



AUDIT COMMITTEE

Wednesday, 17th January, 2018

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 Officer
Tel: 020 8356 3266
Email: Peter.Gray@hackney.gov.uk

The press and public are welcome to attend this meeting

AGENDA

Wednesday, 17th January, 2018

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Access and Information

Location

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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.

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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



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AUDIT COMMITTEE

WEDNESDAY, 13TH SEPTEMBER, 2017

Present: **Councillors:**

Cllr Nick Sharman in the Chair
Cllr Brian Bell (Vice-Chair),
Cllr Robert Chapman, Cllr Carole Williams

Officers: Ian Williams, Michael Honeysett,
Michael Sheffield, Julie Sharp, Matt Powell,
Bruce DeVile

1 Apologies for absence

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

2. Declarations of Interest

2.1 There were no declarations of interest.

3 Minutes of previous meetings

3.1 The minutes of the previous meetings held on 26th June and 25th July were agreed as a correct record.

4 Treasury Management Update Report

4.1 Michael Honeysett introduced the report providing an update on Treasury management activities for the reported period June 2017 to August 2017, enabling the Committee to monitor treasury activity throughout the financial year. The Council currently had just a £3.4m LEEF loan from the European Investment Bank to fund housing regeneration, having repaid the short term borrowing that was required to cash flow the purchase of the Morning Lane site. He also highlighted the impact of this on the current level of investments which had fallen from £194m to £116m as at 31st August. He told the Committee of the interest received over the period which had increased from £109K to £135k per month for the period June 2017 to August 2017, representing an average rate of 0.83%

4.2 Michael Honeysett also provided an update with regards to the introduction of the second Market in Financial Instruments Directive (MIFID II) with effect from January 2018 and indicated that officers do not believe the Council will have any issues opting up to professional status.

4.3 The Chair emphasised that the Council was moving into a more commercial environment with the associated increase in investment risks.

RESOLVED:

To note the report.

5 Performance Update

5.1 Ian Williams and Bruce Deville introduced the overview report providing an updated set of key performance indicators together with an update on risk management with a Corporate Scorecard (summarising the highest risks to the organisation as a whole) and accompanying commentary on the Council's risk approach. The report also set out the latest capital programme monitoring with enhanced analysis of the variances to the budget.

5.2 The Chair considered this a good step forward for performance overview and that the Committee needed to be reassured that any performance issues are signalled to it. He stressed the need to share performance issues with all Councillors. Councillor Rob Chapman highlighted that the indicators relating to housing repairs were showing as red in the report and asked what steps were being taken to rectify any difficulties. Ian Williams told the Committee that Kim Wright would be attending the next meeting of the Committee and would provide an update on housing repairs.

5.3 The Committee expressed its concern at the high numbers of households living in temporary accommodation in the Borough. Ian Williams told the Committee that a suite of measures were in place to mitigate against homelessness and would prepare a briefing note for members on this with a report back to the next meeting of the Committee.

ACTION: Ian Williams

The Committee further noted the increase in the time it took to process Housing Benefits new claims and wished to know how this compared to other areas. In response to a question from Councillor Chapman about the possible impact of a reduction in house prices in the Borough Ian Williams told the Committee that this could impact on income streams, particularly where capital schemes were relying on resale of private residential units for financing, which presented new risks for the Council.

5.4 Bruce Deville emphasised that work was ongoing on building more accurate measurements of performance. He reported that Member complaints would be fast tracked. The Chair was advised that the relevant senior officers from Neighbourhoods & Housing would be attending the next Committee meeting to present their risk register and would be available to talk about some identified performance issues as follows:

- Missed repairs appointments
- Repairs completed on the first visit
- Number of days to re-let void properties
- Length of time taken to complete local authority searches during house sales
- Impact on the transformation plan

5.5 It was noted that the Corporate Risk Register, with actions, would be submitted to the next meeting of the Committee in January.

ACTION: Ian Williams

RESOLVED:

(1) To note the performance indicators presented at Appendix 1 and the Risk Management Scorecard at Appendix 2 to the report.

(2) To note the current capital monitoring update at Appendix 3 to the report.

6 Audit & Anti-Fraud Quarterly Progress Report

6.1 Michael Sheffield introduced the report outlining the performance of the Audit and Anti-Fraud Service up to the end of August 2017, giving assurance that the service was being delivered to meet statutory responsibilities. The report covered the areas of work undertaken and information on current developments in Internal Audit and Anti-Fraud, together with statistical information about the work of the investigations teams. In relation to ensuring the service provided Value for Money, Michael Sheffield told the Committee that 31% was complete or in progress by 31 August 2017. He told the Committee that the Council's target for 2017/18 was that 90% of 'High' priority recommendations should be implemented in accordance with the agreed timescale. The implementation rate currently stood at 92% fully implemented by the agreed implementation date, with a further 5% partially implemented. He went on to report savings of nearly £1.9m from investigations for the reporting period.

6.2 There has been a drop in the number of properties recovered following investigation for tenancy fraud when compared to the same position last year. There were a number of reasons for this, including two current vacancies on the team which were in the process of being recruited to. While every effort was being made to return to previous levels of achievement, it was likely that the year-end recoveries would be lower than last year. The Investigations Team would be encouraging the Housing Department to report any concerns on tenancy fraud.

6.3 Councillor Brian Bell asked if the over claiming referred at page 72 of the report was against an existing contractor and whether criminal proceedings were underway. Michael Sheffield advised that the contractor was no longer working for the Council and that the investigation was ongoing. The Chair emphasised the need to closely supervise building contracts.

6.4 The Committee congratulated officers for very good work carried out on audit and anti-fraud.

RESOLVED:

To note Audit and Anti Fraud's progress and performance to August 2017.

7 Annual Report on Risk Management 2016/17

7.1 Matt Powell introduced the report informing members of the areas of work undertaken by the Corporate Risk Management Services during 2016/17 together with plans for the future.

7.2 The Chair raised the question of risk in the area of regeneration in the Borough and it was agreed that Stephen Haynes and Councillor Guy Nicholson be invited to the next meeting of the Committee to discuss this.

ACTION: Ian Williams

7.3 The Chair reported that there had been a recent CIPFA training session on risk and plans for the future and that it would be beneficial to hold a further session, especially for any new members on the Committee next year, on issues such as how the Committee oversees corporate risk in the Council. He further reported that CIPFA was updating its guidance on the role of Audit Committees. Ian Williams agreed to liaise with CIPFA to arrange a further training session for members. The Chair and Ian Williams agreed to work together on the content of the session.

ACTION: Ian Williams

7.4 The Committee noted that it was hoped to issue the certificate by the end of September.

RESOLVED:

To note the report of the Corporate Risk Management Service's outcomes for 2016/17.

8 Work Programme

RESOLVED:

To note the work plan and that the Annual report on the work of the Audit Committee be included.

9 Any other business that in the opinion of the Chair is urgent

9.1 There was no urgent business.

Duration of the meeting: 6:30 to 8:00 pm

Wednesday, 13th September, 2017
Chair at the meeting on
Wednesday, 13 September 2017

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TITLE OF REPORT

Audit Committee Performance Reviews – Repairs and Voids

**AUDIT COMMITTEE
MEETING DATE 2017/2018**

17 January 2018

CLASSIFICATION:

Open

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

WARD(S) AFFECTED

All

GROUP DIRECTOR

Kim Wright, Group Director Neighbourhoods and Housing

1. INTRODUCTION

This report has been requested by the Audit Committee following their review of the recent Risk and Performance Report of the Council. The report is for information and comment.

The Audit Committee felt the report highlighted a number of areas where they would like assurance that service improvements are in progress to address issues. Their stated aim was not to investigate what may, or may not, have gone wrong but to be reassured that work is in progress, or planned, to deal with the underlying issues. An update would also help the Committee take forward any necessary discussions with third parties, for example to press for changes in national or regional policies.

This paper addresses the request for:

A summary of service development work in progress in order to reduce the numbers of missed repairs appointments/repairs completed at first visit, for both our DLO and contractors, as well as the number of days to re-let void properties.

This report splits the request into two sections relating to repairs and voids.

2. REPAIRS

Request: Summary of service development work in progress in order to reduce the numbers of missed repairs appointments/repairs completed at first visit, for both our DLO and contractors

Housing Services are progressing an ambitious programme of service improvement for its Repairs Service. The Building Maintenance Improvement and Development Project has been progressing since mid-2017 with an aim to address a wide variety of performance issues, thus improving the repairs experience for Hackney residents. Key to this experience is ensuring appointments are made and kept and the repair is undertaken in one visit.

The scope of the project includes all teams related to the delivery and management of the repairs journey, including the Direct Labour Organisation (DLO), the exiting repairs client side who manage the external contractors, repairs call centre (RCC), and specialist teams i.e. the case management team. Relationships with other services that impact on the repairs journey, such as the work of the Property and Asset Management Team, are also explored in relation to particular issues, such as contract administration and management of specialist works e.g. electrical, mechanical and lift repairs.

The project builds on work that has previously been undertaken to strengthen repairs performance since the Housing Service moved back to the Council in

April 2016. This has led to improvements in RCC response times, completions on first visit, and appointments made /kept. However, there continue to be high levels of repeat calls to the RCC, often due to weaknesses in the repairs journey, shortfalls in completing urgent /emergency jobs on time, and low levels of repairs satisfaction.

The project has highlighted six work streams that collectively form a Project Plan and are designed to improve the overall repairs experience. These are as follows:

- a) **Promoting DLO expansion / growth** – it is proposed that the DLO could undertake work currently delivered by external contractors, with potential areas of expansion including domestic boiler installation replacements, painting and decoration (schools and housing), kitchen and bathroom replacement, and door entry. The performance of the DLO in relation to appointments kept and first time fixes is higher than external contractors and therefore expanding their work areas will support overall performance. There is also scope to develop a commercial offer for leaseholders. An incremental approach to growth will be developed, based on balancing capacity /capability, business growth potential, income generation and service quality.
- b) **Service restructure** – Housing Services have appointed a consultant to review the existing client side repairs structure and to recommend changes in regards to reporting and ways of working that will support our vision. This work is now producing recommendations in regards to:
 - (i) bringing the contractor /client side together to minimise duplication and ensure that the client function has the appropriate technical skills and expertise
 - (ii) identifying areas where additional capacity /skills are required e.g. surveying
 - (iii) reviewing the remit of, and relationship between, different teams and functions to promote effective work flows e.g. between the repairs call centre and job planning functions. This will support identifying the right operative attending to undertake the job first time
 - (iv) identifying opportunities for employee development and local employment initiatives
 - (v) changes to the structure will also align to the wider review of Housing Management and consider how contract administration can work more effectively where responsibilities are shared with Property and Asset Management
- c) **Repairs journey** – this builds upon previous work which has already led to improvements in repairs call handling, appointments kept, and right first time delivery. It recognises that there remains scope to drive improvements in: tenant satisfaction with repairs reporting /repairs; response times to emergency/urgent jobs; avoidable contact; and, more

generally, to ensure a stronger customer focus across the service. Work to address capacity, IT systems, and role clarity /responsibilities will support this work stream. There will also be an emphasis on tackling the smaller administrative issues which impact upon performance and customer perception e.g. failure to call back tenants, lack of up-to-date phone numbers, and incomplete job notes.

- d) **Information Technology** – the roll out of mobile working, where operatives receive job orders/visits directly to their phones, is now live with most DLO trades and the Surveying Team. This technology supports efficient working and automatic system updates enable the RCC to review progress in real time. It is anticipated the inclusion of the Surveying Team to mobile working will quickly improve the performance in regards appointments kept. This work-stream is also focusing on the incorporation of separate system improvement initiatives such as reporting repairs on line, texts to remind customers of appointments, tracking repair arrival times and the offer of more online repairs advice.
- e) **Finance & Value for Money** – this work stream is exploring the opportunity to achieve financial savings through a combination of securing new business, spreading overheads, and /or increasing the competitiveness with the local construction and maintenance market. Potential for efficiencies will also be explored through work on the repairs journey and service re-structure.
- f) **Accommodation** – to progress a relocation of the entire service to one location ensuring the service occupies accommodation better suited to its size and aspirations. This will also enable crucial co-location of functions that are currently in separate buildings such as the RCC, Planners, Case Management Team, Surveyors and the DLO

In performance terms the current reporting groups all contractors together, such as Purdy and Axis, and is therefore not a pure reflection of each contractor's performance. The Building Maintenance Improvement and Development Project will develop more complex methods of monitoring individual contractor performance. Once separated out and robustly managed via the new structure it will enable clear and targeted performance management and improvement. The re-structure recommendations are highlighting a need for a Service Improvement Team to be incorporated within the overall Building Maintenance structure to hold an overview of all contracts, thus enabling consistent monitoring and performance management.

3. VOIDS

Request: Summary of service development work in progress in order to reduce the number of days to re-let void properties

Since 1 April 2017, the Council has re-let a total of 432 voids (as at w/c 17 December 2017) with an average turnaround time of 69 gross (i.e. key-to-key)

days. November was a particularly positive month with 51 properties re-let in an average turnaround of 58 gross days. This compares with an average turnaround time of 64 days in the year 16/17, which shows a slight deterioration in overall performance for the year-to-date. Nonetheless, informal benchmarking work suggests that performance remains extremely good when compared against similar local authority landlords. Tenants Satisfaction – 80% of the residents sampled between April and September were satisfied with the overall condition of their property at the time of letting. In April the Council launched a pictorial lettings standard leaflet which provided clarity on what new tenants should expect when moving into their new home. This also serves to provide a more consistent approach to post-works inspections for officers.

Several issues have affected our ability to reduce re-let times in the current year. These are:

- a) **Time Taken to Re-service Void Property.** As at the end of November, 68% of minor voids works were completed outside the 21 day target. Ongoing issues with asbestos and electrical contractors, delays in void clearance, and shortages of key staff are reported as being the main contributory factors. The condition of the void and standard of repair at handback remains an area of focus.

It is believed the reduction in use of external contractors will see a reduction in days lost during the referral process and other built in delays. Clearances are now being carried out directly by the DLO. In due course, the in-house DLO Team will be also be placing asbestos orders directly through the Council's own Asbestos Team. This will give them direct management responsibility and better control over organising surveys and removals and with the possibility of a 15 day reduction in void turnaround.

- b) **Condition of Property:** A significant number of properties that have become void are in poor standard of repair. 232 voids have required more extensive works with 136 requiring full refurbishments. Voids with structural issues requiring technical input from surveyors, authorisation by Asset Management, and those with re-occurring leaks have the greatest impact on void loss as turnaround can sometimes exceed 120 days.

In addition to fortnightly progress meetings held with the DLO, the Voids Team are now scheduling a series for fortnightly meetings with the technical teams and introducing clearer responsibilities and new timescales for turnaround. Officers are also reviewing the policy of whether to recharge tenants for damage to the property and / or clearance when properties are left in poor condition.

- c) **Requesting additional works, i.e. decorating for elderly/vulnerable tenants.** The Council feels it is important to provide support/flexibility where we can for our most vulnerable residents as this ensures a smooth transition into their new home.

Although such requests are usually small in nature, they can often add around 5 days to re-servicing times, particularly as such works are requested towards the ending of the re-servicing period.

- d) **Lettings Process.** 2nd and 3rd shortlist requests are having to be made on several voids due to increased refusals and non-attendance at viewing appointments. This can significantly add to the void loss on the individual properties concerned. Delays of up to 2 weeks can be incurred when homeless households refuse an offer and the offer is enforced.

Analysis of the refusal reasons is currently being carried out to establish a better picture, and better understand the increase in non-attendance at viewings and rejection of properties. There are indications that some applicants are not reading the information about the property before deciding to bid. There is a suspicion that some applicants are placing bids simply to show that active bids are being placed. Information about the property could also be improved.

- e) **Storage after Eviction.** We have seen a small number of properties where the former tenant's personal belongings could not be removed and taken into storage due to infestation resulting in a 28 day void loss or held due to re-entry application before the courts. Storage process will be reviewed in 2018 to identify a more all-round cost-effective approach.
- f) **Late notifications of voids/keys.** This is an area that has given cause for concern, particularly around deaths. It will be important to ensure that staff changes resulting from the forthcoming Neighbourhood restructure do not have an adverse impact on void loss. The Voids Team will play an integral part in ensuring void loss is minimised by holding regular briefing sessions and closer liaisons with the new Neighbourhood Teams.
- g) **Pre-exit Inspections.** Briefing sessions on the importance of visiting properties before the tenancy ends were successfully carried out in June 2017 across all the Neighbourhood Offices. Although there has been some improvement in the overall number of inspections carried out, there is still room for improvement. A recent pilot scheme carried out on the Kings Crescent Estate, where joint pre-exit visits were carried out by the Estate Officer and Void Supervisors, proved particularly successful in gaining an early opportunity to identify both rechargeable and potential void repairs whilst giving the transferring tenant time to rectify any alterations/damage.
- h) **Staff shortages and staff changes.** Resourcing difficulties within Voids, Property Services and Lettings has had some impact on void loss. With the Voids & Disrepair Manager, Lettings Manager, Voids and Garage Manager positions now filled, increased staffing within the DLO, and a full complement of staff within the Lettings Team, officers are confident that void loss will be further reduced over the coming months.

- i) **Review:** A Voids Project Board has recently undertaken a void review which has looked at the following:
- (i) Reason for Voids
 - (ii) Pre-void activity
 - (iii) Voids Costs
 - (iv) The Lettings Process
 - (v) Post Lettings Activities
 - (vi) The Organisation of Voids

The findings are soon to be released and an action plan will be developed to implement the recommendations.

End of report.

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TITLE OF REPORT Local Authority Searches Performance	
AUDIT COMMITTEE MEETING DATE 2017/2018 17 January 2017	CLASSIFICATION: Open If exempt, the reason will be listed in the main body of this report.
WARD(S) AFFECTED All Wards	
GROUP DIRECTOR Kim Wright, Neighbourhoods & Housing	

1. INTRODUCTION AND PURPOSE

- 1.1 Members of Committee have raised concerns based on their casework about the length of time taken to complete local authority searches during house sales. Members wanted to see if there are problems in this area and, if there are, to be assured that there is work in progress to get performance back to acceptable levels. This report responds to those concerns, and sets out the current position of the Land Charges (local authority search) team.

2. RECOMMENDATION

- 2.1 Members note the content of this report with regard to the implementation of a new ICT system for local authority searches in accordance with the recommendations of the 2015 Audit of Land Charges.**

3. REASONS FOR DECISION

- 3.1 To update Members on a key recommendation of the 2015 Audit of Land Charges relating to the implementation of a new ICT system.

4. BACKGROUND

- 4.1 A 2015 Audit Report into the local authority search process identified significant inadequacies in the existing IT operating system (Headway) and strongly recommended that a new system be procured which would make the existing manual processes more efficient. The Planning Service and ICT had already commenced the process of procuring a new system, given Headway was significantly out of date. This was communicated to the Audit team who placed a deadline for the change to happen. This process was further accelerated by confirmation from the software provider that Headway would no longer be supported by its supplier from April 2017, and that in any case the system was not capable of implementing new VAT requirements placed on local authority searches from 2017/18.
- 4.2 The local authority search function was subsequently migrated to the M3 system (provided by Northgate) at the end of March 2017. M3 was already used by the Planning Service to process both Planning and Building Control applications, and the migration of local authority searches enabled all three functions to be integrated onto a single system. This was beneficial given that M3 is an existing system with a dedicated searches module, and will also be advantageous in the

future should Planning wish to procure a new ICT system given all functions are integrated on a single platform.

- 4.3 The outdated and manual nature of Headway resulted in a complex and less than straightforward migration of data to M3. As a consequence no local authority searches were processed during the transitional period in March 2017, and a backlog of searches was generated. Initial processing of searches on M3 was very slow, with an average turnaround time in April and May 2017 of 40 working days, in comparison to the usual 10 working days. By the end of April 2017 there were over 600 outstanding searches.
- 4.4 In anticipation of the problems caused by migrating to a new ICT system the Planning Service employed additional staff in the land charges team to help process searches during this transitional period, and prioritised urgent searches where a property transaction was close to the exchange of contracts. Where such cases were escalated to the Council, the search was completed within 48 hours of the escalation. These measures led to all outstanding searches submitted in April and May being completed in June, with dedicated staff also processing June and July searches to achieve an average of 15-20 working days turnaround times throughout the summer (although this was not always achievable during times of high volume submissions or where search requests were of a complex nature). Information was posted on the Council's website informing solicitors/search agents of delays, and letters were also sent to Search Agents informing them of delays and the Council's willingness to prioritise urgent requests.
- 4.5 By October 2017 92% of local authority searches were being processed within the usual 10 working days, and this performance improved further to 98% in November and 99% in December.
- 4.6 Whilst the Planning Service has apologised for the temporary disruption and responded to escalated queries and complaints diligently, the new system was a key recommendation of the 2015 Audit and will enable a higher quality of service to be sustained over the coming months.

Report Author	Ian Rae, Ext.8051, ian.rae@hackney.gov.uk
Comments of the Group Director of Finance & Corporate Resources	n/a
Comments of the Group Director of Legal	n/a

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Directorate Risk Register Review – Neighbourhoods & Housing

**AUDIT COMMITTEE
MEETING DATE 2017/2018**

17 January 2018

CLASSIFICATION:

Open

WARD(S) AFFECTED

All Wards

GROUP DIRECTOR

Kim Wright Group Director Neighbourhoods and Housing

1. INTRODUCTION AND PURPOSE

- 1.1 This report updates members on the current Risk Register for Neighbourhoods and Housing Directorate at January 2018 (attached). It also identifies how risks within the Directorate are identified and managed throughout the financial year and our approach to embedding risk management.
- 1.2 This report assists the Committee in its role of overseeing corporate governance and is presented for information and comment.

2. RECOMMENDATION(S)

The Audit Committee is recommended:

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

3. REASONS FOR DECISION

- 3.1 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 Directorate. Officers and members are then able to consider the potential impact of such risks and take appropriate actions to mitigate these as far as possible. Some risks are beyond the control of the Directorate 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. It will be highly unlikely, if not impossible, if there were never any red rated risk on the register. The important point is to know what they are and how they can be controlled and mitigated. The risk management process helps us to make such judgements, and as such it is important that Audit Committee is aware of this.

4. BACKGROUND

- 4.1 The directorate risk profile is reviewed and ratified by the Directorate Leadership Team (DLT) on a regular basis throughout the year; the current risk register was reviewed by DLT in December 2017. This report is presented as a high level risk management report for the Directorate.

4.2 **Policy Context**

All risk related reporting is in line with the Council's Risk Policy, ratified biennially by Audit Committee, and also fully supports the framework and ideology set out in the Risk Strategy.

4.3 **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.

4.4 **Sustainability**

This report contains no new impacts on the physical and social environment.

4.5 **Consultations**

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

4.5 **Risk Assessment**

The Directorate Risk Register is attached in Appendix one.

5. **Directorate Approach to the Management of Risk**

5.1 To ensure the management of risk within the directorate is effective, our risks are aligned to our directorate aims and objectives, which reflect corporate and the Council's priorities. Our focus is on the "place". We want to work in a joined up way in order to create, sustain liveable neighbourhoods. Our vision is that wherever people live they have the same high quality services, the environment is just as good and their life opportunities enable them to be just as successful. The directorate approach to embedding risk management at all levels of management is to create a culture that spreads best practice, identifies and communicates lessons learnt from both internal and external experiences. This approach runs through all levels of management from the directorate risk register, monitored and managed by DLT, through the divisional risk registers, managed and monitored by the Divisional Management Teams through to team and project risk registers.

5.3 Effective risk management anticipates and avoids risks where possible rather than dealing with the consequences of events happening. However, not all risks can be managed, particularly those that are caused by external factors over which the Council has no control e.g. nationwide austerity measures and introduction of new legislation. These are the risks that are likely to be rated high, and will require constant monitoring by senior management and

escalation to Hackney Management Team (HMT) for inclusion on the Corporate Risk Register.

- 5.4 The directorate risk register, attached at Appendix 1, comprises risks that cut across the Directorate's business and those which have the potential greatest impact on service delivery and the performance of the Directorate and Council as a whole. It is informed by the divisional and service risk registers and is maintained at Directorate level to ensure that risks are managed and monitored at senior management level.
- 5.5 The directorate risk register risks assesses risk in light of the controls already in place so that the register is focused on those key risks that could prevent the directorate from achieving its objectives. Any risk that DLT consider significant enough will be escalated to the status of a Corporate Strategic Risk as per the Council's risk impact guidelines. All other risks will remain as Directorate risks.

6 Directorate Risk Review

- 6.1 The Directorate Risk Register is comprised of risks that cut across the numerous services of Neighbourhoods and Housing and represent the most significant risks faced by the directorate.
- 6.2 The contents of the attached register tend to focus on the more negative, potentially threatening sides of risk to the Directorate, and Council, – looking at the consequences that might happen if a particular event occurs. However, with risk management there is often an opportunity connected with a potential risk where an upside can be exploited. This is referred to explicitly in the Council's Risk Strategy where it is stated: "if we focus on opportunities when assessing the merits of different possible solutions, this often allows us to look at bolder, more creative or innovative solutions - essentially to take greater risks, but calculated risks." In the case of the Directorate, there have been situations (as referred to in the Risk Register) where potentially negative events like funding cuts have occurred, or ICT problems impact service delivery and this has often led to improved efficiencies, and has served as an opportunity to streamline services, and encourage new and more effective approaches to an area of work. It should be stressed that the Directorate, in managing risks, strives to look for this positive angle within risk management.
- 6.3 The main changes to note from last year's register are:
- A new risk relating to solely to Fire Safety (NH DR 009) was escalated to the directorate and corporate risk registers in the summer following the tragedy at Grenfell. It should be noted that controls have always been in place to manage fire safety on our housing estates but the extra focus and scrutiny is now being applied to all elements of fire safety in the Borough. Audit Committee was advised of this in September and the risk has been reviewed and updated to reflect the latest position in respect of fire safety across our housing estates.

A report on the Council's response to the tragedy was reported to Cabinet in September which set what we have done to check and ensure the safety of our residents; what work is ongoing and what we intend to do in the future (pending the reports from the public inquiry).

We have worked very closely with both the London Fire Brigade and the Council's independent fire safety adviser in the development and implementation of the Housing Services Fire Safety Action Plan. The LFB Borough Commander attends the Housing Services Fire Safety Response Group meetings as and when needed to advise the Council on the fire safety work and ensure our compliance with regulatory requirements. In addition, our independent fire safety adviser attends the Housing Services Fire Safety Response Group on a fortnightly basis and feeds into the Housing Services Fire Safety Action Plan

One of the key actions we have taken is to develop a fire safety webpage to provide information and reassurance to our residents in respect of fire safety. The website includes frequently asked questions, downloadable copies of the two resident-facing letters, and a Fire Risk Assessment (FRA) map where all the FRAs have been published.

- The Contract, Procurement and Management risk (NH DR 007) has marginally increased in the last year in light of the internal audit investigation work currently ongoing. Housing Services are implementing increasingly robust controls to manage these contract related risks and we expect this risk rating to reduce over the coming year.

6.4 There is one red rated risk on the Neighbourhoods and Housing Risk Register, Housing Regeneration Programmes (NH DR 006). This rating reflects the external risk relating to drops in property values which could impact the viability of the schemes and the overall programme. The ongoing economic downturn and the impact of Brexit poses risks to the schemes that rely mainly or in part on disposal of assets or subsequent sale of newly developed sites. The Robust programme management and governance procedures ensure continued active management and oversight.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

7.1 Effective risk management 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 within services are made as a result.

7.2 The Directorate seeks to mitigate risks as they are identified. In some instances, where there are volatile external factors and uncertainty, this will be through seeking access to reserves maintained by the Group Director of Corporate Finance and Resources.

7.3 There are no direct costs arising from this report.

8. COMMENTS OF THE DIRECTOR OF LEGAL SERVICES

8.1 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.

