



AUDIT COMMITTEE

Wednesday, 18th April, 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:
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Governance Services
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The press and public are welcome to attend this meeting

AGENDA

Wednesday, 18th April, 2018

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Access and Information

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

Providing oral commentary during a meeting is not permitted.

ADVICE TO MEMBERS ON DECLARING INTERESTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Further Information

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



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AUDIT COMMITTEE

WEDNESDAY, 17TH JANUARY, 2018

Present: **Councillors:**

Cllr Nick Sharman in the Chair
Cllr Michelle Gregory, Cllr Robert Chapman,
Cllr Sem Moema and Cllr Carole Williams

Officers: Ian Williams, Kim Wright (for agenda item 6), Michael Sheffield, Julie Sharp, Matthew Powell, Pradeep Wadden, James Newman, Steve Platt (for agenda item 5a) , Ian Rae (for agenda item 5b)

Also in attendance: Mayor Glanville and Councillor Rebecca Rennison

1 Apologies for absence

1.1 Apologies for absence were submitted on behalf of Councillor Brian Bell and Councillor Sem Moema for lateness.

2. Declarations of Interest

2.1 Councillor Michelle Gregory declared that she currently sat on the Board of a Tenants Management Organisation.

3 Minutes of Previous Meeting

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

4 Mayors Questions

4.1 The Chair welcomed Mayor Glanville to the meeting. He stated that with reduced Government financial support to Local Government there was a need for it to take increased risk in its' operation with audit moving to centre stage. He identified three specific areas which he believed may have a serious impact on the Council as a whole: the introduction of Universal Credit; Commercial risks associated with the Council's development strategy; recycling collection and treatment. Further, he asked the Mayor for his vision of democratic oversight of key generic risk.

4.2 He referred to the negative Local Government Select Committee report on scrutiny and stated that Hackney Council had a good record on scrutiny. The Chair emphasised that there were areas of work that could not be directly attached to directorates of the Council such as the Mayor-led joint Boards and wished for

reassurance that there were mechanisms in place to ensure that these were not overlooked.

4.3 Mayor Glanville told the Committee that it had been ten years since he had served on the Audit Committee at a time when the Council was better resourced. He referred to complex contract arrangements with the Hackney Learning Trust and the Hackney Homes at the time and that much had happened since then. He referred to the need for Council policy groups such as the Chair's group to ensure that any areas of work are not overlooked.

4.4 Mayor Glanville stressed that there was a need to look at how the Council embedded scrutiny into policy. Audit and challenge ensured transparency, holding to account and management of risk. He referred to the role of the Council's various Boards in managing projects and that risk management was considered within this. Increased costs and sales values had impacted on these projects. Mayor Glanville confirmed to the Committee that the Council was setting up a Housing Company to allow it to hold Units of housing and that risk management was being developed around this.

4.5 Mayor Glanville went on to speak about Universal Credit stating that the 'Living in Hackney Commission' was currently monitoring this. The Council continued to lobby Government on the initiative and hoped it would learn about the difficulties involved. There were risks for the Council as a landlord in terms of temporary accommodation and the role it played in ensuring that private tenants were not made homeless by their landlords.

4.6 In terms of the North London Waste Authority there had been substantial discussion since the plans had collapsed. Mayor Glanville referred to the challenge as being around the length of decision making.

4.7 Councillor Michelle Gregory asked what the current level of debt was for Council tenants and what plans there were for reducing this debt. She further asked about what support the Council offered to support tenants in paying rents. Deirdre Worrell confirmed that the current level of debt was £4.5 million and that the direction of travel in this regard was static. Mayor Glanville confirmed that the Council wrote to tenants before the roll out of Universal Credit and offered advice on 'ways into work' and advising on benefits claiming rights, etc. He confirmed that Universal credit caused disconnect and it was necessary to ensure that each part of the organisation communicated effectively with the others to provide an effective service. There was now less discretion in housing payments and the cuts to DHB had stabilised. In response to a question from the Chair the Mayor confirmed that assumptions made in relation to bad debt provision had not materialised. Deirdre Worrell confirmed that the bad debt provision was sufficient. Councillor Rebecca Rennison referred to the three groups of claimants and that there was a different approach for each group.

4.8 Councillor Robert Chapman commented that Audit Committee should address governance and risk issues in relation to multi service projects such as Britannia and asked what the executive's view was on the Committee's role in this. In terms of wider political support he asked how Councillors could contribute to determining appetite to risk. Councillor Michelle Gregory asked about Risk Appetite Statements and that those risks outside the parameters should be highlighted. Councillor Gregory went on to emphasise that the Council should be clearer to the public on risk.

4.9 Mayor Glanville stressed that the Council needed to be better engaged in audit and saw value in having senior officers presenting reports to the Committee on this. He had concerns that there could be a disconnect in how projects were managed and that there was a need for a shared understanding of risk and a wraparound approach to the management of these projects. He suggested that the Committee could meet more frequently and more often in private and that other members could attend at these meetings. Discussion could also centre on how risk management is developed in large projects such as Britannia. Mayor Glanville confirmed that the Council would only embark on projects where risk issues had been developed, including on housing market changes and Brexit. New ways of financing had been used in the projects such as Kings Court and Colville and these could be extended to projects such as Tesco's and Britannia.

4.10 Councillor Michelle Gregory stressed the need for the Council to be clearer in its explanation of progress on risk management within the Council. The Mayor told the Committee that there was much work on-going on integrated commissioning and Estate regeneration with associated complex decision making and that the Council needed to explain to the public how decisions are reached.

4.11 Councillor Robert Chapman asked about the impact of any dramatic collapse in property value. He stressed the need for evidence that the mitigation of risk was actually taking place. The Mayor told the Committee that a number of projects had started in the Borough during the last recession and that the Council had benefitted from an increase in house prices. He confirmed that new Units were expensive but of a high quality. The Council could preserve a position and have flexibility because work had been carried out on a phase by phase basis. The Mayor confirmed that the Housing Revenue Account had healthy reserves and that the Council would be able to meet the expectations of residents.

4.12 In summing up the Chair said the discussion had underlined the importance of the Audit Committee's role in identifying areas of risk that present particular political and management challenges to the Council as it became more self-sufficient. These include issues such as devolution (most immediately, the risks arising from combined health and social service provision); use of reserves; role of outsourcing and of the private sector; oversight of joint commissioning boards; alternative income sources; and how best to deal with the Council's greater exposure to commercial risk. There was a consensus that this broader role for the Committee would mean considering new methods of working to complement the fixed quarterly meetings. It would be important to ensure that these initiatives worked alongside and supported the work of the Scrutiny Commissions. The Committee would therefore aim to produce proposals for a programme of review over the next few months, so the new Council is able to consider them early in its term.

5 Reports back on matters raised at the previous meeting

a Housing Management

5a.1 Kim Wright introduced the report. Steve Platt referred the Committee to service development work in progress to reduce the numbers of missed repairs appointments together with work in progress to reduce the number of days taken to re-let void properties.

5a.2 The Chair thanked officers for the good report. The Committee stressed the need for targets to be built into work in progress together with recording of when work was completed and mechanisms for gauging tenant dissatisfaction. Further it stressed the need for more up to date performance information on service provision. In response to a question from the Chair, Steve Platt confirmed that it was hoped to have the new system completely up and running by April 2018.

5a.3 In response to member questions Steve Platt reported that up to date information was produced by 'QlikView' which was used to drill down into performance issues and measuring success. Improvements were being made to the service including sending a text message to the tenant prior to arrival at their property. Mobile working was up and running. Statistics on QlikView were at 95 % performance and access was at 82 % in quarter 4. Steve Platt told the Committee that the aim was to see resident satisfaction improvements. Kim Wright told the Committee that the repairs service would remain under scrutiny.

RESOLVED:

To note the report.

b Local Authority Searches

5b.1 Ian Rae introduced the report updating the Committee on key recommendations from the 2015 Audit of Land Charges relating to the implementation of a new ICT system. Concerns had been raised at the previous meeting of the Committee about the length of time taken to complete local authority searches during house sales and the report sought to answer these concerns. Ian Rae clarified that by November 2017 99% of local authority searches were being processed within the usual 10 days. He reported that the figure for enforcement had decreased dramatically. In response to a question from Councillor Sem Moema he confirmed that costs of enforcements go into the land cost and to the Council and that no one would be asked to pay beyond their means.

RESOLVED:

To note the content of the 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.

c Temporary Accommodation

5c.1 Ian Williams confirmed that the report on temporary accommodation would be circulated with the external audit plan.

6 Directorate Risk Register Review - Neighbourhoods & Housing

6.1 Kim Wright introduced the report updating the Committee on the current Risk Register for Neighbourhoods and Housing at January 2018. The report also identified how risks within the Directorate were identified and managed throughout the financial year and the Council's approach to embedding risk. Kim Wright referred to the fact that as a result of Grenfell, the Fire Risk Assessment on pages 36 to 40 had been escalated to the Corporate Risk Register. The risk on contract procurement and

management in housing services had increased. This was a marginal increase driven by ongoing investment in the use of the Council's external contractors.

6.2 Councillor Michelle Gregory asked whether fire assessments had been carried out only in the communal areas and how many blocks had internal assessments. Kim Wright reported that 1083 risk assessments had been carried out on every Block in the Borough with a work programme imminent. Internal assessments had not been carried out. These would form part of a further tranche of work.

6.3 In response to a question from Councillor Robert Chapman on the increase in risk on contract procurement and management in Housing Services Kim Wright agreed to circulate a private briefing note to the Chair on this matter. In response to a question from Councillor Carole Williams on changes in workforce and pay gap Kim Wright would circulate figures.

ACTION: Kim Wright

6.4 The Chair referred to the need for robust monitoring of the Council's contracts.

RESOLVED:

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

7 Corporate Risk Register

7.1 Matthew Powell introduced the report updating the Committee on the current Corporate Risk Register of the Council as at January 2018. The report also identified how risks within the Council were identified and managed throughout the financial year and the Council's approach to embedding risk management. Matthew Powell told the Committee that most risks had not changed, however five new risks had been added as follows:

- Hackney Learning Trust related risks, impact of government reforms, SEND funding and serious safeguarding failure in a school
- Safeguarding Families
- Fire Safety
- Integrated Commissioning
- Management of Pensions Data

7.2 The Committee noted the difficulties in relation to integrated commissioning in bringing together different organisational cultures and developing governance and that the matter would be taken forward with Corporate Management Team and members of the Integrated Commissioning Board.

7.3 The Committee noted that there were changes to SEND funding arrangements with an increase in complex cases and demand. Lobbying with London Councils continued. It was noted that this was increasingly becoming a national issue and related in part to how schools were funded.

7.4 Councillor Robert Chapman commented on improvement in the performance of the Council's investments. Ian Williams told the Committee that this stood at 83 %, up from 71 %.

7.5 The Committee noted continuing difficulties with the payroll system and the need to improve self-reporting. An update would be provided to the next meeting of the Committee.

ACTION: Ian Williams

7.6 In response to a question from Councillor Robert Chapman, Ian William reported that there was no direct contract with 'Carillion'. He would circulate a briefing on this. He told the Committee that the Hackney procurement process had regard to the financial health of contracting firms and he raised the question of whether this financial health should continue to be monitored together with considering the company's culture, overall pay gap and key performance indicators.

7.7 Councillor Michelle Gregory made the suggestion that the requirement to produce company's accounts each year be made a provision of contracts.

RESOLVED:

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

8 Treasury Management Update

8.1 Ian Williams introduced the half year treasury activity report for 2017/18 outlining the detailed update on the treasury activity for the first six months of the financial year and the Q3 treasury activity update for the period October 2017 to December 2017.

RESOLVED:

To note the report

9 Treasury Management Strategy 2018/19

9.1 Ian Williams introduced the report outlining the Annual Treasury Strategy for 2018/19 for the Audit Committee, setting out the expected treasury operations for the financial year 2018/19. Ian Williams confirmed, in response to Councillor Chapman's question that there had been no change in policy on risk in the treasury management function and that the Council was complying. He was content to arrange sessions on this area for Councillors.

RESOLVED:

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.

10 Audit & Anti Fraud Quarterly Progress Report

10.1 Michael Sheffield introduced the report outlining performance of the Audit & Anti-Fraud Service up to the end of December 2017, the areas of work undertaken, and the information on current developments in Internal Audit and Anti-Fraud together with statistical information about the work of the investigation teams. Michael Sheffield

reported that 70 % of the original plan on internal audit work was either in progress or had been completed, up from 30% from the previous meeting. He reported a reduction in numbers in relation to tenancy fraud. The Tenancy Fraud Team was now at full compliment. A dedicated legal resource now existed for fraud with external legal providers. The current caseload comprises 300 active cases.

10.2 The Committee noted the concerns arising from audit work at some of the TMOs and that action plans had been agreed. If a 'no assurance' audit report is issued, efforts are made to check on progress with implementing recommendations and additional support and advice is provided to the TMO to put in place a robust control and governance framework.

11 Performance Overview

11.1 Ian Williams introduced the report providing 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. The report also provided 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 approach. The report also set out the latest capital programme monitoring with some enhanced analysis of the variances to budget.

11.2 Councillor Robert Chapman referred to the 2017/18 Quarter 2 Capital OFP and whether the Council over-programmed on this. Ian Williams confirmed that delays in schemes needed clearer and greater interaction with capital profiles.

11.3 The Chair emphasised the need for having the latest figures on performance indicators and to consider appetite for risk.

11.4 Ian Williams suggested holding a presentation for members on 'QlikView'.

RESOLVED:

1. To note the performance indicators presented in Appendix 1 and the Risk Management Scorecard in Appendix 2 to the report.
2. To note the current capital monitoring updates in Appendix 3.

12 Work Programme

RESOLVED:

To note the report

13 Any other business that the Chair considers urgent

There was no other urgent business

Duration of the meeting: 6:30 – 9:00

Wednesday, 17th January, 2018

Chair at the meeting on
Wednesday, 17 January 2018



External Audit Plan 2017/18

**AUDIT COMMITTEE MEETING
DATE 2018/19

18 April 2018**

**CLASSIFICATION:

Open**

WARD(S) AFFECTED

All Wards

Ian Williams, Group Director Finance and Corporate Resources

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This reports introduces the 2017/18 External Audit Plan from KPMG, the Council's external auditors. This sets out the detail regarding the delivery of the audit of the 2017/18 Accounts, including the Pension Fund Accounts.
- 1.2. The Plan sets out the key risks identified in respect of the financial statements audit, the approach to be taken for the audits along with information on the audit team, proposed deliverables from KPMG, timescales for the audit and related fees. The External Audit Plan has been agreed with relevant officers of the Council.

2. RECOMMENDATION(S)

2.1 The Audit Committee is recommended to:

Consider and note the contents of the attached report from KPMG, the Council's external auditor.

3. REASONS FOR DECISION

- 3.1 The Audit Committee are "those charged with governance" in respect of the Council's annual statement of accounts and other financial matters. As such, they receive regular reports from KPMG, the Council's external auditors, in relation to the accounts and the external audit. This report provides the Committee with details of the audit arrangements in respect of the 2017/18 Statement of Accounts, including the Pension Fund Accounts.

4. BACKGROUND

4.1 Policy Context

The External Audit Plan attached sets out the arrangements for the audit of the Council's annual Statement of Accounts and the Pension Fund Accounts as required by the relevant legislation and related Accounts and Audit Regulations.

4.2 Equality Impact Assessment

This report does not require an equality impact assessment.

4.3. Sustainability

Not Applicable.

4.4 Consultations

KPMG consulted with relevant senior officers of the Council in the preparation of the External Audit Plan.

4.5 Risk Assessment

As set out in the Plan, the external auditors have considered the key risks and this has informed the audit approach as set out in the detailed report from KPMG attached to this report as an Appendix.

4.6 External Audit Plan 2017/18

- 4.6.1 KPMG have identified two significant risks in relation to the Authority's accounts where audit attention will focus due to the likelihood for potential financial misstatement, these being in respect of the valuation of land and buildings and the valuation of the Pension liabilities. Details of these risks and the audit approach to these is set out on page 5 and of the External Audit Plan, attached as an appendix to this report.
- 4.6.2 Several other areas of audit focus have also been identified, as set out on pages 6 and 7 of the Plan. These are noted as worthy of audit understanding, although present less likelihood of giving rise to material error in the accounts.
- 4.6.3 In relation to the audit of the Pension Fund Accounts, the auditors have identified just one significant risk relating to the valuation of hard price investments, set out on page 8 of the External Audit Plan.
- 4.6.4 In completing the initial planning VFM risk assessment the auditors have not identified any significant risks to the VFM conclusion, although there are two areas of audit focus set out on page 11 of the External Audit Plan – the delivery of budgets and contract monitoring. The approach to this work is set out on pages 10-11 of the External Audit Plan.
- 4.6.5 At the time of writing this report, the interim audit had already taken place in mid-March and no significant issues have arisen. The main audit will take place from mid-June through to the date of the July Audit Committee, where the auditors will report their findings to Audit Committee, prior to issuing the audit opinion.

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

- 5.1 As set out in the External Audit Plan, the overall fee to be charged in respect of the annual audit of accounts is expected to be £226,320, unchanged from the fee in respect of the 2016/17 accounts. This is in line with the fee set out in the Annual Fee Letter, although it is recognised that this is based upon a number of assumptions regarding risks, quality and timeliness of working papers and compliance with the CIPFA Code of practice on Local Authority Accounting. Any deviation from such assumptions could impact on the final fee charged.
- 5.2 In addition to the main audit fee, the charge for audit of the Pension Fund accounts and annual report is expected to be £21k, the same as in 2016/17.
- 5.3 Additional fees in respect of the audit of grant and claims work under the PSAA arrangements (Housing Benefits grant claim, Pooling of housing capital receipts return and the Teachers' Pension Contribution Return) total an expected £45,866.
- 5.4 The costs outlines above are all contained within existing budgets.

6. COMMENTS OF THE DIRECTOR, LEGAL

- 6.1 The Council is required to have its annual statement of accounts audited in line with current legislation and related regulations.
- 6.2 The external auditor's statutory responsibilities are set out in the Local Audit and Accountability Act 2014 and the national Audit Office's Code of Audit Practice. They are required to audit/review and report on the financial statements, providing an opinion and the use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness (the VFM conclusion).
- 6.3 The External Audit Plan proposals accord with the required arrangements

APPENDICES

Appendix 1 - External Audit Plan 2017/18

BACKGROUND PAPERS

None

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

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External Audit Plan 2017/18

London Borough of Hackney

January 2018

Financial Statement Audit

There are no significant changes to the Code of Practice on Local Authority Accounting (“the Code”) in 2017/18, which provides stability. Deadlines for producing and signing the accounts have advanced. Whilst a 31 July sign off was achieved by the Authority in 2017, delivery in 2017/18 remains a significant change and needs careful management to ensure the new deadlines are met. We have recognised this as an area of audit focus. To meet the revised deadlines it is essential that the draft financial statements and all ‘prepared by client’ documentation is available in line with agreed timetables. Where this is not achieved there is a significant likelihood that the audit report will not be issued by 31 July 2018.

