

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON
WEDNESDAY 25 SEPTEMBER 2024, AT
7.00 PM

PRESENT: Councillor M Adams (Chair)
Councillors B Deering, C Hart, S Nicholls,
G Williamson and D Willcocks

ALSO PRESENT:

Councillors C Brittain and B Crystall

OFFICERS IN ATTENDANCE:

Michele Aves	- Committee Support Officer
Matt Canterford	- Assistant Director (IT)
Steven Linnett	- Head of Strategic Finance and Property
Helen Standen	- Interim Chief Executive

ALSO IN ATTENDANCE:

Nick Jennings	- Shared Anti-Fraud Service (SAFS)
Simon Martin	- Shared Internal Audit Service
Mark Poppy	- Independent Person
Nick Sharman	- Independent Person

152 APOLOGIES
An apology for absence was received from Councillor Woolcombe.

153 MINUTES - 29 MAY 2024

It was moved by Councillor Nicholls and seconded by Councillor Deering, that the Minutes of the meeting of the Committee held on 29 May 2024 be confirmed as a correct record and signed by the Chair.

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

RESOLVED – that the Minutes of the Committee meeting held on 29 May 2024 be confirmed as a correct record and signed by the Chair.

154 CHAIRMAN'S ANNOUNCEMENTS

The Chair welcomed all to the meeting. He said that he had recently attended a webinar given by National Audit Office – Local Audit Reset and Recovery Implementation Guidance (LARRIG). He recommended the organisation to Members as the webinar offered guidance on audit delays.

155 DECLARATIONS OF INTEREST

There were no declarations of interest.

156 TRAINING PRESENTATION - CYBER SECURITY

The Assistant Director for Technology delivered a Cyber Security training presentation to the Committee.

As the presentation involved the disclosure of exempt information, it was moved by the Chair and seconded by Councillor Nicholls, that, under Section 100 (A) (4) of the Local Government Act 1972 (as amended), the public and press be excluded from the meeting for the following item of business because it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). It was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

After being put to the meeting and a vote taken, this

motion was declared CARRIED.

RESOLVED - that, under Section 100 (A) (4) of the Local Government Act 1972 (as amended), the public and press be excluded from the meeting for the following item of business because it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). It was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The Chair thanked the Assistant Director for Technology for his presentation, and questions from Members were answered.

RESOLVED – that the Cyber Security training presentation be received.

157 SHARED INTERNAL AUDIT SERVICE - INTERNAL AUDIT PLAN PROGRESS REPORT

The Shared Internal Audit Service (SIAS) Manager introduced the report, which was the first periodic update in the delivery of the Council's Internal Audit Plan for 2024/25.

The SIAS Manager highlighted several sections of the report to Members. This included paragraph 2.2 which gave the outcome of three reports issued since May 2024, and paragraph 2.6 which confirmed that no new high priority recommendations had been added to the schedule since the Committee received its last progress report.

The SIAS Manager gave a verbal update regarding the recording, management, and monitoring of software - which was tested and working, and the ICT Department restructure - which was now complete and gave complete oversight. He added that work was in progress in relation

to new software licensing policies.

The SIAS Manager referred to paragraphs 2.7 – 2.9 of the report which noted key performance indicators and said that there was no risk to annual assurance. He drew Members attention to Appendix E of the report which gave detail on revised Global Internal Audit Standards (which were required to be implemented by SIAS by 1 April 2025) and said that he would report back to the Committee should these new standards have any impact.

The Chair thanked the SIAS Manager for his report.

Councillor Williamson referred to paragraph 2.2 of the report and sought clarification of the outcome of the audit from 2023/24.

The SIAS Manager said that the follow up work from a delivered audit did not give assurance, but that any recommendations were implemented.

Councillor Williamson asked if the SIAS Manager was satisfied that the recommendations from the audit in question were in place.

The SIAS Manager said that he was satisfied, and that this was normally reported to the Audit and Governance Committee.

RESOLVED – that (A) the Internal Audit progress be noted: and

B) that the status of Critical and High Priority Recommendations be noted: and

C) that the Global Internal Audit Standards Briefing Paper be noted.

The Shared Anti-Fraud Service (SAFS) Manager introduced the report, which detailed the work of SAFS up to August 2024. He said that he hoped that Members had found the recent SAFS training useful and explained how this dovetailed with the need to be cyber security aware.

The SAFS Manager said that there had been an uptrend in impersonation cases across all partners, with the 'hijacking' of Council Tax and housing stock accounts. He said that there had also been an increase in false information being given to obtain grants, Council Tax Support, and social housing.

The SAFS Manager said that a tri-county initiative was undertaken in June 2024 to give training and awareness to civil enforcement officers with regards to Blue Badge abuse, which had received good feedback.

The SAFS Manager said that 45 allegations of fraud had been received up until the end of August 2024, with 32 investigations currently 'live' - with an estimated value in excess of £400,000. He said that 4 closed fraud cases, totalling £184,000 related to historic Housing Benefit claims, adding that these cases would be jointly investigated with the Department of Works and Pensions who would lead on prosecutions.

