



AUDIT COMMITTEE

Wednesday, 13th September, 2017

at 6.30 pm

Room 102, Hackney Town Hall, Mare Street,
London E8 1EA

Committee Membership

Cllr Nick Sharman (Chair)
Cllr Brian Bell (Vice-Chair)
Cllr Michelle Gregory
Cllr Robert Chapman
Cllr Sem Moema
Cllr Carole Williams

Tim Shields
Chief Executive

Contact:
Peter Gray
Governance Services
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The press and public are welcome to attend this meeting

AGENDA

Wednesday, 13th September, 2017

ORDER OF BUSINESS

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Access and Information

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Trains – Hackney Central Station (London Overground) – Turn right on leaving the station, turn right again at the traffic lights into Mare Street, walk 200 metres and look for the Hackney Town Hall, almost next to The Empire immediately after Wilton Way.

Buses 30, 48, 55, 106, 236, 254, 277, 394, D6 and W15.

Facilities

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Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting. Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

All those visually recording a meeting are requested to only focus on recording councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting room. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

ADVICE TO MEMBERS ON DECLARING INTERESTS

Hackney Council's Code of Conduct applies to all Members of the Council, the Mayor and co-opted Members.

This note is intended to provide general guidance for Members on declaring interests. However, you may need to obtain specific advice on whether you have an interest in a particular matter. If you need advice, you can contact:

- The Director, Legal;
- The Legal Adviser to the committee; or
- Governance Services.

If at all possible, you should try to identify any potential interest you may have before the meeting so that you and the person you ask for advice can fully consider all the circumstances before reaching a conclusion on what action you should take.

1. Do you have a disclosable pecuniary interest in any matter on the agenda or which is being considered at the meeting?

You will have a disclosable pecuniary interest in a matter if it:

- relates to an interest that you have already registered in Parts A and C of the Register of Pecuniary Interests of you or your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner;
- relates to an interest that should be registered in Parts A and C of the Register of Pecuniary Interests of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner, but you have not yet done so; or
- affects your well-being or financial position or that of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner.

2. If you have a disclosable pecuniary interest in an item on the agenda you must:

- Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you (subject to the rules regarding sensitive interests).
- You must leave the room when the item in which you have an interest is being discussed. You cannot stay in the meeting room or public gallery whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision.
- If you have, however, obtained dispensation from the Monitoring Officer or Standards Committee you may remain in the room and participate in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a pecuniary interest.

3. Do you have any other non-pecuniary interest on any matter on the agenda which is being considered at the meeting?

You will have 'other non-pecuniary interest' in a matter if:

- i. It relates to an external body that you have been appointed to as a Member or in another capacity; or
- ii. It relates to an organisation or individual which you have actively engaged in supporting.

4. If you have other non-pecuniary interest in an item on the agenda you must:

- i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you.
- ii. You may remain in the room, participate in any discussion or vote provided that contractual, financial, consent, permission or licence matters are not under consideration relating to the item in which you have an interest.
- iii. If you have an interest in a contractual, financial, consent, permission or licence matter under consideration, you must leave the room unless you have obtained a dispensation from the Monitoring Officer or Standards Committee. You cannot stay in the room or public gallery whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision. Where members of the public are allowed to make representations, or to give evidence or answer questions about the matter you may, with the permission of the meeting, speak on a matter then leave the room. Once you have finished making your representation, you must leave the room whilst the matter is being discussed.
- iv. If you have been granted dispensation, in accordance with the Council's dispensation procedure you may remain in the room. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a non pecuniary interest.

Further Information

Advice can be obtained from Suki Binjal, Interim Director of Legal on 020 8356 6234 or email suki.binjal@hackney.gov.uk



FS 566728



AUDIT COMMITTEE

MONDAY, 26TH JUNE, 2017

Present: Councillors: Nick Sharman (In the Chair), Brian Bell, Robert Chapman, Michelle Gregory, Sem Moema

Officers: Tim Shields (For agenda item 4), Ian Williams, Michael Honeysett, Michael Sheffield, Bruce Devile, Matthew Powell, Julie Sharp, Patricia Narebor

1 APOLOGIES FOR ABSENCE

1.1 There were no apologies for absence

1 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING

3.1 The minutes of the previous meeting were agreed as a correct record.

Matters Arising

Measuring the success of the Olympic Games

Noted that Stephen Haynes was to have responsibility for the measurement of the success for the Borough of the previous Olympic Games in London.

4 DIRECTORATE RISK REGISTER REVIEW- CHIEF EXECUTIVE

4.1 Tim Shields introduced the report advising the Committee of the key risks facing the Chief Executive's Directorate in 2017/18 and the actions being taken to reduce the likelihood and impact of the risks. He referred the Committee to the risks around the impact of Brexit on EU funding streams and risks concerning safety and security at the employment hubs. In the area of Policy Tim Shields referred to risks arising from the current pace of economic and social demographic change in the Borough, together with the pace of institutional and fiscal change. He referred to the need to manage risks around Health Care partnerships and reputational risks.

Monday, 26th June, 2017

4.2 Councillor Brian Bell asked for clarification about the respective roles of the Community Insight Group and the Community Tensions Group. Tim Shields confirmed that these groups were separate and that dialogue would be ongoing with the community in an effort to allay fears and tensions.

4.3 Councillor Michelle Gregory asked that a calendar of forthcoming events in Hackney be circulated to members. She further asked what arrangements were in place in the event of emergencies in Borough and arrangements for data protection in the Council. Tim Shields reported on these arrangements, including that the role of 'On-Call Duty Gold' was allocated between himself and Group Directors on a rota basis. He referred to command structures and that the Council would set out timescales for training and resources allocated. He told the Committee of the great difficulties of dealing with a disaster of the scale of 'Grenfell Tower'. Thirteen Chief Executives were currently working on this. He further referred the Committee to the Borough's business continuity plans, plans for flooding, etc. In response to Councillor Gregory's request for improved notice of forthcoming events it was agreed that members be supplied with a calendar of these events.

Ian Williams agreed to circulate a note to members on arrangements in place for effective data protection.

ACTION: Ian Williams

4.4 The Chair of the Committee emphasised the need for the Committee to have oversight of the work of the Boards referred to in the Risk Register together with overseeing the ability and capacity of the voluntary and community sector with whom the Council works in the community. Tim Shields confirmed that these were assessed and that AVCs provided feedback. In response to a question from the Chair on what measures were in place to 'attract highly able staff', Tim Shields confirmed that among these measures was marking out the Council as a good employer and a reward culture. He confirmed that any measures were measurable. He further confirmed that the turnover at the Council was healthy. The Chair asked for a summary of what action was being taken in this area.

RESOLVED:

To note the contents of the report and the Chief Executive's Directorate Risk Register attached at Appendix 1 to the report.

5 TREASURY MANAGEMENT UPDATE

5.1 Pradeep Waddon introduced the treasury management outturn report and the actual prudential indicators for 2016/17 for the Audit Committee, setting out the background for treasury management activity over the year and confirming compliance with treasury limits and prudential indicators. He told the Committee that the Council's investment balance was £149.263m at the end of the financial year and referred the Committee to the Treasury management activities from April to May 2017.

5.2 Ian Williams reported to the Committee that the statement of accounts was to be submitted to the special meeting of the Committee in July. In a response to a question from Councillor Gregory he told the Committee that an update on reserves would be made to the July meeting. He further suggested a member training session on capital

financing requirements and total external debt. The Chair emphasised the need to oversee and manage risk around capital expenditure.

ACTION: Ian Williams

RESOLVED:

To note the report

6 CORPORATE RISK REGISTER

6.1 Matthew Powell introduced the report updating the Committee on the current Corporate Risk Register of the Council as at June 2017. The report identified how risks within the Council were identified and managed throughout the financial year and the Council's approach to embedding risk management. In response to a question from Councillor Sem Moema on the length of time that risks are on the threshold and the need to monitor these, Matthew Powell reported that a suite of these risks would be reported to a future Committee. The Chair asked whether there was an early warning system in place for high impact risk. Ian Williams told the Committee that testing in this regard was taking place across all services. He confirmed, in response to the Chair's further questions that work was currently in progress on Brexit risks. Councillor Brian Bell asked about risk in relation to special education needs children who are left with no resources and Matt Powell agreed to feedback to the Committee on this matter.

RESOLVED:

To note the contents of the report and the attached risk registers and controls in place.

7 INTERNAL AUDIT ANNUAL REPORT 2016/17

7.1 Michael Sheffield introduced the report providing details of the performance of internal audit during 2016/17 and the areas of work undertaken, together with an opinion on the soundness of the control environment in place to minimise risk to the Council. He reported that the overall outcome of audits had been reassuring. He reported slight concern around schools, although the number of recommendations, 'not implemented or no response' had reduced from 50 to 35 since the year end. Michael Sheffield referred the Committee to the Hackney 'Internal Audit Charter-2017-2018' and the Internal Audit Strategy 2017-2018. In response to the question from the Chair Julie Sharp reported closer working with risk and integrating this into the Audit Plan. The Committee reiterated the importance of risk feeding into the Audit Plan and that regular updates be made to the Committee on progress.

ACTION: Julie Sharp

RESOLVED:

To approve the Internal Audit Charter and Strategy.

8 ANNUAL FRAUD AND IRREGULARITY REPORT 2016/17

8.1 Michael Sheffield introduced the Annual Fraud and Irregularity Report 2016/17, providing status report and analysis of reported fraud and irregularity within the

London Borough of Hackney. He told the Committee that the estimated savings arising from enquiries was £203,570. The Committee noted the recent establishment of the London Counter Fraud Hub, currently using technology used by Insurance Companies as a powerful way to aggregate data.

8.2 Councillor Michelle Gregory asked about the accessibility of the Council's policy on fraud and the response that policy is currently on the Council's intranet.

RESOLVED:

To note the report.

9 PERFORMANCE OVERVIEW

9.1 Ian Williams and Bruce Devile introduced the first set of indicators that were selected to be reviewed by the Audit Committee on a regular basis as part of the Committee's overview of the Council's performance. The Committee noted the attached risk scorecard and emphasised the need to convert this to commentary. Bruce Devile told the Committee that the Council would soon have information on appointments carried out regarding housing repairs. He reported that there was to be an improvement in information available with the introduction of 'real time data.'

9.2 Councillor Michelle Gregory asked about claims for compensation and Bruce Devile clarified that there were circumstances when compensation would be available, such as when a council operative does not turn up for an appointment. He went on to confirm to Councillor Robert Chapman that the risks within the performance indicators were owned by Kim Wright, Group Director.

9.3 The Chair considered that the indicators were effective for monitoring purposes and that these could be developed further, including making them more evaluative, incorporating large capital schemes and becoming accessible to all members.

RESOLVED:

To note the current capital monitoring arrangements and future enhancements to the reporting to Audit Committee and that a report be made to the September meeting.

10 WORK PROGRAMME

The Chair emphasised the importance of attendance at the special meeting on 25th July.

RESOLVED:

To note the report.

11 ANY OTHER BUSINESS THAT IN THE OPINION OF THE CHAIR IS URGENT

None

Duration of the meeting: 6:30 – 9:00 pm

Monday, 26th June, 2017

Chair at the meeting on
Monday, 26 June 2017

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AUDIT COMMITTEE

TUESDAY, 25TH JULY, 2017

Present: **Councillors:**

Cllr Nick Sharman (Chair)
Cllr Brian Bell (Vice-Chair),
Cllr Robert Chapman, Cllr Sem Moema and
Cllr Carole Williams

Officers: Ian Williams, Michael Honeysett,
Butta Singh, James Newman

1 Apologies for absence

1.1 Apologies for absence were submitted on behalf of Councillor Michelle Gregory.

2. Declarations of Interests

2.1 There were no declarations of interest.

3 Financial Statements Audit 2016/17 - Annual Governance Report (Council & Pension Fund)

3.1 Andrew Sayers and Jennifer Townsend (KPMG) presented the External Audit Report 2016/17. The Committee noted that it was anticipated that the main audit for both the Pension Fund and the Council's main statements would be completed by the end of July. KPMG confirmed that they would not be in a position to issue a certificate until the WGA is completed, due end September, the Pension Fund Annual Report is available, due end December and any objections to the accounts received had been considered. The auditors would inform the Chair if any further matters arising from the audit needed to be brought to the Committee's attention. The accounts could be approved contingent on this and an audit opinion would then be expected before the end of July. The Committee was reassured by the report which was a further improvement on the previous year.

3.2 The Chair asked about the robustness of current contract management arrangements and the response that appropriate processes were in place and action taken while a number of lessons had been learned through this. The Committee was reassured that the issues around contract management were being addressed and emphasised the importance of there being appropriate processes in place to ensure proper management of contracts.

3.3 The Chair expressed thanks and congratulations on behalf of the Committee for the Department's success in completing the audit process within the new much shortened timetable.

RESOLVED:

To approve the external audit report 2016/17.

4 Statement of Accounts 2016/17

4.1 Ian Williams introduced the report presenting the Statement of Accounts for 2016/17, for approval prior to the issue of the audit opinion by the external auditor. The Committee noted that the main financial statements demonstrated that the Council continued to manage its finances in line with the resources available. Ian Williams thanked all those involved in the preparation of the statement of accounts.

4.2 Councillor Robert Chapman asked what the Council's policy was in regard to the level of its reserves. Ian Williams reported that the general balances on the General Fund and the Housing Revenue Account were maintained at £15m and £10.20m respectively. In addition the level of other earmarked reserves, held for specific purposes such as insurance or the recent purchase of an in-house fleet were not dissimilar to those held by other authorities. Councillor Chapman stressed the need to maintain a prudent level of reserves. He went on to ask how the Council managed risk on property management. Ian Williams told the Committee that due diligence was applied. He added that this was a diverse portfolio that generated much income for the Council.

4.3 The Chair asked that the Annual Governance Statement contained within the Statement of Accounts should in future reflect the fact that the Audit Committee was attempting to draw up a suite of Performance Indicators as part of its role. He stressed that the Council's services depended on income in what was a high risk time on income yields and that this should be reflected in the governance statement for next year.

4.4 Councillor Sem Moema asked about the format of future accounts and Ian Williams told the Committee that the current format of the accounts was a result of imposed rules and that there was an understanding that this format was difficult to engage with. The production of more streamlined accounts, accessible to members and the public was being considered, through CIPFA

RESOLVED:

1. To approve the Council's 2016/17 Statement of Accounts prior to the audit opinion being issued.
2. To approve in its own right, the Annual Governance Statement contained within the Statements of Accounts.

Duration of the meeting: 6:30 – 7:30pm

Tuesday, 25th July, 2017

Chair at the meeting on
Tuesday, 25 July 2017

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<p>TREASURY MANAGEMENT ACTIVITY REPORT 2016/17 (1st June 2017 – 31st August 2017)</p> <p>13th September 2017</p> <p>AUDIT COMMITTEE</p>	<p>Classification:</p> <p>Public</p>
<p>Ward(s) affected None</p>	
<p>Group Director</p> <p>Ian Williams, Group Director Finance & Corporate Resources</p>	

1. Introduction

This report provides Members of the Audit Committee with update on Treasury Management activities for the reported period June 2017 to August 2017.

2. Recommendation(s)

The Audit Committee is recommended to:

- **Note the report**

3. Background

This report is the second of the treasury reports relating to the financial year 2017/18 for the Audit Committee. It sets out the background for treasury management activity from June 2017 to August 2017 and the action taken during this period.

4.1 Policy Context

Ensuring that the Treasury Management function is governed effectively means that it is essential for those charged with governance to review the operations of treasury management on a regular basis. This report forms part of the regular reporting cycle for Audit Committee, which includes reviewing the Annual Treasury Management Strategy, and enables the Committee to monitor treasury activity throughout the financial year.

4.2 Equality Impact Assessment

There are no equality impact issues arising from this report

4.3 Sustainability

There are no sustainability issues arising from this report

4.4 Consultations

No consultations have taken place in respect of this report.

4.5 Risk Assessment

There are no risks arising from this report as it sets out past events. Clearly though, the treasury management function is a significant area of potential risk for the Council, if the function is not properly carried out and monitored by those charged with responsibility for oversight of treasury management. Regular reporting on treasury management ensures that the Committee is kept informed.

5. Comments of the Group Director, Finance and Corporate Resources

There are no direct financial consequences arising from this report as it reflects the performance from June 17 to August 2017. Whilst investment interest is not used to underpin the Council's base revenue budget, as in some other authorities, the levels achieved will have an impact on the ability to fund additional discretionary expenditure and capital programmes. The information contained in this report will assist Members of this Committee in monitoring the treasury management activities and enable better understanding of such operations.

6. Comments of the Director Legal Services

The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. In addition the Council within its Annual Treasury Management Strategy has agreed to comply with the CIPFA Code of Practice on Treasury Management. This report demonstrates that Treasury Management is meeting these requirements and adapting to changes as they arise.

7. Economic Highlights

- **Growth:** Q1 and Q2 GDP data showed economic activity growing at a much slower pace of 0.2% and 0.3% respectively, the services sector providing the main boost to growth. With the dominant services sector accounting for 79% of GDP, the strength of consumer spending remains vital to growth, but with household savings falling and real wage growth negative, there are concerns that these constraints will limit growth in the second half of calendar year 2017.
- **Inflation:** UK Consumer Price Inflation (CPI) index rose with the data print for May showing CPI at 2.9%, its highest since June 2013 as the fall in the value of sterling following the June 2016 referendum result continued to feed through into higher import prices. Thereafter, however, CPI has fallen back to 2.6% in July which is in line with the Bank of England's estimate published in its August Inflation Report. The new inflation measure CPIH, which includes owner occupiers housing costs, was also 2.6%. The most recent labour market data for June 2017 showed that the unemployment rate had fallen further to 4.4%, its lowest since July 1975 but that the squeeze on real wages (i.e. after inflation) is intensifying with average earnings growing at 2.1%.
- **Monetary Policy:** Bank of England made no change to monetary policy at its meetings this year, although the vote to keep Bank Rate at 0.25% narrowed to 5-3

in June highlighting that some MPC members were more concerned about rising inflation than the risks to growth.

In the face of a struggling economy and Brexit-related uncertainty, it's expected that Bank of England will look through periods of high inflation and maintain its low-for-longer stance on policy interest rates for an extended period.

8. Borrowing & Debt Activity

- 8.1 The Authority currently has just a £3.4m LEEF loan from the European Investment Bank to fund housing regeneration, having now repaid the short term borrowing that was required to cashflow the purchase of the Morning Lane site as set out in previous reports
- 8.2 Close analysis of Councils Capital Financing Requirement (CFR is an indicator of an overall need to borrow) as it is currently known indicates that further borrowing including borrowing proposed in the HRA business plan, will be required within the next three years.

9. Investment Policy and Activity

- 9.1 The Council held average cash balances of £140 million during the reported period, compared to an average £218 million for the same period last financial year. This reduction is largely due to the capital expenditure incurred on the purchase of the Morning Lane site and the subsequent repayment of the short term borrowing associated with this transaction.