Authority significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- **Valuation of land and buildings:** While the Authority operates a cyclical revaluation approach, the Code requires that all land and buildings be held at fair value. We will consider the methodology the Authority uses to ensure that those assets subject to a desktop valuation are materially accurate; and
- **Pension liabilities:** The valuation of the Authority’s pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We will review the processes to ensure the accuracy of data provided to the Actuary and consider the assumptions used in determining the valuation.

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding have been identified as conditional grant income, faster close, NNDR appeals provision, payroll, cash, non pay expenditure and HRA Income & Expenditure.

Pension fund significant risks

- **Valuation of hard to price investments:** The pension fund invests in a range of assets and funds, some of which are inherently harder to value due to there being no publicly available quoted prices. We will verify a selection of investments to third party information and confirmations.

Value for Money Audit

Our risk assessment regarding your arrangements to secure value for money has not, at this planning stage, identified any significant risks.

However we have identified two areas of focus where we will review the arrangements in detail:

- **Financial resilience:** As a result of reductions in central government funding, and other pressures, the Authority is continuing to have to make savings. We will consider how the Authority identifies, approves, and monitors savings plans and how budgets are managed throughout the year.
- **Contract monitoring:** Contract monitoring continues to be a key control in ensuring the Authority, having gone through competitive tender processes, manages the contract and makes sure that services are delivered to the right quality and in line with agreed performance indicators. We will select a sample of contracts and review the monitoring arrangements against the contracts.

Other information

Logistics and team

Our team is led by Andrew Sayers, Partner and Jenny Townsend, Senior Manager.

Our work will be completed in four phases from January to July and our key deliverables are this Audit Plan, progress reports to the Audit Committee and a Report to Those Charged With Governance with our final findings from the audit.

Fees

Our fee for the 2017/18 audit is £226,320 (2016/2017: £226,320). This is in line with the scale fees published by PSAA.

Acknowledgement

We thank officers and Members for their continuing help and cooperation throughout our audit.

The contacts at KPMG in connection with this report are:

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1. Introduction	3
2. Financial statements audit planning	4
3. Value for money arrangements work	10
4. Other matters	12

Appendices

- 1: Key elements of our financial statements audit approach
- 2: Independence and objectivity requirements
- 3: Quality framework

This report is addressed to London Borough of Hackney (the Authority) and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. PSAA issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on PSAA's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Sayers, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (0207 694 8981, andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.

1. Introduction

Background and statutory responsibilities

This plan supplements our 2017/18 audit fee letter dated 25 April 2017, which set out details of our appointment by PSAA.

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the NAO's Code of Audit Practice and the PSAA Statement of Responsibilities.

Our audit has two key objectives, requiring us to audit / review and report on your:

— **Authority and Pension Fund Financial statements:** Providing an opinion on your accounts. We also review the Annual Governance Statement and Narrative Report and report by exception on these; and

— **Use of resources:** Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary. Any change to our identified risks will be reporting to the Audit Committee.

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Financial statements audit

Our financial statements audit follows a four stage process:

- Financial statements audit planning
- Control evaluation
- Substantive procedures
- Completion

Appendix 1 provides more detail on these stages. This plan concentrates on the Financial Statements Audit Planning stage.

Value for Money

Our Value for Money (VFM) arrangements work follows a five stage process:

- Risk assessment
- Links with other audit work
- Identification of significant VFM risks
- Review work (by ourselves and other bodies)
- Conclude
- Report

Page 10 provides more detail on these stages. This plan concentrates on explaining the VFM approach for 2017/18 and our response to it.

2. Financial statements audit planning

Financial statements audit planning

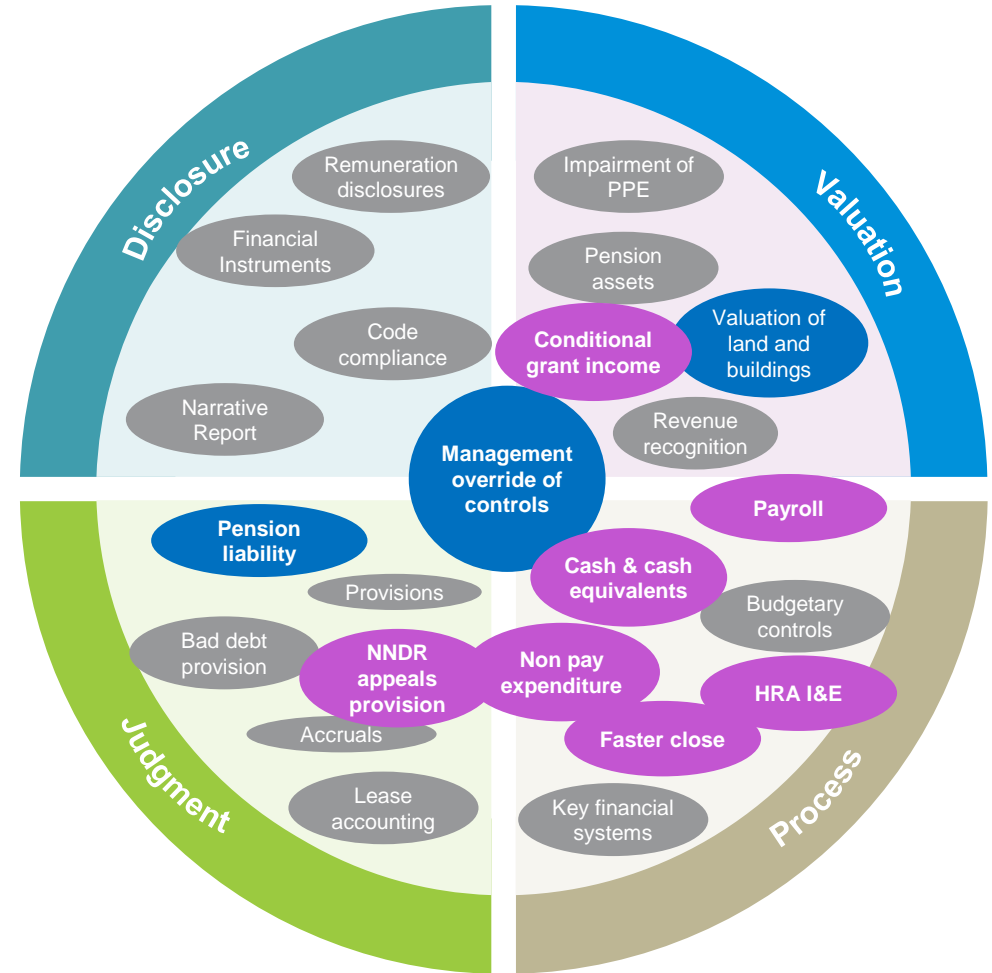
Our planning work takes place between January 2018 and February 2018 and involves: determining materiality; risk assessment; identification of significant risks; consideration of potential fraud risks; identification of key account balances and related assertions, estimates and disclosures; consideration of Management's use or experts; and issuing this plan to communicate our audit strategy.

Authority risk assessment

Professional standards require us to consider two standard risks. We are not elaborating on these standard risks in this plan but consider them as a matter of course and will include any findings arising from our work in our ISA 260 Report.

Management override of controls: Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit incorporates the risk of Management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

— **Fraudulent revenue recognition:** We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.



Key: ● Significant risk ● Area of audit focus ● Other areas considered

2. Financial statements audit planning

Authority significant audit risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Authority.

Valuation of land and buildings

Risk: The Authority held land and buildings with a value of £4,404 million at 31 March 2017. The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model which sees land and buildings revalued over a five year cycle unless it is thought that the value may have changed materially where they are revalued more frequently. As a result individual assets may not be revalued for four years. This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value.

Approach: We will review the approach that the Authority has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. We will assess the risk of the valuation changing materially in year. We will consider movement in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values have moved materially over that time.

In relation to those assets which have been revalued during the year we will assess the valuer's qualifications, objectivity and independence to carry out such valuations and review the methodology used (including testing the underlying data and assumptions).

Pension liabilities

Risk: The net pension liability at 31 March 2017 of £349 million represents a material element of the Authority's balance sheet. The Authority is an admitted body of the London Borough of Hackney Pension Fund, which had its last triennial valuation completed as at 31 March 2016. This forms an integral basis of the valuation as at 31 March 2018. Valuation of the Local Government Pension Scheme relies on assumptions, most notably actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation.

There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates, mortality rates etc. Assumptions should reflect the profile of the Authority's employees and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes. There is a risk that the assumptions and methodology used in the valuation of the Authority's pension obligation are not reasonable. This could have a material impact to net pension liability accounted for in the financial statements.

Approach: We will review controls that the Authority has in place over the information sent directly to the Scheme Actuary. We will liaise with the auditors of the Pension Fund to gain an understanding of the effectiveness of controls operated by the Pension Fund. This will include consideration of the process and controls with respect to the assumptions used in the valuation. We will evaluate the competency, objectivity and independence of Hymans Robertson.

We will review the appropriateness of key assumptions in the valuation, compare them to expected ranges, and consider the need to make use of a KPMG actuary. We will review the methodology applied in the valuation by Hymans Robertson. In addition, we will review the overall actuarial valuation and consider the disclosure implications in the financial statements.

2. Financial statements audit planning

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding. In comparison to 2016/17, we have removed: Disclosures associated with restatement of CIES, EFA and MiRS as an area of other focus and introduced conditional grant income, which was previously a significant risk.

Faster Close

Risk: In prior years, the Authority has been required to prepare draft financial statements by 30 June and then final signed accounts by 30 September. For years ending on and after 31 March 2018 revised deadlines apply which require draft financial statements by 31 May and final signed financial statements by 31 July.

During 2016/17, the Authority started to prepare for these revised deadlines and advanced its accounts production timetable so that draft accounts were ready earlier. The main financial statements were signed on the 31 July, but the Pension Fund annual report was not signed until the 30 September 2017. Whilst this was an advancement on the timetable applied in preceding years, further work is still required in order to ensure that the statutory deadlines for 2017/18 are met.

To meet the revised deadlines, the Authority may need to make greater use of accounting estimates. In doing so, consideration will need to be given to ensuring that these estimates remain valid at the point of finalising the financial statements. There are logistical challenges that will need to be managed including:

- Ensuring that any third parties involved in the production of the accounts (including valuers, actuaries, subsidiaries and subsidiary auditors) are aware of the revised deadlines and have made arrangements to provide the output of their work accordingly;
- Revising the closedown and accounts production timetable to ensure that all working papers and supporting documentation are available at the start of the audit;
- Ensuring that the Audit Committee meeting schedules have been updated to permit signing in July; and

- Applying a shorter paper deadline to the July meeting of the Audit Committee meeting in order to accommodate the production of the final version of the accounts and our ISA 260 report.

In the event that the above areas are not effectively managed there is a significant risk that the audit will not be completed by the 31 July deadline. There is an increased likelihood that the Audit Certificate (which confirms that all audit work for the year has been completed) may be issued separately at a later date if work is still ongoing in relation to the Authority's Whole of Government Accounts return. This is not seen as a breach of deadlines.

Approach: We will continue to liaise with officers in preparation for our audit to understand the steps the Authority is taking to meet the revised deadlines. We will look to advance audit work into the interim visit to streamline the year end audit work. Where there is greater reliance upon accounting estimates we will consider the assumptions used and challenge the robustness of those estimates.

NNDR appeals provision

- Issue: NNDR is material and has complexity in the translation from Collection Fund into Council prime statements and a high degree of subjectivity underlying the NNDR appeals provision.
- Approach: We will gain an understanding over controls related to business rates income and specifically the appeals process. We will review the methodology applied in determining the appeal provision and report as to whether this reflects a balanced, cautious or optimistic assessment.

2. Financial statements audit planning

Conditional grant income

- **Issue** The Council receives grants containing certain conditions. c£21M of grants were included within the balance sheet as at 31 March 2017 as unspent. Each grant is awarded on the basis that it will be drawn down at a service level once the specific conditions of the grant have been met. The grant cannot be credited to the comprehensive income & expenditure account until the conditions attached to the grant have been satisfied.
- **Approach:** In 2016/17 we included this area as a significant risk. No issues were identified. To reflect this, we have included this in 2017/18 as an area of focus. We will review the controls in place to ensure that grants are recognised only when there is reasonable assurance that the Authority will comply with any conditions attached to the grant and ensure that for a sample of grants, that they have been applied over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis;
- We will ensure that the accounting policy adopted for grants has been disclosed within the accounts..

Payroll

- **Issue:** Payroll represents a significant proportion of the Authority's annual expenditure. Whilst not considered overly complex from a material error perspective, we consider that it is important from an audit perspective to understand the nature of the Authority's expenditure in this area.
- **Approach:** We will review and test reconciliations for gross pay and deductions (e.g. pensions, tax and national insurance); and complete substantive analytical review of payroll costs and test supporting system information used to compile the review.

Cash & cash equivalents

- **Issue:** Cash has a pervasive impact on the financial statements and provides comfort for other areas of the financial statements.
- **Approach:** We will review controls over bank reconciliations; and confirm balances with external third parties.

Non-Payroll Expenditure

- **Issue:** Non-payroll expenditure, specifically the accounts payable component, is an area of audit focus due to its pervasive impact on the financial statements and size.
- **Approach:** We will perform substantive tests of details to agree expenditure to third party documentation and cut-off testing of non-payroll expenditure to ensure costs are recorded in the correct period.

HRA Rental Income and Repairs and Maintenance and Management Expenditure

- **Issue:** HRA dwelling rental income is an area of audit focus due to the material size.
- **Approach:** We will gain an understanding over controls related to HRA rental income and expenditure; test the operating effectiveness of relevant controls; and complete substantive procedures over transactions.

2. Financial statements audit planning

Pension Fund risk assessment

Professional standards require us to consider two standard risks. We consider them as a matter of course and will include any findings arising from our work in our ISA 260 Report.

- **Management override of controls:** Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit incorporates the risk of Management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.
- **Fraudulent revenue recognition:** We do not consider this to be a significant risk for local authority Pension Funds as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

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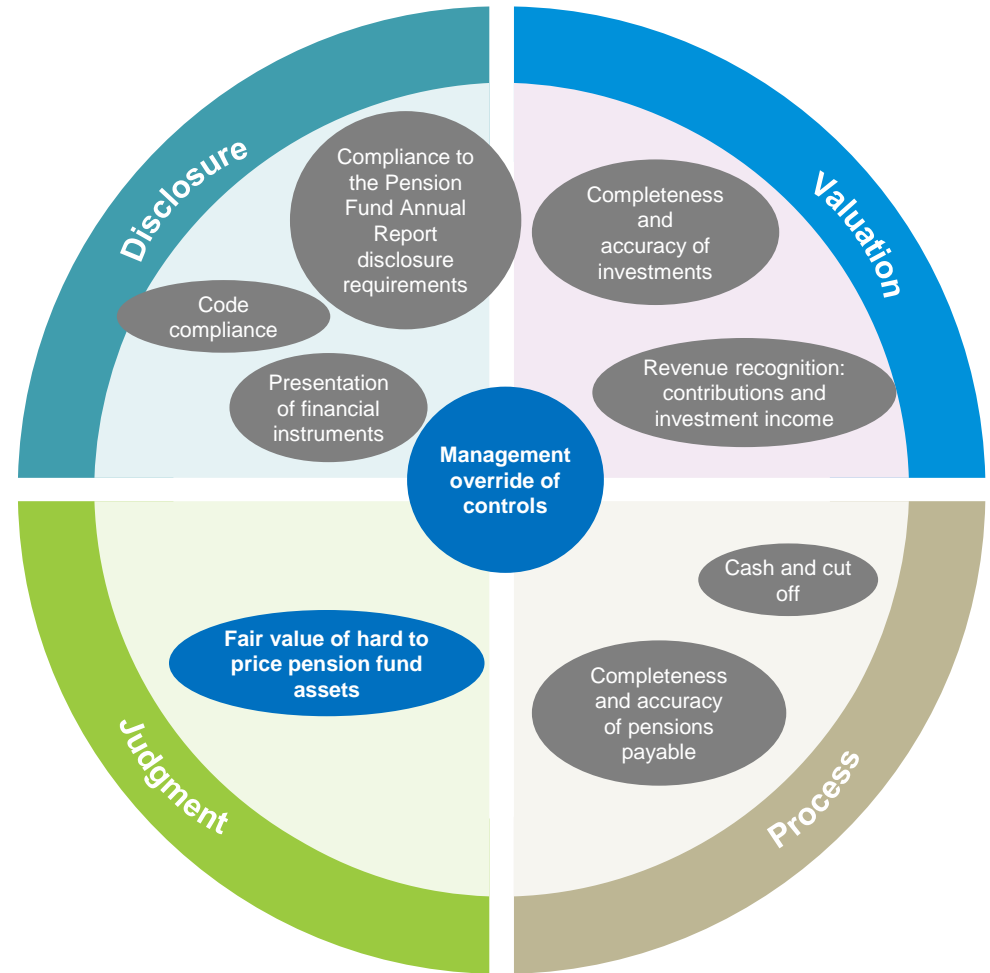
Pension Fund significant audit risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Pension Fund.

Valuation of hard to price investments

Risk: The Pension Fund invests in a wide range of assets and investment funds, some of which are inherently harder to value or do not have publicly available quoted prices, requiring professional judgement or assumptions to be made at year end. The pricing of complex investment assets may be susceptible to pricing variances given the assumptions underlying the valuation. In the prior year financial statements £720 million out of total financial investments of £1,172 million or 61%, were in this harder (level 2) to price category.

Approach: We will independently verify a selection of investment asset prices to third party information and obtain independent confirmation on asset existence. We will test to what extent the Pension Fund has challenged the valuations reported by investment managers for harder to price investments and assumptions used in preparing those figures.



Key: ● Significant risk ● Other areas considered

2. Financial statements audit planning

Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements. Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Authority materiality for planning purposes has been set at £15 million which equates to approximately 1.3% of 2016/17 expenditure. The threshold above which individual errors are reported to Audit Committee is £750K.

For the Pension Fund materiality for planning purposes has also been set at £23 million which equates to approximately 1.6% of the net assets at 31 March 2017.

Reporting to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority and the Pension Fund we propose that an individual difference could normally be considered to be clearly trivial if it is less than £750,000.

