

MINUTES OF A MEETING OF THE  
AUDIT AND GOVERNANCE COMMITTEE  
HELD IN THE COUNCIL CHAMBER,  
WALLFIELDS, HERTFORD ON THURSDAY 29  
SEPTEMBER 2022, AT 7.00 PM

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PRESENT: Councillor M Pope (Chairman)  
Councillors A Alder, K Crofton and  
A Huggins

ALSO PRESENT:

Councillor P Ruffles

OFFICERS IN ATTENDANCE:

|                |  |
|----------------|--|
| Michele Aves   | - Democratic Services Officer            |
| Peter Mannings | - Democratic Services Officer            |
| Steven Linnett | - Head of Strategic Finance and Property |
| Helen Standen  | - Deputy Chief Executive                 |
| Alison Street  | - Finance Business Partner               |

160 APOLOGIES

Apologies for absence were submitted on behalf of Councillors Bell, Fernando and Ward-Booth.

161 MINUTES – 19 JULY 2022

The Minutes of the meeting held on 19 July 2022 were unable to be confirmed as a correct record and signed by the Chairman as the Members present were not in attendance at the meeting.

The Chairman therefore deferred the approval of the Minutes of the meeting held on 19 July 2022 to the next meeting of the Committee, to be held on 15 November 2022.

162 DECLARATIONS OF INTEREST

There were no declarations of interest.

163 CHAIRMAN'S ANNOUNCEMENTS

The Chairman reminded all participants to kindly use their microphones when speaking as the meeting was being webcasted.

164 TRANSFORMING EAST HERTS PROGRAMME - FULL BUSINESS CASE REPORT

The Head of Strategic Finance and Property introduced the report, which was approved by the Executive in July 2022 and sets out the Transforming East Herts Business Case, principally for the new Customer Service Model/ Customer Relationship Model (CRM).

The Head of Strategic Finance and Property said that there were currently only four functions which could be completed by customers online. He said that this

was not customer friendly (especially to those who were shift workers), raised the burden on council resources and increased the council's telephone call volume.

The Head of Strategic Finance and Property said that the council could not afford to provide more staff to answer telephone calls, and that currently only seven in every ten calls were targeted to be answered. He said that taking advantage of automation would not only free up resources but would also allow those who were unable/ did not wish to transact online to get through to the council by telephone.

The Head of Strategic Finance and Property said the investment would also see the council's financial and telephony systems move to the Cloud. This would eliminate the need for the double keying seen in the current procurement system and allow staff to answer the telephone from any location via 'soft phones' on their laptops. He said that taking advantage of technology would make the council more efficient and effective.

The Deputy Chief Executive told the Committee of her recent experience of moving house from East Herts and into another district. She said that the East Herts online form which she completed covered only one service area and asked her for irrelevant information. She said that in contrast the CRM used by her new authority was seamless, linking services and giving automated confirmation and advice. The Deputy Chief Executive said that this seamless CRM experience was what was wanted for the residents of East Herts. She acknowledged that such a system would require an

initial investment but said that she believed a CRM was needed to enable the council to offer a better service to its customers going forward, allowing those who could self-serve to do so twenty-four hours a day and those who were unable to, or who did not wish to self-serve to get through to the council via the telephone.

The Head of Strategic Finance and Property said that the use of a CRM was not new, having been implemented at many councils following austerity. He said that fundamentally a CRM gave better value for money, giving better customer service at a price which the council could afford. He reiterated that it was not good enough that currently three in every ten customers did not get their telephone calls answered, and that it was not viable to employ more staff to answer the current call volume.

Councillor Huggins said that all Members agreed that there was a need to modernise, but this should not be at the expense of flexibility. He said that the CRM vision was good but that he was worried about the loss of human interaction and people getting lost in the system. He urged simplicity, with close monitoring of the new system, including the inclusion of key performance indicators in reports.

Councillor Alder asked how confident officers were that customers would get answers to and be able to progress with queries when using the CRM. She said that it was important not to forget those who were unable to use such engagement and asked if all human contact would be lost under the new system. Councillor Alder asked how confident officers were

that the system would not break down and asked how residents would be made aware of the new system, adding that the public must also know the thinking behind the new system and be able to give feedback.