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

APPENDICES

Appendix 1 **Neighbourhoods and Housing Directorate Risk Register**

EXEMPT

N/A

BACKGROUND PAPERS

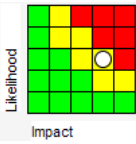

None

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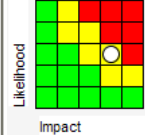

Neighbourhoods & Housing Directorate Risk Register – December 2017

Report Type: Risks Report

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>NH DR 002 Workforce INTERNAL RISK CURRENT RISK</p>	<p>Unprecedented changes in the public sector require numerous restructures, new ways of working and a change in culture at all levels.</p> <p>This leads to the risk of the workforce becoming demotivated resulting in a negative atmosphere amongst workers, impacting upon service delivery and leading to dissatisfied stakeholders.</p> <p>Also restructures may cause a temporary loss in efficiency as knowledge could be lost with experienced staff taking redundancies.</p> <p>Additionally, services across the directorate may struggle to effectively and successfully recruit for certain positions leading to a negative impact on service delivery.</p>	<p>Neighbourhoods & Housing</p>		<p style="text-align: center;"></p> <p>December 2017 -</p> <p>There are multiple causes which may contribute to staff lacking the skills set required to keep up with the needs of the required changes. These could be:</p> <ul style="list-style-type: none"> - A mismatch in training requirements - Training not fit for purpose - Inability to have the right number of staff with the adequate skills - Management resources are significantly diverted to deal with staff issues as opposed to strategic planning. <p>Consequences of this Risk occurring might include:</p> <ul style="list-style-type: none"> • Lack of strategic thinking • Lack of skill set results in failure in service provision • Opportunities missed • Inability to recruit to key positions • Retention of staff impacted • Staff morale impacted • Failure to deliver new ways of working which may impact on savings delivery. <p>Regarding recruitment problems, this is a risk which has already materialised to an extent but has the potential to become more problematic.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH DR 002a Workforce	Directors consider workforce issues as part of business planning and HR provides a framework of processes and procedures which will support both the Directorate and its staff through a significant period of transition.	Kim Wright	All Directors	Ongoing	December 2017 - Risk reviewed and updated.
NH DR 002b Workforce	Established a resilient system of identifying workforce training needs using Business Partnering arrangements (whereby each Head of Service links with the Organisational Development Team) across the Directorate	All Directors	Heads of Service	Ongoing	December 2017 - Risk reviewed and updated.
HCS DR 002c Workforce	There are detailed HR procedures and processes to deal with problems/instability created by restructures and these are carefully adhered to by the teams involved. All communication is regular and carefully considered	Dan Paul	All Directors	Ongoing	December 2017 - Risk reviewed and updated. Reference to these procedures may seem an obvious control, but adherence to them is crucial to provide assurance that all processes are followed correctly.
NH DR 004d Workforce	Clear policy framework for managing employment issues along with HR standards training and support for managers on key decision making helps ensure appropriate and correct decisions are made.	Dan Paul	All Directors	Ongoing	December 2017 - Risk reviewed and updated.
HCS DR 002e Workforce	Services will work with HR/OD on the following <ul style="list-style-type: none"> - Recruitment strategy review to identify other measures which can be taken into to promote Hackney as a great place to work - Review salary supplements in key professions to ensure they are providing market competitive salaries - Review career development paths within the services and also ensure that apprenticeships/trainee opportunities are being used to develop internal talents 	All Directors	All Heads of Service	Ongoing	December 2017 - Risk reviewed and updated.

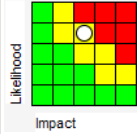

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
NH DR 003 Service Management – Reputation INTERNAL RISK POTENTIAL RISK	The Directorate fails to manage its services and as such an event (eg - service failure, serious human error) occurs which results in a large reputational impact for the Council.	Neighbourhoods & Housing		 December 2017 – The predominantly front line activities of the Directorate are delivered under such scrutiny a small failure has a disproportionate impact on reputation of the Council. Consequences of this risk occurring might include: <ul style="list-style-type: none"> • Poor perception of the Directorate with the Council and residents. • Extra work in dealing with reputational fall-out • Adverse media attention.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH DR 003a Communications and Consultation Arrangements	Communications and Consultation managed in partnership with the Council's communications teams through Heads of Services and Directors. Communications and Consultation plans are discussed and considered in partnership with Lead members on a regular basis.	Kim Wright	All Directors	Ongoing	December 2017 - Risk reviewed and updated.
NH DR 003b Programme Management and Governance	Robust programme management and governance procedures in place for Major programmes which include consultation and engagement requirement. Project Sponsor to produce a communications plan for each key project and programme to ensure effective stakeholder engagement	Kim Wright	All Directors	Ongoing	December 2017 - Risk reviewed and updated.
NH DR 003c Programme Management and Governance – Capital Projects	Robust programme management and governance procedures in place for key capital projects and programmes with project sponsorship at Director/Head of Service Level. Major schemes are managed via project boards to ensure reputational issues managed and project/programme outcomes delivered to required standard, on time and within budget	Kim Wright	All Directors	Ongoing	December 2017 - Risk reviewed and updated.
NH DR 003c Performance	Robust Performance management framework in place to	Kim Wright	All Directors	Ongoing	December 2017 - Risk

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Management Framework	<p>monitor service performance. Services are managed as part of the Council's performance management framework through the Directorate Leadership Team, divisional and operational management teams and supervision. There is a regular reporting framework on Co-valent to highlight areas of underperformance with follow up management action taken as required.</p> <p>There are also a range of Quality Assurance systems in place to ensure service standards are monitored and maintained.</p>				reviewed and updated.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>NH DR 004 Management of changes in support services INTERNAL RISK CURRENT RISK</p>	<p>The resources available in support services have been reducing and there is the potential that the Directorate might not effectively manage this reduction in support.</p> <p>There is a heightened risk of reducing the health and safety resource across the Council and its impact on this directorate given the proportion of manual and front line workers.</p>	Neighbourhoods & Housing		<p style="text-align: center;"></p> <p>December 2017 – The Directorate is reliant on support services within the Council to deliver effectively.</p> <p>Consequences of this risk occurring include:</p> <ul style="list-style-type: none"> • Failure to deliver business objectives • Failure to make savings and balance budgets • Reduced flexibility to respond to changing priorities • Services not improved • Impact on transformational change • Delays to other work • Stress to staff • Health & Safety management is compromised

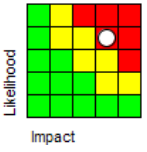

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH DR 004a Staff Training	Senior Managers will ensure that focused training for staff on new support service processes, such as My Budget, is provided to ensure managers are aware of and can manage any impact their roles and responsibilities	All Directors	Heads of Service	Ongoing	December 2017 - Risk reviewed and updated...
NH DR 004b Training and Development Plans	Training needs arising from the reductions in support services will be identified and built into the directorate training and development plans.	All Directors	Heads of Service	Ongoing	December 2017 - Risk reviewed and updated.
NH DR 004c Directorate Leadership Team Oversight	Directorate Leadership Team to maintain oversight of changes to support services and feedback service requirements to facilitate enable smooth transition to new arrangements	Kim Wright	All Directors	Ongoing	December 2017 - Risk reviewed and updated.
NH DR 004d Health & Safety - Policy Framework	The Council's Health & Safety policy framework, training and advisory services for team/managers ensures risk of injuries in the workplace are avoided as fully as possible.	All Directors	All Heads of Service	Ongoing	December 2017 - Risk reviewed and updated.
NH DR 004e Health & Safety - Training	All operational managers received health and safety training for managers. All employees receive health and safety awareness training appropriate to their role	All Directors	All Heads of Service	Ongoing	December 2017 - Risk reviewed and updated.
NH DR004f Financial Management - Training	Finance officers work closely with Service managers to support their decision making with timely and accurate financial information. Financial training for non-financial managers in place and risk based budget monitoring in place to identify issues, risks and opportunities to support service delivery.	Deirdre Worrell	Simon Theobald	Ongoing	December 2017 - Risk reviewed and updated.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
NH DR 005 ICT Infrastructure INTERNAL RISK CURRENT RISK	The directorate is reliant on the ICT infrastructure to deliver its services effectively. There is a risk that there is a mismatch between required needs and ICT capacity to deliver. If there is a failure to deliver, a likely consequence would be serious disruption and potential service failure	Neighbourhoods & Housing		<p style="text-align: center;"></p> <p>December 2017 - ongoing. Key factors which could lead to this risk occurring include:</p> <ul style="list-style-type: none"> - Lack of understanding of ICT to keep up with business needs and an over reliance on process as opposed to outcomes. - Response times - Understanding of impact on services and priorities

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
				<p>- Lack of identified officer in ICT i.e. for system responsibility and ownership</p> <p>This may lead to:</p> <ul style="list-style-type: none"> • Failure to deliver business objectives • Inability to delivery further productivity gains and the make savings required to balance budgets over the medium term • Reduced flexibility to improve services due to the ICT systems being unfit for purpose. • Inability to streamline service processes to improve service for the customer • Impact on transformation • Delays to other work • Reduction in confidence to take on changes/ability to deliver by ICT • Increase in service resource and stress to staff

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH DR 005a Governance arrangement for ICT Projects	Robust Governance arrangements are in place to manage ICT transformation projects with ICT expertise on project and programme boards	Kim Wright	All Directors	Ongoing	December 2017 - Risk reviewed and updated.
NH DR 005b Partnership Approach with ICT colleagues	Service managers liaise regularly with ICT colleagues to resolve system issue and introduce service improvements.	Kim Wright	All Directors	Ongoing	December 2017 - Risk reviewed and updated.
NH DR 005c Support Systems	Support systems are all in place to provide advice and back up when required for all service critical systems. This includes FAQs for customer services to enable them to support customers when the ICT systems fail.	All Directors	Head of Service	Ongoing	December 2017 - Risk reviewed and updated.
NH DR 005d Supplier Management	Service and Contract reviews regularly held and documented with all major suppliers. Business Analysts/Project Managers assigned to projects from business case development onwards. Legal	Directors in partnership with Rob Miller, Director ICT	Heads of Service with ICT	Ongoing	December 2017 - Risk reviewed and updated.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	services engaged during procurement process.				

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
NH DR 006 Regeneration Programmes EXTERNAL RISK CURRENT & FUTURE RISK	<p>There are a number of key risks which require careful management between Regeneration and a range of services across the Council, including finance, procurement and planning.</p> <p>Major risks are associated with:</p> <ul style="list-style-type: none"> Risks around certainty of future funding, and the need to contain borrowing within the HRA Debt Cap. If this is not contained, there will be serious financial consequences. Procurement and performance related risks with developer/contractor partners Falls in property values could impact the viability of schemes. Managing increased risks to social cohesion associated with potential increased polarisation, greater transience and reduced housing affordability. <p>An uncertain economic environment, particularly as a result of Brexit, poses risks to projects that rely mainly or partly on disposal of assets or the subsequent sale of newly developed properties.</p>	Neighbourhoods & Housing		 <p>December 2017 - There are significant regeneration projects ongoing within the borough (including the nationally significant Woodberry Down programme), borough-wide Estate Regeneration schemes and new build affordable housing with significant borrowing requirements which, if not carefully project managed could adversely impact the Council's overall financial position.</p>

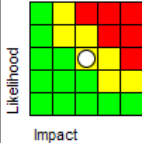

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH DR 006a Regeneration Programmes	Application of sound programme and project management methodology for delivery of complex programmes and projects including reporting where agreed tolerances have been exceeded, and financial assessment of business cases including those that need to be revised.	Kim Wright	John Lumley	Ongoing	December 2017 - Risk reviewed and updated.
NH DR 006b Regeneration Programmes	Robust programme management and governance procedures in place for key capital projects and programmes with project sponsorship at Director Level.	Kim Wright	John Lumley	Ongoing	December 2017 - Risk reviewed and updated.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	Major schemes are managed via project boards to ensure reputational issues managed and project/programme outcomes delivered to required standard, on time and within budget				

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
NH DRH 007 Contract Procurement and Management in Housing Services EXTERNAL RISK CURRENT & FUTURE RISK	<p>Poor procurement decisions result in non-viable contracts being awarded to non-viable contractors. Poor contract management results in poor resident satisfaction and unjustified cost and time overruns.</p> <p>As a result of poor contract management revenue is lost or charges applied that are not justified leading to a clear financial loss to the Council and also negative reputational consequences</p>	Neighbourhoods and Housing.		<p style="text-align: center;"></p> <p>December 2017 - Risk has marginally increased in the light of the investigation work currently ongoing. A major investigation is well underway into external contractors and how their relationship with the Housing Division (formerly Hackney Homes) has been managed, and whether the work actually completed accurately corresponds to the charges which have been levied. There are also new areas of concern where investigations are commencing. Also scrutiny is being applied to the quality and accuracy of their work. All this ultimately relates to the Council ensuring it gets the best deal for its money.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH DR 007a Contract Specification in place	Contracts clearly define the requirements of the business.	Calvin Fisher		02-Mar-2018	November 2017 - Risk reviewed.
NH DR 007b Tender Stage process followed	Robust tender process in line with EU procurement law and council standing orders.	Calvin Fisher	Each Contract Manager	02-Nov-2017	November 2017 - Risk reviewed.
NH DR 007c Contract Monitoring and Fraud Prevention	Restructure of Asset Management Team is based around the new contracts and clarity of responsibility for the contract managers in line with the contract manual.	Michael Scorer	Calvin Fisher	02-Mar-2018	November 2017 - Risk reviewed.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	Key performance indicators in placed and used to manage the contracts. Final accounts prepared in a timely manner. Regular contract audit.	Calvin Fisher Calvin Fisher Michael Sheffield	Contract Managers Contract Managers Patrick Sanders Wright		
NH DR 007d Review of form of Contract	The Contract options are being reconsidered to ensure that the contract form is fit for Hackney's purpose.	Michael Scorer/ Rotimi Ajilore	Calvin Fisher	02-Mar-2018	November 2017 - Risk reviewed.
NH DR 007e Detailed Council guidance in place for Procurement, Partnership and overall Contract Management	There is detailed supporting guidance available for all elements of the procurement process, including detailed Risk Assessment tools and specialised Partnership guidance.	Rotimi Ajilore	Contract Managers	02-Mar-2018	November 2017 - Ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
NH DR 008 New Government policies affecting housing EXTERNAL RISK FUTURE RISK	As a result of the new policies affecting housing (mainly contained within the Housing & Planning Act 2016), the Council's financial position may be adversely affected, constraining its ability to invest in the development of new affordable homes. Many of these policies could also have damaging consequences for the local community and many people currently living in Hackney. Homelessness Reduction Act - Implementation will start in 2018. The impact of the Act will be significant for the Council taking into account the impact of the 56 day 'nowhere safe to stay' duty, changes to s21 notices, the additional reviews anticipated and the additional resources required to carry out assessments and manage the necessary additional temporary accommodation. The total cost could amount to up to £11.4m in year 1, as well as placing significant additional strain on the Council's temporary accommodation estate.	Neighbourhoods and Housing.		 <p>December 2017: The Government is introducing a number of policies affecting housing, mainly through the Housing & Planning Act 2016 and secondary legislation</p> <p>. Those likely to pose the greatest risk to the Council include:</p> <ul style="list-style-type: none"> - An annual 1% reduction must be applied to social housing rents up to 2020. This will have an impact in terms of the income that the Council receives to fund its housing activities, for example potentially affecting the level of investment that can be made in building new homes. - The 'forced sale' of 'higher-value' council homes to help fund the extension of Right to Buy to housing association tenants. This will involve the Council paying an annual levy to Government, based on assumptions about the

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
				<p>value of homes that become vacant. The full detail of how this policy will operate is not yet known, but may not now be known until the Government completes its Right to Buy extension pilot in 2018. It is estimated that some 700 council homes may have to be sold in the first five years of the policy.</p> <p>- Starter Homes: The Government is planning to relax its proscription on local planning authorities to promote the provision of Starter Homes on new housing developments. The proposed quota of 20 per cent of homes on all sites has also been replaced with a lesser requirement that 10 per cent of homes be built for 'affordable home ownership'. Starter Homes will be valued at a discount of 20% on local market values, but can be up to £450,000 in London. Eligibility for Starter Homes has now been restricted to those with an annual income of £90,000 or lower in London and cash buyers will not now be eligible. Buyers will not be able to sell their home on at full value for a period of 15 years. Given extremely high house prices in Hackney, the Council's view is that Starter Homes should not be defined as 'affordable housing' as, if they are, there could be a high risk that these could squeeze out the provision of genuinely affordable homes such as social housing and shared ownership on new developments.</p> <p>The risk matrix will be updated as soon as further details of the Government's policies are known, and analysis of the impact has been completed.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	Detailed analysis is being carried out regarding the likely impact of these policies, both internally and with other boroughs and	John Lumley	Nigel Minto	08-Mar-2018	Updated November 2017

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	<p>representative organisations. In the case of the Forced Sales levy, this analysis is currently hampered by having few details about how the scheme will operate. However as assessment of the potential impacts is being carried out on a range of assumptions and scenarios.</p> <p>Individually and with other boroughs, the Council continues to actively making the case to Government for flexibilities to mitigate the adverse effects of these policies.</p> <p>Once the detailed Statutory Instruments have been published (timescales still unclear), the likely impacts of the various policies can be more accurately be assessed and work can continue on preparations to implement the measures in a way that best mitigates the impacts on the Council and residents.</p> <p><i>1% reduction in rents:</i> The current HRA savings plan delivers a fully resourced HRA business plan and keeps HRA borrowing below the debt cap. The HRA business plan is monitored annually as part of the budget setting process, taking into account arising cost pressures, changes in government policy and legislation, and any service changes.</p> <p><i>Forced Sales Levy:</i> To mitigate the impact of this policy, the Council intends to develop a disposal and investment strategy that:</p> <ul style="list-style-type: none"> - minimises the impact on mixed communities and meets the highest priority housing needs; and - raises the funds necessary to both pay the levy and provide genuinely affordable replacements. <p><i>Starter Homes:</i> The Council has made and continues to make the case to Government that Starter Homes should not be included within the definition of 'affordable housing' in Hackney. We will work with the London Mayor to help make the case for a workable implementation of the initiative in London and, through the Local Plan review, ensure that this is addressed in local planning policy.</p>				

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
NHDR 009 Fire Safety INTERNAL RISK FUTURE RISK	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.	Neighbourhoods & Housing		<p>In the light of the Grenfell tragedy and the increased focus on materials / workmanship on Council properties nationally, this risk related solely to Fire risk has been immediately escalated to Directorate and Corporate level.</p> <p>As the controls below demonstrate, detailed work continues to take 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
NHDR 009a Fire Risk Assessments	Complete new Fire Risk Assessments (circa 1,800) for all of our stock in order to provide reassurance to residents. Publish all new Fire Risk Assessments on the Council's website. Ensure that these new Fire Risk Assessments (FRA) are undertaken by suitably qualified assessors and that the assessments they produce meet strict quality standards. 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). A risk-based programme of FRAs has been developed to ensure that all buildings have a FRA on at least a rolling annual basis.	Kim Wright Michael Scorer Kim Wright Michael Scorer Michael Scorer	Michael Scorer Richard Sorensen Michael Scorer Calvin Fisher Richard Sorensen	Ongoing	December 1017 All Fire Risk Assessments (FRA) for our buildings, 1,800, have been completed and are published on the Council's website. A recommendations tracker has been developed and all FRA recommendations will completed within the allotted timescales. The highest priority recommendations we implemented immediately. This database will enable the tracking of FRA recommendations and the publication of both FRAs and progress against recommendations. Development of the tendering

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	Procure a new supplier for Fire Risk Assessments for the next three years. Ensure that resources are in place to continue the cycle for FRAs pending the appointment of a new supplier.	Michael Scorer	Richard Sorensen		documentation is in progress and it is anticipated that the tender will go out in February. Due to the local elections in June it is expected that the new contractor will be in place in August. Interim agency arrangements are in place to manage the programme until that point.
NHDR 009b Fire Safety	A Housing Services Fire Safety Group has been established, chaired by the Director of Housing, which will oversee all work undertaken across Housing Services to enhance fire safety in the Council's Housing Estates. The membership of the group includes and independent fire safety expert. Ensure the delivery of the Housing Services Fire Safety action plan through monthly monitoring and reporting to the Housing Services Fire Safety Group.	Michael Scorer	Ian Marriott	31 Mar 2018	December 2017 The Housing Services Fire Safety Group has been meeting on a fortnightly basis since the Summer, has agreed and action plan and is on track to deliver the work plan.
NHDR 009c Fire Safety – high risk blocks	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). Carry out additional non-FRA inspections across our high rise blocks in order to provide a visible presence across the Borough. Carry out any other ad hoc fire safety inspections that are required	Kim Wright	Michael Scorer	31 Mar 2018	December 2017 FRAs: The risk-based Forward Plan has been signed off and blocks/properties have been allocated to the new suppliers. Following the swift organisation of a training 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. Recommendations are being implemented within the allotted timescales
NHDR 009d 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	December 2017 An accredited specialist company has already been appointed to assist in these extra investigations. This work is

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
					<p>now complete and this control will be removed.</p> <p>Any priority work identified will be actioned immediately.</p>
<p>NHDR 009e Fire Safety – everyone’s responsibility</p>	<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>	Michael Scorer	John Wheatley	Ongoing	<p>December 2017 Communications Strategy is in place and reviewed/updated 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 names in Parking Services so that they can raise any new issues immediately.</p>
<p>NHDR 009f LFB meetings</p>	<p>Develop robust arrangements for meeting regularly with the London Fire Brigade (LFB) to consider fire risk assessments and safety on our estates.</p>	Tim Shields; Kim Wright	Michael Scorer	Ongoing	<p>December 2017 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. This group has now been stood down as the work streams and action plans are embedded into Business as Usual, i.e. the responsibility of relevant Service Directors.</p> <p>Our Independent Fire Adviser now attends the fortnightly meetings of the Housing Services Fire Safety Group in order to provide us with ongoing advice.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
					<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 took place in September.</p> <p>Michael Scorer, Director of Housing met with the Borough Commander and the Head of LFB's Fire Safety Inspection team in early September and agreed working arrangements going forward.</p>
NHDR 009g 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 recommendations coming out of the most recent FRAs, current policy guidelines and agreeing a strategy for dealing with them. • 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. 	Michael Scorer	Ian Marriott/ Richard Sorensen	31-Mar 2018	<p>December 2017</p> <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> <p>It should be noted that the highest priority recommendations arising from the FRAs are implemented within the allotted timescales – i.e. P0 – implemented immediately.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	<ul style="list-style-type: none"> • 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>		Nigel Minto		



CORPORATE RISK REGISTER REVIEW - JANUARY 2018

AUDIT COMMITTEE MEETING DATE 2017/18 17 January 2018	CLASSIFICATION: Open
WARD(S) AFFECTED All Wards	
Ian Williams, Group Director Finance and Corporate Resources	

1. INTRODUCTION AND PURPOSE

- 1.1 This report updates members on the current Corporate Risk Register of the Council as at January 2018 (attached). It also identifies how risks within the Council are identified and managed throughout the financial year and our approach to embedding risk management.
- 1.2 This report assists the Committee in its role of overseeing corporate governance and is presented for information and comment.

2. RECOMMENDATION(S)

The Audit Committee is recommended:

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

3. REASONS FOR DECISION

- 3.1 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 these 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 Audit Committee is aware of this.

4. BACKGROUND

The current Council risk profile was reviewed and ratified by the Hackney Management Team (HMT) on 12 December 2017. In discussions and meetings with Directorate Risk Champions, various Heads of Service/Directors and other managers in different services, ideas and proposals on new risks and the current risks have been discussed, before the review being brought to HMT. Numerous risks have changed or now exist in different circumstances compared to when last reviewed by Committee in June 2017.

4.1 Policy Context

All risk related reporting is in line with the Council's Risk Policy, ratified biennially by Audit Committee, and also fully supports the framework and ideology set out in the Risk Strategy.

4.2 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.

4.3 Sustainability

This report contains no new impacts on the physical and social environment.

4.4 Consultations

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

4.5 Risk Assessment

The relevant Risk Register is attached in Appendix one.

5. CORPORATE RISK REVIEW

5.1 The Corporate Risk Register comprises risks that cut across the Council's Directorates, which could potentially impact on overall strategic objectives.

5.2 The contents of the attached register tend to focus on the more negative, potentially threatening sides of risk to the Council – looking at the consequences that might happen if a particular event occurs. However, with risk management there is often an opportunity connected with a potential risk where an upside can be exploited. This is referred to explicitly in the Council's Risk Strategy where it is stated: *"if we focus on opportunities when assessing the merits of different possible solutions, this often allows us to look at bolder, more creative or innovative solutions - essentially to take greater risks, but calculated risks."* In the case of the Council, there have been situations (as referred to in the Risk Register) where potentially negative events like funding cuts have occurred, or new legislation has been issued. In fact, this has often led to improved efficiencies, and has served as an opportunity to sometimes streamline services, and encourage new and more effective approaches to an area of work. It should be stressed that the Council, in managing risks, strives to look for this positive angle within risk management.

5.3 The main changes to note from last year's register are:

- Risk 1 – National and International Economic Downturn

This risk has now evolved quite significantly since it was first included on the Corporate Risk Register, but it remains critical.

The Conservative Government (and the coalition one before that) have put in place a series of measures that it feels will position the UK economy strongly to mitigate the impact of the current financial problems. The Council has a further £34m of efficiency savings to achieve by 2021/22 and this presents a significant challenge. The EU Referendum decision in favour of Brexit (and subsequent triggering of Article 50) and post (June 8th) election uncertainty have introduced further risks of a negative financial impact (which is already materialising, particularly due to the current weakness of the pound). The increase in interest rates (from 0.25% to 0.5%) in November 2017 hints at a slight improvement in some areas.

- Risk 1b – Impact of BREXIT vote

The climate is no less volatile today than in the immediate aftermath, so the score / risks remain high. With Article 50 now triggered, the actual relationship that Britain will negotiate with the EU will determine many aspects of the country's direction and prosperity in the future. In light of the 'divorce' settlement agreed in December 2017, there now seems less chance of an 'unruly' exit (and the economic uncertainty that would ensue) and guarantees the rights of EU citizens living in the UK. Therefore, to a certain extent, risks of a 'hard' Brexit have receded.

The EU Referendum result also influences a number of other risks on this register, such as the impact of New Legislation and also Pensions (and the financial impact Brexit may have on them).

- Risks 6 & 7 – Regeneration.

This is a new iteration of the regeneration risk, just updated by the Director of Regeneration, and particularly important in the light of the Council's plans for future development. Clearly this will involve considerable borrowing and an exposure to external influences in the future.

- Risk 10 – Pensions & Risk 33 – Management of Data.

The Pensions risk has been on the register for a number of years, albeit has changed in that time. A new risk has now been escalated to accompany the overall Pension risk, relating to the Management of Pensions Data which has become an area of serious concern worthy of appearing on this risk register.

- Risk 13 – New Legislation (cross Council).

The (previous) Coalition Government announced a number of organisational change proposals when in power, which continued under the Conservative Government (still in power with a reduced majority, following 8 June election). The Care Act 2014 continues to impact clearly on work within CACH, whilst last year's Housing and Planning Act 2016 will clearly affect future service delivery. There was also serious potential for upheaval with the proposed Education Bill last year. However, this was scrapped although further proposals are anticipated. As of 23 June 2016 (and then the triggering of Article 50 on 29 March 2017), the results of the EU Referendum introduce a new area of legislative uncertainty, although GDPR will definitely be occurring in May 2018. The future following the Queen's speech remains uncertain but is sure to include some legislative upheaval.

- Risk 18 & 18b– Workforce and recruitment

Another risk resulting from austerity measures is the impact it is having on staffing levels and accompanying restructures. This could clearly impact on efficiency levels. In addition, to meet the financial challenges ahead, it will be necessary for the Council to have a more agile workforce and not one constrained by traditional custom and practices. The Council will also need to compete with other organisations to get the best candidates so pressure will be put on increasing salaries (or offering salary supplements like ICT) and other work benefits. There has been continued pressure to successfully recruit, especially in some specific areas like ICT, Social Care and Highway Engineers. There is also a risk of a loss of knowledge, as a large number of long serving staff take redundancies.

- Risk 20b – Corporate Resilience

This is a new iteration of the risk previously more about Business Continuity (within ICT), emphasising the importance of the Council being suitably prepared to respond and adapt to incremental change and sudden disruptions. Clearly, failure to do this would impact massively on our ability to effectively deliver services and HMT decided this should be escalated to Corporate level.

- Risk 21 – ICT Security

The Director of ICT has escalated a number of new versions of risks to the Corporate register. The Information Security risk (and controls to mitigate its potential impact) is of particular importance, especially in the light of the recent NHS cyber-attacks and the problems affecting BA, and amended descriptions reflect this.

- Risk 23 - Person suffers significant harm

This risk related to child welfare initially but after discussion at HMT was broadened to encompass all persons at risk in the Borough (including Council staff), and the safeguarding steps the Directorates are taking to protect them.