If management has corrected material misstatements identified during the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

Liaising with internal audit

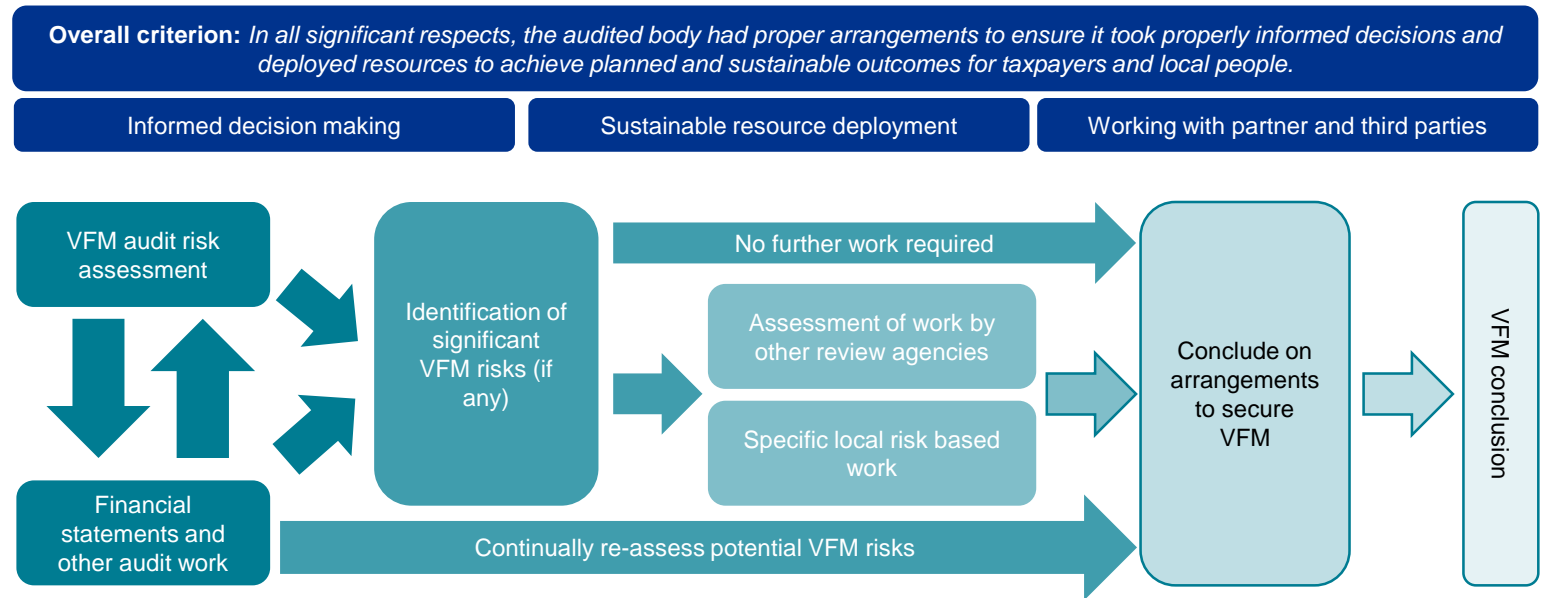
ISA (UK & Ireland) 610 (revised June 2013) defines how we can use the work of internal audit. Our approach ensures we comply with these requirements. We will liaise with internal audit and review the findings from their programme of work for 2017/18. We will also consider any significant control deficiencies identified by internal audit and ensure that we take this into account where relevant to determine the nature of our audit work to ensure the risk is appropriately addressed.

3. Value for money arrangements work

For our value for money conclusion we are required to work to the NAO Code of Audit Practice (issued in 2015 after the enactment of the Local Audit and Accountability Act 2014). Our approach to VFM work follows the NAO's new guidance that was first introduced in 2015-16, is risk based and targets audit effort on the areas of greatest audit risk. We have planned our audit to draw on our past experience of delivering this conclusion and have updated our approach as necessary. We will also consider reports from your regulators and review agencies.

The Local Audit and Accountability Act 2014 requires auditors to be satisfied that the organisation "has made proper arrangements for securing economy, efficiency and effectiveness in its Value for Money". This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to "take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements."

The VFM process is shown in the diagram below:



We have completed our initial planning Vfm risk assessment and have not identified any significant risks for the Vfm conclusion. However we have identified two areas of audit focus which are described overleaf. As we complete our risk assessment we will consider if there are further significant risks and if so report these to the Audit Committee.

3. Value for money arrangements work

VFM other areas of focus

Those risks with less likelihood of giving rise to a significant VFM risk but which are nevertheless worthy of audit understanding.

Delivery of budgets

Risk: In 2017/18 the Council plans to spend circa £1bn (before recharges) on services including, Education, Housing, Adult Social Care, Children's Care and Youth Services, Sport and Leisure, Refuse collection and recycling and street cleaning and maintenance. This investment is funded from a combination of sources including, Government grants, Housing rents, other fees and service charges and Council Tax. The non-housing capital budget for 17/18 is £212 million with a further £186 million on housing projects. The approved budget included making savings of approximately £13.8 million.

Approach: We will review controls the Authority has in place to ensure financial resilience, including how the Authority identifies, approves, and monitors savings plans and how budgets are managed throughout the year. We will also review that the Medium Term Financial Plan has duly taken into consideration factors such as funding reductions, salary and general inflation, demand pressures, restructuring costs and sensitivity analysis given the degree of variability in the above factors.

VFM sub-criterion: This risk is related to the following Value For Money sub-criterion:

- Informed decision making;
- Sustainable resource deployment; and
- Working with partners and third parties.

Contract monitoring

Risk: The Authority has entered into a Section 75 agreement with the City and Hackney Clinical Commissioning Groups (CCG). Out with this, the Authority continues to work closely with partners and third parties, either through joint agreements or the more standard commercial contract with the third party providing the service. Having gone through competitive tendering processes in line with the Authority's regulations, it is vital that contract terms and agreed performance indicators are monitored closely to ensure that the Authority obtains maximum value for money from these contracts.

Approach: We will select a sample of contracts and obtain an understanding of the controls that are in place to monitor the contract, both from a financial viewpoint but also that the quality of the service provided meets the contract specification. We will then test that these controls are operating as expected.

VFM sub-criterion: This risk is related to the following Value For Money sub-criterion:

- Informed decision making; and
- Working with partners and third parties.

4. Other matters

Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2017/18 have not yet been confirmed

Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are: the right to inspect the accounts; the right to ask the auditor questions about the accounts; and the right to object to the accounts. As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece where we interview an officer and review evidence to form our decision to a more detailed piece where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised. Costs incurred responding to questions or objections raised by electors is not part of the fee. This work will be charged in accordance with PSAA's fee scales. We currently have one objection where work is ongoing. This is in relation to your Hackney Technology and Learning Centre (TLC) PFI.

Our audit team

Our audit team has been drawn from our specialist public sector assurance department and is led by two key members of staff:

Andrew Sayers: your Partner has overall responsibility for the quality of the KPMG audit work and is the contact point within KPMG for the Audit Committee, the Chief Executive and Chief Finance Officer.

Jennifer Townsend: your Senior Manager is responsible for delivery of all our audit work. He will manage the completion of the different elements of our work, ensuring that they are coordinated and delivered in an effective manner.

The core audit team will be assisted by other KPMG staff, such as risk, tax, clinical or information specialists as necessary to deliver the plan.

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but in ensuring that the audit team is accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Audit Committee. Our communication outputs are included in Appendix 1.

Independence and Objectivity

Auditors are required to be independent and objective. Appendix 2 provides more details of our confirmation of independence and objectivity.

4. Other matters

Audit fee

Our Audit Fee Letter 2017/2018 presented to you on 25 April 2017 first set out our fees for the 2017/2018 audit. This letter also set out our assumptions. We have not considered it necessary to seek approval for any changes to the agreed fees at this stage.

Should there be a need to charge additional audit fees then this will be agreed with the Chief Finance Officer and PSAA. If such a variation is agreed, we will report that to you in due course.

The planned audit fee for 2017/18 is £226,320 for the Authority (2016/17: £226,320). The planned audit fee for 2017/18 is £21,000 for the Pension Fund (2016/17: £21,000).

Grants and claims work

We undertake other grants and claims work for the Authority that does not fall under the PSAA arrangements:

Housing benefits grant claim: This audit is planned for September. Our fee for this work is £38,616;

Pooling of housing capital receipts: This audit is planned for September. Our fee for this work is £3,500; and

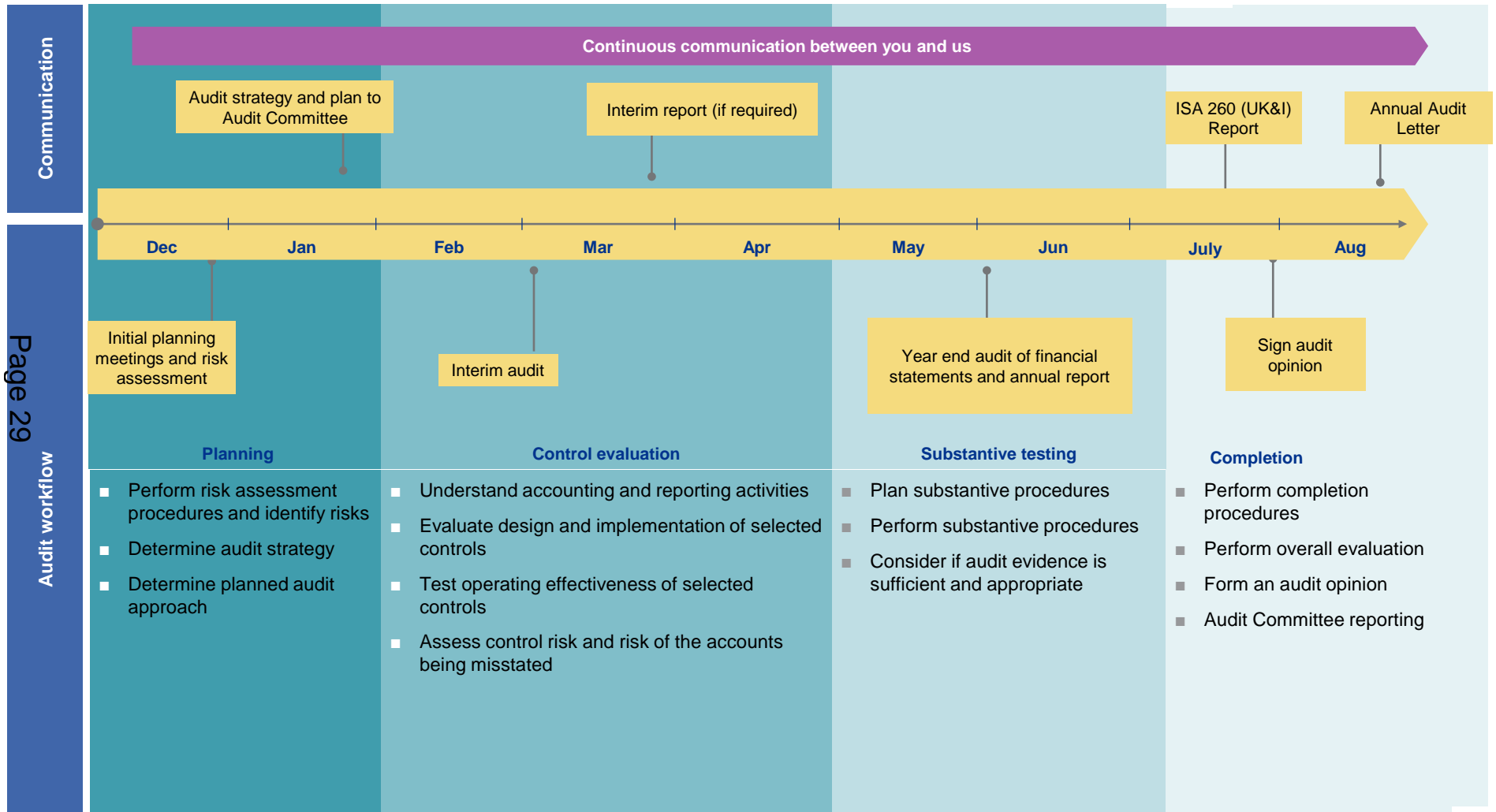
Teachers pension contribution return: This audit is planned for September. Our fee for this work is £3,750.

Public interest reporting

In auditing the accounts as your auditor we must consider whether, in the public interest, we should make a report on any matters coming to our notice in the course of our audit, in order for it to be considered by Members or brought to the attention of the public; and whether the public interest requires any such matter to be made the subject of an immediate report rather than at completion of the audit.

At this stage there are no matters that we wish to report.

Appendix 1: Key elements of our financial statements audit approach



Appendix 2: Independence and objectivity requirements

ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF LONDON BOROUGH OF Hackney

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Ltd's ('PSAA's') Terms of Appointment relating to independence and the requirements of the FRC Ethical Standard and General Guidance Supporting Local Audit (Auditor General Guidance 1 – AGN01) issued by the National Audit Office ('NAO').

This Appendix is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses: General procedures to safeguard independence and objectivity; Breaches of applicable ethical standards; Independence and objectivity considerations relating to the provision of non-audit services; and Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through: Instilling professional values; Communications; Internal accountability; Risk management; and Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Appendix 2: Independence and objectivity requirements

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the authority and its affiliates for professional services provided by us during the reporting period.

We confirm that all non-audit services have been included in this plan to be approved by the audit committee.

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out in the following.

Analysis of Non-audit services for the year ended 31 March 2018

Description of scope of services	Principal threats to independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2018	Value of Services Committed but not yet delivered
				£	£
Assurance Report on the Teachers' Pension Return 2017/18	None	None	Estimate of time required to complete the tests set by the Teachers' Pension	-	3,750
Assurance Report on the Pooling of Housing Capital Receipts 2017/18	None	None	Estimate of time required to complete the tests set by the DCLG	-	3,500

Appropriate approvals would be obtained from PSAA for all non-audit services if they exceeded the relevant thresholds during the reporting period. This threshold has not been reached in providing the above services. In addition, we monitor our fees to ensure that we comply with the 70% non-audit fee cap set by the NAO.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee.

Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Andrew Sayers, the Partner and the audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Appendix 3: Quality framework

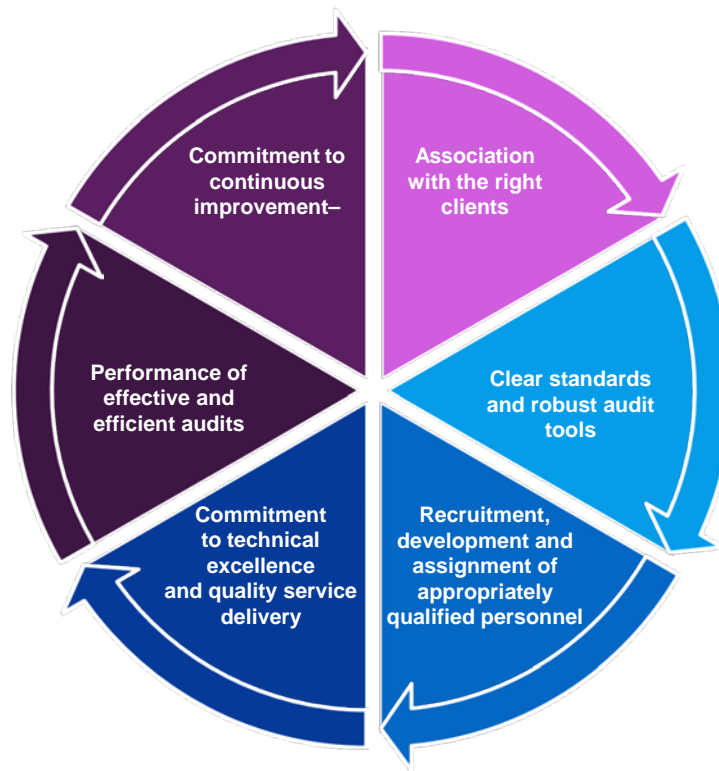
Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework

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- Comprehensive effective monitoring processes
- Proactive identification of emerging risks and opportunities to improve quality and provide insights
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Relationships built on mutual respect
- Insightful, open and honest two way communications

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- Independence policies

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists



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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

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**CORPORATE STRATEGIC RISK REGISTER FOR CHILDREN, ADULTS AND
COMMUNITY HEALTH SERVICES**

**AUDIT COMMITTEE
MEETING DATE 2017/18**

18th April 2018

CLASSIFICATION:

Open

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

WARD(S) AFFECTED

All Wards

Group Director

Anne Canning, Group Director of Children, Adults and Community Health Services

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1 This report updates members on the corporate risks for the Children's Adults and Community Health Services Directorate as at February 2018. It also identifies how risks within the Directorate are identified and managed throughout the year and our approach to embedding risk management.

2. RECOMMENDATION

- 2.1 The Audit Committee is recommended 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 those as far as possible. Some risks are beyond the control of the Council but we nevertheless need to manage the potential impact or likelihood to ensure we deliver our key objectives to the best of our ability. For other risks, we might decide to accept that we are exposed to a small level of risk because to reduce that risk to nil is either impossible or too expensive. The risk management process helps us to make such judgements, and as such it is important that the Audit Committee is aware of this.

4. BACKGROUND

- 4.1 The current Directorate risk profile was reviewed by the Directorate of Children's, Adults and Community Health Services Management Team on 28th February 2018. This report is presented as a high-level risk management report for the Directorate. Detailed risk registers, for Children's Services, Hackney Learning Trust (HLT), Adults Services and Public Health have been prepared and were reviewed by the Management Team and the high-level Directorate risks highlighted and included at Appendix one.

4.2 Policy Context

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

4.3 **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 Audit Committee, they will already have been reviewed by the relevant Senior Management team within the corresponding Directorate. Any senior officer with any accountability for the risks will have been consulted in the course of their reporting.

4.6 **Risk Assessment**

The Risk Register is attached at Appendix one to this report.

5. **DIRECTORATE RISK REVIEW**

- 5.1 The Directorate Risk Register comprises risks that represent the most significant risks faced by the Directorate, some of which cut across the Directorate's services. Separate risk registers for Public Health, Adult Services, Children's Services and the Hackney Learning Trust are maintained and sit beneath the Directorate Risk Register and are available for review on Pentana.

Children and Family Risks

- 5.2 There has been no change to the profile of risks for Children and Families set out in our report to Audit Committee last year. Further external pressures which may impact on expenditure are, however, highlighted in the risk register set out at Appendix one, namely:
- Demand for services is increasing due to the impact of austerity, benefit changes and housing issues on families within Hackney which are impacting on the level of need in the borough. We anticipate that demand for services will increase further following the introduction of Universal Credit.
 - It is expected that the legislative changes that will provide care leaver support to age 25 (from April 2018) will come with limited additional funding from the Government.

- 5.3 The impact of these factors will be captured through budget monitoring reported to Cabinet through the Overall Financial Position (OFP) report.
- 5.4 Each year we categorise the risk of a 'Child or young person suffering significant harm, injury or death' as red. Despite our positive assessment of the controls in place to mitigate the likelihood of this occurring the impact of and the many external factors that have a bearing on such an event lead us to the conclusion that this is inevitably high risk.
- 5.5 It is also emphasised that controls in relation to the risk of harm, injury or death are subject to external review through the Ofsted inspection process. Our last inspection in Summer 2016 rated our Children's social care services as 'good' with services to care leavers 'outstanding.' The Council's Youth Justice services were also inspected in the summer 2016 by HMIP and although these inspections do not generate an overall judgement the report highlighted strengths in service delivery and no major areas for improvement.

