful verdict.

For the Brent, Enfield and Haringey offences he was sentenced to 18 months' imprisonment per offence for these nine offences to be served concurrently. The sentence was suspended for 18 months.

The man was sentenced to 12 months' imprisonment for each of the three Waltham Forest offences. This was also suspended and will be served concurrently with the 18-month sentence. He also needs to complete 20 hours of a rehabilitation activity requirement order.

Culture

Some local authority practitioners reported that senior managers were finding it difficult to dedicate sufficient time to demonstrate their support for counter fraud activities due to a focus on other priorities such as meeting budget savings targets and maintaining key services to residents.

This was considered to have a negative effect upon performance, and was associated with counter fraud work having a low profile and the benefits of counter fraud work not being fully appreciated. Appendix 1 details what senior officers and members should focus on.

There is reluctance in some cases to report identified fraud, for example in press releases, for fear of presenting a negative impression of an authority. Reporting of successful outcomes is a powerful tool in prevention and deterrence.

It is important to embed a counter fraud culture and this requires a focus and leadership from the top. This requires having an appropriate resource in place. There is a role for the audit committee to challenge activity, understand what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

Collaboration

Local authority practitioners demonstrated an appetite for working more formally across local authority boundaries and with other agencies, departments and the private sector. They reported a range of difficulties in securing progress to working together.

Examples included counter fraud work not being consistently prioritised across the sector, lack of financial incentives to make the business case to collaborate, local lack of understanding of data protection rules, and lack of funding.

They also reported an appetite for innovative use of data and wider data sharing, but had encountered barriers to this or made very slow progress.

Local authorities further reported that they found it hard to get the police involved in their cases and that they did not receive feedback on cases from crime reporting hotlines.

During the research a number of incidents were highlighted that demonstrated patterns of activity, organised fraud and money laundering. These issues have been acted upon. However, it is important that local authorities have access to routes where they can report these matters. Local authorities are the eyes and ears of the community and have a wealth of data that can help other local law enforcement if legally

accessed but this communication is not happening everywhere. This collaboration would support the fight against serious and organised crime. If the recommendations about links between the operational board and the JFT are agreed this will start to resolve some of the issues in this section.

Recommendations:

The external auditor should highlight FFCL and its appendices to the audit committee in the annual report

The regional network should continue use the Knowledge Hub as a free, independent, non-commercial confidential space to share information. When it is live the secretariat should hand it to the FFCL operational board.

Local authorities should partner with neighbours and engage in regional networks and should consider sharing resources and expertise. The FFCL operational board should take the lead on this.

While this strategy covers fraud and corruption, no instances of corruption were raised at the workshops though it was clearly considered alongside fraud in local strategies. The Ministry of Housing, Communities and Local Government has conducted research on procurement fraud and corruption that will be added to

the live FFCL documents.

“Working in partnership has allowed the Veritau member councils to establish a dedicated corporate fraud team. The team offers each council access to fraud investigators with specialist knowledge of the fraud risks facing local government. The team has also helped each council to recover significant fraud losses, particularly in new and emerging areas like adult social care.”

Max Thomas, Managing Director Veritau

Case Study

Devon Audit Partnership

A social housing local landlord alleged that Mr P was potentially subletting his property illegally to an unentitled third party. Mr P was already in the process of applying for the right to buy his social housing property.

The subsequent investigation revealed evidence that Mr P's friend was subletting the property from him and had been for at least two years. It also confirmed that Mr P was living in a private rented property with his girlfriend less than two miles away.

Mr P constantly denied the allegations. However, at his interview under caution with the DAP counter fraud services team, after repeatedly lying, he admitted the overwhelming evidence proved he was letting his friend live at his social housing property but denied that he had done anything wrong.

Mr P was subsequently prosecuted and pleaded guilty at that point to two offences contrary to:

Prevention of Social Housing Fraud Act 2013 – in relation to the dishonest illegal sublet of a social housing property

Fraud Act 2006 – in relation to the dishonest attempt to fraudulently obtain a £39,600 discount on his right to buy.

Mr P was sentenced to 160 hours' unpaid work for each charge and ordered to pay Plymouth City Council £750 towards its costs. Judge Darlow stated at the end of the case: “It was fraud [and] the decision by Plymouth City Council to prosecute is to be applauded.”