- Risk 24 – Devolution
Initially, in early 2016 HMT raised the risk relating to the increased devolutionary powers the Government was proposing and the risks that that may create. Since then, the dust has settled a little and this risk has clearly evolved into something of an opportunity, so much so, that the Council has shown intentions to embrace it by its recent commitment to Integrated Commissioning (with the joint Board with the CCG now set up, having been signed off by Cabinet).
- Risk 25 – Contract Management (and the potential of fraud)
This risk has evolved in the last year, with investigations ongoing but Housing Services are also implementing increasingly robust controls to manage contract related risks.
- Risk 27, 28 & 29 – Hackney Learning Trust related risks. Impact of government reforms, SEND funding and serious safeguarding failure in a school.
Two new risks from Hackney Learning Trust have been escalated to Corporate level. The SEND funding is critical at the moment, as the number of pupils qualifying for SEN statements is increasing (and definitely looks set to continue), which is sending the budget into clear deficit. Also there is a newly escalated risk regarding a serious safeguarding failure in a school and the extremely negative impact this would have on Hackney Learning Trust.
- Risk 30 – Temporary Accommodation.
HMT requested a specific risk relating to Temporary Accommodation, and the pressures it is putting on finances between the subsidies provided and the actual costs of meeting the need. This was escalated to the Corporate Register in July 2017.
- Risk 31 - Fire Safety
This risk was updated to reflect the climate post Grenfell and escalated to the Corporate register. The Council was already undertaking multiple measures to manage these risks and the controls here should now provide clear assurance.
- Risk 32 – Integrated Commissioning (IC)
In light of this joint working, with a full IC board having been set up and signed off by Cabinet, an overarching risk pertaining to this work has been escalated to Committee, with the full sign off of HMT.

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

- 6.1 Effective risk management 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.
- 6.2 Whilst consideration of the risk register has no direct financial impact, many of the risks identified therein would have financial impact if they were realised. They therefore continue to be monitored to ensure that they are controlled to an acceptable level and that future actions to manage the risks are on track.

7. COMMENTS OF THE DIRECTOR, LEGAL SERVICES

- 7.1 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.
- 7.2 Continuous review of the Risk register and impending legislation referred to is key to ensuring that the Council remain in control of the management of risk.

APPENDICES:

Appendix one - Hackney's Corporate, Strategic risk register.

BACKGROUND PAPERS

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

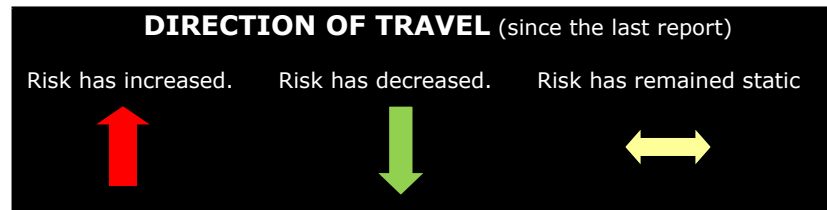
None

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Hackney Corporate Risks December 2017

Report Type: Risks Report


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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 47</p> <p>SRCR 0001 National and International Economic Downturn EXTERNAL RISK CURRENT & FUTURE RISK</p>	<p>There is an ongoing risk to the Council's finances arising from austerity measures that the Government are continuing to take. This is now likely to be compounded by the effects of the impending Brexit (and another general election in June 2017). There is the challenge of finding around a further £34m of efficiency savings up to 2021/22 and possibly more beyond that time. This poses a risk that as a result of reductions made to services and overall funding, the quality and outcome of work impacts adversely on stakeholders, leading to local dissatisfaction and damage to the Council's reputation. Tighter finances result in less capital, repossessions, and potential developments frozen, affecting potential economic development and social infrastructure. This all contributes to a risk of real poverty and inequality emerging in areas of the Borough.</p>	<p>Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing</p>		<p style="text-align: center;"></p> <p>November 2017. Risk ongoing due to continuing and proposed cuts by the government. Recent revenue budgets and Capital Programmes have been put together against the backdrop of some of the most significant reductions in Central Government support to Local Government since World War Two. The result of the EU Referendum on June 23rd 2016 and the subsequent plans for Brexit (cemented by triggering Article 50 on 29/3/17), is already proving to have a negative financial impact, although not perhaps as severe as some economists predicted. The increase in interest rates (from 0.25 to 0.5%) in November 2017 hints at a slight improvement in some areas.</p> <p>2016/17 Central Government cuts mean that Hackney must work with £110 million less a year than in 2010, while rising costs and increased demand for services have added a further £42 million of expenditure for the Council to find each year. In fact local authority core funding has reduced by 35% over the period 2010/11 to 2017/18. The total budget for 2017/18 was £1,074 million, down £17 million on the previous year. All these points illustrate the undeniably challenging financial predicament of the Council.</p> <p>Clearly, this risk is ongoing and the need for efficiency savings</p>

				will not diminish in the foreseeable future (especially with Brexit). Therefore this will have an impact on the Council which needs to be carefully managed. Proposals are being developed to manage an expected further reduction in resources of approximately £34m by 2021/22. Score remains at 20 with no movement due to the extremely high impact of the financial consequences.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0001B National and International Economic Downturn	There is a need to ensure that the Medium Term Financial Plan accurately reflects best estimates of future funding levels. Financial planning will be constantly diligent and reflect the changing circumstances of budgets available. Also, controls from other related risks are relevant, e.g. Regeneration projects and Recruitment and Retention [increasing access routes into the Council's employ].	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Ian Williams	31-Mar-2018	November 2017 - action ongoing. Progress made in various areas should provide assurance that even in challenging circumstances, the Council is well placed to manage its duties.
SRCR 0001A National and International Economic Downturn	Whilst the overall risk is external and largely beyond control of the Council, there is a clear need to identify, implement, monitor and resource the delivery of significant reductions in expenditure and to ensure the services that continue to be provided are resourced adequately. Also, Officers' advice to members needs to be explicitly clear as to what can and cannot be delivered including the organisations ability to deliver and implement the commitments contained within the local manifesto.	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Ian Williams	31-Mar-2018	November 2017 - action ongoing.
SRCR 0001D National and International Economic Downturn	Savings proposals were developed and agreed with members in order to bridge the forecast reduction in resources in 2017/18 and subsequent financial years. At the same time, the capital programme is subject to review to ensure that available resources are used to deliver Council priorities. Several measures, including a senior management restructure, a reduction in the use of agency staff and the introduction of a Corporate VR scheme have been used to reduce overall expenditure levels across the Council. This is already resulting in considerable savings to help mitigate the risk of funding cuts.	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Ian Williams	31-Mar-2018	November 2017 - ongoing. The Senior Management restructure has now been completed and the final transitional arrangements came to an end in April 2017.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0001A Brexit Implications EXTERNAL RISK CURRENT & FUTURE RISK	Following on from the UK's vote in favour of leaving the EU in June 2016, the fallout from this is likely to produce some serious risks to the Council and country as a whole. Financial issues (external to the Council) could impact massively on income levels, spending ability, and general resources across all areas. Also risk of hate crime occurring. Stock markets could fall significantly resulting in a serious impact to the Council's pension funds. The likelihood of an increased triennial	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		 November 2017 – Article 50 was triggered on March 29 th 2017, formally commencing the exit process. This risk increased at the last review a few months ago, as the process had become a reality and problems such as the pound's weakness have caused the

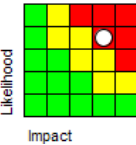

	<p>valuation is much higher, and the risk of the need for increased general contributions emerges. Also with reduced interest rates, Brexit could continue to impact on treasury investments.</p> <p>The impact of Brexit on exchange rates for Sterling means that there is a risk of material cost increases due to the direct and indirect impact on pricing for software and hardware (the Council may see price rises as suppliers pass on increased costs affecting their own ICT services).</p>			<p>Council some clear losses in purchasing (especially ICT equipment which is bought in dollars). The risk has now remained static since that review. Additionally, in light of the 'divorce' settlement agreed in December, there now seems less chance of an 'unruly' exit (and the economic uncertainty that would ensue) and guarantees the rights of EU citizens living in the UK.</p> <p>In the immediate aftermath of Brexit, some of the more pessimistic outlooks were not realised, with the markets remaining steady, but economists suggest the outlook looks gloomy. Also an atmosphere of political unrest (especially with another forthcoming election) is present especially in areas like Hackney which were predominately in favour of remain. Thankfully, in Hackney, hate crime has not been an issue as yet (Safer Communities would monitor this).</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0001A Brexit Implications	A separate Brexit Risk Register has been produced and all relevant parties have contributed to it. This is addressing the range of risks that have come about as a result of this referendum.	Tim Shields; Ian Williams; Kim Wright; Anne Canning	All	12-March-2018	Ongoing
FR DR 0007 Consider potential pricing fluctuations when planning purchases.	<p>The uncertainty of global currency markets and supplier responses to fluctuations means that it is extremely difficult to mitigate this risk. Where possible consideration will be given to the potential of pricing fluctuation when planning purchases and commissioning.</p> <p>This will be an ongoing activity (no fixed end date).</p>	Rob Miller	Glen Poulley	Ongoing	Updated November 2017
FR DR 0007b Brexit impact on Treasury and Pensions	Ongoing monitoring of financial markets and close communication with Pension Fund Investment managers/investment consultants. Additionally, there has been ongoing monitoring of financial markets and regular communication with treasury advisers. Monitoring of both interest rates/ yields as well as the impact on the credit risk of potential investment counterparties, especially UK based institutions.	Ian Williams; Michael Honeysett	Rachel Cowburn, Pradeep Waddon	Ongoing	<p>Following the leave vote, the Pension team was in immediate contact with fund managers and Investment consultants, receiving commentary from each fund.</p> <p>Pension Committee has received numerous updates and reports and, following the advice of the investment consultants, agreed not to take any immediate action and to monitor the impact on an ongoing basis.</p> <p>Also, UK gilts yields have already reached a record low and a reduction in UK base rate occurred last July.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0002 Management of Capital Programmes / Schemes EXTERNAL RISK FUTURE RISK Page 50	<p>From a financial perspective, as a result of substantial external borrowing to fund the ambitious capital programme, the Council moves from a debt free position and become more vulnerable to changes in the market (potential volatility of the housing market affecting sales volumes / value and increasing building costs as a result of weaker GBP against other currencies). This could lead to financial pressures as unexpected costs of borrowing would be incurred.</p> <p>Additionally, Major Capital Schemes may not be managed or targeted effectively to maximise use of resources available and ensure delivery according to expectations. This poses a risk to the successful completion of such schemes, incurring losses and dissatisfied stakeholders.</p>	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		<p style="text-align: center;"></p> <p>November 2017 - This risk is ongoing and intensifying somewhat in light of the quantity of high level programmes across the Council. Particularly in regards to property development, the ambitious capital programme requires forward funding, pending future sales of private residential units on completion of regeneration and other mixed use development schemes. In terms of this financial year, the revised capital programme for 2017/18 is £291m (non-Housing schemes totalling £140m and Housing schemes totalling £151 m). The plans for Britannia of course, go beyond Housing, which makes this scheme all the more important, and one of the most ambitious in the programme. There are detailed separate risk registers for projects such as Britannia. Britannia has a commercial lead on its senior Management Team and has contracted Arcadis to provide construction cost advice on the School, and financial viability advice for the project, and CoreFive to provide construction cost advice on the leisure centre and residential aspects of the project. This will provide greater financial certainty to Britannia, enabling more informed decision making by the Officer Steering Group and Project Board established to govern it. This should also provide extra assurance about how a major project is being managed.</p> <p>This risk earlier in 2017 was scored as a 4 x 4. Because of the increased quantities of forward funding here the impact had to rise to a 5, however the likelihood could decrease to a 3 as the controls (and previous experience) provided assurance that the Council was well positioned to manage this risk. Since June the risk has remained stable.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0002A Management of Capital Programmes / Schemes	All capital schemes are subject to review via capital budget monitoring process. Slippages can be identified via this process and appropriate action taken. The quarterly monitoring that is included in the regular Overall Financial Position (OFP) Report to Cabinet will also be included	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Michael Honeysett	31-Mar-2018	November 2017 – ongoing. The latest Capital Programme monitoring report for the year 2017/18 shows that the revised

	in future performance review report to Audit Committee. The Capital Monitoring Reports will include more discrete data regarding the actual delivery of the capital programme.				capital programme at £291,000,000. Such regular (quarterly) reporting should provide increased assurance that everything is being astutely managed.
SRCR 0002B Management of Major Capital Schemes	Major schemes are managed via project boards to ensure appropriate actions are taken to ensure delivery of scheme to expected standards	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Michael Honeysett	31-Mar-2018	November 2017 - ongoing.
SRCR 0002C Management of Major Capital Schemes	The Capital programme is currently subject to overall review in order to reduce the overall call on available resources and to ensure their use is prioritised in line with member decisions.	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Michael Honeysett	31-Mar-2018	November 2017 - ongoing. A refresh of the capital programme is underway as part of the budget process for 18/19, and review of the overall corporate strategy.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 51 SRCR 0003 Regeneration Programmes EXTERNAL RISK CURRENT & FUTURE RISK	<p>There are a number of key risks which require careful management between Regeneration and a range of services across the Council, including finance, procurement and planning. Major risks are associated with:</p> <ul style="list-style-type: none"> Risks around certainty of future funding, and the need to contain borrowing within the HRA Debt Cap. If this is not contained, there will be serious financial consequences. Procurement and performance related risks with developer/contractor partners Falls in property values could impact the viability of schemes. Managing increased risks to social cohesion associated with potential increased polarisation, greater transience and reduced housing affordability. <p>An uncertain economic environment, particularly as a result of Brexit, poses risks to projects that rely mainly or partly on disposal of assets or the subsequent sale of newly developed properties.</p>	Neighbourhoods & Housing		 December 2017 - There are significant regeneration projects ongoing within the borough (including the nationally significant Woodberry Down programme), borough-wide Estate Regeneration schemes and new build affordable housing with significant borrowing requirements which, if not carefully project managed could adversely impact the Council's overall financial position.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH DR 006a Regeneration Programmes	Application of sound programme and project management methodology for delivery of complex programmes and projects including reporting where agreed tolerances have been exceeded,	Kim Wright	John Lumley	Ongoing	November 2017 - Risk reviewed and updated.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	and finance assessment of business cases including those that need to be revised.				
NH DR 006b Regeneration Programmes	Robust programme management and governance procedures in place for key capital projects and programmes with project sponsorship at Director level. Major schemes are managed via project boards to ensure reputational issues managed and project/programme outcomes delivered to required standard, on time and within budget.	Kim Wright	John Lumley	Ongoing	November 2017 - Risk reviewed and updated.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 52</p> <p>SRCR 0009 Reputation Management INTERNAL RISK FUTURE RISK</p>	<p>Risk that (through press / media) perceptions about the Council's performance/image do not reflect relative levels of performance and the huge service improvements leading to public dissatisfaction or misunderstanding about the progress actually being made. Essentially, this risk is about not capitalising on the opportunity that the Council's positive progress presents us with.</p>	<p>Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing</p>	<p>Likelihood</p> <p>Impact</p>	<p style="text-align: center;"></p> <p>November 2017 – In June, the risk decreased slightly due to positive progress made, however has remained stable since.</p> <p>Although the scale of continuing funding reductions announced in the 17/18 settlement is sizeable, the risk has not increased due to careful mitigation. Impact remains steady, benefitted by an (external) website and (internal) intranet refresh. However, past MORI results and continued positive media coverage, prestigious events and other awards illustrate that this risk is being managed. Earlier in 2016, the Council was awarded the prize by the LGC for 'Best Council of the past 20 years". This clearly indicates positive progress. The latest MORI staff survey closed on November 11th 2016, with encouraging and improved results.</p> <p>Also, more generally, the Olympics (and now their legacy) are an excellent example of something very major being communicated in a positive and effective way (an example of a risk - for things <i>could</i> have gone wrong - being turned into an opportunity). The Risk applies to all Directorates, but is centrally managed by Communications.</p>

Control Title	Control Description	Responsible	Service	Due Date	Control - Latest Note
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		Officer	Manager		
SRCR 0009A Reputation Management	<p>Key ongoing activities include active press engagement, key stakeholders involvement, MORI and active media coverage. Corporate Communications are very proactive in managing this and always quick to respond to any issues.</p> <p>Media monitoring is carried out quarterly and examines coverage of Hackney as a Council and a Borough. Analysis of this informs communication work plans. Collection and use of robust performance and customer intelligence.</p> <p>A two pronged approach is taken to the specific risks associated with reduced funding: firstly communications associated with overarching budget setting and secondly communications associated with major changes to specific services. There is also a 6 weekly forward public affairs forward plan circulated to senior management and members.</p>	Tim Shields	Polly Cziok	30-March-2018	November 2017 - ongoing. Controls continue to be applied.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 53</p> <p>SRCR 0010 Pension Fund EXTERNAL RISK CURRENT & FUTURE RISK</p>	<p>General market volatility, and recent legislative changes (eg- the proposals for the future asset pooling of resources and also the opportunity for 'Freedom and Choice') poses risk to investment returns which underpin Fund performance and ability to meet future liabilities without additional financial burdens on taxpayer. If investment returns are poor with a post Brexit plummeting of stock markets, or the outflow of resources is much larger than expected, this will have serious financial implications for the Pension Fund and ultimately add cost pressures to the Council's budget via employer's pension contributions.</p>	Finance & Corporate Resources		<p style="text-align: center;">↔</p> <p>November 2017 - Risk ongoing. Risk remains high and ranked red. In June, the likelihood decreased from 4 to 3 due to the markets remaining relatively stable and therefore not impacting too much on increased liabilities. It remains at that score.</p> <p>The impending Brexit continues to pose risks in the future about meeting liabilities. In its immediate aftermath (June 2016), the initial impact on the markets was negative, but steadied in the following weeks, and has steadily gained strength since. The impact on the strength of the pound has been clearly negative however. In light of this, the economic climate remains very volatile.</p> <p>In Oct 2015, the Government called for the assets of the 89 LGPS funds in England and Wales to be pooled into 6 pools of approximately £25bn+ of assets. The Council are now in the process of transferring the first tranches of assets to the London CIV. These proposals will incur transition risks, as well as overall strategic ones so the whole process is being managed carefully, although the overall aim is to make efficiencies in investment costs.</p>

				Of course, an increase in the UK's interest rates could represent an opportunity of sorts for the Council, and Asset Pooling may lead to greater saving and efficiencies. All is being monitored closely.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0010D Pension Fund	The funding of the Pension Fund liabilities continues to be monitored although the 2016 actuarial valuation saw an overall increase in funding level and a decrease in the Council's employer contributions rates.	Michael Honeysett; Ian Williams	Rachel Cowburn	31-Mar-2018	November 2017 - ongoing
FRFSV 0052D Knowledge and Skills	Ensuring those charged with governance of the Fund and for managing the day to day operations have the requisite knowledge and skills to make informed decisions when managing the funding position. Regarding proposed (asset pooling) changes, all consultations and guidance from the Government are being monitored, and responded to where appropriate.	Michael Honeysett	Rachel Cowburn	31-Mar-2018	Updated November 2017 - ongoing
FRFSV 0053B Pension - Valuation Monitoring	Triennial Valuation assesses the funding position, interval valuation monitoring ensures that movements in the Funding position can be assessed and strategies to manage any deterioration are put in place.	Michael Honeysett	Rachel Cowburn	31-Mar-2018	Updated November 2017 - ongoing.
FRFSV 0053C Identifying the external risk factors that affect the funding position	Identifying the various risk factors, asset/liability, investment, longevity, interest rates, inflation, liquidity, etc and how the interaction of these impacts on the funding position and adapting the strategy and business plans to manage these risk where feasible. Also regarding future Asset Pooling, planning for transition is considered as part of the Investment Strategy development to ensure assets are transitioned efficiently and within the required timeframes.	Michael Honeysett	Rachel Cowburn	31-Mar-2018	Updated November 2017 - ongoing.
FRFSV 0042D Appropriate levels of knowledge and skills to make decisions	Use of external advisers to assist in making investment decisions and ensuring that decision takers understand the investments of the fund. There is ongoing monitoring of financial markets and close communication with Pension Fund Investment managers/consultants.	Michael Honeysett	Rachel Cowburn/ Pradeep Waddon	31-Mar-2018	November 2017 - Ongoing. Detailed reports get taken to Pensions Committee at regular intervals providing them with the assurance that risks are being managed.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0013 Impact of New Legislation (and Welfare Reforms) EXTERNAL RISK FUTURE RISK	The Council may not be able to respond to external influences on legislation and updated policies, thus risking the efficiency and effectiveness of service provision. Also if requirements of any new act are not met, there would be an adverse impact on the Council's legal and reputational standing.	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources;		 November 2017 – After June's General Election,

	<p>For example, as a result of the new policies affecting housing (mainly contained within the Housing & Planning Act 2016), the Council's financial position may be adversely affected, constraining its ability to invest in the development of new affordable homes. Many of these policies could also have damaging consequences for the local community and many people currently living in Hackney.</p> <p>Additionally, the impact of new legislation - seen in areas such as Welfare Reform (especially Universal Credit) - could result in an increase in rent, service charge, arrears, higher legal costs, increased evictions and pressure on the vulnerable.</p> <p>Further effects of new legislation could be financial, legislative (with a failure to understand the breadth of responsibility) and reputational, directly affecting the local community. There could also be issues amongst the local community in terms of dissatisfaction, lack of understanding and increased financial difficulties.</p>	<p>Neighbourhoods & Housing</p>	<p>and subsequent Queen's Speech, there haven't been dramatic new developments regarding new legislation, so the surprise election result slightly dampened the risk of big legislative change. Therefore the risk has fallen slightly. Nevertheless, following the EU Referendum, this risk remains very relevant. However, although Article 50 has been triggered (on 29/3/17) to commence the exit, Brexit will not stop the General Data Protection Regulation (GDPR) becoming the new reality for all in the UK in 2018. The changes within the Education Bill have not materialised as it was scrapped, however further legislative changes are anticipated in this area in the future.</p> <p>The Housing and Planning Act 2016 has introduced numerous changes to housing policy / planning and changed the current set up regarding social housing and the right to buy (enabling the potential sale of higher value houses). This looks set to be a sensitive area in the borough so will need to be managed carefully.</p> <p>The 2014 Care Act introduced serious changes and new responsibilities for local authorities with broad changes in social care and delivery in tight timescales. Although the introduction of the cap on care costs has been deferred until 2020, the introduction of the national eligibility criteria is widening the responsibility of the Council in respect of care and support and increasing demand for services. Potential consequences of this risk could include a major adverse impact on the Council's financial health and Adult Social Care savings delivery plan. Additionally there would be a strong additional demand on services. Also if requirements of any new Act are not met, there would be an adverse impact on the Council's legal and reputational standing.</p> <p>Furthermore there are other forthcoming examples of proposed legislation that could impact on the carrying out of Council functions, and the risk that needs to be managed is the implementation process and the financial and human resources that may be required. This needs to be kept under review as each legislation is passed and implemented. Regarding welfare, the proposed tax credit changes were retracted,</p>
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				however Universal Credit will present numerous challenges which are already being planned for in great detail.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0013 Impact of New Legislation	The Council continues to monitor and respond to consultations regarding service delivery and other innovations to ensure that it is fully aware of new and changed initiatives and can react accordingly. All managers keep up to date with external developments which may impact on their work. Careful project and programme management is undertaken to deal with any serious reforms and their implementation. There is a monthly Corporate Law Update outlining all the latest legal developments and their potential impact on the Council.	Tim Shields	Suki Binjal	31-Mar-2018	November 2017 - ongoing.
Page 56 SRCR 0013A New Policies affecting Housing	<p>Detailed analysis is being carried out regarding the likely impact of these policies, both internally and with other boroughs and representative organisations. In the case of the Forced Sales levy, this analysis is currently hampered by having few details about how the scheme will operate. However an assessment of the potential impacts is being carried out on a range of assumptions and scenarios.</p> <p>Individually and with other boroughs, the Council continues to actively making the case to Government for flexibilities to mitigate the adverse effects of these policies.</p> <p>Once the detailed Statutory Instruments have been published (timescales still unclear), the likely impacts of the various policies can be more accurately be assessed and work can continue on preparations to implement the measures in a way that best mitigates the impacts on the Council and residents.</p> <p><i>1% reduction in rents:</i> The current HRA savings plan delivers a fully resourced HRA business plan and keeps HRA borrowing below the debt cap. The HRA business plan is monitored annually as part of the budget setting process, taking into account arising cost pressures, changes in government policy and legislation, and any service changes.</p> <p><i>Forced Sales Levy:</i> To mitigate the impact of this policy, the Council intends to develop a disposal and investment strategy that:</p> <ul style="list-style-type: none"> - minimises the impact on mixed communities and meets the highest priority housing needs; and - raises the funds necessary to both pay the levy and provide genuinely affordable replacements. <p><i>Starter Homes:</i> The Council has made and continues to make the case to Government that Starter Homes should not be included within the</p>	John Lumley	Nigel Minto	08-Mar-2018	Updated November 2017

	<p>definition of 'affordable housing' in Hackney. We will work with the London Mayor to help make the case for a workable implementation of the initiative in London and, though the Local Plan review, ensure that this is addressed in local planning policy.</p> <p><i>Homelessness Reduction Bill:</i> The Homelessness Reduction Bill was agreed by Parliament and has now received Royal Assent (in April). The date for implementation is now confirmed to be April 2018. The impact of the Bill will be significant for the Council taking into account the impact of the 56 day 'nowhere safe to stay' duty, changes to s21 notices, the additional reviews anticipated and the additional resources required to carry out assessments and manage the necessary additional temporary accommodation. The total cost could amount to up to £11.4m in year 1, as well as placing significant additional strain on the Council's temporary accommodation estate.</p>				
SRCR 0013B Care Act 2014	This Act has reformed the law relating to care and support for adults and the law relating to support for carers. Detailed work has been undertaken to ensure its effective implementation, and clear timescales and budgets which need to be adhered to. Adult Social Care managers have a robust monitoring system in place to track the impact of the Care Act which will inform service and financial planning.	Anne Canning		31-Mar-2018	Ongoing
SRCR 0013C BREXIT	A separate / stand-alone risk register has been developed specifically on the impacts of Brexit and this will look at the consequences of new legislation etc.	Ian Williams	Michael Sheffield	31-Mar-2018	Nov 2017 - This has been developed and is ongoing with the contents changing over time.
FR RV 1617 Impact of new Welfare Reforms	The risks have been / are being managed by detailed programmes of training and briefings for staff, DHP training for frontline staff, and letters explaining any changes. There has been a communication strategy specifically developed for this so that the public have everything explained and broken down as comprehensively as possible. Resident's briefings, 'surgeries', and online explanations also further contributing to making transitions as smooth as possible.	Ian Williams	Kay Brown	31-Mar-2018	Control updated Nov 2017. Welfare Reforms (introduced in recent years and still continuing) include benefit caps, new rules on under occupancy, and changes to DLA, Council Tax Support and also Universal Credit. All these reforms could result in an increase in arrears, higher legal costs, increased evictions and pressure on the vulnerable.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0018 Workforce INTERNAL RISK FUTURE RISK	The Risk that amidst an atmosphere of financial reductions and redundancies, the Hackney workforce become demotivated, leading to a negative atmosphere amongst workers, impacting upon service delivery and leading to dissatisfied stakeholders. Also that restructures may cause temporary loss in efficiency as officers are unsure of how new reporting arrangements, responsibilities and service provisions are put into practice. Knowledge could be lost with a large number of experienced staff	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		<p style="text-align: center;">↓</p> <p>November 2017 – Risk has reduced with likelihood going down. A major (Senior Management) restructure was completed in April 2016 (with final interim arrangements ending in April 2017) whilst</p>

	taking redundancies.				further ones have occurred (or are continuing) due to ongoing Council cuts to funding. However, the new changes have generally been embedded effectively, so the likelihood of negative impacts to service delivery have reduced. Procedures are documented so arrangement in place not to lose knowledge.
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0018 Staff Motivation / Commitment	There are detailed HR procedures and processes to deal with all HR areas (including problems/instability created by restructures) and these are carefully adhered to by teams involved. All communication is regular and carefully considered.	Tim Shields	Dan Paul	31-Mar-2018	November 2017 - ongoing. Brexit is further adding to the instability of the environment.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 58 SRCR 0018B Recruitment and Retention INTERNAL RISK CURRENT RISK	<p>Services across the Council struggle to effectively and successfully recruit for certain positions, leading to a negative impact on service delivery.</p> <p>Also, with the Council needing an increasingly agile workforce (not constrained by traditional customs and practises), it may struggle to compete with other organisations to get the best candidates.</p>	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		<p style="text-align: center;">↔</p> <p>November 2017 - Risk was recently broadened across the Council by HMT (from having been focused on ICT). Remains static, scored at 12 in July, and hasn't escalated since last time.</p> <p>In a competitive market for skills the Council has experienced difficulties recruiting to a range of roles essential to delivery of services and planned service improvements (including ICT, Adult Social Care, Quantity Surveyors and Highway Engineers). This could impact seriously on the ability to develop and maintain effective service delivery due to difficulties with recruitment and retention.</p> <p>The recruitment risk is particularly acute within ICT. In a competitive market for technology skills the Council has experienced difficulties recruiting to a range of ICT roles essential to delivery of services and planned service improvements (including delivery of digital services). This is exacerbated by the recent changes to IR35, which is having the effect of driving skilled specialist workers to the private sector (as many ICT skills are transferable across sectors). Risk ongoing with more positions needing to be filled and a cause for growing concern.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0018B	Service are continuing to work with HR / OD to carry out the	Tim Shields;	All Service	20-Mar-2018	November 2017 – This has been