The Head of Strategic Finance and Property said that as well as online self-service being available to customers 24/7 there will also be a staffed contact centre. He said that the system is trackable and will be co-designed with members of the public. He advised that the CRM will be delivered by the major supplier used by many local authorities and the entire Gov.uk website, which is reliable with a Cloud up time of 99.9 percent.

The Head of Strategic Finance and Property said that the CRM is flexible in design and would integrate with back-office systems enabling quicker and more efficient processes and reducing repeat avoidable contact. For example, it would reduce the current time to complete a bulky waste collection request from twelve and a half minutes to three – four minutes. He said that this in turn would give capacity to deal with more telephone calls, eighty percent of which are estimated to be answered within twenty seconds under the new system.

The Head of Strategic Finance and Property said that he and the Deputy Chief Executive had already implemented CRMs at different councils. He gave Kirklees Council and Brighton and Hove City Council as examples of authorities which were successfully using CRMs from the proposed supplier.

The Deputy Chief Executive said that the CRM would

be set up to send the customer and an email or text at the end of the transaction. This would outline the customer's query, give any further information/signposting and ask the customer if their query had been answered. She said that this gave direct customer feedback, enabling the authority to learn and change/improve services.

The Deputy Chief Executive said that the use of webchat was already being trialled on the council website for some services, and this was successful. She said that customers could opt to be transferred from the webchat bot to an advisor when using this facility during office hours.

Councillor Crofton said that he understood the need to move to a CRM, but that the telephone option must remain for customers who wished to use it. He asked if the current customer telephone helpline could include a queuing system and a call back facility. Councillor Crofton also asked who would implement the CRM and how much it would cost.

The Deputy Chief Executive said that the CRM could be designed as required, from a basic model upwards. She said that the council could learn from Stevenage Council who had insight and knowledge of the system following their CRM implementation approximately a year ago. She said that an East Herts Council officer was seconded to Stevenage during their CRM implementation, and was now back working at East Herts Council.

The Deputy Chief Executive said that there would always be the option for customers to contact the

council by telephone. She said that the current customer helpline did have a message which directed callers to the council website (and this message could be changed) but the system was very antiquated, did not support staff, and did not have the mechanics to enable other options. She said that the current telephone system was due to be upgraded by April 2023, and that both queuing and a call back facility were options which were wanted.

Councillor Crofton asked for the minutes of the meeting to show that this was the direction of travel, and that when the new telephone system was implemented in April 2023 both queuing and call back facilities would be included. The Chairman and Members supported this.

Councillor Alder asked why the telephone system could not be upgraded earlier. The Deputy Chief Executive said that this was not possible as the council was currently in a set contract which was up for renewal with the supplier. She said that as with any large contract there was around a six-month lead in time for negotiations.

The Head of Strategic Finance and Property referred to page 51 of the report and said that the cost of the CRM implementation and Cloud costs would total £702,000, with worst case scenario redundancy costs increasing this figure to £1,602,000.

The Chairman referred to page 27 of the report and asked if the figure of £487,000 related to the costs of only the CRM and not the Cloud costs. The Head of Strategic Finance and Property said that this was

correct.

Councillor Huggins asked if there were any risks of costs increasing should there be delays in implementation, and if the risk register would be updated to include the risks associated with the new systems. The Head of Strategic Finance and Property said that the contract relating to the Cloud financials had already been signed at a substantial discount. He said that the current Advanced E5 financial system was an on-premises server and would remain the same instead hosted securely in the Cloud. He said that he therefore saw the changeover as low risk with functionality remaining the same.

The Head of Strategic Finance and Property said that with regards to the CRM prices were fixed with G Cloud until the end of the framework, with the supplier contract to be signed within the framework period at framework prices. He said that data will be held in the UK on both systems, and that the Risk Register will be updated.

The Head of Strategic Finance and Property assured Members again that there was no intention for the council to remove a customer contact centre, which would be staffed by humans to answer the telephone to customers who wished to communicate in this way.

The Chairman asked Councillor Crofton to recap on his earlier comments regarding the customer telephone line. Councillor Crofton said that he wanted assurance that the telephone system would have both a queuing and call back facility by April 2023.