Movement in Investment Balances 01/06/17 to 31/08/17

	Balance as at 01/06/2017 £'000	Average Rate of Interest %	Balance as at 31/08/2017 £'000	Average Rate of Interest %
Short term Deposits	41,167	-	35,182	
Long term Deposits	24,500	-	19,500	
AAA-rated Stable Net Asset Value Money Market Funds	88,290	-	21,950	
AAA rated Cash enhanced Variable Net Asset Value Money Market Funds	3,000		3,000	
Corporate and Covered Bonds	19,638		19,638	
Housing Associations	15,000		15,000	

Financial Institutions without credit ratings	2,000		2,000	
	193,595	0.63	116,270	0.83

- 9.2 Due to the volatility of available creditworthy counterparties, longer term investments have been placed in highly rated UK Government institutions. Thus ensuring creditworthiness whilst increasing yield due to the duration of the deposits.
- 9.3 The Council has also placed three long term investments with Housing Associations assisting both diversification and yield.
- 9.4 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.
- 9.5 The Council's specific policy objective is to invest its surplus funds prudently. The Council's investment priorities are:
- security of the invested capital; liquidity of the invested capital; and,
 - An optimum yield which is commensurate with security and liquidity.

10. Counterparty Update

- 10.1 There were a few credit rating changes during the period. Moody's placed Lloyds Bank's A1 rating on review for upgrade, revised the outlook of Santander UK plc, and Nationwide and Coventry building societies from negative to stable following improvement to their asset quality, but downgraded the long-term rating of Leeds BS from A2 to A3. As a general update (not affecting Hackney's portfolio) Moody's downgraded the major Canadian banks' long-term ratings on the agency's expectation of a more challenging operating environment for the banks for the remainder of 2017 and beyond that could lead to a deterioration in the banks' asset quality and increase their sensitivity to external shocks. Moody's downgraded the ratings of the large Australian banks to Aa3 from Aa2 reflecting the agency's view of the rising risks from the banks' exposure to the Australian housing market and the elevated proportion of lending to residential property investors.

S&P also revised Nordea Banks outlook to stable from negative, whilst affirming their long-term rating at AA-. The outlook revision reflects Nordea's geographic diversification and strong financials. The agency also upgraded the long-term rating of ING Bank from A to A+.

- 10.2 Whilst the ongoing investment strategy remained cautious counterparty credit quality remains relatively strong, as can be demonstrated by the Credit Score Analysis summarised below:

Credit Score Analysis

Date	Value Weighted Average – Credit Risk	Value Weighted Average – Credit Rating	Time Weighted Average – Credit Risk	Time Weighted Average – Credit Rating
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	Score	Score	Score	Score
30/06/2017	4.3	AA-	3.6	AA-
31/07/2017	4.4	AA-	3.6	AA-
31/08/2017	4.3	AA-	3.6	AA-

Scoring:

-Value weighted average reflects the credit quality of investments according to the size of the deposit

-Time weighted average reflects the credit quality of investments according to the maturity of the deposit

-AAA = highest credit quality = 1

-D = lowest credit quality = 27

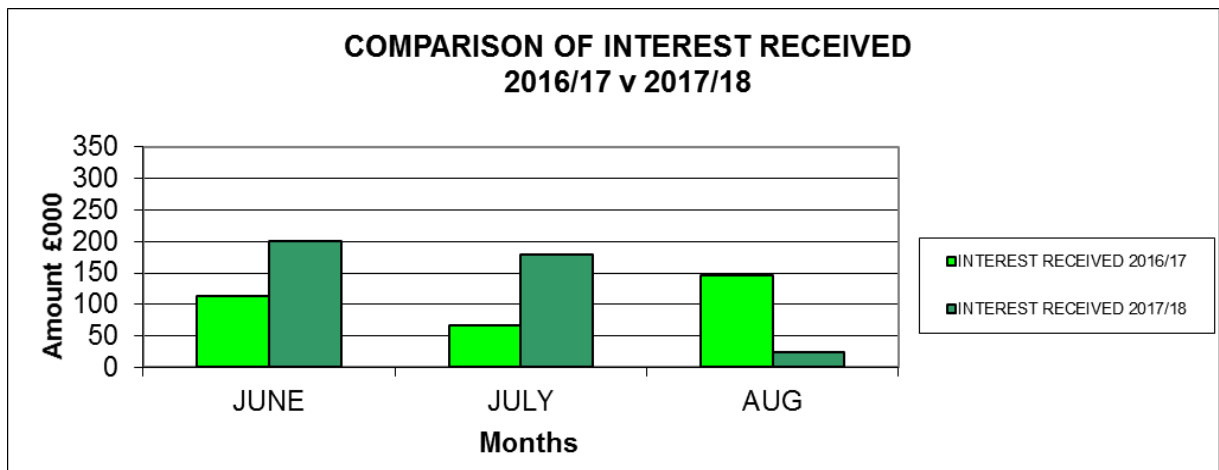
-Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

- 10.3 The Council continues to utilise AAmmf/Aaa/AAAm rated Money Market Funds for its very short, liquidity-related surplus balances. This type of investment vehicle has continued to provide very good security and liquidity, although yield suffers as a result.
- 10.4 In light of legislative changes and bail-in risk for unsecured bank deposits, as set out in previous monitoring reports, the Council continues to invest in high quality corporate bonds. This investment vehicle offers good level of security and increases diversification for the Council's portfolio whilst achieving a reasonable yield.

11. Comparison of Interest Earnings

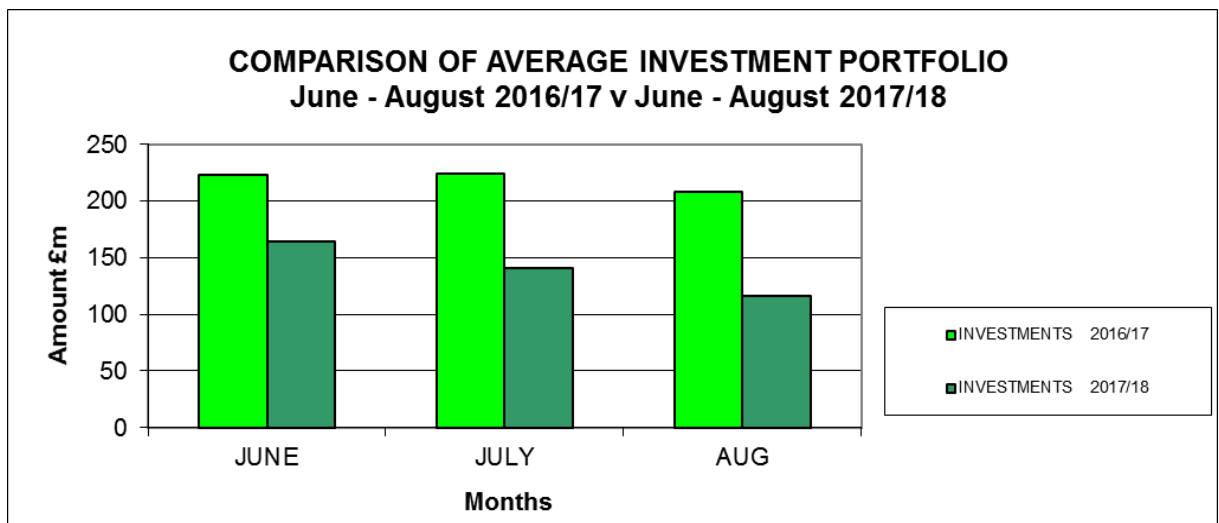
- 11.1 The Council continues to adopt a fairly cautious strategy in terms of investment counterparties and periods. Due to the volatility of available creditworthy counterparties, longer term investments have been placed in highly rated UK Government institutions or Covered (secured) Bonds, thus ensuring creditworthiness whilst increasing yield's through the duration of the deposits.
- 11.2 The graph below provides a comparison of interest earnings for 2017/18 against the same period for 2016/17. The graph highlights that the Council's longer term investment approach is paying dividends with higher levels on interest received when taking into account the investment market environment.

Average interest received for the period June 17 to August 2017 was £135k compared to £109k for the same period last financial year.



12. Movement in Investment Portfolio

- 12.1 Investment levels have decreased to £116 million at the end of August in comparison to the end of March last year of £149 million. The decrease in the investment balance year on year is the result of the continued approach of maintaining borrowing and investments below their underlying levels i.e. use of internal borrowing.



13. Regulatory Update: MiFID II Update

The way that local authorities can access financial services will change in January 2018 as a result of the second Markets in Financial Instruments Directive. Following a consultation last year, rules just published confirm that local authorities can only continue to be classed as professional clients if they have at least a £10m investment balance and staff with relevant experience. Local authorities not meeting the criteria will be reclassified as retail clients, which may mean reduced access to financial services or higher fees and greater administrative burden.

Over the next few months, firms (Financial Institutions) that provide financial services in regulated investments (e.g. bonds and funds, but not deposits or loans) will be in touch to invite authorities to opt up to professional status and to demonstrate that

they meet the required criteria. Officers do not believe that the Council will have any issues in opting up to professional status given its investment portfolio and experience in investment transactions.

Authorities that wish to retain the limited protections available to retail clients or who are unable to meet the opting up criteria will need to check to see which of their service providers are (or intend to become) authorised to serve retail clients, and if necessary start to procure alternatives.

14. Summary

- 13.1 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the reported period June 17 to August 17 of the financial year 2017/18. As indicated in this report, a prudent approach has been taking in relation investment activity with priority being given to security and liquidity over yield.

Report Author	Pradeep Waddon, 020 8356 2757 pradeep.waddon@hackney.gov.uk
Comments of the Group Director of Finance and Corporate Resources	Michael Honeysett, 020 8356 3332 michael.honeysett@hackney.gov.uk
Comments of the Director of Legal	Suki Binjal, 020 8356 6234 Suki.binjal@hackney.gov.uk

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PERFORMANCE OVERVIEW

AUDIT COMMITTEE MEETING DATE 2017/18 13 September 2017	CLASSIFICATION: Open
WARD(S) AFFECTED All Wards	
Ian Williams, Group Director Finance and Corporate Resources	

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This overview provides an updated set of reports that were selected to be reviewed by the Audit Committee on a regular basis as part of the Committee's overview of the Council's performance. It provides an updated set of key performance indicators along with an update on risk management with a Corporate Scorecard (summarising the highest risks to the organisation as a whole), and some accompanying commentary on the Council's risk approach.
- 1.2. The report also sets out the latest capital programme monitoring with some enhanced analysis of the variances to budget. Further enhancements to this section of the report are anticipated over future reports as discussed at previous Audit Committees, specifically in relation to the financing of the programme.

2. RECOMMENDATION(S)

2.1 The Audit Committee is recommended to:

- **Consider the performance indicators presented in Appendix 1 and the Risk Management Scorecard in Appendix 2 attached to this report.**
- **Note the current capital monitoring update in Appendix 3.**

3. REASONS FOR DECISION

- 3.1 The Audit Committee are deemed to be "those charged with governance" in respect of the Council's annual statement of accounts, treasury management strategy and other financial matters. As such, the Committee have asked for more overview of the Council's performance and risk management in order that they can be assured that value for money is being achieved and that they can fulfil their governance role in the widest sense.

4. BACKGROUND

4.1 Policy Context

The review of performance and the risks arising from the delivery of the capital programme are key areas for consideration of the Audit Committee in order for them to fulfil their overall governance role.

4.2 Equality Impact Assessment

This report does not require an equality impact assessment.

4.3 Sustainability

Not Applicable.

4.4 Consultations

The Chair of the Audit Committee has been consulted along with the Head of Governance and Business Intelligence, Cabinet Member for Finance and the Group Director of Finance & Corporate Resources.

4.5 Risk Assessment

Not applicable

4.6 PERFORMANCE INDICATORS

4.6.1 Audit Committee have over several meetings discussed their requirement to be able to consider the performance of the Council on an ongoing basis. This leads on from the role of the Committee to approve the annual accounts of the authority, agree and monitor treasury management strategy and to keep under review risk management across the Council.

4.6.2 A set of high level indicators have been developed and agreed by Committee. The attached report (Appendix 1) is a summary of the Indicators which were agreed. Consideration of these will help to strengthen the governance role of the Committee in its wider sense.

4.6.3 A Business Intelligence update is also provided in addition to the report.

4.7 CAPITAL PROGRAMME MONITORING

4.7.1 As part of the regular review of treasury management activity and approval of the annual Treasury Management Strategy, Audit Committee have sight of the capital financing requirement (underlying requirement to borrow) of the authority on an ongoing basis.

- 4.7.2 It has been noted by Committee that the Council is expecting to move from a debt free position to a substantial external borrowing position over the coming year, mainly due to the delivery of an ambitious capital programme that requires forward funding, pending future sales of private residential units on completion of regeneration and other mixed use development schemes.
- 4.7.3 Such a change brings additional risk to the delivery of the programme as well as potential impact on the finances of the Council. This risk arises mainly from two issues – potential volatility of the housing market affecting sales volume and value going forward, and increasing building costs as a result of the weaker GBP against other major currencies.
- 4.7.4 Audit Committee already receive quarterly updates on treasury management activity, including an overview of the level of investments and borrowing that have been undertaken by the Council to manage its cash flow position and ensure sufficient resource is available to meet the capital expenditure plans.
- 4.7.5 This reporting is now enhanced in this report to include an update on the main areas of the capital programme via inclusion of capital extract from the latest Overall Financial Position (OFP) Report to Cabinet. This will in future be supplemented with the latest forecast capital financing summary, thus allowing further insight into capital resources available to the Council and more detailed review of actual borrowing required.
- 4.7.6 It should be noted that the capital monitoring report to Cabinet and hence to Audit Committee now includes more discrete data regarding the actual delivery of the capital programme. This is in recognition that the previous reporting focused on the financial elements (i.e., actual outturn compared to budget expenditure) but did not give too much indication of progress of the schemes, although the RAG rating of individual schemes is intended to give a high level indication of this.
- 4.7.7 An extract from the latest OFP regarding the capital monitoring information which is to be provided to Cabinet in September is attached as **Appendix 3** to this report for information.

4.8 RISK MANAGEMENT

- 4.8.1 Audit Committee have over several meetings discussed their requirement to be able to also consider the wider picture of risk management within the Council on an ongoing basis. In addition to the Directorate and Corporate registers reviewed at Committee meetings, it was felt some additional information and commentary would be helpful in painting a fuller picture and also increasing levels of assurance regarding how risks

are identified and managed. At each meeting, an updated scorecard of the Corporate Risk will be presented, and this will form the main part **Appendix 2**. This will ensure a continual overview is supplied of the Council's strategic risks.

5. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 5.1 The contents of this report are a result of a number of discussions with the Chair and members of the Audit Committee regarding future enhanced performance reporting in order to strengthen the governance role of the Committee
- 5.2 Officers will continue to work with the Chair and members of the Audit Committee, in conjunction with the Cabinet Member for Finance and the Head of Governance and Business Intelligence, in order to enhance the reporting offer to ensure that it provides the strategic overview of Council performance and risk that the Committee require.

6. COMMENTS OF THE DIRECTOR, LEGAL

- 6.1 The Council has a general duty as a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness under the Local Government Act 1999, section 3.
- 6.2 The Audit Committee has the responsibility to consider the Council's arrangements to secure value for money and review the assurances and assessments on the effectiveness of these arrangements. This Report is part of those arrangements.

APPENDICES

Appendix 1 - Performance Indicators & Business Intelligence Update

Appendix 2 - Corporate Risk Scorecard

Appendix 3 - Extract from July OFP re Capital Monitoring

BACKGROUND PAPERS

None

Report Author	Matt Powell ☎020-8356 2624 matthew.powell@hackney.gov.uk
Comments of the Group Director, Finance and Corporate Resources	Michael Honeysett ☎020-8356 3332 michael.honeysett@hackney.gov.uk
Comments of Director, Legal	Dawn Carter-McDonald ☎020-8356 2029 dawn.carter-mcdonald@hackney.gov.uk

