



James Ellis
Head of Legal and Democratic
Services

MEETING : AUDIT AND GOVERNANCE COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : WEDNESDAY 29 NOVEMBER 2023
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 and
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;
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AGENDA

1. Apologies

To receive any apologies for absence

2. Minutes - 26 September 2023 (Pages 7 - 28)

To approve as a correct record the minutes of the meeting held on 26 September 2023.

3. Declarations of Interest

To receive any declarations of interest.

4. Chairman's Announcements

5. Training - Treasury Management

6. Annual Treasury Management Review 2022-23 (Pages 29 - 64)

7. Shared Internal Audit Service - Progress Report (Pages 65 - 77)

8. Shared Anti-Fraud Service - Progress with the Delivery of the 2023/24 Anti-Fraud Plan (Pages 78 - 96)

9. Section 106 Update Report & 2022/23 Infrastructure Funding Statement (Pages 97 - 136)

10. Monitoring of 2023/24 Quarter Two Corporate Risk Register - new reporting format (Pages 137 - 143)

11. Audit and Governance Work Programme (Pages 144 - 160)

12. Urgent Items

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

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON TUESDAY 26
SEPTEMBER 2023, AT 7.00 PM

PRESENT: Councillor M Adams (Chairman)
Councillors B Deering, C Hart, D Jacobs,
S Nicholls, G Williamson and
D Woollcombe

ALSO PRESENT:

Councillors C Brittain and B Crystall

OFFICERS IN ATTENDANCE:

Michele Aves	- Democratic Services Officer
Steven Linnett	- Head of Strategic Finance and Property
Tyron Suddes	- Information Governance and Data Protection Manager
Ben Wood	- Head of Communications, Strategy and Policy

ALSO IN ATTENDANCE:

Darren Bowler	- Shared Anti-Fraud Service (SAFS)
Simon Martin	- Shared Internal Audit Service

152 APOLOGIES

There were no apologies for absence.

153 MINUTES - 31 MAY 2023

It was moved by Councillor Nicholls and seconded by Councillor Jacobs, that the Minutes of the meeting of the Audit and Governance Committee meeting held on 31 May 2023 be confirmed as a correct record and signed by the Chairman. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the Minutes of the Audit and Governance Committee meeting held on 31 May 2023 be confirmed as a correct record and signed by the Chairman.

154 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed all to the meeting. He said that the Committee would be aware of the briefing notes which were sent to them on 22 September 2023.

The Chairman said that the briefing notes addressed the outstanding questions asked by Members about External Audit and the Risk Register at the last meeting. He said that there would be opportunity to discuss related matters later in the agenda.

155 DECLARATIONS OF INTEREST

There were no declarations of interest.

156 CO-OPTION OF INDEPENDENT MEMBERS

It was moved by Councillor Nicholls and seconded by Councillor Williamson, that Mark Poppy and Nick

Sharman be formally co-opted to the Audit and Governance Committee. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that Mark Poppy and Nick Sharman be formally co-opted to the Audit and Governance Committee.

157 TRAINING - THE ROLE OF INTERNAL AUDIT

The Shared Internal Audit Service Manager gave a training presentation to the Committee on 'The Role of Internal Audit'.

The presentation covered the following points and gave Members the opportunity to ask any questions:

- Definition of internal audit
- What Internal Audit does
- Requirement for internal audit
- Standards
- Delivery models for internal audit
- Internal Audit annual cycle

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

RESOLVED – that the training be received.

158 SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT

The Shared Internal Audit Service Manager introduced his report, which was the first for 2023/24. He drew Members' attention to the report's key issues, referring to paragraphs 2.2 and 2.3 which gave detail on the delivery of the Audit Plan.

The Shared Internal Audit Service Manager said that there had been no changes to the Audit Workplan, and reassured Members that they would be advised should there be any. He drew Members' attention to paragraph 2.5 and Appendix B of the report and advised that there were no new critical and high priority recommendations.

The Shared Internal Audit Service Manager referred to paragraph 2.7 – 2.11 of the report which detailed and gave commentary on performance indicators. He said that staff vacancies within the Shared Internal Audit Service had recently been recruited to.

The Shared Internal Audit Service Manager referred to Appendix C of the report which gave a table of scheduled audits for the forthcoming year.

Mr Poppy (Independent Person) asked how the council ensured that it got a fair share of the Shared Internal Audit Service's (SIAS) time.

The Shared Internal Audit Service Manager said that the number of Audit requirement days was advanced commissioned by the council. He said that 250 days was typical coverage for a council the size of East Herts.

Mr Sharman (Independent Person) asked if the external independent assessment of the SIAS was satisfactory.

The Shared Internal Audit Service Manager said it was, and that it was typical. He said that the rating had moved from 'part conformed' to 'fully conformed'.

Councillor Woollcombe asked if SIAS had measures to combat allegations of fraud and associated toxic rumours.

The Shared Internal Audit Service Manager said that SIAS did not have responsibility for fraud. He said that all Local Authorities had policies and procedures in place where the public could report such concerns, with a route for appropriate investigations.

RESOLVED – that A) the Internal Audit Progress Report be noted; and

B) the Status of Critical and High Priority Recommendations be noted.

159 SHARED ANTI-FRAUD SERVICE (SAFS) - ANTI-FRAUD REPORT 2022/23

The Shared Anti-Fraud Service Manager introduced his report. He said that Anti-Fraud training for all Members was to be arranged before Council on 18 October 2023.

The Shared Anti-Fraud Service Manager gave a brief overview of the Shared Anti-Fraud Service (SAFS) to the new Members of the Committee. He said that the SAFS was a partnership arrangement, as per the Shared Internal Audit Service, which employed twenty-two members of staff in a variety of roles. He said that East Herts was one of the founding members of SAFS, who now worked with several other Local Authorities and social housing providers in Hertfordshire, Bedfordshire and within the M25 area.

The Shared Anti-Fraud Service Manager said Local Authorities were as much at risk of fraud as businesses or individuals, but that the Council was in a good position. He drew Members' attention to page 39 of the report which detailed the key performance indicators for 2022/23, and the case studies contained within the report.

The Shared Anti-Fraud Service Manager said that reporting had been consistent over the past eight years, with executive reports arising from investigations or risks.

The Chairman thanked the Shared Anti-Fraud Service Manager for his report. He asked that Members reserve any questions which they may have until the Shared Anti-Fraud Service Manager had delivered his second report which was the next item on the agenda.

RESOLVED – that A) the activity undertaken by the Shared Anti-Fraud Service to deliver the 2022/2023 Anti-Fraud Plan for the Council be noted; and

B) that the other anti-fraud activity undertaken to protect the Council be noted.

160 SHARED ANTI-FRAUD SERVICE (SAFS) – ANTI-FRAUD PROGRESS REPORT 2023/24

The Shared Anti-Fraud Service Manager introduced his report, which covered the first quarter of 2023/24 and updated Members on the work undertaken by the Shared Anti-Fraud Service (SAFS).

The Shared Anti-Fraud Service Manager drew Members' attention to the key performance indicators contained within the report. He said that new post-pandemic employment practices had seen eighteen allegations and subsequent investigations into staff working 'polygamously'. He detailed the seven civil penalties which had been imposed in cases related to Council Tax irregularities, and of the £44,000 in costs which had been awarded by St Albans Crown Court in connection with a Council Tax Business Rates fraud case.

Councillor Hart asked for distinction between 'fraud' and 'irregularity'.

The Shared Anti-Fraud Service Manager said that an irregularity was a human error and gave the example of an individual completing a Council Tax form incorrectly. He said that the council's forms were of a standard format but did sometimes follow on from information which an individual had given to the Department for Work and Pensions (DWP).

Councillor Hart said that it would be helpful if an explanation of what the irregularities were could be given in future reports.

Councillor Jacobs asked for clarification on how the council was at risk of tenancy fraud as it did not hold any housing stock.

The Shared Anti-Fraud Service Manager said that although the council did not own any housing stock it still held the waiting list for such properties. He said that this saw people present themselves to the

council's Housing Department in need of support, when this may not be their true circumstances. The Shared Anti-Fraud Service Manager said that in such cases the property allocated may become abandoned or sub-let by the tenant, reducing the availability of housing stock for genuine applicants, and increasing the cost to the council for providing alternative temporary accommodation.

The Shared Anti-Fraud Service Manager said that tenancy fraud was not huge in East Herts, but that its impact could be. He said that SAFS worked with social housing providers and the council's Housing Team to reduce risks and encouraged the public to report any suspected cases of tenancy fraud.

Councillor Jacobs referred to paragraph 43 of the 2022/23 report asked for an update on the National Fraud Initiative (NFI).

The Shared Anti-Fraud Service Manager said that SAFS had completed 25% of all the NFI data matches. He said that SAFS ran this exercise in tandem with the Herts Fraud Hub.

Councillor Nicholls asked if there was data which illustrated how effective Anti-Fraud training/increasing the public's awareness of fraud was.

The Shared Anti-Fraud Service Manager said that there was no such data, and that this would be difficult to obtain. He said that spikes in allegations from the public were seen following publicity campaigns, for example, post press releases.

Mr Sharman asked if the number of fraud allegations was stable in East Herts, and if similar patterns were seen elsewhere.

The Shared Anti-Fraud Service Manager said that comparison with other areas was difficult as each was different, for example East Herts to North Herts. He said that patterns were roughly the same in East Herts as those of other Hertfordshire partners and were of no concern.

Councillor Hart referred to paragraph 50 of the 2022/23 report and asked if the SAFS remit included investigation into cases of alleged contractor overcharging.

The Shared Anti-Fraud Service Manager said that procurement fraud was not prevalent, but involved large amounts of money and subsequent press attention when it did occur. He said that bribery and corruption training was included in the SAFS training package.

The Chairman thanked the Shared Anti-Fraud Service Manager for his report.

RESOLVED – that the progress by officers and the Shared Anti-Fraud Service to deliver the 2023/2024 Anti-Fraud Plan for the Council be noted.

161 DATA PROTECTION UPDATE

The Information Governance and Data Protection Manager introduced the report, which detailed fourteen reported data breaches for the period

October 2022 – August 2023.

The Information Governance and Data Protection Manager said that one of these breaches was reported to the Information Commissioner's Officer (ICO) approximately two months ago, and a response had not yet been received. He said that this normally indicated that the ICO was satisfied with the action taken by the council.

The Information Governance and Data Protection Manager said that human error was the most common reason for a breach, a list of which could be found within the report. He said that eleven Subject Access Requests had been made in the period, with all being processed and responded to within the statutory time limit.

Councillor Deering asked if the breaches due to human error were being made by the same person.

The Information Governance and Data Protection Manager said that two of the breaches were attributed to the same person, but that this individual had now received training and the training shared with other staff to avoid recurrences. He said the level of breaches remained stable and were of no concern.

Councillor Nicholls asked if there was any help available to those who were caused distress by a data breach.

The Information Governance and Data Protection Manager said that incidents were taken on a case-by-case basis, and that advice and actions were given. He

said that there had not been any incidents where emotional stress had been caused, but this external support/counselling could be sought should this occur.

The Chairman asked if the council had an 'annual cull' of the data which it held.

The Information Governance and Data Protection Manager said that the council had policies and schedules in place which ensured the destruction or archiving of data.

The Chairman thanked the Information Governance and Data Protection Manager for this report.

RESOLVED - the content of the report be noted, and any observations provided to the Information Governance and Data Protection Manager.

162 ASSETS OF COMMUNITY VALUE

The Executive Member for Financial Stability introduced the report, explaining that it was a statutory requirement for the council to maintain the Community Asset Register. He explained how the register provided an additional safeguard for community facilities and drew Members' attention to paragraphs 2.5 – 2.8 of the report which detailed the nomination process for buildings and land.

Councillor Nicholls said that there were lots of pubs on the register and asked if other buildings such as doctors' surgeries or care homes could be registered.

The Head of Communications, Strategy and Policy said

that there were exclusions, as buildings or land which were registered had to facilitate a community's social interests. He said that therefore doctors' surgeries and care homes could not be registered.

Mr Sharman referred to paragraph 2.12 of the report and asked how the Holy Trinity Church was registered if places of worship were excluded.

The Head of Communications, Strategy and Policy said that Holy Trinity Church was considered in detail, with the church itself exempt from registration but not the school.

Councillor Deering said that he thought the register was a good thing, and asked if there was scope to publicise it. He referred to Town and Parish Councils.

The Head of Communications, Strategy and Policy said that this was a good point and that an article could be placed in the weekly Members Information Bulletin.

Councillor Nicholls said that community groups would find the funding to purchase a property placed on the register difficult.

The Head of Communications, Strategy and Policy said that this was true in some cases, but by registering a property its sale would be slowed down.

Councillor Williamson asked if the expiry date of a registration was prescribed by legislation or the council's policy.

The Head of Communications, Strategy and Policy said

that the five-year registration expiry date was set in legislation, but that properties could come off the register early or come off and be put back on again.

Councillor Jacobs asked if the Local Authority could be the owner of a property on the register.

The Head of Communications, Strategy and Policy said that properties owned by the Local Authority were treated in the same way, and that there were properties on the register of which the council was the freeholder.

Councillor Deering queried why the Yew Tree Public House, Walkern had a ten-year expiry date.

The Head of Communications, Strategy and Policy apologised and said that this was a typo which he would correct. He said that he was aware that the council's webpage also required updating to show the most up to date register.

The Chairman thanked the Executive Member for Financial Stability and the Head of Communications, Strategy and Policy for their report.

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

RESOLVED – that the Asset Register be reviewed.

OUTTURN 2022/23

The Head of Strategic Finance and Property introduced the report. He said that it should be viewed within the context of the 2022/23 year, with the war in Ukraine, the cost-of-living crisis, high inflation, three different Prime Ministers and a rise in interest rates.

The Head of Strategic Finance and Property said that the underspend was contributed to by delays to schemes caused by archaeological finds and drew Members' attention to the report's appendices for full details.

Councillor Deering referred to paragraph 3.1 of the report and asked if the delays to the 2021/22 and 2022/23 external audits were causing problems. He asked if the council was holding its position.

The Head of Strategic Finance and Property said that as detailed in the briefing note circulated to the Committee, the contractual relationship was between the Public Sector Audit Appointment Limited (PSAA) and the external auditor (EY LLP). He said that the council could complain to the PSAA about EY but that they were already aware of the situation.

The Head of Strategic Finance and Property said that the government was considering implementing deadlines and the solution of allowing auditors to disclaim an option on accounts if these could not be met.

The Head of Strategic Finance and Property said that EY was exiting the market, but that the Finance Team continued to work hard to try and get them to come in.

He said that EY should have been at the meeting.

Councillor Deering said that should the external audit delays be causing a problem Members needed to know. He asked if it was fair comment to say that the delays were not of the council's making.

The Head of Strategic Finance and Property said that this was fair comment.

Councillor Jacobs said that the external auditor had given a target for their report to be on the agenda at tonight's meeting.

The Head of Strategic Finance and Property said that this had been moved back to the November meeting of the Committee, and it would be impressed upon EY that Members expected their report.

Mr Poppy said that as an employee of The Chartered Institute of Public Finance and Accountancy (CIPFA) he was aware that delays with external audits were countrywide.

Councillor Jacobs referred to page 100 of the report and asked for an update on the council's reserves.

The Head of Strategic Finance and Property said that he would find this information for Councillor Jacobs.

The Chairman thanked the Head of Strategic Finance and Property for his report.

RESOLVED – that A) it be noted that the General Fund revenue outturn of £195k overspend will

be funded from the General Reserve; and

B) that the Capital Programme was underspent by £14.797m due to slippage caused by various factors, including archaeological finds. Budgets of £12.916 million will be carried forward to the next financial year as a consequence.

164 BUDGET MONITORING FORECAST OUTTURN TO YEAR END 2023/24

The Head of Strategic Finance and Property introduced the report which set out the corporate budget for Quarter 1 of 2023.

The Head of Strategic Finance and Property said that the net revenue budget forecast overspend of £403k, and the capital programme forecast overspend of £409k. He said that the forecast overspend on Herford Theatre was £2.645 million.

The Head of Strategic Finance and Property said that the council continued to centralise credit control and move systems into the cloud. He said that the Icon card payment system was anticipated to go live in April 2024, enabling the Finance Department to become fully responsible for debtors.

Councillor Deering asked for clarification regarding the forecasted overspend for the Planning Department.

The Head of Strategic Finance and Property said that each department made their own forecast, and that outturn was generally less than predicted. He said that he was satisfied that the forecasting was robust.

The Head of Strategic Finance and Property said that the market supplements offered to new recruits within the Planning Department would cost less than continuing to employ agency staff, and that the council continued to struggle to recruit to these vacancies as there was a nationwide shortage of planners. He said that attempts to 'grow your own' planners often resulted in staff moving on elsewhere for higher salaries once they were qualified. The Head of Strategic Finance and Property said that the council had made a bid to government around Urban Designers as required for the Harlow and Gilston Garden Town Project.

Councillor Deering said that it was good to see that this overspend was trackable.

Councillor Hart asked for clarification regarding the forecasted Hertford Theatre overspend.

The Head of Strategic Finance and Property said that the council continued to work with surveyors and contractors and that therefore the Quarter 1 position was not the definite position. He added that phasing of the project may be advantageous and that some purchases/fit out options had been cancelled/ changed because of the effect of inflation upon prices and affordability.

RESOLVED – that A) the net revenue budget forecast overspend of £403k be noted; and

B) The capital programme forecast overspend of £490k be noted; and

C) The forecast overspend on Hertford Theatre of £2.645 million and officer actions to reduce this figure be noted.

165 MONITORING OF 2023/24 QUARTER ONE CORPORATE RISK REGISTER

The Head of Strategic Finance and Property introduced the report and said that the risk scores across the register had not significantly changed since the last meeting of the Committee. He referred to the briefing note, which was sent to the Members of the Committee, and outlined plans to move towards a more action focused Risk Register as per Members requests. He said that it was anticipated that this new format would be brought before Members at the next meeting.

Councillor Williamson referred to risk three, and asked if the failure of IT systems was still deemed highly likely.

The Head of Strategic Finance and Property said that IT failure risks were to be separated into areas of data loss and cyber-attack. He said that process of moving into the cloud was ongoing, with East Herts in advance of Stevenage Council. He said that the risk and volume of attacks upon IT remained high.

Councillor Deering referred to page 118 of the report and asked if the score attributed to risk two was a suggestion that governance arrangements were not as good as they should be.