HLT Risks

- 5.2 There have been some additional high risks added to the register this year. These are:
- Termination of lease for the continued use of the Rigg Approach depot for the SEND transport fleet.

The Rigg Approach depot for the SEND Transport fleet is a leased property, recently under new ownership. Strategic Property Services have followed up with the new owner's agent to negotiate a new lease. Uncertainty over the status of the status of the current lease and the possibility we may be given notice to vacate the site creates a significant risk for the garaging of the SEND bus fleet and a number of steps are being taken to mitigate this. Property and Legal Services are taking steps to secure the current lease short term, and there is the possibility of a Council owned site becoming a secure long term alternative for the fleet of 22 buses. Whilst progress has been positive the position is not resolved and the risk remains high.
 - The risk of failing to meet the new statutory requirements for SEND included in the Children and Families Act post implementation of new working arrangements.

The Children & Families Act introduced new statutory requirements linked to the implementation of Education Health & Care Plans, provision to support SEN up to 25 years old, joint commissioning, implementation of a local offer and person centred approaches to planning. New processes and resources to support these changes must be implemented to ensure HLT meets its statutory requirements by 31 March 2018. The HLT rating has been raised in the light of the ability of local authorities nationally to meet statutory deadlines whilst producing high quality plans for pupils. Whilst Hackney has a recent positive SEND inspection, the inspection noted that we are not completing EHC needs assessments in 20 weeks. Although the risk rating was reduced to amber because good progress is being made and we compare well with many other LAs, it was decided this risk should still be noted at management and member level in view of the inspection report comments and the need for continued quality assurance.

- The Early Years National Funding Formula has a negative impact on HLT's ability to support settings.

This risk is red rated because the restrictions in the value of DSG that can be retained for central support services has been reduced significantly. This will have an impact on the level of central support to early year's settings. There continues to be potential volatility in the numbers of 3 and 4 year olds taking up the free childcare offer which is formula funded, and this creates the risk of funding places for which money cannot be recouped.

5.3 In addition to the new risks outlined above, several of those that were reported last year continue to present challenges to HLT's operations and financial stability:

- **The impact of the government's reforms on education service delivery** on Hackney Learning Trust (HLT), in particular the establishment of the National Funding Formula and the impact of government policy on the role of LAs in school improvement and in leading and proving mediation to the local schools system.
- **The Hackney Schools Group** model is being developed to protect school performance and ensure coherence in the delivery of education services. This risk also notes the importance of ensuring staff engagement in the process during this period of uncertainty.
- **Escalating SEND spend** is now a reality given the fixed funding but escalating population and complexity of need, and is therefore a red risk. Taking account of the seriousness of this ongoing

situation this risk has been added to the corporate risk register. It is felt that mitigating controls are unlikely to reduce the risk in the short term given the increasing population, the lead in time to making reductions and level of progress made to date.

- **Safeguarding considerations for those pupils who are not registered at a school** (e.g. Electively Home Educated pupils, children missing from education, children attending unregistered settings, children who are yet to be allocated a school place, etc.) is increasing in importance. There is an expectation that the borough must work to ensure the safety and wellbeing of all such pupils, challenging existing legislative frameworks and guidance where necessary to do so, and working with partners to ensure effective and robust identification, tracking, consultation and referral. This new red rated risk recognises the severity of the potential risks of a safeguarding failure.

- 5.3 As noted above, services provided to children & young people with SEND and implementation of the SEND reforms in Hackney were inspected by Ofsted and Care Quality Commission at the end of November 2017. There is no overall judgement given. Instead, an inspection outcome letter is written to the Local Area setting out the inspection team's main findings. In Hackney's case, whilst some recommendations for the local area have been identified, these have been balanced against recognised good practice.

Public Health

- 5.3 Risks within commissioned Public Health services have not changed substantially since last reported to the Committee. The service's highest area of spend and risk relates to sexual health services, as set out in "CACH PH 007 Sexual Health". Testing for sexually transmitted disease is a demand-led service, delivered mainly by NHS providers in locations across London and beyond. The Council has limited control over that demand and the clinical imperative is for as many high risk, asymptomatic residents as possible to undertake regular tests. In order to manage the financial risk to the council, London boroughs have collectively undertaken a recommissioning exercise that aims to reduce the likelihood of the financial risk being realised. Controls include the introduction of an online service for residents to order self-testing kits that will be delivered to an address of their choosing (positive results will be dealt with in person rather than via automatic reply); and a sub-regional procurement of services from genitourinary medical (GUM) clinics that allows lead areas to contract manage NHS providers more clearly and apply an integrated tariff that is harmonised across London.
- 5.4 Other risks that are in receipt of active and ongoing management are "CACH PH003 School Based Health Services" and "CACH PH009 Budget". The controls in place for improving performance of the school

based health service have begun to take effect and close contract management of the provider organisation has led to greater stability in provision following the appointment of two additional nurses to the safeguarding school health service, as recommended by the Joint Targeted Area Inspection. Feedback from schools in receipt of the service has improved but delivery is being closely managed by lead commissioners in the public health team. The budget risk remains relatively amber due to unexpected loss of income from external sources for 2017/18, pressures relating to prescription charges in the substance misuse service, and the dependency on a pan-London approach taking effect to secure sexual health savings. As noted in the risk register, the public health management team is monitoring regularly the implementation of plans to mitigate these pressures and deliver agreed savings over the medium term.

Adult Services

- 5.5 The core Adult Services risks remain consistent with the risks highlighted to the Audit Committee last year and the likelihood of most risks has largely stayed the same. However, in some cases the risks have increased or decreased in likelihood and the reasons are highlighted in the description and updates on the risk register.
- 5.6 Within the service there remains a risk about the resilience and sustainability in the context of rising demand and increased complexity and acuity of need for service users. Work is underway to remodel demand and pressures on social care, and this will be looked at as part of the work on integration with health and voluntary sector services. Furthermore a government green paper on care and support for older people is expected to be published in the summer of 2018 which will set out a view on the long term sustainability of the care and support system for older people. This is welcome and we await further details on this, however, information about the green paper published so far makes little mention of working age adults which is a concern as this represents a large proportion of people currently supported by Adult Services in Hackney.
- 5.7 There continues to be national concern about the sustainability of the provider market, including an increasing number of providers who are returning contracts to local authorities. Work is continuing to support a healthy local provider market, as reflected in the risk register. This includes paying a fair rate to provide quality care, and a check of the financial health of organisations through the procurement process, and follow up monitoring meetings following the award of contracts. This risk has to date been mitigated by the work of the commissioning team but requires on-going and active management of the market and robust contract management and quality monitoring.
- 5.8 We take the protection of our most vulnerable clients very seriously, which is why adults safeguarding remains an identified risk on the

register. The establishment of a Safeguarding Adults Board on a statutory basis, in line with the Care Act 2014, and the appointment of a the permanent Head of Safeguarding, has enabled strong multi-agency work to both prevent abuse and neglect, and to investigate and resolve safeguarding issues in a personalised way. The controls in place to manage this risk will be assessed by a team of external reviewers organised by the Association of Directors Adult Social Services in April as part of a Service Led Improvement Peer Review. This will provide a constructive review of the effectiveness of the measures in place to prevent and manage safeguarding risks and will recommend areas to improve and it is likely new controls will be put in place as a result.

- 5.9 The only new risk added to the risk register relates to the Integrated Learning Disability Service both in terms of its responsiveness to service user need and the future financial sustainability of the service. To manage this risk a full review of the service has been completed and a new operating model has been proposed which is now being implemented by a dedicated project manager and being overseen by the Planned Care Workstream as part of the Integrated Commissioning governance arrangements.

Integrated Commissioning

- 5.10 In last year's update to Audit Committee the Directorate reported on integration plans with health including plans to pool Adult Social Care and Public Health budgets with CCG monies through a Section 75 agreement.
- 5.11 Following last year's report, CCG engagement with NHS England regarding the integrated commissioning arrangements restricted pooling to funds which were already pooled, namely the Better Care Fund and Learning Disabilities. As a result a greater proportion of LBH budgets within the scope of these arrangements are within what are termed 'aligned' funds. Decisions in relation to 'aligned' funds remain with the remit of the Council's scheme of delegation. Decisions in relation to 'pooled' funds are within the remit of the integrated commissioning arrangements which were approved by Full Council on 1st March 2017.
- 5.12 Over the past year the new arrangements have come into effect including the development of risk management arrangements. These were last reported to the Integrated Commissioning Board on 28th February alongside a risk register. There are four workstreams within the Integrated Commissioning framework, Unplanned Care, Planned Care, Prevention and Children and Young Peoples services.. Each of the four Care Workstreams has responsibility for the identification and management of risks within its remit. Papers detailing the risks reported to ICB can be found at

<http://mginternet.hackney.gov.uk/ieListDocuments.aspx?CId=565&MI d=3956>

- 5.13 The impact of Integrated Commissioning arrangements is also considered as part of the Corporate Risk register reported to Audit Committee. The risk highlighted is repeated at Appendix one.

6. COMMENTS OF THE GROUP DIRECTOR OF 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 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 Finance and Corporate Resources.
- 6.3 There are no direct costs arising from this report.

7. COMMENTS OF THE DIRECTOR OF LEGAL SERVICES

- 7.1 The Accounts and Audit Regulations 2011 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 There are no immediate legal implications arising from this report.

APPENDICES

Appendix one – CACH risk register.

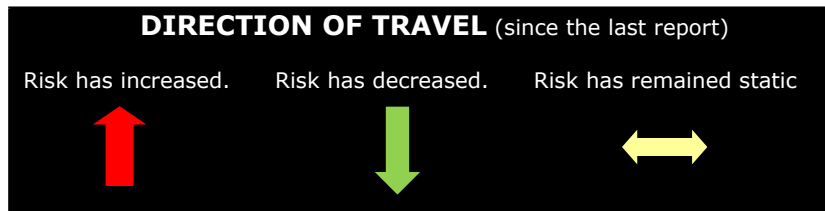
BACKGROUND PAPERS

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

None

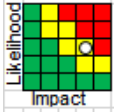

Report Author	Jackie Moylan ☎ 020 8356 3032
Comments of the Group Director of Finance and Corporate Resources	Michael Honeysett ☎ 020 8356 3332
Comments of the Director of Legal Services	Dawn Carter-McDonald ☎ 020 8356 4817

Children and Families Risks



Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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**APPENDIX ONE
CACH RISK REGISTER FEBRUARY 2018**

<p>Page 46 P DR 0809 0005 Service demands exceed available sources</p>	<p>The directorate needs to manage demand within a climate of reducing resources. The directorate's services experience fluctuating demand, which can add to resource pressures. In addition, services need to be able to respond to new and emerging priorities.</p>	<p>Children & Young People's Services</p>		<p align="center"></p> <p>Following an overall increase in looked after children numbers 3-4 years ago, numbers are relatively stable, although the profile of looked after children has changed significantly over the past five years with more adolescents presenting complex behaviours and needs entering the care system and subsequently receiving support as care leavers. The change in profile of looked after children is placing increased pressure on the placement budget with a need for more specialised placements and is also making placement stability more difficult to achieve. Shortage of in-house foster carers adds to the cost pressure and the numbers of young people requiring more expensive residential placement has increased. The Overstaying Families Intervention Team (OFIT) continues to carefully manage the demand for high cost NRPF cases but there remain pressures on budgets in relation to these families. Southwark Judgement, LAPSO and UASC continue to bear cost pressures for 16/17 year olds who are afforded Looked After Children status by virtue of homelessness, remand or asylum claim. Recent developments in relation to the support required for migrant children as a result of closure of the Calais camps and government commitments under the Dubs amendment are likely to result in an increased number of UASC being supported in the borough. Demand for services more generally is increasing due to the impact of austerity, benefit changes and housing issues on families within Hackney which are impacting on the level of need in the borough. We anticipate that demand for services will increase further following the introduction of Universal Credit.</p> <p>It is expected that the legislative changes that will provide care leaver support to age 25 (from April 2018) will come with insufficient additional funding from Government. We anticipate additional staffing may be required to support those that are eligible once the legislation is enacted. We will keep the workload generated under review and seek to increase staffing reserves at year end to mitigate against any significant increase..</p>
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Document Number: 19304768

Document Name: 2018/03/08CACHriskregisterMar18 Document Number: 19087318

Document Name: 2017/01/03CACHriskregisterApril18 Document Number: 17811315

Document Name: 2016/11/30cachRISKREPORT Document Number: 17725198

Document Name: 2016/11/04CYPSriskregister

APPENDIX ONE
CACH RISK REGISTER FEBRUARY 2018

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CHDR 0809 0005 A Clearly defined protocols for referral to services.	Written protocol for referral to services agreed with all partner agencies.	Anne Canning	Sarah Wright	Ongoing	Update November 2016 (confirmed Feb 2018) - The Hackney Child Wellbeing Framework provides clear guidance for all professionals in understanding which services are best placed to meet the needs of children and young people, and has been agreed by all partners. The Children and Family Service (CFS) has a multi-agency and single front door called First Access Support Team (FAST) which is supported by a multi-agency steering group and good QA processes. FAST provides effective information sharing and access to appropriate services. Hackney's Local Assessment Protocol was published on-line and circulated to partner agencies in March 2016
CHDR 0809 0005 B Children's social care services assess risk to differentiate and prioritise need and refer appropriately	All referrals to Children's Social Care need to be appropriately assessed to ensure that the child and their family receive the most appropriate service.	Anne Canning	Sarah Wright	Ongoing	<p>Update November 2016 (confirmed Feb 2018) - FAST acts as a single point of contact for all referrals to CSC Services. Referrals are screened for a next step decision within 24 hours. FAST considers the information available across a range of co-located agencies to make timely and safe decisions about which agency is best placed to access and/or meet the needs of children and young people. This function is supported by the Hackney Child Wellbeing Framework and simple and effective step-down processes are in place to ensure the needs of children and young people are considered in a multi-agency context through the Children's & Young People's Partnership Panel (CYPPP) and Multi-Agency Team (MAT) meetings. The service is reviewing early help pathways to ensure these are effective and aligned with other services in the borough. The service was evaluated positively by Ofsted in the SIF inspection in July 2016 and in a pilot Joint Targeted Area Inspection in December 2015.</p> <p>CSC undertakes all statutory assessments for children and young people in relation to risk and need and produce clear plans for protection and support in partnership with a wide range of agencies.</p>

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CACH RISK REGISTER FEBRUARY 2018

<p>CYP DR 1011 005P Identify contingency funding</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 49</p>	<p>Additional funding to be identified to ensure Directorate can respond quickly to increased demand for services</p>	<p>Anne Canning</p>	<p>Jackie Moylan/ Sarah Wright</p>	<p>Ongoing</p>	<p>Budget pressures in relation to looked after children placements remain despite allocation of growth in 2017/18. This reflects an increase in numbers and a change in profile of need, associated with a greater number of adolescents with high levels of need and a change in the profile of placements (more private and voluntary fostering placements, less in-house, as well as increased use of residential placements). 2017/18 pressures are being managed by the Directorate via the use of a reserve fund set up by the Group Director of Finance and Corporate Resources in recognition of the volatility of LAC numbers.</p> <p>Locally, the service is focussed on increasing the number of in-house foster carers which will reduce the average unit cost of LAC placements. In addition, the aim is to reduce the number of high cost placements through innovative projects such as the Family Learning Intervention Project (FLIP) and Contextual Safeguarding for which the service has secured significant additional funding from the DfE.</p> <p>Actions are also being taken to ensure our leaving care cohort are placed in appropriate and cost-effective settings, through, for example, utilisation of the supporting people contract. Work is taking place in advance of the legislative changes that will provide care leaver support to age 25 (from April 2018) including understanding the number of care leavers that may return to receive support and preparing options for the level of support that will be provided to the over 21 care leaver cohort (in line with the legislation).</p> <p>The cost of families with no recourse to public funds also remains a pressure and this is being met by use of a specific reserve.</p>
<p>CYP DR 1011 005Q Minimise impact of efficiency savings on frontline services</p>	<p>To ensure we can respond to any increases in demand, we aim to manage efficiency savings to ensure</p>	<p>Anne Canning</p>	<p>Jackie Moylan/ Sarah Wright</p>	<p>Ongoing</p>	<p>The Directorate has successfully delivered the majority of agreed savings for 2017/18 and have mitigating actions for those that remain.</p>

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	minimal impact on frontline services				
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
CYP DR 0809 0006 Child or young person suffers significant harm, injury or death	Children and young people who use our services are at higher than usual risk of harm, injury or death. If risks are not adequately assessed and protected a child or young person could suffer significant injury or death attributable to the Directorate's failure take appropriate safeguarding and risk management measures.	Children & Young People's Services			

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Page 50 CYP 0910 006 B 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	Ongoing	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 0910 006 D Ensure staff have the necessary skills to ensure risk and need are properly assessed	The Directorate as a whole understands areas of high risk and works together to mitigate risk in relation to individual children by joint training and development and joint monitoring of practices across the services.	Anne Canning	Sarah Wright	Ongoing	Ofsted inspectors noted in July 2016 that "When children are at immediate 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 0910 006 E Child Protection procedures in place	Children subject to Child Protection Plans and Looked After Children are visited in line with statutory	Anne Canning	Sarah Wright	Ongoing	Update November 2016 (confirmed Feb 2018) - Ongoing, monitored through management oversight and audit, monthly, quarterly and annual performance reports,

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	guidance & care plans are monitored, updated and amended as appropriate. Children are to be seen alone.				including statutory returns to DFE and by Child Protection Conference Chairs and Independent Reviewing Officers.
CYP 0910 006 F Risk assessing activities for young people	All activities directly provided and commissioned by the directorate must be subject to rigorous risk assessments.	Anne Canning	Pauline Adams	Ongoing	Update August 2015 (confirmed Feb 2018) - 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.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 51</p> <p>Increased call on resources in respect of No Recourse to Public Funds (NRPF) cases</p>	<p>Children's Social Care has a duty to assess children's needs under section 17 of the Children Act 1989 if they are at risk of homelessness or destitution, even if their parent has no legal entitlement for services in the UK..</p> <p>As at 12th February 2018, OFIT were supporting 179 children from 88 families with 85 families receiving section 17 support in the form or accommodation, subsistence or both.</p>	Children & Young People's Services		<p style="text-align: center;">↔</p> <p>Hackney, like many local authorities, has a number of individuals living within its boundaries who are subject to immigration controls as defined by the Immigration & Asylum Act 1999. Such individuals are excluded from access to welfare benefits, public housing and Home Office asylum support and are collectively known as having No Recourse to Public Funds (NRPF). This group includes individuals who have overstayed their visa entitlement in the UK, and those who have leave to remain without recourse including EU Nationals.</p> <p>Hackney's approach is effective in protecting resources and avoiding costs. Recent developments in relation to the support required for migrant children as a result of closure of the Calais camps and previous government commitments under the Dubs amendment may result in an increased number of UASC being supported in the borough.</p>