Audit Committee Performance Report – 2017/18 Q1



PI Code	Description	2015/16	2016/17	2016/17 Q3	2016/17 Q4	2017/18 Q1	2017/18 Q1 Note	Target 2017/18	DOT	Traffic Light	Chart										
CACH CSC 010	Percentage of child protection cases which were reviewed within required timescales (ex NI 67)	94.4%	98.6%	Not measured for Quarters				100.0%	↑	⚠	<p>CACH CSC 010 Percentage of child protection cases which were reviewed within required timescales (ex NI 67)</p> <table border="1"> <caption>CACH CSC 010 Data</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>94.4%</td> </tr> <tr> <td>2014/15</td> <td>98.6%</td> </tr> <tr> <td>2015/16</td> <td>94.4%</td> </tr> <tr> <td>2016/17</td> <td>98.6%</td> </tr> </tbody> </table>	Year	Percentage	2013/14	94.4%	2014/15	98.6%	2015/16	94.4%	2016/17	98.6%
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CACH PH 008	Obesity in primary school age children in Year 6: Line 9 - Percentage of children in Year 6 with height and weight recorded who are obese (ex NI 56(ix)d)	25.6%	Not measured for Quarters						↑	⚠	<p>CACH PH 008 Obesity in primary school age children in Year 6: Line 9 - Percentage of children in Year 6 with height and weight recorded who are obese (ex NI 56(ix)d)</p> <table border="1"> <caption>CACH PH 008 Data</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>25.6%</td> </tr> <tr> <td>2014/15</td> <td>25.6%</td> </tr> <tr> <td>2015/16</td> <td>25.6%</td> </tr> </tbody> </table>	Year	Percentage	2013/14	25.6%	2014/15	25.6%	2015/16	25.6%		
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CACH PH 010	Stopping smoking - Number of smokers that quit for 4 weeks or more (ex NI 123)								↑	🟢	<p>CACH PH 010 Stopping smoking - Number of smokers that quit for 4 weeks or more (ex NI 123)</p> <table border="1"> <caption>CACH PH 010 Stopping smoking - Number of smokers that quit for 4 weeks or more (ex NI 123)</caption> <thead> <tr> <th>Quarter</th> <th>Number of smokers</th> </tr> </thead> <tbody> <tr> <td>Q1 2015/16</td> <td>535</td> </tr> <tr> <td>Q2 2015/16</td> <td>1,045</td> </tr> <tr> <td>Q3 2015/16</td> <td>1,456</td> </tr> <tr> <td>Q4 2015/16</td> <td>1,813</td> </tr> </tbody> </table>	Quarter	Number of smokers	Q1 2015/16	535	Q2 2015/16	1,045	Q3 2015/16	1,456	Q4 2015/16	1,813										
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Page 2 of 2 CE HROD 023	Sickness 12 month rolling average (days)		6.55	6.36	6.55	6.53		7.5	↑	🟢	<p>CE HROD 001 Sickness 12 month rolling average</p> <table border="1"> <caption>CE HROD 001 Sickness 12 month rolling average</caption> <thead> <tr> <th>Quarter</th> <th>Sickness 12 month rolling average (days)</th> </tr> </thead> <tbody> <tr> <td>Q1 2015/16</td> <td>7.64</td> </tr> <tr> <td>Q2 2015/16</td> <td>7.17</td> </tr> <tr> <td>Q3 2015/16</td> <td>6.24</td> </tr> <tr> <td>Q4 2015/16</td> <td>6.24</td> </tr> <tr> <td>Q1 2016/17</td> <td>6.45</td> </tr> <tr> <td>Q2 2016/17</td> <td>6.36</td> </tr> <tr> <td>Q3 2016/17</td> <td>6.55</td> </tr> <tr> <td>Q4 2016/17</td> <td>6.53</td> </tr> </tbody> </table>	Quarter	Sickness 12 month rolling average (days)	Q1 2015/16	7.64	Q2 2015/16	7.17	Q3 2015/16	6.24	Q4 2015/16	6.24	Q1 2016/17	6.45	Q2 2016/17	6.36	Q3 2016/17	6.55	Q4 2016/17	6.53		
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CE HROD 023	% of employees aged 50 or over	33.8%	36.4%	36.4%	37.2%	37.1%			↑	🟡	<p>CE HROD 023 % of employees aged 50 or over</p> <table border="1"> <caption>CE HROD 023 % of employees aged 50 or over</caption> <thead> <tr> <th>Quarter</th> <th>% of employees aged 50 or over</th> </tr> </thead> <tbody> <tr> <td>Q1 2015/16</td> <td>34.6%</td> </tr> <tr> <td>Q2 2015/16</td> <td>34.4%</td> </tr> <tr> <td>Q3 2015/16</td> <td>34.8%</td> </tr> <tr> <td>Q4 2015/16</td> <td>33.8%</td> </tr> <tr> <td>Q1 2016/17</td> <td>35.9%</td> </tr> <tr> <td>Q2 2016/17</td> <td>36.0%</td> </tr> <tr> <td>Q3 2016/17</td> <td>36.4%</td> </tr> <tr> <td>Q4 2016/17</td> <td>37.2%</td> </tr> <tr> <td>Q1 2017/18</td> <td>37.1%</td> </tr> </tbody> </table>	Quarter	% of employees aged 50 or over	Q1 2015/16	34.6%	Q2 2015/16	34.4%	Q3 2015/16	34.8%	Q4 2015/16	33.8%	Q1 2016/17	35.9%	Q2 2016/17	36.0%	Q3 2016/17	36.4%	Q4 2016/17	37.2%	Q1 2017/18	37.1%
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CE HROD 029a	Top 5% of earners: Ethnic minorities (ex BV11b)		27.10%	26.63%	25.84%	26.46%		26.01%	↑	🟢	<p>CE HROD 029a Top 5% of earners: Ethnic minorities (ex BV11b)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>25.84%</td></tr> <tr><td>Q2 2015/16</td><td>27.22%</td></tr> <tr><td>Q1 2016/17</td><td>26.19%</td></tr> <tr><td>Q2 2016/17</td><td>27.72%</td></tr> <tr><td>Q3 2016/17</td><td>26.63%</td></tr> <tr><td>Q4 2016/17</td><td>25.84%</td></tr> <tr><td>Q1 2017/18</td><td>26.46%</td></tr> </tbody> </table>	Quarter	Percentage	Q1 2015/16	25.84%	Q2 2015/16	27.22%	Q1 2016/17	26.19%	Q2 2016/17	27.72%	Q3 2016/17	26.63%	Q4 2016/17	25.84%	Q1 2017/18	26.46%		
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CE HROD 030a	Top 5% of earners: Women (ex BV 11a)		49.58%	49.78%	50.67%	48.29%		48.13%	↓	🟢	<p>CE HROD 030a Top 5% of earners: Women (ex BV 11a)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>49.28%</td></tr> <tr><td>Q2 2015/16</td><td>49.53%</td></tr> <tr><td>Q1 2016/17</td><td>48.72%</td></tr> <tr><td>Q2 2016/17</td><td>49.15%</td></tr> <tr><td>Q3 2016/17</td><td>49.78%</td></tr> <tr><td>Q4 2016/17</td><td>50.67%</td></tr> <tr><td>Q1 2017/18</td><td>48.29%</td></tr> </tbody> </table>	Quarter	Percentage	Q1 2015/16	49.28%	Q2 2015/16	49.53%	Q1 2016/17	48.72%	Q2 2016/17	49.15%	Q3 2016/17	49.78%	Q4 2016/17	50.67%	Q1 2017/18	48.29%		
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CE PPD 014	Number of residents registered with Ways into Work and receiving Information, Advice & Guidance.	1932.0	1551.0	436.0	517.0				↑	🟡	<p>CE PPD 014 Number of residents registered with Ways into Work and receiving Information, Advice & Guidance.</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Count</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>747.0</td></tr> <tr><td>Q2 2015/16</td><td>395.0</td></tr> <tr><td>Q3 2015/16</td><td>299.0</td></tr> <tr><td>Q4 2015/16</td><td>491.0</td></tr> <tr><td>Q1 2016/17</td><td>227.0</td></tr> <tr><td>Q2 2016/17</td><td>321.0</td></tr> <tr><td>Q3 2016/17</td><td>436.0</td></tr> <tr><td>Q4 2016/17</td><td>517.0</td></tr> </tbody> </table>	Quarter	Count	Q1 2015/16	747.0	Q2 2015/16	395.0	Q3 2015/16	299.0	Q4 2015/16	491.0	Q1 2016/17	227.0	Q2 2016/17	321.0	Q3 2016/17	436.0	Q4 2016/17	517.0
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CE PPD 018	Number of Ways into Work clients moving into jobs, apprenticeships, work placements	796.0	980.0	166.0	152.0				↓		<p>CE PPD 018 Number of Ways into Work clients moving into jobs, apprenticeships, work placements</p> <table border="1"> <caption>CE PPD 018 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>280.0</td></tr> <tr><td>Q2 2015/16</td><td>133.0</td></tr> <tr><td>Q3 2015/16</td><td>206.0</td></tr> <tr><td>Q4 2015/16</td><td>175.0</td></tr> <tr><td>Q1 2016/17</td><td>278.0</td></tr> <tr><td>Q2 2016/17</td><td>384.0</td></tr> <tr><td>Q3 2016/17</td><td>166.0</td></tr> <tr><td>Q4 2016/17</td><td>152.0</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	280.0	Q2 2015/16	133.0	Q3 2015/16	206.0	Q4 2015/16	175.0	Q1 2016/17	278.0	Q2 2016/17	384.0	Q3 2016/17	166.0	Q4 2016/17	152.0		
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CE PPD 021	Number of Resolution Stage complaints received by the Council	2683	3367	812	843	758			↑		<p>CE PPD 021 Number of Resolution Stage complaints received by the Council</p> <table border="1"> <caption>CE PPD 021 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>704</td></tr> <tr><td>Q2 2015/16</td><td>616</td></tr> <tr><td>Q3 2015/16</td><td>627</td></tr> <tr><td>Q4 2015/16</td><td>736</td></tr> <tr><td>Q1 2016/17</td><td>875</td></tr> <tr><td>Q2 2016/17</td><td>837</td></tr> <tr><td>Q3 2016/17</td><td>812</td></tr> <tr><td>Q4 2016/17</td><td>843</td></tr> <tr><td>Q1 2017/18</td><td>758</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	704	Q2 2015/16	616	Q3 2015/16	627	Q4 2015/16	736	Q1 2016/17	875	Q2 2016/17	837	Q3 2016/17	812	Q4 2016/17	843	Q1 2017/18	758
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FCR RB BHN 002	Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure	9.1 days (YTD)	10.0 days (YTD)	11.8 days (YTD)	10.0 days (YTD)	15.7 days (YTD)		20.0 days (YTD)	↓		<p>FCR RB BHN 002 Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure</p> <table border="1"> <caption>FCR RB BHN 002 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Value (days)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>11.3</td></tr> <tr><td>Q2 2015/16</td><td>10.6</td></tr> <tr><td>Q3 2015/16</td><td>10.5</td></tr> <tr><td>Q4 2015/16</td><td>9.1</td></tr> <tr><td>Q1 2016/17</td><td>11.3</td></tr> <tr><td>Q2 2016/17</td><td>11.8</td></tr> <tr><td>Q3 2016/17</td><td>11.8</td></tr> <tr><td>Q4 2016/17</td><td>10.0</td></tr> <tr><td>Q1 2017/18</td><td>15.7</td></tr> </tbody> </table>	Quarter	Value (days)	Q1 2015/16	11.3	Q2 2015/16	10.6	Q3 2015/16	10.5	Q4 2015/16	9.1	Q1 2016/17	11.3	Q2 2016/17	11.8	Q3 2016/17	11.8	Q4 2016/17	10.0	Q1 2017/18	15.7
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FCR RB BHN 007	Number of households living in temporary accommodation (ex NI 156)	2,495	2,900	2,801	2,900	2,949			↓		<p>FCR RB BHN 007 Number of households living in temporary accommodation (ex NI 156)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>2,155</td></tr> <tr><td>Q2 2015/16</td><td>2,285</td></tr> <tr><td>Q3 2015/16</td><td>2,377</td></tr> <tr><td>Q4 2015/16</td><td>2,495</td></tr> <tr><td>Q1 2016/17</td><td>2,624</td></tr> <tr><td>Q2 2016/17</td><td>2,723</td></tr> <tr><td>Q3 2016/17</td><td>2,801</td></tr> <tr><td>Q4 2016/17</td><td>2,900</td></tr> <tr><td>Q1 2017/18</td><td>2,949</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	2,155	Q2 2015/16	2,285	Q3 2015/16	2,377	Q4 2015/16	2,495	Q1 2016/17	2,624	Q2 2016/17	2,723	Q3 2016/17	2,801	Q4 2016/17	2,900	Q1 2017/18	2,949
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Q4 2015/16	2,495																														
Q1 2016/17	2,624																														
Q2 2016/17	2,723																														
Q3 2016/17	2,801																														
Q4 2016/17	2,900																														
Q1 2017/18	2,949																														
FCR RB REV 003	% of current year Council Tax collected (QRC basis)	94.1%	94.5%	73.5%	94.5%	27.1%		94.0%	↑		<p>FCR RB REV 003 % of current year Council Tax collected (QRC basis)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>27.0%</td></tr> <tr><td>Q2 2015/16</td><td>50.1%</td></tr> <tr><td>Q3 2015/16</td><td>73.1%</td></tr> <tr><td>Q4 2015/16</td><td>94.1%</td></tr> <tr><td>Q1 2016/17</td><td>27.3%</td></tr> <tr><td>Q2 2016/17</td><td>50.5%</td></tr> <tr><td>Q3 2016/17</td><td>73.5%</td></tr> <tr><td>Q4 2016/17</td><td>94.5%</td></tr> <tr><td>Q1 2017/18</td><td>27.1%</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	27.0%	Q2 2015/16	50.1%	Q3 2015/16	73.1%	Q4 2015/16	94.1%	Q1 2016/17	27.3%	Q2 2016/17	50.5%	Q3 2016/17	73.5%	Q4 2016/17	94.5%	Q1 2017/18	27.1%
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FCR RB REV 005	Percentage of non-domestic rates collected	96.10%	96.40%	81.00%	96.40%	28.00%		95.00%	↓		<p>FCR RB REV 005 Percentage of non-domestic rates collected</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>29.10%</td></tr> <tr><td>Q2 2015/16</td><td>60.00%</td></tr> <tr><td>Q3 2015/16</td><td>82.43%</td></tr> <tr><td>Q4 2015/16</td><td>96.10%</td></tr> <tr><td>Q1 2016/17</td><td>29.07%</td></tr> <tr><td>Q2 2016/17</td><td>61.48%</td></tr> <tr><td>Q3 2016/17</td><td>81.00%</td></tr> <tr><td>Q4 2016/17</td><td>96.40%</td></tr> <tr><td>Q1 2017/18</td><td>28.00%</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	29.10%	Q2 2015/16	60.00%	Q3 2015/16	82.43%	Q4 2015/16	96.10%	Q1 2016/17	29.07%	Q2 2016/17	61.48%	Q3 2016/17	81.00%	Q4 2016/17	96.40%	Q1 2017/18	28.00%
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PI Code	Description	2015/16	2016/17	2016/17 Q3	2016/17 Q4	2017/18 Q1	2017/18 Q1 Note	Target 2017/18	DOT	Traffic Light	Chart																				
HH LII 123C	Gross Turnaround for all Voids: days		64	63	62	74			↓		<p>HH LII 123C Gross Turnaround for all Voids: days</p> <table border="1"> <caption>HH LII 123C Gross Turnaround for all Voids: days</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Q1 2016/17</td> <td>68</td> </tr> <tr> <td>Q2 2016/17</td> <td>62</td> </tr> <tr> <td>Q3 2016/17</td> <td>63</td> </tr> <tr> <td>Q4 2016/17</td> <td>62</td> </tr> <tr> <td>Q1 2017/18</td> <td>74</td> </tr> </tbody> </table>	Quarter	Value	Q1 2016/17	68	Q2 2016/17	62	Q3 2016/17	63	Q4 2016/17	62	Q1 2017/18	74								
Quarter	Value																														
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Q3 2016/17	63																														
Q4 2016/17	62																														
Q1 2017/18	74																														
Page 30 HH LKPI 33	% of Repair Appointments Kept	81.41%	78.04%	77.61%	78.81%	79.87%			↑		<p>HH LKPI 06 % of Repair Appointments Kept</p> <table border="1"> <caption>HH LKPI 06 % of Repair Appointments Kept</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Q1 2015/16</td> <td>82.39%</td> </tr> <tr> <td>Q2 2015/16</td> <td>81.54%</td> </tr> <tr> <td>Q3 2015/16</td> <td>81.25%</td> </tr> <tr> <td>Q4 2015/16</td> <td>81.41%</td> </tr> <tr> <td>Q1 2016/17</td> <td>78.72%</td> </tr> <tr> <td>Q2 2016/17</td> <td>76.89%</td> </tr> <tr> <td>Q3 2016/17</td> <td>77.61%</td> </tr> <tr> <td>Q4 2016/17</td> <td>78.81%</td> </tr> <tr> <td>Q1 2017/18</td> <td>79.87%</td> </tr> </tbody> </table>	Quarter	Value	Q1 2015/16	82.39%	Q2 2015/16	81.54%	Q3 2015/16	81.25%	Q4 2015/16	81.41%	Q1 2016/17	78.72%	Q2 2016/17	76.89%	Q3 2016/17	77.61%	Q4 2016/17	78.81%	Q1 2017/18	79.87%
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Q1 2017/18	79.87%																														
HH LKPI 34	Relettable voids as a % of stock		0.55 %	0.55 %	0.66 %	0.56 %	The number of re-lettable voids has not increased significantly - 124 at the end of this quarter - but the number of properties available for letting is reducing year on year due to sales of homes		↑		<p>HH LKPI 34 Relettable voids as a % of stock</p> <table border="1"> <caption>HH LKPI 34 Relettable voids as a % of stock</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Q1 2016/17</td> <td>0.42 %</td> </tr> <tr> <td>Q2 2016/17</td> <td>0.47 %</td> </tr> <tr> <td>Q3 2016/17</td> <td>0.55 %</td> </tr> <tr> <td>Q4 2016/17</td> <td>0.66 %</td> </tr> <tr> <td>Q1 2017/18</td> <td>0.56 %</td> </tr> </tbody> </table>	Quarter	Value	Q1 2016/17	0.42 %	Q2 2016/17	0.47 %	Q3 2016/17	0.55 %	Q4 2016/17	0.66 %	Q1 2017/18	0.56 %								
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PI Code	Description	2015/16	2016/17	2016/17 Q3	2016/17 Q4	2017/18 Q1	2017/18 Q1 Note	Target 2017/18	DOT	Traffic Light	Chart																				
							and regeneration																								
HH LKPI 47D	Rent Arrears as a % of rent debit		3.21 %	3.46 %	3.21 %	3.32 %			↓	⚠	<p>HH LKPI 47D Rent Arrears as a % of rent debit</p> <table border="1"> <caption>HH LKPI 47D Rent Arrears as a % of rent debit</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr> <td>Q1 2016/17</td> <td>3.33 %</td> </tr> <tr> <td>Q2 2016/17</td> <td>3.33 %</td> </tr> <tr> <td>Q3 2016/17</td> <td>3.46 %</td> </tr> <tr> <td>Q4 2016/17</td> <td>3.21 %</td> </tr> <tr> <td>Q1 2017/18</td> <td>3.32 %</td> </tr> </tbody> </table>	Quarter	Value (%)	Q1 2016/17	3.33 %	Q2 2016/17	3.33 %	Q3 2016/17	3.46 %	Q4 2016/17	3.21 %	Q1 2017/18	3.32 %								
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Page 31 HH LKPI 48	Total value of rent arrears YTD (Total)	£4,238,766.20	£4,055,527.23	£4,398,455.77	£4,055,527.23	£4,220,588.72		£3,930,000.00	↑	✅	<p>HH LKPI 48 Total value of rent arrears YTD (Total)</p> <table border="1"> <caption>HH LKPI 48 Total value of rent arrears YTD (Total)</caption> <thead> <tr> <th>Quarter</th> <th>Value (£)</th> </tr> </thead> <tbody> <tr> <td>Q1 2015/16</td> <td>£4,247,514.73</td> </tr> <tr> <td>Q2 2015/16</td> <td>£4,114,982.88</td> </tr> <tr> <td>Q3 2015/16</td> <td>£4,415,871.84</td> </tr> <tr> <td>Q4 2015/16</td> <td>£4,238,766.20</td> </tr> <tr> <td>Q1 2016/17</td> <td>£4,296,632.65</td> </tr> <tr> <td>Q2 2016/17</td> <td>£4,273,049.97</td> </tr> <tr> <td>Q3 2016/17</td> <td>£4,398,455.77</td> </tr> <tr> <td>Q4 2016/17</td> <td>£4,055,527.23</td> </tr> <tr> <td>Q1 2017/18</td> <td>£4,220,588.72</td> </tr> </tbody> </table>	Quarter	Value (£)	Q1 2015/16	£4,247,514.73	Q2 2015/16	£4,114,982.88	Q3 2015/16	£4,415,871.84	Q4 2015/16	£4,238,766.20	Q1 2016/17	£4,296,632.65	Q2 2016/17	£4,273,049.97	Q3 2016/17	£4,398,455.77	Q4 2016/17	£4,055,527.23	Q1 2017/18	£4,220,588.72
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HH LKPI 89	% of repairs completed on first visit (based on tenant satisfaction)	73.06%	72.11%	76.14%	70.09%				↓	🚦	<p>HH LKPI 89 % of repairs completed on first visit (based on tenant satisfaction)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>% of repairs completed</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>74.83%</td></tr> <tr><td>Q2 2015/16</td><td>76.61%</td></tr> <tr><td>Q3 2015/16</td><td>74.7%</td></tr> <tr><td>Q4 2015/16</td><td>73.06%</td></tr> <tr><td>Q1 2016/17</td><td>75.92%</td></tr> <tr><td>Q2 2016/17</td><td>67.98%</td></tr> <tr><td>Q3 2016/17</td><td>76.14%</td></tr> <tr><td>Q4 2016/17</td><td>70.09%</td></tr> </tbody> </table>	Quarter	% of repairs completed	Q1 2015/16	74.83%	Q2 2015/16	76.61%	Q3 2015/16	74.7%	Q4 2015/16	73.06%	Q1 2016/17	75.92%	Q2 2016/17	67.98%	Q3 2016/17	76.14%	Q4 2016/17	70.09%		
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Page 38 HH LKPI 90	% of repairs completed on first visit (based on quantitative data - DLO only)	92.18%	92.3%	93.05%	92.26%	94.02%			↑	🚦	<p>HH LKPI 90 % of repairs completed on first visit (based on quantitative data - DLO only)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>% of repairs completed</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>93.99%</td></tr> <tr><td>Q2 2015/16</td><td>93.29%</td></tr> <tr><td>Q3 2015/16</td><td>92.98%</td></tr> <tr><td>Q4 2015/16</td><td>92.18%</td></tr> <tr><td>Q1 2016/17</td><td>91.82%</td></tr> <tr><td>Q2 2016/17</td><td>91.97%</td></tr> <tr><td>Q3 2016/17</td><td>93.05%</td></tr> <tr><td>Q4 2016/17</td><td>92.26%</td></tr> <tr><td>Q1 2017/18</td><td>94.02%</td></tr> </tbody> </table>	Quarter	% of repairs completed	Q1 2015/16	93.99%	Q2 2015/16	93.29%	Q3 2015/16	92.98%	Q4 2015/16	92.18%	Q1 2016/17	91.82%	Q2 2016/17	91.97%	Q3 2016/17	93.05%	Q4 2016/17	92.26%	Q1 2017/18	94.02%
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NH PR PMS 007a	Number of PCNs issued - total	112067	122277	32568	31049	32434	Breakdown: 32434 - Street/Car Park: 22544 - Estate: 3429 - CCTV: 6461		↑	📊	<p>NH PR PMS 007a Number of PCNs issued - total</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Number of PCNs issued</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>28601</td></tr> <tr><td>Q2 2015/16</td><td>30667</td></tr> <tr><td>Q3 2015/16</td><td>26360</td></tr> <tr><td>Q4 2015/16</td><td>26419</td></tr> <tr><td>Q1 2016/17</td><td>26856</td></tr> <tr><td>Q2 2016/17</td><td>28585</td></tr> <tr><td>Q3 2016/17</td><td>32568</td></tr> <tr><td>Q4 2016/17</td><td>31049</td></tr> <tr><td>Q1 2017/18</td><td>32434</td></tr> </tbody> </table>	Quarter	Number of PCNs issued	Q1 2015/16	28601	Q2 2015/16	30667	Q3 2015/16	26360	Q4 2015/16	26419	Q1 2016/17	26856	Q2 2016/17	28585	Q3 2016/17	32568	Q4 2016/17	31049	Q1 2017/18	32434
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PI Code	Description	2015/16	2016/17	2016/17 Q3	2016/17 Q4	2017/18 Q1	2017/18 Q1 Note	Target 2017/18	DOT	Traffic Light	Chart																				
NH PR PMS 010a	PCN recovery rate – including estates	73.0%	75.1%	74.5%	72.8%	70.7%	Number of PCN issued - 26925 Number of PCN paid - 19032		↓		<p>NH PR PMS 010a PCN recovery rate – including estates</p> <table border="1"> <caption>NH PR PMS 010a PCN recovery rate – including estates</caption> <thead> <tr> <th>Quarter</th> <th>Recovery Rate (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>72.7%</td></tr> <tr><td>Q2 2015/16</td><td>72.5%</td></tr> <tr><td>Q3 2015/16</td><td>73.9%</td></tr> <tr><td>Q4 2015/16</td><td>73.0%</td></tr> <tr><td>Q1 2016/17</td><td>76.7%</td></tr> <tr><td>Q2 2016/17</td><td>75.6%</td></tr> <tr><td>Q3 2016/17</td><td>74.5%</td></tr> <tr><td>Q4 2016/17</td><td>72.8%</td></tr> <tr><td>Q1 2017/18</td><td>70.7%</td></tr> </tbody> </table>	Quarter	Recovery Rate (%)	Q1 2015/16	72.7%	Q2 2015/16	72.5%	Q3 2015/16	73.9%	Q4 2015/16	73.0%	Q1 2016/17	76.7%	Q2 2016/17	75.6%	Q3 2016/17	74.5%	Q4 2016/17	72.8%	Q1 2017/18	70.7%
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Page 28 NH PR PMS 011a	% of Major planning applications determined within 13 weeks (ex NI 157a)	71.00%	84.00%	80.00%	100.00%	100.00%		70.00%	–		<p>NH PR PMS 011a % of Major planning applications determined within 13 weeks (ex NI 157a)</p> <table border="1"> <caption>NH PR PMS 011a % of Major planning applications determined within 13 weeks (ex NI 157a)</caption> <thead> <tr> <th>Quarter</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>100.00%</td></tr> <tr><td>Q2 2015/16</td><td>100.00%</td></tr> <tr><td>Q3 2015/16</td><td>100.00%</td></tr> <tr><td>Q4 2015/16</td><td>86.00%</td></tr> <tr><td>Q1 2016/17</td><td>67.00%</td></tr> <tr><td>Q2 2016/17</td><td>92.00%</td></tr> <tr><td>Q3 2016/17</td><td>80.00%</td></tr> <tr><td>Q4 2016/17</td><td>100.00%</td></tr> <tr><td>Q1 2017/18</td><td>100.00%</td></tr> </tbody> </table>	Quarter	Percentage (%)	Q1 2015/16	100.00%	Q2 2015/16	100.00%	Q3 2015/16	100.00%	Q4 2015/16	86.00%	Q1 2016/17	67.00%	Q2 2016/17	92.00%	Q3 2016/17	80.00%	Q4 2016/17	100.00%	Q1 2017/18	100.00%
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NH PR PRS 001b	% of Minor planning applications determined within 8 weeks (ex NI 157b)	79.00%	80.00%	83.00%	74.00%	73.00%		75.00%	↓		<p>NH PR PRS 001b % of Minor planning applications determined within 8 weeks (ex NI 157b)</p> <table border="1"> <caption>NH PR PRS 001b % of Minor planning applications determined within 8 weeks (ex NI 157b)</caption> <thead> <tr> <th>Quarter</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>73.00%</td></tr> <tr><td>Q2 2015/16</td><td>78.00%</td></tr> <tr><td>Q3 2015/16</td><td>78.00%</td></tr> <tr><td>Q4 2015/16</td><td>80.00%</td></tr> <tr><td>Q1 2016/17</td><td>80.00%</td></tr> <tr><td>Q2 2016/17</td><td>83.00%</td></tr> <tr><td>Q3 2016/17</td><td>83.00%</td></tr> <tr><td>Q4 2016/17</td><td>74.00%</td></tr> <tr><td>Q1 2017/18</td><td>73.00%</td></tr> </tbody> </table>	Quarter	Percentage (%)	Q1 2015/16	73.00%	Q2 2015/16	78.00%	Q3 2015/16	78.00%	Q4 2015/16	80.00%	Q1 2016/17	80.00%	Q2 2016/17	83.00%	Q3 2016/17	83.00%	Q4 2016/17	74.00%	Q1 2017/18	73.00%
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NH PR PRS 001c	% of Other planning applications determined within 8 weeks (ex NI 157c)	87.00%	88.00%	91.00%	85.00%	85.00%		80.00%	■	🟢	<p>NH PR PRS 001c % of Other planning applications determined within 8 weeks (ex NI 157c)</p> <table border="1"> <caption>NH PR PRS 001c % of Other planning applications determined within 8 weeks (ex NI 157c)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>84.00%</td></tr> <tr><td>Q2 2015/16</td><td>86.00%</td></tr> <tr><td>Q3 2015/16</td><td>84.00%</td></tr> <tr><td>Q4 2015/16</td><td>86.00%</td></tr> <tr><td>Q1 2016/17</td><td>90.00%</td></tr> <tr><td>Q2 2016/17</td><td>88.00%</td></tr> <tr><td>Q3 2016/17</td><td>91.00%</td></tr> <tr><td>Q4 2016/17</td><td>85.00%</td></tr> <tr><td>Q1 2017/18</td><td>85.00%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2015/16	84.00%	Q2 2015/16	86.00%	Q3 2015/16	84.00%	Q4 2015/16	86.00%	Q1 2016/17	90.00%	Q2 2016/17	88.00%	Q3 2016/17	91.00%	Q4 2016/17	85.00%	Q1 2017/18	85.00%
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NH PR PRS 009	% of open planning enforcement cases less than 4 years old		70.0%	70.0%	70.0%	70.0%		80.0%	■	🔴	<p>NH PR PRS 009 % of open planning enforcement cases less than 4 years old</p> <table border="1"> <caption>NH PR PRS 009 % of open planning enforcement cases less than 4 years old</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q2 2016/17</td><td>66.00%</td></tr> <tr><td>Q3 2016/17</td><td>70.00%</td></tr> <tr><td>Q4 2016/17</td><td>70.00%</td></tr> <tr><td>Q1 2017/18</td><td>70.00%</td></tr> </tbody> </table>	Quarter	Value (%)	Q2 2016/17	66.00%	Q3 2016/17	70.00%	Q4 2016/17	70.00%	Q1 2017/18	70.00%										
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NH PR WS 045a	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)	2.97%	2.50%	3.91%	1.88%	2.97%	Tranche 1 score	5.00%	⬇️	🟢	<p>NH PR WS 045a Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)</p> <table border="1"> <caption>NH PR WS 045a Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>3.28%</td></tr> <tr><td>Q2 2015/16</td><td>3.44%</td></tr> <tr><td>Q4 2015/16</td><td>2.19%</td></tr> <tr><td>Q1 2016/17</td><td>1.72%</td></tr> <tr><td>Q2 2016/17</td><td>3.91%</td></tr> <tr><td>Q4 2016/17</td><td>1.88%</td></tr> <tr><td>Q1 2017/18</td><td>2.97%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2015/16	3.28%	Q2 2015/16	3.44%	Q4 2015/16	2.19%	Q1 2016/17	1.72%	Q2 2016/17	3.91%	Q4 2016/17	1.88%	Q1 2017/18	2.97%				
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NH PR WS 045b	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)	4.95%	2.45%	2.50%	2.03%	4.22%	Tranche 1 score	8.00%	↓	🟢	<p>NH PR WS 045b Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)</p> <table border="1"> <caption>Detritus Levels (ex NI 195b)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>5.78%</td></tr> <tr><td>Q3 2015/16</td><td>6.41%</td></tr> <tr><td>Q4 2015/16</td><td>2.66%</td></tr> <tr><td>Q1 2016/17</td><td>2.81%</td></tr> <tr><td>Q3 2016/17</td><td>2.50%</td></tr> <tr><td>Q4 2016/17</td><td>2.03%</td></tr> <tr><td>Q1 2017/18</td><td>4.22%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2015/16	5.78%	Q3 2015/16	6.41%	Q4 2015/16	2.66%	Q1 2016/17	2.81%	Q3 2016/17	2.50%	Q4 2016/17	2.03%	Q1 2017/18	4.22%
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NH PR WS 045c	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Graffiti (ex NI 195c)	2.86%	2.76%	2.81%	3.91%	2.66%	Tranche 1 score	5.00%	↑	🟢	<p>NH PR WS 045c Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Graffiti (ex NI 195c)</p> <table border="1"> <caption>Graffiti Levels (ex NI 195c)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>1.72%</td></tr> <tr><td>Q3 2015/16</td><td>4.53%</td></tr> <tr><td>Q4 2015/16</td><td>2.34%</td></tr> <tr><td>Q1 2016/17</td><td>1.56%</td></tr> <tr><td>Q3 2016/17</td><td>2.81%</td></tr> <tr><td>Q4 2016/17</td><td>3.91%</td></tr> <tr><td>Q1 2017/18</td><td>2.66%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2015/16	1.72%	Q3 2015/16	4.53%	Q4 2015/16	2.34%	Q1 2016/17	1.56%	Q3 2016/17	2.81%	Q4 2016/17	3.91%	Q1 2017/18	2.66%
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Q1 2017/18	2.66%																										
NH PR WS 045d	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Fly-posting (ex NI 195d)	0.42%	0.57%	0.63%	0.63%	0.47%	Tranche 1 score	3.00%	↑	🟢	<p>NH PR WS 045d Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Fly-posting (ex NI 195d)</p> <table border="1"> <caption>Fly-posting Levels (ex NI 195d)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>0.31%</td></tr> <tr><td>Q3 2015/16</td><td>0.47%</td></tr> <tr><td>Q4 2015/16</td><td>0.47%</td></tr> <tr><td>Q1 2016/17</td><td>0.47%</td></tr> <tr><td>Q3 2016/17</td><td>0.63%</td></tr> <tr><td>Q4 2016/17</td><td>0.63%</td></tr> <tr><td>Q1 2017/18</td><td>0.47%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2015/16	0.31%	Q3 2015/16	0.47%	Q4 2015/16	0.47%	Q1 2016/17	0.47%	Q3 2016/17	0.63%	Q4 2016/17	0.63%	Q1 2017/18	0.47%
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PI Code	Description	2015/16	2016/17	2016/17 Q3	2016/17 Q4	2017/18 Q1	2017/18 Q1 Note	Target 2017/18	DOT	Traffic Light	Chart																				
NH PR WS 047	Residual household waste per household (ex NI 191)	590.7Kg	572.2Kg	140.9Kg	134.4Kg	142.7Kg	Provisional figures, may be subject to change	570.0Kg	↓	⚠	<p>NH PR WS 047 Residual household waste per household (ex NI 191)</p> <table border="1"> <caption>Data for NH PR WS 047 Chart</caption> <thead> <tr> <th>Quarter</th> <th>Waste (kg)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>149.7</td></tr> <tr><td>Q2 2015/16</td><td>154.6</td></tr> <tr><td>Q3 2015/16</td><td>155.4</td></tr> <tr><td>Q4 2015/16</td><td>141.9</td></tr> <tr><td>Q1 2016/17</td><td>151.9</td></tr> <tr><td>Q2 2016/17</td><td>145.5</td></tr> <tr><td>Q3 2016/17</td><td>140.9</td></tr> <tr><td>Q4 2016/17</td><td>134.4</td></tr> <tr><td>Q1 2017/18</td><td>142.7</td></tr> </tbody> </table>	Quarter	Waste (kg)	Q1 2015/16	149.7	Q2 2015/16	154.6	Q3 2015/16	155.4	Q4 2015/16	141.9	Q1 2016/17	151.9	Q2 2016/17	145.5	Q3 2016/17	140.9	Q4 2016/17	134.4	Q1 2017/18	142.7
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Q4 2016/17	134.4																														
Q1 2017/18	142.7																														
PR WS 048	Percentage of household waste sent for reuse, recycling and composting (ex NI 192)	24.80%	26.00%	26.03%	26.44%	26.24%	Provisional figures, may be subject to change	27.70%	↓	⚠	<p>NH PR WS 048 Percentage of household waste sent for reuse, recycling and composting (ex NI 192)</p> <table border="1"> <caption>Data for NH PR WS 048 Chart</caption> <thead> <tr> <th>Quarter</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>25.48</td></tr> <tr><td>Q2 2015/16</td><td>23.87</td></tr> <tr><td>Q3 2015/16</td><td>25.02</td></tr> <tr><td>Q4 2015/16</td><td>24.34</td></tr> <tr><td>Q1 2016/17</td><td>25.50</td></tr> <tr><td>Q2 2016/17</td><td>25.52</td></tr> <tr><td>Q3 2016/17</td><td>26.03</td></tr> <tr><td>Q4 2016/17</td><td>26.44</td></tr> <tr><td>Q1 2017/18</td><td>26.24</td></tr> </tbody> </table>	Quarter	Percentage (%)	Q1 2015/16	25.48	Q2 2015/16	23.87	Q3 2015/16	25.02	Q4 2015/16	24.34	Q1 2016/17	25.50	Q2 2016/17	25.52	Q3 2016/17	26.03	Q4 2016/17	26.44	Q1 2017/18	26.24
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PI Status	
	Over 10% below target
	Up to 10% below target
	At or above target
	Data Only