The Head of Strategic Finance and Property said that risk two considered local economic conditions,

including climate change etc and was now too wide and vague. He said that this risk was to be refocused on governance.

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, this motion was declared CARRIED.

RESOLVED – that A) the 2023/24 quarter one corporate risk register be reviewed, and officers advised of any further action that could be taken to manage risk; and

B) that an update to risk titles be agreed; and

C) that Risk Number 12 *'Outbreak of disease in humans impacting on service delivery and our residents'* is incorporated into Risk Number 13 *'Inadequate Business Continuity Plan / Emergency Plan and its impact on the Council and its residents'*

166 DRAFT ANNUAL GOVERNANCE STATEMENT

The Head of Strategic Finance and Property introduced the report, drawing Members' attention to the Draft Annual Governance Statement at its appendix.

Mr Sharman said that the report and statement were comprehensive, and asked if self-assessment was used.

The Head of Strategic Finance and Property said that assessment was undertaken by himself and the Monitoring Officer, with oversight by the External

Auditor as the statement was published alongside the accounts.

Mr Sharman said that this was reassuring, and thanked the Head of Strategic Finance and Property.

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, this motion was declared CARRIED.

RESOLVED – that A) Members review and give comments on the draft Annual Governance Statement for 2022/23.

- 167 **AUDIT AND GOVERNANCE WORK PROGRAMME**
The Head of Strategic Finance and Property introduced the report. He said that the Chairman and Vice Chairman of the Overview and Scrutiny Committee would be invited to the January 2024 meeting for budget scrutiny, and that an Audit and Governance Sub-Committee may be required to convene later in the year to receive the Statement of Accounts.

Councillor Williamson expressed his concerns that the agendas for the next two meetings appeared heavy, and asked if any items could be deferred to allow the Committee to focus on key areas.

Councillor Nicholls agreed with Councillor Williamson and cited the inexperience of the new Members of the Committee.

The Head of Strategic Finance and Property said that most of the agenda items were on an annual cycle,

coming to the Committee before Council, and so were not deferable. He suggested that if Members had any questions relating to agenda items which were just for noting, they could submit these outside of the meeting, instead of discussing them on the night.

The Democratic Services Officer suggested that the Chairman may wish to consider starting the meeting at an earlier time should Members think that this may finish after 22:00 hours.

Councillor Jacobs said that he shared the concerns of Councillors Williamson and Nicholls and asked that the Chairman and Officers considered the priorities for the next meeting.

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

RESOLVED – that A) the work programme as set out in the report be approved; and

B) that any training requirements be specified.

168 URGENT ITEMS
There were no urgent items.

The meeting closed at 9.09 pm

Chairman

Date

East Herts Council Report

Audit and Governance Committee

Date of meeting: 29 November 2023

Report by: Executive Member for Financial Sustainability

Report title: Annual Treasury Management Review 2022/23

Ward(s) affected: All

Summary – The report contains the Council’s Annual Treasury Management Review for 2022/23.

RECOMMENDATIONS FOR AUDIT & GOVERNANCE COMMITTEE:

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.

1.0 Proposal(s)

1.1 That Members examine and comment on the Annual Treasury Management Review and Prudential Indicators for 2022/23 (Appendix A).

2.0 Background

2.1 Treasury management is defined as: ‘The management of the Council’s investments and cash flows, its banking arrangements, money market and capital transactions; the effective control of the risks associated with these activities; and the pursuit of optimum returns consistent with the Council’s risk management policy for treasury management.

2.2 This activity was supported by the council’s appointed

independent advisors – Link Asset Services. A competitive tender for Treasury Advisors was undertaken in September 2023 which resulted in the appointment of Arlingclose Limited as Treasury Advisors for the next 3 years.

2.3 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

2.4 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

3.0 Reason

3.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23.

4.0 Options

4.1 Members can suggest amendments or additions to the Annual Treasury Management Review 2022/23

5.0 Risks

5.1 Risk management is embedded in treasury management operations through the adoption of the CIPFA Treasury Management Code. Credit ratings, other market intelligence and counterparty limits assist to assess and mitigate risk.

6.0 Implications/Consultations

6.1 None.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

Yes - the implications are contained within the annual review at Appendix A. The costs of treasury operations, debt management expenses and investment income are included in the base budget.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Yes - The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code for Capital Finance in Local Authorities 2017 Edition and to set Prudential

Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Council also has to 'have regard' to the MHCLG's Guidance on Local Government Investments 3rd Edition effective for financial periods commencing on or after 1st April 2018, and to CIPFA's Treasury Management in the Public Services: Code of Practice 2017 Edition and Guidance Notes for Local Authorities 2018 Edition.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 Appendix A – Annual Treasury Management Review
2022-23

Contact Member

Councillor Carl Brittain, Executive Member for
Financial Sustainability

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East Herts District
Council Annual
Treasury
Management
Review 2022/23
Outturn Report 2022/23

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ABBREVIATIONS USED IN THIS REPORT

This is an optional area which clients may wish to include in their report if they feel that members would appreciate having this list of abbreviations and definitions.

CE: Capital Economics - is the economics consultancy that provides Link Group, Treasury solutions, with independent economic forecasts, briefings and research.

CFR: capital financing requirement - the council's annual underlying borrowing need to finance capital expenditure and a measure of the council's total outstanding indebtedness.

CIPFA: Chartered Institute of Public Finance and Accountancy – the professional accounting body that oversees and sets standards in local authority finance and treasury management.

CPI: consumer price index – the official measure of inflation adopted as a common standard by countries in the EU. It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

DLUHC: the Department for Levelling Up, Housing and Communities - the Government department that directs local authorities in England.

ECB: European Central Bank - the central bank for the Eurozone

EU: European Union

EZ: Eurozone -those countries in the EU which use the euro as their currency

Fed: the Federal Reserve System, often referred to simply as "the Fed," is the central bank of the United States. It was created by the Congress to provide the nation with a stable monetary and financial system.

FOMC: the Federal Open Market Committee – this is the branch of the Federal Reserve Board which determines monetary policy in the USA by setting interest rates and determining quantitative easing policy. It is composed of 12

members--the seven members of the Board of Governors and five of the 12 Reserve Bank presidents.

GDP: gross domestic product – a measure of the growth and total size of the economy.

G7: the group of seven countries that form an informal bloc of industrialised democracies--the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom--that meets annually to discuss issues such as global economic governance, international security, and energy policy.

Gilts: gilts are bonds issued by the UK Government to borrow money on the financial markets. Interest paid by the Government on gilts is called a coupon and is at a rate that is fixed for the duration until maturity of the gilt, (unless a gilt is index linked to inflation); while the coupon rate is fixed, the yields will change inversely to the price of gilts i.e., a rise in the price of a gilt will mean that its yield will fall.

HRA: housing revenue account.

IMF: International Monetary Fund - the lender of last resort for national governments which get into financial difficulties.

MPC: the Monetary Policy Committee is a committee of the Bank of England, which meets for one and a half days, eight times a year, to determine monetary policy by setting the official interest rate in the United Kingdom, (the Bank of England Base Rate, commonly called Bank Rate), and by making decisions on quantitative easing.

MRP: minimum revenue provision - a statutory annual minimum revenue charge to reduce the total outstanding CFR, (the total indebtedness of a local authority).

PFI: Private Finance Initiative – capital expenditure financed by the private sector i.e., not by direct borrowing by a local authority.

PWLB: Public Works Loan Board – this is the part of H.M. Treasury which provides loans to local authorities to finance capital expenditure.

QE/QT: quantitative easing – is an unconventional form of monetary policy where a central bank creates new money electronically to buy financial assets, such as government bonds, (but may also include corporate bonds). This

process aims to stimulate economic growth through increased private sector spending in the economy and also aims to return inflation to target. These purchases increase the supply of liquidity to the economy; this policy is employed when lowering interest rates has failed to stimulate economic growth to an acceptable level and to lift inflation to target. Once QE has achieved its objectives of stimulating growth and inflation, QE will be reversed by selling the bonds the central bank had previously purchased, or by not replacing debt that it held which matures. This is called quantitative tightening. The aim of this reversal is to ensure that inflation does not exceed its target once the economy recovers from a sustained period of depressed growth and inflation. Economic growth, and increases in inflation, may threaten to gather too much momentum if action is not taken to 'cool' the economy.

RPI: the Retail Price Index is a measure of inflation that measures the change in the cost of a representative sample of retail goods and services. It was the UK standard for measurement of inflation until the UK changed to using the EU standard measure of inflation – Consumer Price Index. The main differences between RPI and CPI is in the way that housing costs are treated and that the former is an arithmetical mean whereas the latter is a geometric mean. RPI is often higher than CPI for these reasons.

SONIA: the Sterling Overnight Index Average. Generally, a replacement set of indices (for LIBID) for those benchmarking their investments. The benchmarking options include using a forward-looking (term) set of reference rates and/or a backward-looking set of reference rates that reflect the investment yield curve at the time an investment decision was taken.

TMSS: the annual treasury management strategy statement reports that all local authorities are required to submit for approval by the full council before the start of each financial year.

VRP: a voluntary revenue provision to repay debt, in the annual budget, which is additional to the annual MRP charge, (see above definition).

Annual Treasury Management Review 2022/23

Purpose

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2022/23 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 01/03/2022)
- an annual review following the end of the year describing the activity compared to the strategy, (this report)

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit and Governance Committee before they were reported to the full Council.

Executive Summary

During 2022/23, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators	31.3.22 Actual £000	31.3.23 Actual £000
Capital expenditure	25.168	15.437
Capital Financing Requirement:	28.321	40.071
Gross borrowing	21.522	31.522
External debt*	58.508	39.211
Investments		
• Longer than 1 year	24.220	19.555
• Under 1 year	<u>21.620</u>	<u>10.750</u>
• Total	45.840	30.305
Net borrowing	(24.318)	(8.906)

* External debt = Gross Borrowing + Other Long Term Liabilities, including Net Pension Liability.

Other prudential and treasury indicators are to be found in the main body of this report. The Director of Finance also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit, (the authorised limit), was not breached.

Recommendations

The Council is recommended to:

1. Approve the actual 2022/23 prudential and treasury indicators in this report
2. Note the annual treasury management report for 2022/23

Introduction and Background

This report summarises the following:-

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness, (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

1. The Council's Capital Expenditure and Financing

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

£m General Fund	31.3.22 Actual	31.3.23 Actual
Capital expenditure	25.168	15.437
Financed in year	(2.032)	(3.687)
Unfinanced capital expenditure	23.136	11.750

2. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2022/23 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2022/23 MRP Policy, (as required by DLUHC Guidance), was approved as part of the Treasury Management Strategy Report for 2022/23 on 01/03/2022.

The Council's CFR for the year is shown below, and represents a key prudential indicator.

CFR (£m): General Fund	31.3.22 Actual	31.3.23 Actual
Opening balance	5.185	28.321
Add unfinanced capital expenditure (as above)	23.136	11.750
Less MRP/VRP*	-	-
Less PFI & finance lease repayments	-	-
Closing balance	28.321	40.071

* Includes voluntary application of capital receipts

Note the MRP / VRP will include PFI / finance lease annual principal payments

Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2022/23) plus the estimates of any additional capital financing requirement for the current (2023/24) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	31.3.22 Actual	31.3.23 Actual
Gross borrowing position	£21.522m	£31.522m
CFR	£28.321m	£40.071m
(Under) / over funding of CFR	(£6.799m)	(£8.549m)

The authorised limit - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2022/23
Authorised limit	£160.000m
Maximum gross borrowing position during the year	£31.522m
Operational boundary	£48.000m
Financing costs as a proportion of net revenue stream	2.52%

3. Treasury Position as at 31st March 2023

The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2022/23 the Council's treasury, (excluding borrowing by PFI and finance leases), position was as follows:

DEBT PORTFOLIO	31.3.22 Principal	Average Rate at Y/E	Average Life yrs	31.3.23 Principal	Average Rate at Y/E	Average Life yrs
Fixed rate funding:						
-PWLB	£1.52m	8.875%	40 Years	£1.52m	8.875%	40 years
-Market	£20.00m	0.875%	< 1 year	£30.m	3.386%	< 1 year
Variable rate funding:						
-PWLB	£0.00m			£0.00m		
-Market	£0.00m			£0.00m		
Total debt	£21.52m			£31.52m		
CFR	£28.32 m			£40.07m		
Over / (under) borrowing	(£6.80m)			(£8.55m)		
Total investments	£45.84m	%		£30.31m	3.294%	
Net debt	(£24.32m)			(£8.81m)		

The maturity structure of the debt portfolio was as follows:

	31.3.22 actual	31.3.23 actual
Under 12 months	£20.0m	£30.0m
Over 10 years	£1.5m	£1.5m

INVESTMENT PORTFOLIO	31.3.22 Actual £000	31.3.22 Actual %	31.3.23 Actual £000	31.3.23 Actual %
Treasury investments				
Banks	13.550	29.56	5.225	
Building Societies - rated	5.500	12.00	3.000	
Building Societies - unrated	-		-	
Local authorities	-		-	
DMADF (H M Treasury)	-		-	
Total managed in house	19.050	41.56	8.225	27%
Bond funds	-			
Property funds	24.220	52.83	19.515	
Cash fund managers	2.570	5.61	2.570	
Total managed externally	26.790	58.44	22.085	73%
TOTAL TREASURY INVESTMENTS	45.840	100%	30.31	100%

Non-Treasury investments				
Third party loans	0.112	0.79	0.112	0.82
Subsidiaries	4.942	34.77	4.942	36.21
Companies	-	-	-	
Property	9.161	64.44	8.594	62.97
TOTAL NON-TREASURY INVESTMENTS	14.215	100%	13.648	100%

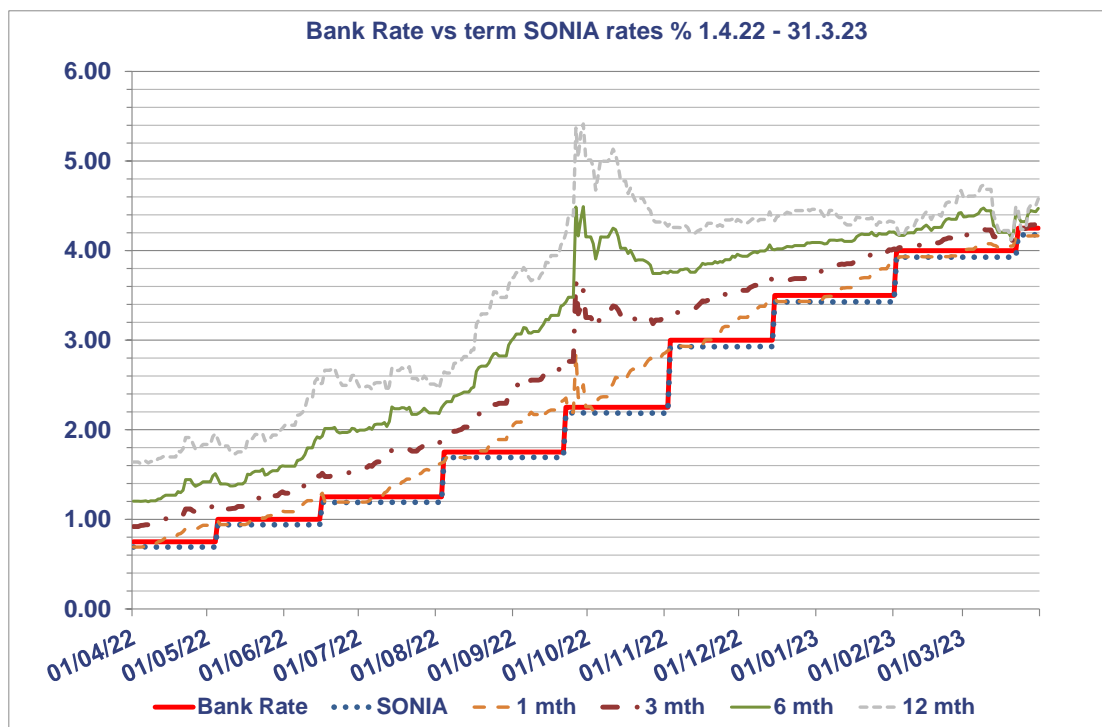
Treasury investments	45.840	76.33	30.310	68.95
Non-Treasury investments	14.215	23.67	13.648	31.05
TOTAL OF ALL INVESTMENTS	60.055	100%	43.958	100%

The maturity structure of the investment portfolio, excluding the property funds and non-treasury investments, were all investments for up to one year.

4. The Strategy for 2022/23

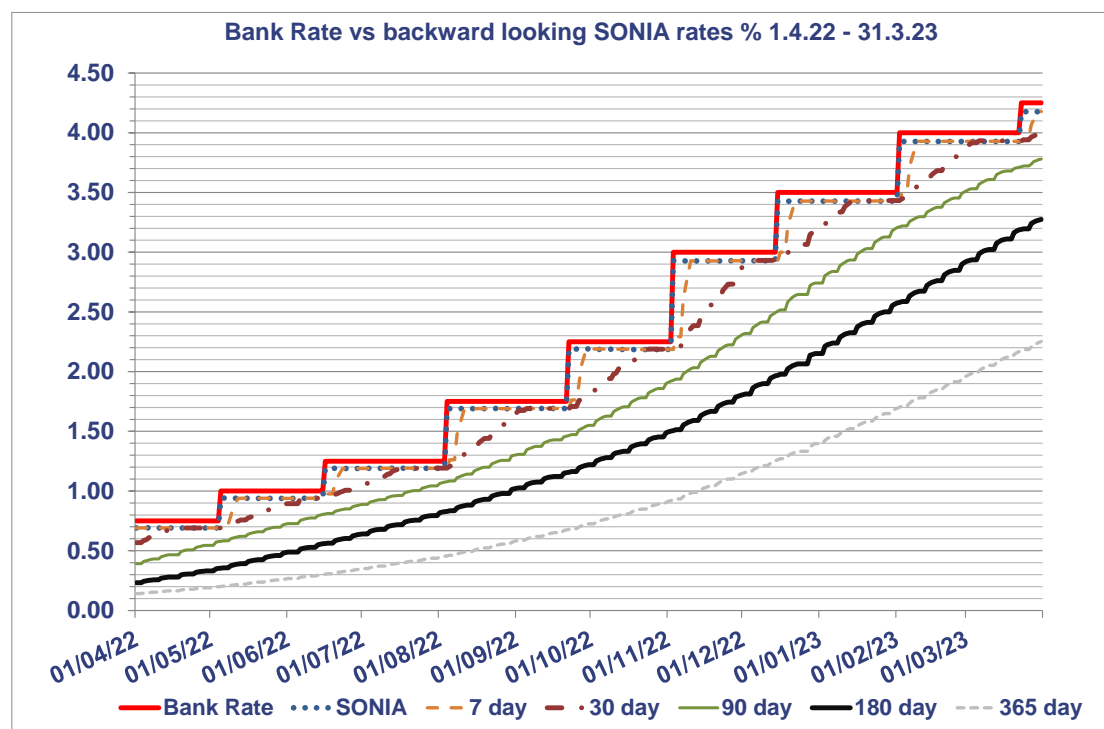
4.1 Investment strategy and control of interest rate risk

Investment Benchmarking Data - Sterling Overnight Index Averages (Term) 2022/23



FINANCIAL YEAR TO QUARTER ENDED 31/3/2023						
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	4.25	4.18	4.17	4.30	4.49	5.41
High Date	23/03/2023	31/03/2023	31/03/2023	31/03/2023	29/09/2022	29/09/2022
Low	0.75	0.69	0.69	0.92	1.20	1.62
Low Date	01/04/2022	28/04/2022	01/04/2022	01/04/2022	07/04/2022	04/04/2022
Average	2.30	2.24	2.41	2.72	3.11	3.53
Spread	3.50	3.49	3.48	3.38	3.29	3.79

Investment Benchmarking Data – Sterling Overnight Index Averages (Backward-looking) 2022/23



FINANCIAL YEAR TO QUARTER ENDED 31/03/2023							
	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	4.25	4.18	4.18	4.00	3.78	3.27	2.25
High Date	23/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023
Low	0.75	0.69	0.69	0.57	0.39	0.23	0.14
Low Date	01/04/2022	28/04/2022	29/04/2022	01/04/2022	01/04/2022	01/04/2022	01/04/2022
Average	2.30	2.24	2.20	2.09	1.81	1.42	0.90
Spread	3.50	3.49	3.49	3.43	3.39	3.04	2.11

Investment returns picked up throughout the course of 2022/23 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for.