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Robust assessment process in place.	To provide a comprehensive assessment and safeguarding service to this vulnerable group of children, additional resource was established in Children's Social Care to assess the specific needs of overstaying families; this service is for families who are residing in the country illegally or without means to adequately support themselves. The Overstaying Families Intervention Team (OFIT) was formed in 2012 as a pilot service but has now embedded alongside the Access & Assessment Service in Children's Social Care.	Anne Canning	Sarah Wright	Ongoing	<p>The issues relating to NRPF families presenting as destitute are often complex and the Service recognises that there are many reasons why families may find it difficult to share information. Migrant children may be at risk of child trafficking, exploitation and fraudulent activities.</p> <p>In order to ensure the service is able to undertake comprehensive assessments of children's needs in a complex environment of law relating to housing, immigration, human rights and child safeguarding, the service works closely with other services including the UKBA , legal services, government embassies and anti-fraud to ensure that services are appropriately provided to those that are entitled to them and need them. This joined up approach robustly mitigates against the risk of children in Hackney being exploited or trafficked for services.</p> <p>During 2017 the number of NRPF families the Service was supporting was increasing, however since an immigration officer has increased their time spent in OFIT from one day to two days a week, this has resulted in claims from families being expedited and the number of families being supported at any one time has started to reduce in 2018.</p>
Cross-London management arrangements for unaccompanied asylum seeking children.	The Pan London unaccompanied asylum seeking children (UASC) dispersal rota is a voluntary arrangement that is supposed to operate in equal distribution order. There has been a recent drive across all London authorities to ensure that each borough takes their turn on the rota in the wake of a number of authorities having withdrawn over the past year. The withdrawal from some authorities had, had a negative	Anne Canning	Sarah Wright	Ongoing	<p>There has been significant improvement in the engagement of all London authorities on the rota. This is monitored by L.B. Croydon who manage the rota and by the London ADs Group. As at December 2017, the UASC population of one third of the boroughs on the London rota had reached 0.07% of their child population (as set out in the National Transfer Protocol) and therefore they are currently not taking any new UASC as part of the London rota. This means that the number of UASC that are dispersed to Hackney is likely to increase over the next year as Hackney is still part of the rota. The number of</p>

Document Number: 19304768

Document Name: 2018/03/08CACHriskregisterMar18 Document Number: 19087318

Document Name: 2017/01/03CACHriskregisterApril18 Document Number: 17811315

Document Name: 2016/11/30cachRISKREPORT Document Number: 17725198

Document Name: 2016/11/04CYPSriskregister

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	impact of increasing the numbers of UASC being dispersed to Hackney. The government have introduced a National Transfer Scheme under which authorities will be expected to accept UASC up to the equivalent of 0.07% of their child population, after which they will be able refer young people to the NTS				UASC is also volatile due to international pressures in migration and asylum. London Authorities have been working together to coordinate responses to children entering the country following the closure of the Calais camps. Hackney has recently been successful in applying for additional funding from the Government to provide additional support to our UASC through the Controlling Migration Fund.

Hackney Learning Trust Risks

Reviewed by the Risk Review Group on October 2016, agreed at SLT and updated for Audit Committee

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1617 003 Termination of lease for the continued use of the Rigg Approach depot for the SEND transport fleet	Rigg Approach depot is a leased property that has recently been sold. There is some uncertainty regarding the new owner's intentions for the future use of the site. A new lease was being negotiated with the old owner when it was discovered that the site had been sold. Strategic Property Services will follow up with the new owner's agent to negotiate a new lease. As we don't currently have the lease and don't know what the intention of the new landlord is, we need to recognise this as a significant risk. There is a possibility we may be given notice to vacate the site. From an earlier exercise looking at depot alternatives for the SEND fleet, there appeared to be no obvious alternatives.		<p style="text-align: center;">** NEW RISK**</p> <p>January 2018 –The Risk Review Group recommends keeping the risk rating unchanged as it adequately reflects the consequences of any termination of the Rigg Approach lease without time to establish a long term alternative.</p> <p>The alternatives are being investigated with urgency and the Council is taking steps to secure the short term lease in the meantime.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
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Control Title	Control Description	Service Manager	Control - Latest Note
LT 1617 Risk 10 Agree a lease for current depot with the new owners of the Rigg Approach site	A new lease for the Rigg Approach site would provide certainty and continuation of the SEND transport service. A new lease would need to specify a sufficient notice period for SEND transport to vacate the site.	Lee Perry Peter Burt (Strategic Property) Norman Harding (Fleet Manager)	March 2018: An agreement has been reached with the landlord to extend the existing lease on a three month basis to be reviewed after two months allowing us time to go to court to appeal their S25 (termination) Notice if necessary. Otherwise they will agree to extend the lease for further 3 month periods with the two month intervention until we either resolve our location or decide we want to stay where we are and go to court to grant us a new lease under the 54 Act. Legal Services have been instructed on this basis and they are now implementing the required agreements with the landlords solicitors. The landlords agent has instructed his commercial team to let us know of any alternative locations that we can consider.
Page 54 LT 1617 Risk 11 Identify feasible alternative options for the SEND transport depot	Contingency planning to move the SEND Transport service to a new site will have to be establish.	Lee Perry Norman Harding (Fleet Manager)	March 2018: The Council have identified two possible alternative sites <ol style="list-style-type: none"> 1. Andrews Road – short term option as the Council has plans for the site 2. Chapman Road – has recently been upgraded for the car pound and subject to feasibility may be a secure long term option <p>Peter Burt is seeking to have some plans produced to show how Chapman Road may, or may not, provide for the parking of 22 buses on the tarmac area as well as provide the additional office space required.</p>

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1516 09 CYPS: Impact of the government reforms on education service delivery	Government policy on the overall role of LAs, the academisation of schools and the role of LAs in school improvement reduces the LAs mediating role in the local schools system and its authority and capacity to provide		<p>January 2018 – The Hackney Schools Group proposal was agreed by Cabinet on 18 December 2017. Work is now underway to visit schools to ascertain their views on the proposed HSG which will be developed on the basis of a school-led improvement system.</p>

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	leadership to the system.		<p>On-going staff engagement is important, and staff briefings will be utilised to ensure staff are informed of developments.</p> <p>The Risk Review Group recommends retaining the current risk rating as reflecting the scale of the current risk.</p>
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Control Title	Control Description	Service Manager	Control - Latest Note
LT 1516 Risk 09 Development of an alternative service delivery model that provides a sustainable governance structure for the local schools system.	An alternative model for the governance of the Hackney school system is developed that retains the capacity for the strategic provision of school improvement and enables the continuation of a local mediating layer.	Frank O'Donoghue	January 2018: A series of discussions and papers to the Lead Member, Mayor, Labour Group and Cabinet (on 18 December 2017) resulted in approval of a proposal to engage with schools on the establishment of a new Schools Group for maintained schools, community and voluntary aided, associated where possible with academies and free schools. The Schools Group would take a greater role in the leadership of the schools system as the role of the local authority reduces. Engagement with schools will take place in the spring term 2018.
LT 1617 Risk 01 Staffing challenges – Developing a strategy that retains staff with key education and school improvement ability; identifying new talent and encouraging people to work for HLT.	<p>The risk of being unable to retain talented people over time is a challenge in this context.</p> <p>HLT will need to retain current employees through maintaining improvement capacity through trading; identifying and encouraging new talent through succession planning and promoting a more resilient and adaptable culture for long serving staff to meet the new challenges we face.</p>	Olly Cochrane	January 2018: Limited academisation means continued support for maintained schools and limited staff turnover, particularly for school oversight and support, and the provision of school improvement as traded services or as 'maintained' school support. The learning and development programme promotes succession planning and the organisational development programme is focused on resilience and change management. .
LT 1718 Risk 01 Recruitment of permanent Director of Education / Head of HLT.	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	Olly Cochrane	January 2018: Interim arrangements continue, minimising risk to the organisation.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1314 0006 CYPS - Annual changes to the National Funding Formula has a negative impact on HLT income and delivery	National changes to funding and/or policy have a negative impact on HLT income and delivery and the development of traded services which adversely affect HLT performance.		<p>January 2018 – There will now be a two year transition to the National Funding Formula (NFF) (2018-19 and 2019-20) and the forecast income reductions have been estimated for that period. The forecast DSG reductions are significant, and restrictions on retained and de-delegated funding as a result of the NFF will have a significant impact on support and services for maintained schools. The longer term impact of NFF changes from 2020-21 is potentially much more significant still given the relative high levels of funding for Hackney pupils.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1314 Risk 11 Head of Service maintains comprehensive and timely modelling and monitoring of policy and funding changes to report income implications for HLT and assessing impact on delivery.	Modelling and monitoring of funding changes will support a clear understanding of the risk and potential impact and will inform HLT's approach to meet implications.	Yusuf Erol	January 2018: The implications of the forecast income reductions have now been modelled with greater certainty for the two year NFF transition period
LT 1314 Risk10 Implications of changes to the National Schools Funding Formula are understood and monitored	Changes to the National Funding formula are expected to have a significant impact on funding provision. Funding will follow the learner, with certain providers struggling to disaggregate funding due to current method of allocation.	Ophelia Carter	January 2018: The NFF changes and government per pupil funding increase (0.5%) for 2018-19 and 2019-20 have been announced. Whilst school budgets remain under pressure from inflationary real term cost increases there is greater certainty on per pupil funding in the short term.
LT1415 Risk 08 Implementation of the Budget Reduction Plan	The Budget Reduction Plan will be implemented to achieve reductions over the next two years.	Yusuf Erol	January 2018: HLT SLT will plan against the revised income forecast in proposing a range of budget reduction options to address the forecast income shortfall for 2018-19 and 2019-20.
LT1415 Risk 14 Modelling the implications of converting academies and new Free Schools.	Assessing the costs and financial impact of academy conversions and growth funding for new academies and free schools.	Ophelia Carter	January 2018: Two academy orders have been issued, for 2017-18 that will impact on the central budgets in 2018-19. This will reduce de-delegation for a full year from April 2018.
LT 1718 Risk 03 An effective communications strategy is in place regarding savings and reductions in budgets.	Poor or too little communication undermines implementation of the strategy for savings and spending reduction, causing confusion amongst HLT staff and resistance from stakeholders.	Frank O'Donoghue	January 2018: SLT now review key communications messages, taking a high level view of communication priorities, coverage and responsible officers in order to co-ordinate messages and identify gaps etc. Budget planning decisions include communications at an earlier point in the process.

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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1415 0004 –The statutory requirements of the SEND aspects of the Children & Families Act are not met.	The Children & Families Act introduces new statutory requirement to implement Education Health & Care Plans, provide support for SEND up to 25 years old, joint commissioning, implementation of a local offer and person centred approaches to planning. Process and resources to support these changes must be implemented to ensure HLT meets its statutory requirements.		 January 2018 – Risk Review Group notes the positive SEND inspection report, which identified strengths and areas for development. Although the the inspection acknowledged that we are not completing EHC needs assessments in 20 weeks, we compare well to many other LAs. We recommend reducing the risk rating from likelihood 4 impact 4 to likelihood 3 impact 4, but because of the need for continued quality assurance and until the service leaves the TAG (Trust Action Group) oversight process we cannot recommend removing this from member level and management reporting .

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Control Title	Control Description	Service Manager	Control - Latest Note
LT 1415 Risk 09 – Robust monitoring of new arrangements in place with regular reporting via SLT	Head of Service responsible for implementing a comprehensive programme to ensure all statutory responsibilities are understood and met.	Toni Dawodu	<p>January 2018: SEND Strategy updated and presented to September SEND Partnership Board. SEND Inspection occurred 20th November to 27th November and published on Local Offer.</p> <p>EHCP Service continuing use of Crystal reporting management system has ensured closer monitoring of workload activity to respond to data queries and the monitoring of individual workers to monitor performance.</p> <p>The monthly performance Dashboard data integrity is improving each month as Dashboard is reliant on pulling its information from Capita.</p> <p>Ongoing DfE monitoring requirement in terms of progress against meeting conversion deadlines are being reported on. Hackney remains on target to complete</p> <p>Post 16 Strategy as with SEND Strategy is published and on Local Offer</p>

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Control Title	Control Description	Service Manager	Control - Latest Note
LT1516 Risk 03 Develop case management Quality Assurance with external moderation (through CYPS) – develop & implement approach	Increasing number of complaints relating to case management requires robust quality assurance.	Toni Dawodu	January 2018: Implementation of the Complaints Action plan is in place with actions being undertaken.
LT1516 Risk 08 Complete Self Evaluation exercise to inform Local Area SEND inspection preparation. New Action plan based on self-evaluation and points identified in SEND inspection	Preparations for the Local Area SEND inspection will identify any areas for improvement in service delivery.	Toni Dawodu	January 2018: SEND Inspection occurred between 20th November to 1st Dec. Final letter has been published. No written Statement of Action recorded against Hackney. Many strengths identified. Areas of Improvement to followed up through SEND Partnership Board Workplan.

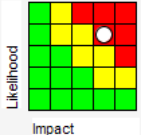

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
Page 58 LT EDS 1617 01 CYPS: SEND funding – Escalating SEND spend has an adverse impact on HLT and Council budgets.	The number of pupils eligible for SEN statements continues to increase at a significant rate exceeding the population growth in the Borough, the effect of which is to place the SEND budget in deficit.		<p style="text-align: center;"></p> <p>January 2018 –Risk Review Group recommends retaining the highest risk rating as it reflects the severity of the risk.</p> <p>The risk remains at this level because of the combined effect of the council not receiving any additional funding over many years in spite of a dramatic increase in pupil numbers, combined with difficulty in reducing provision for pupils with existing support plans and transport. The prospect for immediate budget reductions is restricted because of the time taken for funding changes to be implemented and the limited control over aspects of the cost.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
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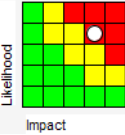

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1617 02 The action plan to address SEND budget pressure and reduce overspend is in place and its effectiveness is regularly monitored by SLT.	SLT has approved an action plan to address the pressures placed on the SEND budget by 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.	Andrew Lee	January 2018: The report on the consultation to introduce Additional Funding has yet to be finalised. There have been significant objections to the 'additional' and 'exceptional' funding plans.. Negotiations with the 3 special schools are in progress. Monthly meetings review the wider action plan of which the above 3 actions form key components. The current action plan is unlikely to bring about the 'savings' at the scale and timeframe required. It is likely that significant strategic decisions on how to manage SEND funding going forward will need to be made politically and/or at highest officer level.
LT 1617 06 - Management of financial impact of SEND budget pressures.	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.	Yusuf Erol	January 2018: This continues to be the most significant risk to HLT's financial viability. The policy changes mentioned in the June update have proved to be difficult to implement. There has also been limited 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.
LT 1617 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.	Andrew Lee	January 2018: Workshops on provision management are being offered to all schools to reinforce the message that there is an expectation that schools must demonstrate how they have used and reviewed their use of Element 2 prior to requesting element 3 funding. This will be reflected in Panel response letters. Sources and rates of requests for element 3 funding will be published on the Local Offer. The distribution of pupil with EHCPs in schools will also be published.
LT 1617 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.	Andrew Lee	January 2018: The role of the Panel is to be reviewed, revised and publicised in the light of the move to focus on robust examination of Provision management arrangements. Headteachers need to continue to be key members of the panel. The moderation exercise involving other local authority representatives will continue once a term. Data from each panel is to be reviewed on a monthly basis using the SEND Monthly Dashboard. An annual report summarising this data is to be published on the local offer
LT1617Risk 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.	Andrew Lee	January 2018: A joint commissioning/pupil funding panel is being established across the partnership to ensure all agencies contribute to the cost of Plans where appropriate.

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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1617 002: The Early Years National Funding Formula has a negative impact on HLT's ability to support settings	National changes to the funding of Early Years has a negative impact on HLT's ability to maintain current level of EY central function activity and support to EY settings in the borough, which may have detrimental consequences for the attainment of young children in Hackney.		 January 2018- The Risk Review Group recommends retaining the current risk rating because the restrictions in the value of DSG that can be retained for central support services has been reduced significantly, and there continues to be potential volatility in the numbers of 3 and 4 year olds taking up the free childcare offer which is formula funded only on numbers on roll at fixed points in the year.

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1617 Risk 4: Early Years National Funding Formula changes are monitored to enable HLT to develop an approach to meet implications for early year's provision.	Head of Service responsible for monitoring Early Years National Funding Formula changes, working closely with HLT Finance and devising HLT approach to meet implications for the service.	Angela Scattergood	January 2018 –2018/19 EY central services budget will be set in accordance with EYNFF requirements. Following the January 2018 Early Years Census, the likely impact of the 5% cap upon central services will be assessed and planned for. Ongoing monitoring of take-up of provision and review of HLT central EY services going forward will continue in 2018/19. A new risk has been identified in the proposed expansion of eligibility criteria for the two year old free entitlement to incorporate Universal Credit. The service will monitor implications for Hackney and develop risk mitigating plan as necessary.

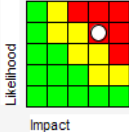

Hackney Schools Risks

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LTSCH 1617 001 CYPs: Serious Safeguarding failure in regard to pupils not in school	<p>Safeguarding considerations for those pupils who are not registered at a school – Electively Home Educated pupils, children missing from education, children attending unregistered settings, children who are yet to be allocated a school place etc is increasing in importance.</p> <p>This is the particular focus for current Local Authority Safeguarding Inspection frameworks, and there is an expectation that HLT must work to ensure the safety and wellbeing of all such pupils, challenging existing legislative frameworks and guidance where necessary to do so, and working with partners to ensure effective and robust identification, tracking, consultation and referral.</p>		 <p>January 2018 – The CYP Scrutiny Commission report into Unregistered educational settings has been published with recommendations that relate to Elective Home Education and safeguarding.</p> <p>HLT/LBH notes the disputed advice between the DfE and Ofsted as to whether appropriate powers are available to Ofsted to intervene and the difficulties this places on the Council in terms of fulfilling its safeguarding role & responsibilities with these settings.</p> <p>Risk Review Group notes that this presents a very high reputational risk for</p>

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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
			the borough, although given the limited statutory powers, the Council has limited options to mitigate this risk. We recommend that the risk rating remains unchanged to take account of this.