Direction of Travel	
	Improving
	No Change
	Getting Worse

Audit Committee – Business Intelligence Update

We have procured Qlik Business Intelligence software which is being implemented across various services as the first practical output of the BI programme. This is a web based software which extracts data 'live' from across multiple Council systems and presents it via a set of interactive dashboards.

In Hackney, we are interpreting the term business intelligence to mean the process of taking a whole system approach to the information we hold as a Council, how we manage it and how we analyse and interpret this information to improve business processes, drive service improvement and efficiency, redesign the way that services are delivered and support evidence based policy decisions.

We are focusing on becoming more intelligence driven, looking at trends to plan services in a more timely manner, predict needs and transform services, as well as thinking differently about the way we communicate with residents about the way we work. A focus on joining up and making better use of our data will allow us take a more preventative approach, putting in place interventions to try and avert problems rather than providing costly services in response.

To date, the ICT BI team have created seven operational services' dashboards in Planning and Building Control, Housing Repairs, Housing Income, Parking and Adult Social Care Safeguarding. In addition, a set of seven dashboards to cover the whole public realm regulatory services area are well advanced.

Over recent months, the BI development team has focussed on bringing the master data records to life and thus joining a variety of datasets using unique reference numbers of either a property or a person. This has enabled the production of a set of 'single view' dashboards, such as the single view of a debt, single view of a business organisation or citizen transactions in the Council. The team has also proved that they can very promptly provide access to information for emergency purposes, such as in response to the influx of queries from the public in relation to fire safety in housing stock.

Following the completion of the work to date, there are c 40 requests for additional dashboards. It is expected that this pipeline will expand and change as services discover the potential for BI to support their service strategies. It is proposed that prioritisation for delivery is managed through the strategic leadership for each service area, so that the strategic alignment is validated with the relevant directors.

Community of interest - We will establish a community of interest to share learning amongst officers across the Council, develop innovative approaches to common data issues and allow them to share their ideas on opportunities for BI work. This is really about building grassroots interest in the potential of BI and ensuring officers who have ideas that could potentially be time and cost saving, have a route to share these and build an understanding of the capabilities of Qlik.

Prioritisation of work and managing the relationship between services and BI - In terms of the more formalised route for continuing to expand the use of Qlik across different service areas and the prioritisation of work, we are arranging to disband the project boards that have overseen the implantation of specific dashboards and move to a new approach. In future, we are proposing to use existing service led strategy meetings to identify opportunities for wider use of Qlik, which will ensure that service areas have ownership and are able to steer work towards areas of greatest impact. Learning from Camden, who are further along in their implementation of Qlik, is that their most successful Qlik roll outs were in areas where a very strong relationship was built up with services, with service leaders taking ownership of the direction. Newham echoed this sentiment and

said that moving away from a 'them and us' mentality between the BI teams and services was key to their own successful BI programme. In Hackney, these relationships are established and have developed significantly over the last year, which provides a strong foundation for the work to further develop the use of Qlik across the Council.

Steering group - The work outlined above will be overseen by a new Information and Analytics steering group which we have set up. The role of this (internal) group is to ensure that a coordinated approach is taken to the further development of Qlik and the development of the skills and capacity required to achieve the greatest value from the BI and Qlik implementation. The group will also explore thinking for actions that can help Hackney to further improve the information culture of the organisation and help establish the conditions for success for the roll out of BI, linking in with the community of interest and strategic groups to support them in driving this culture change. They will also be considering the wider performance management approach of the Council to establish meaningful performance metrics to drive service improvement in the short term, and in the longer term, to look at readying the organisation for more sophisticated predictive analysis.