Section 2: The Strategic Approach

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements to foster and improve collaboration across boundaries.

The recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support and leadership across all levels of local

government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

The key principles are laid out in the pillars and themes:



Govern

The bedrock of the strategy is that those who are charged with governance support the activity by ensuring that there are robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation. Beating fraud is everyone's business. The internal arrangements that are put in place should be communicated throughout the organisation and publicly available to demonstrate the culture and commitment to preventing fraud.

Without exception the research revealed an 'ask' that those charged with governance be directed to the strategy and that this become a key element. During the research for FFL 2011 and 2016 it was requested that some key points be laid out for those charged with governance in local authorities to make it simple for them to ensure fraud was being tackled. This request was repeated on numerous occasions during the workshops for FFCL 2020. Some basic questions are laid out at the end of the strategy in Appendix 1.

The supplements to this strategy lay out some key stakeholders, their roles and the areas that they should consider when evaluating the counter fraud efforts in their organisations.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

Acknowledge

In order to create a counter fraud response an organisation must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource to tackling fraud.

This means undertaking a risk assessment of fraud areas and vulnerabilities and then agreeing an appropriate resource. Not every local authority requires a large team but they should have assessed the risk, have a plan to address it and have access to resources with the right capabilities and skills.

Prevent

Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Local authorities should set in place controls to prevent fraudsters from accessing services and becoming employees. It is nearly always more cost-effective to prevent fraud than to suffer the losses or investigate after the event.

The technology to establish identity, check documents and cross-check records is becoming cheaper and more widely used. Controls should apply to potential employees as well as service users. If someone lies about their employment history to obtain a job they are dishonest and it may not be appropriate to entrust them with public funds. In any case they may not have the training or qualifications to perform the job to the required standard.

Case Study

Fraud Hub Hertfordshire County Council

Hertfordshire County Council and a number of its neighbouring authorities are taking the next step to protect themselves by sharing intelligence in a newly formed FraudHub from the National Fraud Initiative to ensure they can reveal the full extent of fraudulent activities within their region.

Results so far have been extremely positive for Hertfordshire with over...

- *3,000 Blue Badges cancelled*
- *3,000 concessionary travel passes being revoked*
- *120 LG pensions or deferred pensions stopped*
- *182 Direct Payments or personal budgets for adult care being stopped/reduced or reviewed*
- *15 residential care placements being cancelled*
- *23 payroll discrepancies being subject to further investigation*
- *50,000 customer records removed from database alone using mortality data*
- *More than £5m in estimated savings in its first 12 months*

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response on sanctions and collaboration.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat.

A further theme has appeared during the research to link with the government strategy but also recognising the increased risks to victims and the local community.

Protect

Protecting 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 cyber-crime and also protecting itself from future frauds. This theme lies across the pillars of this strategy.

From the research it is clear that a large number of local authorities use the FFCL initiative as a basis for local plans. Some local authorities have embedded the pillars into operational work. An example of how this has been done is included in the Annexes.

Case Study Pursue

Subletting Case Study Westminster City Council – unlawful profits

The council investigated following an anonymous tipoff that the tenant of a council property was not using the address as required by their tenancy and was profiting from the short-term letting of the property using Airbnb.

Searches of Airbnb carried out by the investigator found the property, which is a studio flat, advertised as a whole property with over 300 reviews. The council investigator found that even though the listing was not in the tenant's name, some of the reviews mentioned the tenant by his name, thanking him for his advice and local restaurant recommendations.

The council obtained the tenant's bank statements under the provisions of the Prevention of Social Housing Fraud Act using the authorised officer service provided by the National Anti-Fraud Network. The investigator subsequently found credits totalling over £125,000 covering four years.

All payments were credited from Airbnb, PayPal or Worldpay. When investigators visited the property they found a man at the premises who denied being the tenant even though his appearance matched the tenant's description. The next day the adverts had been removed from Airbnb but the investigator

had already retrieved and saved copies.

The tenant failed to attend several interviews under caution, but when possession action began his solicitors asked for a further opportunity for their client to be interviewed under caution to provide an account of events. This was agreed but again the tenant failed to attend the interview. Having applied the Code for Crown Prosecutors to the facts of the case and the defendant's personal circumstances, criminal action was not taken.