Starting April at 0.75%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 4.25% by the end of the financial year, with the potential for a further one or two increases in 2023/24.

The sea-change in investment rates meant local authorities were faced with the challenge of pro-active investment of surplus cash for the first time in over a decade, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and “laddering” deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an ongoing feature of the investment landscape.

With bond markets selling off, equity valuations struggling to make progress and, latterly, property funds enduring a wretched Q4 2022, the more traditional investment options, such as specified investments (simple to understand, and less than a year in duration) became more actively used.

Meantime, through the autumn, and then in March 2023, the Bank of England maintained various monetary policy easing measures as required to ensure specific markets, the banking system and the economy had appropriate levels of liquidity at times of stress.

Nonetheless, while the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the Great Financial Crisis of 2008/9. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

4.2 Borrowing strategy and control of interest rate risk

During 2022/23, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were initially low and minimising counterparty risk on placing investments also needed to be considered.

A cost of carry generally remained in place during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. As the cost of carry dissipated, the Council sought to avoid taking on long-term borrowing at elevated levels (>4%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<3 years) as appropriate.

The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this has been kept under review to avoid incurring higher borrowing costs in the future when this Authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Director of Finance therefore

monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:

- if it had been felt that there was a significant risk of a sharp FALL in long and short-term rates, (e.g., due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
- if it had been felt that there was a significant risk of a much sharper RISE in long and short-term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/23 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. Currently the CPI measure of inflation is still above 10% in the UK but is expected to fall back towards 4% by year end. Nonetheless, there remain significant risks to that central forecast.

Forecasts at the time of approval of the treasury management strategy report for 2022/23 were as follows: -

Link Group Interest Rate View		7.2.22										
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month ave earnings	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month ave earnings	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month ave earnings	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

Interest rate forecasts changed during 2022/23, these are the forecast tables: -

Link Group Interest Rate View		10.5.22											
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.25	1.50	1.75	2.00	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75
3 month ave earnings	1.20	1.50	1.70	2.00	2.00	2.00	2.00	2.00	1.70	1.70	1.70	1.70	1.70
6 month ave earnings	1.60	1.90	2.10	2.20	2.20	2.20	2.20	2.10	2.00	1.90	1.90	1.90	1.90
12 month ave earnings	2.00	2.20	2.30	2.40	2.40	2.30	2.30	2.20	2.20	2.10	2.10	2.10	2.10
5 yr PWLB	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.50	2.50	2.50	2.50	2.50
10 yr PWLB	2.80	2.80	2.90	2.90	2.90	2.90	2.90	2.90	2.80	2.80	2.80	2.80	2.80
25 yr PWLB	3.00	3.10	3.10	3.20	3.20	3.20	3.10	3.10	3.00	3.00	3.00	3.00	3.00
50 yr PWLB	2.70	2.80	2.80	2.90	2.90	2.90	2.80	2.80	2.70	2.70	2.70	2.70	2.70

Link Group Interest Rate View		21.06.22											
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	
BANK RATE	1.75	2.25	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25	
3 month ave earnings	2.00	2.50	2.80	2.80	2.80	2.80	2.60	2.50	2.30	2.30	2.20	2.20	
6 month ave earnings	2.50	2.80	3.00	3.00	2.90	2.90	2.80	2.70	2.60	2.50	2.40	2.30	
12 month ave earnings	3.10	3.20	3.20	3.20	3.00	2.90	2.80	2.60	2.50	2.40	2.40	2.40	
5 yr PWLB	3.20	3.30	3.30	3.30	3.30	3.20	3.10	3.00	3.00	3.00	2.90	2.90	
10 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.30	3.20	3.20	3.20	3.10	3.10	
25 yr PWLB	3.70	3.70	3.70	3.70	3.70	3.70	3.60	3.50	3.50	3.40	3.40	3.30	
50 yr PWLB	3.40	3.40	3.50	3.50	3.40	3.40	3.30	3.20	3.20	3.10	3.10	3.00	

Link Group Interest Rate View		09.08.22											
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	2.25	2.50	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.00
3 month ave earnings	2.50	2.80	3.00	2.90	2.80	2.50	2.40	2.30	2.30	2.20	2.20	2.20	2.20
6 month ave earnings	2.90	3.10	3.10	3.00	2.90	2.80	2.70	2.60	2.50	2.50	2.40	2.30	2.30
12 month ave earnings	3.20	3.30	3.20	3.10	3.00	2.90	2.80	2.70	2.40	2.40	2.40	2.40	2.40
5 yr PWLB	2.80	3.00	3.10	3.10	3.00	3.00	2.90	2.90	2.80	2.80	2.80	2.70	2.70
10 yr PWLB	3.00	3.20	3.30	3.30	3.20	3.10	3.10	3.00	3.00	3.00	2.90	2.90	2.80
25 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.40	3.30	3.30	3.20	3.20	3.20	3.10
50 yr PWLB	3.10	3.20	3.20	3.20	3.20	3.10	3.10	3.00	3.00	2.90	2.90	2.90	2.80

Link Group Interest Rate View		27.09.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50	
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50	
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60	
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70	
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20	
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20	
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40	
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10	

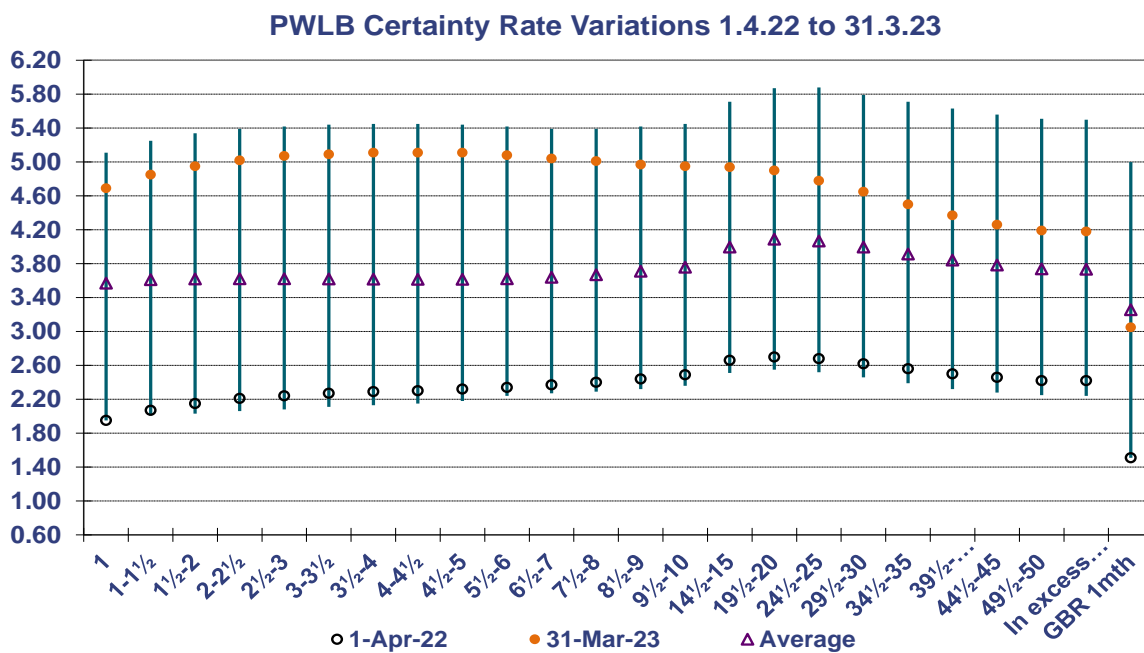
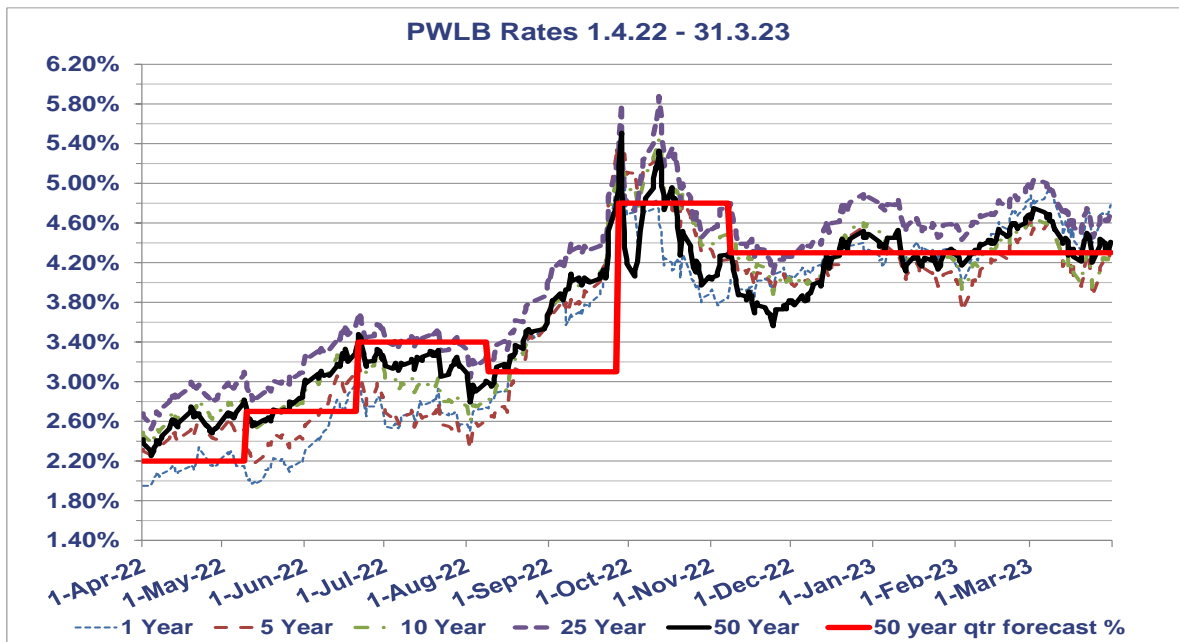
Link Group Interest Rate View		08.11.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

Link Group Interest Rate View		19.12.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

Link Group Interest Rate View		07.02.23											
	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

Link Group Interest Rate View		27.03.23										
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.50	4.50	4.25	4.00	3.50	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.50	4.50	4.30	4.00	3.50	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.50	4.40	4.20	3.90	3.40	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.40	4.20	3.80	3.30	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.10	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.20	3.10
10 yr PWLB	4.20	4.20	4.00	3.90	3.80	3.70	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.50	4.40	4.20	4.10	4.00	3.80	3.70	3.60	3.50	3.50	3.40
50 yr PWLB	4.30	4.20	4.10	3.90	3.80	3.70	3.50	3.50	3.30	3.20	3.20	3.10

PWLB RATES 2022/23



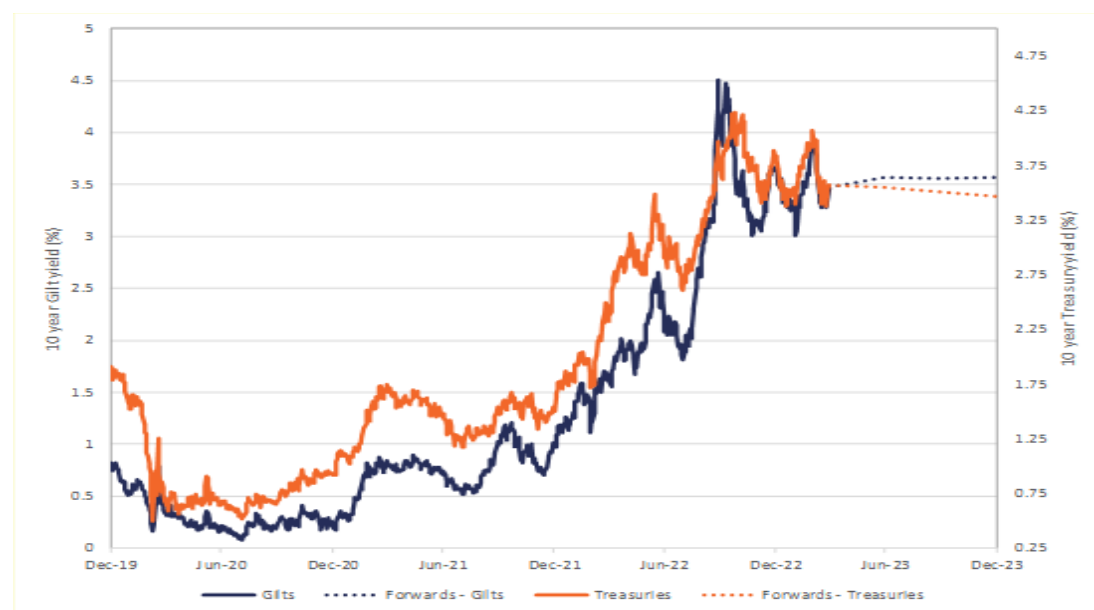
HIGH/LOW/AVERAGE PWLB RATES FOR 2022/23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.45%	5.88%	5.51%
Date	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
Average	3.57%	3.62%	3.76%	4.07%	3.74%
Spread	3.16%	3.26%	3.09%	3.36%	3.26%

PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

Graph of UK gilt yields v. US treasury yields



Gilt yields have been on a continual rise since the start of 2021, peaking in the autumn of 2022. Currently, yields are broadly range bound between 3% and 4.25%.

At the close of the day on 31 March 2023, all gilt yields from 1 to 50 years were between 3.64% and 4.18%, with the 1 year being the highest and 6-7.5 years being the lowest yield.

Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows: -

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate first rises to dampen inflationary pressures and a tight labour market, and is then cut as the economy slows, unemployment rises, and inflation (on the Consumer Price Index measure) moves closer to the Bank of England's 2% target.

As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

The Bank of England is also embarking on a process of Quantitative Tightening, but the scale and pace of this has already been affected by the Truss/Kwarteng "fiscal experiment" in the autumn of 2022 and more recently by the financial market unease with some US (e.g., Silicon Valley Bank) and European banks (e.g., Credit Suisse). The gradual reduction of the Bank's original £895bn stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

5. Borrowing Outturn

Treasury Borrowing - £37m in year, with £30m outstanding at year end.

Borrowing - loans were drawn to fund the net unfinanced capital expenditure and naturally maturing debt.

The loans drawn in year were as follows, with forward date deals dealt, to obtain the most competitive rates:

Lender	Principal	Type	Interest Rate	Maturity
Inter Local Authority	£7m	Fixed interest rate	2.50%	6 mths
Inter Local Authority	£5m	Fixed interest rate	2.83%	9 mths
Inter Local Authority	£10m	Fixed interest rate	3.00%	349 days
Inter Local Authority	£5m	Fixed interest rate	3.50%	1 year
Inter Local Authority	£5m	Fixed interest rate	3.80%	2 mths
Inter Local Authority	£5m	Fixed interest rate	3.80%	2 mths

Due to investment concerns, both counterparty risk and comparatively low investment returns, no long term borrowing was undertaken during the year.

Borrowing in advance of need

The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

Rescheduling

No rescheduling of long term debt was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

6. Investment Outturn

Investment Policy – the Council’s investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved by the Council on 01 March 2022. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Resources – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised as follows:

Balance Sheet Resources (£m)	31.3.22	31.3.23
Balances	5.163	4.956
Earmarked reserves	21.307	18.688
Provisions	-	-
Usable capital receipts	-	-
Total	26.470	23.644

Investments held by the Council

- The Council maintained an average balance of £19.4m of internally managed funds.
- The internally managed funds earned an average rate of return of 2.26%.
- The comparable performance indicator is the 7 days backward looking SONIA un compounded 2.2254%
- A total interest income was £996m compared to a budget of £750m. This was mainly due interest rate rises and major project spend delays, resulting in higher than predicted, in year, investment balances.

Investments held by fund managers

The Council uses external property fund managers to invest part of its cash balances. The performance of the managers against the benchmark return was:

Fund Manager	Investments Held	Return
Hermes Property Fund	£10m	3.69%
Lothbury Prop'ty Fund	£10m	3.12%
Total	£20m	3.40%

7. Performance Measurement (optional area)

One of the key requirements in the Code is the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide, (*as incorporated in the table in section 3*). The Council's performance indicators were set out in the annual Treasury Management Strategy Statement.

8. The Economy and Interest Rates

UK. Economy.