Learning from Camden and Newham Councils has provided a clear message that alongside capital funding and the involvement of ICT, we also need to work on the organisational culture change around the use of information, understanding the conditions for success and laying the groundwork to ensure service readiness .



Corporate Risk Management Performance Overview September 2017

1. INTRODUCTION

- 1.1 This report summarises the latest position in respect of Corporate Risk Management across the Council, providing an update on the overall Council's strategic risks, as well as some additional commentary on relevant areas of interest.

2. CORPORATE RISK REGISTER

- 2.1 The table below is a scorecard of the Council's Corporate Risks, as ratified by Hackney Management Team in June 2017, and then further approved in August.

Corporate Risks		Current Risk	Direction of Travel	Previous Score	Target Risk
1	National / International Economic Downturn (SRCR001)	20	↔	20	12
2	Brexit Implications(SRCR001A)	15	↔	15	12
3	Management of Major Capital Programmes (SRCR002)	15	↔	15	9
4	Regeneration Programmes (SRCR003)	16	↔	16	12
5	Reputation Management (SRCR 009)	9	↔	9	6
6	Pension fund (SRCR 0010)	15	↔	15	12
7	Impact of New Legislation / Welfare reform (SRCR 0013)	12	↓	20	12
8	Workforce (SRCR 0018)	12	↔	12	9
9	Recruitment and Retention (SRCR 0018B)	12	↔	12	9
10	Information Assets (SRCR 0020)	16	↔	16	9
11	Corporate Resilience (SRCR 0020B)	20	NEW (June) ↑		
12	Information Security	12	↔	12	9
13	Person suffers significant harm, injury or death (SRCR 0023)	15	↔	15	12
14	Devolution (SRCR 0024)	12	↓	16	12
15	Contract Procurement and Management (SRCR 0025)	10	↔	10	8
16	Impact of government reforms on education service delivery (SRCR 0027)	20	↔	20	12
17	Risks posed by unregistered schools and settings (SRCR 0029)	16	↔	16	9
18	Temporary Accommodation	20	NEW (June) ↑		
19	Fire Safety	10	NEW (July) ↑		

Additional Risks		Current Risk	Direction of Travel	Previous Score	Target Risk
1	North London Waste Authority (NLWA)	12	↔	12	9
2	Impact of rising property prices and rents	20	↑	16	12
3	Statutory requirements of SEN aspects of the Children & Families Act are not met.	16	↑	12	9
4	Building Control / Dangerous Structures	12	↔	12	9
5	Failure of managed service provider for Financial Systems.	12	↔	9	9

- 2.2 The Scorecard provides a quarterly overview of the Council's Corporate risks, along with a selection of leading Directorate risks (to ensure a comprehensive overview is provided). These are assessed in advance of each Audit Committee meeting and after being ratified by HMT, are updated accordingly. There is sometimes as little as two months between updates which means that scores can remain static for periods of time. This is not a reflection of a lack of dynamism within the approach, but rather the fact that high level

scores are unlikely to change dramatically within short spaces of time. New risks are regularly incorporated into the Corporate Register and will always be marked as 'new'. The Scorecard will contain clear reference as to the movement (of the score) of the risk, and clarity as to the exact nature of the risk (whether it is of an internal or external nature to the Council).

2.3 In terms of this latest iteration of the (Corporate) register, there are 12 red risks and 7 amber risks. Clearly, numerous external events and influences are having a considerable impact on the Council's objectives, whether budget cuts, security breaches, or political upheaval (in the form of recent elections or the Brexit negotiations). There has been some movement within the direction of travel of existing risks, although the score for the majority has not changed – as the previous review was in June. Other risks remain red with no change – this score reflects the continued severity of both the impact and likelihood of the risk. For example, financial cuts (and their effects) are likely to remain a significant risk, simply because they will always have a high impact on service delivery, and in the light of the current economy the chances of this continuing remain very probable. However, even in the light of this continued red rating, the controls should still be able to provide assurance that the risk is being managed so far as is possible, and that the Council is taking appropriate action to best position itself in the light of challenging circumstances. Since the last Committee, there have been a few events with considerable impacts. Firstly the election occurred with a continuation of the Conservative government (albeit with a reduced majority) which meant the Queen's Speech (which occurred on June 21) was not as dramatic as some predicted in terms of significant legislative change (reflected in Risk 0013). The tragic fire at Grenfell Tower (June 14) also occurred around this time, raising very clear questions regarding fire safety, the performances of contractors, materials used and the overall approach of Councils to Social Housing, and Health and Safety in general. This resulted in an immediate escalation of a fire safety risk (from the Housing registers) to Corporate level. The full risk is pasted below, to provide members with extra assurance in light of recent events:

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>SRCR 0031 Fire Safety INTERNAL RISK FUTURE RISK</p>	<p>As a result of inadequate fire safety measures or defective workmanship (on cladding installation for example), death and serious injury occur from fire in LBH managed properties.</p>	<p>Neighbourhoods & Housing</p>		<p>In the light of the Grenfell tragedy and the increased focus on materials / workmanship on Council properties nationally, a new risk related solely to Fire risk has been established within the Housing Services risk register and immediately escalated to Directorate and Corporate level. As the controls below demonstrate, detailed work is taking place – and this has always been the case in terms of this threat. As a result of the tragedy however, extra focus and scrutiny is now been applied to all elements of fire safety in the Borough and there is certainly no complacency as to the situation. The Borough has to be receptive to new recommendations and lessons learnt emanating from Grenfell. However, the controls below and accompanying notes should provide some strong assurance that the risks are being managed.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0031a Fire Risk Assessments	<p>Complete new Fire Risk Assessments (circa 1,800) for all of our stock in order to provide reassurance to residents.</p> <p>Ensure that these new Fire Risk Assessments (FRA) are undertaken by suitably qualified assessors and that the assessments they produce meet strict quality standards.</p> <p>All fire safety findings/recommendations coming out of the new FRAs are implemented within the allotted timescale (P0 = immediately; P1 = within one month; P2 = within 6 months; P3 = within 12 months; P3+ = next refurbishment).</p> <p>Publish all new Fire Risk Assessments on the Council's website.</p>	Tim Shields; Kim Wright	Michael Scorer	30-Oct-2017	<p>Three new FRA suppliers – MetroSafety, FFT and Bailey Garner – have been appointed to ensure that we have sufficient capacity to complete the programme within the allotted timescale. The new suppliers will be working to a risk-based forward programme that has been developed.</p> <p>Extensive Quality Assurance (QA) process developed to ensure that the FRAs are fit for purpose. In addition, we have reviewed and improved the procedure for the administering and monitoring of the implementation of the key findings from new FRAs to ensure that we have confidence that we have done everything that we need to within the allotted timescale.</p> <p>Around 60 new FRAs published on the website as at 25th August.</p>
SRCR 0031b Fire Safety	<ul style="list-style-type: none"> Establish a Corporate Fire Safety Group, chaired by the Group Director for Neighbourhoods and Housing, which will oversee all work undertaken across the Council (e.g. housing – social and private sector, schools, LBH buildings) to enhance fire safety in the borough. Establish dedicated fire safety groups for the various work streams covered by the Corporate Fire Safety Group's terms of reference and ensure that they have agreed work plans and are delivering them. 	Kim Wright	Michael Scorer	31 Oct 2017	All of the groups have been set up, have agreed action plans and are meeting on a regular basis to deliver those work plans.
SRCR 0031c Fire Safety – high risk blocks	<p>Implement the key findings and recommendations from the new FRAs that have been/will be undertaken across all of our high rise blocks. Blocks to be assessed in priority based on a risk-based Forward Plan (scissor blocks first).</p> <p>Carry out additional non-FRA inspections across our high rise blocks in order to provide a visible presence across the Borough.</p> <p>Carry out any other ad hoc fire safety</p>	Kim Wright	Michael Scorer	31 Oct 2017	<p>FRAs: The risk-based Forward Plan has been signed off and blocks/properties have been allocated to the new suppliers.</p> <p>Hackney Fire Safety Team: A team of 20 Council staff volunteered to be part of a Hackney Fire Safety Team. Following the swift organisation of a training</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	inspections that are required.				<p>programme they visited over 80 estate blocks in hi vis jackets in order to carry out additional fire safety checks (using a checklist developed by the Council's fire safety consultant) and also to provide a visible presence across the Borough. A comprehensive log of the findings has been developed and work packages are being allocated to relevant teams to deal with the identified issues.</p> <p>Inspections completed of our panel built properties in mid-August following the decision by Southwark to decant a number of their blocks that had been built in this way.</p>
SRCR 0031d Cladding investigations	Undertake inspections of all of our clad blocks in order to provide reassurance to residents.	Tim Shields; Kim Wright	Michael Scorer	31-Oct-2017	<p>An accredited specialist company has already been appointed to assist in these extra investigations.</p> <p>Any priority work identified will be actioned immediately.</p>
SRCR 0031e Fire Safety – everyone's responsibility	<p>Develop and implement a communications strategy that, amongst other things, communicates the need to residents to take responsibility for fire safety in their area and also that we have taken all necessary action to keep them safe from the risk of fire, (b) ensure effective communication and engagement with tenant representatives, (c) manage communications with Members so that they are engaged and up to speed with the work that we are doing but we are not distracted from the work that we are doing, (d) keep staff up to speed with developments, (e) respond quickly to press enquiries.</p> <p>Ensure that the London Fire Brigade can access our estates quickly in the event of fire.</p>	Kim Wright	Michael Scorer/John Wheatley	31-Oct-2017	<p>Communications Strategy is being implemented on an ongoing basis with communications via a range of mediums. Examples include direct letters from the Mayor and the Director of Housing, provision of information on fire safety on the website, articles in Hackney Today and a poster campaign on parking responsibly.</p> <p>The LFB Borough Commander provided us with initial feedback from his crews in July on access issues they had identified. These have been acted on by Parking Services. In addition, LFB have also been supplied with contact</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
					names in Parking Services so that they can raise any new issues immediately.
SRCR 0031f LFB meetings	Develop robust arrangements for meeting regularly with the London Fire Brigade (LFB) to consider fire risk assessments and safety on our estates.	Tim Shields; Kim Wright	Michael Scorer	30- Oct- 2017	<p>Initial meetings immediately after the disaster with both the LFB Borough Commander and LFB's Independent Fire Adviser to review our Fire Safety Action Plan and ensure that it incorporated their feedback. Following this, the Borough Commander became part of the Corporate Fire Safety Response Group and our Independent Fire Adviser now attends the weekly meetings of the Housing Services Fire Safety Group in order to provide us with ongoing advice.</p> <p>In addition to this, we have met with the Fire Safety Inspection team for Hackney, Islington and City in August to go through our Fire Safety Action Plan and also to agree future joint working arrangements. The first regular quarterly meeting with them will take place in September.</p> <p>Michael Scorer, Director of Housing is meeting with the Borough Commander and the Head of LFB's Fire Safety Inspection team in early September to agree working arrangements going forward.</p>
SRCR 0031g Fire safety policy	<p>Based on the lessons learnt from the fire safety response work undertaken since Grenfell, undertake a series of policy reviews and develop a set of proposal papers that will enhance the way that the Council undertakes fire safety management across the Borough. This will include:</p> <ul style="list-style-type: none"> • Agreement on the new corporate Fire Safety Policy and the development of a new fire strategy with Council professionals, residents and industry experts. • Flat Front Doors: Analysis of the 	Tim Shields; Kim Wright	Michael Scorer	31- Oct- 2017	<p>Policy reviews are underway.</p> <p>Budget Management: Analysis is taking place of the likely costs of the recommendations coming out of 1,800 new FRAs and how much can be phased/built into planned programmes. This will be prioritised in the HRA Business Plan.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	<p>recommendations coming out of the most recent FRAs, current policy guidelines and agreeing a strategy for dealing with them.</p> <ul style="list-style-type: none"> • Leaseholder Obligations/Requirements: This will cover a number of areas, including (a) ensuring that leaseholders are providing evidence that they are meeting their fire safety obligations, (b) developing a policy on how we ensure that all leaseholder front doors are 30 minute fire resistant, (c) developing a policy on allowing or requiring leaseholders to be included in communal safety works and inspections, e.g. gas safety or sprinkler or alarm installation; at their cost. • Sprinklers: Developing a policy position on the retrofitting of sprinklers. • Our current policy and procedures for dealing with fire risks in communal areas (e.g. storage of combustible materials, blocking of escape routes. • Enhanced parking enforcement on our estates. • Responding to any recommendations coming from the Grenfell enquiry. <p>Budget Management: Ensure that the necessary resources are in place to undertake all of the work coming out of the new FRAs.</p> <p>Establish "asks" of the government with respect to resourcing additional fire safety work and related costs, wider building regulation and perhaps industry with respect to cladding and sprinkler systems.</p>				

In addition to the Corporate risks, the Scorecard also contains a selection of other major risks within the organisation. This assorted selection will usually be pulled from Directorate level and assist in providing an improved overview of risks around the Council, which don't necessarily always get escalated to Corporate level. This extra level of risks was requested by Committee and will usually be comprised of high scoring areas which have previously been on the Committee's radar, or areas of general importance (which may be on the threshold of being escalated to the Corporate Register). This should assist in providing an even more comprehensive overview.

2.4 Integrated Commissioning - Risk oversight is also very important in a situation where the Council is in partnership with another body or organisation. In the case of the (newly established) Integrated Commissioning Board, the Council is working with the City and

Hackney Clinical Commissioning Group (CCG) to embark on innovative arrangements to plan and ensure delivery of health, social care and public health services more effectively. The associated risks have already been identified on both sides (and from a mutual perspective) and a joint risk register is in the process of being finalised and signed off to go to the IBC (Integrated Commissioning Board) on Sept 20th. These risks can be shared with Audit Committee after this date. In the operation of this new way forward, there will be a clear loss of direct control (at times) over some of our social care and public health budgets. These are already being comprehensively managed by the detailed schemes of delegation (and Section 75 Agreement) that are being drafted to carefully map out the roles and responsibilities of this partnership. The Section 75 Agreement includes a financial framework which sets out clear risk share arrangements in relation to expenditure exceeding budgets. Also, the impact of managing and resourcing additional governance structures needs to be addressed, and failure to do so would result in problematic consequences.

3. FUTURE REPORTING TO AUDIT COMMITTEE

- 3.1 The reporting of the Corporate risks to Audit Committee will continue at future meetings, on a quarterly basis. With twice yearly updates of the full Corporate Register, the next one is scheduled for January 2018.

CAPITAL OVERALL FINANCIAL POSITION – 31 July 2017

This is the first OFP Capital Programme monitoring report for the financial year 2017/18. Table 1 below shows that the revised capital programme for 2017/18 is £429.7m, (non-Housing schemes totalling £238.4m and Housing schemes totalling £191.315m).

The actual year to date capital expenditure for the four months April 2017 to July 2017 is £63.0m and the full year projected outturn is currently £365.5m, £64.3m below the revised budget.

Explanations for the major variances are contained within the Directorate comments below and a full list of schemes, including variances and comments on progress, are available from the corporate Capital Team.

Table 1 Summary of the Capital

	Revised Budget Position	Spend as at 31 July 2017	Projected Outturn	Variance (Under/Over)
	£'000	£'000	£'000	£'000
Chief Executive	8,083	39	8,083	(1)
Children, Adults & Community Health	178,946	24,035	169,895	(9,050)
Finance & Corporate Resources	15,813	2,355	15,450	(363)
Neighbourhoods & Housing (Non-Housing)	35,551	4,434	35,512	(38)
Total Non-Housing	238,392	30,863	228,940	(9,452)
Hackney Homes HRA	59,699	15,316	59,699	(0)
Council Capital Schemes GF	2,175	345	2,175	(0)
Private Sector Housing	2,349	666	1,059	(1,290)
Estate Renewal	101,087	14,890	53,057	(48,030)
Housing Supply Programme	7,650	230	2,171	(5,479)
Other Council Regeneration	18,355	716	18,355	(0)
Total Housing	191,315	32,163	136,516	(54,799)
Total Capital Expenditure	429,707	63,026	365,456	(64,251)

CHIEF EXECUTIVE SERVICES

The current forecast is in line with the revised budget of £8.1m. Of the 17 schemes, 16 have been coded with a traffic light of green and 1 amber.

The main variance in the past has been Hackney Wick Regeneration. This year the budget is just to cover fees for the project so it is anticipated this project will come in on budget.

CHILDREN, ADULTS AND COMMUNITY HEALTH

The current forecast is £169.9m, £9.1m under the revised budget of £178.9m. Of the 96 schemes, 53 have been coded with a traffic light of green and 43 amber.

Adult Social Care

The main variance in Adult Social Care is Oswald Street Day Centre which is forecasting a variance of £835k against the current budget. However, of this £6669k was already approved in July 2016 but needs to be brought into the capital programme and a further £348k is in respect of additional fit-out costs to be agreed via the September Capital Update Report. There will be a CPRP bid submitted to increase the overall budget. Health Integration Project is forecasting an underspend £33k, this project is now complete and outstanding orders require closing.

AMP Primary Programme

In the main a number of underspends in AMP Primary Programme will resource both identified overspends and professional fees based on the final account of the package of works.

Woodberry Down AMP is forecasting an underspend of £457k. After a review of the scheme, it has been decided to suspend the works for the foreseeable future the budget will be pulled back in to the AMP main programme to resource identified schemes.

The £123k reported underspend in the Improvements to Kitchens scheme is due to urgent works to repair parapet and stone works at the school which is impacting on the works in the kitchen. The kitchen works will be re-visited when repair works is complete. The underspend of £53k in Gainsborough Boundary Wall scheme will resource the works of the high level façade and parapet works.

There are a number of reported underspends within the Early Years Programme for various schools. Both Betty Layward School underspend of £648k and Comet Nursery School underspend of £446k are due to delay in agreeing the scope of works. The Education Funding Agency (EFA) will be advised of the review of forecast and any update will be reported in Quarter 3.

Woodberry Down School is forecasting an underspend of £144k which is due to the review of the scope of works. The EFA will claw back £114k and the match-funded element will be reduced by £38k. Morningside School underspend of £343k is due to the project not going ahead. We expect a possible clawback or a transfer of money and will have a more up to date information in Quarter 3 report.

Building Schools for the Future

The main scheme which is causing a major variance is BSF PRU which is reporting an underspend of £2.1m. This budget will be used to support the Nile Street scheme and will be re-profiled during the re-profiling exercise later on in the year. The current forecast for Tiger Way is in line with the revised budget of £38.5m and Nile Street is in line with the revised budget of £68.6m. The construction is on target for completion in early 2019. Costs remain within budget. Marketing plans are progressing well, ahead of launching sales at the end of this calendar year.

Britannia Site is reporting to come in line with the revised budgeted forecast of £6.2m. The master plan process is on track to complete Stage 1 for the Leisure Centre and School imminently. Residential has made good progress with proposed locations of the respective housing builds agreed. The financial model has been developed to allow real time tracking so that forecast sensitivity analysis can be undertaken as required.

Primary School Programmes

The main variance is Sir Thomas Abney which is reporting an £3.1m underspend. This scheme is discontinued due to feasibility results. This budget will be offered up as savings and transferred back into the Basic Need fund to be used for other capital schemes.

Orchard Refurbishment and Extension is reporting an underspend of £502k, this forecast is the estimated final payments to close down the scheme. The scheme is complete and the variance will be offered up as savings.