The Chairman referred to paragraph 2.3.1 of the report and asked what ensuring staff teams were resourced entailed. The Deputy Chief Executive said that the Leadership Team were aware that staff were not currently appropriately resourced due to costs. She said that vacancies had been held as redundancies were unwanted and that this had put pressure on staff. The Deputy Chief Executive said that under the CRM the council will be able to do more with less people, but it was important that there were staff to cover functions going forward. This included staff having the required knowledge, ability and training with turnover kept low and planning in place for succession.

The Deputy Chief Executive said that since April 2022, eleven numbers of staff had been trained across the authority in methodology, looking for waste and improvements to existing services and functions. She said that these staff had been deployed into service areas in which it was thought customer service could be improved. The Deputy Chief Executive said that a decision was now to be made as to if this training was to be rolled out across the organisation.

Councillor Crofton said that it was important that under the CRM checks and balances were in place and asked for assurances that these would be incorporated and managed. The Head of Strategic Finance and Property said that financial control had already been increased. He said that several corporate credit cards had been removed, with more to follow. That there was no longer petty cash within the organisation and that purchase order processes were enforced and rigorously checked. The Head of Strategic Finance and

Property said that further checks would be available when the financial system moves into the Cloud.

The Chairman referred to paragraph 2.3.5 of the report and asked how the council will consult with residents regarding services. The Deputy Chief Executive said that before the CRM is implemented consultation will occur, and the use of focus groups was being considered. She said that ongoing feedback would be gathered via the CRM follow up emails and texts, with the possibility of annual focus groups.

Councillor Huggins said that it was important that those who were less comfortable with using on-line services and required human assistance, for example those with benefit claims, were able to get the one-to-one help they needed. He said that bookable appointments were currently available with the Duty Planning Officer and asked why this was not available across other services. The Deputy Chief Executive said that as part of the response to the pandemic appointments in person and call backs were made available across a number of service areas. She said that these services needed to be publicised and be made available across all services.

The Chairman asked that the assurance from officers that annual focus groups will be used be minuted, and Members supported this. Councillor Huggins said that focus groups needed to be made up of 'real world testing' which recorded the experiences of average mixed ability users.

The Chairman referred to page 18 of the report and asked when and who would undertake the agile

working review. The Deputy Chief Executive said that the review started in April 2021 and was ongoing. She said that the review included the use of the aforementioned methodology trained staff. The Head of Strategic Finance and Property said that the review was looking at internal processes, understanding and challenging behaviours and finding easier and quicker ways of doing things.

Councillor Huggins said that it was vital that Members be given training to give them an understanding and an oversight of changes and agile working to avoid there being a knowledge barrier between themselves and officers. The Deputy Chief Executive agreed with this.

The Chairman referred to page 19 of the report and asked how new ways of working smarter through IT were being identified. The Deputy Chief Executive said that the working relationship with the ICT Service (shared with Stevenage Council) was good, but there were some historical challenges which needed to be rectified. She said that work carried out by 31ten and Ignite had looked at the council's IT processes, and it was being examined if East Herts Council should stay in the Shared ICT Partnership. She said that work carried out with Socitm earlier in the year had given options for the council to consider, and these were being considered by the Joint Information Technology Committee which Members of East Herts Council sit on.

The Head of Strategic Finance and Property said that the future would see more systems move into the Cloud, which was more reliable and enabled staff to

work outside of the hosted desktop.

Councillor Crofton asked if East Herts could use Stevenage's systems and processes as they had already implemented the new system. The Head of Strategic Finance and Property said that many of the new system's standard practices would be adopted, and that there were differences in the systems required/used by the two organisations, for example Stevenage still having ownership of housing stock.

The Chairman asked if staff were embracing the changes. The Deputy Chief Executive said that there had been quarterly briefings where information was given and staff able to ask questions. She said that information was given to staff as soon as possible, and that generally they were supportive. The Deputy Chief Executive said that a Transformation Programme Manager was in place and that a team would be built underneath her.

The Chairman asked if the costs for improving the Council Offices (as mentioned in the report) were yet known. The Deputy Chief Executive said that the results from the building survey were yet to be given. She said that an evaluation of staff needs was also needed to determine what was required from the building before renting out parts of it could be considered. She said that the Council has had interest from people wishing to share space, but future proofing was needed before this happened.