The SAFS Manager said that East Herts were signed up to the Council Tax Framework, the National Fraud Initiative (NFI) and the Fraud Hub, and that Fraud Alerts and Executive Reports would continue to be produced when necessary. He added that no Executive Reports had been required for East Herts so far in the current year.

The SAFS Manager said that all key performance indicators were on target to be met, with time recording now operating and referrals (including urgent referrals) being actioned within 24 hours.

The Chair thanked the SAFS Manager for his report.

The Executive Member for Financial Sustainability asked if there was any research into the value of fraud which was not detected/found.

The SAFS Manager said that there was research into this subject, but 'you don't know, what you don't know', and therefore figures were not available. He said that SAFS would continue to carry out proactive exercises, train staff and ask for public input to increase both knowledge and awareness of fraud.

Mr Sharman asked if monies recovered from investigations helped with the Council's financial position.

The SAFS Manager said that recovery amounts were often estimates, with some losses errors and not fraud. He said that once these monies were gone, they were lost, but that it was easier to recover Council Tax.

RESOLVED – that (A) the progress by officers and the Shared Anti-Fraud Service (SAFS) to deliver the Anti-Fraud Plan for the Council be noted.

159 FINANCIAL MANAGEMENT 2024/25 - Q1 FORECAST TO YEAR END

The Executive Member for Financial Sustainability introduced the report, and drew Members attention to Appendices A and B, which detailed revenue budget, forecast outturn and significant variances. He said that although these were disappointing, they were prudent, with the forecast overspend showing 'one off items'.

The Executive Member for Financial Sustainability referred to Appendix C of the report which gave information about 2024/25 savings, and said that again these were disappointing, with some savings delayed.

The Executive Member for Financial Sustainability referred to Appendix D of the report, which gave details on the 2024/25 capital programme and forecast outturn,

and said that there were very few variants, with ongoing projects within budget and mitigations in progress.

The Chair thanked the Executive Member for Financial Sustainability for his report.

Councillor Deering said that he had attended the recent Executive meeting where the report had originally been presented and referred to the last bullet point of paragraph 2.7. He asked for clarification regarding Charringtons House, and asked if it would be demolished or be part of the redevelopment of Old River Lane.

The Executive Member for Financial Sustainability said that Charringtons House was part of the Old River Lane scheme, and that it would be sold to the developer once an agreement was signed, thus alleviating the council's responsibility to pay business rates on the building. He said that due to the delay in signing the agreement consideration had been given to demolishing the building (again to negate the business rates responsibility), but this had proved too expensive.

Councillor Williams referred to Appendix D of the report and asked if the revised budget from the end of February was significant.

The Executive Member for Financial Sustainability said that the figures in the Appendix included carry forwards from previous years.

Councillor Williamson asked why Appendix E of the report did not appear to be included on the agenda.

The Head of Strategic Finance and Property said that Appendix E should have been included and would therefore be circulated to Members.

Councillor Nicholls referred to Appendix D and asked for more information about the sum of money allocated to the Pinehurst Community Hall.

The Head of Strategic Finance and Property said that these were Section 106 monies, for both work to the hall and an outside play area.

Mr Sharman asked if there would be any impact on the current £2.9m level of outstanding debt.

The Head of Strategic Finance and Property said that old debts would be worked on, and reviewed to see if they should be written off. He said that he was confident that with staff training recovery would be possible with regards to licensing debtors. He said that with effect from November a new payment system would be in place, allowing opportunities for more and enhanced card payments.

Mr Sharman said that this was good news, and asked how confident the Executive were that the level of underspend would not deteriorate in the coming months.

The Executive Member for Financial Sustainability said that the forecast was prudent, with scenarios worst case, allowing for gains on the big numbers.

Mr Sharman said that it was hard to judge this from the report narrative, and that it was therefore good to hear that the forecast was prudent. He asked where money would be found should the outturn overspend transpire.

The Executive Member for Financial Sustainability said that there were no great issues pertaining to the current year, with monies to go into the Council's reserve account. He said that future years would be dependent on external factors and any savings made.

Mr Poppy referred to the variants relating to Buntingford Depot in Appendix B of the report, and asked if these were a cost to the council or the contractor.

The Head of Strategic Finance and Property said that the

current contractor paid rent at the depot, but that the new incoming contractor would not. He said that it made no sense to charge such rent as the contractor only charged this back to the council. He added that a new depot site continued to be sought.

Mr Poppy asked if there were yet figures available for BEAM, which had been operating for approximately a month.

The Executive Member for Financial Sustainability said that it was too early to have any concrete numbers pertaining to BEAM. He said that however, early indications were that performance had not been as good as hoped.

Mr Poppy asked if the Planning Department would require less external staffing support if the number of planning applications went down.

The Executive Member for Financial Sustainability said that if there was a lag in planning applications the workload for the Planning Department would decrease.

Councillor Hart asked if the staffing underspend within departments as detailed within the report was sustainable.

The Interim Chief Executive said that considerable savings had been made as the Head of Revenues and Benefits had medically retired, and the Head of Human Resources and Organisational Development had left the council. She said that a Senior Management Review was being undertaken and that Members would be advised of any further restructure. She added that some vacant posts were being held to enable decisions to be made as to if recruitment was necessary.