The forecasted underspend of £762k for Shacklewell School will be re-profiled to future years.

The relocation of the Woodberry Down Children's Centre is reporting an underspend of £572k. The scheme delay is a result of no movement on land swap arrangement, hence variance. If no decision is made on the arrangement, the budget will have to be re-profiled to future years.

Secondary School Programme

The main variance is BSF Whole Life Costing which is reporting an underspend of £179k. This code is the main cost centre for lifecycle schemes. The variance be vired to resource any schemes highlighted in the year or any overspends relating to the lifecycle.

The Uriswick School Expansion underspend of £165k is due to the delay in agreeing the full scope of works with the school. The project is currently at the procurement stage.

FINANCE AND CORPORATE RESOURCES

The current forecast is £15.4m, £363k under the revised budget of £15.8m. Of the 117 schemes, 96 have been coded with a traffic light of green and 21 amber.

Strategic Property Services - Asset Management

There are a number of projects in Strategic Property Services that have ended resulting in a number of underspends. These underspends will be used to fund any overspends, final invoices and any defects liabilities.

Corporate Annual Surveys is forecasting an £150k overspend and a CPRP bid will be submitted to cover this. 15-49 Chapman Road Car Pound is forecasting an overspend of £135k which is due to further work requests from client.

Stoke Newington Town Hall is forecasting an overspend of £81k which is due to the extension of the project resulting in higher project management costs. This will be reviewed once final contractor costs are in and CPRP bid submitted if necessary.

Strategic Property Services - Strategy & Projects

There are delays in the acquisition causing underspends for Flat 16 and 17 Cranwood Court as the vendor needs to obtain a vacant possession.

ICT Capital

There are a number of variances within individual schemes in the ICT Capital Programme, relating to both minor overspends and underspends. The full ICT Capital programme for 2017-19 is going to Cabinet in September 2017 for approval. Once approved the underspends will be re-allocated to fund new ICT Capital schemes and the forecast will be in line with the budget. The new programme is designed to provide modern and flexible tools for work; will enable digital service transformation; will enable us to use information as an asset; and will ensure we have a robust and reliable technology platform.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING):

The current forecast is £35.5m, £38k under the revised budget of £35.6m. Of the 232 schemes, 25 have been coded with a traffic light of green and 7 amber.

Museums & Libraries

A number of the schemes have completed and the underspends will be pulled back in to the Essential Maintenance to Libraries programme to resource identified schemes.

Parks, Infrastructure Programmes and Parking & Market Schemes are largely on target for this quarter. A number of the works in public realm are dependent on developers and planning.

HOUSING:

The forecast in Housing is reported against the current budget position. In the autumn, the Housing Capital budgets for 2017/18 will be reviewed, adjusted and reappropriated to better reflect project delivery of the anticipated programme. The capital adjustment will be reported to Cabinet in the autumn.

Housing - AMP Capital Schemes Housing Revenue Account:

The current forecast is in line with the revised budget of £59.7m.

The Housing Improvement Programme (HiPs) is the new programme to replace the Decent Homes Programme. A number of the schemes showing underspends which were previously under the Decent Homes will be incorporated into the new programme.

We expect an increase in consultancy costs and this will cause an overspend of £2.0m for Capitalised Salaries. Estimates based on current agency to continue for full year and some additional. This may change in year depending on decisions taken on structure and work.

Green Initiatives is forecasting an overspend of £2.1m and a business case has been approved for heating meter initiative to cover this.

Housing - Council Capital General Fund:

The current forecast is in line with the revised budget of £2.2m. The planned voids works programme will commence and this will show an overspend for Borough Wide Housing Under Occupation. A virement from the main Housing Needs Allocation will be done to cover the additional expenditure and bring the overall budget in line with the revised budget.

Housing – Private Sector Housing:

The current forecast is £1.1m, £1.3m below the revised budget of £2.3m. Empty Property, External Works, General Repairs and Landlord Grants are forecasting underspends due to low uptake. Landlord Grants could get a surge in spend if additional licencing begins.

Housing - Estate Renewal:

The current forecast is £53.1m, £49.0m under the revised budget of £101.1m. This is largely due to the profiling of schemes which are to be reviewed in the autumn to ensure that the allocated budgets better reflect the actual delivery timeframes of the individual schemes.

Housing Supply Programme

The current forecast is £2.2m, £5.5m below the revised budget of £7.7m. Once again this is due to the profiling of the schemes and work to align the budgets more closely to the anticipated delivery timeframes will be completed in the Autumn.

Housing – Other Regeneration

The current forecast is in line with the revised budget of £18.4m. The leaseholder buybacks are due to commence for 2017/18 for the Woodberry Down Regeneration Programme.



AUDIT AND ANTI-FRAUD PROGRESS REPORT SEPTEMBER 2017

**AUDIT COMMITTEE
MEETING DATE 2016/17**

13 September 2017

CLASSIFICATION:

Open

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

All Wards

CORPORATE DIRECTOR

Ian Williams Group Director of Finance and Corporate Resources

1. INTRODUCTION AND PURPOSE

- 1.1 The purpose of this report is for the Audit Committee to consider the performance of the Audit & Anti-Fraud Service up to the end of August 2017, the areas of work undertaken, and information on current developments in Internal Audit and Anti-Fraud as well as statistical information about the work of the investigation teams.
- 1.2 This is part of the Committee's role in overseeing corporate governance and the report is presented for information and comment.

2. RECOMMENDATION

The Audit Committee is recommended to:

- 2.1. Note and consider Audit & Anti Fraud's progress and performance to August 2017.

3. REASONS FOR DECISION

- 3.1. The Public Sector Internal Audit Standards (PSIAS) came into force in April 2013 and apply to all internal audit service providers. These Standards were updated in April 2016 and again in April 2017.
- 3.2. PSIAS requires the Chief Audit Executive (or equivalent) to report functionally to a board and to communicate the internal audit service's performance relative to its plan and other matters. For the purposes of the PSIAS the Audit Committee has been designated the 'board'.

4. BACKGROUND

- 4.1. The Progress Report of the Internal Audit Service is provided in Appendix 1 and includes a summary of:
 - Performance against key performance indicator targets
 - Internal Audit work carried out up to the end of August 2017
 - Implementation of agreed audit recommendations
 - School audits
- 4.2 Details of progress with planned audits are provided in Appendix 2.
- 4.3 Definitions of the assurance levels used are provided in Appendix 3.

- 4.4. A statistical summary of the work undertaken by the Audit Investigation service is provided in Appendix 4. In summary, the key financial benefits to arise from these enquiries are as follows:

Investigation area	Estimated saving arising from enquiries
Tenancy Fraud	£940,000 (minimum)
Overstaying Families	£887,888
National Fraud Initiative 2016	£45,655
Blue Badge/Parking	£7,655
Total	£1,881,198

4.5 Policy Context

The work of the Internal Audit Service complies with the Public Sector Internal Audit Standards. Internal Audit reviews consider all applicable policies of the Council.

4.6 Equality Impact Assessment

This report does not require an equality impact assessment but where applicable equality issues and adherence to corporate policies would be considered in audit reviews

4.7 Sustainability

Not applicable.

4.8 Consultations

Consultation on the internal audit plan took place with senior management and the Audit Sub Committee.

4.9 Risk Assessment

The work of Internal Audit was based upon a risk assessment which covers all areas of the Council's activity and is continually changing to reflect new initiatives, risk areas and legislation. There was also continuous reassessment of risk as audits were undertaken, plus regular consultation with directors, chief officers and senior managers to ensure that account was taken of any concerns they raised during the year.

5. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 5.1. There are no financial implications arising from this report as the costs of providing the audit service are included within the Council's base budgets.

5.2 However, an effective audit service is important in order to ensure that key internal controls are assessed, thereby aiding the prevention and detection of fraud and other occurrences that could otherwise result in budget pressures.

6. COMMENTS OF THE DIRECTOR OF LEGAL

6.1. The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. An adequate system of internal audit is inherent. This report demonstrates how the Council is fulfilling its obligations in this regard.

6.2 The Audit Committee is asked to note the report on Audit and Anti-Fraud's performance and opinion. There are no immediate legal implications arising from the report.

Appendices

Appendix 1 - Internal Audit Progress Report – August 2017

Appendix 2 - Progress with planned audits

Appendix 3 - Definitions of audit assurance levels

Appendix 4 - Audit Investigation Service statistics to August 2017

BACKGROUND PAPERS

Publication of Background Papers used in the preparation of reports is required.

Description of document

None

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Audit & Anti-Fraud Progress Report

1 April – 31 August 2017

1. INTRODUCTION

- 1.1 The purpose of this report is to present the performance of the Audit & Anti-Fraud Service for the period April to August 2017, the areas of work undertaken, progress with implementing audit recommendations and information on current developments in the service area.
- 1.2 Internal Audit provides an independent continuous review of key and high-risk activities across the Council. It is important that the effectiveness of the work of Internal Audit is monitored and reported in order to comply with the requirements of the Accounts & Audit regulations 2015 and to provide the necessary assurance on the adequacy of the Internal Audit service. This report, in part, meets these requirements.

2. INTERNAL AUDIT RESOURCES AVAILABLE

- 2.1 The Internal Audit function is an in-house service consisting of two Principal Auditors and four Auditors and is supplemented by specialist IT skills from an external provider in order to undertake technical IT audit reviews. The Internal Audit service is currently fully staffed.
- 2.2 The Audit Annual Plan for 2017/18 consists of 73 specific audits, although one audit has been cancelled, one has been postponed since the plan was agreed and management have requested an additional four audits be included. These changes are reflected in the Audit Plan at Appendix 2.

3. INTERNAL AUDIT KEY PERFORMANCE INDICATORS

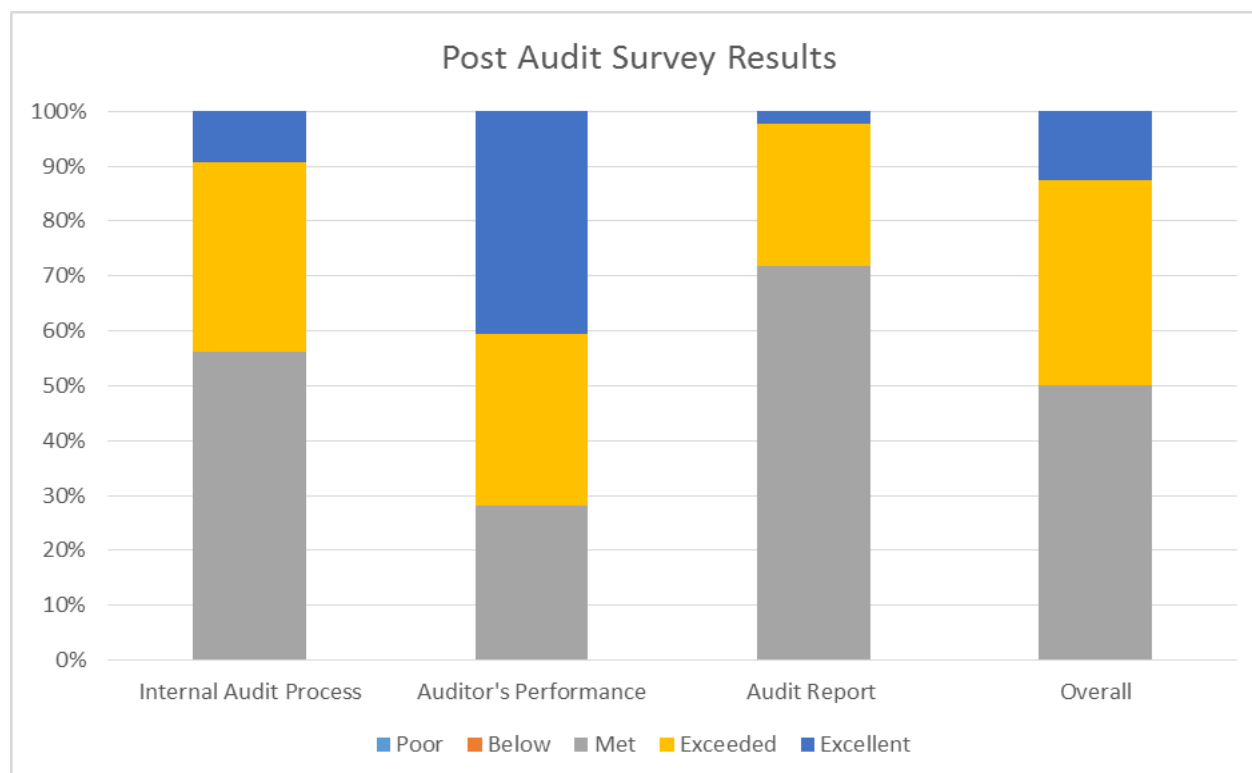
- 3.1 Internal Audit's performance for 2017/18 against key indicators is shown in Table 1. Post audit survey results are summarised in paragraph 3.2

Objective	KPIs	Targets	Actual
Cost & Efficiency To ensure the service provides Value for Money	1) Percentage of planned audits completed to final/draft report stage 2) Average number of days between the end of fieldwork to issue of the draft report.	1) 90% by year end 2) Less than 15 working days	1) 31% complete or in progress by 31 August 2017 2) 21 days
Quality To ensure recommendations made by the service are agreed and implemented	1) Percentage of significant recommendations made which are agreed 2) Percentage of agreed high priority recommendations which are implemented	1) 100% 2) 90%	1) 100% 2) 92% - fully implemented 5% - partially implemented
Client Satisfaction To ensure that clients are satisfied with the service and consider it to	1) Results of Post Audit Questionnaires 2) Results of other Questionnaires	1) Responses meeting or exceeding expectations 2) Satisfactory	1) 100% (45.4% exceeded expectations and excellent) 2) N/A

Objective	KPIs	Targets	Actual
be good quality.	3) No. of Complaints / Compliments	3) Actual numbers reported	3) None

Table 1

3.2 Post Audit Survey Results



3.3 As at 31 August 2017 a total of 13 internal audit reviews have been started from the 2017/18 Plan, three have been finalised and a further four are at draft report stage. In addition during this period, fifteen reviews have been completed from the 2016/17 and a further nine are at the draft stage.

4. SUMMARY OF INTERNAL AUDIT WORK

4.1 Progress with 2016/17 audits not previously reported and 2017/18 planned audits is detailed in Appendix 2. This is summarised in Table 2 below:

2017/18 Audit Plan Stage of Audit Activity	Number of assignments	% of the original plan
Scoping/TOR agreed	5	7
Fieldwork in progress	11	15
Draft report issued	4	5
Completed	3	4
Total work completed and in progress	23	31
Original Plan	73	
Cancelled and Postponed	2	
Additional requests (incl. schools)	4	
Total Revised Plan	75	

Table 2

- 4.2 The table shows that 31% of planned assignments have been completed or are in progress (32% at the same stage in 2016/17).
- 4.3 The cancelled audit relates to a Parking Services International Standards Organisation review and a school audit which has been postponed to the following year. An additional review has been requested to advise on the imprest arrangements for the CACH imprest account following a changing in bank processes. Three additional school audits have been included to reflect schools which have seen a change of Head teacher or are due to convert to an academy.
- 4.4 Each completed audit is given an overall assurance grading. These are categorised 'Significant', 'Reasonable', 'Limited' or 'No' assurance. The assurances given so far this year are included in Appendix 2. Full definitions can be found in Appendix 3.
- 4.5 Of the three audits completed, two received an assurance grading of significant and one reasonable. There were also fifteen audits completed from the 2016/17 plan that have not previously been reported on. The associated assurance ratings are significant (4), reasonable (7) limited (1) and no (2). One review was not allocated an assurance level as it provides an overview of audit issues emerging from school audits.
- 4.6 Where Internal Audit work identifies areas for improvement, recommendations are made to manage the level of risk. These are categorised as 'High', 'Medium' or 'Low' priority. The numbers of High and Medium recommendations issued up to 31 August 2017 are shown in Table 3 below.

Categorisation of Risk	Definition	Number 2017/18 Plan	Number 2016/17 Plan not previously reported
High	Major issues that we consider need to be brought to the attention of senior management.	2	15
Medium	Important issues which should be addressed by management in their areas of responsibility.	4	53
Total		6	68

Table 3

5. SCHOOLS

- 5.1 Audits of school's progress has been reported to the Hackney Learning Trust (HLT) within the Children's, Adults and Community Health Directorate. In addition, progress with the implementation of recommendations agreed during 2016/17 and this year to date have been followed up and reported.
- 5.2 As at 31 August 2017, fieldwork had been completed at four of the 20 schools and children centres listed in the plan. The remaining 14 audits will be scheduled across the autumn and spring term to ensure completion by the end of the financial year. The audits focus on the existence and compliance with key financial controls and the adequacy of governance arrangements.
- 5.3 During the period the 2016/17 School's audit programme of reviews across 24 schools was completed and reports finalised. The overview of assurance levels for these school assignments are shown in Table 4 below. A comparison with assurances provided in previous audits is also shown.

School	Assurance for 2016/17	Assurance in previous audit	Direction of travel	2016/17 Recommendations		
				High	Medium	Low
Baden Powell Primary	Limited	Reasonable	↓	0	16	0
Benthal Primary	Reasonable	Limited	↑	0	6	1
Berger Primary	Significant	Reasonable	↑	0	1	2
Betty Layward	Limited	Reasonable	↓	1	8	2
De Beauvoir Primary	Reasonable	Limited	↑	0	8	2
Ickburgh	Limited	Significant	↓	1	9	0
Harrington Hill Primary	No	Reasonable	↓	4	5	5
Parkwood Primary	Reasonable	Reasonable	↔	0	6	1
Princess May	No	Reasonable	↓	7	8	0
Saint Scholastica RC Primary	Reasonable	Significant	↓	1	3	4
Springfield Community	Reasonable	Reasonable	↔	0	5	3
St John Of Jerusalem	Reasonable	Significant	↓	0	8	2
St Dominic's Catholic Primary	Reasonable	Significant	↓	0	5	3
St Mary C of E Primary	Significant	Limited	↑	0	2	2
St Paul's with St Michael Primary	Reasonable	Reasonable	↔	0	6	0
Thomas Fairchild Community School	Reasonable	Significant	↓	0	7	0
William Patten Primary	Reasonable	Reasonable	↔	0	6	1
Woodberry Down Primary	Reasonable	Reasonable	↔	0	2	4
Wentworth Children's Centre	Reasonable	Reasonable	↔	1	6	2
Woodberry Down Children's Centre	Significant	N/A		0	1	1
The Garden with Horizon	Reasonable	N/A		0	4	2
New Regent College PRU	Reasonable	N/A		1	2	0
Total				16	124	37
				9%	70%	21%

Table 4

6. IMPLEMENTATION OF RECOMMENDATIONS

6.1 In order to track the Council's attitude towards improving the control environment, progress with implementation of agreed internal audit recommendations are tracked. The results of this work for the 'High' priority recommendations from audits undertaken from 2014/15 to date in 2017/18 that were due to be implemented by 31 August 2017 are presented in Table 5.