At the possession hearing, the District Judge said the Airbnb evidence was strong and that there was no distinction between 'short-term let' and subletting the home. The judge found in favour of the council. At an unsuccessful appeal hearing the judge agreed to the council's unlawful profits order of £100,974.94 – one of the highest that has ever been awarded to the council.

The tenant has now been evicted from the property.

Fighting Fraud and Corruption Locally – embedding the pillars

Durham County Council's counter fraud and corruption team has embedded many of the themes to create a robust approach. They have set up partnerships across sectors and regions, created a data hub and used the FFCL strategy to inform all of their work. The audit committee has supported the team and attended the FFCL awards in 2019.

DCC believes the best defence is to create a strong anti-fraud culture based on zero tolerance to deter fraud from being committed. It has reinforced this with a new corporate fraud sanction policy.

Norwich City Council adopted the FFCL pillars into its anti-fraud and bribery strategy in 2017 with the additional pillars of governance (similar to the NHS model). This has had a positive response from council executives and members including the audit committee. The annual report contains a RAG-rated review against the criteria set out in the local strategy and an activity plan based on the criteria each year to demonstrate progress and highlight areas to focus on.

A more detailed explanation of these is in the Annexes.

The Themes – Six Cs

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. In the 2016 Strategy six themes were identified and during the research the workshop attendees were keen that these remain part of the strategy document.

Local authorities should consider their performance at a minimum against each of the six themes that emerged from the research conducted. To ensure this is effective and proportionate local authorities should benchmark this information where possible.

The themes are:

Culture – creating a culture where fraud and corruption are unacceptable and that is measurable

Capability – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate

Capacity – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance

Competence – having the right skills and standards commensurate with the full range of counter fraud and corruption activity

Communication – raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes

Collaboration – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

Making the business case:

Investing in counter fraud activity –

Local authorities should pursue opportunities to invest in counter fraud and corruption activity in order to generate savings by preventing and recovering losses.

Local authorities do not, as a rule, explicitly budget for fraud losses (the exception to this is housing benefit, where subsidy losses are budgeted for). However, estimates of local authority losses demonstrate that there is a significant problem, and therefore a significant opportunity for local authorities.

Local authorities should seek to assess their potential losses and measure actual losses in order to make the business case for investing in prevention and detection. In many cases there is an existing business case based upon the experience of other local authorities. For example, the prevention and detection of fraud perpetrated in income areas such as council tax is now widespread and offers higher tax revenue which can be recovered through existing, efficient collection systems. However, each local authority will need to make its own case as fraud risks will vary significantly depending on location, scope, and scale of activities.

The moral case – fraud and corruption in local authorities are unacceptable crimes that attack funds meant for public services or public assets.

The result is that those in genuine need are deprived of vital services. Fraud and corruption are often linked with other criminal offences such as money laundering and drug dealing. Local authorities have a duty to protect the public purse and ensure that every penny of their funding is spent on providing local services. More often than not, in doing so they achieve wider benefits for the community. For example, adult social care sits within the precept for council tax and reducing fraud in this area means that taxpayers' money is protected and is an incentive.

Case Study

An interim manager hired vehicles for personal use covering at least nine different vehicles and costing more than £18,000. The fraud included various invoice frauds for gardening services and over £20,700 paid to the interim manager's account.

In total the interim manager's actions resulted in monies, goods or services with a total value of £60,882.16 being ordered or obtained at a cost to the council from seven suppliers, including false invoices purporting to be from a gardening company.

Thirty-one fraudulent invoices were introduced by the interim manager totalling over £48,000 and were processed, authorised and paid using the council's systems. A further eight invoices totalling

more than £7,000 were subsequently authorised by the interim manager's line manager for liabilities incurred by the interim manager. Employee purchase cards were used to pay for goods worth over £1,270 and the interim manager personally benefited by £4,000 from the compensation payment and over £20,780 from the fraudulent invoices he submitted from the gardening company.

The fraud was discovered via a whistleblowing referral to audit services

The council's investigation found that the maintenance company with the same bank account as the interim manager's company did not exist. The council's audit services department led an investigation with the police to take the matter to Birmingham Crown Court where the interim manager pleaded guilty to Fraud Act offences. He was sentenced to three years' imprisonment on 25 September 2019.