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1617 Risk 03: Ongoing dialogue between HLT, DfE and Ofsted around necessary legislation to ensure safeguarding duties can be effectively carried out.	Currently, the roles and responsibilities of LAs, DfE and Ofsted are not clearly defined with regard to safeguarding duties.	Paul Kelly	January 2018 – A meeting with Ofsted, DfE, CHSCB, HLT, LFB, Police, and the Charity Commission took place on Tuesday 12 th September 2017. This meeting led to no substantive change to the current situation – DfE state that no new legislation can be introduced for at least two years and that HLT should make extensive use of Children Missing in Education (CME) powers.
LT 1617 Risk 04: Continuing attempts at engagement with unregistered settings are made by HLT to reduce the likelihood of pupils being put at risk.	In the absence of clearly defined statutory responsibility and given the numbers of CYP in such settings, the LA is seeking to raise awareness of safeguarding with all community groups through regular dialogue.	Paul Kelly	January 2018 - Officer from the HLT Safeguarding in Education Team is working with CFS and relevant community groups re: a Strategic Safeguarding proposal for specific communities within the borough. Sarah Wright is leading on this. HLT has representation at the LBH Officer Group working on community engagement. HLT has consistently raised safeguarding concerns related to independent and unregistered settings in Hackney.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LTSCH 1415 0007 CYPS: Risks posed by unregistered schools and settings	<p>Unregistered centres are neither known to, nor inspected by Ofsted, raising potential issues relating to the wellbeing and safeguarding of children and young people in the borough. HLT does not have any statutory powers or reporting requirements in regard to the registration of independent schools.</p> <p>As well as the potential risk around safeguarding and lack of knowledge and intervention in regard to those young people attending such settings, there are clear reputational risks for HLT in this area. Despite the fact that HLT holds no powers in regard to either registration or closure, there remains the perception that the Local Authority has not presented sufficient challenge to the status of such settings.</p>		 <p>January 2018 - The CYP Scrutiny Commission report into Unregistered educational settings has been published with recommendations that relate to Elective Home Education and safeguarding.</p> <p>HLT/LBH notes the disputed advice between the DfE and Ofsted as to whether appropriate powers are available to Ofsted to intervene and the difficulties this places on the Council in terms of fulfilling its safeguarding role & responsibilities with these settings.</p> <p>Risk Review Group notes that the current legal powers available to Local Authorities over unregulated settings are not sufficient to address a potentially catastrophic event. This presents a very high reputational risk for the borough, although there are limited options to mitigate this risk. We recommend that the risk rating remains unchanged to take account of this.</p>

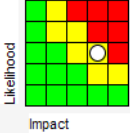

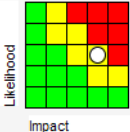

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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note

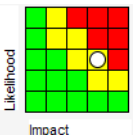

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1415 Risk 18: Co-ordinating multi-agency responses, HLT escalates any issues relating to the safeguarding of children or young people attending unregistered schools or settings.	HLT are aware of unregistered schools and settings within the borough, escalating to the appropriate authorities any issues of concern reported to them. HLT co-ordinates multi-agency responses in regard to those settings that do not comply with Ofsted registration requirements.	Paul Kelly	January 2018 – HLT liaises with CSC on any issues that arise in regard to unregistered settings, including allegations against staff. Collective intelligence is reviewed and shared across partner agencies.
LT 1617 Risk 04: Continuing attempts at engagement with unregistered settings are made by HLT to reduce the likelihood of pupils being put at risk.	In the absence of clearly defined statutory responsibility and given the numbers of CYP in such settings, the LA is seeking to raise awareness of safeguarding with all community groups through regular dialogue.	Paul Kelly	January 2018 – to date, inspections have been jointly undertaken to 2 unregistered schools in September 2016, followed by visits from FAST.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<p>Page 62</p> <p>LT SCH 1112 0008 CYPS Performance and/or quality of provision in nursery and primary schools or settings declines, stagnates or fails and goes into special measures</p>	<p>a. The overall effectiveness of schools or settings (or the proportion of pupils attending good or better schools) reduces, leading the Trust to engage with Ofsted to challenge schools under the Good to great policy.</p> <p>b. Achievement in schools or settings fails to improve, leading to gaps not being narrowed from year to year at borough level and/or relevant to other LAs.</p> <p>c. The overall quality of provision in schools or settings fails to improve, leading to plateau and coasting year to year at borough level.</p> <p>d. From September 2012, poor performing schools will be subject to more regular inspections. Schools given a grade of 3 (currently "satisfactory", becomes "requires improvement") will receive two opportunities to remove themselves from the category before being placed in special measures.</p>		<p style="text-align: center;"></p> <p>January 2018 – Risk Review Group notes the changes to the teaching and assessment at Key Stage 2 and the impact this has had on Hackney primary schools results.</p> <p>Risk Review Group notes that Ofsted inspection grades for primary and nursery schools in Hackney are as follows:</p> <ul style="list-style-type: none"> • Outstanding – 18 schools (33%) • Good – 34 schools (63%) • Satisfactory/Requires Improvement – 1 school (2%) • Inadequate – 1 school (2%) <p>The current breakdown of overall effectiveness grades for those Hackney schools that have been inspected by Ofsted show 97.2% of nursery & Primary pupils attend an outstanding or good school.</p>

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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<p>LT SCH 1112 0009 CYPS Performance and/or quality of provision in secondary schools or settings declines, stagnates or fails and goes into special measures</p>			<p style="text-align: center;"></p> <p>January 2018 - Risk Review Group recommends no change to the risk rating.</p> <p>Risk Review Group notes that Ofsted inspection grades for secondary schools in Hackney are as follows:</p> <ul style="list-style-type: none"> ▪ Outstanding – 3 schools (20%) ▪ Good – 12 schools (80%) ▪ Satisfactory/Requires Improvement – 0 schools (0%) ▪ Inadequate – 0 schools (0%) <p>The current breakdown of overall effectiveness grades for those Hackney schools that have been inspected by Ofsted show 100% of Secondary pupils attend an outstanding or good school.</p>
<p>LT SCH 1415 0001 CYPS Performance and/or quality of provision in special schools or settings declines, stagnates or fails and goes into special measures</p>			<p style="text-align: center;"></p> <p>January 2018 - Risk Review Group recommends no change to the risk rating.</p> <p>Risk Review Group notes that Ofsted inspection grades for special schools in Hackney are as follows:</p> <ul style="list-style-type: none"> ▪ Outstanding – 2 schools (67%) ▪ Good – 1 schools (33%) ▪ Satisfactory/Requires Improvement – 0 school (0%) ▪ Inadequate – 0 schools (0%) <p>The current breakdown of overall effectiveness grades for those Hackney schools that have been inspected by Ofsted show 100% of Special pupils attend an outstanding or good school.</p>





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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT SCH 1415 0002 CYPS Performance and/or quality of provision in Pupil Referral Unit declines, stagnates or fails and goes into special measures	PRUs are now self-governing, which may mean that inspection / greater scrutiny is imminent, which could lead to negative inspection outcomes		 January 2018 –Risk Review Group recommends no change to the risk rating.

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1112 Risk 17 Quality of provision of support by traded services offer	Quality of provision (particularly teaching, learning & assessment) and leadership and management (with a particular focus on sustained capacity for improvement) will be key aspects of the support provided. Increasing the levels of buy in from schools in Hackney and out-borough will increase the capacity for a viable school improvement service.	Hilary Ryan – Primary Martin Buck - Secondary	January 2018: Primary income predicted to remain on target and at Secondary the likelihood of not meeting the income target has increased.
Page 64 LT 1112 Risk 02 SRAS continually reviewed	SRAS process continually reviewed to ensure it is fit for purpose.	Sian Davies	January 2018: – HLT’s Good to Great Policy is regularly reviewed and amendments are made. The Good to Great Policy will be submitted to SLT for review and approval. Schools continue to be reviewed at 4 SRAS meeting per year.
LT 1112 Risk 14 Pupil support	Pupil outcomes/underachieving pupils will be an aspect of the package of support provided.	Sian Davies	January 2018: SIP visits identified under achieving groups of each primary and secondary school. Interventions to accelerate progress are discussed with school leaders and impact of these evaluated at subsequent visits.
LT 1112 Risk 15 Increased CPD and capacity	Seek to increase levels of professional development and capacity in schools.	Sian Davies	January 2018: Uptake of the NQT programme has reduced and there is an increased likelihood of not meeting CPD income targets.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT SCH 1112 0011 CYPs Surplus school places (Primary)	Insufficient school places available to meet bulges in demand for Primary places		 January 2018 – Risk Review Group notes the projections for primary school places indicate an increasing surplus, which carries with it significant financial risks. We recommend retaining the risk rating. The nature of the risk is changing from a position of insufficient school places to a surplus of schools places which poses significant risks to schools financial viability.
LT SCH 1112 0012 CYPs Insufficient school places (Secondary)	Insufficient school places available to meet bulges in demand for Secondary places.		 January 2018 - Risk Review Group notes the most recent GLA demographic data, gathered and reviewed, has shown a reduction in demand for places, measured against previous datasets. This means that the pressure to build the second secondary school is not as acute, but we are very mindful that this could be a blip not a long term trend, so have no intentions of moving away from the original proposals at this time. We think it is prudent, however, to wait for the next set of demographic data, due in October 2018, to assess when, and how, we might want to proceed.

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Control Title	Control Description	Service Manager	Control - Latest Note
LT 1112 Risk 23 Revise forecast of pupil demand	Regular review of population data allows oversight and summary of changes to the potential pupil cohort and ultimately potential demand for places.	Marian Lavelle	January 2018: No changes to report. Revised forecasts were received in June 2017. These provided data based on live births, housing developments, Olympic legacy area information, number of applications etc.
LT 1112 Risk 24 Clarify pupil demand projections	Pupil demand projections set out the numbers of pupil places required and available in the borough. Regular reporting to SLT to assure them risks have been identified and mitigating controls are working effectively.	Marian Lavelle	January 2018: PRIMARY - The 2017 projections were received and showed that there will be continue to be surplus places in the primary sector over the next few years. As reported previously, this is due to a number of new free schools which opened in 2015; Hackney New School (50 places), Halley House (60 places), Mossbourne Riverside (60 places from 2016 and 90 places from 2017). These schools have, in part, contributed to the current surplus in combination with previously agreed primary expansions. Due to the current level of surplus primary places, officers are closely monitoring the situation to consider whether some schools should permanently reduce their PANs. In December 2016, SLT considered a request from Gayhurst primary school to assess whether the school's PAN should increase or decrease due to the complexities of managing a 2.5FE school. A decision was made to maintain the current PAN of 75. Sir Thomas Abney made representations to HLT about the difficulty being experienced in recruiting three forms of

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Control Title	Control Description	Service Manager	Control - Latest Note
Page 66			<p>entry each year since its expansion in 2016. Following the issue of a revocation notice in May 2017 (which did not generate any objections or comments), on 30 June 2017, SLT formally agreed that the school should revert to a 2FE from September 2017. This change has now taken effect.</p> <p>In September 2016, Harrington Hill, St Matthias, Gainsborough and Sir Thomas Abney all informally reduced their PANs. Further projections are expected in January 2018 based upon the October 2017 roll.</p> <p>The Olive School – HLT received notification that the Inspector allowed both appeals (full planning permission and listed building consent). The Secretary of State agreed with the Inspector’s recommendations – permission was therefore granted as of 19 December 2017. In light of the issues raised during the appeal, the school will start with 90 pupils at the permanent site from 2019 and grow year on year until reaching capacity. Pupils attending the two existing sites (Cazenove Road and HCC), will remain at these sites.</p>
			<p>January 2018: SECONDARY –</p> <p>Based upon projections over the last few years, plans were started to open two new secondary schools, providing a total of 12FE in 2017 and 2019; The City of London Shoreditch Park opened in September 2017 in temporary accommodation on Audrey Street (a former Leisure depot), near Haggerston park.</p> <p>The project to expand Urswick School by 1FE in 2018 is on track, but the school will not formally increase its PAN until 2019. The most recent GLA demographic data, gathered and reviewed, has shown a reduction in demand for places, measured against previous datasets. This means that the pressure to build the second secondary school is not as acute, but we are very mindful that this could be a blip not a long term trend, so have no intentions of moving away from the original proposals at this time. We think it is prudent, however, to wait for the next set of demographic data, due in October 2018, to assess when, and how, we might want to proceed.</p>
LT 1112 Risk 25 Regular monitoring of reception applications	Primary applications are volatile in nature. Regular monitoring of numbers of applications received compared to numbers expected allows Admissions Team to identify and respond to any perceived under submission.	Marian Lavelle	<p>January 2018</p> <ul style="list-style-type: none"> • Total number of places: 3155 (includes St Mathias reduction, STA at 2FE and Mossbourne Riverside at 3FE). • 2759 pupils were on roll on census day in January 2017. The GLA’s 2016 projections predicted 2871 – a difference of 112. The January 2017 projections projected 2782 pupils on roll in September 2017. • Primary surplus places, as of January 2018 is 411.

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Control Title	Control Description	Service Manager	Control - Latest Note
LT 1213 Risk 17 Growth fund developed	Approval from schools forum sought annually to promote growth fund	Ophelia Carter	January 2018: Under NFF, the growth fund is rolled into the schools block at 2017-18 levels. With the reductions in need and many carrying vacancies it is expected that resources will be sufficient. Any surplus supports the ringfenced schools budget, and does not release resources for HLT, unless agreed in a top-slice.
LT 1213 Risk 39 Funding and sites secured	Funding and sites secured for any required new provision	Michael Coleman; Marian Lavelle	<p>January 2018: the temporary site for the City of London Academy Shoreditch Park is operational.</p> <p>Cabinet approved the proposals to progress the Britannia development proposals to master plan stage on 19/4/17, ahead of submitting a planning application in spring 2018 which is on target.</p> <p>The EFA has confirmed the capital funding for the first new City of London academy, at £22.5m for the permanent site, and c. £4m for the temporary.</p> <p>Cabinet also resolved at its meeting on 19/4/17 that the Council should progress proposals for the second secondary school to be provided on the Benthall Primary site. As noted above the timing for this new school is now less pressing due to changes in demographic data and will be further reviewed based on October 2018 data.</p>

Public Health Division risks - February 2018

Report Type: Risks Report



Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH PH 003 School Based Health Services	<p>Instability while going through recruitment and HR process / services not fully resourced to deliver care.</p> <p>IMPACT - School health / Safeguarding concerns not acted upon within guidelines. Full service not being provided. Child need is not addressed.</p>	Children, Adults & Community Health		<p align="center"></p> <p>Risk updated February 2018</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CACH PH 003 School Based Health Services.	<p>Use of agency staff</p> <p>Recruiting as a priority</p> <p>Prioritising CIN and Social Care cases</p> <p>Use of cover staff</p> <p>Close working between two provider organisations around transition</p> <p>Allocation of safeguarding cases have been sorted by need during skeleton service</p> <p>Case holders appointed December 2014</p> <p>All records triaged</p>	Penny Bevan	Lynda Rowlinson, Service Manager, Health Visiting and School Nursing, Whittington Health	28-Nov-2018	<p>In response to recommendations from a Joint Targeted Area Inspection two additional posts were created for the safeguarding school health service: one based in the Council's FAST team and another in the provider (Whittington Health).</p> <p>Contract award report for procurement of a single service, including National Child Measurement Programme for the Orthodox Jewish Community, is scheduled for March 2018.</p>

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH PH 007 Sexual Health	<p>Failure to deliver pan London and Local sexual health transformation programme.</p> <p>Impact</p> <p>1) Savings agreed through to 2020 not delivered. 2) Uneven access to services for residents across London.</p>	Children, Adults & Community Health		<p align="center"></p> <p>Risk updated following completion of procurement for the Pan-London service using an integrated tariff, and the e-testing service. Residual risk of delivering associated savings remains.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>Page 69</p> <p>CACH PH 007 Sexual Health</p>	<p>Active participation and Director of Public Health leadership role in sexual health.</p> <p>Monitoring and supporting implementation of the pan-London e-testing service sited at the City of London.</p> <p>Ongoing dialogue with the Homerton as new lead provider for sexual health services on implementation of new contract. GUM.</p> <p>Procurement timetable for local Community Advice services agreed.</p>	Penny Bevan		28-Nov-2018	<p>Sub-regional procurement complete and clinical leadership from Director of Public Health continues at a pan-London level to monitor outcomes and delivery of savings.</p> <p>Control updated to reflect the need to monitor implementation of the new service by the provider and to complete procurement of the Community Advice services in primary care and other settings.</p>

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH PH 009 Budget	<p>Budget may not be managed effectively, may not align to Local Authority Public Health and Local priorities.</p> <p>Impact</p> <p>1) Spend not effectively controlled, creating overspends. 2) Failure to deliver a variance to be used in related local authority services.</p>	Children, Adults & Community Health		<p align="center">↔</p> <p>Risk added December 2016 and continues</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>Page 70</p> <p>CACH PR 009 Budget</p>	<p>Quarterly reports produced for management team on performance and spend for each contract across the service.</p> <p>Options for future budget reductions planned over a 2 year period.</p> <p>Develop governance processes to ensure assurance of public health grant expenditure within the Integrated Commissioning framework</p> <p>Monitor changes to wider context of public health funding and implications for the budget plan, including: proposed removal of the ring-fence by April 2020 and for public health services to be funded through retained local business rates; and Public Health England's consultation on the services which are mandated for delivery by local authority public health services.</p>	Penny Bevan	Penny Bevan	28-Nov-2018	Ongoing December 2018

ADULT SERVICES

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 001 Existing budget and resources are not sufficient to meet demand (Financial, reputational and poor service user outcomes and experience)	Key factors including an increase in demand as a result of the implementation of the Care Act 2014, demographic pressures and lack of in-Borough provision mean that the budget position is at risk.	Children, Adults & Community Health		
	In addition to budgetary pressures, there is a risk that the social care workforce, and provision within the Provider market will be insufficient to meet and therefore support this growing demand. Whilst there are some emerging trends, predicting future demand is challenging and the current methodology does not support effective and accurate demand modelling.			Reviewed and updated February 2018 Risk has remained the same

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Management of provider market	Key procurement and contract negotiation activity was planned during 17/18 in order to secure savings, but also to ensure that fit for purpose service design is in place and focused on those with the highest need. This was to ensure best value is achieved alongside a sustainable market. This approach will continue with a refreshed strategy in 18/19.	Simon Galczynski	Gareth Wall	on-going	Feb 2018 - Contract negotiations were successful in delivering efficiencies in 17/18 and there is a new strategy being planned for 18/19 to continue to deliver similar outcomes.
Provision of Information and advice	The Council, through Adult Services has a website dedicated to the provision of information and advice to support appropriate sign posting to universal, community based services and support to enable early signposting and appropriate re-routing of individuals away from the Council. The website is called iCare	Simon Galczynski	Tessa Cole	August 2018	Feb 2018 - There is ongoing work to maintain and improve the iCare website to make it easier to access for people on the go using mobiles and tablets, a new care act