Directorate	Implemented (including no longer relevant)	Partially Implemented	Not implemented/No response	Not Yet Due	Total*
Children's, Adults and Community Health	9	0	0	1	9
Neighborhoods and Housing	1	0	1	1	2
Finance & Corporate Resources	37	1	1	7	39
Chief Executive's	2	1	0	0	3
Schools	19	2	0	5	21
Total number	68	4	2	14	74
Percentage (%)*	92%	5%	3%		

* Does not include "Not Yet Due"

Table 5

6.2 The Council's target for 2017/18 is that 90% of 'High' priority recommendations should be implemented in accordance with the agreed timescale. The implementation rate currently stands at 92% fully implemented by the agreed implementation date, with a further 5% partially implemented.

6.3 There were 440 'Medium' priority recommendations followed up. Of these, 87% were assessed as implemented and 6% partially implemented. Details are shown in Table 6 below:

Directorate	Implemented (including no longer relevant)	Partially Implemented	Not implemented /No Response	Not yet due	Total*
Children's, Adults and Community Health	40	4	0	3	44
Neighbourhoods and Housing	23	3	5	5	31
Finance & Corporate Resources	84	11	10	7	105
Chief Executive's	14	1	1	0	16
Schools	220	8	16	16	244
Total number	381	27	32	31	440
Percentage (%)	87%	6%	7%		

* Does not include "Not Yet Due"

Table 6

7. DEVELOPMENTS WITHIN INTERNAL AUDIT

- 7.1 As a consequence of the Delegated Powers Report regarding the Council Restructure, the Audit and Anti-Fraud Service underwent a restructure resulting in the deletion of the Director, Audit and Anti-Fraud post and the loss of one Principal Auditor post and one Audit Investigator post. To ensure that the impact of these changes is kept to a minimum and that there are sufficient management resources within the service, a Head of Audit & Risk was appointed and took up post at the end of May 2017.
- 7.2 The Internal Audit Service uses a contractor to carry out technical ICT reviews. Following the decision last year of the IT audit contractor not to renew their contract, Mazars LLP were engaged to carry out five ICT reviews during 2016/17. Mazars are well known across the London Boroughs and have a number of contracts with other London Boroughs. Mazars have again been contracted to perform five IT audits from the 2017/18 Audit Plan. The final stages of appointing a provider for the 2017/18 IT audits are underway and it is envisaged that the IT audits will be performed by January 2018.

8. ANTI FRAUD SERVICE

- 8.1 The Anti-Fraud Service consists of three distinct teams; the Audit Investigation Team (AIT), the Tenancy Fraud Team (TFT) and the recently created Pro-Active Fraud Team (PAFT).
- 8.2 We have experienced some difficulty in recruiting to vacant posts on the TFT in recent months. This has inevitably had a detrimental effect on the rate of recovery of illegally sublet properties although the hard work and dedication of the investigators in post did still result in the recovery of 30 properties, the cancellation of 25 housing applications and 4 right to buy applications during the reporting period.
- 8.3 Following the successful bid by AAF for grant funding from central government for anti-fraud initiatives Hackney created the PAFT which consists of three officers. This funding was only available for one year. Hackney used these additional investigation resources to focus on project management of the Hackney Homes decent homes and planned maintenance contracts. This is an innovative use of resources and is being watched carefully by the anti-fraud community. Work is still ongoing, however, the results to date provide sound evidence that using resources in this area of activity can have a significant financial benefit.
- 8.4 Statistical information relating to all the work of the Council's Anti-Fraud Teams is attached as Appendix 4.

9. CONCLUSIONS

- 9.1 This report provides details of the performance of the Council's Internal Audit and Anti Fraud Services. It seeks to give assurance that the service is being delivered to meet statutory responsibilities and is continually seeking to improve the standards of its service.
- 9.2 Using the cumulative knowledge and experience of the systems and controls in place, including the results of previous audit work and the work undertaken to date, it is considered that overall, throughout the Council there continues to be a sound internal control environment.

Internal Audit Annual Plan 2017/18 Progress to August 2017 (including 2016/17 audits not previously reported)					
Code	Internal Audit	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
Prior Year's Audits not previously reported					
FR12	Council Tax	0	4	Reasonable	FINAL
HLT02	Fees For Children Centres	0	3	Reasonable	Draft
LHRRS02	Health and Safety procedures				In progress
HH08	Wick Village TMO	5	6	No	Draft
LBH03	Transparency Code	0	5	Reasonable	Draft
CE01	DBS Checks				In progress
CE02	Payroll – additional payments	3	4	Limited	Draft
CE03	Electoral Services				In progress
CACH04	ASC Contracts follow up	0	3	Reasonable	FINAL
CACH05	Care Assessments – turnaround time				In progress
CACH08	Leaving Care	0	2	Significant	FINAL
CACH09	Overview of Schools findings 15/16 and 16/17	2	0	N/A	FINAL
CACH10	SEN	2	4	Limited	Draft
SCH07	Harrington Hill School	4	5	No	FINAL
SCH10	Princess May School	7	8	No	FINAL
SCH13	Springfield Community School	0	5	Reasonable	FINAL
CR01	Pension Investments	0	0	Significant	FINAL
CR03	Asset Management				In progress
CR05	Building Maintenance	0	5	Reasonable	Draft
CR06	E - tendering Procedures	1	5	Limited	FINAL
CR08	Council tax Reduction Scheme				In progress
CR12	Choice based lettings				In progress
CR13	Temporary Accommodation				In progress
CR14	Deposit Guarantee Scheme				In progress
CT01	Universal Housing – application review	1	9	Reasonable	FINAL
CT02	Mosaic post implementation review	0	0	Significant	FINAL
CT03	Housing Needs Payment System - PIR	0	3	Reasonable	Draft
CT04	CRM – application review	0	7	Limited	Draft
CT05	One Account - PIR	0	5	Reasonable	FINAL
CT06	IT Recruitment and Retention				In progress
NH03	Resident Participation Team	0	3	Reasonable	FINAL
NH07	Complaints	0	6	Limited	Draft
NH10	Parking Appeals	0	3	Reasonable	FINAL
NH11	Waste management - recycling	0	1	Significant	FINAL
2017/18 Audit Plan					
Corporate (Cross Cutting)					
LBH01	Annual Governance Statement	N/A	N/A	Significant	FINAL
LBH02	Car Mileage Claims				Q3
LBH03	Gifts and Hospitality				Q3
LBH04	IR35				Q4
CHIEF EXECUTIVES					
CE01	iTrent				ToR issued
CE02	Payroll				Q4
CE03	Service Payroll				Q4

CE04	Staff Agency Contract				Q4
CE05	Voluntary Sector Grants				Q3
CE06	Speakers Office				Q3
GROUP DIRECTOR CHILDREN, ADULTS AND COMMUNITY HEALTH					
Adult Services/Public Health					
CACH01	Adult Learning Disabilities				Q4
CACH02	Public Health Contracts				Q4
CACH03	Home Care/Domiciliary Services				Q2
CACH04	Residential Care Placements				Q3
CACH05	Direct Payments				Work in progress
Children & Families Services					
CACH06	Youth Club Services				Q3
CACH07	Adoption Allowances				Q4
new	Imprest				Additional request – Q2. ToR issued
Education and Schools					
CACH08	Overview of school findings and benchmarking 2015/16 and 2016/17	2	0	N/A	FINAL
CACH09	IT Services in Schools				Q4
CACH10	Roll Numbers in Schools (Form 7?)				Q3
CACH11	Building Schools for the Future				Q2
CACH12	Traded Services Customer Satisfaction				Q4
SCHOOLS					
Secondary Schools					
SCH01	Yesodey Hatorah				October 2017
new	Haggerston – high level review				Q 3
Primary Schools					
SCH02	Hoxton Gardens				Postpone to 18/19 to audit with rest of federation
SCH03	Gainsborough				Q 4
SCH04	Grasmere				Draft
SCH05	Holmleigh Follow Up				Q3
SCH06	Holy Trinity CE				Q3
SCH07	Lauriston				Q4
SCH08	Lubavitch Junior Girls				Q3
SCH09	Millfields PS and CC				Draft
SCH10	Morningside				Q4
SCH11	Nightingale	0	4	Reasonable	FINAL
SCH12	Rushmore				Draft
SCH13	St Matthais				Q3
SCH14	St John and St James				Q3
new	Lubavitch Senior Boys				Q3
new	Lubavitch Senior Girls				Q3
Children Centres					
SCH15	Comet Children Centre				Q4
SCH16	Lubavitch Children Centre				January 2018
SCH17	Linden's Children Centre				Q4
GROUP DIRECTOR - FINANCE AND CORPORATE RESOURCES					
Financial Management					
FCR01	Insurance				ToR issued
FCR02	Creditors/ Central Payments Team				Q3
FCR03	My budget - Monitoring				Q3
FCR04	VAT				Q4

FCR05	Bank Accounts				Q3
FCR06	Accounts Receivable				Q3
Strategic Property					
FCR07	Commercial Voids				Q4
Procurement					
	IT commodities - software and hardware				ToR issued
Customer Services					
FCR10	Revenues and Benefits – NNDR				Q3
FCR11	Revenues and Benefits - Housing Benefit				Q3
FCR12	Council Tax				Q3
FCR13	Social Housing Contract Monitoring Follow Up				Q4
FCR14	Online Payments/Telephone Payments				ToR issued
Director ICT					
ICT01	Software Licencing				Q3
ICT02	Telephone Contracts - Monitoring				Q4
ICT03	Information Governance – preparation for GDPR				Q4
ICT04	Academy - Applications Review				Q3
ICT05	E Street - Post Implementation Review				Q3
ICT06/FCR09	Network/Firewall/Wireless Security incl. use of CIS (DWP) system				Q3
ICT07	Disaster Recovery				Q3
GROUP DIRECTOR NEIGHBOURHOODS AND HOUSING					
Regeneration					
NH01	Leaseholders Buy Back				Q3
Housing					
NH02	Leaseholders Charges Debt Collection				
NH03	Gas Servicing				
NH04	Rent Collection (Arrears and Debt Recovery)				
NH05	TMO - Clapton Park				Draft
NH06	TMO - Tower				Q3
NH07	TMO - Cranston Estate				Q3
NH08	Contract Monitoring				Q4
Public Realm					
NH09	Planning Enforcement - Breaches				Q4
NH10	Hackney and City Tennis Club				Q3
NH11	Building Control Fees				Q4
NH12	Parking PCN				Cancelled – ISO accreditation no longer in place
NH13	Section 106 Agreements				Q4

The **Overall Assurance** given in respect of an audit is categorised as follows:

Level of assurance	Description	Link to risk ratings
Significant	Our work found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that the key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.	There are two or less medium-rated issues or only low rated or no findings to report.
Reasonable	There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be less than critical or they would be unlikely to occur.	There is no more than one high priority finding and/or a low number of medium rated findings. However, where there are many medium rated findings, consideration will be given as to whether the effect is to reduce the assurance to Limited.
Limited	There are some weaknesses in the design and / or operation of controls which could have a significant impact on the achievement of key system, function or process objectives but should not have a significant impact on the achievement of organisational objectives. However, there are discrete elements of the key system, function or process where we have not identified any significant weaknesses in the design and / or operation of controls which could impair the achievement of the objectives of the system, function or process. We are therefore able to give limited assurance over certain discrete aspects of the system, function or process.	There are up to three high-rated findings. However, if there are three high priority findings and many medium rated findings, consideration will be given as to whether in aggregate the effect is to reduce the opinion to No assurance.
No	There are weaknesses in the design and/or operation of controls which [in aggregate] have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of organisation objectives.	There are a significant number of high rated findings (i.e. four or more).

Anti-Fraud Service:

Statistical Information 1 April to 31 August 2017

1. Investigations Referred

The number of non-benefit related investigations undertaken by the Anti-Fraud Service has increased significantly in recent years, from 150 in 2009/10 to 726 in 2016/17. As new fraud threats have emerged, investigative responses have been developed in partnership with other Council teams and external partners.

Group	Department	Number of Cases Referred in Period	Number of Cases Closed in Period	Cases Currently Under Investigation	Referrals 2017/18 to date	Referrals 2016/17
Neighbourhoods & Housing (N&H)	Neighbourhoods & Housing	4	5	3	4	8
	Hackney Homes	5	3	18	5	16
	Tenancy Fraud	205	213	288	205	359
	Parking	125	91	70	125	196
Children, Adults & Community Health (CACH)	Children, Adults & Community Health	2	1	3	2	5
	Health & Community Services (H&CS)	n/a	0	2	n/a	n/a
	Overstaying Families Intervention Team (OFIT)	52	58	98	52	130
	The Learning Trust	0	0	3	0	2
Finance & Corporate Resources (F&CR)	Finance & Resources	4	7	1	4	10
Chief Executive Directorate	Chief Executive Directorate	0	0	0	0	0
Total		397	378	486	397	726

Table 1

Note 1: Departments from the old Council structure are shown under the new Group Directorates that most closely approximate to them. While the large majority of pre-2016/17 investigations listed above are appropriate to the Group Directorates shown, there will be isolated exceptions (for example, some H&CS operations are now performed by N&H).

Note 2: Fraud reporting going forward will be at Group Directorate level, with additional detail being provided for areas that were recently separate organisations (Hackney Homes and The Learning Trust) and specific Anti-Fraud projects (Tenancy, Parking and OFIT).

Note 3: Cases closed and under investigation may include those carried forward from previous reporting periods.

2. Fraud Enquiries

Investigative support is provided to other bodies undertaking criminal enquiries, including the Police, Home Office and other Local Authorities. The team also supports other LBH teams to obtain information where they do not have direct access and it is available under the Data Protection Act crime prevention and detection gateways.

Source	Number of Cases Referred in period	Number of Cases Closed in period	Cases Currently Under Investigation	2017/18 to date	2016/17
Internal	114	111	3	114	371
Other Local Authorities	17	15	2	17	56
Police	11	10	1	11	31
Immigration	4	4	0	4	2
DWP	255	255	0	255	797
Other	2	2	0	2	26
Total	403	397	6	403	1,283

Table 2

3. National Fraud Initiative (NFI) Matches

The NFI is a biennial data matching exercise, the majority of datasets were most recently received on 20 January 2017 (with the exception of the Council Tax matches which were received in April 2016). Matches are investigated by various LBH teams over the 2 year cycle, AIT investigate some matches and coordinate the overall response. The total number of matches includes 5,351 outcomes that are identified as high priority, participants are expected to further risk assess the results to determine which are followed up.

Type of Match	Number of Matches – Total & (recommended)	Cases Currently Under Investigation	Number Matches Cleared NFI2016	Number Matches Cleared NFI2014
Payroll	119 (35)	11	51	35
Housing Benefit	4,061 (325)	1	43	19
Housing Tenants	1,367 (972)	11	30	344
Right to Buy	139 (49)	1	1	224
Housing Waiting List	2,838 (2,738)	21	69	62
Concessionary travel / parking	225 (188)	39	166	22
Creditors	5,943 (721)	638	0	4,724
Pensions	172 (110)	9	147	169
Council Tax	20,521	1,428	3,163	n/a
Council Tax Reduction Scheme	3,552 (158)	10	1	n/a
Other	88 (54)	0	25	34
Total	39,025 (5,351)	2,169	3,696	5,633

Table 3

On 1 December 2014, Hackney's Housing Benefit Counter Fraud Team was transferred to the Department for Work & Pensions (DWP) as part of their Single Fraud Investigation Service. Whilst the Council is no longer responsible for undertaking Housing Benefit investigations, Audit & Anti-Fraud (AAF) are required to undertake a large volume of enquiries in support of DWP investigations.

DWP advised Hackney that limited financial support would be provided to the Council to support Housing Benefit investigations in 2016/17. Hackney has continued to fund a part time resource to address specific investigation enquiries, but it is insufficient to allow for review of the thousands of benefit concerns identified by the NFI. The officers that previously undertook this work have all transferred to DWP. No information has been provided by DWP about any funding arrangement for 2017/18.

4. Analysis of Outcomes

Investigations can result in differing outcomes from prosecution to no further action. Table 4 below details the most common outcomes that result from investigations conducted by the Anti-Fraud Teams.

Outcome	Reporting Period	2017/18 to date	2016/17 to date
Disciplinary action	4	4	8
Resigned as a result of the investigation	1	1	5
Referred to Police or other external body	3	3	22
Prosecution	4	4	3
Referred to Legal Services	0	0	3
Investigation Report/ Management Letter issued	4	4	14
Council service or discount cancelled	50	50	89
Blue Badges recovered	25	25	60
Other fraudulent parking permit recovered	14	14	35
Parking misuse warnings issued	15	15	50
Penalty Charge Notice (PCN) issued	27	27	49
Vehicle removed for parking fraud	17	17	40
Recovery of tenancy	30	30	104
Housing application cancelled or downgraded	25	25	49
Legal action to recover tenancy in progress	90	90	n/a
Right to Buy application withdrawn or cancelled	4	4	17

Table 4

Disciplinary Action

As a result of the investigations conducted by the Audit Investigation Team (AIT) disciplinary action was taken against four members of staff in the period 1 April to 31 August 2017 for the following reasons: -

- Theft;
- Not providing an honest account to management about a serious issue;
- Immigration status did not give the right to work in the UK;
- Late payment of a debt due to the Council.

Prosecution

Four prosecutions were completed during the same period following investigations for the following offences:

- Three offences of money laundering;
- Fraudulent application to obtain housing and subsequently attempt a right to buy purchase;

5. Financial Losses as a Result of Fraud

The most apparent consequence of many frauds is a financial loss, however, it needs to be noted that it is not always possible to put a value in monetary terms.

In many cases the financial loss accounts for only a small amount of the total cost of the fraud, with the additional amount comprising intangibles such as reputational damage, the cost of the investigation and prosecution, additional workplace controls, replacing staff involved and management time taken to deal with the event and its' aftermath.

The following are estimates of the monetary cost for some of Hackney's priority investigation areas based (where relevant) upon the values that the Audit Commission previously calculated as a reasonable estimate of the value nationwide:

5.1 Tenancy Fraud Team (TFT)

During the period April to August 2017 a total of 30 tenancies have been recovered by the TFT. Using the Audit Commission figure for the estimated cost of temporary accommodation of £18,000 pa, this equates to a saving of £540,000.

In the same period 25 housing applications have been cancelled following TFT review. These investigations help to ensure that Hackney's social housing is only allocated to those in genuine need. The Audit Commission has variously reported the potential benefit to the public purse of each cancelled application as between £4,000 and £18,000, so the value of this work represents a potential saving of between £100,000 and £450,000.

During this period four Right to Buy applications were cancelled following investigation. Each RTB represents a discount of between £75,000 and £102,700 on the sale of a Council asset. The value of the discount for the RTB's that were declined represents a total of between £300,000 and £410,800.

5.2 Overstaying Families Intervention Team (OFIT)

An average weekly support package valued at c£387 is paid to each family supported (applicable to the majority of the 'service cancelled' category in Table 4). Forty four support packages were cancelled or refused following AAF investigation between April and August 2017. This equates to a saving in the region of £17,028 per week, if these had been paid for the full financial year it would have cost Hackney approximately £887,888 in 2017/18.

5.3 Parking Concessions

The Audit Commission estimated the cost of each fraudulently used Blue Badge to be £100 (equivalent to on-street parking costs in the Hackney Central parking zone for less than 46 hours). Fees of £65 are also payable where a Penalty Charge Notice is issued as part of the enforcement process, or £265 if the vehicle is also removed. In this period AIT recovered 25 Blue Badges, this equates to £2,500, and enforcement charges of £5,155 also arose.