Section 3: Turning Strategy into Action

The Delivery Plan

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements and foster and improve collaboration across boundaries.

The set of recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support across all levels of local government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

Further details on governance and recommendations are in the Delivery Plan Annex.

Section 4: The Local Response

Appendix 1

What should senior stakeholders do?

The chief executive

1. Ensure that your authority is measuring itself against the checklist for FFCL
2. Is there a trained counter fraud resource in your organisation or do you have access to one?
3. Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?

The section 151 officer

1. Is there a portfolio holder who has fraud within their remit?
2. Is the head of internal audit or counter fraud assessing resources and capability?
3. Do they have sufficient internal unfettered access?
4. Do they produce a report on activity, success and future plans and are they measured on this?

The monitoring officer

1. Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?
2. Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?

The audit committee

1. Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work
2. Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured
3. Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud
4. Should support proactive counter fraud activity
5. Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

The portfolio lead

Receives a regular report that includes information, progress and barriers on:

- The assessment against the FFCL checklist
Fraud risk assessment and horizon scanning.

Appendix 2

FFCL Checklist

- The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.
- The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.
- There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.
- The relevant portfolio holder has been briefed on the fraud risks and mitigation
- The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources
- There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.
- The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.
- Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.
- Successful cases of proven fraud/corruption are routinely publicised to raise awareness.
- The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.
- The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
 - codes of conduct including behaviour for counter fraud, anti-bribery and corruption
 - register of interests
 - register of gifts and hospitality.
- The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended

- in FFCL 2020 to prevent potentially dishonest employees from being appointed.
- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.
- There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.
- There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.
- Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.
- Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.
- There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.
- Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.
- Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.
- There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.
- All allegations of fraud and corruption are risk assessed.
- The fraud and corruption response plan covers all areas of counter fraud work:
 - prevention
 - detection
 - investigation
 - sanctions
 - redress.
- The fraud response plan is linked to the audit plan and is communicated to senior management and members.
- Asset recovery and civil recovery are considered in all cases.
- There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.
- There is a programme of proactive counter fraud work which covers risks identified in assessment.
- The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.

- The local authority shares data across its own departments and between other enforcement agencies.
- Prevention measures and projects are undertaken using data analytics where possible.
- The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.
- The counter fraud team has access to the FFCL regional network.

There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.

The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.

The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:

- surveillance
- computer forensics
- asset recovery
- financial investigations.

Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.

Section 4

The Fighting fraud and Corruption Locally board would like to thank

The Fighting Fraud and Corruption Locally board is:

Charlie Adan – Chief Executive and SOLACE
 Bevis Ingram – LGA
 Andrew Hyatt – Royal Borough of Kensington and Chelsea
 Mike Haley – Cifas and Joint Fraud Taskforce
 Rachael Tiffen – Cifas and secretariat
 Suki Binjal - Lawyers in Local Government
 Colin Sharpe – Leicester City Council
 Clive Palfreyman – LB Hounslow
 Trevor Scott – Wealden District Council
 Alison Morris – MHCLG
 Mark Astley – NAFN
 Paula Clowes – Essex County Council
 Simon Bleckly – Warrington Council
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 Paul Dossett – Grant Thornton
 Marc McAuley – Cipfa

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Regional Workshops

Around 260 councils attended workshops organised in the following areas:

East Anglia
SouthWest, Devon, Plymouth, Cornwall and Devon
Kent
London and the South East
Essex
Hertfordshire and Home Counties
Midlands Fraud Group and Chief Internal Auditors and County Networks
North West Fraud Groups
Yorkshire Groups
North East and North Regional Fraud Group

The Fighting Fraud and Corruption

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Steven Graham
Matt Drury
Gillian Martin
Sara Essex
Sally Anne Pearcey
Paula Hornsby
Rachel Worsley
Nikki Soave
Francesca Doman
Andrew Reeve
Jason Pengilly
Paul Bradley
Professor Alan Doig
Sean Turley
Neil Masters
Dan Matthews
Scott Reeve
Corinne Gladstone
Louise Baxter
Keith Rosser
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**