Councillor Nicholls asked if the effect of the council's ban on overtime was known.

The Interim Chief Executive said that the overtime savings were not 'true' within the Revenues and Benefits Department as vacancy monies were being used to pay overtime and short-term agency staff. She said that this was necessary to improve performance, meet benefit targets and maintain staff wellbeing.

Councillor Deering asked for the direction of travel in respect of agency staff spending.

The Interim Chief Executive said that such spend had been static over the past 6 months, with the biggest expenditure at all grades within the Planning Department. She said that short term agency staff were used to fill critical posts, with any vacancies brought before Leadership Team before the recruitment process started.

The Chair asked if the overspend effected the decisions made by East Herts.

The Executive Member for Financial Sustainability said that the budget effected every decision, with thoughts already underway regarding next year.

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

RESOLVED – that (A) The reasons for the net revenue budget end of year projected overspend of £1.1m be considered; and

B) that the capital programme forecast outturn of £50k be considered.

160 LOCAL GOVERNMENT ASSOCIATION FINANCE PEER CHALLENGE

The Executive Member for Financial Sustainability introduced the report which detailed the findings of the Executive requested Local Government Association

Finance Peer Challenge. He drew Members attention to Appendix B of the report, which gave the conclusions of the follow up workshop, and Appendix C which gave the action plan for implementation of the report's recommendations.

Councillor Nicholls asked if the Peer Challenge had been a worthwhile exercise.

The Executive Member for Financial Sustainability said that it had been very useful to obtain an outsider's view and opinion, which gave confidence and ideas to the new administration.

Mr Poppy asked if a full corporate peer review was planned.

The Interim Chief Executive said that the last corporate peer challenge was undertaken in 2018. She said that discussions with the Leader hoped for a review in 2025.

Councillor Nicholls asked if more meetings of the Audit and Governance Committee would speed up the decision-making process and said that further budget scrutiny training would be beneficial for Members.

The Executive Member for Financial Sustainability said that anything which sped up the decision-making process was good and that the Local Government Association provided finance training courses which Members could sign up for.

Councillor Deering voiced his support for the Committee having extra meetings should this speed up the decision-making process and referred to page 73 of the report which concluded that Members required improved financial information.

It was moved by Councillor Deering and seconded by Councillor Nicholls, 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 action plan at Appendix C which implements the recommendations in the Local Government Association desktop review report and the conclusions of the workshop on the preparation of the budget be endorsed.

161 **AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME**

The Head of Strategic Finance and Property introduced the report. He said that following the backstop date of December, Members would note the extra meeting of the Committee which was scheduled for between March and May of 2025 – as this would enable receipt of the External Auditors report.

The Chair thanked the Head of Strategic Finance and Property for his report and asked for confirmation that officers would be able to produce reports for the extra meeting of the Committee which had been scheduled for 30 October 2024.

The Head of Strategic Finance and Property said that reports would be available for the October meeting. Councillor Deering asked if Members were now content that the Work Programme contained enough meetings.

The Chair said that there was now an extra meeting arranged for October 2024 and that another was scheduled for a date in-between March and May 2025. He said that the date for the latter could be arranged now, but that it might be better to confirm this once the External Auditor had given an indication on the expected delivery date of their report.

Councillor Deering said that he understood the need not to have meetings ‘for meetings sake’, but that structure was required.

The Committee Support Officer clarified that the next

meeting of the Committee was originally due to be in November 2024, but as per requests from Members an extra meeting had been arranged for 30 October 2024 (in part to ease the number of items on agendas). She said that it had not been possible to insert another meeting in-between the last meeting of the Committee in May 2024 and this evening's due to the two elections which had taken place over the spring/summer.

Mr Sharman said that he welcomed the extra detail on the Work Programme, and that the insertion of the extra October meeting was good for agenda volume. He said however that not having a meeting in-between January 2025 and May 2025 felt too long.

Councillor Deering said that he agreed with the comments of Mr Sharman, and that he would therefore be happy to propose that a meeting of the Committee be arranged for April 2025.

The Committee Support Officer said that the meeting in question was detailed in the Work Programme and would take place on a date in-between March and May 2025. She said that as per the discussion, a more specific date could not be given at this time due to the External Auditor's currently unknown timescales/availability for delivery of their report.

The Chair said that more would be known regarding the report timescales following the November 2024 meeting, and that a specific date for the meeting could then be set.

Councillor Deering said that the feeling amongst Members was that a specific date should be set, and that from a personal view he preferred dates to be in his diary. He said that he understood that should a date be arranged for April 2025, and then be unable to be met it could be revisited.

It was moved by Councillor Deering and seconded by Councillor Hart, that an additional recommendation, as

detailed, be added and approved. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that a meeting of the Audit and Governance Committee be scheduled for April 2025.

The Head of Strategic Finance and Property advised that the meeting in question would need to be scheduled before the 14 April 2025 due to the upcoming County elections.

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

C) that a meeting of the Audit and Governance Committee be scheduled for April 2025.

162 URGENT ITEMS
There were no urgent items.

The meeting closed at 8.52 pm

Chairman
Date