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	4.25%	3%	4.75%-5%
GDP	0.1%q/q Q4 (4.1%/y/y)	+0.1%q/q Q4 (1.9%/y/y)	2.6% Q4 Annualised
Inflation	10.4%/y/y (Feb)	6.9%/y/y (Mar)	6.0%/y/y (Feb)
Unemployment Rate	3.7% (Jan)	6.6% (Feb)	3.6% (Feb)

Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Q4 GDP was positive at 0.1% q/q. Most recently, January saw a 0.3% m/m increase in GDP as the number of strikes reduced compared to December. In addition, the

resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.

Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

In the interim, following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of the 17th of November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have reversed the increases seen under the previous tenants of No10/11 Downing Street, although they remain elevated in line with developed economies generally.

As noted above, GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material

evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. At present, the bigger rise in employment kept the ILO unemployment rate unchanged at 3.7% in January. Also, while the number of job vacancies fell for the ninth consecutive month in February, they remained around 40% above pre-pandemic levels.

Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.

The £ has remained resilient of late, recovering from a record low of \$1.035, on the Monday following the Truss government's "fiscal event", to \$1.23. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

As for equity markets, the FTSE 100 started 2023 strongly, rising to a record high of 8,014 on 20th February, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged early in March. The fall in the FTSE 100 was bigger than the drop in the US S&P 500. Indeed, at around 7,600 now, the FTSE is 5.2% below its record high on 20th February, while the S&P 500 is only 1.9% lower over the same period. That's despite UK banks having been less exposed and equity prices in the UK's financial sector not falling as far. It may be due to the smaller decline in UK interest rate expectations and bond yields, which raise the discounted value of future earnings, compared to the US.

USA. The flurry of comments from Fed officials over recent months suggest there is still an underlying hawkish theme to their outlook for interest rates. Markets are pricing in a further interest rate increases of 25-50bps, on top of the current interest rate range of 4.75% - 5%.

In addition, the Fed is expected to continue to run down its balance sheet once the on-going concerns about some elements of niche banking provision are in the rear-view mirror.

As for inflation, it is currently at c6% but with the economy expected to weaken during 2023, and wage data already falling back, there is the prospect that should the economy slide into a recession of any kind there will be scope for rates to be cut at the backend of 2023 or shortly after.

EU. Although the Euro-zone inflation rate has fallen below 7%, the ECB will still be mindful that it has further work to do to dampen inflation expectations and it seems destined to raise rates to 4% in order to do so. Like the UK, growth has remained more robust than anticipated but a recession in 2023 is still seen as likely by most commentators.

9. Other Issues

1. IFRS 9 fair value of investments (For information)

Following the consultation undertaken by the Department of Levelling Up, Housing and Communities [DLUHC] on IFRS 9, the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2025. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

Risk management will need to take account of the 2018/19 Accounting Code of Practice proposals for the valuation of investments. Whilst for many authorities, this may not be a significant issue, key considerations are included in our Technical Release, (TRA14, 29 August 2017), including:

- Expected credit loss model. Whilst this should not be material for vanilla treasury investments such as bank deposits, this is likely to be problematic for some funds e.g., property funds, (and also for non-treasury management investments dealt with in the capital strategy e.g., longer dated service investments, loans to third parties or loans to subsidiaries).
- The valuation of investments previously valued under the available for sale category e.g., equity related to the “commercialism” agenda, property funds, equity funds and similar, will be changed to **Fair Value through the Profit and Loss (FVPL)**.

2. Non-treasury management investments.

Detail on Non-treasury investments are included in the capital strategy reports and reviews.

3. Changes in risk appetite

There were no in year changes in risk appetite

4. Counterparty limits

There were no in year changes to counterparty limits.

5. Sovereign limits

There have been no in year amendments to our policy on minimum sovereign ratings.

6. IFRS 16

The implementation of IFRS16 bringing currently off-balance sheet leased assets onto the balance sheet, has been delayed until 2024/25.

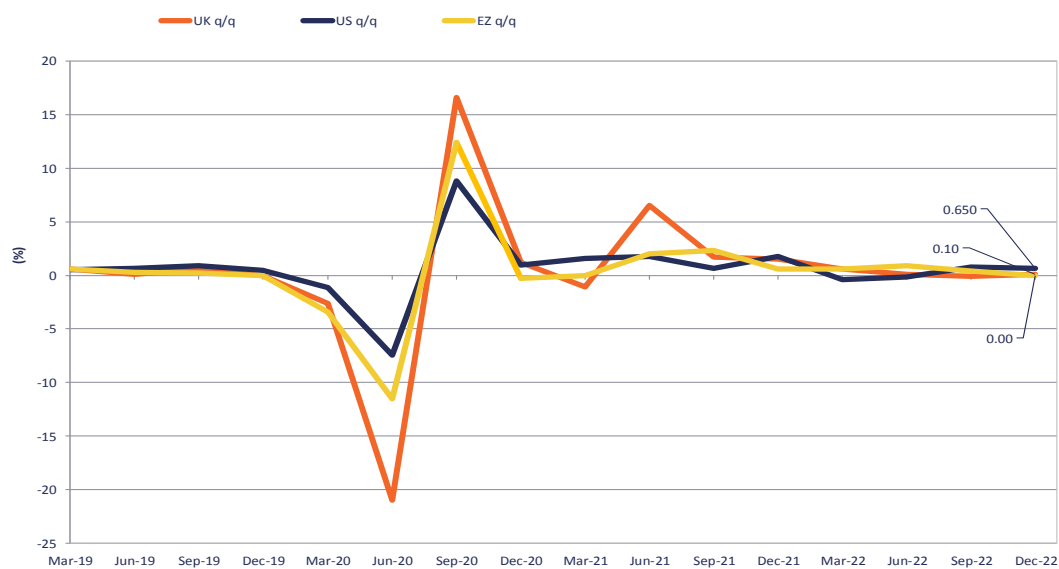
Appendix 1: Graphs

Market Expectations for Future Increases in Bank Rate (5th April 2023)

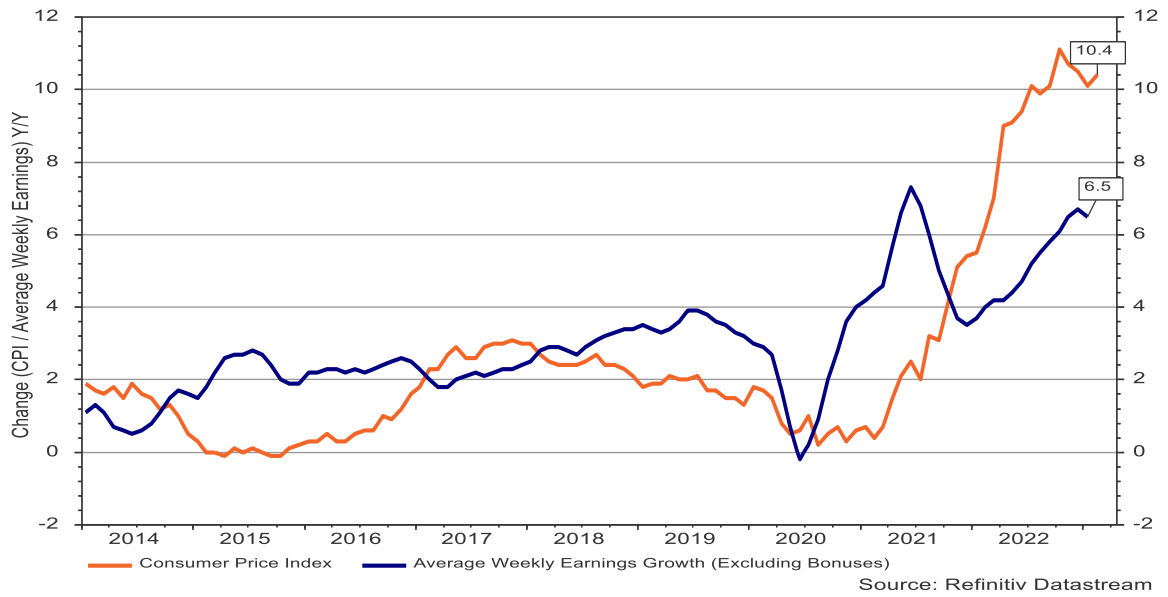


*MD0 = Change in Bank Rate expected at MPC meeting to be held May 2023, MD1 = Jun-23, MD2 = Aug-23, MD3 = Sep-23, MD4 = Nov-23, MD5 = Dec-23, MD6 = Feb-24

UK, US and EZ Quarterly GDP



CPI v Average Weekly Earnings Growth



Appendix 2: Approved countries for investments as at 31.3.23

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Qatar
- **U.K.**



East Herts Council Audit & Governance Committee

29 November 2023
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 10 November 2023.
 - The findings for the period 9 September 2023 to 10 November 2023.
 - 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 10 November 2023.

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 second 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 10 November 2023, 52% 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 9 September 2023:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Elections Payroll 2022/23	Sep 2023	Reasonable	Five Medium Priority
IT Malicious Software 2022/23	Sep 2023	Reasonable	Four Medium Priority
Court Cost Tracking	Oct 2023	Limited	One High, One Medium, One Low Priority
Houses in Multiple Occupation	Oct 2023	Reasonable	Nine Medium, One 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 10 November 2023. 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	6	23%
Draft Report Issued	6	23%
In Fieldwork/Quality Review	1	4%
In Planning/Terms of Reference Issued	5	19%
Allocated	8	31%
Not Yet Allocated	0	0%
Cancelled/Deferred	0	0%
Total	26	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. One new recommendation has been added to the schedule, relating to recording and tracking court costs awarded to the Council.

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 overleaf:

Performance Indicator	Performance Target for 31 March 2024	Profiled Performance 10 Nov 2023	Actual Performance 10 Nov 2023	Notes
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	57%	52%	123 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%	50%	46%	12 projects to draft or final report from the 26 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	23%	New Indicator – first measurement will be May 2024 (Currently 6/26 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 1 completed questionnaire received (from the 6 issued)
5. Number of High and Critical Priority Audit Recommendations agreed as a percentage	95%	95%	100%	One 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 As the Committee will be aware, SIAS entered 2023/24 with several vacant posts, and we have been successful in recruiting to the majority of these during the year to date. Our most recent recruitment campaign has allowed us to provide conditional offers to two Senior Auditors, with this now leaving only a 0.8 FTE vacancy within the structure.
- 2.11 Following our most recent review of resources versus commissions across the partnership, we are currently satisfied that all planned projects for 2023/24 have been allocated to staff for completion in line with the agreed performance indicators.
- 2.12 Whilst the above 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

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	17	Allocated
Council Tax (shared with SBC)							Yes		Draft Report Issued
Housing Benefits (shared with SBC)							Yes		ToR Issued
Creditors							Yes		Allocated
Debtors							Yes		Draft Report Issued
Asset Management							Yes		Allocated
Treasury Management							Yes		Allocated
Main Accounting							Yes		Allocated
Payroll							Yes		In Planning
Operational Audits – 95 days									
S106 Agreements						12	Yes	11.5	Draft Report Issued
Land Charges						10	Yes	9.5	Draft Report Issued
Community Grants & Funding						12	Yes	1	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	1.5	ToR Issued
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						10	Yes	9.5	Draft 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

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				
Corporate Services/Themes – 28 days									
Tendering Process						12	Yes	8	In Fieldwork
Risk Management (Assurance Mapping Refresh)						2	No	0	Allocated
Corporate Governance (Assurance Mapping Refresh)						2	No	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	4.5	Final Report Issued
Elections Payroll	Reasonable	0	0	5	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	4.5	Through Year
Client Engagement & Adhoc Advice						10	Yes	4	Through Year
2024/25 Audit Planning						5	Yes	0	Allocated
Service Development						5	Yes	5	Through Year
Progress Monitoring						12	Yes	6.5	Through Year
SAFS Related Matters						2	Yes	0	Through Year
SBC TOTAL		0	1	19	4	250		123	

* 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 (Nov 2023)
1.	<p>Payment Card Data Security Standard (2020/21).</p>	<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>November 2023. Ultimately dependent on the replacement of ICON, scheduled for implementation 1 April 2024.</p>	<p>Partially implemented.</p>

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 (Nov 2023)
2.	Payment Card Data Security Standard (2020/21).	<p><u>Recommendation:</u> <u>Roles and Responsibilities.</u> As a subsequent output from the formation of the cross-Council 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. 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><u>Agreed Management Action(s):</u> 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>Responsible Officer: Head of Strategic Finance & Property.</p> <p>Revised Due Date: 31 March 2024.</p>	<p><u>November 2023.</u> Ultimately dependent on the replacement of ICON, scheduled for 1 April 2024.</p>	Partially 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 (Nov 2023)
3.	Court Cost Tracking	<p><u>Recommendation:</u> The Council should attempt to identify and record pre-2021 cases where costs were awarded in its favour. An outline business case for a legal case management system should be prepared and considered when there is a recognised need.</p> <p><u>Agreed Management Action(s):</u> The provision of a Legal Case Management System has been requested multiple times by the Head of Legal & Democratic Services. It is hoped that with the income now being generated from work carried out for neighbouring councils, that the cost argument against obtaining one are now lessened.</p> <p>The Head of Legal and Democratic Services will continue to push for a system to be put in place.</p>	<p>Responsible Officer: Head of Legal & Democratic Services.</p> <p>Due Date: 31 March 2024.</p>	<p><u>November 2023.</u> New recommendation. The management response opposite is the latest comment.</p>	Not yet due.

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

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

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.

Agenda Item 8

Audit & Governance Committee
East Herts Council



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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4	Background
4	Summary of anti-fraud activity at EHC April- September 2023
8	List of Background Papers

Appendices

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

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. Providing the Service in this manner allows officers to develop working relationships with Council staff, and also provides improved resilience and flexibility across the Partnership as a whole. SAFS Officers have access to Council offices, officers, systems & data to conduct their enquiries.
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 Councils stance on fraud and corruption.
10. The Council will take part in the International Fraud Awareness Week in November 2023 with planned activity utilising social media and

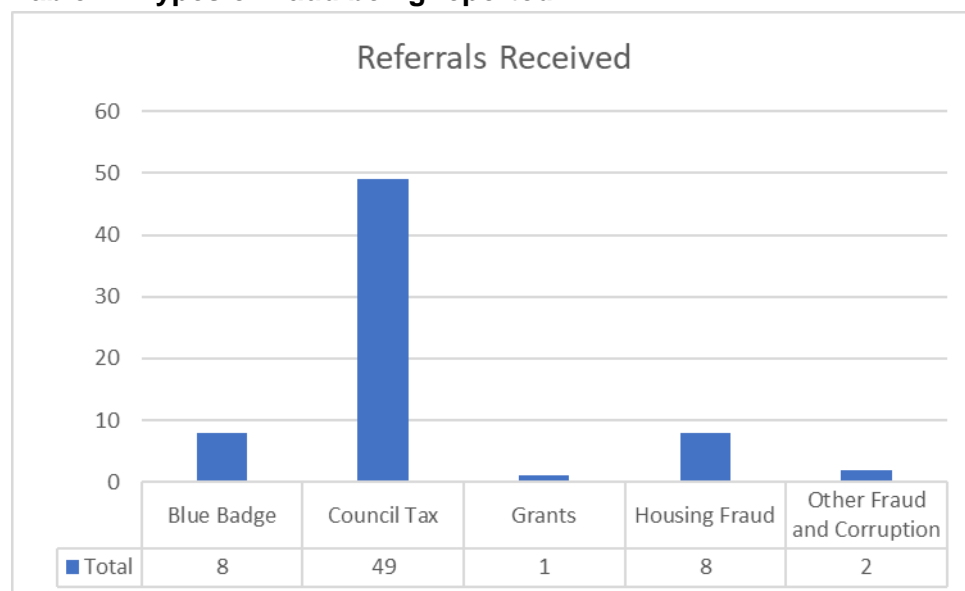
national/international resources across the whole County. Campaigns such as this encourage residents to report fraud and provide assurance that the Council takes fraud seriously and acts on those reports.

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, the modules on anti-fraud/bribery/corruption will be reviewed in 2023.

Counter Fraud Activity & Reported Fraud

13. Between April and September SAFS received 68 ‘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 68 referrals received 39 came from members of the public, 27 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 (19 referrals) and of 14 live cases under investigation at the end of September the estimated fraud loss/savings for these cases exceeds £319k.
16. Four 'reactive' investigations have been closed so far this year, and a further 29 low level review undertaken, with fraud losses/savings combined of just over £36k 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.

'Former Councillor sentenced and ordered to pay £44k costs for breaching planning laws'

Former East Hertfordshire District Councillor, Mr William Ashley, appeared at St Albans Crown Court on Tuesday 19 September 2023 in relation to charges brought under the Town and Country Planning Act 1990.

On 6 March 2023, Mr Ashley pleaded guilty to two offences of making a false statement to procure an established use certificate in relation to planning permission granted in 2011 for the construction of six residential/commercial units at Monks Green Farm, and for failing to comply with a breach of condition notice issued by the council on 4 February 2020. The matter was adjourned to 8 August 2023 at St Albans Magistrates Court where Mr Ashley appeared before District Judge Buttar and was committed to the Crown Court for sentence.

Mr Ashley of Monks Green Farm, Brickendon, Hertford, was sentenced to an eight-week community order and will be placed on an electronically monitored curfew to his residential address between the hours of 18:30 – 03:30 each day. Mr Ashley was also ordered to pay costs of £44,263.62.

In passing sentence, Recorder Buttar stated that Mr Ashley, a former director of Norths Herts Farmers for 35 years, a district and parish councillor of 28 years and a former local magistrate for 25 years, "was someone who had an exemplary reputation within the local community and had lost his good character today. He knew how the criminal justice and planning system worked. He knew what he was doing was wrong and there was an intention to commit the offences and in doing so undermined harm to public confidence when systems in place to ensure regulation of units that are used for residential and business use are not adhered to."

The prosecution followed an investigation by the Shared Anti-Fraud Service on behalf of the council.

Councillor Vicky Glover-Ward, Executive Member for Planning and Growth, said: "The conviction of Mr. Ashley sends a clear message that our community will not tolerate violations of the law, especially when it concerns the integrity of our planning processes. We are determined to uphold the highest of standards so that residents have trust in the integrity of our services."

Executive Member for Corporate Services at East Herts Council, Councillor Joseph Dumont, said: "East Herts Council remains steadfast in its commitment to thoroughly investigate all reports of fraud and to hold those responsible accountable for their actions. I strongly encourage anyone with concerns to get in touch with the Shared Anti-Fraud Service and report them."