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	A new project has also been initiated through the integrated commissioning programme which is looking at how health and social care information and advice can be more joined up and a Discovery phase is being initiated in March 2018 to take this forward, funded by the Integrated Commissioning ICT enabler board.				compliant screening tool, access to Health services information etc. which will support Hackney residents to better self-serve and delay the need for more costly Adult Social Care Support. Adult Social Care is also an active partner part of the new integrated commissioning project and this will provide opportunities to improve the information and advice offer further.
Page 72 Appropriate front door signposting	Adult Services has in place an Access and Information Team that screens, signposts and routes Hackney residents to the most appropriate services and support. The team will also undertake an assessment of need to determine on-going support.	Simon Galczynski	Ilona Sarulakis	On-going	Feb 2018 - A demand management project is being initiated to deliver in 18/19. This will look at pathways into the front door to see if innovative approaches can be used to empower those who are able to, to access appropriate community support instead of being automatically referred for assessment. This project will link with work mentioned above around the use of i-care and linking people to local services.
Predicting and planning for demand	The development of a robust fit for purpose Demand Model, which is able to forecast demand in terms of activity and spend for the future so that staff, service provision and finance is appropriately planned to meet demand.	Simon Galczynski,	Tessa Cole & Naeem Ahmed	March 2017	Feb 2018 - A new Demand Model is being implemented as the existing tool is no longer fit for purpose. The new model will be implemented shortly and the implementation plan includes working with finance and

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					commissioners on how service provision can be appropriately planned moving forward based on robust predictions of demand.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 002 – Provider Failure and local market sustainability (reputational, financial, poor service user outcomes and experience)	Within the continuing challenging financial climate the ability of Social Care providers to continue to deliver high quality, cost effective services is under pressure. These pressures may result in an increase in quality and safeguarding concerns.	Children, Adults & Community Health		<p>Reviewed and updated in February 2018</p> <p align="center"></p> <p>Increased risk in this area</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control latest note
Robust Procurement process	As part of the Council’s procurement process all providers that tender for contracts must prove their financial standing, prior to any contract award. This approach is required to safeguard both adults receiving services and the Council.	Simon Galczynski	Gareth Wall	On-going	Feb 2018 - Robust procurement processes continue to be in place however there is an increase in the numbers of providers challenging procurement outcomes, both formally and informally. This is currently being managed by Procurement and Strategic Commissioners.
Fee uplift and commitment to London Living Wage	In recognition of the financial challenges that Providers are facing and to support them in attracting, recruiting and retaining high calibre staff, the Council has made a commitment to support payment of the London Living Wage. In addition, the Council has also agreed to award a 1% uplift in fees to Providers for 2017/18. And a similar process is being adopted for 18/19 and commissioners are working with providers to understand their financial challenges.	Simon Galczynski	Gareth Wall	On-going	Feb 2018 - The uplift has been implemented however, there are continued pressures from providers that the 1% uplift is not enough. This is currently being managed by strategic commissioners and Procurement.
Effective and robust contract management and monitoring arrangements	With a fully staffed team, Adult Services Commissioners are able to more effectively manage and monitor providers on a clear, risk based approach. This monitoring has been developed to focus on reviewing both the quality of the provision as well as financial stability of providers, so that any key issues or concerns can be identified in a timely manner and action taken to mitigate or manage any safeguarding, quality or financial risks.	Simon Galczynski	Gareth Wall	On-going	Feb 2018 – All providers are regularly quality assured through our contract monitoring arrangements. The Commissioning Team have revised the “Provider Concerns” protocol and have introduced a pathway to address concerns. They have also established a CHCCG & LBH information sharing forum with the Care Quality Commission being a key contributor. This aims to assist in identifying concerns at an early stage, and formulating cross agency

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					approaches to address improvements required. Other agencies engaged in this forum include Immigration Service, Healthwatch, etc.
Market Position Statement refresh	The commissioning team will be looking at refreshing the Adult Social Care market position statement over the next 12 months to identify market strengths and weaknesses and define key market shaping activity required.	Simon Galczynski	Gareth Wall	January 2018	New control

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
CACH AS 003 - The Needs of vulnerable adults are not identified in a timely manner (poor service user outcomes and experience)	With the increase in demand at the front door in light of the Implementation of the Care Act 2014, the availability and capacity of suitably qualified staff is negatively impacted. The number of requests for assessment continues to exceed the availability and capacity of staff. As such there is a real risk that assessments and reviews to identify and support the needs of service users and their carers is not undertaken within the required statutory timeframes.	Children, Adults and Community Health			
				Reviewed and updated Feb 2018 This risk has reduced.	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
A risk based approach to waiting list management	New duties under the Care Act 2014 have been introduced which require additional resources to ensure statutory responsibilities and legal compliance.	Simon Galczynski	Ilona Sarulakis	Ongoing	New control

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Page 76	<p>This means that we are currently operating at an enhanced staffing level and despite having some additional capacity, we are still holding a waiting list for Community Care Assessments.</p> <p>To ensure that risks are managed effectively, waiting lists are reviewed and prioritised on a weekly basis. Services can be commissioned and provided urgently as a "Direct Service provision" on the same or next day if necessary. There is a Joint Referral Panel held weekly and cases are allocated to the appropriate discipline/s from that. There is almost no waiting list for OT which is very strong performance when benchmarked to other authorities.</p> <p>Most disciplines within the team have cases waiting to be allocated. The reasons can be varied e.g. staff vacancies; working on backlogs (reviews for instance); number of safeguarding cases requiring immediate action; home closures etc. The team resources and structure are currently under review. It is anticipated that with a fully staffed service we would be able to meet the original performance criteria – Allocation of cases within 48 hours (non-urgent) and assessment complete (or substantially underway) within 28 days. Annual reviews are undertaken and the team is on target to achieve its performance by year end.</p>				
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>CACH AS 004 - Inability to attract and retain a stable, high calibre workforce for key roles within Adult Services</p> <p>(Financial and reputational risk, poor service user experience and outcomes)</p>	<p>Hackney has experienced challenges in being able to recruit and retain a stable, permanent workforce to key roles within Adult Services. Key areas include Social Workers, Commissioners and Procurement professionals.</p> <p>Whilst the recruitment of Commissioners has been resolved and all posts now recruited to, both the Senior Procurement & Commercial Manager and Social Worker posts remain covered by a significant</p>	<p>Children, Adults & Community Health</p>		<p>Reviewed and updated Feb 2018</p> <p align="center"></p> <p>This risk has stayed the same</p>

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	<p>proportion of more costly agency staff.</p> <p>This clearly impacts on the budget, but also negatively impacts on service delivery, service user experience and outcomes, staff morale/ wellbeing/ productivity, with the potential for reputational damage.</p> <p>The lack of stable staffing and service pressures mean that staff are not always able to take up training opportunities.</p> <p>Many Adult Services staff require upskilling to support them to deliver the high quality care and support necessary in an increasingly complex landscape of changing legislation, reduced budgets and the drive towards person-centred care</p>				
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 77</p> <p>Development of a People Strategy for Adult Services</p>	<p>The delivery of a People Strategy for Adult Services, led by the Director of Adult Services will take place during 2018/19. This will form one of the key planks of the newly developing Strategic Programme Office that is being established to support the delivery of key strategic programmes of work. The people strategy will look to address recruitment and retention, future workforce planning, developing the professional workforce etc.</p>	<p>Simon Galczynski</p>	<p>Principal Social Worker Marion Willicome-Lang / HR / Adult Services Heads of Service / Workforce Development Manager</p>	<p>Ongoing over 18/19</p>	<p>Feb 2018 – A Principal Social Worker has been recruited and they led extensive engagement with social work staff in the department in 17/18 and this has informed the development of the People Strategy programme. The full scope of this programme has been established and a robust project plan has been developed outlining key milestones for delivery over the next year. This includes a focus on recruitment and retention of core social work staff to attract people to work in Hackney on a permanent basis. This also includes engaging with current</p>

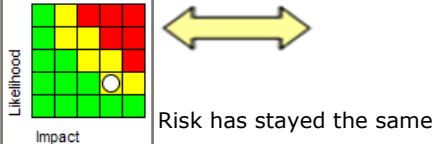

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					agency staff and moving them on to permanent contracts where they want to.
A training and development offer for Adult Services that is relevant and flexible.	<p>The Adult Services training and development offer and approach was reviewed in early 2016 and a new approach proposed and agreed.</p> <p>This approach is incremental and has been developing over the last two financial years. This will continue to be developed during 2018/9 to ensure that a range of flexible options to develop staff is available.</p> <p>A robust Learning Needs Analysis process is in place and will inform plans for 2018/19. Alongside this the recruitment to a Principal Social Worker post will ensure that appropriate "professional" learning and development opportunities are planned and in place to support the Social Work workforce.</p>	Simon Galczynski	Simon Richardson/ Principal Social Worker – Marion Willicome-Lang/Adults Heads of Service	September 2018	Feb 2018 - The LNA process is underway for 18/19 and a project plan is in place to scope and deliver an innovative new learning offer based around a social work academy model informed by the People Strategy.
Other recruitment approaches	CFS is the lead partner for the North London Teaching Partnership Project and this will positively impact on making available a professional pool of qualified Social Workers for the future.	Simon Galczynski	Ilona Sarulakis / Helen Sargeant-Dar & Marion Willicome-Lang	On-going through 2018/19	Feb 2018 - The North London Teaching Partnership has commenced with a life cycle of approximately 18 months. Marion Willicome-Lang is currently the conduit between the Partnership and Adult Services colleagues to ensure that opportunities are shared and exploited


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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 005 - Adults at risk suffer significant harm, injury or death	Adults at risk who use our services are at greater risk of harm, injury or death. If risks are not adequately assessed and protected the vulnerable person could	Children, Adults & Community Health		Review and updated Feb 2018

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	suffer significant injury or death.			Risk has stayed the same
Control Title	Control Description	Responsible Officer	Service Manager	Due Date
The City and Hackney Safeguarding Adults Board is in place and operating as an effective multi-agency forum.	The City & Hackney Safeguarding Adults Board's (CHSAB) role is to monitor safeguarding across all partner agencies, including the local authority and has regular meetings of the Board to ensure safeguarding across the partners is being managed effectively and that relevant intelligence is appropriately shared.	Simon Galczynski	John Binding	On-going
Staff are appropriately qualified and have the necessary skills and expertise to ensure risk and need are properly assessed	Adult Services has a clear annual training plan that is underpinned by a robust Learning Needs Analysis process, which ensures that staff within the Directorate and wider partners have access to the appropriate training. Learning and development with regard to safeguarding is monitored by the SAB	Simon Galczynski	Tessa Cole / Simon Richardson	On-going
The appointment of a Head of Adult Safeguarding	In recognition of the risks and the importance of safeguarding vulnerable adults, Adult Services reviewed its structure and took the decision to recruit a Head of Service with a specific focus on Adult Safeguarding. This role will ensure that Adult Safeguarding is of the highest priority, that staff receive appropriate supervision and support in order that adults at risk are appropriately safeguarded	Simon Galczynski	John Binding	On-going
Validating the strength of controls in place through external review	An ADASS peer review into the effectiveness of Safeguarding in Hackney will be carried out in April 2018 to test the current controls in place and make recommendations on areas for improvement to help manage this risk.	Simon Galczynski	John Binding / Tessa Cole	The Peer Review is in April 2018 and an implementation plan based on the recommendations of the review will be developed April – May 2018.
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 006 – Inability to control the increasing number of Delayed Transfers of Care	The number of people delayed from leaving Hospital continues to remain high, this means that there is an impact in the throughput in the Hospital as well as people not receiving the right care, support and interventions at the right time to enable them to	Children, Adults & Community Health		

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	<p>remain healthy and well.</p> <p>This is further exacerbated by a lack of "in-Borough" provision, capacity of providers to support the demand and patient choice issues</p>			<p>Reviewed and updated Feb 2018</p> <p>This risk has reduced slightly.</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>Page 80</p> <p>Developing "in- Borough" provision</p>	<p>Adult Services Commissioning are commencing on a programme of work which is focusing on redesigning the Supported Housing, Housing with Care and Extra care provision to ensure that there is appropriate capacity to meet demand and to ensure that current buildings are fit for purpose, with effectively managed voids. Developing appropriate options in this area may provide additional in-Borough capacity and thereby free – up capacity elsewhere.</p>	Simon Galczynski	Gareth Wall	Ongoing	Feb 2018 – This work continues and is also being combined with the Housing Related Support commissioning strategy to ensure alignment across client groups.
<p>Whole systems working – Integrated Commissioning</p>	<p>The proposed key strands underpinning Integration and wider Devolution, will ensure a stronger, more joined up approach to managing discharge from Hospital. This will provide the opportunity to review and jointly clearly articulate the choice available to service users and their families upon discharge from Hospital. This will be taken forward as key component of the Unplanned Workstream in 2018/19.</p> <p>In addition to that the Planned Care Workstream is looking at Housing as a 'big ticket' item and how health, social care and housing can work together to reduce delayed transfers of care arising from Housing issues.</p>	Simon Galczynski	Ilona Sarulakis / Gareth Wall	Ongoing	Feb 2018 – As part of the Unplanned Care Workstream of Integrated Commissioning there has been a successful focus on DToC performance. Weekly telephone conference calls continue, chaired by the Director of Adult Services and a monthly Discharge sub-group meets to oversee the High Impact Care Model implementation and DToC performance. Monthly meetings with Mental Health services are in place to oversee

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CACH RISK REGISTER FEBRUARY 2018**

					the Mental Health DToC Action plan, which has had a dramatic positive impact on performance. These controls will continue moving forward.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 007 - The needs of Vulnerable Young People moving from CYPS to Adult Services are not appropriately identified and planned for. Financial, poor service user experience and outcomes and reputational risk	<p>The current transition process for young people moving into Adult Services is not well developed, which may result in them not receiving the right support and interventions to meet their needs and as such have a negative impact on their health, wellbeing and life chances.</p> <p>In addition poor planning will lead to budgetary pressures which have not been planned for and to an insufficient staff resource to support these young people as well as a potential lack of appropriate provision to meet their needs.</p>	Children, Adults & Community Health		<p>Review and updated Feb 2018</p> <p>Risk has stayed the same</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
The implementation of the recommendations of the Transitions Programme	<p>The Directors of Children and Adult Services are leading a Transitions Programme that will work to develop appropriate pathways for young people ensuring more joined up and effective working across partners</p> <p>A programme of work has been completed to develop new transitions pathways and protocols. The Hackney Transitions Multi Agency Transitions Protocol and Pathway developed by Johnathon Wilding has been signed off by the Transitions Board and work is now</p>	Simon Galczynski and Sarah Wright	Jonathan Wilding/Hele n Sargeant-Dar / Penny Heron	June 2018	<p>Feb 2018 - The Transition Programme is in place with an identified Programme Manager who is accountable to the Directors of both CYPS and Adult Services.</p> <p>The programme includes</p>

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	being undertaken to operationalise this. Governance arrangements around transitions including decision making around funding arrangements and TORs are being finalised between key stakeholders. Transitions has been clearly defined as a key work stream within the ILDS service review and the role of the Transitions co-ordinator is being confirmed.				multi-agency partners to ensure a joined up, whole system approach. The Transition Programme has involved multi agency partners and the multi-agency Transitions Board has signed off the pathway and protocols.
Whole systems working – Integrated Commissioning	The Planned Care Workstream is now overseeing the delivery of the ILDS review of which establishing effective transitions pathways and restructuring the team is a core strand. This will provide additional integrated oversight of the delivery of the transitions programme moving forward.	Simon Galczynski	Helen Sargeant Dar /Penny Heron/Tessa Cole	June 2018	Feb 2018 – New control

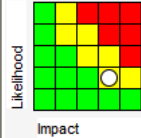
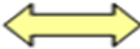
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 008 - Loss of confidential / personal information – (negative impact on service users confidence and the families and carers, reputational risk, financial risk through financial penalties	Adult Services holds a great deal of sensitive information, which relates to vulnerable adults supported by the Council, their families and carers. This includes information other statutory agencies and third party information. There is a risk that this could be lost, stolen or fall into the wrong hands.	Adult Services		 Review and updated Feb 2018 This risk has stayed the same.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Clear guidance and procedures are in place to	Staff have access to clear procedures and guidance in		Adult	on-going	

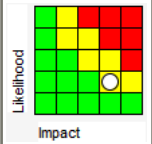
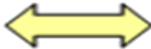
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ensure that staff are clear and understand their responsibilities in relation to handling and managing confidential and personal information in accordance with the law	<p>relation to managing personal and sensitive information, as well as reporting any breaches. Training is provided to staff to ensure that their knowledge remains current and their awareness is regularly raised.</p> <p>All breaches are recorded and monitored and actions identified through the regular Caldicott Guardian meetings in order that any learning can be captured and fed into improvements.</p>	Simon Galczynski	Services Heads of Service		
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 83</p> <p>CACH AS 009 - Complaints, FOIs and Member Enquiries are not delivered within statutory deadlines and requirements. (Reputational risk, Financial risk resulting from fines)</p>	<p>Complaints and FOIs are governed by legislation and have clearly set out timeframes for completion. With the recent organisational changes within the Council and Directorate, clarity about business processes and roles and responsibilities are not currently as well defined as they could be. This may lead to complaints, FOIs and Member Enquiries not being identified in a timely manner and then not co-ordinated effectively and responded to.</p> <p>This may additionally result in poor service user experience and outcomes, negative attention from the Local Government Ombudsman, reputational damage and financial penalties being imposed.</p>	Children, Adults & Community Health		<p align="center"></p> <p>Review and updated Feb 2018 –</p> <p>This risk has stayed the same.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
The establishment of a dedicated hub to manage	Work has commenced on exploring options for the		Tessa Cole	on-going	Feb 2018 – A business

and co-ordinate all Complaints, FOIs and Member Enquiries in line with legislative requirements and Council Policies and Procedures	<p>establishment of a Business Hub to manage in one place all of these key areas of work.</p> <p>Having a more co-ordinated approach through a dedicated hub will ensure clarity of roles and responsibilities, reduce the risk of breaches in these areas and will enable the Directorate to more effectively capture learning that can feed into service development and improvement plans and lead to an improved service experience, a reduction in complaints</p>	Simon Galczynski			hub model has been developed and key posts are currently being recruited to. This will significantly reduce this risk once people have been recruited to fill these posts.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 010 – The risk of Judicial Review or Legal Challenge	Due to the nature of the work of Adult Services there is always a risk that decisions in relation to funding or not of care packages or other decisions may lead to a Judicial Review or Legal Challenge.	Children, Adults & Community Health		 <p>Reviewed and updated in Feb 2018.</p> <p>This risk has stayed the same.</p>

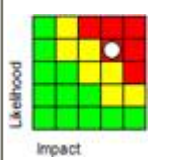
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Working within existing guidance and frameworks and seeking Legal Support	<p>There is legislation, guidance and procedures to support staff to work appropriately.</p> <p>The Council also has Legal expertise that staff can seek advice and support from with complex cases and issues.</p> <p>Staff across Adult Services work in close liaison with Legal colleagues to ensure that the risk of legal challenge is mitigated as far as possible.</p>	Simon Galczynski	Adult Services Heads of Service and Legal colleagues	on-going	