In addition to the work undertaken on blue badge abuse, investigations have also been undertaken into misuse of residents and visitor parking permits. During the reporting period fourteen fraudulently used residents/visitor parking permits were recovered. It is not possible to quantify the value of this abuse. However, the cost for these types of fraud is far greater in terms of the denial of genuine blue badge holders and residents being able to make use of dedicated parking areas, and the reputational damage that could be caused to Hackney if we were seen not to be tackling the abuse of parking concessions within the borough.

5.4 Proactive Fraud Team

AAF successfully bid for government funding for new counter fraud initiatives. The funding, allocated for 2015/16 only, has enabled AAF to focus investigation resources on the project management of the Hackney Homes decent homes and planned maintenance contracts. Currently, a significant sum of money has been retained against a contract because works claimed to have been carried out are under dispute. Evidence of substantial over-claiming for work is emerging which may lead to further financial claims by Hackney.

There are ongoing enquiries involving possible criminal matters therefore it is not possible to expand here on this important work at this time.

6. **Matters Referred from the Whistleblowing Hotline**

All Hackney staff (including Hackney Homes and Hackney Learning Trust) can report concerns about suspected fraud and other serious matters in confidence to a third party whistleblowing hotline. Other referral methods are available (and may indeed be preferable from an investigatory perspective), however, the hotline allows officers to raise a concern that they might not otherwise feel able to report. No referrals were received via the hotline in the reporting period.

7. **Regulation of Investigatory Powers Act (RIPA) Authorisations**

RIPA is the legislation that regulates the use of surveillance by public bodies. Surveillance is one tool that may be used to obtain evidence in support of an investigation, where it can be demonstrated to be proportionate to the seriousness of the matter concerned, and where there is no other less intrusive means of obtaining the same information.

Because surveillance has the potential to be a particularly intrusive means of evidence gathering, the approval process requires authorisation by a nominated senior Hackney officer (Corporate Head of Audit, Investigations & Risk Management/Director/Chief Executive) and approval by a magistrate. Although Hackney will use its surveillance powers conferred by RIPA when it is appropriate to do so, no application has been made in the current financial year.

8. Proceeds of Crime Act (POCA) Investigations

POCA investigations can only be undertaken by accredited officers, as are currently employed by AAF and Trading Standards. POCA supports the Council's investigation processes in four principal ways: -

- Providing access to financial information in connection with a criminal enquiry, subject to approval by Crown Court by way of a **Production Order**.
- Preventing the subject of a criminal enquiry from disposing of assets prior to a trial, where these may have been obtained from criminal activity, by use of a **Restraint Order**, subject to Court approval.
- Recognising that offenders should not be able to benefit from their criminal conduct through the use of **Confiscation Orders**. These allow the courts to confiscate any benefit that a defendant may have received as a result of their crime.
- Under the confiscation process the courts are also able to ensure that victims are compensated for their loss by way of a **Compensation Order**.

Delays can often occur in receiving payments particularly if disposal of assets have to take place in order to satisfy a compensation or confiscation order. Hackney did not receive any payments from the Home Office as a result of POCA work in this period.

Type of Order	Number authorised in period	2017/18 to date	2016/17 total
Production	4	4	11
Restraint	0	0	1
Compensation	0	0	0
Confiscation	0	0	2
Total	4	4	14

Table 5

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CORPORATE RISK MANAGEMENT ANNUAL REPORT 2016/17

<p>AUDIT COMMITTEE MEETING DATE 2017/18</p> <p>13 September 2017</p>	<p>CLASSIFICATION:</p> <p>Open</p> <p>If exempt, the reason will be listed in the main body of this report.</p>
<p>WARD(S) AFFECTED</p> <p>ALL WARDS</p>	
<p>GROUP DIRECTOR</p> <p>Ian Williams, Group Director, Finance and Corporate Resources.</p>	

1. CORPORATE DIRECTOR'S INTRODUCTION

- 1.1 This report informs Members about the areas of work undertaken by the Corporate Risk Management Service during 2016/17. The annual report is attached as Appendix 1 and includes a summary of progress made, along with plans for the future.
- 1.2 This report assists the Committee in its role of overseeing corporate governance and is presented for information and comment.

2. RECOMMENDATION

The Audit Committee is recommended to:

- 2.1 Note this report of the Corporate Risk Management Service's outcomes for 2016/17.

3. REASONS FOR DECISION

- 3.1 Not applicable

4. BACKGROUND

- 4.1 Risk management is fundamental to effective business management and it is vitally important that we know, understand and monitor the key risks and opportunities of the Council. Officers and members are then able to consider the potential impact of such risks and take appropriate actions to mitigate those as far as possible. Some risks are beyond the control of the Council but we nevertheless need to manage the potential impact or likelihood to ensure we deliver our key objectives to the best of our ability. For other risks, we might decide to accept that we are exposed to a small level of risk because to reduce that risk to nil is either impossible or too expensive. The risk management process helps us to make such judgements, and as such it is important that the Audit Committee is aware of this.
- 4.2 The Corporate Risk Service continues to be based in the Audit and Anti-Fraud Division of the Finance and Corporate Resources Directorate, having moved in May 2011 from the Financial Management Division.
- 4.3 This report provides details of the activities of the Corporate Risk Management Service and seeks to give reassurance that the service is being effectively delivered and is continually seeking to improve the standards of its service.
- 4.4 This report is produced each year and was last reviewed by Audit Committee in September 2016.
- 4.5 **Policy Context**
All risk related reporting is in line with the Council's Risk Policy, ratified biennially by the Audit Committee, and also fully supports the framework and ideology set out in the Risk Strategy.
- 4.6 **Equality Impact Assessment**
For the purposes of this report, an Equality Impact Assessment is not applicable, although in the course of Risk Management (and associated duties) all work is carried out in adherence to the Council's Equality policies.
- 4.7 **Sustainability**
This report contains no new impacts on the physical and social environment.

4.8 **Consultations**

In order for Risk Registers to progress to Audit Committee, they will already have been reviewed by the relevant Senior Management Team within the corresponding Directorate. Any senior officer with any accountability for the risks will have been consulted in the course of their reporting.

4.9 **Risk Assessment**

There are no actual risks to assess in this report.

5. **COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES**

5.1 Effective management of risk is a key requirement for good financial management and stability. This becomes more significant as funds available to the Council are reduced and budget reductions are made.

5.2 The Directorate seeks to mitigate risks as they are identified. In some instances, where there are volatile external factors and uncertainty, this might require use of reserves maintained by the Corporate Director of Finance and Corporate Resources.

5.3 There are no direct costs arising from this report.

6. **COMMENTS OF THE DIRECTOR OF LEGAL SERVICES**

6.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of control which includes arrangements for the management of risk. This Report is part of those arrangements and is designed to ensure that the appropriate controls are effective.

6.2 There are no immediate legal implications arising from this report.

APPENDICES

Appendix 1 – Corporate Risk Management Annual Report 2016/2017

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

None

Report Author	Matt Powell	☎ 020 8356 2624
Comments of the Group Director of Finance and Corporate Resources	Michael Honeysett	☎ 020 8356 3332
Comments of the Director of Legal Services	Dawn Carter-McDonald	☎ 020 8356 2029

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London Borough of Hackney

Corporate Risk Management Annual Report 2016/17

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1. INTRODUCTION

- 1.1 This report summarises the latest position in respect of the management of risk across the Council, providing an update on progress made during 2016/17 and the future activities planned for 2017/18.
- 1.2 The Corporate Risk Advisor works across the directorates facilitating, assisting and supporting officers in the identification and management of risk. All risks identified continue to be managed appropriately according to scores, which are contained within the risk matrixes (reflecting the Council's appetites for risk) and any red risks are escalated and dealt with according to the approach detailed in the Council's Risk Strategy.

2. ACHIEVEMENTS IN 2016/17 AND ONGOING PROGRESS

- 2.1 The annual reporting of directorate risk registers to Audit Committee has ensured that risks are reviewed by directorates and considered by their Directorate Management Teams (DMT) on a regular basis, thus ensuring that the management of risk becomes embedded across the Council. A pyramid structure has developed in directorates whereby directorate risks are fed by divisional risks which themselves are comprised of service risks. The table below illustrates when each register went to Committee during 2016/17: -

Date	Submissions to Audit Committee (previously Audit Sub / Corporate Committee)
14 April 2016	Training session for members conducted by CIPFA
9 June 2016	Chief Executive's Risk Register, Neighbourhoods and Housing Risk Update.
21 September 2016	Corporate Risk Register, Corporate Risk Policy and Strategy Review, Corporate Risk Management Annual Report 2015/16
18 January 2017	Training session (delivered by Corporate Risk Advisor), Neighbourhoods and Housing Risk Register
20 April 2017	Finance and Corporate Resources Risk Register, Children, Adults and Community Health Risk Register
19 June 2017	Chief Executive's Risk Register, Corporate Risk Register

- 2.2 Risks are captured and presented within the Council's online software (Covalent). Usage of this across the organisation ensures a Council-wide consistency and a much clearer way of capturing the descriptions. New developments within the software, including a recently launched browser version, are providing further improvements enabling sharper and more effective reporting. Risk training on Covalent is provided by the Corporate Risk Advisor. Following on from requests from Committee in recent meetings, the way risks are presented within the registers has been modified slightly to clarify their direction of travel. Each risk is now accompanied by an arrow making it simple to assess the direction of travel since the last assessment, or identify a new risk. Each risk is also accompanied by a clear indicator as to whether it is concerned with internal or external events, and whether it is a current or future risk (if current, this is an acknowledgement that it is already impacting but with the potential to get worse). Registers are also now

accompanied with a 'Headline Scorecard' which contains a summary of the risks contained within it, a target risk score as well as a present risk score.

- 2.3 The 'Risk Architecture' within the Council has developed significantly over the last year with the Risk Policy and Strategy being fully reviewed and updated in September 2016, and ratified by the Chief Executive, and finally by Audit Committee. Also, within the last year, a refresh was undertaken of the Intranet pages. The Risk Management section was reviewed and edited and is regularly updated to reflect any change and improvements to the service. All these publications are constantly reviewed to reflect any changes and developments ongoing within the Council.
- 2.4 Each directorate continues to have a nominated Risk Champion, working and regularly meeting, with the Corporate Risk Advisor to advance the management of risk in their directorates. The Risk Champions also help facilitate the recording of risks, and organise liaison meetings and help to collect submissions for any reports in order to meet deadlines.
- 2.5 The Corporate Risk Advisor has attended DMT and HMT meetings working in conjunction with Risk Champions or relevant Senior Managers. Consequently, there has been a direct input into the training and a subsequent assessment of various relevant risks.
- 2.6 The Corporate Risk Management Service has been conscious of the continuing importance of raising awareness of its role internally within the Council. There have been regular revamps of the staffroom pages on the intranet, marketing leaflets, as well as previous promotional pieces in Council literature detailing the importance of this service and how officers can work with the Corporate Risk Advisor to improve their management of risk.
- 2.7 The Council is constantly changing, with directorates restructuring, evolving and new services and partnerships being created. Recent years have seen the reintegration of The Learning Trust, and also the Council once again assuming responsibility for all Public Health Services in the Borough. To assist in the integration, close relationships were built, workshops hosted and revised risk registers developed. In April 2016, Hackney Homes was reintegrated into the Council, which required a change to their approach to risk management in order to comply with Council processes. Work has already occurred to establish relationships and ensure risk registers conform to the overall Council approach. There is also effective interaction and good existing relationships with other areas of the Council such as business analysis, project and programmes and business continuity where elements of work overlap and there is a benefit to be gained by exchanging information and sometimes seeking assistance. There has been significant change in the senior management of ICT over the last year, and immediately meetings between Corporate Risk were held both at the Directorate Management Team meeting, and with the new Director separately to establish an effective plan (and subsequent register) for going forward.
- 2.8 There is a continuing need for the Corporate Risk Management Service to provide 'ad hoc' advice. Regular requests are received from officers/teams within directorates requiring assistance with a review of a register, workshops to raise awareness of the corporate requirements and approach, advice or assistance on the use of Covalent etc. This is welcomed, as it demonstrates that risk management is considered as part of staff duties and is well embedded across the Council. There will continue to be an ongoing demand for this supporting role and with the continuing changes to the corporate

structures and staffing levels within the Council resulting from the ongoing austerity measures and financial climate this is expected to continue.

- 2.9 Training and awareness is essential to ensure that a corporate approach to the management of risk is followed throughout the Council. It is an ongoing process. Training has continued to be delivered throughout the year where required. In addition to training to address the specific needs of Council officers / teams, training has also been delivered to members of the Audit Committee. In April 2016, CIPFA delivered a session clarifying exactly what was expected of an Audit Committee, especially with regards to oversight of risk. This was followed up in January 2017 by the Corporate Risk Advisor delivering another training session for the Audit Committee, on the approach to risk and plans for the future. This also enabled some useful discussion of relevant issues.

All training and relevant materials are monitored regularly to ensure that they remain up-to-date and that any training needs are quickly addressed.

- 2.10 In the 2016/17 VFM (Value for Money) audit carried out by KPMG (the Council's External Auditors), Risk Management was selected as an area for extra attention. The analysis carried out included detailed scrutiny of the risk processes and documentation as well as direct questioning about the approach to work with the Corporate Risk Advisor. The findings were reported back to Audit Committee at the meeting on 25 July 2017 (as part of the Annual Governance Report) and the audit response went into detail about the various findings from the research which was undertaken. It was concluded that there were no matters arising from this work and that everything complied satisfactorily with good working practice. This work, specifically focused on risk, should serve to provide some further assurance as to the effective embedding of risk management within the Council.

3. FUTURE REPORTING TO AUDIT COMMITTEE

- 3.1 The reporting of directorate risk registers to Audit Committee will continue at future meetings.
- 3.2 Directorates will report their risk registers to Audit Committee on an annual basis in future. In addition, the Corporate Risk Register will continue to be submitted to the Committee at least annually. During 2016 and now 2017, this register has been reviewed twice. The proposed schedule is shown in the following table: -

Date	Submission to Audit Committee
September 2017	Corporate Risks update, Annual Report
January 2018	Corporate Risk Register, Neighbourhoods and Housing Risk Register
April 2018	Children, Adults and Community Health Risk Register, Finance and Corporate Resources Risk Register
June 2018 (tbc)	Chief Executive's Risk Register, Corporate Risk Register.

4. CONCLUSIONS

- 4.1 The Council continues to make good progress in the development of its management of risk across directorates, services and functions. As assessed by Zurich in a 2016 Healthcheck, risk management is working for the Council. The Corporate Risk Management Service will continue to work with officers throughout the organisation to ensure management of risk remains at the heart of decision making enabling the Council to not only reduce exposure to risk but also to exploit opportunities..
- 4.2 By continuing to work with directorates the Corporate Risk Management Service will ensure that the management of risk is further developed and embedded throughout the authority via the provision of corporate support, targeted training and toolkits.

Agenda Item 8

AUDIT COMMITTEE WORK PROGRAMME 2017/18

	20 April 2017	Decision	Group Director & Lead Officer
1	EXTERNAL AUDIT OPINION PLAN 2016/17	For information and comment	Ian Williams (Michael Honeysett)
2	DIRECTORATE RISK REGISTER REVIEW – CHILDRENS, ADULTS & COMMUNITY HEALTH	For information and comment	Anne Canning (Jackie Moyland)
3	VERBAL UPDATE ON ICT	For information and comment	Ian Williams (Rob Miller)
4	DIRECTORATE RISK REGISTER REVIEW – FINANCE & CORPORATE RESOURCES	For information and comment	Ian Williams (Matt Powell)
5	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
6	INTERNAL AUDIT ANNUAL PLAN 2017/18	To approve	Ian Williams (Tracy Barnett)
7	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Tracy Barnett)
8	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
9	REVIEW OF WHISTLEBLOWING	For information and comment	Ian Williams (Michael Sheffield)
10	ANNUAL REPORT ON AUDIT COMMITTEE 2016/17	For information	Cllr Nick Sharman (Chair) (Tracy Barnett)
11	AUDIT COMMITTEE WORK PROGRAMME 2017/18	For information & comment	All

	June 2017	Decision	Group Director & Lead Officer
1	DIRECTORATE RISK REGISTER REVIEW – CHIEF EXECUTIVE'S	For information and comment	Tim Shields (TBC)
2	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
3	CORPORATE RISK REGISTER REVIEW	For information and comment	Tim Shields (Matthew Powell)
4	INTERNAL AUDIT ANNUAL REPORT 2016/17	For information and comment	Ian Williams (Michael Sheffield)
5	ANNUAL FRAUD AND IRREGULARITY REPORT 2016/17	For information and comment	Ian Williams (Michael Sheffield)
6	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
7	AUDIT COMMITTEE WORK PROGRAMME 2017/18	For information & comment	All

	July 2017 – SPECIAL MEETING	Decision	Group Director & Lead Officer
1	FINANCIAL STATEMENTS AUDIT 2016/17 - ANNUAL GOVERNANCE REPORT (COUNCIL & PENSION FUND)	For information and comment	Ian Williams (Michael Honeysett)
2	STATEMENT OF ACCOUNTS 2016/17	To approve	Ian Williams (Michael Honeysett)

	September 2017	Decision	Group Director & Lead Officer
1	CLOSURE OF ACCOUNTS - UPDATE FROM EXTERNAL AUDITORS	For information and comment	Ian Williams (Michael Honeysett)
2	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
3	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
4	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield/?)
5	AUDIT COMMITTEE WORK PROGRAMME 2017/18	To approve	All

	January 2018	Decision	Group Director & Lead Officer
1	CERTIFICATION OF GRANTS & RETURNS 2016/17	For information and comment	Ian Williams (Michael Honeysett)
2	DIRECTORATE RISK REGISTER REVIEW – NEIGHBOURHOODS & HOUSING	For information and comment	Kim Wright (TBC)
3	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
4	CORPORATE RISK REGISTER	For information and comment	Tim Shields (Matt Powell)
5	REVIEW OF TREASURY MANAGEMENT STRATEGY 2018/19	To approve	Ian Williams (Michael Honeysett)
6	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield/?)
7	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
8	AUDIT COMMITTEE WORK PROGRAMME 2017/18	To approve	All

	April 2018	Decision	Group Director and Lead Officer
1	EXTERNAL AUDIT OPINION PLAN 2017/18	For information and approval	Ian Williams (Michael Honeysett)
2	DIRECTORATE RISK REGISTER REVIEW – CHILDRENS, ADULTS & COMMUNITY HEALTH	For information and comment	Anne Canning (Jackie Moyland)
3	DIRECTORATE RISK REGISTER REVIEW – FINANCE & CORPORATE RESOURCES	For information and comment	Ian Williams (Matt Powell)
4	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
5	INTERNAL AUDIT ANNUAL PLAN 2018/19	To approve	Ian Williams (TBA)
6	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
7	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield/?)
8	REVIEW OF WHISTLEBLOWING	For information and comment	Ian Williams (Michael Sheffield)
9	AUDIT COMMITTEE WORK PROGRAMME 2018/19	To approve	All

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