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 is signed up as part of the Framework and will make use of this service in 2023/24.
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 may 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, 199 high priority matches have been reviewed and 10 are still subject to investigation. From the reviews conducted, 17 discrepancies and 1 fraud have been identified loss and savings of £39k.
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&2 more than 3,800 matches have been reported of which around 10% have been reviewed so far, 42 cases are being investigated at present and to date 24 discrepancies have identified savings through prevention in excess of £47k.
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 1 - SAFS/East Herts Council Anti-Fraud Plan 2023/24

Appendix 2 - 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 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 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, PNLD, 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.

SAFS KPIs - 2023/ 2024

KPI	Measure	Target 2023/24	Performance to October 2023
Page 96	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>	<p>A. SAFS Mgt have meetings planned throughout the year with Head of Strategic Finance and Property,.</p> <p>B. Head of Strategic Finance and Property, invited to attend all SAFS Board meetings in 23/24</p> <p>C. Meetings with Hsing Mgt & R&B in place on regular basis. Recent meetings with Planning and HR following incidents reported.</p> <p>D. This report, and others are available upon request.</p>
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>	<p>A. 86 Days reported in Q1 & Q2 combined – 30%. More work is planned in Q3 to support NFI outcomes and use of Data to support NDR. We are also aware that some officers assigned to work on EHC projects are under-reporting their time.</p> <p>B. Reports to Audit & Governance Committee in September and November 2023 and third report planned for March 2024.</p> <p>C. SAFS has close working with relationship with R&B & Housing Services and regular liaison is taking place.</p>
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>	<p>A. SAFS CMS currently unable to recognise urgent from non-urgent, we are working with the CMS provider to rectify this.</p> <p>B. At present we are responding to referrals for EHC within 3 days on average, but we are ensuring that any urgent cases are sifted and selected ahead of other work.</p>
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>	<p>A. SAFS have procured licenses to NAFN and PNLD for Council staff.</p> <p>B. SAFS Mgt are members of the CF Centre. HCC has membership of CIFAS with alerts shared with SAFS Partners.</p> <p>C. Council staff have access to NAFN training & support.</p> <p>D. Training events are still being developed with HR, including a review of the E-Learning modules on fraud/bribery/AML.</p>
5	Allegations of fraud received & Outcomes recorded.	<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. This is happening daily as referrals are received.</p> <p>B. The SAFS CMS allows the reporting of granular detail on each referral received, every case investigated, and the MI from this is, is used to manage workflow and workloads.</p> <p>C. SAFS have investigated a number of tenancy fraud matters and we are awaiting the outcomes of notice/court procedures to recover properties.</p>
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>	<p>A. Access to NFI data and relevant systems arranged for SAFS officers. Output and matches reviewed will be reported to the CGG. This work is progressing very well.</p> <p>B. Contracts with C/O signed for the Council to take part in the Herts FHUB in 23/24. Data-upload and dissemination of matches in place. We are now working with officers to begin clearing matches.</p>

East Herts Council Report

Audit and Governance Committee

Date of meeting: Wednesday 29 November 2023

Report by: Councillor Vicky Glover-Ward – Executive Member for Planning and Growth

Report title: Section 106 Update Report & 2022/23 Infrastructure Funding Statement

Ward(s) affected: (All Wards);

Summary – This report provides Officers and Committee Members with an update on East Herts Council Section 106 contributions and the '2022/23 Infrastructure Funding Statement' prior to its publication, along with information on the current Internal Audit of Section 106 and the additional work undertaken by the Section 106 Programme Manager.

RECOMMENDATIONS FOR Audit and Governance Committee:

- a) To note and comment on the contents of this report and the '2022/23 Infrastructure Funding Statement' attached as Appendix A.

1.0 Proposal(s)

- 1.1 As above.

2.0 Background

- 2.1 Since September 2019, the Section 106 Programme Manager has compiled an annual update report to provide information on East Herts Council Section 106 financial contributions collection and allocation, including any changes to legislative

and reporting requirements, and the annual Infrastructure Funding Statement prior to its publication on the East Herts Council website. Copies of these previous reports can be found on the council's website and are listed as background papers at the end of this report.

- 2.2 This report, which is presented annually to the Audit & Governance Committee in November, provides this year's update along with a copy of the '2022/23 Infrastructure Funding Statement' – attached as Appendix A.

3.0 Reason(s)

- 3.1 To ensure transparency, and compliance with current Legislation, details are provided below on the '2022/23 Infrastructure Funding Statement' prior to its publication on the council's website. Further information is also provided on the ongoing work of the Section 106 Programme Manager to secure financial contributions and identify projects for inclusion in new Section 106 agreements along with an update on the Internal Audit of Section 106 currently being undertaken.
- 3.2 Members should also note that in line with the council's key priorities, work continues to be undertaken with fellow Officers and external organisations to promote sustainability and secure this approach in any new Section 106 contribution obligations or funding bids to assist with the council's aim of being carbon neutral by 2030.

Information on Section 106 contribution identification, collection, and allocation:

- 3.3 The Section 106 Programme Manager continues to ensure that all Section 106 agreements and individual contribution obligations are identified and updated on the 'Master Section

106 Contributions Spreadsheet'. This ensures that a single central record is maintained on past, current and future contributions due to East Herts Council. This information is updated on the Development Management module of the Uniform IDOX system and shared with the Group Accountant responsible for Section 106 to ensure financial oversight of income and allocations.

- 3.4 General information on Section 106, copies of the annual Infrastructure Funding Statement and how to apply for funding for projects is available to the public on a dedicated [Section 106 funding](#) webpage.
- 3.5 New Section 106 Agreements and Contributions - Members will be aware that Section 106 contributions cannot be an income source for the council, as to be included in any new Section 106 Agreement all identified contribution uses must conform with the three tests set out in Regulation 122(2) of the Community Infrastructure Levy (CIL) Regulations 2010 and be:
 - a) necessary to make the development acceptable in planning terms,
 - b) directly related to the development and
 - c) fairly and reasonably related in scale and kind to the development.
- 3.6 The Section 106 Programme Manager continues to work proactively with senior Planning Officers on the Section 106 requirements from forthcoming developments. As planning applications progress to approval, work is undertaken with individual senior Planning Officers, developers and interested parties to ensure that all potential contribution obligations are appropriate, compliant, and sustainable, and have identified allocation uses. This can involve significant negotiations and in

some cases viability reports which can result in changes to Affordable Housing requirements and/or individual financial contributions.

- 3.7 It should be noted that all East Herts contributions and obligations are sought and calculated in accordance with the current Local Plan and specific Supplementary Planning Documents (SPD's) requirements. These, along with the associated calculation spreadsheets, can be found on the [Planning Policy Supplementary Planning Documents](#) webpages.
- 3.8 Further information on the planning obligations and contribution requirements typically required from developments meeting the threshold can be found on the [Making a Planning Application](#) webpage, which also has a template Section 106 Agreement.
- 3.9 Committee Members should note that the Section 106 Programme Manager will be providing a briefing on Section 106 in East Herts to all Members on 7th December 2023.
- 3.10 To assist with the identification of new contribution uses and project allocations, a list of potential projects for inclusion in future Section 106 agreements has been created with input from Officers, Members, Town and Parish Councils along with many other local groups and organisations. This ensures that any projects / groups identified for funding and inclusion in new Section 106 agreements comply with the legislation requirements and will provide a sustainable use of the received contributions, and that all parties are happy with the outcome.
- 3.11 To facilitate the funding of council projects, fellow Officers are consulted on their potential projects and associated future funding requirements. This information is collated and used to

assist Planning Officers with their pre-app discussions and the Section 106 agreement negotiations with developers. Officers are also advised of the anticipated timescale for the receipt of identified Section 106 contributions to allow for capital programme planning and staffing allocation.

2022/23 Infrastructure Funding Statement

- 3.12 The fourth annual 'Infrastructure Funding Statement' for the financial year 2022/23 and the three required CSV files have been compiled by the Section 106 Programme Manager in line with the Legislation requirements of the Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019) and will be published on the dedicated [Infrastructure Funding Statement webpage](#) in December 2023.
- 3.13 The '2022/23 Infrastructure Funding Statement' provides a summary of new Section 106 legal agreements signed, along with detailed information on financial contribution income and expenditure, and projects funded in the financial year 2022/23. In line with the Legislation, it also includes information on Section 106 financial contribution collection and allocation for previous financial years.
- 3.14 Members are invited to comment on the '2022/23 Infrastructure Funding Statement' attached as Appendix A.
- 3.15 Members should note that Hertfordshire County Council produce their own Annual infrastructure Funding Statement which provides information on the Section 106 contributions due directly to them - this is available on the [Hertfordshire County Council website](#).

Update on Section 106 contributions in 2022/23

- 3.16 A snapshot of the financial highlights from the '2022/23

Infrastructure Funding Statement' is provided below.

3.17 Total Section 106 income & expenditure – As previously noted, detailed information on the collection and allocation of East Herts Section 106 financial contributions has been collected since April 1996 in the Master Spreadsheet. Members should note the following information on the total received Section 106 income & expenditure from 01/04/1996 up to 31/03/2023:

- Received contributions - £18,415,230.84
- Spent contributions - £11,833,176.66
- Unspent contributions - £6,582,054.18
 - Allocated contributions* - £6,360,828.52
 - Unallocated contributions**- £221,225.66

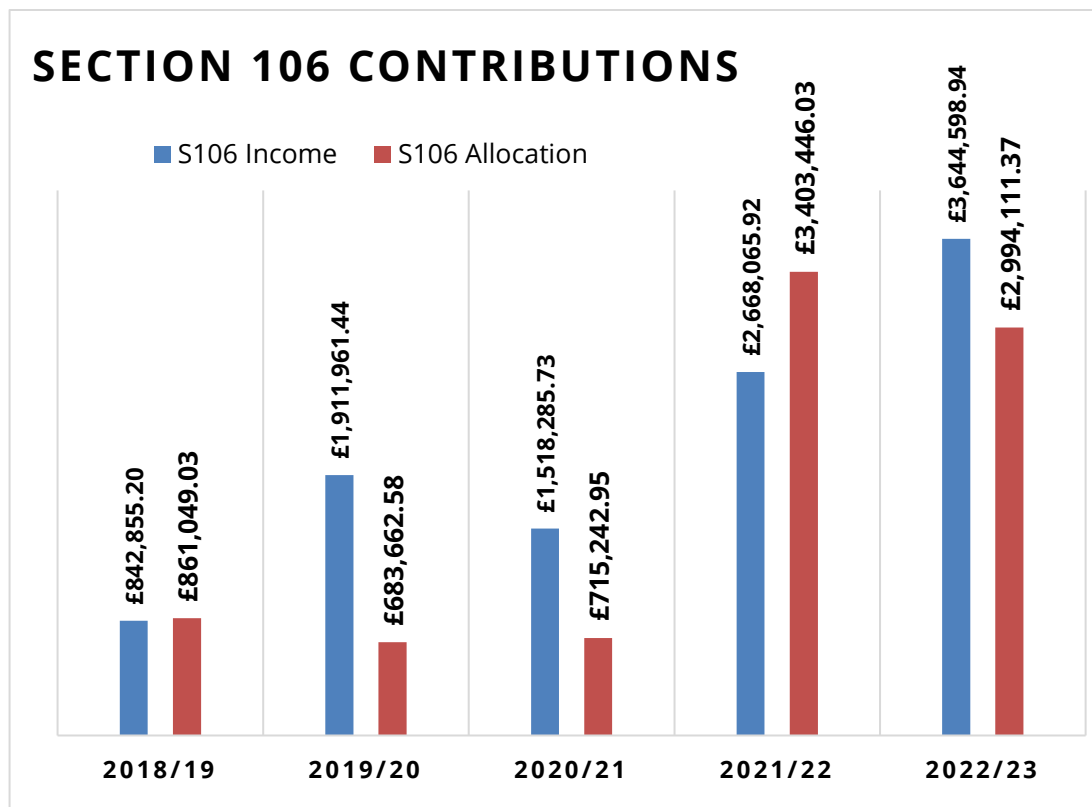
3.18 *Allocated contributions include contributions identified for future allocation/transfer to Revenue Budgets for ongoing maintenance, Capital Budgets for major projects, Affordable Housing, specific named uses / projects and for transfer to external bodies (e.g., health contributions collected for the NHS Hertfordshire and West Essex Integrated Care Board).

3.19 **Unallocated contributions are classed as unallocated because they do not have a specific project named in the contribution wording. Work is ongoing to identify projects to fit with these contributions and these are available for internal and external funding application bids with certain caveats. Further information on these unallocated contributions is available in the '2022/23 Infrastructure Funding Statement'.

3.20 Members should be aware that legal advice has confirmed that all Section 106 contributions can only be allocated in accordance with the specified contribution use wording in the individual legal agreement and within the vicinity of the

associated development. Any deviation or non-conforming use may be subject to challenge and potential reclaim by the developer. All funding payment transfers are subject to the signing of a Use Agreement form to allow the council to reclaim any unspent or miss-used contributions should this be necessary.

3.21 Section 106 Income & Allocation over the last five financial years - The graph below provides information on the total Section 106 contributions received and allocated by East Herts Council over the last five financial years:



3.22 Members should note that the 2022/23 figures include:

- £3,644,598.94 collected from forty-nine contributions triggered from eleven individual Section 106 Agreements.

- £2,994,111.37 allocated to fourteen individual projects or uses from fifty-five received contributions from thirty individual Section 106 Agreements.

Future Section 106 income and allocation

3.23 Information on the collection and allocation of Section 106 contributions for the current financial year (2023/24) will be provided in the next Infrastructure Funding Statement and the Report to Audit & Governance Committee in November 2024.

3.24 Currently Section 106 contributions collected and allocated for spend / transfer in this financial year (01/04/2023 to September 2023) include:

- £1,025,351.48 collected to date as contributions triggered from seven separate developments.
- £794,938.64 identified for allocation / transfer in 2023/24*.

3.25 *This includes the transfer of £351,237.07 health contributions collected by the council on behalf of the NHS Hertfordshire and West Essex Integrated Care Board (formerly the CCG) for surgery expansions in Sawbridgeworth and Hertford. £364,611.07 has been allocated to the funding of projects in accordance with the individual contribution wording requirements. £65,988.60 of grounds maintenance contributions have been allocated to support the ongoing costs of the council in the current financial year as part of a planned drawdown of received funding.

3.26 In addition, £3,829.44 of monitoring contributions and £13,156.46 of recycling and refuse contributions have been received to date and will be allocated to internal budgets at the end of the financial year. More information on these

individual allocations will be published in the next Infrastructure Funding Statement.

- 3.27 The Section 106 Programme Manager is currently collating information on identified future Section 106 contributions, by area and individual contribution use, which are to be allocated to support Council projects and services. This information will be used to help inform the council's financial projections and budgets.
- 3.28 Work is also ongoing with the Town and Parish Councils to identify any current and future contributions available to them. Detailed information, including bespoke spreadsheets, have been shared and collaboration to identify future funding requirements continues.

Update on Internal Audit of Section 106 – September 2023

- 3.29 As of May 2023, Internal Audit (BDO LLP on behalf of SIAS), have been undertaking an audit of Section 106 at East Herts Council. This audit aims to provide an assurance opinion and the Auditors are currently assessing the adequacy and effectiveness of the governance, risk management and internal control activities in the following areas:
- a) **Governance Arrangements**
 - b) **Policies and Procedure**
 - c) **Collection of Section 106 funds**
 - d) **Release of Section 106 funds**
 - e) **Reporting and Monitoring**
- 3.30 A meeting between the Auditor and the Section 106 Programme Manager took place in July to go through the above identified areas and look at specific randomly selected

examples to provide assurance that all policies and procedures were being complied with.

- 3.31 The final audit report is expected later this year, but the interim feedback has been incredibly positive. A copy of the final report will be shared with the Executive Member for Planning & Growth on receipt and reported to the Council's Audit & Governance Committee in 2024.
- 3.32 Going forward, Internal Audit will seek assurance that any recommendations made in the final audit report have been implemented. This will be accomplished in terms of an agreed protocol with the council and information on this will be provided to Members via the November 2024 Audit & Governance Committee.

Section 106 income generation and information requests

- 3.33 Monitoring Fee Income - following a change in the legislation in 2019, the inclusion of a Monitoring Fee contribution in new Section 106 Agreements has generated significant income totalling £30,780.25 to date. This is transferred internally at the end of each financial year into the planning budget to help fund the council's monitoring costs. This Monitoring Fee income is itemised per financial year below:
- 2019/20 - £3,100.00 (one contribution payment)
 - 2020/21 - £9,336.99 (three contribution payments)
 - 2021/22 - £14,513.82 (six contribution payments)
 - 2022/23 - £0.00 (no contribution payments triggered)
 - 2023/24 - £3,829.44 – two contribution payments to date
- 3.34 Section 106 Contribution Status Confirmation - Income continues to be generated from the provision of Section 106 status confirmation letters to solicitors and housing

associations – the fee charged for this increased to £94.00 per enquiry response in April 2022. This income is itemised per financial year below:

- 2019/20 – £2,229.00
- 2020/21 – £2,693.00
- 2021/22 - £4,809.30
- 2022/23 – £3,290.00
- 2023/24 – £1,222.00 (thirteen confirmations to date)

3.35 Section 106 information requests - In the previous 12 months the Section 106 Programme Manager has responded to ten Freedom of Information (FOI) requests and two Member inquiries (via “Infreemation”) regarding Section 106 contributions collection and allocation.

4.0 Options

4.1 Members are invited to note and comment on the contents of this report, the ‘2022/23 Infrastructure Funding Statement’ and the ongoing work of the Section 106 Programme Manager

5.0 Risks

5.1 The ‘2022/23 Infrastructure Funding Statement’ must be published on the East Herts Council website before 31/12/2023. To not do so would be in contravention of the Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019 and would be a reputational and legal risk for the council. As the ‘2022/23 Infrastructure Funding Statement’ has been written and is ready to be published this is a minor risk and the likelihood is unlikely.

5.2 The main risk of non-allocation of received Section 106 contributions, within the timescale set out in the individual legal

agreements, is reputational as it could result in public challenge and potential reclaim by the developer.

- 5.3 Significant work continues to be undertaken to ensure that this will not happen and that all contributions payable to the council are identified, collected, RAG rated and allocated to be used within the period stated within the individual Section 106 agreements. This allocation period is usually 10 years from the date of actual receipt of the financial contribution, but several new agreements now stipulate five years from receipt.