Recruitment and Retention	<p>following suggested mitigations:</p> <ul style="list-style-type: none"> - review recruitment strategy and identify other measures which can be taken to promote Hackney Council as a great place to work in technology and attract high quality candidates - review salary supplements to ensure that these are providing market competitive salaries and are also fair and transparent - review career development paths within the service and also ensure that apprenticeships / graduate trainee opportunities are being used effectively to develop internal talent. 	Ian Williams; Kim Wright; Anne Canning	Managers		<p>ongoing in ICT, and through the development of their restructure, these proposed controls are being implemented. The recent update to the Council's salary supplement scheme reflects the requirements of the ICT service.</p> <p>Consultation has started for the restructure of the ICT service. All roles are now benchmarked against the market, in line with the new Council salary supplement scheme. A prototype for an improved approach to recruitment advertising has been tested this summer, and this will be reviewed ahead of recruitment arising from the restructure.</p>
<p>Page 29</p> <p>DR 007 A Training and development</p>	<p>Training and development needs for all staff have been captured from yearly appraisals and 1-2-1 documents. All HR procedures are followed correctly to ensure staff are valued and treated appropriately whilst at work.</p> <p>Where possible acting up and secondment opportunities are made available to staff. This helps contribute to an improved experience of working at Hackney and to an extent, mitigates the risks of absences and departures.</p>	Tim Shields; Ian Williams; Kim Wright; Anne Canning	All managers	28-Mar-2018	Control reviewed and amended November 2017. If all these processes are followed, (with staff having opportunity for improved professional development) that should lead to a greater assurance that this risk won't materialise.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>SRCR 0021 Information Security EXTERNAL RISK POTENTIAL RISK</p>	There is a risk that the security of Council's systems, network and devices could be compromised which could have very damaging, widespread implications.	Finance and Corporate Resources		<p style="text-align: center;">↓</p> <p>Nov 2017- the likelihood has slightly decreased (4 to 3) since the last review in light of positive progress made in making cyber security more robust. This is an ongoing risk and of increasing importance as more Council services are dependent on ICT and electronic information. Also, there is an increasing</p>

				internal awareness (of staff) of the concept of cyber risks (and what precautions to take). With the move to a new system on G-suite, all transitions will be in line with Information Security risk management.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR IT 0006a Ensure compliance with the PSN Code of Connection and other applicable standards (including the ICT security requirements for compliance with the NHS IGSoC). Page 60	Ensure that good security practice is reflected in the Council's technical architecture and operational practices, including annual PSN Code of Connection compliance assessment (supported by IT health check). This will be an ongoing annual activity (no fixed end date).	Rob Miller	Henry Lewis	Ongoing - annual	Nov 2017: The latest submission for renewal of PSN Code of Connection accreditation has been submitted.
FR IT 0006b Ensure that all users of the Council's systems and data take appropriate measures to protect these.	Ensure that the Council has effective policies, guidance, training and measures to enforce compliance for all users (including Members). This will be an ongoing activity (no fixed end date).	Rob Miller	Henry Lewis	Ongoing	Nov 2017: Updated policies have been approved and launched. Training content is now being reviewed, including Data protection briefings for Members which have been scheduled for October 2017. On a national scale, attacks have recently been reported in the media and a reminder was issued to all staff about the need to take care when clicking on links in emails. Systems have also been checked to ensure that the specific patch which closes this vulnerability has been applied.
FR IT 0006c Ensure that all hardware and software is supported for security updates.	Ensure that infrastructure and application lifecycle management practices are in place and functioning	Rob Miller	Henry Lewis	Ongoing	Nov 2017: Priority updates have been

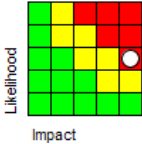

	effectively so that the Council's systems remain supported. This will be an ongoing activity (no fixed end date).				completed in line with the PSN Code of Connection submission. The ICT Security Group are reviewing the processes for management of security patches and planned refresh of out of data software and hardware.
FR IT 0006d Plan for upgrade required to end use of Windows 7 ahead of the end of Microsoft support (January 2020).	Upgrading the Council's desktop environment is a major activity and this will require careful planning and preparation, as well as significant allocation of funding.	Rob Miller	Henry Lewis	14-Jan-2020	Nov 2017: This is currently on hold pending completion of more time critical upgrade and refresh work.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 61 SRCR 0019 Information Assets INTERNAL RISK POTENTIAL RISK	<p>The Council holds a wealth of information assets across its services. It is essential that this is managed in compliance with requirements such as the Data Protection Act, the NHS IG Toolkit and also the forthcoming General Data Protection Regulation (which comes into effect from May 2018).</p> <p>It is also essential that the Council is able to use these information assets effectively to commission and deliver high quality services, reduce costs and work in partnership with other agencies and providers. Failure to do so will result in negative impacts.</p>	Finance & Corporate Resources		 November 2017 Mitigation of this risk, and harnessing the most of the significant opportunity presented by effective information management, is a joint responsibility across each service directorate and the corporate ICT service. At Hackney, these risks are currently overseen by the Information Governance Group (which meets quarterly). Also, the transition to G-suite will present challenges to all the Council's Information Assets, and is being managed accordingly.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR IT 0001a Information management	Ensure effective information management policy and processes are in place so that the Council meets the requirements of the Data Protection Act / other legal and regulatory compliance arrangements.	Ian Williams	Rob Miller	01-Mar-2018	Nov 2017: GDPR readiness project has been scoped and funded. Project governance is in

	<p>Ensure that the Council's information assets are managed robustly and used effectively to provide insight and to integrate Council and partner services, and deliver the maximum benefit to residents and businesses.</p> <p>This will be an ongoing activity (no fixed end date).</p>				place and the project will deliver enhanced information management practices in line with GDPR timescales (May 2018).
FR IT 0001b Compliance	<p>IGSoC: compliance with the NHS IG Toolkit. Ensure that the Council meets the compliance requirements for the NHS IG Toolkit to enable information sharing and partnership working with the NHS.</p> <p>This will include requirements for services across Public Health and Social Care.</p> <p>This will be an annual activity (no fixed end date).</p>	Ian Williams	Rob Miller	01-Mar-2018	Nov 2017: Current renewal of IGSoC compliance is complete.
FR IT 0001c EU General Data Protection Regulation: preparing for compliance from May 2018	<p>Establish a programme of preparatory activity to support Hackney's compliance with the GDPR in good time for its introduction in May 2018. This will include changes to the Council's information management arrangements, data retention, privacy provisions and practise across all Council teams who handle people's personal information.</p>	Ian Williams	Rob Miller	01-Mar-2018	Nov 2017: GDPR readiness project has been scoped and funded. Project governance is in place and the project will deliver enhanced information management practices in line with GDPR timescales (May 2018).
FR IT 0001d Third party information sharing	<p>Ensure that we can do business efficiently and seamlessly by having appropriate data sharing agreements in place with our external partners.</p> <p>It will be critical to ensure that third parties control requirements are assessed and the implications for Hackney users are clear and proportionate (eg. some third parties require controls that would excessively restrict the Council's use of systems and buildings etc, and these may be barriers to information sharing).</p> <p>This will be an ongoing activity (no fixed end date).</p>	Ian Williams	Rob Miller	01-Mar-2018	Ongoing November 2017

Risk Title	Description of Risk	Directorate	Current Risk	Risk - Latest Note
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			Matrix	
<p>SRCR 0020 Corporate ICT /Business Resilience INTERNAL RISK POTENTIAL RISK</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 63</p>	<p>The Council does not currently have a robust and tested corporate resilience plan in the light of a major incident affecting its business.</p> <p>There is also a risk that Business Continuity Plans across the Council's services do not accurately reflect the disaster recovery provision that is available. This could result in services not being able to invoke their continuity plans effectively due to incorrect assumptions.</p>	Finance & Corporate Resources		 <p>It is essential for the Council to provide some assurance that we are suitably prepared to respond and adapt to incremental change and sudden disruptions. Clearly this could impact massively on our ability to effectively deliver services, so resilience is a critical part of future planning.</p> <p>November 2017 - Score has reduced from 20 to 15 as a result of likelihood dropping from 4 to 3. This is a reflection of the work that has taken place to improve resilience / DR provision.</p> <p>It is essential for the Council to provide some assurance that we are suitably prepared to respond and adapt to incremental change and sudden disruptions. Clearly this could impact massively on our ability to effectively deliver services, so resilience is a critical part of future planning.</p> <p>DR provision is in place for critical systems and 400 <i>myoffice</i> desktop sessions in the event of the main datacentre being unavailable (this will rise to 1200 <i>myoffice</i> desktop sessions by November 2017 as additional infrastructure capacity is added).</p> <p>Successful DR testing took place over Christmas 2016, providing assurance of overall resilience. A Business Continuity Management Group is started regular meetings as of July 2017. The recent BA incident emphasises the importance of careful management within this area.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0020A Corporate	A Corporate Resilience forum has been established	Kim Wright	Cross Council	Ongoing.	From paragraph 1.1-1.2

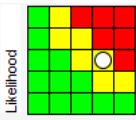

Resilience Forum	and will take overall strategic lead reporting to HMT. However the specific ICT issues are still managed by ICT themselves.				of the CRF report: 1:1 The CRF oversees the development of all systems and processes for Emergency Planning, Business Continuity Pandemic Planning and Resilience within Hackney Council. 1:2 This group will also ensure that appropriate links are made to other stakeholders in relation to Emergency Planning and Resilience such as NHS, LFB, MPS, EA AND VCS.
Page 64 FR IT 0003 Resilience of ICT systems / Disaster Recovery	<p>Work is currently in progress to commission resilient hosting arrangements in the Council's Stoke Newington offices. This will provide the facility to restore critical systems (based on a previously agreed list of corporate priority applications) so that priority Council services will have access to their systems within 4 hours of a major outage with loss of data limited to 15 minutes (Recovery Point Objective). A test on 1 key application has already proved successful.</p> <p>It must be noted that this provision will not give instant seamless failover for these services - so Council services must ensure that their Business Continuity Plans include plans in the event that ICT systems are not available - other services whose systems are not included in the resilience provision must ensure that their Business Continuity Plans include plans for extended unavailability of their ICT systems.</p>	Ian Williams	Rob Miller, Henry Lewis	31-Mar-2018	Nov 2017: Review of provision for key systems is taking place, including moving email / calendar / document management to cloud based services (G Suite) and evaluation of options for cloud based hosting of the Council website.
FR IT 003 NEW CONTROL Review of Business Continuity Plans across the Council's services.	The Corporate Business Continuity Manager is supporting service managers across the Council in carrying out a review of their Business Continuity Plans. This is designed to identify critical services and their continuity requirements, and will help ensure that their plans are based on accurate expectations of the provision available.	Business Continuity Team	Business Continuity Team	31-Mar-2018	Nov 2017: Business Continuity Plans are currently being reviewed all across the Council with significant progress being made. Also a cyber resilience exercise was held in November, and

	It is planned to implement a rolling 18 month schedule of review for all the council's BCPs. This will be in place following the current review of BCPs across all services, which is expected to complete in the latter part of 2017.				was effective and should provide further assurance that the Council is increasingly equipped to deal with these threats.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0023 Person suffers significant harm, injury or death EXTERNAL RISK FUTURE RISK	Children, young people and adults who use our care and support services are at higher than usual risk of harm, injury or death. If risks are not adequately assessed and protected a child, young person or adult could suffer significant injury or death attributable to the Directorate's failure to take appropriate safeguarding and risk management measures. Additionally, general members of the public or Hackney staff could suffer harm due to a lack of general health and safety measures being in place.	Children, Adults & Community Health		 Update November 2017 – This remains a high risk, and controls are in place to manage this, providing assurance. This was escalated to the Corporate Register in September 2016.

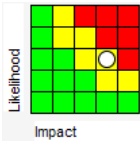

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CYP 006B Local Safeguarding Children Board (LSCB) reviewed and operating as an effective multi-agency forum.	The City & Hackney Safeguarding Children Board (CHSCB) has a remit to monitor safeguarding across all partner agencies, including the local authority.	Anne Canning	Rory McCallum	31-Mar-2018	Update Nov 2017 – A range of measures have been put in place to ensure the CHSCB is operating as an effective multi-agency forum. There is an Independent Chair in place, defined governance arrangements, regular attendance from partners at Board and relevant sub / working groups and Hackney-specific self-assessment. CHSCB also maintains a risk register covering all key statutory requirements; these actions and progress are regularly reviewed through the CHSCB Executive and full CHSCB. The July 2016 Ofsted inspection rated the CHSCB as 'Outstanding.'
CYP 006D Ensure staff have the necessary	The Directorate as a whole understands areas of high risk and works together to mitigate risk in relation to individual	Anne Canning	Sarah Wright	31-Mar-	Nov 2017 - Ofsted inspectors noted in July 2016 that "When children are at immediate

skills to ensure risk and need are properly assessed	children by joint training and development and joint monitoring of practices across the services.			2018	risk of harm, referrals are dealt with swiftly and children are seen to complete effective child protection enquiries. Appropriate decisions are taken when risk is identified to safeguard children."
CYP 006E Child Protection procedures in place	Children subject to Child Protection Plans and Looked After Children are visited in line with statutory guidance and care plans are monitored, updated and amended as appropriate. Children are to be seen alone.	Anne Canning	Sarah Wright	31-Mar-2018	Update Nov 2017 - Ongoing, monitored through management oversight and audit, monthly, quarterly and annual performance reports, including statutory returns to DfE and by Child Protection Conference Chairs and Independent Reviewing Officers.
CYP 006F Risk assessing activities for young people	All activities directly provided and commissioned by the directorate must be subject to rigorous risk assessments. These follow a consistent format. Also, the internal health and safety team conduct assessments and provide advice to mitigate risks of harm to staff in the course of work.	Anne Canning	Pauline Adams	31-Mar-2018	Update Nov 2017 - All providers of proposed activities, including the local authority, are required to submit a written risk assessment which is scrutinised and approved / not approved by the service area. Where a risk assessment is not approved, the activity is not able to proceed. Minimum ratios of adults to young people are required.
HCS ASC 0005 Implementing a robust safeguarding approach across adult services	The City & Hackney Safeguarding Adults Board, with a newly appointed independent chair, is monitoring the refreshed strategy for safeguarding adults to ensure the delivery of the strategic outcomes which includes embedding learning from Safeguarding Adult Reviews into practice through policies and training.	Anne Canning	Ilona Sarulakis	31-Mar-2018	Nov 2017 - As a stand-alone risk / control, this would be green, however in the overall context of the risk (especially relating to children), it remains red.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0024 Devolution INTERNAL RISK FUTURE RISK	The Council does not take advantage of the devolution powers on offer and therefore misses any potential benefits they could present. By not capitalising on this opportunity the Council could miss a genuine chance to increase revenues, streamline services and improve efficiencies.	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		<p>November 2017 - </p> <p>This has been mentioned at an earlier Audit Committee as being a good example of an 'opportunity' risk. The negative side of this lies in not capitalising on its potential. The opportunity is that by utilising the new powers / funding, savings and improved efficiencies occur, to the overall benefit of the Council.</p> <p>Hackney has already been at the forefront of taking part in a health and social care devolution. The integrated commissioning model which has now been approved by Cabinet (and is well underway) ensures that this innovative approach continues, and is evidence the opportunities are</p>

				not being missed. Therefore, the risk of the score has dropped slightly.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0024 Devolution	Detailed talks (at Senior Management level) and preparation continue to ensure all are best prepared to take advantage of what devolution can offer.	Tim Shields; Ian Williams; Kim Wright; Anne Canning		01-Mar-2018	November 2017. This work is clearly ongoing, and evidence of its success can be seen in the recent Cabinet approval of Integrated Commissioning across the borough with CCGs. There is significant opportunity connected to this risk in that serious opportunities could be missed if we do not take advantage of it.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 67 SRCR 0025 Contract Procurement and Management (especially in Housing Services). INTERNAL RISK CURRENT RISK	As a result of Contract Management not being carried out properly or with regard to agreed parameters, revenue is lost or charges are levied which are not justified, leading to a poor level of resident's satisfaction (and general negative reputational impacts), unjustified cost and time overruns. Poor procurement decisions could result in non-viable contracts being awarded to non-viable contractors.	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		 <p>November 2017 – Risk has marginally increased in light of the amount of investigation work currently ongoing. This risk is currently being acutely demonstrated by some of the work the Pro-active Fraud team is undertaking. A major investigation is well underway into external contractors and how their relationship with Housing Services (formerly Hackney Homes) has been managed, and whether the work actually completed accurately corresponds to the charges which have been levied. There are also new areas of concern where investigations are commencing. Also scrutiny is being applied to the quality and accuracy of their work. All this ultimately relates to the Council ensuring it gets the best deal for its money.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH DR 007 Detailed Council guidance in place for Procurement, Partnership and overall Contract Management	There is detailed supporting guidance available for all elements of the procurement process, including detailed Risk Assessment tools and specialised Partnership guidance.	Rotimi Ajilore	Rotimi Ajilore	02-Mar-2018	November 2017 - ongoing
NH DR 007a Contract Specification in	Contracts clearly define the requirements of the business.	Michael Scorer	Calvin Fisher	02-Mar-2018	November 2017 - Risk reviewed

place					and updated.
NH DR 007b Tender Stage process followed	Robust tender process in line with EU procurement law and Council standing orders.	Calvin Fisher	Each Contract Manager	02-Mar-2018	November 2017 - Risk reviewed and updated.
NH DR 007c Contract Monitoring and Fraud Prevention	Restructure of Asset Management Team is based around the new contracts and clarity of responsibility for the contract managers in line with the contract manual. Key performance indicators in placed and used to manage the contracts. Final accounts prepared in a timely manner. Regular contract audit / investigation	Michael Scorer Calvin Fisher Calvin Fisher Michael Sheffield	Calvin Fisher Contract Managers Contract Managers Julie Sharp, Patrick Sanders Wright	02-Mar-2018	November 2017 - Risk reviewed and updated.
NH DR 007d Review of form of Contract	The Contract options are being reconsidered to ensure that the contract form is fit for Hackney's purpose.	Michael Scorer / Rotimi Ajilore	Calvin Fisher	02-Mar-2018	November 2017 - Risk reviewed and updated.
SRCR 0025 Contract Procurement and Management (especially in Housing Services).	Major investigation is ongoing with dedicated team (Proactive Anti-Fraud Team) of 3 staff.	Ian Williams	Michael Sheffield	02-Mar-2018	Progress is confidential at this stage.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
SRCR 0027 Impact of the government reforms on education service delivery. EXTERNAL RISK FUTURE RISK	Government policy impacting on the role of LAs and the academisation of schools ends the role of LAs in school improvement and exercising the mediating layer.		 October 2017 – Further options, including the establishment of a system-leader federation were submitted to HMT on 2 October and approved. These will be discussed with the Mayor and Deputy Mayor. Any approach must be consulted upon with Heads and governing bodies. The timescale for doing this is now short – before the end of the Autumn term. The Risk Review Group notes the importance of ongoing staff engagement during this time of uncertainty. We also note that the uncertainty about the future education system in Hackney is making it difficult to recruit a Head of HLT. The

			<p>Risk Review Group also notes the government's piecemeal approach to schools- organisation, improving standards and funding. Due to this uncertainty the risk rating remains unchanged. Options open to the LA regarding Alternative Education Delivery Models are being developed. The Risk Review Group notes the importance of ongoing staff engagement during this time of uncertainty.</p> <p>At Corporate level, this risk previously referred to the proposed Education Bill which didn't materialise. We recommend maintaining the risk at Likelihood 4, Impact 5 to take account of the severity of this situation. It is likely that this risk will increase in the future.</p>
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Control Title	Control Description	Service Manager	Control - Latest Note
<p>SB CR 0027A**New Risk Control** Development of an alternative service delivery model that provides a governance structure for the local schools system.</p>	<p>An alternative model for the governance of the Hackney school system is developed to work within the academised school system that retains the capacity for the strategic and system wide provision of school improvement and SRAS functions to ensure continued school improvement.</p>	<p>Anne Canning; Frank O'Donoghue</p>	<p>October 2017: A revised proposal was been considered and approved by SLT in a further attempt to persuade politicians of the need to engage with schools and governing bodies on this issue. A report went to HMT in May where the decision was made to engage with the Mayor and Deputy Mayor through their meetings with Anne Canning. One briefing paper has been prepared and discussed, a second, addressing issues arising from the first, has been drafted.</p>
<p>**New Risk Control** Staffing challenges – Developing a strategy that retains staff with key skills knowledge and ability; identifying new talent and encouraging people to work for HLT.</p>	<p>Ongoing contraction of the public sector means it is not easy to encourage skilled and talented people into the public sector.</p> <p>The risk of being unable to retain talented people over time is also a challenge.</p> <p>HLT will need to maintain an innovative approach by: Retaining current talented employees; identifying and encouraging new talent and changing the culture of long serving staff to meet the new challenges we face.</p>	<p>Anne Canning; Ollly Cochrane</p>	<p>October 2017: Recruitment continues to be minimised due to the ongoing financial constraints and uncertainty due to the political climate. Staff turnover is currently limited. Any vacancies are scrutinised to see whether they need to be filled based on services needs and whether the function is a statutory responsibility or business critical.</p>
<p>** New Risk Control** LT 1718 Risk 01 Recruitment of permanent Head of HLT</p>	<p>The ongoing uncertainty around the future education system in Hackney makes it difficult to recruit a permanent Head of HLT. Not having a permanent Head of HLT is a risk to the long-term viability of Hackney Learning Trust.</p>	<p>Anne Canning; Ollly Cochrane</p>	<p>October 2017: Efforts are ongoing to recruit a permanent Head of HLT. Agencies have been engaged to assist in this process and prospective candidates are being actively targeted. Interim arrangements continue, minimising risk to the organisation.</p>

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<p>**New Risk** SRCR 0028 CYPS, SEND funding – Escalating SEND spend has an adverse impact on HLT budgets.</p>	<p>The number of pupils eligible for SEN statements continues to increase at a significant rate exceeding the population growth in the Borough, the effect of which is to place the SEND budget in deficit.</p>		<p>November 2017 – The Risk Review Group recommends raising the risk rating to likelihood 5, Impact 5 – the highest possible rating.</p> <p>While there have been some quantifiable efficiency savings achieved, for example in SEND transport, the projections for future years indicate that the SEND overspend will continue to increase. The proposed measures to control the overspend will not now be implemented until 2018-19.</p> <p>The Reference Group consisting of SEND officers and SLT members did not have the desired impact. A Trust Action Group has now been established to expedite progress as, currently, the predicted increase in the overspend is matched by an increasing trend in the numbers of children and young people eligible for EHCPs.</p>

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Control Title	Control Description	Service Manager	Control - Latest Note
<p>SRCR 0028 a Risk 02 The action plan to address SEND budget pressure and reduce overspend is in place and its effectiveness is regularly monitored by SLT.</p>	<p>SLT has approved an action plan to address the pressures placed on the SEND budget by increasing numbers of children and young people being eligible for SEN statements. This action plan introduces new oversight and challenge into the process, with a view to controlling expenditure and making sure resources are distributed fairly.</p>	<p>Anne Canning; Andrew Lee</p>	<p>October 2017: The decision to pursue the 3 planned SEND changes (the 5% reduction, introduction of targeted funding approach and the special school cohort-specific funding arrangement) have been agreed. A consultation on the Additional Exceptional funding arrangement will take place in the latter half of the autumn term. The intention is to introduce all elements with effect from 1st April 2018</p>
<p>SRCR 0028 b Risk 06 - Management of financial impact of SEND budget pressures.</p>	<p>Rapid, significant short term reductions in SEND costs and outlays will be difficult to achieve. Ensuring that the policy changes in the action plan result in medium term cost savings that relieve the pressures on the SEND budget, whilst ensuring the operational effectiveness of HLT is not detrimentally affected by the overspend, is imperative.</p>	<p>Anne Canning; Yusuf Erol</p>	<p>October 2017: This continues to be the most significant risk to HLT's financial viability. The policy changes mentioned in the June update and described as 'insufficient' above have proved to be difficult to implement. There has also been no progress made on the further savings agreed by SLT. As a result of this, HLT continue to rely on reserve funding which is an unsustainable position.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
SRCR 0028 c Risk 07 - Changing the culture of SEND in schools and HLT to implement the action plan.	If the action plan is to control expenditure and distribute resources fairly, changes in the existing culture in HLT teams and schools must also change to critical assessment and the equitable distribution of limited resources. Collaborative working with schools will be necessary to ensure pupils SEND needs are met from delegated SEND resources, with EHCP referral only for exceptional needs.	Anne Canning; Andrew Lee	October 2017: Implementation of the changes has been delayed. The 5% reduction and targeted funding will still be the initial vehicle for the necessary external 'culture change'. These will be followed by a series of explanatory events eg Senco and parent forums, governor events, school briefings etc which will provide information on the current Hackney EHCP demographics compared to other boroughs.
SRCR 0028 d Risk 08 – The initiation of EHCP assessments is rigorously reviewed	The decision to initiate assessments needs to be rigorously reviewed to ensure the level of support is appropriate and sustainable. This may include senior managers signing off decisions, or refusing to do so.	Anne Canning; Andrew Lee	October 2017: The introduction of the revised model will be carefully monitored to ensure numbers and spend are closely analysed and tracked and matched to current spend on resource levels 1 to 3
SRCR 0028 e Risk 09 – The costs of providing ECHPs is born equitably across agencies	All agencies need to contribute to the costs of the Education & Health Care Plans through the joint commissioning budget.	Anne Canning; Andrew Lee	October 2017: A joint commissioning/pupil funding panel is being established across the partnership and should be operational this term

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
SRCR 0029 **New Risk** Serious safeguarding failure in a school EXTERNAL RISK FUTURE RISK	<p>The joint inspection of multi-agency arrangements for the protection of children in March 2013 judged that the overall effectiveness of the multi-agency arrangements for the protection of children and young people in the London Borough of Hackney is outstanding.</p> <p>There remains the possibility that a failure of safeguarding systems and processes, through a lack of coordination between partnership-wide services or professionals, could contribute to a serious safeguarding issue which would impact negatively on Hackney Learning Trust's reputation.</p> <p>Additionally, the accessibility to the internet and social media opens children & young people to increased safeguarding risks, as well as risks of harmful cyber bullying, grooming, sexual abuse and exploitation. Schools need to be wise to these issues and implement appropriate training, programmes & strategies to mitigate risk and raise awareness amongst children & young people and their families. This should be approached as a whole school issue and embedded within the curriculum, supported by a suitably skilled and experienced member of school staff who can take lead responsibilities on this issue.</p> <p>This is an ongoing risk given HLT's responsibilities; there is always a degree of</p>		November 2017 - The risk and controls are effective and operate well. We recommend maintaining the risk rating at the current level.