The Chairman said that the Commercial Strategy was mentioned in the report and asked if this could be seen for reference. The Head of Strategic Finance and

Property said the Commercial Strategy could be included on the Agenda of the next meeting of the Committee in November 2022.

Councillor Crofton asked for confirmation of how the changes would be funded. The Head of Strategic Finance and Property said that funding would come from the council's reserves.

The Chairman thanked officers for the report and their input. The Deputy Chief Executive gave thanks to Members for their suggestions which would be used going forward.

It was moved by Councillor Crofton and seconded by Councillor Huggins that the recommendation, as detailed, be endorsed with the additions that:

- The new telephone system (to be implemented in 2023) has both a queueing system and a call back facility.
- That annual focus groups composing of average user real life experiences be used to monitor the CRM

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

**RESOLVED** – that the Transforming East Herts Full Business Case, as approved by the Executive be endorsed with the additions as listed above.

## 165 ANNUAL GOVERNANCE STATEMENT 2021/2022

The Head of Strategic Finance and Property briefly

introduced the report for 2021/22 which covered the principles of good governance.

He said that the report included an update on the position of IT, the delay in the National Procurement Strategy and the completion of the Social Value Policy. He said that assurance mapping had proved to be very useful, that Asset Strategy was to be approved, with Commercial Strategy already approved.

The Head of Strategic Finance and Property said that a workforce plan was now in place for the Joint ICT Service, which included a Joint ICT Committee with Member oversight. He said that 2023 would see district elections, with preparations underway for a possible substantial change in membership.

The Chairman said the report was very thorough and useful, he referred to page 96 and asked if the Committee needed to see an assurance map. The Head of Strategic Finance and Property said that there was no visual assurance map, but a summary was included in the internal audit report which had been presented to the Committee.

Councillor Huggins referred to page 95 of the report and asked if clearer timelines could be applied to all of the governance issues which were outstanding. The Head of Strategic Finance and Property said that all items were attempted to be completed within the financial year, but that some issues were beyond his control, for example the delay to the national procurement strategy.

It was moved by Councillor Huggins and seconded by

Councillor Alder that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

**RESOLVED** – that (A) Members review and comment on the draft Annual Governance Statement for 2021/2022.

166 2021/2022 PROVISIONAL OUTTURN

The Finance Business Partner introduced the report which set out the provisional revenue and capital outturn for 2021/2022. She referred to the provisional £91,000 surplus in revenue and the £4.1 million of budgets to be carried forward to due to slippage on projects.

The Chairman asked for further information regarding the Shared IT Service underspend. The Finance Business Partner said that this was due to projects not being delivered as expected within the year.

Councillor Huggins asked why there was no capital carry forward for the Ward Freeman pool which had seen no spend for the year. The Head of Strategic Finance and Property said that these funds had already been carried forward in full as it was unlikely that Ward Freeman would have had a spend for this year. He said that this could be seen in the Capital Programme for next year, as approved in March.

The Chairman referred to page 9 of the report and asked if the underspend reported against the net cost of services was a symptom of posts being unfilled due

to possible changes. The Deputy Chief Executive said that any non-essential posts had not been filled to avoid possible redundancy costs. She said that short term contracts had been used rather than filling vacancies with contractors as this was cheaper and also managed people's expectations.

The Chairman asked if the level of grant funding seen on page 9 of the report was normal. The Finance Business Partner said that the level of grants received by the council changed every year and this made budgets difficult to set. She said that recent times had been very different due to Covid.

The Chairman asked if the projected decrease in business rates income were a concern. The Finance Business Partner said that the additional Section 31 Government grants were not counted as business rates income.

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

**RESOLVED** – that (A) the General Fund Revenue Outturn of £91k underspend to be transferred to the general reserve be noted.

(B) that capital budgets of £4.1 million are recommended to be carried forward to 2022/23 to fund ongoing capital schemes.



## FORECAST TO YEAR END

The Business Finance Partner introduced the report, which forecast an overspend due to an increase in inflation.

The Chairman asked if the increase in interest rates for borrowing referred to in the report related to future borrowing. The Business Finance Partner said this related to the short-term borrowing which had already been entered into to fund capital commitments. Explaining that these borrowing rates had increased from what was budgeted for.