6.0 Implications/Consultations

- 6.1 Feedback on this report and the '2022/23 Infrastructure Funding Statement' was sought from senior Planning Officers, Head of Communications, Strategy and Policy, Deputy Chief Executive and the Executive Member for Planning & Growth.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

No

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

No

Specific Wards

No

7.0 Background papers, appendices & other relevant material

7.1 24/09/2019 - Performance, Audit and Governance Scrutiny Committee - [Section 106 Agreements Update Report](#)

7.2 17/11/2020 - Audit & Governance Committee – [Section 106 Policy and Financial Contributions Update Report](#)

7.3 19/11/2021 – Audit & Governance Committee – [Section 106 Update Report](#)

7.4 15/11/2022 -Audit & Governance Committee – [Section 106 Update Report](#)

7.5 **Appendix A** – Infrastructure Funding Statement 2022/23.

Contact Member

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Annual Infrastructure Funding Statement - 2022 - 2023

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Annual Infrastructure Funding Statement for 2022/23

Introduction

As part of recent changes to legislation Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019) East Herts Council is now required to produce an Annual Infrastructure Funding Statement.

This report is the fourth Annual Infrastructure Funding Statement produced by East Herts Council and provides a summary of the income and expenditure of the financial contributions East Herts Council has secured through Section 106 Agreements for the financial year 2022/23.

Further detailed information on the individual new Section 106 Agreements signed and the contributions received, along with information on the allocation and expenditure of historic contributions in the financial year 2022/23 is also provided in this report.

However, the report does not include information on contributions and obligations listed within these new Section 106 Agreements that are payable directly to Hertfordshire County Council or on infrastructure that is delivered under Section 78 agreements or directly by developers.

Please note that Hertfordshire County Council produce their own Annual infrastructure Funding Statement to provide this detailed information. Copies of these Infrastructure Funding Statements are available on the [Hertfordshire County Council](#) website.

Information on the previous East Herts Infrastructure Funding Statements, can be found on the dedicated [Infrastructure Funding Statements](#) webpage on the East Herts Council website, which also has further Developer contributions data in three (3) separate CSV files, created as per the [legislation](#).

Please note that the information provided in this report is the most robust available at the time of publication and will be updated annually and published on the council's website along with the required CVS files before 31/12/2023 in accordance with the CIL Legislation.

Section 106 Agreements

Under Section 106 of the Town and Country Planning Act 1990, East Herts Council can seek contributions and obligations, both on-site and off-site, to mitigate the impacts of development and ensure that the council's planning policy requirements are fulfilled.

These contribution obligations can be financial and non-financial and are set out in legal agreements between the developer and the council. They support the funding and development of new infrastructure and services to benefit the community and to mitigate the impacts of the proposed development.

East Herts Council has set out its infrastructure needs in its Infrastructure Delivery Plan (IDP) and in its District Plan. Further information on these and Section 106 can be found on the planning pages of the [council website](#)

Section 106 contributions and obligations can vary on a site-by-site basis depending on a range of factors such as the viability of the development and site-specific considerations.

Section 106 contributions and obligations can include:

- Site-specific financial contributions – these are secured for specific purposes as per the individual agreement wording and Community Infrastructure Levy (CIL) guidance. E.g., education facilities, health services, transport / highway works, community facilities, and leisure, arts, sport, and open spaces provision.
- Provision of on-site affordable housing (or financial contribution in lieu of on-site provision if applicable).
- Non-financial obligations such as employment strategies and travel plans.
- Refuse and recycling contributions.
- Monitoring fees.

However, they must comply with the requirements of [Regulation 122](#) of the Community Infrastructure Levy Regulations 2010 and be:

- a) necessary to make the development acceptable in planning terms.
- b) directly related to the development; and
- c) fairly and reasonably related in scale and kind to the development.

Further information on contribution thresholds and requirements is provided on the council's [Typical Section 106 Requirements](#) webpage. The council has also created a [template section 106 agreement](#), which provides full details of what is normally required, along with details on indexation of contributions and triggers for payment.

Historic Section 106 Contributions:

East Herts Council has collected information on all Section 106 Agreements to which it was a party and has monitored the receipt and allocation of Section 106 financial contributions from the financial year 1996/97 to the present date.

The council is required by the Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019) Legislation to report on the historic collection and allocation of the total amounts of Section 106 contributions for a minimum of the three previous financial years to the financial year this report covers (2022/23).

The CIL Legislation also requires more details on the previous financial year (2021/22) to the year being reported on in this report (see page 6 for this detailed information).

Total Section 106 contribution collection and allocation in the previous five financial years:

For the 2022/23 Infrastructure Funding Statement (this report), and in line with the requirements of the CIL Legislation, the council has provided an overview on Section 106 receipt and spend information for the last five financial years – details below:

- 2018/19 received - £842,855.20 spent – £861,049.03
- 2019/20 received - £1,911,961.44 spent - £683,662.58
- 2020/21 received - £1,518,285.73 spent - £715,242.95
- 2021/22 received - £2,668,065.92 spent - £3,403,446.03
- 2022/23 received - £3,644,598.94 spent - £2,994,111.37

Total Section 106 contribution collection and allocation for the previous financial year

Historically up to the end of the 2021/22 financial year (from 01/04/1996 to 31/03/2022) a total of **£14,770,631.90** was received in Section 106 contributions by East Herts Council. Of this **£8,839,065.29** was used / transferred, with a further **£5,725,171.67** identified for allocation, leaving **£206,394.94** unallocated as of 31/03/2022.

See page 12 for information on the historic totals of Section 106 contribution collection and allocation for the financial year of this report (2022/23).

Overview of Section 106 in 2022/23

This section provides information on the Section 106 Agreements signed in the financial year 2022/23, with details on the total amount of financial contributions and the number of affordable housing units listed within each agreement.

Further detailed information is also given on the contributions triggered for payment in 2022/23, along with details on the allocation and spends of these and any historic contributions held up by East Herts Council up to 31/03/2023.

Since July 2019 the collection and allocation of Section 106 contributions payable to East Herts Council has been monitored by the Section 106 Programme Manager.

The Section 106 Programme Manager continues to work closely with developers, fellow Officers and local groups and organisations to ensure compliance with the requirements of the individual agreements regarding payment triggers, funding allocations to named recipients and to identify projects for future funding.

New Section 106 Agreements signed in 2022/23

Nine new Section 106 Agreements were signed and sealed in 2022/23 – this figure includes any Supplemental Agreements, Deed of Variations and Unilateral Undertakings agreed and confirmed during this period.

These agreements have a total of £107,425.40 in financial contributions payable to East Herts Council, either as the beneficiary of the contribution or as the collection authority - further information is provided later in this report on the breakdown of these financial contributions. These agreements also contain provision for the developers to provide nine affordable housing units as part of the individual development planning permission.

Further information on [Affordable Housing obligations](#) and the requirements for Section 106 financial contributions can be found on the Council's [Planning Policy web pages](#). The individual Supplementary Planning Documents (SPD's) on the Planning Policy web pages provide more detail on the thresholds for contributions and the financial calculations of the individual contribution requirements.

The table below lists all the Section 106 Agreements to which East Herts Council was a signatory in the financial year 2022/23. Information on and copies of the individual Section 106 agreements can be found on the public [planning website](#) by using the planning application reference for the development to search for the documents.

Planning application reference:	Location:	Date of Section 106:	Total funding for East Herts Council:
3/17/2588/OUT	Rail Station (Goods Yard), Bishop's Stortford	20/05/2022	Deed of Variation to modify the Principal Agreement - Plot A only.
3/20/1950/FUL	East of Aspenden Road, Buntingford	24/06/2022	£97,939.40
3/22/0589/SV	Hertford Mill, Tamworth Road, Hertford	06/07/2022	No financial contributions due to East Herts Council
3/22/0590/SV	Former Bengoe Nursery, Hertford	06/07/2022	No financial contributions due to East Herts Council
3/22/0051/CPO	Land Adjacent to Ware Household Waste Recycling Centre, Westmill Road, Hertford	18/08/2022	No financial contributions due to East Herts Council (Waste Transfer Station)
3/21/1725/FUL	Bournebrook House, Farnham Road, Bishop's Stortford	30/09/2022	£9,486.00
3/13/0804/OP	Stortford Fields (ASR 1-4), Bishops Stortford North	20/12/2022	Deed of Agreement to modify Principal S106 Agreement
3/17/2588/OUT	Rail Station (Goods Yard), Bishop's Stortford	23/12/2022	Deed of Variation to modify the Principal Agreement - Plots A & B
3/17/2588/OUT	Rail Station (Goods Yard), Bishop's Stortford	15/02/2023	Second Deed of Variation to modify the Principal Agreement - Plot B only.
Total financial contributions payable to East Herts Council			£107,425.40*

*The financial contribution figures quoted will be subject to indexation when triggered for payment and therefore will increase in value.

Affordable Housing

Only one of the new Section 106 Agreements signed in 2022/23 included a provision to provide affordable housing on site as part of the development planning consent, giving a total of nine units. The table below lists the individual developments with on-site provision for affordable housing included in the Section 106 Agreement:

Planning application reference:	Location of development:	Affordable Housing units:
3/20/1950/FUL	East of Aspenden Road, Buntingford	9
Total units of Affordable Housing listed within the above listed Section 106 Agreements:		9

Monitoring fees:

The Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019 now allows Local Authorities to charge a monitoring fee through Section 106 planning obligations. These fees are to cover the costs of monitoring and reporting on the delivery of Section 106 obligations over the lifetime of the agreement, but they must be proportionate and reasonable and reflect the actual cost of monitoring.

Therefore, all new Section 106 Agreements from applicable developments within the district are now able to include a provision for charging monitoring fees for both East Herts Council and Hertfordshire County Council. Currently East Herts Council charges £300 per contribution to be collected by the council plus £300 – index linked when triggered for payment. Hertfordshire County Council charges and collects their own monitoring fees.

The table below lists the East Herts Council Monitoring Fee contributions, the development information and the amount to be collected:

Planning application reference	Location of development:	Monitoring Fee Contribution payable:
3/20/1950/FUL	East of Aspenden Road, Buntingford	£3,600.00
Total amount of Monitoring Fee Contributions listed within the above agreements -		£3,600.00

Total Section 106 income and expenditure up to 31/3/2023:

As previously explained East Herts Council has collected information on the receipt and allocation of Section 106 contributions payable directly to the council from the financial year 1996/97 to the present date (end of the financial year 2022/23).

The table below highlights the total amounts collected and spent between 01/04/1996 to 31/03/2023, along with information on the amounts currently held:

Section 106 Contributions from 01/04/1996 to 31/03/2023:	Amount:
Received contributions – total to 31/03/2023	£18,415,230.84
Spent contributions – total to 31/03/2023	£11,833,176.66
Unspent contributions – total to 31/03/2023	£6,582,054.18
Unspent Section 106 Contributions:	Amount allocated:
Allocated to Revenue Budget for maintenance – total to 31/03/2023	£261,666.24
Allocated for Affordable Housing (payment in lieu) – total to 31/03/2023	£1,490,922.13
Allocated to named uses – total to 31/03/2023	£3,422,128.36
Allocated to Health Services – total to 31/03/2023	£1,186,111.79
UNALLOCATED – total to 31/03/2023	£221,225.66

The unallocated balance of £221,225.66 made up of contributions listed as ‘unallocated’ because they do not have a specific project named in the contribution wording. These unallocated contributions are available for use only as per the contribution specification

within the individual Section 106 agreements, and any potential funding bid for these funds is only approved if it conforms with the individual contribution use wording.

Further details on the £221,225.66 identified as 'unallocated' are provided below:

Bishop's Stortford – a total of £27,627.95 is available for Community Centres in Bishop's Stortford, which can only be used towards the provision of a community facility or facilities within the town.

Highcross, Ware - a total of £47,502.18 has been identified for uses in the vicinity of Highcross. This figure breaks down as follows:

- £10,523.28 - Children & Young People Contribution to be used towards the provision of facilities for children & young people.
- £11,252.15 - Parks & Gardens Contribution towards the improvement of parks & public gardens facilities.
- £25,726.75 - Outdoor Sports Facilities Contribution to be used towards the provision of outdoor sports.

Standon – a total of £108,896.74 has been identified for use within the Parish of Standon. This figure breaks down as follows:

- £4,213.22 - Children & Young People Contribution to be used towards the provision of facilities for children & young people within the Parish of Standon.
- £10,306.11 - Parks & Gardens Contribution towards the improvement of parks & public gardens facilities within the Parish of Standon.
- £94,377.41 - Outdoor Sports Facilities Contribution to be used towards the provision of outdoor sport in the Parish of Standon

Terlings Park / Gilston – a total of £28,552.83 is left from the Outdoor Sports & Community Uses Contribution from the Terlings Park development and is available for potential projects in the vicinity of the development.

Ware – a total of £8,645.96 is available from two Parks & Gardens Contributions identified for improvements works in Ware.

Further information on how local groups and organisations can apply for Section 106 funding is available later in this report and on the [Section 106 webpage](#) on the council's website.

Section 106 contributions triggered for payment in 2022/23:

In the financial year 2022/23 payment was triggered from eleven individual Section 106 Agreements, resulting in receipt of £3,644,598.94 in financial contributions payable to the council. (This figure includes the indexation added on to the original individual contribution amounts when triggered for payment).

The following table gives a breakdown, by development, of the financial contributions received by East Herts Council in 2022/23. As payments are often phased over the construction period there may be additional contributions due from the individual developments listed that have not yet reached their payment trigger points:

Planning application reference:	Location of development:	Section 106 Contributions received:
3/19/1826/FUL	HERT4 - North of Hertford - Former Bengo Nursery, Hertford	£69,339.25
3/20/0897/FUL	HERT2 - Hertford Mill, Tamworth Road, Hertford	£179,336.79
3/13/0886/OP	St Michaels Hurst ASR5 - Farnham Road/Hazel End Road, Bishop's Stortford	£470,833.27
3/17/2052/OUT	4-18 Amwell End, Ware	£38,352.67
3/20/1563/FUL	HERT5 - South of Hertford - Mangrove Road, Hertford	£5,691.04
3/18/2253/OUT	St James Park - Land at Bishop's Stortford South, Off Whittington Way, B.S.	£621,372.17
3/14/0531/OP & 3/17/0414/REM	AREA 3 - Land South of Hare Street, Buntingford	£75,796.19
3/14/2145/OP	Patmore Close - Site C - Land South of Hadham Road, Bishop's Stortford	£1,631,347.63
3/17/2588/OUT	PLOT B Goods Yard (Blocks A1 - A5) Bishop's Stortford CM23 3BL	£164,701.76

3/18/1760/FUL	SAWB2 - Land North of West Road, Sawbridgeworth	£180,503.39
3/18/1523/FUL	SAWB3 - Land at Chalks Farm, South of West Road, Sawbridgeworth	£207,324.78
Total contributions received in 2022/23		£3,644,598.94

Individual contribution use categories

The financial contributions received from the above developments have been broken down into thirteen individual use categories in the table below. These categories reflect the standard Section 106 contribution requirements of the East Herts Local Plan and the associated Supplementary Planning Documents.

Section 106 Contribution use:	Amount received 2022/23
Affordable housing - financial contribution received in lieu of on-site affordable housing provision	£0.00
Amenity greenspace contributions (including allotments contributions)	£35,962.08
Biodiversity net gain contributions (including Off-site Biodiversity Net Gain contribution)	£0.00
Children & young people contributions (including maintenance contributions)	£91,863.85
Community facilities contributions (including village halls)	£118,144.75
Health services contributions - collected on behalf of the Hertfordshire & West Essex Integrated Care Board*	£354,043.11
Hertfordshire County Council (HCC) Contributions – collected by EHDC & transferred to HCC**	£1,631,347.63
Monitoring contributions	£0.00

Section 106 Contribution use:	Amount received 2022/23
Outdoor sports contributions (including maintenance contributions)	£317,015.54
Parks & gardens contributions (including maintenance contributions)	£115,228.77
Recycling contributions for the provision of waste and recycling receptacles	£5,691.04
Sports facilities contributions (including contributions for indoor sports facilities)	£528,909.64
Transport - including contributions towards community transport	£446,393.15
TOTAL	£3,664,598.94

* *East Herts Council is the collection authority for the NHS Hertfordshire and West Essex Integrated Care Board (ICB).*

** *Contributions for Hertfordshire County Council (HCC) from developments on land owned by them are also collected by East Herts Council and then transferred to HCC.*

More information on the individual East Herts Council Section 106 contribution requirements is set out in the Local Plan and the specific Supplementary Planning Documents (SPD's), copies of which can be found on the [Planning Policy Supplementary Planning Documents](#) webpages.

In addition, the '[Making a Planning Application](#)' webpage has further information for developers on planning obligations and contribution requirements and has a template Section 106 Agreement.

Section 106 expenditure in 2022/23:

East Herts Council is the body accountable for the spending and allocation of its received Section 106 financial contributions and therefore must ensure that:

- The Section 106 funding is spent on facilities / projects that conform with the individual contribution wording and are in the locality of the development.
- The process is transparent and fair to all and follows a consistent procedure.
- Projects supported are necessary, viable, will deliver the required social and community benefits, and will be well managed and sustainable.

In the financial year 2022/23 a total of £2,994,111.37 was allocated to individual projects or identified uses from fifty-five individually held contributions from thirty Section 106 Agreements. These contributions were used to help fund fourteen individual projects and named uses – details on these projects are provided later in the report.

The table below gives further information on these fifty-five individual funding contributions, identifying the source and amount, the allocation and remaining the balance, if any, of the specific contribution after the allocation:

Contribution obligation:	Year received	Section 106 receipt:	Previously Allocated	Amount allocated 2022/23:	Balance left:	Allocation details / projects funded:
Historic CCTV Contribution - 3/04/0544/FP	2005/06	£97,500.00	£31,793.00	£56,046.65	£9,660.35	Backdated allocation of historic contribution for CCTV provision and maintenance in Bishop's Stortford.
Historic CCTV contribution - 3/02/0962/OP	2007/08	£8,000.00	£0.00	£8,000.00	£0.00	Backdated allocation of historic contribution for CCTV maintenance in Bishop's Stortford.
Children & Young Peoples Contribution - 3/09/1892/FP	2012/13	£1,626.94	£0.00	£1,626.94	£0.00	Allocated to Ware Town Council for the Priory Park Play Area Project.
Affordable Housing Contribution - 3/07/2005/FP	2012/13	£490,028.22	£142,000.00	£348,028.22	£0.00	Allocated to Network Homes for affordable sheltered housing project in East Herts.