	<p>uncertainty due to the nature of this risk, coupled with movements of individuals in and out of the Borough. The controls in place are regularly reviewed and updated in line with emerging national guidance.</p> <p>HLT provides safeguarding training through the CPD offer and the local authority provides advice and support through child protection services.</p>		
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Control Title	Control Description	Service Manager	Control - Latest Note
<p>SRCR 0029A**New Risk Control** Safer Recruitment and Safeguarding training offered to schools and governing bodies- Traded</p> <p>Page 72</p>	<p>School governing bodies are responsible for ensuring that school staff have completed the relevant safeguarding training. The HLT Wellbeing and Education Safeguarding Team provide training through CPD package.</p> <p>The latest version of DfE guidance 'Keeping Children Safe in Education (September 2016) states that the school staffing regulations require governing bodies of schools to ensure that at least one person on any appointment panel has undertaken safer recruitment training. From September 2014 (and subject to parliamentary procedure) schools may choose appropriate training and take advice from CHSCB in doing so.</p> <p>HLT Safeguarding Team has an approved list of training providers, to compliment the resource currently available to schools. The HLT Quality and Assurance Training officers will ensure that all future training packages incorporate all relevant aspects of the new DfE guidance.</p>	<p>Anne Canning; Paul Kelly</p>	<p>October 2017 – Safer recruitment and Safeguarding training continues to be offered as a traded service to schools and governing bodies. To date, the take up by schools of this offer has been positive.</p>
<p>SRCR 0029B**New Risk Control** Information sharing activities in place.</p>	<p>HLT are represented on local Safeguarding Boards at all levels, and work proactively across 1CYPS by contributing to all safeguarding forums and initiatives, subject to capacity. HLT are also engaged on other partnership panels where safeguarding is a concern, such as MATs and Children and Young Peoples partnership panel. The HLT contributes to all reviews as required by the Safeguarding Board, and implement all actions.</p> <p>HLT's membership of the Ofsted Preparation Group for Ofsted inspections provides the opportunity to establish and use linkages to share information.</p> <p>HLT disseminates to schools briefings based on the findings of Serious Case Reviews. All published SCRs have been shared at Head teacher termly briefings, and with Schools and Settings after discussion and agreement with HLT SLT.</p>	<p>Anne Canning; Paul Kelly</p>	<p>October 2017– HLT is represented at all relevant Safeguarding Forums and engages extensively in Partnership working.</p> <p>The Safeguarding in Education Team provides advice and guidance to schools on all training, legislation, Serious Case Reviews etc.</p> <p>New and refreshed safeguarding guidance, CHSCB information and newsletters are disseminated to schools and settings through HLT's Bulletin and Leadership Updates.</p>
<p>SRCR 0029C**New Risk Control** Monitoring of Safeguarding and Safer Recruitment issues through SRAS process</p>	<p>Oversight of any concerns picked up through SIP visits and SRAS process used to inform interventions and support provided to schools</p>	<p>Anne Canning; Sian Davies</p>	<p>October 2017: The School Improvement team has worked to identify strategies to support governors in monitoring their own safeguarding arrangements. A Safeguarding SEF Audit has been issued to schools with the recommendation that it is completed annually and reported to governors.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
SRCR 0029D**New Risk Control**	Raising awareness of e-safety strategies, within the broader context of child protection/safeguarding – link to S11 audits	Anne Canning; Paul Kelly	October 2017 – Online Learning Policies for Primary/Early Years settings, and Secondary schools have been disseminated to the Borough's schools and settings.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0030 Pressures on Temporary Accommodation INTERNAL RISK CURRENT RISK	The demand on temporary accommodation (TA) for homeless households exceeds the supply of property suitable for use, and also causes a clear shortfall between the subsidy provided and the actual cost of meeting TA need. This could result in serious difficulties in providing an effective provision for the accommodation of vulnerable children and adults, and also impact adversely on available budgets.	Finance and Corporate Resources		November 2017 – Local authorities have a statutory duty to provide accommodation for homeless households that have been defined as being in priority need and unintentionally homeless, and are obliged to secure temporary accommodation (TA) for that household as an interim measure whilst a longer-term alternative becomes available. Councils in Britain have spent more than £3.5bn on temporary accommodation for homeless families in the last five years, with the annual cost rising 43% in that time. The Local Government Association has commented that these costs are “unsustainable”. It should be noted that the implementation of the Homeless Reduction Act in 2018/19 will drive further demand for TA provision. Additionally, Benefits and Housing Needs are forecasting a 15% increase year on year of households in temporary accommodation, so it is always increasing. Risk score remains the same.

Control Title	Control Description	Responsible Group Director / Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0030a Utilising all available accommodation	Utilise 100% of all regeneration voids as additional temporary accommodation reducing the need for	Ian Williams	Jennifer Wynter	31-Mar-2018	Control ongoing November 2017

	costly nightly paid TA provision.				
SRCR 0030b Make best use of the provision of discharge of duty into the private rented sector	Additional duty afforded LA's to discharge our homeless duty with provision of an affordable 1 year monthly PRS let, albeit if further homelessness within 2 years we retain the duty. TA strategy in place and agreed way forward with Mayor & Members on OOL placements.	Ian Williams	Jennifer Wynter	31-Mar-2018	Control ongoing November 2017
SRCR 0030c Observe pan London cap on nightly paid accommodation procurement	Maintain influence on the rental market by continued observation and no breaches (except emergency disabled accommodation) of the agreed Pan London TA rent cap.	Ian Williams	Jennifer Wynter	31-Mar-2018	Control ongoing November 2017

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 74</p> <p>SRCR 0031 NEW RISK Fire Safety INTERNAL RISK FUTURE RISK</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.	Neighbourhoods & Housing		<p>In the light of the Grenfell tragedy and the increased focus on materials / workmanship on Council properties nationally, this risk was immediately escalated to Directorate and Corporate level. There were always Fire Safety risks on Housing registers, but recent events and understandable sensitivities necessitated this being featured at the highest 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> <p>This risk focuses solely on risks of an incident in blocks managed by the Council. However, the Council also has limited responsibilities in relation to housing association and privately owned blocks in the borough. An incident in one of these blocks is also a risk to the Council, though obviously we have in place measures to meet the Council's responsibilities. The DCLG is currently trying to add new burdens on LAs in relation to privately owned blocks.</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	15 Mar 2018	<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>1823 FRAs are currently published on the website and have generated c.16000 recommendations.</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	15 Mar 2018	<p>These were set up and carried out their duties and have now been stood down with actions continuing as part of business as usual.</p>
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 inspections that are required.</p>	Kim Wright	Michael Scorer	15 Mar 2018	<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 programme they visited over 80 estate blocks in hi vis jackets in order to carry out additional fire safety checks (using a checklist</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
					<p>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. The inspections found that we had no similar panel built system. All investigations / inspections of all clad blocks have now been satisfactorily completed.</p>
<p>Page 76</p> <p>SRCR 0031e Fire Safety – everyone's responsibility</p>	<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	15 Mar 2018	<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 names in Parking Services so that they can raise any new issues immediately.</p>
<p>SRCR 0031f LFB meetings</p>	<p>Develop robust arrangements for meeting regularly with the London Fire Brigade (LFB) to consider fire risk assessments and safety on our estates.</p>	Tim Shields; Kim Wright	Michael Scorer	15 Mar 2018	<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</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
					<p>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, met with the Borough Commander and the Head of LFB's Fire Safety Inspection team in early September to agree working arrangements going forward.</p>
<p>Page 77</p> <p>SRCR 0031g Fire safety policy</p>	<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 recommendations coming out of the most recent FRAs, current policy guidelines and agreeing a strategy for dealing with them. • 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). 	<p>Tim Shields; Kim Wright</p>	<p>Michael Scorer</p>	<p>15 Mar 2018</p>	<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. The update report went to Cabinet in September (2017) and this provided thorough updates.</p>

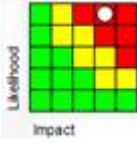
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	<ul style="list-style-type: none"> Enhanced parking enforcement on our estates. Responding to any recommendations coming from the Grenfell enquiry. <p>Budget Management: Ensure that the necessary resources 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>				

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 78 SRCR 0032 NEW RISK Integrated Commissioning INTERNAL RISK CURRENT RISK	<p>As a result of a loss of direct control over some of the Council's social care and public health budgets, elements of the new service delivery are compromised and don't prove as effective as initially envisioned. Also, the impact of managing and resourcing additional governance structures (and adapting to them) would need to be addressed; and if it fails to be, the effectiveness and transparency of the process will be compromised.</p>	Children, Adults and Community Health		<p>Of course, Integrated Commissioning also presents numerous opportunities. If it continues to become effectively embedded within the organisations, it could offer a clear way of offering a more joined up and comprehensive way of working together. Health and social care partners across Hackney share an ambition to improve health outcomes for local people by commissioning these services in a more integrated way that makes the most of our shared investment at a time when public funding has experienced serious reductions and increasing budgetary pressures. Therefore, there could be clear financial benefits.</p>

Control Title	Control Description	Responsible Group Director / Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0032a The ICB	<p>The Integrated Commissioning Board is tasked with developing risk identification, monitoring and mitigation arrangements in line with the corporate approach. There are detailed schemes of delegation agreed between the separate bodies specifying</p>	Anne Canning		02-Feb-2018	<p>Regular meetings (with accompanying minutes) of the ICB should provide assurance of effective communication between</p>

	exactly what individual and shared duties are.				the organisations. The most recent meeting was on 15 November 2017, and full minutes and records are kept for all meetings.
SRCR 0032b Section 75	The Section 75 Agreement including the financial framework sets out: - Scope of pooled and aligned budget; - Ground rules for its use and treatment of overspends; and - How conflicts in budget-setting priorities would be settled. The Section 75 Agreement also sets out the risk share agreement; should there be an overspend, the party with statutory responsibility for the function or budget will be responsible.	Anne Canning		02-Feb-2018	The Section 75 Agreement will be for a 2-year period with a break clause on 9 months' notice. This will ensure that the Council is able to withdraw from these arrangements if they have concerns. The budget and approach will be negotiated and agreed each year to reflect changing circumstances.
SRCR 0032c Ensuring effective governance	Ensure all arrangements and structures are properly organised and that the governance is sound.	Anne Canning		02-Feb-2018	A meeting was held with the partners and external auditors in January 2017. The external auditors provided assurance that the proposed arrangements were in line with guidance.

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0033 NEW RISK Inaccurate or Late Pay Information Supplied to Hackney Pension Fund (LGPS)/Local Pensions Partnership (LGPS)/Teachers Pensions	<p>Inaccurate payroll data supplied to the Hackney Pension Fund introduces the following risks:</p> <ul style="list-style-type: none"> • Fund actuary unable to properly assess funding position – Council contributions rise as a result • Inaccurate member pension records – potential under/overpayment of benefits and potential for claims against the Council. • Enforcement action against the Council by the Pensions Regulator • Reputational risks <p>Inaccurate payroll data supplied to the Local Pensions Partnership introduces the following risks:</p> <ul style="list-style-type: none"> • Inaccurate member pension records – potential under/overpayment of benefits and potential for claims against the Council. 	Chief Executive's - HR	 <p>The matrix shows a 4x4 grid with 'Likelihood' on the vertical axis and 'Impact' on the horizontal axis. The top-right cell (High Likelihood, High Impact) is red, while all other cells are green or yellow.</p>	Reviewed November 2017 – the likelihood of this risk remains very high. Significant problems with the payroll data being provided by the Council has meant that the quality of membership data has deteriorated since the introduction of the 2014 scheme. The complexity of the scheme has increased significantly and the Council's payroll provider has been unable to respond to these changes, resulting in consistently poor provision of vital data across the Fund's largest employer. A new payroll system was introduced in July 2017; however, significant changes to processes are still bedding in and the long term impact of the new system is therefore difficult to determine.

	<ul style="list-style-type: none"> • Reputational risks • Costs recharged to the Council as a result of enforcement action against LPP by the Pensions Regulator <p>Inaccurate payroll data supplied to Teachers Pensions introduces the following risks:</p> <ul style="list-style-type: none"> • Inaccurate member pension records – potential under/overpayment of benefits and potential for claims against the Council. • Reputational risks • Enforcement action against the Council by the Pensions Regulator 			
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0033 A Monitoring of membership data	Controls – annual monitoring of membership records, valuation checks, external data validations	Michael Honeysett/Dan Paul	Lorraine Robinson/Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed November 2017 - ongoing.
SRCR 0033 B Contributions monitoring	Monthly monitoring of contributions to ensure that employers paying across correct contributions along with membership data being supplied	Michael Honeysett/Dan Paul	Lorraine Robinson/Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed November 2017. Good communication with payroll, as accurate data is very important.
SRCR 0033 C Performance Monitoring	Service Level Agreement with external administrator and monthly monitoring of contract. Monitoring of employers and Pensions Administration Strategy which enables Fund to recoup additional administration costs for sub-standard performance.	Michael Honeysett	Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed November 2017
SRCR 0033 D New Payroll Implementation	Consistent involvement in the implementation and development of the Council's new payroll system (Go live date - July 2017). The Council's payroll supplies data for the vast majority of the Fund – the Fund's involvement with the implementation helps ensure the importance of good quality pension reporting is recognised	Michael Honeysett/Dan Paul	Lorraine Robinson/Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed November 2017

<p>TREASURY MANAGEMENT UPDATE REPORT</p> <p>17th January 2018</p> <p>AUDIT COMMITTEE</p>	<p>Classification:</p> <p>Public</p>
<p>Ward(s) affected</p> <p>None</p>	
<p>Group Director</p> <p>Ian Williams, Group Director of Finance & Corporate Resources</p>	

1. INTRODUCTION

1.1 The half year treasury activity report for 2017/18 is the detailed update on the treasury activity for the first six months of the financial year (Appendix 1) and the Q3 treasury activity update for the period October 2017 to December 2017 (Appendix 2).

2. RECOMMENDATION(S)

2.1 **The Audit Committee is recommended to:**

- **Note the treasury management activity reports at Appendices 1 and 2**

3. REASONS FOR DECISION

3.1 The Treasury Management Half Year Report is required in order to comply with the Chartered Institute of Public Finance and Accountancy’s Code of Practice for Treasury Management in Public Services (the “CIPFA TM Code”) which the Council has adopted. The quarterly update at Appendix 2 is presented in accordance with the Council’s Treasury Management Strategy.

4. Policy Context

The CIPFA code of practice requires that those charged with oversight receive regular updates on the progress of Council’s treasury strategy during the year. Members are being provided with the detailed report on the first six months activity (to September 2017) with an update of the primary treasury indicators along with the Q3 Treasury

Management Report which provides details of activity during the months of October to December 2017.

4.1 Equality Impact Assessment

There are no equality impact issues arising from this report

4.2 Sustainability

There are no sustainability issues arising from this report

5. RISK ASSESSMENT

There are no risks arising from this report as the information provided is in respect of past events. Clearly though the treasury management function is a significant area of risk for the Council, if the function is not properly carried out and monitored by those charged with responsibility for oversight of treasury management.

5.1 Consultations

No consultations have taken place in respect of this report.

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

- 6.1 The half yearly Treasury Activity Report provides an update to this Committee on the treasury activities undertaken on behalf of the Council for the first six months of the current financial year 2017/18. There are no direct financial consequences arising from the report as it reflects the first half year's performance. 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.
- 6.2 The third quarter's treasury report covers the latest quarter ending December 2017 and reflects the most recent treasury activity.
- 6.3 Whilst the financial crisis would appear to be receding, the impacts are still being felt in terms of record low interest rates and also how financial institutions are rated and in particular the steps being taken by governments around the globe to bring about stable growth and ensure that risks from banking failures are avoided in the future.

7. COMMENTS OF THE DIRECTOR OF LEGAL

- 7.1 The Accounts and Audit Regulations 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.
- 7.2 There are no immediate legal implications arising from the report.

8. BACKGROUND

- 8.1 The half yearly Treasury Activity Report (Appendix 1) provides a summary for the Committee on the economic background for the first six months of the current financial year 2017/18, with an update covering the final 3 months of 2017 in the Q3 Activity Report at Appendix 2.
- 8.2 The Council has an increasing Capital Financing Requirement due to the delivery of its capital programme and therefore may need to borrow in future years, depending on the actual level of reserves and cash balances.
- 8.3 With regard to the investment portfolio, security of capital remains the prime consideration, particularly given the world economy still struggling to pull itself out of recession and the continuing sovereign and institutional downgrades. The average rate of interest received on investments at the end of December 2017 was 0.88%, compared to 0.86% in December 2016. Although Banks continued access to cheap funding, along with the drop in bank rate, keeps money market rates down, the Council has taken a longer term view of its cash balances and interest rates and invested an element of its core cash for a mid to longer duration in highly secure counterparties (Local Authorities). The level of investments outstanding has decreased from £149 million at the beginning of April 2017 to £136 million at end of December 2017.

APPENDICES

The appendices to this report details the treasury management activities undertaken by the Council. It sets out in detail the economic background in which the treasury management function has had to operate since the beginning of the financial year and the treasury activities which have taken place in the first six months of the financial year to end of September 2017 and for the period October to December 2017.

Appendix 1 – Treasury Management Half Year Activity Report 2017/18

Appendix 2 – Q3 Treasury Management Activity Update Report 2017/18

Report Author	Pradeep Waddon, 020 8356 2757, pradeep.waddon@hackney.gov.uk
Comments of the Group Director of Finance and 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

Appendix 1

TREASURY MANAGEMENT HALF YEAR ACTIVITY REPORT 2017/18 (6 MONTHS TO 30TH SEPTEMBER 2017)

1. Background

- 1.1 The Annual Treasury Management Report is a requirement of the Council's reporting procedures and this report covers the treasury activity for the first six months of the financial year 2017/18, 1st April 2017 to 30th September 2017.
- 1.2 The Council's Treasury Management Strategy has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009, which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year.
- 1.3 The Code also recommends that members are informed of Treasury Management activities at least twice a year. This report therefore ensures this authority is embracing Best Practice in accordance with CIPFA's recommendations.
- 1.4 Treasury management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.5 The Authority's Treasury Management Strategy for 2017/18 was approved by full Council on 1st March 2017 and can be accessed on by the following link:
<http://mginternet.hackney.gov.uk/documents/s53578/Appendix4201718%2027022017%20Cabinet.pdf>
- 1.6 The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.

2. Economic Background

- 2.1 Commodity prices fluctuated over the period with oil falling below \$45 a barrel before inching back up to \$58 a barrel. UK Consumer Price Inflation (CPI) index rose with the data print for August 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. The new inflation measure CPIH, which includes owner occupiers' housing costs, was at 2.7%.

The unemployment rate fell to 4.3%, its lowest since May 1975, but the squeeze on consumers intensified as average earnings grew at 2.5%, below the rate of inflation. Economic activity expanded at a much slower pace as evidenced by Q1 and Q2 GDP growth of 0.2% and 0.3% respectively. 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

will be a constraint on economic activity in the second half of calendar 2017.

- 2.2 The Bank of England made no change to monetary policy at its meetings in the first half of the financial year. 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. Although at September's meeting the Committee voted 7-2 in favour of keeping Bank Rate unchanged, the MPC changed their rhetoric, implying a rise in Bank Rate in "the coming months". The Council's treasury advisor is not convinced the UK's economic outlook justifies such a move at this stage, but the Bank's interpretation of the data seems to have shifted.
- 2.3 Gilt yields displayed significant volatility over the six-month period with the apparent change in sentiment in the Bank of England's outlook for interest rates, the push-pull from expectations of tapering of Quantitative Easing (QE) in the US and Europe and from geopolitical tensions, which also had an impact. The yield on the 5-year gilts fell to 0.35% in mid-June, but then rose to 0.80% by the end of September. The 10-year gilts similarly rose from their lows of 0.93% to 1.38% at the end of the quarter, and those on 20-year gilts from 1.62% to 1.94%.
- 2.4 The FTSE 100 nevertheless powered away reaching a record high of 7548 in May but dropped back to 7377 at the end of September. Money markets rates have remained low: 1-month, 3-month and 12-month LIBID rates have averaged 0.25%, 0.30% and 0.65% over the period from January to 21st September.

3. Debt Management

- 3.1 In the beginning of the year Council had one external debt of £3.6m LEEF (London Energy Efficient Fund) loan from the European Investment Bank to fund housing regeneration. This loan is below market rate and was taken out in July 2014.
- 3.2 In addition, council had £85m short term borrowing at the beginning of the year. This short term borrowing was taken at the end of 2016-17 financial year to fund the Hackney Walk deal. This was repaid in the first six months of the year.
- 3.3 The Authority does not expect to undertake long term borrowing externally in 2017/18. However, the Council will require to externally borrow for short term cash flow purposes. Council borrowed £20m in Sep 2017 on short term basis to meet the working capital requirement.

Table 1: Debt Portfolio positions as at 01/04/2017 and 30/09/2017

	Balance on 01/04/2017 £'000	Debt Maturing £'000	New Borrowing £'000	Balance on 30/09/2017 £'000	Avg Rate %
Short Term Borrowing*	85,000	0.49%		20,200	2.18%
Long Term Borrowing	3,600	1.9%		3,200	1.90%
TOTAL BORROWING	88,600			23,400	
Other Long Term Liabilities	15,080			15,902	9.93%
TOTAL EXTERNAL DEBT	103,680			39,302	
(Decrease) in borrowing				(64,378)	

* Loans that mature within 1 year

- 3.4 For the Council the use of internal resources in lieu of borrowing has continued to be the most cost effective means of funding capital expenditure. However, this position will not be sustainable over the medium term and the Council expects it will need to borrow for capital purposes in due course.
- 3.5 **PWLB Borrowing:** The Authority qualifies for borrowing at the 'Certainty Rate' (0.20% below the PWLB standard rate) for a 12 month period from 01/11/2017.
- 3.6 **Alternative borrowing sources:** Whilst there are several claims that a competitive, comparable equivalent to long-dated PWLB borrowing is readily available, the Council will continue to adopt a cautious and considered approach to funding from the capital markets when required.

4. Investment Activity

- 4.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Cash flow forecasts indicated that during 2017/18 the Authority's investment balances would range between £110m and £150 million.
- 4.2 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.

Table 2: Investment Portfolio positions as at 01/04/2017 and 30/09/2017

	Balance as at 01/04/2017 £'000	Average Rate of Interest %	Balance as at 30/09/2017 £'000	Average Rate of Interest %
Short term Investments*	43,104	-	36,190	-
Long term Investments	31,500	-	19,500	-
AAA-rated Stable Net Asset Value Money Market Funds	36,660	-	32,000	-
AAA rated Cash enhanced Variable Net Asset Value Money Market Funds	3,000	-	3,000	-
Covered Bonds	7,874	-	5,703	-
Corporate Bonds	12,125	-	7,503	-
Housing Associations	15,000	-	15,000	-
	149,263	0.81	118,896	0.78

* Less than one year

4.2 Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2017/18. Investments are currently held with the following below institutions:

- Other Local Authorities;
- AAA-rated Stable Net Asset Value Money Market Funds;
- AAA rated Cash enhanced Variable Net Asset Value Money Market Funds
- Deposits with UK Banks
- UK Housing Associations
- Corporate and Covered Bonds
- Unrated UK Building Societies

4.3 Counterparty credit quality is assessed and monitored with reference to Credit Ratings (the Council's minimum long-term counterparty rating of A- (or equivalent) across rating agencies Fitch, S&P and Moody's); credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; sovereign support mechanisms /potential support from a well-resourced parent institution and share price.

4.4 Given the increasing risk and continued low returns from short-term unsecured bank investments the Authority has further diversified into more secure and/or higher yielding asset classes such as; covered bonds which are secured on the financial institutions' assets, pooled funds which have the advantage of diversifying investment risks without the need to own and manage the underlying investments, coupled with professional

fund management, Housing Associations and short/medium term Corporate Bonds which are excluded from Bail-in risk.

5. Credit Risk

5.1 Counterparty credit quality remains an important factor in the Council's assessment of approved counterparties. The Council continuously monitors the overall credit quality of its investment portfolio and this is clearly demonstrated by the Credit Score Analysis summarised below. The credit scores are based on the Council's quarter-end in-house investment position.

Table 3: Credit Score Analysis

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating Score	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating Score
31/07/2017	4.37	AA-	3.64	AA-
31/08/2017	4.34	AA-	3.61	AA-
30/09/2017	4.55	A+	4.11	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

6. Counterparty Update

6.1 UK bank credit default swaps continued their downward trend, reaching three-year lows by the end of June. Bank share prices have not moved in any particular pattern.

6.2 There were a few credit rating changes during the period. The significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities. Moody's downgraded Standard Chartered Bank's long-term rating to A1 from Aa3 on the expectation that the bank's profitability will be lower following management's efforts to de-risk their balance sheet. The agency also affirmed Royal Bank of Scotland's and NatWest's long-term ratings at Baa1, 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 but downgraded the long-term rating of Leeds BS from A2 to A3. S&P also revised Nordea Bank's outlook to stable from negative, whilst affirming their long-term rating at AA-. The agency also upgraded the long-term rating of ING Bank from A to A+.

6.3 Ring-fencing, which requires the larger UK banks to separate their core retail banking activity from the rest of their business, is expected to be implemented within the next year.

6.4 The new EU regulations for Money Market Funds were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019.

The key features include Low Volatility NAV (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

7. Compliance with Prudential Indicators

7.1 The Council can confirm that it has to date complied with its Prudential Indicators for 2017/18, which were set in March 2017 as part of the Council's Treasury Management Strategy Statement.

Compliance with these Indicators is detailed below -

- **Capital Financing Requirement**

Estimates of the Council's cumulative maximum external borrowing requirement for 2017/18 to 2019/20 are shown in the table below:

	31/03/2018 Estimated £'000	31/03/2019 Estimated £'000	31/03/2020 Estimated £'000
Gross CFR	439,873	520,379	534,189
Less: Other Long Term Liabilities	14,112	13,349	12,528
Borrowing CFR	425,761	507,030	521,661
Less: Existing Profile of Borrowing	3,200	2,800	2,400
Gross Borrowing Requirement/Internal Borrowing	422,561	504,230	519,261
Usable Reserves	100,000	100,000	100,000
Net Borrowing Requirement/(Investment) Capacity	322,561	404,230	419,261

- **Gross Debt and the Capital Financing Requirement**

In the Prudential Code Amendment (November 2012), it states that the chief finance officer should make arrangements for monitoring with respect to gross debt and the capital financing requirement such that any deviation is reported to him/her, since any such deviation may be significant and should lead to further investigation and action as appropriate.

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year

plus the estimates of any additional capital financing requirement for the current and next two financial years.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with **gross** external debt.

	31/03/2018 Estimate £'000	31/03/2019 Estimate £'000	31/03/2020 Estimate £'000
CFR	425,761	507,030	521,661
Gross Debt	39,142	122,175	136,800
Borrowed in excess of CFR? (Yes/No)	No	No	No

The Group Director of Finance and Corporate Resources reports that the Authority had no difficulty meeting this requirement in 2017/18 (to date), nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

- **Usable Reserves**

Estimates of the Council's level of Usable Reserves for 2017/18 to 2019/20 are as follows:

	31/03/2018 Estimate £'000	31/03/2019 Estimate £'000	31/03/2020 Estimate £'000
Usable Reserves	100.000	100.000	100.000

- **Estimates of Capital Expenditure**

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

Capital Expenditure	31/03/2018 Estimate £'000	31/03/2019 Estimate £'000	31/03/2020 Estimate £'000
Non-HRA	177,077	115,429	150,495
HRA	186,929	246,491	260,196
Total	364,006	361,920	410,691

Capital expenditure will be financed or funded as follows:

Capital Financing	31/03/2018 Estimate £'000	31/03/2019 Estimate £'000	31/03/2020 Estimate £'000
Borrowing - Supported			
Borrowing - Unsupported	136,394	84,799	24,444
S106	774	0	6,450
Capital receipts	104,885	206,281	253,505
Grants	27,451	6,718	44,337
Reserves	7,265	3,887	1,470
RCCO	50,000	48,700	66,748
Discretionary	37,237	11,535	13,737
Total Financing	364,006	361,920	410,691

The table above shows that the capital expenditure plans of the Authority cannot be funded entirely from sources other than external borrowing.

- **Capital Financing Requirement**

The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing.

Capital Financing Requirement	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Total CFR	425,761	507,030	521,661

- **Incremental Impact of Capital Investment Decisions**

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2016/17 £	2017/18 Estimate £	2018/19 Estimate £
Increase in Band D Council Tax	0	0	30.55
Increase in Average Weekly Housing Rents	0	0	(1.01)

The Council's capital plans, as estimated in forthcoming financial years, have a neutral impact on council tax and/or housing rents. This reflects the fact that capital expenditure is predominantly financed from internal resources (grants, contributions, revenue and

capital receipts). There is therefore no effect on Council Tax or Housing Rents. The other possible revenue consequences of the capital programme such as running costs are also assumed to be revenue neutral in this calculation.