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Section 5

Glossary and documents

NAFN – National Anti-Fraud Network
CIPFA – Chartered Institute of Public Finance and Accountancy
Cifas – UK's fraud prevention service
NECC – National Economic Crime Centre
NCA – National Crime Agency
MHCLG – Ministry of Housing, Communities and Local Government

ONS: www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingseptember2019#fraud
www.gov.uk/government/publications/economic-crime-plan-2019-to-2022
National Fraud Authority, Annual Fraud Indicator, March 2013
National Fraud Authority - Good practice publication: www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/
Economic Crime Plan 2019: www.gov.uk/government/publications/economic-crime-plan-2019-to-2022
Eliminating Public Sector Fraud: www.cabinetoffice.gov.uk/sites/default/files/resources/eliminating-public-sector-fraud-final.pdf
Smarter Government: www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/smarter-government-report
Local Government Association Counter Fraud Hub: www.local.gov.uk/counter-fraud-hub
Veritau: veritau.co.uk/aboutus
SWAP Internal Audit Services: www.swapaudit.co.uk
Devon Audit Partnership: www.devonaudit.gov.uk

**East Herts Council
Anti-Fraud Plan 2024-2025**

In partnership with

The Hertfordshire 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 East Herts Council, working in partnership with the Hertfordshire Shared Anti-Fraud Service and others, has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Council's **policy statement on fraud and corruption**;

- **Be clear that the council will not tolerate fraudulent or corrupt acts and will take firm action against those who defraud the authority, who are corrupt or engage in financial malpractice.**
- **Provide a consistent framework for managers and Members, which enables effective deterrence, prevention, detection and investigation of fraud and corruption.**
- **Detail the responsibilities of employees, management and Members with regards to fraud and corruption.**
- **Assist the Head of Strategic Finance and Property in the fulfilment of the role as the council's Section 151 Officer and the Head of Legal and Democratic Services in the role as the council's Monitoring officer.**
- **Explain the role of council officers in relation to the prevention of fraud and actively promote a culture of openness and honesty in all dealings. (The council has Codes of Conduct for Members and officers.)**

This plan includes objectives and key performance indicators that support the Councils Policy and follows the latest best practice/guidance/directives from the Department for Levelling Up Housing and Communities (DLUHC), 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 Fraud Advisory Panel indicating that the threat of fraud against local government is both real, causing substantial impact (including reputational, service as well as financial) and should be prevented wherever possible.

In 2022 the Public Sector Fraud Authority (Cabinet Office) published a report stating that in 2021/22 the public sector had experienced more than 5 million acts of fraud, that more than £33bn in public money was lost to fraud each year and that fraud against the Covid-19 Financial Support packages alone had cost £19bn. These figures are more recent, but still dated with the overall financial impact on local government between 2020 and 2024, they do however reflect the ongoing significant risk of fraud that local authorities face.

The *Fighting Fraud and Corruption Locally, A Strategy for the 2020’s*, published in March 2020 and supported by CIPFA, the LGA, SOLCACE and External Auditors provides a framework for the Council to adopt in developing its counter fraud activity and this Anti-Fraud Plan follows the guidance and recommendations of the *Strategy*. A copy of the *Strategy* can be found at <https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fighting-fraud-and-corruption-locally>

The *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 including the four ‘Pillars’ of **Govern Acknowledge, Prevent, Pursue** with an overarching aim of **Protect**:

For the Council this includes protecting public funds it administers and protecting the Council and its residents against fraud and cybercrime.



Anti-Fraud Plan 2024-2025

The Councils Anti-Fraud Plan will be managed by the Hertfordshire Shared Anti-Fraud Service (SAFS), but officers at all levels across the Council will have responsibility for ensuring that the plan is delivered and the Council protected against acts of fraud and corruption.

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 and in particular by sharing information and knowledge. The Council has frameworks and procedures in place to prevent fraud and encourage staff and the public to report suspicions of fraud.

The Anti-Fraud Plan for 2024-2025 follows the guidelines and checklists contained in the *Fighting Fraud and Corruption Locally Strategy* and progress against this will be reported to senior management and the Councils Audit and Governance Committee. A break-down of work included in the Plan can be found at **Appendix A** along with the officers with responsibility for ensuring the plan is delivered.