Contribution obligation:	Year received	Section 106 receipt:	Previously Allocated	Amount allocated 2022/23:	Balance left:	Allocation details / projects funded:
Community Centre Contribution - 3/12/1094/FP	2013/14	£1,960.00	£0.00	£1,960.00	£0.00	Allocated to the Studio Community Centre in Castle Park, Bishop's Stortford.
REV - Open Space Contribution Maintenance - 3/11/0384/FP	2013/14	£31,946.61	£22,365.00	£3,195.00	£6,386.61	Revenue contribution for open space & grounds maintenance
Open Space Contribution - 3/10/0386/FP	2014/15	£75,064.12	£50,750.00	£16,291.28	£8,022.84	Allocated to Buryfields play area & open space improvements in Ware.
Children & Young People Contribution - 3/13/0513/FP	2014/15	£1,145.96	£0.00	£1,145.96	£0.00	Allocated to Ware Town Council for the Priory Park Play Area Project.
REV - Off Site Improvements maintenance - 3/10/1198/FP	2014/15	£53,772.00	£37,592.00	£5,370.00	£10,810.00	Revenue contribution for open space & grounds maintenance.
REV - Open Space maintenance contribution - 3/04/1892/FP	2015/16	£25,482.76	£15,289.20	£2,548.20	£7,645.36	Revenue contribution for open space & grounds maintenance.
Children & Young People Contribution - 3/13/1721/FP	2015/16	£1,450.00	£0.00	£1,450.00	£0.00	Allocated to Ware Town Council for the Priory Park Play Area Project.
REV - Public Open Space Maintenance - 3/02/1545/FP	2015/16	£195,707.08	£117,426.00	£19,570.00	£58,711.08	Revenue contribution for open space & grounds maintenance.
Parks and Gardens Contribution - 3/14/1766/FP	2016/17	£7,996.00	£0.00	£7,996.00	£0.00	Allocated to Ware Town Council for the Priory Park Play Area Project.

Contribution obligation:	Year received	Section 106 receipt:	Previously Allocated	Amount allocated 2022/23:	Balance left:	Allocation details / projects funded:
REV - Trinity Play Area adoption maintenance contribution - 3/11/0384/OP	2016/17	£307,043.64	£184,224.00	£30,704.00	£92,115.64	Revenue contribution for open space & grounds maintenance.
Footpath works contribution - 3/16/0315/FUL	2016/17	£13,500.00	£0.00	£13,500.00	£0.00	Allocated to Hertfordshire County Council towards the new footpath link at Grange Gardens, Ware.
CCTV contribution - 3/15/0928/FUL	2016/17	£16,895.00	£0.00	£16,895.00	£0.00	Allocated for CCTV provision and maintenance in Hertford (amount includes previous years).
REV - Open Space & play area maintenance contribution - 3/15/1118/FUL	2017/18	£2,734.00	£273.40	£273.40	£2,187.20	Revenue contribution for open space & grounds maintenance.
Public Realm Contribution - 3/10/0386/FP	2017/18	£80,000.00	£49,177.35	£10,822.65	£20,000.00	Allocated towards the improvements to Buryfield Park in Ware.
Open Space contribution - 3/14/0978/FP	2017/18	£134,723.39	£120,337.91	£10,000.00	£4,385.48	Allocated towards the new 3G Pitch at Grange Paddocks, Bishop's Stortford.
Medical Contribution - 3/15/1733/FUL	2018/19	£46,281.41	£0.00	£46,281.41	£0.00	Transferred to NHS Hertfordshire & West Essex Integrated Care Board (ICB) as per the requirements of the S106 Agreement.
Health Care Contribution - 3/16/1218/FUL	2019/20	£17,734.42	£0.00	£17,734.42	£0.00	Transferred to NHS Hertfordshire & West Essex Integrated Care Board (ICB) as per the requirements of the S106 Agreement.

Contribution obligation:	Year received	Section 106 receipt:	Previously Allocated	Amount allocated 2022/23:	Balance left:	Allocation details / projects funded:
Outdoor Sports contribution - 3/15/0300/OUT	2019/20	£355,694.42	£10,996.92	£38,494.11	£306,203.39	Allocated to Buntingford Town Council - Project 9 - Sports equipment at Hare Street Playing Fields.
Children & Young People Contribution - 3/19/0408/FUL	2019/20	£2,933.12	£0.00	£2,933.12	£0.00	Allocated towards the creation of play facilities at Grange Paddocks in Bishop's Stortford.
Puckeridge Primary Health Care Contribution - 3/17/1055/OUT	2019/20	£28,759.53	£0.00	£28,759.53	£0.00	Transferred to NHS Hertfordshire & West Essex Integrated Care Board (ICB) as per the requirements of the S106 Agreement.
Parks and Gardens Contribution - 3/14/1766/FP & 3/15/2502/VAR	2019/20	£10,794.57	£0.00	£10,794.57	£0.00	Allocated to Ware Town Council for improvements to the Priors play area.
Healthcare Contribution - 3/14/1627/OP	2019/20	£15,716.69	£0.00	£15,716.69	£0.00	Transferred to NHS Hertfordshire & West Essex Integrated Care Board (ICB) as per the requirements of the S106 Agreement.
Outdoor Sports contribution - 3/18/0031/FUL	2020/21	£41,426.73	£0.00	£41,426.73	£0.00	Allocated to Castle Park Tennis Courts relocation project in Bishop's Stortford.
Amenity Space Contribution - 3/15/0561/FUL	2020/21	£1,123.43	£0.00	£1,123.43	£0.00	Allocated towards the improvements at Buryfield Park, Ware.
REV - Amenity Space Maintenance Contribution - 3/15/0561/FUL	2020/21	£3,159.98	£316.00	£316.00	£2,527.98	Revenue contribution for open space & grounds maintenance at Buryfields Park, Ware.
Children & Young Persons Contribution - 3/15/0561/FUL	Ware	£1,077.62	£0.00	£1,077.62	£0.00	Allocated towards improvements at Buryfield Park, Ware.

Contribution obligation:	Year received	Section 106 receipt:	Previously Allocated	Amount allocated 2022/23:	Balance left:	Allocation details / projects funded:
REV - Children & Young Persons Maintenance Contribution - 3/15/0561/FUL	2020/21	£2,069.86	£207.00	£207.00	£1,655.86	Revenue contribution for open space & grounds maintenance at Buryfield Park, Ware.
Parks & Public Gardens Contribution - 3/15/0561/FUL	Ware	£2,637.31	£0.00	£2,637.31	£0.00	Allocated towards improvements at Buryfield Park, Ware.
REV - Parks & Public Gardens Maintenance Contribution - 3/15/0561/FUL	2020/21	£5,820.19	£582.00	£582.00	£4,656.19	Revenue contribution for open space & grounds maintenance at Buryfield Park, Ware.
REV - Children & Young People Maintenance Contribution - 3/17/0223/FUL	2020/21	£3,269.13	£327.00	£327.00	£2,615.13	Revenue contribution for open space & grounds maintenance at Parsonage Lane open space, Bishop's Stortford.
REV - Outdoor Sports Facilities Maintenance Contribution - 3/17/0223/FUL	2020/21	£28,959.37	£2,896.00	£2,896.00	£23,167.37	Revenue contribution for open space & grounds maintenance at Parsonage Lane open space, Bishop's Stortford.
Healthcare Contribution - 3/20/0245/FUL	2021/22	£43,919.91	£0.00	£43,919.91	£0.00	Transferred to NHS Hertfordshire & West Essex Integrated Care Board (ICB) as per the requirements of the S106 Agreement.
Puckeridge Primary Health Care Contribution - 3/17/1055/OUT	2021/22	£28,416.13	£0.00	£28,416.13	£0.00	Transferred to NHS Hertfordshire & West Essex Integrated Care Board (ICB) as per the requirements of the S106 Agreement.
Children's Play Contribution - 3/19/1826/FUL	2021/22	£16,508.91	£0.00	£16,508.91	£0.00	Allocated towards improvements at Sacombe Road and Watermill Lane play areas in Hertford.

Contribution obligation:	Year received	Section 106 receipt:	Previously Allocated	Amount allocated 2022/23:	Balance left:	Allocation details / projects funded:
Children's Play Contribution - 3/19/1826/FUL	2021/22	£18,103.94	£0.00	£16,346.09	£1,757.85	Allocated towards improvements at Sacombe Road and Watermill Lane play areas in Hertford.
Hartham Leisure Centre Fitness Gym Contribution - 3/19/1826/FUL	2022/23	£5,511.39	£0.00	£5,511.39	£0.00	Allocated to Hartham Leisure Centre as the named recipient.
Hartham Leisure Centre Studio Space Contribution - 3/19/1826/FUL	2022/23	£1,933.00	£0.00	£1,933.00	£0.00	Allocated to Hartham Leisure Centre as the named recipient
Hartham Leisure Centre Swimming Pool Contribution - 3/19/1826/FUL	2022/23	£12,345.63	£0.00	£12,345.63	£0.00	Allocated to Hartham Leisure Centre as the named recipient.
Hartham Leisure Centre Fitness Gym Contribution - 3/20/0897/FUL	2022/23	£4,988.73	£0.00	£4,988.73	£0.00	Allocated to Hartham Leisure Centre as the named recipient.
Hartham Leisure Centre Studio Space Contribution - 3/20/0897/FUL	2022/23	£2,060.98	£0.00	£2,060.98	£0.00	Allocated to Hartham Leisure Centre as the named recipient.
Hartham Leisure Centre Swimming Pool Contribution - 3/20/0897/FUL	2022/23	£11,479.86	£0.00	£11,479.86	£0.00	Allocated to Hartham Leisure Centre as the named recipient.
Children & Young People Contribution - 3/17/2052/FUL	2022/23	£1,199.96	£0.00	£1,199.96	£0.00	Allocated to Ware Town Council for the Priory Park Play Area Project.
Parks & Gardens Contribution - 3/17/2052/FUL	2022/23	£3,917.82	£0.00	£3,917.82	£0.00	Allocated to Ware Town Council for the Priory Park Play Area Project.

Contribution obligation:	Year received	Section 106 receipt:	Previously Allocated	Amount allocated 2022/23:	Balance left:	Allocation details / projects funded:
Recycling Contribution - 3/20/1563/FUL	2022/23	£5,691.04	£0.00	£5,691.04	£0.00	Transferred to East Herts Council recycling & refuse budget.
Children & Young People Contribution - 3/17/2052/FUL	2022/23	£1,240.07	£0.00	£1,240.07	£0.00	Allocated to Ware Town Council for the Priors Park Play Area Project.
Parks & Gardens Contribution - 3/17/2052/FUL	2022/23	£4,048.77	£0.00	£4,048.77	£0.00	Allocated to Ware Town Council for the Priors Park Play Area Project.
Indoor Sports & Recreation Contribution - 3/18/2253/OUT	2022/23	£373,813.53	£0.00	£226,769.68	£147,043.85	Allocated to Grange Paddocks Leisure Centre as a named recipient.
Playing Pitches Contribution - 3/18/2253/OUT	2022/23	£174,341.78	£0.00	£124,450.35	£49,891.43	Allocated to Grange Paddocks Leisure Centre as a named recipient.
Hertfordshire County Council Contributions from Hadham Road (Site C) development - 3/14/2144/OP	2022/23	£1,631,347.63	£0.00	£1,631,347.63	£0.00	County Council contributions collected by EHDC for transfer to HCC as per S106 Agreement dated 21/03/2016.
Offsite Sports Facilities Contribution - 3/17/2588/OUT	2022/23	£69,322.80	£0.00	£69,322.80	£0.00	Allocated to Grange Paddocks Leisure Centre as a named recipient.
Health and Fitness Contribution - 3/18/1760/FUL	2022/23	£15,882.38	£0.00	£15,882.38	£0.00	Allocated to Grange Paddocks Leisure Centre as a named recipient.
Total amount allocated in financial year 2022/23						£2,994,111.37

East Herts Council Section 106 Capital & Revenue Contributions use in 2022/23:

The allocation of contributions received as identified Section 106 funding to East Herts Council Capital and Revenue budgets is undertaken at the end of each financial year. These identified contributions help fund specific council capital projects, affordable housing provision, ongoing grounds maintenance, recycling and refuse containers, along with the monitoring of the developments with Section 106 Agreements.

Information is given below on the specific contribution uses and the projects funded from the £2,994,111.37 allocated Section 106 funding in the financial year 2022/23:

Affordable Housing Contributions - a total of £348,028.22 was allocated to a Network Homes project in Ware to support the provision of new affordable housing for the residents of East Herts.

Buryfield Park Improvements – a total of £64,807.29 was transferred internally to help fund the costs of the improvements to the park in Ware, which includes new benches and path works.

Castle Park Improvements – a total of £43,386.73 was transferred internally to help fund the costs of the improvements to Castle Park in Bishop’s Stortford as part of the Big Lottery funded project. The pictures below show the official opening of the Section 106 funded new tennis courts.



CCTV funding allocation – a total of £80,941.65 was identified and transferred internally to cover historic CCTV costs following a review of the held contributions and the council funding of CCTV provision. The remaining Bishop’s Stortford CCTV contributions will be transferred to Bishop’s Stortford Town Council to cover future CCTV costs in the town.

Footpath Improvements in Ware - £13,500.00 was transferred to Hertfordshire County Council Highways to help fund a new footpath link from John Gilpin Close to Grange Gardens in Ware. This was in accordance with the identified contribution specific use requirement in the *Section 106 Agreement from the John Gilpin development*.



The photo montage above shows aspects of the new footpath linking Grange Gardens and John Gilpin Close, Ware.

Grange Paddocks New Leisure Centre – a total of £314,907.98 transferred internally to support the development of the council’s new Leisure Centre in Bishop’s Stortford.



The adjacent photo shows the official opening of the new leisure centre by Colin Jackson on 23 October 2022.

The photo right shows an aerial view of the new Leisure Centre and the adjacent new 3G pitch



Grange Paddocks New 3G Pitch –£134,450.35 transferred internally to support the creation of the council’s new 3G pitch at the Grange Paddocks Leisure Centre in Bishop’s Stortford. This was built on the site of the demolished old leisure centre.

The photos below show the new 3G pitch in action, including football practice and the walking football group.



Grounds Maintenance Contributions – a total of £65,988.60 was transferred from the held Revenue Contributions for Open Space & Grounds Maintenance, as per the agreed programme of drawdowns over ten years from the date of receipt of the individual contributions, to cover the council’s ongoing maintenance costs. These contributions help fund the ongoing maintenance of the open spaces previously adopted by the council as part of larger developments.

Hartham Leisure Centre Refurbishment Project

A total of £38,319.59 was transferred internally to support the £9m refurbishment project at the council’s Hartham Leisure Centre in Hertford. This drone photo shows the refurbishment works and extension construction in progress at Hartham Leisure Centre in Hertford.



Recycling & Refuse Contributions - £5,691.04 was transferred to the Recycling & Refuse Budget to cover the costs of providing wheeling bins and recycling boxes to new homes on the development on Mangrove Road in Hertford.

Transfer of collected Health Contributions - a total of £180,828.09 was transferred to the NHS Hertfordshire & West Essex Integrated Care Board (ICB) to help fund improvements to Herts & Essex Hospital in Bishop's Stortford and the Puckeridge & Standon Surgery as per the requirements of the individual contribution wording in the associated Section 106 Agreements.

Transfer of collected Hertfordshire County Council S106 Contributions – a total of £1,631,347.63 was transferred to Hertfordshire County Council having been collected by East Herts Council from the Patmore Close development in Bishop's Stortford as per Section 106 Agreement dated 27/06/2017 (planning app ref: 3/14/2145/OP). East Herts Council acts as the collection authority where Hertfordshire County Council is the landowner of the proposed development. Once the contributions are triggered and paid to the council by the developer these are transferred to the county council to be allocated and used by them in accordance with the individual contribution wording.

Individual projects supported with Section 106 Funding in 2022/23:

Individual project funding is available for organisations and groups to bid for throughout the year if there is applicable Section 106 funding available (see 'Applying for Section 106 Funding' section below).

Since 2019 all Section 106 contributions to be included in new Agreements are required to have a named recipient or project for the specific funding to be allocated to. Therefore, all organisations and groups are encouraged to let the Section 106 Programme Manager know of their future project plans to potentially enable them to be included in any new agreements from developments in their area.

The Section 106 Programme Manager automatically contacts any organisation or group specifically named as a recipient of the Section 106 contributions when they are received by the council. The recipients are then asked to complete a Section 106 Funding Application form and Use Agreement form to enable a full audit trail for the transfer of the funds.

The projects listed below highlight the Section 106 funding awarded or transferred to specific external organisations for identified projects in the financial year 2022/23:

Buntingford Outdoor Sports Projects – a total of £38,494.11 was allocated and transferred to Buntingford Town Council for Project 9 of their ongoing Outdoor Sports Project funded from the various Outdoor Sports Contributions from the many developments in the town. This funding was for the provision and installation of new sports activity equipment at Hare Street Playing Fields as part of a larger project to expand the play provision at the open space.

The new Skate Park in Buntingford The Section 106 Programme Manager has worked closely with Buntingford Town Council on their 'Buntingford Outdoor Sports Projects' proposals over the last few years. Section 106 funding has been allocated in previous financial years to fund various projects including a new pump track and a new skate park as shown in the photos below.



Priory Park Improvements Project – a total of £33,420.09 was allocated and transferred to Ware Town Council to help fund the improvements to provide a new high-end destination play area and improvements to the greenspace at the Priory Park in Ware.



Photograph of the opening of the new refurbished play area at the Priory Park in Ware.

Applying for Section 106 Funding

The [Section 106 Agreements & Funding for Projects](#) webpage on the East Herts Council website provides further information on how organisations and groups can apply for Section 106 funding.

By completing and submitting the online “[Expressions of Interest form](#)”, anyone looking for funding for their project can let the council know who they are, what they have planned and how much funding they need. The council can then use this information to check to see if any Section 106 funding is available that may be of use for the project.

If there are Section 106 funds available and applicable, the organisation or group applying for funding will be contacted by the Section 106 Programme Manager and asked to complete a full Section 106 funding application form for audit purposes.

Once received, the completed application form will be checked against the identified Section 106 Agreement contribution wording to confirm the appropriate use of the funding. Having been reviewed, approved, and signed off by the Section 106 Programme Manager, Senior Officers and the Executive Member for Planning & Growth, the funds are transferred on receipt of a signed [Agreement for use of s106 monies](#)

This Use Agreement Form confirms the agreement to use the funding only as per the Section 106 contribution wording requirements and enables the council to reclaim the funding if it is unspent or miss-used.