- **Authorised Limit and Operational Boundary for External Debt**

The Local Government Act 2003 requires the Council to set an **Authorised Borrowing Limit**, irrespective of their indebted status. This is a statutory limit which should not be breached.

The Council's **Authorised Borrowing Limit** was set at **£507m for 2017/18**.

The **Operational Boundary** is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.

The **Operational Boundary for 2017/18 was set at £478 m**.

The Group Director of Finance and Corporate Resources confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the year; and borrowing at its peak was £4.0m.

	Authorised Limit (Approved) as at 31/03/2018 £m	Operational Boundary (Approved) as at 31/03/2018 £m	Actual External Debt as at 30/09/2018 £m
Borrowing	506.873	477.873	23.400
Other Long-term Liabilities	0	0	15.904
Total	506.873	477.873	

- **Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure**

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2017/18 £'000
Upper Limit for Fixed Rate Exposure	100,000
Compliance with Limits:	Yes
Upper Limit for Variable Rate Exposure	20,000
Compliance with Limits:	Yes

- **Maturity Structure of Fixed Rate Borrowing**

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Lower Limit %	Upper Limit %	Actual Fixed Rate Borrowing as at 30/09/17	% Fixed Rate Borrowing as at 30/09/17	Compliance with Set Limits?
under 12 months	0	100	20,400	2.18%	Yes
12 months and within 24 months	0	100	400	1.90%	Yes
24 months and within 5 years	0	100	1,600	1.90%	Yes
5 years and within 10 years	0	100	1,000	1.90%	Yes
10 years and within 20 years	0	100	0	0	Yes
20 years and within 30 years	0	100	0	0	Yes
30 years and within 40 years	0	100	0	0	Yes
40 years and within 50 years	0	100	0	0	Yes
50 years and above	0	100	0	0	Yes

- **Total principal sums invested for periods longer than 364 days**

This indicator allows the Council to manage the risk inherent in investments longer than 364 days.

The limit for 2017/18 was set at £90m.

During the reporting period, the Council had a total of £24.5m in a fixed term investment over 365 years.

In addition, the Council had £7 million in Corporate Bonds for longer than 365 days. Although these bonds could be sold through the market at any point, the Council implements a buy and hold strategy and therefore will hold these bonds until they mature.

- **Credit Risk**

This indicator has been incorporated to review the Council's approach to credit risk. The Council confirms it considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not the sole feature in the Authority's assessment of counterparty credit risk. The authority considers the following tools to assess credit risk:

- Published credit ratings of the financial institution and its sovereign;
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum.

The Council can confirm that all investments were made in line with minimum credit rating criteria set in the 2016/17 TMSS.

- **HRA Limit on Indebtedness**

This purpose of this indicator is for the Council to report on the level of the limit imposed at the time of implementation of self-financing by the Department for Communities and Local Government. The actual HRA borrowing requirement has remained within this limit and the capital programme will be managed in future to ensure that it remains so.

HRA Limit on Indebtedness	31/03/2018 Estimated £m	31/03/19 Estimated £m	31/03/20 Estimated £m
HRA Debt Cap	178,353	178,353	178,353

10. Summary

- 10.1 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 first two quarters of 2017/18. As indicated in this report none of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Appendix 2

Q3 TREASURY MANAGEMENT UPDATE 2017/18 (OCTOBER 2017 to DECEMBER 2017)

1. Economic Highlights in Q3 2017/18

- **Growth:** The third estimate of Q3 GDP showed the UK economy expanded by 0.4% over the quarter and 1.7% year-on-year.
- **Inflation:** The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month rate was 2.8% in November 2017, the same as in October representing the highest rate since March 2012. The Consumer Prices Index (CPI) 12-month rate was 3.1%, increased from 3.0% in October 2017.
- **Monetary Policy:** The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. Having increased the bank base rate of interest at its November (?) meeting, at its meeting ending on 13 December 2017, the MPC voted unanimously to maintain Bank Rate at 0.5%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

2. Borrowing & Debt Activity

- 2.1 The Authority currently has £3.2m in long-term external borrowing. This is made up of a single London Energy Efficiency Fund (LEEF) loan from the European Investment Bank to fund housing regeneration. In addition, council has £15m short term borrowing to meet the working capital requirements.
- 2.2 Close analysis of the Council's cashflow requirements and its Capital Financing Requirement (CFR is an indicator of the overall need to borrow), as it is currently known, indicates that new borrowing, including borrowing proposed in the HRA business plan, will be required in the next 3 years.

3. Investment Policy and Activity

- 3.1 The Council held average cash balances of £143 million during the three month period, compared to £196 million for the same period last financial year.

Table 1: Movement in Investment Balances 01/10/17 to 31/12/17

	Balance as at 01/10/2017 £'000	Average Rate of Interest %	Balance as at 31/12/2017 £'000	Average Rate of Interest %
Short term Investments*	36,190	-	45,214	-
Long term Investments	19,500	-	12,500	-
AAA-rated Stable Net Asset Value Money Market Funds	32,000	-	37,350	-
AAA rated Cash enhanced Variable Net Asset Value Money Market Funds	3,000	-	3,000	-
Covered Bonds	5,703	-	5,703	-
Corporate Bonds	7,503	-	7,463	-
Housing Associations	15,000	-	25,000	-
	118,896	0.78	136,230	0.88

*deposits less than one year

- 3.2 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.
- 3.3 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.
- 3.4 The ongoing investment strategy remained cautious but counterparty credit quality remains strong, as can be demonstrated by the Credit Score Analysis summarised below:

Table 3: Credit Score Analysis

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating Score	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating Score
31/10/2017	4.73	A+	4.16	AA-
30/11/2017	4.60	A+	4.17	AA-
31/12/2017	4.69	A+	4.47	AA-

-Value we-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

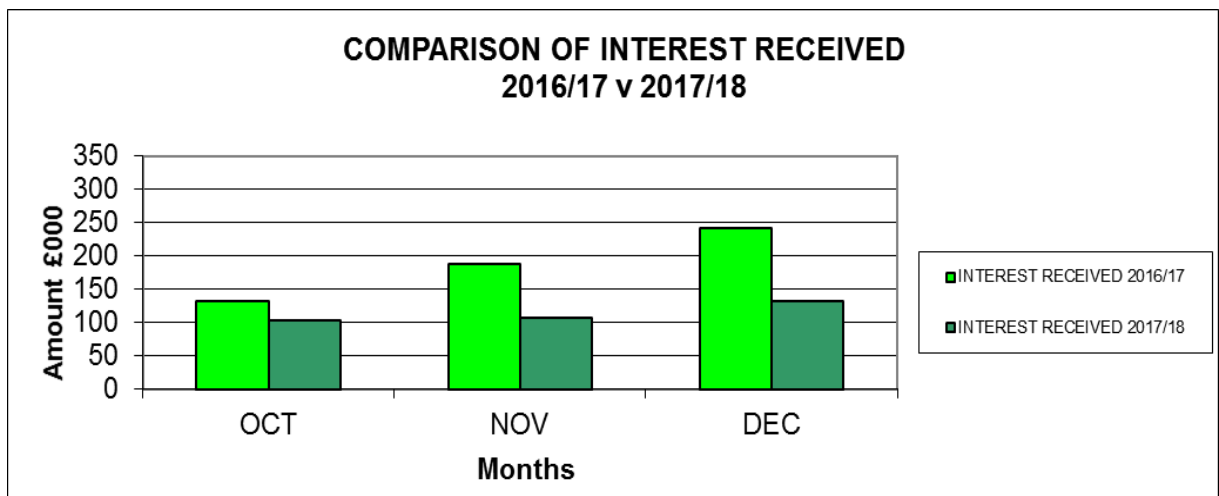
3.5 The Council continues to utilise AAmmf/Aaa/AAAm rated Money Market Funds for its very short, liquidity-related surplus balances, together with high credit rated call accounts. This type of investment vehicle has continued to provide very good security and liquidity, although yield has suffered in recent months

4. Comparison of Interest Earnings

4.1 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.

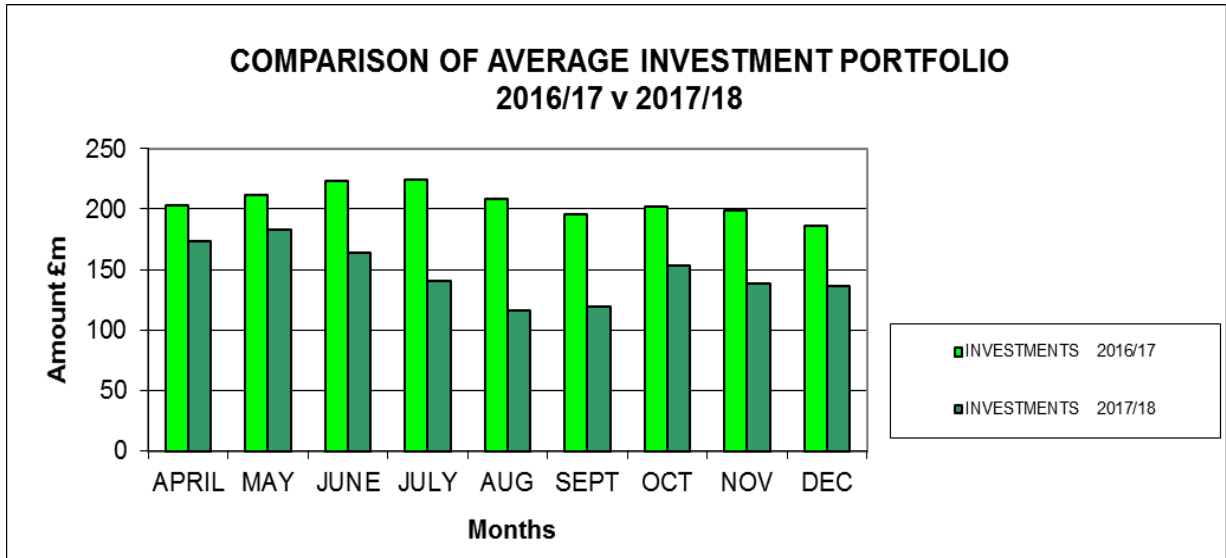
4.2 The graph below provides a comparison of interest earnings for 2017/18 against the same period for 2016/17. The graph highlights that the Council's longer term investment approach is paying dividends with high levels on interest received when taking into account the investment market environment.

Average interest received for the period October to December 2017 was £114k compared to £188k for the same period last financial year.



5. Movement in Investment Portfolio

- 5.1 Average investment levels have decreased to £147 million at the end of December In comparison to the same period last year of £206 million.



7. Summary

- 7.1 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 third quarter 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.

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<p>TREASURY MANAGEMENT STRATEGY 2018/19</p> <p>17th January 2018</p> <p>AUDIT COMMITTEE</p>	<p>Classification:</p> <p>Public</p>
<p>Ward(s) affected</p> <p>None</p>	
<p>Group Director</p> <p>Ian Williams, Group Director of Finance and Corporate Resources</p>	

1. INTRODUCTION

1.1 This report introduces the Annual Treasury Management Strategy for 2018/19, for the Audit Committee, setting out the expected treasury operations for the 2018/19 financial year.

2. RECOMMENDATION(S)

2.1 The Audit Committee is recommended to:

- **Approve the draft Treasury Management Strategy 2018/19 to 2020/21 for submission to Council subject to Capital programme updates with delegated powers to the Group Director of Finance and Corporate Resources to approve the final Treasury Management Strategy for submission to Council.**

Document Number: 19102132

Document Name: Draft Treasury Management Strategy 201819 Audit Committee

3. REASONS FOR DECISION

- 3.1 The Treasury Management Strategy is required under the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") to be approved by full Council along with the Prudential Indicators.

4. BACKGROUND

4.1 Policy Context

- 4.1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance.

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

5. RISK ASSESSMENT

5.1 Consultations

No consultations have taken place in respect of this report.

5.2 Risk Assessment

The treasury management function is a significant area of risk for the Council if the function is not properly carried out and monitored by those charged with responsibility for oversight of treasury management. This Strategy sets out measures that mitigate that risk and sets the parameters within which the function should be carried out. Regular reporting on treasury ensures that the Committee is kept informed.

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

- 6.1 The Treasury Management Strategy sets out how the Council's cash flow will be managed during the financial year 2018/19. The actual cost of borrowing

Document Number: 19102132

Document Name: Draft Treasury Management Strategy 201819 Audit Committee

and interest on investments will depend on market conditions and timing will be an important factor in decisions to be taken on the debt portfolio. The prudential indicators are still to be finalised as part of the annual budget setting process relating to the capital programme.

- 6.2 Whilst the financial crisis would appear to be receding, the impacts are still being felt in terms of record low interest rates and also how financial institutions are rated and in particular the steps being taken by governments around the globe to bring about stable growth and ensure that risks from banking failures are avoided in the future.

7. COMMENTS OF THE DIRECTOR OF LEGAL

- 7.1 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. 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.

- 7.2 There are no immediate legal implications arising from the report.

8. BACKGROUND

- 8.1 The Treasury Strategy set out below is set in the context of the current macro-economic environment and the continuation of record low interest rates.
- 8.2 The Council has an increasing Capital Financing Requirement (CFR) due to its capital programme and therefore may need to borrow in future years, depending on the actual level of reserves and capital receipts and other resources available to it.

TREASURY MANAGEMENT STRATEGY 2018/19 TO 2020/21

1 SUMMARY

- 1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the CLG's Investment Guidance.

2 RECOMMENDATIONS

- 2.1 Committee are to:

- Recommend the Treasury Management Strategy for 2018/19 to 2020/21 to Council for approval
- Recommend the criteria for lending and the financial limits set out in this report, which will take effect immediately.
- Recommend the Treasury Management Policy Statement coming into force on 1st April 2018 to Council for approval, as set out in Appendix B.

3 RELATED DECISIONS

- 3.1 Cabinet and Council will consider the report on the revenue and capital budgets for 2018/19 in February 2018. That report will contain provisions for the cost of borrowing consistent with the Treasury Management Strategy. That report also will recommend that the Council sets its Treasury Management and Affordability Prudential Indicators. This report assumes that those recommendations will be approved by Council.

4 COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 4.1 The Treasury Management Strategy sets out how the Council's cash flows will be managed during the financial year 2018/19. The actual cost of borrowing and interest on investments will depend on market conditions and timing will be an important factor in decisions to be taken on the debt portfolio.

5 BACKGROUND

- 5.1 The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice*

2011 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.

- 5.2 In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.
- 5.3 This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.
- 5.4 The purpose of this TMSS is, therefore, to approve:
- Treasury Management Strategy for 2018/19
 - Annual Investment Strategy for 2018/19
- 5.5 The Council invests large sums of money and therefore, potentially, has exposure to certain financial risks concerning the capital sums invested and the effect of changing interest rates. The successful identification, monitoring and control of risk, is therefore central to the Council's treasury management strategy.

6 ECONOMIC BACKGROUND

- 6.1 The major external influence on the Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.
- 6.2 Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. Unemployment continued to fall and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.5% in November 2017.
- 6.3 In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central

Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

- 6.4 High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.
- 6.5 Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. In addition, the largest UK banks will ring fence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain very low.

7 INTEREST RATE FORECAST

- 7.1 The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19, following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- 7.2 Future expectations for higher short term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions. The risks to Arlingclose's forecast are broadly balanced on both sides. The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.
- 7.3 A more detailed economic and interest rate forecast provided by Arlingclose is attached at *Appendix A*.

8 CURRENT POSITION AND BALANCE SHEET SUMMARY

- 8.1 The Council currently (as at 31.12.17) has outstanding external borrowing of £18.2m. Total investments as of the date were £136m.

Table 1: Existing Investment & Debt Portfolio Position as at 31/12/17

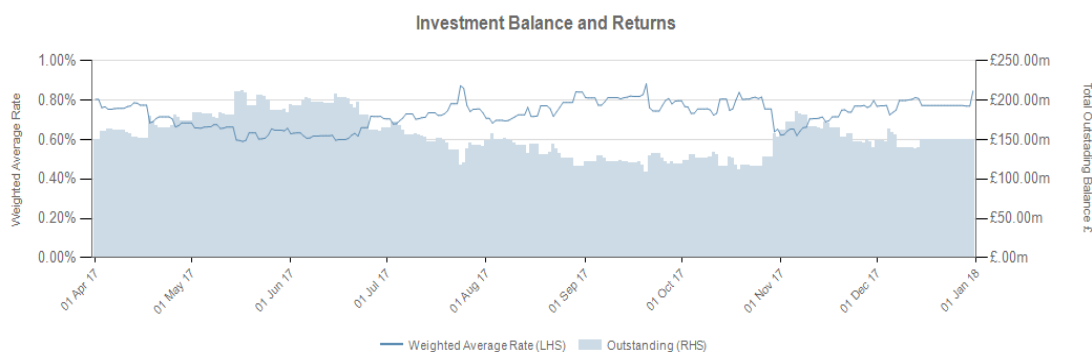
	Portfolio outstanding as at 31/12/2017 £'000
External Borrowing:	
Market – Fixed Rate	18.200
Total External Borrowing	18.200
Other Long Term Liabilities:	
PFI	15.482
Finance Leases	0.422
Total Gross External Debt	34.104
Investments:	
Short-term monies - Deposits/ monies on call/MMFs	111,266
Long-term investments	24,964
Total Investments	136,230

- 8.2 The Council investment balances have fluctuated over the last year, initially there was an increase due to the front loading of some grants but this has been followed by a slight downward trend, as these grants are utilised. Weighted average rate (investment return) has steadily increased, the result of effective treasury and cash management. The movement of cash balances (thick grey block) and yield (thin blue line) throughout the year is represented in the graph below:

Graph 1: Investment balance and return

Document Number: 19102132

Document Name: Draft Treasury Management Strategy 201819 Audit Committee



8.3 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, otherwise known as internal borrowing. Forecast changes in these sums are shown in the balance sheet analysis in table 2 below.

Table 2: Balance Sheet Summary and Forecast

	31.3.18 Estimate £m	31.3.19 Estimate £m	31.3.20 Estimate £m	31.3.21*** Estimate £m
General Fund CFR				
HRA CFR				
Total CFR	439.873	520.379	534.189	
Less: Other long-term liabilities *	14.112	13.349	12.528	
Less: External borrowing **	3.200	2.800	2.400	
Cumulative Maximum External Borrowing Requirement	422.561	504.230	519.261	
Less: Usable reserves***	100.000	100.000	100.000	
Cumulative Net Borrowing Requirement /(Investments)	322.561	404.230	419.261	

* finance leases and PFI liabilities that form part of the Authority's debt

** shows only loans to which the Authority is committed and excludes optional refinancing

***Table 2 is subject to finalisation of the Budget Report

8.5 The Authority currently has £18.2m in external borrowing. This is made up of a single £3.2m London Energy Efficiency Fund (LEEF) loan from the European Investment Bank to fund housing regeneration, along with £15m short term to cover liquid cash flow requirements.

- 8.6 Furthermore, the Council has an increasing CFR due to its capital programme and therefore is likely to need to borrow over the forecast period, depending on the actual level of reserves.
- 8.7 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 2 shows that the Authority expects to comply with this recommendation during 2018/19.
- 8.8 Table 3 set out the operational boundary and authorised limits for the Authority for the coming years:

Table 3: Operational Boundary and Authorised Limit

	31.3.17 Actual £m	31.3.18 Estimate £m	31.3.19 Estimate £m	31.3.20 Estimate £m
Operational Boundary				
Operational Boundary for External Debt	263.178	477.873	557.379	570.189
Authorised Limit				
Authorised Limit for External Debt	292.178	506.873	586.379	600.189

9 BORROWING STRATEGY

- 9.1 The balance sheet forecast in Table 2 shows that the Authority expects to borrow up to £404.230 million in 2018/19. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £586.379 million in 2018/19.
- 9.2 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 9.3 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of

the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

- 9.4 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 2-3 years as official interest rates remain low, it is unlikely to be sustained in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Undertaking regular reviews regarding borrowing options, such as cost of carry and breakeven analysis will help determine whether the Authority borrows additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional costs in the short-term.
- 9.5 Alternatively, the Authority may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 9.6 In addition, the Authority may borrow short-term loans (normally for up to three to six month) to cover liquid cash flow shortages.

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board and any successor body
- UK local authorities
- any institution approved for investments (see below)
- any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK
- Municipal Bond Agency (subject to relevant Council authorisations being in place)
- UK public and private sector pension funds (except London Borough of Hackney Pension Fund)
- capital market bond investors
- special purpose companies created to enable joint local authority bond issues.

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

- 9.7 The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.
- 9.8 Short-term and variable rate loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators in point 12.4 below.

10 INVESTMENT RISK MANAGEMENT

- 10.1 Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 10.2 As a result of the 2008 financial crisis, there has been a major effort by governments and regulators to make legislative and regulatory changes to the banking environment. These changes were undertaken with the aim of preventing the future failures of banks and to move away from tax payer funded bail outs, as was the case for Lloyds and RBS, and move towards a bail in scenario.
- 10.3 Bail in is whereby a levy on deposits within banks would be made to lower the amount of external bail out needed. It would take place before a bankruptcy with regulators imposing losses on shareholders, bond holders and unsecured deposits.
- 10.4 Bail in was first introduced during the Cypriot financial crisis in March 2013, when the Cypriot government was to able to re-finance its banks and the EU did not provide the finance to bail the banks out. Subsequently, the Cypriot banks were bailed-in via a levy on all unsecured depositors of more than £100,000.
- 10.5 The Banking Reform Act (2013) delivered significant reform to the UK banking sector and introduced into law the bail in process as a pre-emptive measure to stop failing banks. This means that unsecured depositors, such as Local Authorities, would be subject to a levy on their deposits if that counterparty was bailed in.
- 10.6 To reduce and manage this risk, it is recommended that the Council continues with its current investment strategy for high diversification and hold some

investments in more secured instruments (those instruments excluded from bail in risk) such as Covered Bonds and Tri-party Repos, as well as looking at non-financial counterparties such as corporations. For unsecured deposits, the Council will continue to ensure high diversification amongst the Banks and Building Societies which will help to reduce single exposure to one organisation and increase diversification.

11 INVESTMENT STRATEGY

11.1 The Authority holds varying levels of invested funds at varying lengths of duration. These investments represent income received in advance of expenditure plus balances and reserves held.

11.2 For the 2017/18 financial year the Council had an average investment balance of £147m as of 31.12.17, down from £206m for the same period last year. It is expected that investment levels will continue to decrease in forthcoming years as balances are used to fund the capital programme.

11.3 Given the increasing risk as detailed in section 10, the Authority aims to further diversify into more secure asset classes during 2018/19. During 2017/18 the Council has made a conscious effort to reduce its exposure to bail-in risk via bank deposits. Consequently, the majority of Council investments are no longer in unsecure bank deposits. Instead the majority of the Authorities surplus cash is currently invested in money market funds, deposits in Local authorities and Housing Associations, Covered and Corporate bonds.

In the next year the Council will continue to look to increase its exposure to investments exempt from Bail in, such as Tri-party repos. Tri-party repos is a financial transaction in which one party sells an asset to another party with the promise to repurchase the asset at a pre-specified later date. This will help in further diversification of investments for the council.

11.4 The Council's 2018/19 Lending Policy reflects this approach by setting separate limits for secured and unsecured investments. Appendix 1 details the Council's lending policy and limits.

11.5 Investment regulations require the Council to determine what specified and non-specified investments it will use. CLG guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,

- a UK local authority, parish council or community council, or
- a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations as those having a credit rating of A- (or equivalent) or higher, that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

- 11.6 Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in Table 4 below.

Table 4: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£90m
Total investments without credit ratings or rated below [A-] which includes non-rated banks and building societies	£45m
Total investments in foreign countries rated below [AA+]	£45m

- 11.7 The Council understands that credit ratings are a good predictor of investment default but are rating agencies’ expressed opinions and not a perfect indicator. Therefore, Officers will use other sources of information; including credit default swap ratings and equity prices, to determine the credit quality of an organisation. These are detailed in the Appendix 1, section 4 of the proposed Lending Policy.
- 11.8 No investments will be made with an organisation if there are substantive doubts about its credit quality even though it may meet the Lending Policy criteria. This means the Lending Policy applied operationally may at times be more restrictive than it formally allows.
- 11.9 When deteriorating financial market conditions affect the creditworthiness of all organisations but these are not generally reflected in credit ratings, then the Council will restrict its investments in those organisations to maintain the required level of security. These restrictions may mean that insufficient commercial organisations of “high credit quality” are available for investment and so any cash surplus will be deposited with the government’s Debt Management Office or with other local authorities. This may result in a reduction

in the level of investment income earned but will protect the principal sums invested.

11.10 The proposed 2018/19 Treasury Management Strategy has considered a full range of risks and Officers will apply the strategy to ensure that security of deposits is the prime consideration. However, in agreeing the proposed strategy, Members should be aware that there is always a risk of default of counterparties other than the Debt Management Office which is guaranteed by the government.

11.11 The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

12 TREASURY MANAGEMENT INDICATORS

12.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.

12.2 **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment.

	Target
Portfolio average credit rating	A-

12.3 **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling 3 month period, without additional borrowing.

	Target
Target total cash available within 3 months	£30m

12.4 **Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the net amount of interest payable will be:

	2018/19 £'000	2019/20 £'000	2020/21 £'000
Upper limit on fixed interest rate exposure	100,000	100,000	100,000

Upper limit on variable interest rate exposure	20,000	20,000	20,000
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Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

- 12.5 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

- 12.6 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2018/19	2019/20	2020/21
Limit on principal invested beyond year end	£90m	£90m	£90m

13 OTHER ITEMS

- 13.1 There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.
- 13.2 **Policy on Use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

- 13.3 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 13.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 13.5 **Policy on Apportioning Interest to the HRA:** The Council has adopted a two pooled approach following the self-financing settlement in March 2012. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. Where the HRA needs to borrow from the General Fund to meet its remaining borrowing requirement the General Fund is compensated based on what the Council would have to borrow from the PWLB, with rates based on a best decision from a treasury management perspective and the current interest rate outlook. This will be determined annually following advice from the Council's treasury advisers and the interest transferred between the General Fund and the HRA at the year end.
- 13.6 **Investment Training:** The needs of the Authority's treasury management staff for training in investment management are assessed as part of individual staff appraisal processes, and additionally when the responsibilities of individual members of staff change.
- 13.7 Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.
- 13.8 **Investment Advisers:** The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. Arlingclose are an independent treasury advisory company providing unbiased financial advice and capital financing expertise for the public sector. They provide advice on investment trends, developments and opportunities consistent with the Council's chosen strategy

relating to investments, debt repayment and restructuring, and also for economic information and data interpretation.

- 13.9 Although the Council uses the expertise of an external provider for treasury management advice relating to investing, borrowing and restructuring of the portfolios, the Council remains fully accountable for any decisions made.
- 13.10 Regular communications are received in relation to economic data releases, interest rate forecast and debt structuring opportunities with, sometimes, daily communications in respect of counterparties. Officers also attend training sessions facilitated by Arlingclose relating to Prudential Code, Treasury Management Code of Practice and Accounting.
- 13.11 Meetings are held on a quarterly basis with Officers of the Council, including the Director Financial Management, to discuss treasury management strategies, which may, from time to time, include discussions in regard to enhancement of the service provision if required. Additional ad-hoc meetings are arranged as required if specific issues arise during the course of the year outside of scheduled quarterly meetings.
- 13.12 **Investment of Money Borrowed in Advance of Need:** The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.
- 13.13 The total amount borrowed will not exceed the authorised borrowing limit of **£586.379 million in 2018/19**. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

14 Other Options Considered

- 14.1 The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Group Director of Finance and Corporate Resources believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Anticipated impact on income and	Anticipated impact on risk management
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	expenditure	
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs will be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs will be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs will be less certain

Appendix A – Arlingclose Economic & Interest Rate Forecast November 2017

Underlying assumptions:

- In a 7-2 vote, the MPC increased Bank Rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- Further potential movement in Bank Rate is reliant on economic data and the likely outcome of the EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and household confidence.
- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Q3 2017 GDP growth was 0.4%, after a 0.3% expansion in Q2.
- Household consumption growth, the driver of recent UK GDP growth, has softened following a contraction in real wages, despite both saving rates and consumer credit volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit; any action taken will further dampen household spending.
- Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient. However, both of these factors can also be seen in a negative light, displaying the structural lack of investment in the UK economy post financial crisis. Weaker long term growth may prompt deterioration in the UK's fiscal position.
- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.
- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.
- Geo-political risks remains elevated and helps to anchor safe-haven flows into the UK government bond (gilt) market.