SAFS Resources 2024-2025

Anti-Fraud Arrangements

East Herts Council is a founding member 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. The SAFS Partnership, as well as East Herts Council, includes Stevenage Borough Council, Broxbourne Borough Council, Hertfordshire County Council, Luton Borough Council, North Herts Council, Hertsmeare Borough Council and Welwyn and Hatfield Council. The SAFS also provides services to other public sector bodies across Hertfordshire.

The SAFS Core Service is made up of 22 full time equivalent staff for 2024/25. All staff are trained and accredited specialising in fraud prevention, fraud investigation, fraud awareness, fraud risk assessment as well as proceeds of crime, anti-bribery and anti-money laundering. All staff are required to members of the Counter Fraud Profession- or working toward this via professional qualification or apprenticeships.

The SAFS Team has been nominated for and/or won awards for the services it provides including the **Tackling Economic Crime Awards** (TECAS), the **Institute of Revenue Rating and Valuation Awards** (IRRV), the **Public Finance Awards** (PFA), and most recently in February 2023 the **Public Sector Counter Fraud Awards**.

SAFS is a Partnership with each organisation paying an annual fee for Hertfordshire County Council for a contracted service for all Partners. 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 and Property** is the Board representative.

Although SAFS will provide much of the Councils 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 2023 the SAFS Board agreed fees for all Partners from April 2024. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for the next three years. A service review is currently underway with an external organisation looking at the whole service for the SAFS Board and new contracts will be developed for all Partners over the next two years.

Fees for East Herts Council for 2024-2025 have been agreed at £94,530+ VAT- this is an increase of 6% from 2023-2024

Staffing

The full complement for SAFS in 2024-2025 is planned to be 22 FTE for its Core Service.

The Council will have access to 267 days of counter fraud work, 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 reports per annum to the Audit and Standards Committee. An Accredited Financial Investigator is available to assist in money laundering or proceeds of crime investigations.

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

SAFS will 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), Fraud Advisory Panel (FAP) and the National Anti-Fraud Network (NAFN).

Workplans & Projects 2024-2025

As well as an agreed programme of work (see **Appendix A**) SAFS will work in the following areas delivering specific activity agreed with service managers. Progress with this work will be reported to the relevant head of service/managers on a quarterly basis.

Service Area	Agreed Projects
<p>Cross Cutting Corporate Initiatives</p>	<p>General Support. Three Reports to Audit & Governance Committee. SAFS attendance at Corporate Governance Groups and management meetings. Assisting with the review of the Councils existing anti-fraud policies. Money Laundering Reporting Officer (MLRO) role. Assist with NFI Output and the Herts FraudHub. Assisting with Payroll fraud matters including disciplinary investigations. Identify new fraud risks and fraud alerts across all Council services and providing a resource to support any investigation, reporting or risk assessment required from any emerging fraud or corruption.</p> <p>Training. Five fraud training/awareness events for staff/members in year delivered face to face/virtually/hybrid. Review and re-release of SAFS I-Learn training package on fraud/bribery/money laundering – accessible via the Councils intranet. Roll out of NAFN training and registration for appropriate services/officers.</p> <p>Procurement. Work with the Shared Procurement Service developing a bespoke risk assessment for fraud in procurement/contracts.</p>
<p>Revenues and Benefits</p>	<p>This work will be arranged with the Shared Revenue and Benefit Service hosted by the Council. Proactive training and awareness for management and front-line staff. Reactive investigations for housing benefit, council tax support/discount and business rate fraud. Support for single person discount review utilising 3rd party framework. Identify systems/processes/new developments to assist in recovery of debt created by fraud. Use of data-analytics to identify fraud/evasion of business rate liability and collection. Joint working with DWP where council tax support and other ‘national’ benefits are in payment.</p>
<p>Housing Services</p>	<p>This work will be arranged with the Councils housing services and in partnership with Clarion Housing Group, the Peabody Trust, B3Living and other housing providers with stock within the Councils area. Proactive training and awareness for management and front-line staff. Reactive investigations for Housing Application, tenancy fraud- including sub-letting or right to buy fraud, and misuse of temporary accommodation. Provide a focus on fraud risks affecting temporary accommodation costs. Review housing register to identify fraud risks and, where appropriate, investigate these.</p>

SAFS Key Performance Indicators (KPI) & Standards of Service.