Transfer of specific S106 contributions - Where a project or organisation is the named recipient of a specific Section 106 contribution, they will be contacted directly once the contribution has been triggered for payment. They will then be asked to complete the relevant paperwork to enable the council to transfer the funding directly to them.

Potential projects for new Section 106 Contributions

If no Section 106 funding is currently available for the proposed project it will be noted by the Section 106 Programme Manager and added to the list of potential contribution uses for possible inclusion in new Section 106 Agreements from any future local developments.

All East Herts groups and organisations are encouraged to get in touch with the Section 106 Programme Manager to let the council know of any planned projects or future funding needs. The [Section 106 Agreements & Funding for Projects](#) webpage provides further information on Section 106 funding and how to let the council know of future projects.

East Herts Council Report

Audit and Governance Committee

Date of meeting: 29 November 2023

Report by: Executive Member for Financial Sustainability

Report title: Monitoring of 2023/24 quarter two corporate risk register – new reporting format

Ward(s) affected: All

Summary – This report provides the new format of the corporate risk register which has been reviewed by Leadership Team. There are now less risks which are more clearly defined and focuses on the actions to control and mitigate the risks rather than more descriptive of the situation.

RECOMMENDATIONS FOR Audit and Governance Committee:

- 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 Committee notes the risk register and actions being taken to control and mitigate risk.**

1.0 Background

1.1 Leadership Team reviews the content of the corporate risk register quarterly and provides updates that are relayed within this monitoring report to Audit and Governance Committee.

Towards the end of Quarter four, a separate report is normally

produced which recommends of any changes to the 13 corporate risks set and this is set out in quarter four reports. Due to the changes in the council’s political make-up and comments from the Committee, a review has been undertaken of the risks and the reporting format

1.2 The format attached at Appendix A is a work in progress and is not yet complete due to workload issues for Heads of Service. Leadership Team intend to have the quarter 3 report as a complete package but felt it essential the Committee look at and comment on the approach adopted. The new format concentrates on key risks and is very focused on control and mitigation actions and is significantly less wordy than the previous format and therefore clearer on progress on actions.

2.0 Risk register results for quarter one

2.1 Leadership Team has set a risk tolerance level. Risks above the tolerance levels are actively managed and regularly reviewed to ensure that contingency and mitigation action is being taken. Risks below the tolerance line are managed by Heads of Service but these are often delegated. (Heads of Service are responsible for keeping all risks under review and taking action to reduce the impact of the risk on the council.)

		Likelihood			
		1	2	3	4
Impact	A				
	B			2	1, 6
	C		3, 7, 8	4	
	D		5		

2.3 Details of how we score the risk score can be found below. Please see appendix 1 for a comprehensive breakdown of each risk.

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

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

Table 2: Methodology of corporate risk scoring

2.4 The risk scores now reflect control and mitigation measures rather than the raw score shown previously so will appear lower because of control measures.

Community Safety

No

Data Protection

None specific but the topic features within the corporate risk register.

Equalities

None specific but the topic features within the corporate risk register.

Environmental Sustainability

None specific but climate change features within the corporate risk register.

Financial

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

Health and Safety

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

Human Resources

No

Human Rights

No

Legal

None specific but legal matters feature within the corporate risk register.

Specific Wards

No

Contact Member – Councillor Carl Brittain, Executive Member for Financial Sustainability

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Reference	Risk Title	Likelihood	Impact	Likelihood reduction	LR Target Date	Impact Mitigation	IM Target Date	Residual Likelihood	Residual Impact	Progress Update	Risk Owner
1 - Financial Resources	Insufficient financial resources to provide statutory services	A	4	Medium Term Financial Plan Annual savings plan Transforming East Herts Reductions in non-essential capital expenditure	28/02/2024 28/02/2024 31/03/2025 28/02/2024	s.114 Report leading to appointment of Commissioners LGA Peer Review Requesting CIPFA support Requesting Government support		B	4		Steven Linnett
2 - Climate Change	Lack of mitigation of and adaptation to climate changes adversely impacts of service delivery	B	4	Declaration of Climate Emergency by Council Reducing carbon emissions from council operations - Climate Change Action Plan Seeking to influence residents to reduce carbon footprint for the district	Complete 31/03/2030 31/03/2030	Adaption Plan Business Continuity Plan Severe Weather section Emergency Plan including specific response plans to flooding etc. Health and Safety Policy details severe weather response		B	3		Jonathan Geall
3 - District Plan	District Plan not in place leading to a developer led system relying only on the National Planning Policy Framework.	A	3	Timetable for Plan Review agreed at Executive Budget for evidence studies in place		Evidence based decision making in line with National Planning Policy Framework		C	2		Sara Saunders
4 - Key Contractor	A key major contractor of the council fails meaning that services stop altogether e.g the refuse contractor fails and streets are not swept and bins are not emptied	C	4	Monitoring of major contractors for risks of business failure Parent Company Guarantee/Performance Bond Credit risk scores are obtained for major contractors during the operation of the contract and particular attention is paid to trade news concerning contractors' financial health. Offer of open book accounting to examine any potential cost increases as a result of changing circumstances.		Local Authority Trading Company ready to activate to take over service provision Parent Company Guarantee/Performance Bond mitigates costs of compant failure		C	3		Nick Phipps
5 - Governance	There is a governance failure caused by a lack of policies, procedures and internal controls leading to loss of legal cases on process and/or loss of assets	B	4	Policy register and review date monitoring SIAS annual assurance mapping Annual Governance Statement All Executive, Committee and Council reports require sign off by legal and finance to ensure compliance with budget and policy framework and current legislation. List of policies maintained with review dates		LGA Peer Review Assistance from LGA Assistance from Government Monitoring Officer and s.151 Officer personal duty to report in the public interest under s.114 LGFA 1988 Monitoring Officer and s.151 Officer have reserve powers to direct the council to provide sufficient resources to carry out their duties Constitution limits most powers		D	2		James Ellis

6 - Cyber Attack	Cyber attack renders the council's IT systems unusable for a prolonged period with resultant difficulties in collecting revenues; calculating and paying benefits; paying staff and suppliers and lack of other information which would impact regulatory and enforcement functions.	A	4	Network firewall and security systems tested and monitored Laptop/mobile device security Cyber Treatment Plan for at risk systems Cloud first strategy	Network firewall and security systems tested and monitored Laptop/mobile device security Cyber Treatment Plan for at risk systems Cloud first strategy Business Continuity Plan	B	4	Helen Standen
7 - Major Data Loss	A major data breach of sensitive personal data occurs causing reputational damage and the Information Commissioner to fine the Council	A	3	Mandatory staff training Laptop/mobile device security Confidential waste shredded	Mandatory staff training Data Protection and Privacy Statements Culture of reporting all breaches and learning from each breach	C	2	James Ellis
8 - Staff and skills	The lack of the right staff to deliver services leads to service backlogs and failures	B	3	Staff / manager development including the on-line learning pool Growing our own to use the benefits of the apprenticeship levy. Management training and development through Blueprint and Next Steps Programmes Succession planning for key staff within Services has begun	Flexible retirement used to maintain corporate memory.	C	2	Elaine Starling

Agenda Item 11

East Herts Council Report

Audit & Governance Committee

Date of meeting: 29 November 2023

**Report by: Steven Linnett, Head of Strategic Finance & Property
(s.151 Officer)**

**Report title: Audit and Governance Committee Work
Programme**

Ward(s) affected: All

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

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE

- a)** Approve the work programme as set out in the report; and
- b)** Specify any training requirements.

1.0 Proposal(s)

- 1.1 Audit and Governance Committee's audit functions are:
 - 1.1.1 Approving the Council's statement of accounts.
 - 1.1.2 Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
 - 1.1.3 Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.

- 1.1.4 Be satisfied that the Council's assurance statements, including reviewing the Annual Governance Statement against the good governance framework, properly reflect the risk environment and any actions required to improve it.
 - 1.1.5 Approve internal audit's strategy, its plan and monitor its performance.
 - 1.1.6 Approve the shared anti-fraud service strategy, its plan and monitor its performance.
 - 1.1.7 Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
 - 1.1.8 Receive the annual report of the head of internal audit.
 - 1.1.9 Receive and consider the reports of external audit (including the annual audit letter) and inspection agencies, and monitor management action in response to the issues raised.
 - 1.1.10 Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.
 - 1.1.11 Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
 - 1.1.12 Oversight of the Council's commercial projects.
- 1.2 Audit and Governance Committee's finance functions are:
- 1.2.1 Receive budget monitoring reports and risk management reports.

- 1.2.2 Lead the cross-Member scrutiny and consideration of the Council's draft annual budget and medium term financial plan.
 - 1.2.3 Scrutinise the Council's Annual Investment Strategy, Annual Capital Strategy, Mid-Year Treasury Management Report and Annual Treasury Management Report and through review gain assurance that systems of governance and control for Treasury Management are effective.
 - 1.2.4 Where appropriate, assisting the Council and the Executive in the development of its budget and policy framework by in-depth analysis of financial, procurement and governance related policy issues.
 - 1.2.5 Where relevant to the audit or finance functions of the Committee, overseeing and scrutinising all Internal, Corporate and Corporate Governance functions of the Council.
- 1.3 In order to fulfil these functions a series of reports will be brought to Members to provide:
- 1.3.1 Assurance that the council's financial affairs are being properly managed and that the council is making the best use of resources;
 - 1.3.2 An adequate and effective system of internal audit is operating and that its approved plan is being delivered;
 - 1.3.3 The Council's governance arrangements are adequate;
 - 1.3.4 That key business risks have been identified, evaluated and are being managed;
 - 1.3.5 That key systems and controls are operating effectively giving assurance that the Statement of Accounts is materially correct and can be approved;

- 1.3.6 Receive and consider the external auditor's Audit Plan, Audit Results Report and Annual Audit Letter; and
- 1.3.7 Receive copies of Executive budget monitoring reports, for information, so that the final accounts outturn position can be compared to forecasts during the year.

2.0 Training

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

3.0 Work Programme

- 3.1 The Committee will note that the statement of accounts is shown as being approved by a sub-committee. Due to the problems in the local government external audit market, audit have been severely delayed due to the external auditor's lack of resources and therefore we cannot predict when audits will return to a firm timetable and the sub-committee is used to approve the statement of accounts as soon as practicable after the audit is completed.
- 3.2 The work programme for the Committee is proposed to be as follows:

Committee	Date	Report Title	Report Summary
Audit & Governance Committee	30 January 2024	External Audit Planning Report 2023/24	To present to Audit and Governance Committee the external auditor's Audit Planning Report. The Committee receives the report on behalf of the Council.
		Budget Scrutiny - Budget 2024/25 and Medium Term Financial Plan 2024-28	To present to Audit and Governance Committee the Executive's proposed General Fund Budget and Medium Term Financial Plan for scrutiny.
		Investment Strategy 2024/25 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Investment Strategy for scrutiny.
		Capital Strategy and Minimum Revenue Provision Policy 2024/25 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Capital Strategy and Minimum Revenue Provision Policy for scrutiny.
		Procurement Strategy 2024/5 - 2029/30 for scrutiny	To present to Audit and Governance Committee the Executive's proposed Procurement Strategy for scrutiny.
		Financial Management 2023/24 - Quarter 2 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 2.

Committee	Date	Report Title	Report Summary
		Treasury Management 2023/24 Mid-Year Review	To provide Audit and Governance Committee with a copy of the Treasury Management Mid-Year Review Report so that they can scrutinise the Report
		Shared Anti-Fraud Service Anti-Fraud Plan Progress Report	To present to Audit and Governance Committee the Shared Anti-Fraud Service's progress against the Anti-Fraud Plan.
		Anti-Fraud Plan	To present to Audit and Governance Committee the Shared Anti-Fraud Service Anti-Fraud Plan for the financial year.
		Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.
		Internal Audit Plan	To present to Audit and Governance Committee the Shared Internal Audit Service Audit Plan for the financial year.
		Data Protection Update	To present to Audit and Governance Committee the progress on data protection policies and practices.
		External Audit Planning Report 2022/23	To present to Audit and Governance Committee the external auditor's Audit Planning Report. The Committee receives the report on behalf of the Council.

Committee	Date	Report Title	Report Summary
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
Audit & Governance Committee	May 2024	Appointment of Vice- Chairman for 2024/25	Members will vote to appoint the Vice Chairman of the Committee
		Training: Shared Anti-Fraud Service	Presentation to Members on the work of the Shared Anti-Fraud Service and the importance of tackling fraud.
		Leisure Annual Report	To present to Audit & Governance Committee an annual report on leisure so that the Committee can assure Council that the investment in new leisure centres is performing as per the business case and making a return to the council after servicing debt.
		Annual Assurance Statement and Internal Audit Annual Report	To present to Audit and Governance Committee the Annual Report on Internal Audit Activity for the preceding financial year and the level of assurance on the financial systems. Regulation 6 of The Accounts and Audit Regulations 2015 require the Council, at least once a year, to conduct a review of the effectiveness of its internal audit.

Committee	Date	Report Title	Report Summary
		Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.
		Anti-Fraud Report	To present to Audit and Governance Committee the Shared Anti-Fraud Service's annual anti-fraud report detailing work completed on the Anti-Fraud Plan and detailing detected fraud and any recovery of monies
		Shared Anti-Fraud Service Anti-Fraud Plan Progress Report	To present to Audit and Governance Committee the Shared Anti-Fraud Service's progress against the Anti-Fraud Plan.
		Strategic Risk Register Monitoring Q4 2023/24 and Annual Review of Risk Management Strategy	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 4.
		Provisional Outturn 2023/24	To present to Audit and Governance Committee the provisional General Fund Revenue and Capital Outturn. The figures remain provisional until the external auditor has completed the audit
		Data Protection Update	To present to Audit and Governance Committee an update on data protection

Committee	Date	Report Title	Report Summary
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
Audit & Governance	September 2024	Training: Statement of Accounts	Presentation to Members on the key elements of the Statement of Accounts and the inter-relationship of the core statements.
		Provisional Outturn 2023/24	To present to Audit and Governance Committee the provisional General Fund Revenue and Capital Outturn. The figures remain provisional until the external auditor has completed the audit.
		Receipt of the Final External Auditor's Audit Results Report 2023/24	In accordance with the Code of Audit Practice (the Code), this report provides a summary of the work the external auditor has carried out during their audit of accounts, the conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities to those charged with governance (in this case the Audit and Governance Committee) at the time they are

Committee	Date	Report Title	Report Summary
			<p>considering the financial statements. In preparing their report, the Code requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 ‘Communication of Audit Matters to Those Charged With Governance’.</p>
		Approval of the Statement of Accounts 2023/24	<p>Regulation 10 (1) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a committee of the Council, such approval to take place before 30 September immediately following the end of a year, or as soon as practicable after the conclusion of the audit.</p>
		Approval of the Annual Governance Statement 2023/24	<p>To present to Audit and Governance Committee for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement to accompany the statement of accounts.</p>

Committee	Date	Report Title	Report Summary
		Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.
		Anti-Fraud Report 2023/24	To present to Audit and Governance Committee the Shared Anti-Fraud Service's annual anti-fraud report detailing work completed on the Anti-Fraud Plan and detailing detected fraud and any recovery of monies
		Shared Anti-fraud Service Anti-Fraud Plan progress report	To present to Audit and Governance Committee the Shared Anti-Fraud Service's progress against the Anti-Fraud Plan.
		Financial Management 2024/25 – Quarter 1 Forecast to Year End	To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 1
		Strategic Risk Register Monitoring Q1 2024/25	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 1.
		Data Protection Update	To present to Audit and Governance Committee an update on data protection

Committee	Date	Report Title	Report Summary
		Assets of Community Value	To present to Audit & Governance Committee the Register of Assets of Community Value annual update report.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.
Audit & Governance Committee	November 2024	Training: Treasury Management	Presentation to Members on Treasury Management and the Committee's role in overseeing treasury policies
		Annual Infrastructure Funding Statement Report 2023/24	To present to Audit and Governance Committee an update on Section 106 contributions and the council's Annual Infrastructure Funding Statement Report 2020/21
		External Audit Planning Report 2024/25	To present to Audit and Governance Committee the external auditor's Audit Planning Report. The Committee receives the report on behalf of the Council.
		Budget 2025/26 and Medium Term Financial Plan 2025/25 – 2029/30	To provide Audit and Governance Committee with an update on the budget and MTFP including costs pressures, savings and efficiencies against the original proposals, and budget planning assumptions for scrutiny.

Committee	Date	Report Title	Report Summary
		Shared Internal Audit Service Internal Audit Plan Progress Report	To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan.
		Shared Anti-fraud Service Anti-Fraud Plan progress report	To present to Audit and Governance Committee the Shared Anti-Fraud Service's progress against the Anti-Fraud Plan.
		Annual Treasury Report 2023/24	To provide Audit and Governance Committee with a copy of the Annual Treasury Report so that they can scrutinise the Report.
		Treasury Management 2024/25 Mid-Year Review	To provide Audit and Governance Committee with a copy of the Treasury Management Mid-Year Review Report so that they can scrutinise the Report
		Strategic Risk Register Monitoring Q2 2024/25	To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 2.
		Audit and Governance Committee Work Programme	To present to Audit and Governance Committee an update on the work programme for the year.

Committee	Date	Report Title	Report Summary
Audit & Governance (Accounts Approval) Sub Committee	Date determined by external audit completing 2021/22 and 2022/23 accounts	Training: Statement of Accounts	Presentation to Members on the key elements of the Statement of Accounts and the inter-relationship of the core statements.
		Receipt of the Final External Auditor's Audit Results Report 21/22	In accordance with the Code of Audit Practice (the Code), this report provides a summary of the work the external auditor has carried out during their audit of accounts, the conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities to those charged with governance (in this case the Audit and Governance Committee) at the time they are considering the financial statements. In preparing their report, the Code requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'.

Committee	Date	Report Title	Report Summary
		Approval of the Statement of Accounts 2021/22	Regulation 10 (1) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a committee of the Council, such approval to take place before 30 September immediately following the end of a year, or as soon as practicable after the conclusion of the audit.
		Approval of the Annual Governance Statement 2021/22	To present to Audit and Governance Committee for approval the Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement to accompany the statement of accounts.

4.0 Reasons

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

5.0 Risks

5.1 Risk Management is reported to the Committee regularly.

6.0 Implications/Consultations

Community Safety

No

Data Protection

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

Equalities

No

Environmental Sustainability

No

Financial

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

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

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

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 None

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