The Head of Strategic Finance and Property said that Treasury advice was to currently borrow short term (which was defined as 364 days or less) with other Local Authorities to avoid locking into long-term loan agreements. He said that the council sometimes acted as a lender itself dependent on its cash flow position, and that the increase in interest rates would also see an increase in the return on the council's investments.

The Chairman asked for an update on the council's aged debtors. The Business Finance Partner said that these debts continued to be monitored by officers, which had reduced by nearly £500,000 since March. She said that some of these debts were unrecoverable and provision had been made to cover these.

The Head of Strategic Finance and Property said that a restructure in the Finance Department would see jobs created in credit control, bringing back debtors from service areas to speed up processing and allow monitoring in house. He said that debt instruction

through the Credit Protection Association cost £15.00 per case and had proved successful in the past.

The Chairman asked when these changes relating to debtors would happen. The Head of Strategic Finance and Property said that the income management system needed to be changed and this was not wanted mid-year. He said that he was aiming for change to take place in April 2023 but it was more likely this would be April 2024.

Councillor Crofton asked why the council was not using alternative debt collectors. The Head of Strategic Finance and Property said that the council's debts were all different, with some requiring specialist recovery, for example benefit debts were recovered by the Department for Works and Pensions via a debtor's ongoing benefit entitlement.

The Chairman referred to page 20 of the report and asked if the income received from Hertfordshire County Council in connection with landfill diversion could be quantified. The Finance Business Partner said that the amount of income received would be dependent on tonnages for all districts and can therefore vary.

The Chairman asked for a general outline of the council's reserves. The Finance Business Partner said that the council held sufficient reserves, and that there were no specific comments regarding the reserves from auditors.

The Chairman asked if the predicted overspend could increase. The Finance Business Partner said that this a

possibility, with Quarter 2 monitoring to begin next week. She said that officers would be in a better position to update Members following this.

**RESOLVED** – that the Financial Management 2022/2023 – Quarter 1 Forecast to Year End Report be received.

168 STRATEGIC RISK REGISTER – MONITORING – QUARTER 1 2022/23

The Head of Strategic Finance and Property introduced the report and welcomed questions from Members.

The Chairman said that the report showed that there had been few changes since the Committee last saw the Risk Register. He referred to page 104 of the report and asked if cyber related risks should be moved into the right-hand box of the matrix which housed the highest risk items. The Deputy Chief Executive said that the council was very well protected against cyber-attacks, with regular attempts being stopped. She said that it may be useful for Members to receive an update on failed cyber-attacks, to demonstrate how well the council was mitigated.

The Head of Strategic Finance and Property said that as the category which included cyber-attacks was already in the red zone of the matrix they were constantly monitored by Leadership Team.

The Chairman asked if emerging risks should have a section on the risk register. The Head of Strategic Finance and Property said that he would give this

consideration.

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

**RESOLVED** – that (A) the Quarter 1 Strategic Risk register be reviewed, and officers advised of any further action that could be taken to manage risk.

## 169 AUDIT AND GOVERNANCE WORK PROGRAMME

The Head of Strategic Finance and Property introduced the report, giving an overview of the Work Programme and his hopes that the agenda for the November meeting of the Committee would include the Auditor's Accounts, and the Member training to accompany these.

He said that a letter had been received from the Auditor advising that the accounts would not be issued by 30 September 2022, although reasons for this delay had not been given. The Head of Strategic Finance and Property told the Committee that this letter had been published to the council's website as was required.

The Chairman advised the Committee that the Auditor's letter would be circulated by email to Members after the meeting by the Democratic Services Officer.

The Chairman asked the Head of Strategic Finance and Property for an update on the Public Sector Audit

Appointments (PSSA). The Head of Strategic Finance and Property said that ninety five percent of procurement was out to tender, with the more difficult cases struggling to engage auditors.

The Chairman referred to the meeting of the Committee on 19 July 2022 where a desire for cyber training for Members was expressed, as recorded in the minutes. He said that the Internal Audit Manager had said that he would make enquires regarding such training and asked if cyber training could be fitted into the Work Programme, possibly at the meeting of the Committee in June 2023. Members supported this request.

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

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

(B) that any training requirements be specified.

170 URGENT ITEMS

There were no urgent items.

The meeting closed at 9.14 pm

Chairman .....

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| Date ..... |
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