SAFS will work to a set of KPIs agreed with senior officers and these targets will assist in delivering the Council's Anti-Fraud Plan. The KPI's can be found at **Appendix B** and will be reported to senior officers and Audit and Standards 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 via email/phone/weblinks.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Money Laundering.
4. A Money Laundering Reporting Officer service as laid out in the relevant Council policies.
5. Assistance in the design/review of Council policies, processes, and documents to deter/prevent fraud.
6. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
7. 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 datasets (and frequency) of the upload of these.
 - SAFS will work with Council officers to determine the most appropriate data-matching.
8. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
9. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA* and relevant Council policies.
10. 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 decide on any further sanctions/prosecutions.
11. 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.
12. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.
13. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.
14. SAFS will provide reports through the SAFS Board and to the Council's Audit Committee as agreed in the SAFS Partnership Contract.

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

Appendix A.

EHC / SAFS Action Plan 2024/2025			
FFCL Pillars	Objectives	Activities	Responsible Officer
Governance	Having robust arrangements and executive support to ensure anti fraud, bribery and corruption measures are embedded throughout the organisation.	Ensure the Councils Anti-Fraud and Corruption Strategy & Fraud Response Plan and associated policies to deter, prevent, investigate and punish acts of fraud or corruption are reviewed against latest best practice. Review and update the Councils Money Laundering/ Bribery/ Cyber-Crime Policies	Chief Executive / Monitoring Officer / S.151 Officer
		The Councils Audit & Governance Committee will receive reports during the year about the arrangements in place to protect the Council against fraud and the effectiveness of these.	Head of Internal Audit /Head of SAFS
		The Audit & Governance Committee and its Chairman, along with the senior management team, will ensure compliance with the latest best practice in the Councils anti-fraud arrangements including that published by CIPFA, NAO and LGA.	A&G Committee Chairman/ S.151 Officer / Monitoring Officer
		System/process weaknesses or risks revealed by instances of actual fraud will be fed back to departments/services with recommendations to manage/mitigate these risks. Reports will be shared with senior managers or the Shared Internal Audit Service (SIAS) to review outcomes and management response to recommendation.	Head of Internal Audit / Head of SAFS
		SAFS will assist the Council in providing its Fraud Data for the Transparency Code annually	Head of SAFS
		The Council will make it clear through its policies and codes of conduct for staff and Members that fraud and corruption will not be tolerated.	Monitoring Officer / Head of Human Resources
ACKNOWLEDGE	<p>Accessing and understanding fraud risks.</p> <p>Committing the right support and tackling fraud and corruption.</p> <p>Demonstrating that it has a robust anti-fraud response.</p> <p>Communicating the risks to those</p>	Inclusion of Fraud Risks and actions to manage/mitigate/reduce this in its Annual Governance Statement.	Head of SIAS/ S.151 Officer
		The Councils Communication Team will publicise anti-fraud campaigns and provide internal communications to staff on fraud awareness	Head of SAFS/ Communications Mgr
		The Council and SAFS will provide fraud awareness & specific anti-fraud training across all Council services and implement E-Learning modules available for staff that is mandatory.	Head of HR / Head of SAFS
		The Council is a member of the Hertfordshire Shared Anti-Fraud Service (SAFS). Council Officers will ensure that the contract with the Cabinet Office is in place for 2024/25 and the data required uploaded to the FraudHub at least once each quarter.	S.151 Officer
		SIAS will take account known or emerging fraud risks provided by SAFS or others when audit panning takes place. The SIAS will share the details of all suspected fraud to senior management and SAFS to review.	Head of SIAS / SIAS Manager
		All SAFS staff will be fully trained and accredited. SAFS will continue to work with the Cabinet Office to support the Counter-Fraud Profession.	Head of SAFS
PREVENT	<p>Making the best use of information and technology.</p> <p>Enhancing fraud controls and processes.</p> <p>Developing a more effective anti-fraud culture. Communicating its' activity and successes.</p>	SAFS will provide fraud alerts and new and emerging fraud threats to be disseminated to appropriate officers/staff/services.	Head of SAFS
		SAFS will work with all Council services to make best use of 3rd party providers such as NAFN, PNLD, CIPFA, CIFAS.	Head of SAFS
		Develop the Councils use of the Herts FraudHub and support Council officers with the output from NFI 2024/2025 Exercise	Head of SAFS/ S.151 Officer
		The Council and SAFS will work with other organisations, including private sector, to improve access to data and data-services that will assist in the detection or prevention of fraud.	Head of SAFS/ S.151 Officer
		The SAFS Mgt will provide reports to the SAFS Board quarterly on anti-fraud activity across the Partnership and any learning to be shared with all Partners	Head of SAFS
		The Council will review data sharing agreements/protocols to ensure compliance with DPA & GDPR(UK) to maximise the use of sharing data with others to help prevent/identify fraud.	Monitoring Officer
		SAFS will work with the LGA and Cabinet Office to support the work of the Public Sector Fraud Authority and the Fighting Fraud Locally Board.	Head of SAFS
PURSUE	<p>Prioritising fraud recovery and use of civil sanctions.</p> <p>Developing capability and capacity to punish offenders.</p> <p>Collaborating across geographical and sectoral boundaries.</p>	All fraud reported to the Council will be captured via SAFS fraud reporting tools (web/phone/email) for staff, public and elected Members. SAFS will work with officers to promote the reporting of suspected fraud by officers and the public.	Head of SAFS
		All investigations will comply with relevant legislation and Council Policies. Investigations will include civil, criminal and disciplinary disposals	Head of SAFS
		SAFS will use its case management system to record and report on all fraud referred, investigated and identified.	Head of SAFS
		Legal Service and debt recovery teams will seek to 'prosecute' offenders, apply sanctions and recover financial losses- supported by relevant policies.	Monitoring Officer/ S.151 Officer
		SAFS and the Councils Shared R&B Service will work with DWP to deliver joint investigations where fraud affects both council tax and housing benefit or other 'national' benefits'	Head of SAFS/ Head of R&B Service
		SAFS will use its in-house expertise as well as external partners when considering the use of POCA, NAFN services, Surveillance or IT Forensics.	Head of SAFS
PROTECT	<p>Recognising the harm that fraud can cause in the community.</p> <p>Protecting itself and its' residents from fraud.</p>	SAFS will provide reports and data to Fraud Champions on all anti-fraud activity as required by Council officers.	Head of SAFS
		Reports for Audit Committee on all Counter Fraud activity at the Council 3 times in 2024-2025	Head of SAFS / S.151 Officer
		The Council has in place measures to protect itself against cyber crime, malware and other potential attacks aimed at its IT infrastructure, with training for staff and elected members	S.151 Officer/ Head of IT
		SAFS will work with bodies including MHCLG/LGA/CIPFA/FFLB to develop anti-fraud strategies at a national level that support fraud prevention in local government	Head of SAFS