Forecast:

- The MPC has increased Bank Rate, largely to meet expectations they themselves created. Future expectations for higher short term interest rates are subdued. On-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions.
- Our central case for Bank Rate is 0.5% over the medium term. The risks to the forecast are broadly balanced on both sides.
- The Arlingclose central case is for gilt yields to remain broadly stable across the medium term. Upward movement will be limited, although the UK government's seemingly deteriorating fiscal stance is an upside risk.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.19
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.15
3-month LIBID rate														
Upside risk	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.22
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	-0.10	-0.10	-0.15	-0.15	-0.15	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.20
1-yr LIBID rate														
Upside risk	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.27
Arlingclose Central Case	0.70	0.70	0.70	0.70	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.77
Downside risk	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.15	-0.15	-0.26
5-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.80	0.85	0.90	0.90	0.95	0.95	1.00	1.05	1.10	0.89
Downside risk	-0.20	-0.20	-0.25	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.25	1.25	1.25	1.25	1.25	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.55	1.36
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.85	1.85	1.85	1.85	1.85	1.90	1.90	1.95	1.95	2.00	2.05	2.05	2.05	1.93
Downside risk	-0.20	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.38
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.70	1.70	1.70	1.70	1.70	1.75	1.80	1.85	1.90	1.95	1.95	1.95	1.95	1.82
Downside risk	-0.30	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.39

Appendix B - London Borough of Hackney's Lending Policy

1. Policy for determining which institutions and instruments are included in the lending policy

1.1 The Council will lend to the following types of institutions;

- UK Central Government
- UK Local Authorities
- UK Police and Fire Authorities
- UK Banks and Building Societies
- Corporate Institutions
- Banks domiciled in other countries or their subsidiaries domiciled in the UK providing the country has a sovereign rating of at least AA+ from each of the three credit rating criteria set out below. If the ratings of a parent bank fall below the minimum criteria, no lending will be undertaken with its subsidiaries even if their ratings continue to meet the minimum criteria (excepting Santander UK)
- Supranational Banks
- AAA rated Money Market Funds
- Pooled Funds
- UK registered providers for Social Housing

1.2 The Council will lend using the following types of instruments

- Call and Notice Account
- Fixed Term deposits
- Treasury bills
- Bonds
- Certificate of deposits
- Money Market Funds
- Commercial Papers
- Pooled Funds
- Revolving Credit Facility
- Repurchasing agreements
- Alternatives

1.3 The Council may invest its surplus funds with any of the counterparty detailed in paragraph 1.1, subject to the cash limits (per counterparty) and the time limits shown in table 1.

Table 1: Approved Investment Counterparties and Limits

Credit Rating	Banks Unsecured	The Authority's account bank (Lloyds Bank)	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£20 m 5 years	£25m 5 years	£20 m 5 years	£20 m 50 years	£10 m 20 years	£10 m 20 years
AA+	£20 m 5 years	£25m 5 years	£20 m 4 years	£15 m 25 years	£10 m 10 years	£10 m 10 years
AA	£20 m 4 years	£25m 5 years	£20 m 3 years	£15 m 15 years	£10 m 5 years	£10 m 10 years
AA-	£20 m 3 years	£25m 5 years	£20 m 2 years	£10m 10 years	£7.5 m 4 years	£5 m 10 years
A+	£20 m 2 years	£25m 5 years	£15 m 13 months	£10m 5 years	£7.5 m 3 years	£5 m 5 years
A	£15 m 13 months	£20m 5 years	£20 m 5 years	£5 m 5 years	£7.5 m 2 years	£5 m 5 years
A-	£10 m 6 months	£15m 5 years	£10m 13 months	£5m 5 years	£7.5 m 13 months	£5 m 5 years
None	£2 m 6 months	n/a	n/a	n/a	£1m 5 years	£5 m 5 years
Pooled funds	£ 15m per fund but not to exceed 0.5% of the individual fund size.					

- 1.4** As well as the above limitations, no investment will exceed 10% of total investments at the point of the investment being made. This level will be monitored on an ongoing basis.
- 1.5** UK Local governments with no credit rating will be treated in line with the credit rating of the UK central government.
- 1.6** For secured investments, where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.
- 1.7** Sovereign credit rating criteria will not apply to investments in multilateral development banks (e.g. the European Investment bank and the World Bank) or other subsidiaries.

- 1.8** The table 1 shows the minimum credit rating for the Fitch agency. When determining whether the Council should lend to a counterparty, it must have at least the minimum credit rating shown above for all of the agencies which provide a rating. The lowest available credit rating will be used to determine credit quality.
- 1.9** As well as assessing credit rating as an indicator of risk, the Council will also analyse the following sources of information:
- Credit default Swap
 - Equity Prices
 - Economic output
 - Counterparty's financial Statements and financial ratios
 - News
- 1.10** In order to ensure security of the sums invested and to limit the sums that would be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government organisations) will be £25 million. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on investments in brokers' nominee accounts, foreign countries and industry sectors as set out in the table below:

Table 2: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£25m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£25m per group
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee custodian account	£60m per broker
Foreign countries	£25m per country
Registered Providers	£25m in total
Building Societies	£40m in total
Loans to small businesses	£3m in total
Money Market Funds	£120m in total

Appendix C - Glossary of Terms

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available

for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Appendix D

TREASURY MANAGEMENT POLICY STATEMENT

1. Approved Activities

In accordance with the Council's Constitution and Delegated Powers, the Group Director of Finance and Corporate Resources and Officers authorised by the Group Director, may arrange all investments, borrowing, repayment of debt outstanding and leasing required and permitted by the Local Government Act 2003.

Borrowing must be contained within the limit determined under the Authorised Limit of the Prudential Code and used solely for the purpose of the Council's statutory functions. Treasury management operations will comply with the CIPFA Code of Practice.

1. Treasury Management Policy Objectives

The Council defines its treasury management activities as:

"The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

The treasury management activities of the Council will be conducted to achieve the following policy objectives: -

- (a) To ensure that risk to the Council's financial position is minimised by the adoption of sound debt management and investment practices;
- (b) The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

- (c) The overall average rate of interest on short-term investments to be greater than the average seven-day LIBID rate (source: Bloomberg), whilst having regard to the security of funds and the minimisation of risk;
- (d) To have a policy to repay debt, take opportunities to make premature debt repayments, and restructuring of debt when and where it is advantageous to the Council to do so.

2. Adoption of the CIPFA Code of Practice

The Council has adopted the key recommendations of CIPFA Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of that Code.

Accordingly, this organisation will create and maintain, as the cornerstones for effective treasury management:

- A Treasury Management Policy Statement, stating policies and objectives of its treasury management activities.
- Suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, prescribing how the Council will manage and control those activities.

The contents of the Policy Statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key recommendations.

- The Council will receive reports on its treasury management policies practices and activities, including, as a minimum, an annual strategy and plan in advance of the year.
- The Council delegates responsibility for the implementation, monitoring of its treasury management policies and practices to Audit Committee, and for the execution and administration of treasury management decisions to the Group Director of Finance and Corporate Resources, who will act in accordance with the policy statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

3. Investment of Cash Balances

Investment of all balances arising from day to day cash flows, capital receipts, minimum revenue provisions and other financial reserves and provisions will be in accordance with Government regulations or guidelines to produce a maximum return having regard to the security of funds and the minimisation of risk.

The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

The spread of risk will be controlled by reference to the approved criteria and financial limits. Investment liquidity will be structured with regard to cash flow projections maintained under the authority of the Group Director of Finance and Corporate Resources.

4. Investment Names/Financial Limits

Investments are to be made only to those institutions, which meet the approved criteria for lending, and within the current maximum financial limits as approved, by the Cabinet and Council. Where investments in any of these institutions were made at a time where a higher maximum limit applied, the new maximum limit will be applied as existing investments mature.

Between reports to the Cabinet/Council, the Group Director of Finance and Corporate Resources, under delegated powers, is authorised to revise, and further restrict or relax, the investment names/limits to reflect changes in market sentiment, information and credit ratings.

5. Risk Appetite Statement

The Council's objectives in relation to debt and investment is to assist the achievement of the Council's service objectives by obtaining funding and managing the potential debt and investments at a net cost which is as low as possible, consistent with a degree of interest cost stability and a very low risk to sums invested

This means that the Council takes a low risk position but is not totally risk averse. Treasury management staff have the capability to actively manage treasury risk within the scope of the council's treasury management policy and strategy.

6. Legal Issues

Borrowing and investment will be arranged efficiently through a range of brokers practising in the money markets and, in addition, the Director of Finance and Corporate Resources is authorised to deal directly with counterparties where it is advantageous to do so. The requirements of the Bank of England Non-Investment Products Code (NIPS) (November 2011) will be met in all the above arrangements.

7. Use of Bankers

Approved agreements are currently in place with the Lloyds Bank and the RBS/Natwest Bank for the conduct of banking business for the Council and schools respectively.

The Group Director of Finance and Corporate Resources is authorised to negotiate appropriate changes to the mandates which may be needed to cover any exceptional market circumstances to protect the Council's finances.

Document Number: 19102132

Document Name: Draft Treasury Management Strategy 201819 Audit Committee

8. Review

The Group Director of Finance and Corporate Resources will report to the appropriate committee on the Treasury Management performance as follows:

- **TM Outturn Report –**

Frequency - once a year against the TM Strategy and Prudential Indicators approved for the previous financial year, no later than September of the current financial year

To – Cabinet via the OFP (Overall Financial Position) and Audit Committee

- **TM Half-Year Activity and Performance Report –**

Frequency – a report on its treasury activity and performance, it is anticipated to be no later than November of the current financial year

To – Cabinet via OFP and Audit Committee

- **TM Quarterly Activity Report –**

Frequency - report to be submitted on treasury activity for the previous quarter

To – Audit Committee

- **Ad-hoc –**

Additional reports will be submitted to the appropriate committee as required, in order to react to extreme fluctuations in market conditions and/or increased levels of treasury activity

The Group Director of Finance and Corporate Resources will make such arrangements as are necessary for monitoring daily activities in the treasury functions.

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AUDIT AND ANTI-FRAUD PROGRESS REPORT DECEMBER 2017

**AUDIT COMMITTEE
MEETING DATE 2016/17**

18 January 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 December 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(S)

The Audit Committee is recommended to:

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

3. REASONS FOR DECISION

- 3.1. The Public Sector Internal Audit Standards (PSIAS) came into force in April 2013 and applies to all internal audit service providers. These Standards were updated 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 December 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 during the reporting period are as follows:

Investigation area	Estimated saving arising from enquiries
Tenancy Fraud	£840,500 (minimum)
Overstaying Families	£322,868
Blue Badge/Parking	£7,305
Total	£1,170,673

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 Annual Plan 2017/18 took place with senior management and the Audit 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 internal audit service are included within the Council's base budgets.

5.2 However, an effective internal 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 – December 2017

Appendix 2 - Progress with planned audits

Appendix 3 - Definitions of audit assurance levels



Appendix 4 - Audit Investigation Service statistics to December 2017

BACKGROUND PAPERS

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

Description of document (or None)

None

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Audit & Anti-Fraud Progress Report

1 April – 31 December 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 December 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 although one auditor is on maternity leave.
- 2.2 The Audit Annual Plan for 2017/18 originally consisted of 73 specific audits. During the year, following continuous review and reassessment, three audits have been cancelled, and three have been deferred to 2018/19. In addition management have requested that six new audits be included. Details are set out in paragraphs 4.3 and 4.4 and the changes are reflected in the Audit Plan at Appendix 2.

3. INTERNAL AUDIT KEY PERFORMANCE INDICATORS

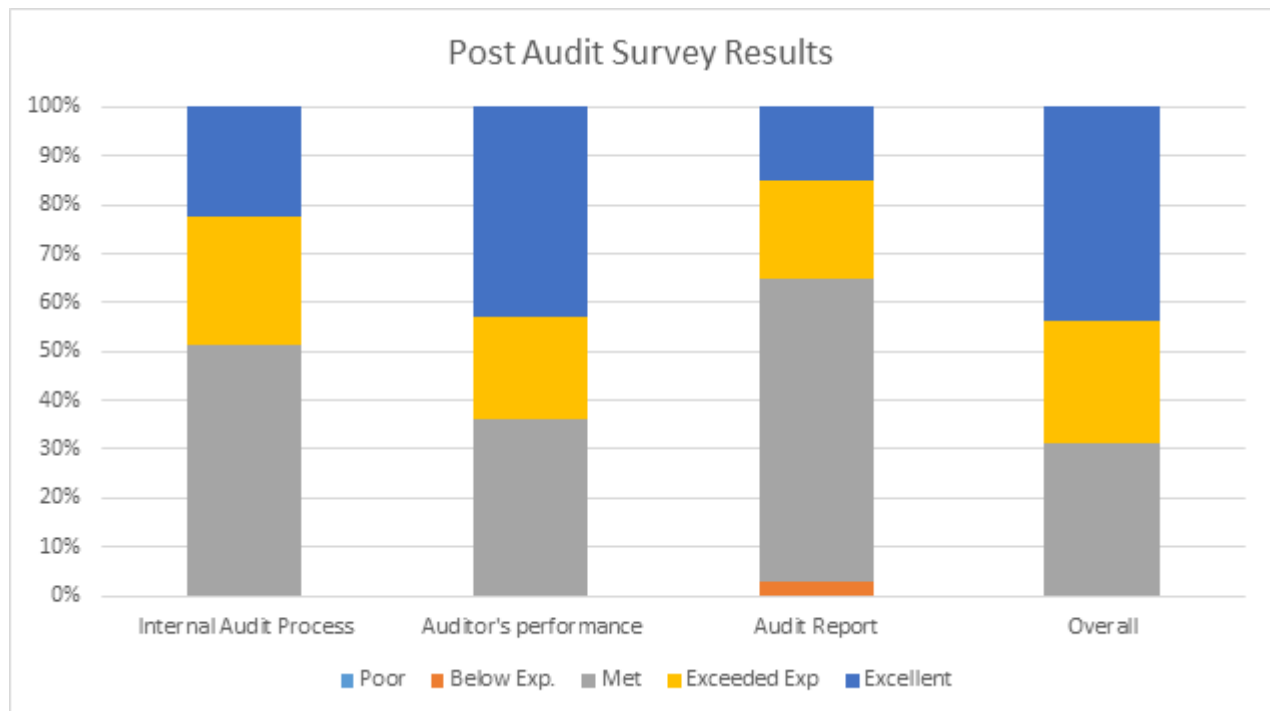
- 3.1 Internal Audit's performance for 2017/18 against key indicators is shown in Table 1. Post audit survey results are summarised in paragraph 3.2

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) 71% complete or in progress by 31 December 2017 2) 14.6 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) 87.6% - fully implemented 5.7% - 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% (49.3% 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 December 2017 a total of 51 internal audit reviews have been started from the 2017/18 Plan, 20 have been finalised and a further report is at draft stage. In addition during this period, thirteen reviews have been completed from the 2016/17 Audit Plan and a further report is 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	19	26
Fieldwork in progress	6	8
Fieldwork complete-report being drafted	5	7
Draft report issued	1	1
Completed	20	28
Total work completed and in progress	51	70
Original Plan	73	
Cancelled	3	
Deferred to 2018/19	3	
Additional requests (incl. schools)	6	
Total Revised Plan	73	

Table 2

- 4.2 The table shows that 70% of planned assignments have been completed or are in progress (53% at the same stage in 2016/17).
- 4.3 The following audits have either been cancelled from the plan or deferred until 2018/19.

Audit Area	Defer/Cancel	Reason
Parking Services – ISO	Cancel	Accreditation ceased, and compliance review no longer required
Building Schools for the Future	Cancel	Programme complete and risk reassessed
Youth Club Services	Cancel	Changes to delivery model. Will reconsider for 2018/19
Hoxton School	Defer	To be audited in 18/19 with the rest of the federation
IR35	Defer	Assurance to be provided by HMRC inspection December 2017
VAT	Defer	

- 4.4 The following audits have been added to the audit plan at the request of managers.

Audit Area	Reason
CACH Imprest	Change to banking processes resulting in need to assess impact on internal controls
Housing Transfers	To establish system of control across different departments
Mortuary Services – Traceability Review	Requirement of Human Tissue Authority (HTA) Standards
Haggerston School	Change of head teacher
Lubavitch Senior Girls	Impending academisation
Lubavitch Junior Boys	Impending academisation

- 4.5 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.
- 4.6 In summary, the assurance levels for audits finalised during the 9 month period are as follows:

Year	Significant	Reasonable	Limited	No
2017/18	9	4	4	2
2016/17	5	14	3	3
Total	14	18	7	5

- 4.7 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 December 2017 are shown in Table 3 below.

Categorisation	Number	Number 2016/17 Plan
----------------	--------	---------------------

of Risk	Definition	2017/18 Plan	not previously reported
High	Major issues that we consider need to be brought to the attention of senior management.	30	11
Medium	Important issues which should be addressed by management in their areas of responsibility.	73	50
Total		103	61

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 agreed recommendations have been followed up and reported.
- 5.2 As at 31 December 2017, fieldwork had been completed at eleven of the 20 schools and children centres listed in the plan. Of the remainder, one of the audits has been deferred until 2018/19 (see paragraph 4.3 above) and the remaining 8 audits have been scheduled to take place during the spring term. The audits focus on the existence and compliance with key financial controls and the adequacy of governance arrangements.

6. IMPLEMENTATION OF RECOMMENDATIONS

- 6.1 In order to track the Council's response towards improving the control environment, progress with implementation of agreed internal audit recommendations is 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 December 2017 are presented in Table 4.

Directorate	Implemented (including no longer relevant)	Partially Implemented*	Not implemented/No response	Not Yet Due	Total*
Children's, Adults and Community Health	9	1	1	6	11
Neighbourhoods and Housing	3	1	1	16	5
Finance & Resources	41	4	0	5	45
Chief Executive's	3	0	0	3	3
Schools	36	0	5	0	41
Total number	92	6	7	30	105
Percentage (%)*	87.6%	5.7%	6.7%		

* Does not include "Not Yet Due"

Table 4

- 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 87.6% fully implemented by the agreed implementation date, with a further 5.7% partially implemented.
- 6.3 In respect of those recommendations categorised as 'Medium' priority, 90.7% were assessed as implemented and 2.3% partially implemented. Details are shown in Table 5 below:

Directorate	Implemented (including no longer relevant)	Partially Implemented*	Not implemented /No Response	Not yet due	Total*
Children's, Adults and Community Health	47	1	3	23	51
Neighbourhoods and Housing	47	1	5	11	53
Finance & Resources	111	8	0	26	119
Chief Executive's	20	2	1	8	23
Schools	329	2	34	1	365
Total number	554	14	43	69	611
Percentage (%)	90.7%	2.3%	7%		

* Does not include "Not Yet Due"

Table 5

7. DEVELOPMENTS WITHIN INTERNAL AUDIT

- 7.1 The Internal Audit Service uses a contractor to carry out technical ICT reviews. Mazars LLP were engaged to carry out the ICT reviews from the Audit Plan for 2016/17 and have again been contracted to perform the 2017/18 ICT audit reviews. Mazars are well known across the London Boroughs and have a number of contracts with other London Boroughs. The 2017/18 ICT audits have been scoped and audit fieldwork is scheduled to take place during January and February 2018. The process for procuring an ICT audit provider for 2018/19 will begin shortly.

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 and the overstaying families post on the AIT 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 16 properties, the cancellation of 7 housing applications and 5 right to buy applications during the reporting period. In addition, 16 over staying family applications were rejected following investigation.
- 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 December 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					
HLT02	Fees For Children Centres	0	3	Reasonable	FINAL
HH08	Wick Village TMO	5	6	No	FINAL
LBH03	Transparency Code	0	5	Reasonable	FINAL
CE02	Payroll – additional payments	3	4	Limited	FINAL
CE03	Electoral Services	1	5	Reasonable	FINAL
CACH05	Care Assessments – turnaround time				Draft
CACH10	SEN	2	4	Limited	FINAL
FCR05	Building Maintenance	0	5	Reasonable	FINAL
FCR08	Council Tax Reduction Scheme				In progress
FCR12	Choice Based Lettings	0	2	Reasonable	FINAL
FCR13	Temporary Accommodation	0	4	Reasonable	FINAL
FCR14	Deposit Guarantee Scheme	0	1	Significant	FINAL
ICT03	Housing Needs Payment System - PIR	0	3	Reasonable	FINAL
ICT04	CRM – application review	0	7	Reasonable	FINAL
ICT06	IT Recruitment and Retention				In progress
NH07	Complaints	0	6	Limited	FINAL
LHRRS02	Health and Safety				Defer to 2018/19 Audit Plan
CE01	DBS Checks				
FCR03	Asset Management				
2017/18 Audit Plan					
Corporate (Cross Cutting)					
LBH01	Annual Governance Statement	N/A	N/A	Significant	FINAL
LBH02	Car Mileage Claims				Q4
LBH03	Gifts and Hospitality				Q4
LBH04	IR35				Defer to 2018/19
CHIEF EXECUTIVES					
CE01	iTrent				WIP
CE02	Payroll				WIP
CE03	Service Payroll				Q4
CE04	Staff Agency Contract				Q4
CE05	Voluntary Sector Grants				ToR issued
CE06	Speakers Office				Q4
GROUP DIRECTOR CHILDREN, ADULTS AND COMMUNITY HEALTH					
Adult Services/Public Health					
CACH01	Adult Learning Disabilities				Q4
CACH02	Public Health Contracts				Preparing draft report
CACH03	Home Care/Domiciliary Services				Q4
CACH04	Residential Care Placements				Q4
CACH05	Direct Payments	3	10	Limited	FINAL
Children & Families Services					
CACH06	Youth Club Services				Cancel
CACH07	Adoption Allowances				Q4
CACH13*	Imprest	2	5	Limited	FINAL

CACH14*	Mortuary Services	0	1	Significant	FINAL
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				ToR issued
CACH10	Roll Numbers in Schools				ToR issued
CACH11	Building Schools for the Future				Cancelled
CACH12	Traded Services (Customer Satisfaction)				ToR issued
SCHOOLS					
Secondary Schools					
SCH01	Yesodey Hatorah	2	9	Limited	FINAL
SCH18*	Haggerston – high level review	0	1	Significant	FINAL
Primary Schools					
SCH02	Hoxton Gardens				Defer to 18/19 to audit with rest of federation
SCH03	Gainsborough				Q 4
SCH04	Grasmere	0	4	Reasonable	FINAL
SCH05	Holmleigh Follow Up	3	3	Limited	FINAL
SCH06	Holy Trinity CE				Q4
SCH07	Lauriston	0	2	Significant	FINAL
SCH08	Lubavitch Junior Girls	5	10	No	FINAL
SCH09	Millfields PS and CC	0	3	Reasonable	FINAL
SCH10	Morningside				Q4
SCH11	Nightingale	0	4	Reasonable	FINAL
SCH12	Rushmore	0	8	Reasonable	FINAL
SCH13	St Matthais				ToR issued
SCH14	St John and St James				Q4
SCH19*	Lubavitch Junior Boys				Preparing draft report
SCH20*	Lubavitch Senior Girls				Preparing draft report
Children Centres					
SCH15	Comet Children Centre				ToR issued
SCH16	Lubavitch Children Centre				ToR issued
SCH17	Linden's Children Centre				ToR issued
GROUP DIRECTOR - FINANCE AND CORPORATE RESOURCES					
Financial Management					
FCR01	Insurance	0	2	Significant	FINAL
FCR02	Creditors/ Central Payments Team	0	0	Significant	FINAL
FCR03	My budget - Monitoring				Q4
FCR04	VAT				Defer to 2018/19
FCR05	Bank Accounts				In progress
FCR06	Accounts Receivable				ToR issued
Strategic Property					
FCR07	Commercial Voids				ToR issued
Procurement					
ICT08	IT commodities - software and hardware				Draft
Customer Services					
FCR10(15)	Revenues and Benefits – NNDR	0	1	Significant	FINAL
FCR11	Revenues and Benefits - Housing Benefit				Q4
FCR15	Council Tax	0	1	Significant	FINAL
FCR13	Social Housing Re-lets Monitoring Follow				In progress

Appendix 2

	Up				
FCR14	Online Payments/Telephone Payments	0	2	Significant	FINAL
ICT					
ICT01	Software Licencing				ToR issued
ICT02	Telephone Contracts - Monitoring				Q4
ICT03	Information Governance – preparation for GDPR				ToR issued
ICT04	Academy - Applications Review				ToR issued
ICT05	E Street - Post Implementation Review				ToR issued
ICT06/FC R09	Network/Firewall/Wireless Security incl. use of CIS (DWP) system				Q4
ICT07	Disaster Recovery				ToR issued
GROUP DIRECTOR NEIGHBOURHOODS AND HOUSING					
Regeneration					
NH01	Leaseholders Buy Back				ToR issued
Housing					
NH02	Leaseholders Charges Debt Collection				ToR issued
NH03	Gas Servicing				Q4
NH04	Rent Collection (Arrears and Debt Recovery)				Q4
NH05	TMO – Clapton Park	13	7	No	FINAL
NH06	TMO – Tower				Draft report issued
NH07	TMO – Cranston Estate				Preparing draft report
NH08	Contract Monitoring				Q4
Public Realm					
NH09	Planning Enforcement – Breaches				Q4
NH10	Hackney and City Tennis Club				Preparing draft report
NH11	Building Control Fees				In progress
NH12	Parking – compliance assurance				Cancelled – ISO accreditation no longer in place
NH13	Section 106 Agreements				ToR issued
NH15*	Housing Transfers				ToR issued

*Additional audits included at request of managers

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 September to 31 December 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	0	1	2	4	8
	Hackney Homes	5	0	23	10	16
	Tenancy Fraud	115	118	285	320	359
	Parking	58	73	55	183	196
Children, Adults & Community Health (CACH)	Children, Adults & Community Health	1	3	1	3	5
	Health & Community Services (H&CS)	n/a	1	1	n/a	n/a
	Overstaying Families Intervention Team (OFIT)	32	28	102	84	130
	The Learning Trust	1	4	0	1	2
Finance & Corporate Resources (F&CR)	Finance & Resources	2	0	3	6	10
Chief Executive Directorate	Chief Executive Directorate	1	0	1	1	0
Total		215	228	473	612	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	17	16	4	131	371
Other Local Authorities	36	38	0	53	56
Police	21	22	0	32	31
Immigration	2	2	0	6	2
DWP	391	391	0	646	797
Other	12	12	0	14	26
Total	479	481	4	882	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 late December 2017). 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 5,383 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	117 (36)	11	52	35
Housing Benefit	4,144 (366)	1	49	19
Housing Tenants	1,368 (972)	16	46	344
Right to Buy	139 (49)	1	1	224
Housing Waiting List	2,841 (2,740)	19	72	62
Concessionary travel / parking	225 (188)	36	169	22
Creditors	5,943 (721)	638	0	4,724
Pensions	172 (110)	1	161	169
Council Tax (2017)	22,608	0	0	n/a
Council Tax Reduction Scheme	3,536 (147)	2	22	n/a
Other	88 (54)	0	29	34
Total	41,181 (5,383)	714	601	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	0	4	8
Resigned as a result of the investigation	0	1	5
Referred to Police or other external body	3	6	22
Prosecution	2	6	3
Referred to Legal Services	0	0	3
Investigation Report/ Management Letter issued	7	11	14
Council service or discount cancelled	16	66	89
Blue Badges recovered	28	53	60
Other fraudulent parking permit recovered	12	26	35
Parking misuse warnings issued	9	24	50
Penalty Charge Notice (PCN) issued	17	44	49
Vehicle removed for parking fraud	17	34	40
Recovery of tenancy	16	46	104
Housing application cancelled or downgraded	7	32	49
Legal action to recover tenancy in progress	97	97	n/a
Right to Buy application withdrawn or cancelled	5	9	17

Table 4

Disciplinary Action

No disciplinary processes arising from Audit Investigation Team (AIT) enquiries were concluded during the reporting period.

Prosecution

Two prosecutions were completed during the reporting period following investigations, these related to:

- One offence of money laundering;
- One offence of theft at a partner organisation.

5. Financial Losses as a Result of Fraud

The most apparent consequence of many frauds is a financial loss, however, 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 average fraud prevention values, without adjustment for local factors:

5.1 Tenancy Fraud Team (TFT)

During the period September to December 2017 a total of 16 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 £288,000.

In the same period 7 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 £28,000 and £126,000.

During this period five Right to Buy applications were cancelled following investigation. Each RTB represents a discount of £104,900 on the sale of a Council asset. The value of the discount for the RTB's that were declined represents a total of £524,500.

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). Sixteen support packages were cancelled or refused following AAF investigation between April and August 2017. This equates to a saving in the region of £6,192 per week, if these had been paid for the full financial year it would have cost Hackney approximately £322,868 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 28 Blue Badges, this equates to £2,800, and enforcement charges of £4,505 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 twelve 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 dedicated parking areas to genuine blue badge holders and residents, 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 2014 to 2016 only, has enabled AAF to focus investigation resources on the project management of the former 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 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	17	21	11
Restraint	0	0	1
Compensation	0	0	0
Confiscation	0	0	2
Total	17	21	14

Table 5

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PERFORMANCE OVERVIEW

AUDIT COMMITTEE MEETING DATE 2017/18 17 January 2018	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.

4.7 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 moving 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 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

Appendix 2 - Corporate Risk Scorecard

Appendix 3 - Extract from 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 4817 dawn.carter-mcdonald@hackney.gov.uk

Audit Committee Performance Report – 2017/18 Q2



PI Code	Description	2015/16	2016/17	2016/17 Q4	2017/18 Q1	2017/18 Q2	2017/18 Q2 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%	↑	⚠	CACH CSC 010 Percentage of child protection cases which were reviewed within required timescales (ex NI 67) <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						↑	⚠	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) <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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CE HROD 001	Sickness 12 month rolling average (days)		6.55	6.55	6.53	6.63		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>Value</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> <tr><td>Q1 2017/18</td><td>6.63</td></tr> <tr><td>Q2 2017/18</td><td>6.63</td></tr> </tbody> </table>	Quarter	Value	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	Q1 2017/18	6.63	Q2 2017/18	6.63
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CE HROD 029a	Top 5% of earners: Ethnic minorities (ex BV11b)		27.10%	25.84%	26.46%	25.73%		26.01%	↓	🟡	<p>CE HROD 029a Top 5% of earners: Ethnic minorities (ex BV11b)</p> <table border="1"> <caption>CE HROD 029a Top 5% of earners: Ethnic minorities (ex BV11b)</caption> <thead> <tr> <th>Quarter</th> <th>Value</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>Q3 2015/16</td><td>28.19%</td></tr> <tr><td>Q4 2015/16</td><td>27.72%</td></tr> <tr><td>Q1 2016/17</td><td>26.63%</td></tr> <tr><td>Q2 2016/17</td><td>25.84%</td></tr> <tr><td>Q3 2016/17</td><td>26.46%</td></tr> <tr><td>Q4 2016/17</td><td>25.73%</td></tr> <tr><td>Q1 2017/18</td><td>25.73%</td></tr> <tr><td>Q2 2017/18</td><td>25.73%</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	25.84%	Q2 2015/16	27.22%	Q3 2015/16	28.19%	Q4 2015/16	27.72%	Q1 2016/17	26.63%	Q2 2016/17	25.84%	Q3 2016/17	26.46%	Q4 2016/17	25.73%	Q1 2017/18	25.73%	Q2 2017/18	25.73%
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CE HROD 030a	Top 5% of earners: Women (ex BV 11a)		49.58%	50.67%	48.29%	51.00%		48.13%	↑	🟢	<p>CE HROD 030a Top 5% of earners: Women (ex BV 11a)</p> <table border="1"> <caption>CE HROD 030a Top 5% of earners: Women (ex BV 11a)</caption> <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>Q3 2015/16</td><td>48.72%</td></tr> <tr><td>Q4 2015/16</td><td>49.15%</td></tr> <tr><td>Q1 2016/17</td><td>49.78%</td></tr> <tr><td>Q2 2016/17</td><td>50.67%</td></tr> <tr><td>Q3 2016/17</td><td>48.29%</td></tr> <tr><td>Q4 2016/17</td><td>51.00%</td></tr> </tbody> </table>	Quarter	Percentage	Q1 2015/16	49.28%	Q2 2015/16	49.53%	Q3 2015/16	48.72%	Q4 2015/16	49.15%	Q1 2016/17	49.78%	Q2 2016/17	50.67%	Q3 2016/17	48.29%	Q4 2016/17	51.00%						
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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)	10.0 days (YTD)	15.7 days (YTD)	17.4 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 Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure</caption> <thead> <tr> <th>Quarter</th> <th>Time (YTD)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>11.3 days (YTD)</td></tr> <tr><td>Q2 2015/16</td><td>10.6 days (YTD)</td></tr> <tr><td>Q3 2015/16</td><td>10.5 days (YTD)</td></tr> <tr><td>Q4 2015/16</td><td>9.1 days (YTD)</td></tr> <tr><td>Q1 2016/17</td><td>11.3 days (YTD)</td></tr> <tr><td>Q2 2016/17</td><td>11.8 days (YTD)</td></tr> <tr><td>Q3 2016/17</td><td>11.8 days (YTD)</td></tr> <tr><td>Q4 2016/17</td><td>10.0 days (YTD)</td></tr> <tr><td>Q1 2017/18</td><td>15.7 days (YTD)</td></tr> <tr><td>Q2 2017/18</td><td>17.4 days (YTD)</td></tr> </tbody> </table>	Quarter	Time (YTD)	Q1 2015/16	11.3 days (YTD)	Q2 2015/16	10.6 days (YTD)	Q3 2015/16	10.5 days (YTD)	Q4 2015/16	9.1 days (YTD)	Q1 2016/17	11.3 days (YTD)	Q2 2016/17	11.8 days (YTD)	Q3 2016/17	11.8 days (YTD)	Q4 2016/17	10.0 days (YTD)	Q1 2017/18	15.7 days (YTD)	Q2 2017/18	17.4 days (YTD)		
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FCR RB BHN 007	Number of households living in temporary accommodation (ex NI 156)	2,495	2,900	2,900	2,949	2,885	The number of households in TA in Q2 has decreased slightly since the last quarter, due in part to the number of HALs properties being handed back and a decrease in the number of households placed in B&B accommodation. Figure adjusted from 2903 to 2885 due to retrospective adjustments to rent accounts.		↑	📊	<p>FCR RB BHN 007 Number of households living in temporary accommodation (ex NI 156)</p> <table border="1"> <caption>Data for FCR RB BHN 007 Chart</caption> <thead> <tr> <th>Quarter</th> <th>Number of Households</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> <tr><td>Q2 2017/18</td><td>2,885</td></tr> </tbody> </table>	Quarter	Number of Households	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	Q2 2017/18	2,885
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FCR RB REV 003	% of current year Council Tax collected (QRC basis)	94.1%	94.5%	94.5%	27.1%	50.1%		94.0%	↑	✅	<p>FCR RB REV 003 % of current year Council Tax collected (QRC basis)</p> <table border="1"> <caption>Data for FCR RB REV 003 Chart</caption> <thead> <tr> <th>Quarter</th> <th>% of Council Tax Collected</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> <tr><td>Q2 2017/18</td><td>50.1%</td></tr> </tbody> </table>	Quarter	% of Council Tax Collected	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%	Q2 2017/18	50.1%
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FCR RB REV 005	Percentage of non-domestic rates collected	96.10%	96.40%	96.40%	28.00%	55.36%		95.00%	↑	⚠	<p>FCR RB REV 005 Percentage of non-domestic rates collected</p> <table border="1"> <caption>FCR RB REV 005 Percentage of non-domestic rates collected</caption> <thead> <tr> <th>Quarter</th> <th>Percentage</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> <tr><td>Q2 2017/18</td><td>55.36%</td></tr> </tbody> </table>	Quarter	Percentage	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%	Q2 2017/18	55.36%
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NH H IM 005	Rent Arrears as a % of rent debit		3.21 %	3.21 %	3.32 %	3.41 %			↓	⚠	<p>NH H IM 005 Rent Arrears as a % of rent debit</p> <table border="1"> <caption>NH H IM 005 Rent Arrears as a % of rent debit</caption> <thead> <tr> <th>Quarter</th> <th>Percentage</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> <tr><td>Q2 2017/18</td><td>3.41%</td></tr> </tbody> </table>	Quarter	Percentage	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%	Q2 2017/18	3.41%								
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NH H IM 006	Total value of rent arrears YTD (Total)	£4,238,766.20	£4,055,527.23	£4,055,527.23	£4,220,588.72	£4,308,921.90		£3,930,000.00	↓	⚠	<p>NH H IM 006 Total value of rent arrears YTD (Total)</p> <table border="1"> <caption>NH H IM 006 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>£4,273,046.97</td></tr> <tr><td>Q3 2016/17</td><td>£4,388,465.77</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> <tr><td>Q2 2017/18</td><td>£4,308,921.90</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	£4,273,046.97	Q3 2016/17	£4,388,465.77	Q4 2016/17	£4,055,527.23	Q1 2017/18	£4,220,588.72	Q2 2017/18	£4,308,921.90
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NH H RespRep 001	% of Repair Appointments Kept	81.41%	78.04%	78.81%	78.97%	79.58%	The implementation of Mobile Solution has given a slight increase in performance compared to the previous month. Consistent review and administration of the new solution is expected to maximise the current performance by the end of Q3 and Q4.		↑	🟡	<p>NH H RespRep 001 % of Repair Appointments Kept</p> <table border="1"> <caption>NH H RespRep 001 % of Repair Appointments Kept</caption> <thead> <tr> <th>Quarter</th> <th>% of Repair Appointments Kept</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>78.97%</td></tr> <tr><td>Q2 2017/18</td><td>79.58%</td></tr> </tbody> </table>	Quarter	% of Repair Appointments Kept	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	78.97%	Q2 2017/18	79.58%
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Page 166																																	
NH H RespRep 002	% of repairs completed on first visit (based on tenant satisfaction)	73.06%	72.11%	70.09%	N/A	55.22%	Up until Q4 2016/17, telephone surveys were undertaken by a contractor, KWEST. However, midway through Q2 2017/18, we launched a new satisfaction monitoring system and methodology across Housing Services, whereby residents complete a web link contained within a text message. These new surveys are showing lower satisfaction levels across all service areas, which is to be	85%	↓	🔴	<p>NH H RespRep 002 % of repairs completed on first visit (based on tenant satisfaction)</p> <table border="1"> <caption>NH H RespRep 002 % of repairs completed on first visit (based on tenant satisfaction)</caption> <thead> <tr> <th>Quarter</th> <th>% of repairs completed on first visit</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> <tr><td>Q2 2017/18</td><td>55.22%</td></tr> </tbody> </table>	Quarter	% of repairs completed on first visit	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%	Q2 2017/18	55.22%		
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							<p>expected given that the new "opt in" methodology is likely to generate a greater share of responses from those residents who are dissatisfied than was previously the case when KWEST phoned a selection of people.</p> <p>Given the above, we will need to look at revising target levels in 2018/19 to reflect the change in methodology. More importantly, however, we have begun a series of meetings with service managers to put in place robust processes for ensuring that all residents expressing dissatisfaction with a service are contacted immediately in order to address and resolve their issues. This is one of the key required outcomes from the satisfaction monitoring project.</p>				

PI Code	Description	2015/16	2016/17	2016/17 Q4	2017/18 Q1	2017/18 Q2	2017/18 Q2 Note	Target 2017/18	DOT	Traffic Light	Chart																						
NH H RespRep 003	% of repairs completed on first visit (based on system generated data)	92.18%	92.3%	92.26%	94.16%	94.31%		95%	↑	⚠	<p>NH H RespRep 003 % of repairs completed on first visit (based on system generated data)</p> <table border="1"> <caption>NH H RespRep 003 % of repairs completed on first visit</caption> <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>92.38%</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>94.16%</td></tr> <tr><td>Q2 2017/18</td><td>94.31%</td></tr> </tbody> </table>	Quarter	% of repairs completed	Q1 2015/16	93.99%	Q2 2015/16	93.29%	Q3 2015/16	92.38%	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	94.16%	Q2 2017/18	94.31%
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Page 11 of 18 NH H Voids 001	Average time taken to re-let local authority housing [all voids including major & minor voids]		64 days	62 days	73 days	70 days	A review is underway of the voids process to understand where there are systematic issues in the process	55 days	↑	🛑	<p>NH H Voids 001 Average time taken to re-let local authority housing [all voids including major & minor voids]</p> <table border="1"> <caption>NH H Voids 001 Average time taken to re-let local authority housing</caption> <thead> <tr> <th>Quarter</th> <th>Average time (days)</th> </tr> </thead> <tbody> <tr><td>Q1 2016/17</td><td>68 days</td></tr> <tr><td>Q2 2016/17</td><td>62 days</td></tr> <tr><td>Q3 2016/17</td><td>63 days</td></tr> <tr><td>Q4 2016/17</td><td>62 days</td></tr> <tr><td>Q1 2017/18</td><td>73 days</td></tr> <tr><td>Q2 2017/18</td><td>70 days</td></tr> </tbody> </table>	Quarter	Average time (days)	Q1 2016/17	68 days	Q2 2016/17	62 days	Q3 2016/17	63 days	Q4 2016/17	62 days	Q1 2017/18	73 days	Q2 2017/18	70 days								
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NH PR PMS 007a	Number of PCNs issued - total	112067	122277	31049	32434	31683	Breakdown: 31683 - Street/Car Park: 19784 - Estate: 3233 - CCTV: 8666		↑	📊	<p>NH PR PMS 007a Number of PCNs issued - total</p> <table border="1"> <caption>NH PR PMS 007a Number of PCNs issued - total</caption> <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>30687</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> <tr><td>Q2 2017/18</td><td>31683</td></tr> </tbody> </table>	Quarter	Number of PCNs issued	Q1 2015/16	28601	Q2 2015/16	30687	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	Q2 2017/18	31683
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NH PR PMS 010a	PCN recovery rate – including estates	73.0%	75.1%	72.8%	70.7%	60.9%	60.85% Number of PCN issued - 30589 Number of PCN paid - 18612		↓	🚦	<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> <tr><td>Q2 2017/18</td><td>60.9%</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%	Q2 2017/18	60.9%
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Page 169 NH PR PMS 010a	% of Major planning applications determined within 13 weeks (ex NI 157a)	71.00%	84.00%	100.00%	100.00%	100.00%		70.00%	▬	🟢	<p>NH PR PMS 010a % of Major planning applications determined within 13 weeks (ex NI 157a)</p> <table border="1"> <caption>NH PR PMS 010a % of Major planning applications determined within 13 weeks (ex NI 157a)</caption> <thead> <tr> <th>Quarter</th> <th>% of Applications</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> <tr><td>Q2 2017/18</td><td>100.00%</td></tr> </tbody> </table>	Quarter	% of Applications	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%	Q2 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%	74.00%	73.00%	80.00%		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>% of Applications</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> <tr><td>Q2 2017/18</td><td>80.00%</td></tr> </tbody> </table>	Quarter	% of Applications	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%	Q2 2017/18	80.00%
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NH PR PRS 001c	% of Other planning applications determined within 8 weeks (ex NI 157c)	87.00%	88.00%	85.00%	85.00%	81.00%		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> <tr><td>Q2 2017/18</td><td>81.00%</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%	Q2 2017/18	81.00%
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NH PR 009	% of open planning enforcement cases less than 4 years old	70.0%	70.0%	70.0%	70.0%	67.0%			↓	🔴	<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> <tr><td>Q2 2017/18</td><td>67.00%</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%	Q2 2017/18	67.00%										
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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%	1.88%	2.97%	N/A	Tranche 2 will be reported in Q3	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>Q3 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>Q3 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%	Q3 2015/16	3.44%	Q4 2015/16	2.19%	Q1 2016/17	1.72%	Q3 2016/17	3.91%	Q4 2016/17	1.88%	Q1 2017/18	2.97%						
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PI Code	Description	2015/16	2016/17	2016/17 Q4	2017/18 Q1	2017/18 Q2	2017/18 Q2 Note	Target 2017/18	DOT	Traffic Light	Chart																
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%	2.03%	4.22%	N/A	Tranche 2 will be reported in Q3	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>Level (%)</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	Level (%)	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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Q1 2017/18	4.22%																										
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%	3.91%	2.66%	N/A	Tranche 2 will be reported in Q3	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>Level (%)</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	Level (%)	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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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%	0.47%	N/A	Tranche 2 will be reported in Q3	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>Level (%)</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	Level (%)	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 Q4	2017/18 Q1	2017/18 Q2	2017/18 Q2 Note	Target 2017/18	DOT	Traffic Light	Chart																						
NH PR WS 047	Residual household waste per household (ex NI 191)	590.7Kg	572.2Kg	134.4Kg	142.7Kg	140.0Kg		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> <tr><td>Q2 2017/18</td><td>140.0</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	Q2 2017/18	140.0
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Q2 2017/18	140.0																																
NH PR WS 048	Percentage of household waste sent for reuse, recycling and composting (ex NI 192)	24.80%	26.00%	26.44%	26.24%	27.10%		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>24.54</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> <tr><td>Q2 2017/18</td><td>27.10</td></tr> </tbody> </table>	Quarter	Percentage (%)	Q1 2015/16	25.48	Q2 2015/16	23.87	Q3 2015/16	25.02	Q4 2015/16	24.54	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	Q2 2017/18	27.10
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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



Corporate Risk Management Performance Overview January 2018 (Appendix 2)

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 on December 12 2017.

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	↓	16	9
9	Recruitment and Retention (SRCR 0018B)	12	↔	12	9
10	Information Assets (SRCR 0020)	16	↔	16	9
11	Corporate Resilience (SRCR 0020B)	15	↓	20	12
12	Information Security	8	↓	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)	12	↑	10	8
16	Impact of government reforms on education service delivery (SRCR 0027)	20	↔	20	12
17	SEND funding (SRCR 0028)	25	NEW (Dec)	↑	
18	Serious safeguarding failure in school (SRCR 0029)	12	NEW (Dec)	↑	
19	Temporary Accommodation (SRCR 0030)	16	↔	16	12
20	Fire Safety (SRCR 0031)	10	NEW (Sept)	↑	
21	Integrated Commissioning (SRCR 0032)	16	NEW (Dec)	↑	
22	Inaccurate or late pay information supplied to LGPS (SRCR 0033)	20	NEW (Dec)	↑	

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	Impact of Universal Credit and other welfare reforms.	20	↑	16	12
4	Building Control / Dangerous Structures	12	↔	12	9
5	Failure of managed service provider for Financial Systems.	12	↔	12	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 13 red risks and 9 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, interest rate changes or the Brexit negotiations). There are five new risks featuring on this register, having been escalated from their respective Divisions. 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. The full detail of the Corporate register is included earlier on this agenda, with the complete report and accompanying commentary.

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.

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 June 2018.

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2017/18 Quarter 2 Capital OFF

1.0 Background and Introduction

This is the second OFF Capital Programme monitoring report for the financial year 2017/18. Table 1 below shows that the revised capital programme for 2017/18 is £435.195m, (non-Housing schemes totalling £243.880m and Housing schemes totalling £191.315m). The actual year to date capital expenditure for the six months April 2017 to Sept 2017 is £104.885m and the full year projected outturn is £285.735m, £149.459m below current revised budget.

The first (of two) budget reprofiling exercise for 2017/18 has been completed, and November Cabinet approved a total of £145m to be reprofiled into future years, as set out in the table below.

Explanations for the major budget 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 – London Borough of Hackney Capital Programme – Q2 2017/18	Revised Budget Position end Q2	Spend as at end of Q2	Projected Outturn	Variance (Under/Over)	Budget Reprofiled at Nov Cabinet
	£'000	£'000	£'000	£'000	£'000
Chief Executive	88	-	87	(1)	0
Children, Adults & Community Health	184,027	40,168	96,309	(87,718)	83,683
Finance & Corporate Resources	15,972	3,284	15,827	(144)	2,043
Neighbourhoods & Housing (Non-Housing)	43,793	7,604	24,475	(19,318)	19,320
Total Non-Housing	243,880	51,056	136,699	(107,181)	105,046
Hackney Homes HRA	59,699	30,330	95,106	35,407	
Council Capital Schemes GF	2,175	574	1,690	(485)	
Private Sector Housing	2,349	921	1,776	(573)	
Estate Renewal	101,087	20,397	42,177	(58,910)	
Housing Supply Programme	7,650	507	4,061	(3,589)	
Other Council Regeneration	18,355	1,100	4,227	(14,128)	
Total Housing	191,315	53,830	149,037	(42,278)	40,000
Total Capital Expenditure	435,195	104,885	285,735	(149,459)	145,046

2.0 CHIEF EXECUTIVE'S SERVICES

The current forecast is in line with the revised budget of £88k. Of the 2 schemes, 1 have been coded with a traffic light of green and 1 amber.

3.0 CHILDREN, ADULTS AND COMMUNITY HEALTH DIRECTORATE

The current forecast is £96.3m, £87.7m below the revised budget of £184m. Of the 101 schemes, 40 have been coded with a traffic light of green and 61 amber. A summary of the position is below.

CACH Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Adult Social Care	4,764	1,834	4,740	(24)
Education Asset Management Plan	6,776	366	4,350	(2,426)
Building Schools for the Future	114,632	25,426	68,581	(46,052)
Other Education and Childrens Services	997	(17)	227	(770)
Primary School Programmes	17,431	558	2,435	(14,996)
Secondary School Programmes	39,427	12,001	15,978	(23,449)
TOTAL	184,027	40,168	96,309	(87,718)

Adult Social Care

The major capital project within Adult Social Care is Oswald Street Day Centre, accounting for £3.8m of this year's total £4.7m budget, and this project is forecast to be complete in 2017/18 as planned.

Primary School Asset Management Programme

There are a number of projects in the Primary School Asset Management Programme have ended, resulting in both minor overspends and underspends. Of the £2m reprofiled, £1.4m relates to three early years schools (Betty Layward, Comet and Woodberry Down) where scope of works are to be finalised. .

Education Asbestos Removal is forecasting £80k underspend which has been re-profiled to 2018/19. Works to the Schools during summer went ahead as planned. The remaining two schools will be completed in October half term. The forecast includes the surveys for façade works and AMP works.

Building Schools for the Future

The Tiger Way and Nile Street programmes are reporting in-year underspends of £14.6m and £29.3m against their respective £38m and £69m budgets, all of which has been re-profiled into next year. Builds on both schemes are on target, with the reprofiling reflecting changes to spend profiles/scheduling. Tax implications on the

schemes continue to be refined, and the sales/marketing and building management agents have now been appointed.

Primary School Programmes

£15m of the £22m for Primary Schools Programmes has been re-profiled into future years.

Of this, £9m relates to schemes which are to begin in future years. Sir Thomas Abney is one scheme progressing which has an underspend of £3m. The expansion project will not go ahead as planned due to spaces not filling at school as expected. The variance will be treated as savings to the Basic Needs Fund.

Secondary School – BSF Lifecycle Programme

£23m of the £39m for Secondary Schools BSF Lifecycle Programme has been reprofiled into future years. This includes £18m of budget with no spend approval, and £2.4m for Britannia, which is on target for build. The LEP continues to support the Council in the delivery of the Britannia project to Planning Determination, by enabling the procurement of key consultant services and surveys. A number of consultant and advisor appointments have now been made. The scheme is on target to deliver as planned.

The largest in-year spend is Temporary School at Audrey Street which has a forecast of £7.4m. Planning permission was granted at committee on 9 November 2016 for the temporary provision of three secondary year groups over a five year period. Financial close was achieved on 30 January 2017 and work on site began the same day. There has been recent progress on delivery and completion of snagging works. The other planned expenditure relates to estimated charges from high ways. The underspend of £600k has now been re-profiled to future years to support possible options for four year provision and the agreement towards works to return the land to original state. The budget is earmarked for these.

4.0 FINANCE AND CORPORATE RESOURCES

The current forecast is £15.8m, £0.1m under the revised budget of £15.9m. Of the 109 schemes, 89 have been coded with a traffic light of green and 20 amber.

F&R Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Property Services	8,003	1,450	7,574	(429)
ICT	6,070	850	6,136	66
Financial Management	1,548	17	1,548	0
Other Schemes	192	38	192	(0)
TOTAL	15,813	2,355	15,450	(363)

5.0 NEIGHBOURHOODS AND HOUSING (NON-HOUSING):

The current forecast is £24.5m, £19.3m under the revised budget of £43.8m. Of the 237 schemes, 175 have been coded with a traffic light of green and 62 amber. The codes identified as amber reflect underspends which have been reprofiled.

N&H – Non Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Museums and Libraries	909	79	275	(634)
Leisure Centres	2,000	0	0	(2,000)
Parks and Open Spaces	9,349	3,155	6,644	(2,705)
Highways/Infrastructure	17,143	2,459	11,034	(6,109)
EHPC	1,857	0	1,611	(246)
TFL	3,647	1,318	3,647	0
Other Public Realm	893	44	443	(450)
Safer Communities	123	47	123	(0)
Regeneration	7,873	501	698	(7,175)
Total	43,793	7,604	24,475	(19,318)

Museums & Libraries

A number of Library Capital bids were submitted to October 2017 cabinet. Hackney Council's will be procuring a new Library Management System (LMS), upgrading the CCTV in libraries, new installation of visitor counters, new installation of door entry systems and essential works and maintenance. Library self-issue machines is showing a small underspend but will be completed in 2018/19 so has been re-profiled to future years.

Leisure Centres

The budget for Leisure Centre works has been re-profiled out of 2017/18.

Parks and Open Spaces

There are a number of schemes within Parks and Open Spaces where parts of budgets are being reprofiled into 2018/19, notably Parks infrastructure, Hackney Marshes, Abney Park and Springfield Park restoration.

Highways/Infrastructure schemes

The majority of the schemes in this area are dependent on developers and planning and have been re-profiled to 2018/19. The installation of LED lighting works across several streets across the borough is on target for 2017/18.

Regeneration (Non-Housing)

Most of this 2017/18 budget has been re-profiled, including Dalston Regeneration, Afford Workspace Space Studio, Hackney Wick Regeneration and Dalston Public Toilets, which is dependent on a lease agreement, to be reviewed in quarter 3.

6.0 HOUSING

The current forecast in Housing is £149m, £42.3m below the revised budget of £191.3m. As part of the re-profiling exercise £40m has been re-profiled to 2018/19. The Q2 monitoring process has also identified that budgets across the sub-sections of the Housing programme require realigning, and this work is in progress. More detailed commentary is outlined below.

	Budget	Spend	Forecast	Variance	Commentary
AMP Housing Scheme HRA	59.699	30.330	95.106	35.407	Appointed contractors under new tender were slow to commence and deliver works in 2015/16 and 2016/17 and so budgets were reprofiled. Contractors are now up to speed and catching up with works required to maintain building. The overspend represents the underspend in previous years and are in line with HRA business plan.
Council Schemes GF	2.175	0.574	1.690	(485)	Historic underspend of budget to refurbish properties as vacant properties are all brought back into use. Budget 'set-a-side' for acquisition of new properties and conversion of existing stock.
Private Sector Housing	2.349	0.921	1.776	(573)	Demand lead grants programme including DFG as part of BCF with grant funding.
Estate Regeneration Programme	101.086	20.397	42.177	(58.910)	Scheme and programme budgets monitored quarterly and report to Housing Development board. Scheme and programme forecast in line with budget for life of schemes, but profiling of key cost drivers (leaseholder buybacks and construction expenditure) dependant on CPO and tender/contract award. Key delay at Nightingale – phasing review, Bridge House – contaminated land now on site, Tower Court and St Leonard – tender extension but contracts now awarded.
Housing Supply Programme	7.650	0.507	4.061	(3.589)	Design development cost (architects and Employers Agents/Cost consultants). 2 schemes submitted for planning. Scheme not at tender stage.
Woodberry Down Programme	18.355	1.100	4.227	(14.128)	Next phase not viable (according to Berkeleys) so limited progress on leaseholder buybacks. Continue to negotiate with remaining leaseholders and buy properties back, but at a slower rate than planned
TOTAL	191.315	53.830	149.037	(42.278)	

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
10	AUDIT COMMITTEE – ANNUAL REPORT	For information and comment	Cllr Nick Sharman (Chair)/ Michael Sheffield

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