Appendix B.

SAFS KPIs - 2024/ 2025- EHC

KPI	Measure	Objectives	Reason for KPI
1	Return on investment from SAFS Partnership.	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. A. Meetings to take place with the Councils Head of Strategic Finance and Property , quarterly. B. Head of Strategic Finance and Property will sit on the SAFS Board that meets quarterly. C. Regular meetings to take place with Service Leads to agree and update local work plans. D. Reports on progress with any area of work covered by the SAFS Partnership Agreement will be provided on request.	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	A. Target to deliver at least 90% of the funded 267 Days of counter fraud activity including proactive and reactive investigation work, data-analytics, training and fraud risk management (Supported by SAFS Intel/Management). B. 3 Reports to Audit & Governance Committee. C. SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings.	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	A. All urgent/ high risk cases will be responded to within 24 hours . B. All other cases 2 Days , on Average.	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD B. Membership of CIPFA Counter Fraud Centre and access to CIFAS/NCSC/AF/FFCL alerts, trends, best practice C. NAFN Access/Training for relevant Council Staff D. 5 Training sessions for staff/Members in year. (To be agreed with Service leads and HR)	Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses.
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to officers by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers. C. SAFS will work with social providers across the Borough.	This target will measure the effectiveness of the service in promoting the reporting of fraud & measure the effectiveness in identifying cases worthy of investigation.
6	Making better use of data to prevent/identify fraud.	A. Support the output from NFI 2024/25 Council services. B. Membership and VFM from the Herts FraudHub in 2024/25.	Build a data hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.