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 011 – The needs of vulnerable adults with learning disabilities are not identified and responded to in a timely manner (poor service user outcomes and experience) and the future funding arrangements for the learning disabilities service are not sustainable (Financial, poor service user experience and outcomes and reputational risk)	<p>Difficulties in bringing in a permanent Head of Service and a permanent cohort of social care staff have led to a number of operational issues in the past year including poor performance in relation to reviews and integrated pathways not being maximised.</p> <p>A recent review of ILDS also identified that the current funding model was not sustainable without agreeing a way forward for joint funding care packages with the CCG.</p>	Children, Adults & Community Health		February 2018 - NEW RISK ADDED

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Implementation of the recommendations of the ILDS review	A review of ILDS was completed Nov-Dec 2017 and the outcome of the review was a set of recommendations for a new operating model and new commissioning arrangements. The recommendations	Simon Galczynski	Helen Sargeant-Dar/Penny Heron/Tessa	June 2018	New control

	are now being implemented by a dedicated project manager overseen by robust project governance.		Cole		
Whole systems working – Integrated Commissioning	The Planned Care Workstream is now overseeing the delivery of the ILDS review. The Planned Care Workstream has representation from key stakeholders who have an interest in the delivery of a new operating model for ILDS. This will provide additional integrated oversight of the delivery of the ILDS programme moving forward.	Simon Galczynski	Helen Sargeant-Dar/Penny Heron/Tessa Cole	Ongoing	New control
Recruitment of a permanent Head of Service	An effective control already in place is that an Interim Head of Service was brought in and has been in post consistently since November 2016. Recruitment for a permanent head of service will commence in March 2018 and will look to bring in a permanent Head of Service by June 2018.	Simon Galczynski		June 2018	New control

<p>SRCR 0032 NEW RISK Integrated Commissioning INTERNAL RISK CURRENT RISK</p>	<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>	<p>Children, Adults and Community Health</p>		<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>
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Control Title	Control Description	Responsible Group Director / Officer	Service Manager	Due Date	Control - Latest Note
<p>Page 88</p> <p>SRCR 0030a The ICB</p>	<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 exactly what individual and shared duties are.</p>	<p>Anne Canning</p>		<p>02-Feb-2018</p>	<p>Regular meetings (with accompanying minutes) of the ICB should provide assurance of effective communication between the organisations. The most recent meeting was on November 15th, and full minutes and records are kept for all meetings.</p>
<p>SRCR 0030b Section 75</p>	<p>The Section 75 Agreement including the financial framework sets out:</p> <ul style="list-style-type: none"> - 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. <p>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.</p>	<p>Anne Canning</p>		<p>02-Feb-2018</p>	<p>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.</p>

<p>SRCR 0030c Ensuring effective governance.</p>	<p>Ensure all arrangements and structures are properly organised and that the governance is sound.</p>	<p>Anne Canning</p>		<p>02-Feb-2018</p>	<p>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.</p>
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FINANCE AND CORPORATE RESOURCES DIRECTORATE RISK REGISTER

AUDIT COMMITTEE MEETING DATE 2018/19 18 April 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 Finance and Corporate Resources Directorate Risk Register of the Council as at April 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

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.
- 3.2 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.
- 3.3 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

- 4.1 This current Directorate risk profile was reviewed by the Directorate Management Team on March 8th 2018 in advance of it progressing to April's Audit Committee. The register was last reviewed by Audit Committee in April 2017. In discussions and meetings with 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 FDMT (Finance and Corporate Resources Directorate Management team meeting). Numerous risks have changed or now exist in different circumstances compared to a year ago. These changes are detailed in paragraph 5 below.

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. Any senior officer with any accountability for the risks will have been consulted in the course of their reporting.

4.6 Risk Assessment

The relevant Risk Register is attached at Appendix one.

5. DIRECTORATE RISK REVIEW

5.1 The Directorate Risk Register is comprised of risks that cut across the numerous divisions of Finance and Corporate Resources. The risks recognised at Directorate level would usually be of notable content, and often scored highly whilst impacting on overall Council 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 our 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.”

5.3 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.

5.4 Regarding the contents of this latest Directorate register, important areas to note are:

- The Directorate register commences with a new risk from Audit and Anti-Fraud, which has been immediately escalated to Directorate level, and will be proposed at Corporate level. This is a new iteration of previously expressed risks relating to the impacts of major frauds not being identified.
- There remain some high level, cross cutting risks, the first of which (FR DR 0005) reflects potential problems with workforce (encompassing recruitment and potential impacts of restructures) and also problems with contractors and suppliers. Recent years' registers have contained significant risks relating to the change of the Council's Banking System, and Pension scheme changes. Both of these risks have been managed satisfactorily, although post event, there are still uncertain factors relating to both these areas. Clearly however, these risks are no longer applicable in their previous form and description. Three pension related risks have been amended from their previous form to reflect the latest challenges facing the team. A final cross cutting risk relates to Major Capital Programmes, and the financial exposures that the Council is subject to.
- A number of new risks relating to Accountancy have been escalated onto the register after a complete refresh of the risk register by the Chief Accountant. The new deadlines for the completion of accounts were previously a high / red risk, but due to the work undertaken and progress achieved, assurance has now been provided that this has been well managed and should be comfortably achieved.
- In undertaking a complete review of all their risks, ICT's main Directorate risks are still broadly similar to the last time reviewed. A number of ICT risks have proved to be cross cutting and have been merged with other risks to produce high level, strategic risks (eg – recruitment issues, acutely felt in IT but also a recurring problem for select services across the Council.) In terms of the major risks relating to Assets, Resilience and Cyber / Information Security, there are current developments having clear impacts on these – such as the complexities presented by the forthcoming GDPR obligations and also the Council's transition over from windows to G-suite.

- Welfare Reforms are continuing to impact in numerous ways, both administratively and financially within the Council and also on residents within the Borough, particularly with the introduction of Universal Credit. This risk remains on the register from last year, accompanied by an additional one, relating to the effects of rising property prices and rents. This is clearly an external risk and difficult to directly mitigate but the Council is trying to take proactive steps to address this problem, and especially the risk of it escalating further. There is also a risk relating to the Council's provision of Temporary Accommodation (which also features on the Corporate register) and this has been exacerbated by the forthcoming introduction (in April 2018) of the Homelessness Reduction Act.

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

- 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 1 - Finance and Corporate Resources Directorate Risk Register

BACKGROUND PAPERS

None

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

Finance and Resources Directorate Register March 2018

Report Type: Risks Report
Generated on: 14 February 2018



Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 9 DR / AAF 015 Major fraud not identified INTERNAL RISK FUTURE RISK	<p>The Council's response to a serious fraud is inadequate because either –</p> <ul style="list-style-type: none"> (1) Management do not have adequate arrangements in place to identify irregularity in their service area; (2) Concerns are identified but they are not reported to AA Fin accordance with the Anti-Fraud & Corruption Strategy; or (3) There is a failure in the investigation process. <p>Any of the above could result in financial loss, severe reputational damage and an avoidable drain on resources through taking action to fix the problem.</p> <p>A failure to investigate a case in compliance with the prescribed legislation and Anti-Fraud & Corruption Policy could lead to damaging accusations against the Anti-Fraud Service and the possible prosecution of innocent parties or failure to prosecute fraudsters, which would negatively impact on the Council's reputation.</p>	Finance & Corporate Resources and Cross Council		March 2018 - No single management or audit control is likely to completely mitigate against a serious fraud, instead the overarching control environment must function effectively. Hackney has invested in its Audit and Anti-Fraud resources which has led to some notable recent achievements to prevent and minimise the impact of fraud.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR AAF 015A – Cross organisation working & proactive approach of managers.	Fraud doesn't recognise geographical boundaries and the Council's approach to fraud equally relies upon robust working arrangements between other organisations, including the police, OLAs, Cabinet	Cross Council / Partnerships	All relevant managers	1 June 2018	Feb 18 – ongoing.

	Office (NFI), Borders Agency, HMRC etc) SLAs are in place with RSLs. Also all managers need to be aware of their duties regarding suspicious activity, and how to comply with the Council's overall approach.				
Page 98 FR AAF 015B – Robust Policy framework	<p>The Council has in place a number of key policy documents setting out the Council's approach, standards and expectations when dealing with suspected fraudulent activity. These include:</p> <ul style="list-style-type: none"> • Anti-Fraud and Corruption Strategy • Whistleblowing Policy • Codes of Conduct (staff and members) • Anti-Money-Laundering Policy • ICT policies & procedures • Financial Procedure Rules <p>These are reviewed on a regular basis.</p> <p>In addition, Audit and Investigations teams have policy and procedure documents which map the specific methodologies with which they carry out their work.</p>	Ian Williams	Michael Sheffield; Julie Sharp	1 June 2018	Feb 18 – ongoing.
FR AAF 015C – Communication and awareness	<p>Communication, both internally between teams and externally with other partners is crucial in developing a clear overall picture. This occurs through meetings and joint visits.</p> <p>If procedural issues are identified thorough AAF reviews, they are reported as widely as necessary within Hackney.</p> <p>Staff induction stresses requirement to comply with Code of Conduct.</p> <p>Particularly close links are maintained between investigators and service areas that are targets for fraudsters, for example, housing, NRPF, contracts, etc. Specific high risk areas have received bespoke training.</p> <p>Notable investigation successes are reported to Committee and are advertised through the Comms team.</p>	Ian Williams	Michael Sheffield; Julie Sharp	1 June 2018	Feb 18 – ongoing.
FR AAF 015D – Approach and training.	Teams maintain a rigorous approach to their investigations, operating a clear system of diligently reviewing evidence and feeding back through the reporting framework. Performance in key areas is	Ian Williams	Michael Sheffield; Julie Sharp	1 June 2018	Feb 18 – ongoing.

	regularly reported to a senior level within the Council, including the Audit Committee. Investigators are all qualified or undergoing professional training. Team procedures are in place and casework is regularly reviewed and monitored by senior members of the team. Additional training is provided if a need is identified.				
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 6 FR DR 0005 Recruitment and Retention / Workforce. EXTERNAL / INTERNAL RISK CURRENT RISK	<p>Within a competitive market, areas of the Directorate (particularly ICT) struggle to successfully recruit for important positions. Failure to do so could impact seriously on service delivery.</p> <p>Also, with various restructures within the Directorate planned or ongoing, there is a period of uncertainty and adjustment which may affect the quality of service delivery and impact on overall objectives and targets.</p> <p>Additionally, the ability to carry out work efficiently, on time and in compliance with applicable standards could be affected by the loss of experienced staff following the Corporate level restructure and the possible long term absence of key staff.</p>	Finance & Corporate Resources	<p>Likelihood</p> <p>Impact</p>	<p>February 2018 – 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 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> <p>Also restructures are occurring within numerous Divisions (including ICT)</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR DR 0005 Recruitment and Retention (ICT)	The ICT service will work with HR / OD to carry out the following suggested mitigations: - 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	Ian Williams	Rob Miller	30-July-2018	February 2018: ICT restructure is on track to complete in February 2018 and recruitment to vacant posts is starting this month. ICT is working with recruitment

	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.				and communications colleagues to ensure the Council has a digital recruitment offer that supports its aspirations to be the best local authority in London.
FR DR 007 A Training and development	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. 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.	Ian Williams	All managers	28-July-2018	Control ongoing – February 2018.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR AC 001 Budget Setting - Budgetary stability in relation to both budget setting and budgetary control and medium term financial planning INTERNAL RISK FUTURE RISK	Due to ineffective planning, the Council spends more money than it can finance through planned income streams and the annual financial settlement from central government. This then results in budget deficit or an unacceptable call on reserves.	Finance & Corporate Resources		Updated and amended January 2018. Other consequences of the risk being discharged may include: <ul style="list-style-type: none"> • Adverse impact on future Council Tax levels in direct contradiction to Council policy. • Reductions in allocations to front-line services with consequent negative impact on service delivery. • Local community dissatisfaction with the overall financial management arrangements of the Council.

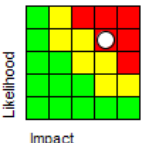
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR AC 001A Accuracy of corporate financial planning	Long-term financial plans for capital and revenue are maintained by Central Accountancy function, which takes account of all known and material financial sources and changes for both income and expenditure (cost drivers), across all aspects of the Council (General Fund, HRA, HLT). . Medium-term financial plan is maintained by Central	Michael Honeysett	James Newman	27-Nov-2018	New Controls added – December 2017

	Accountancy function, and is reported to members regularly through appropriate forums (annual budget report) . Up to date Treasury Management Strategy is maintained and reported to members regularly through appropriate forums . Senior financial managers ensure they are well informed on changes to key financial issues, e.g. business rates retention pilot for 2018/19				
FR AC 001B Corporate savings delivery	Accountancy function provides accurate information to budget holders to inform appropriate decision making around corporate savings requirement.	Michael Honeysett	James Newman	27-Nov-2018	New Controls added – December 2017
FR AC 001C Delivery of annual budget setting process	Corporate Accountancy manages and co-ordinates mechanics of budget setting process for the council, in conjunction with directorate finance teams, ensuring services are allocated budgets as agreed through full Council.	Michael Honeysett	James Newman	27-Nov-2018	New Controls added – December 2017
FR AC 001D Elected members are well informed on council's financial position both current and future	Members regularly informed and updated on financial position and landscape through both formal meetings and more informal channels (training sessions)	Michael Honeysett	James Newman	27-Nov-2018	New Controls added – December 2017
FR AC 001E Changes to Prudential Code and MRP guidance	Senior finance management keep themselves informed of changes to CIPFA Prudential Code and CLG MRP guidance and ensure council's finances and processes take into account those changes which are formalised.	Michael Honeysett	James Newman	27-Nov-2018	New Controls added – December 2017

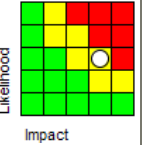
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR AC 003 Accounts Closure INTERNAL RISK FUTURE RISK	Accounts are produced late, and the subsequent management of the audit then results in late production of the Council's accounts. The new deadlines introduced for 2017/18 closure of accounts will intensify this risk. If accounts are not closed on time, it would have legislative and reputational consequences and inhibit effective service delivery.	Finance & Corporate Resources		Reviewed March 2018 - control ongoing. The score for this risk had increased, but in light of positive progress made, there is now clear assurance that the new deadlines will be achievable. Accounts now need to be completed by the end of May, which promised to be a challenging deadline before passing onto the Auditors. Previously the auditors had until the end of September to complete their audit of accounts but the new DCLG guidelines mean this now

				needs to be done by the end of July. This could be extremely problematic as usually auditors are concentrating on NHS audits till mid-June so this will leave very little time in which to complete audits according to the deadlines. However, as mentioned above the team is adapting well to these new demands.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Page 102 FR AC 003A Annual statement of accounts process meets new, shorter statutory deadlines (31 May for publication of draft accounts and 31 July for publication of audited accounts).	<ul style="list-style-type: none"> . Appropriate staff expertise and resource are in place to meet needs of process . Detailed plan which meets new statutory timetable is in place which covers all parts of process and all stakeholders . Audit timetable is agreed with key stakeholders and monitored through process, with appropriate escalation processes where necessary . External Auditors are involved throughout, and well before the beginning of, the process . Interim audit is planned and agreed with external audit . Audit timetable for closing is agreed with external auditors which reflects need and appropriate scheduling of task relative to complexity (i.e. complex items the sooner the better). Lessons learned exercise from previous year takes place and informs timetable and processes for following year 	Michael Honeysett	James Newman	27-Nov-2018	New Controls added – January 2018
FR AC 003B Implementation of CIPFA closing software for 2017/18	<ul style="list-style-type: none"> . Lead-in time for implementation is maximised to ensure success. . Involvement of appropriate staff across the organisation External auditors involved and sign off software usage 	Michael Honeysett	James Newman	27-Nov-2018	New Controls added – January 2018
FR AC 003C Annual statement of Accounts meet latest CIPFA accounting code guidance	Central Accountancy function keeps up to date with CIPFA codes through subscription to latest version, liaison with external audit and peers.	Michael Honeysett	James Newman	27-Nov-2018	New Controls added – January 2018

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR AC 008 Payroll - Pay release forms INTERNAL RISK FUTURE RISK	Pay release forms are not authorised and returned to Northgate by due dates, leading to dissatisfied staff, and serious administrative and reputational issues.	Finance & Corporate Resources		Reviewed January 2018

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR AC 008 A Process for batch Payroll payments	All PRFs are copied to various officers to ensure that cover is provided should one be absent. Cover for authorised signatories is checked, particularly during holiday periods. All communications are planned and carried out to minimise problems.	Michael Honeysett	James Newman	29-Nov-2018	New Controls added - January 2018

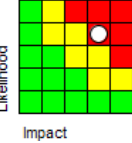
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR DR 0002 Failure and Poor Performance of Suppliers and Contractors / Partnerships EXTERNAL RISK CURRENT RISK	<p>The Council's mixed-sourcing model includes provision of essential services by third party providers, and these are used within Finance and Corporate Resources, especially ICT. Non-delivery by these suppliers would impact negatively the services LBH can deliver.</p> <p>Also more generally, many bodies are closely associated with the Council but are subject to separate governance and management structures (eg CCGs / building contractors, IT suppliers). They play an important role directly or in support of the corporate objectives of the Council.</p> <p>If these contracting and / or partnering arrangements fail, it could have serious impacts re cost, service delivery, and reputation.</p>	Finance & Corporate Resources		<p>At the last review, the Direction of Travel went down as a result of work already undertaken and systems in place. The risk is now stable. From an ICT perspective, mitigations for this risk will be factored into the service's commissioning and supplier management work. Internal reintegrations (e.g. Hackney Homes coming back 'in-house' to become Hackney Housing in April 2016) have gone well and been managed successfully providing good assurance as to how these relationships / arrangements are managed.</p> <p>In terms of the potential for financial risks -this could be serious since the Council is supported by many of these bodies, or is implicitly responsible for their financial soundness. Consequences of this risk being realised may include:</p> <ul style="list-style-type: none"> • Financial loss - additional resources spent on rectification of areas of non-compliance • High costs associated with re-letting contract if re-tender required • Service delivery/reputation compromised • Legal challenge from contractors dissatisfied with Council processes and decisions.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR IT 0002 Procurement to include definition of performance indicators and viability checks.	Ensure that all procurements include definition of required performance indicators for the contract and financial viability checks before contracts are entered into. This will be an ongoing activity (no fixed end date).	Rob Miller	Glen Poulley	Ongoing	February 2018: no further update - this is part of BAU. Analysis is taking place of exposure to risk due to Capita's recent profit warning.
FR IT 0002b Carry out regular reviews of identified key suppliers, including reviewing their financial viability.	Ensure that supplier service reviews include supplier performance and independent validation of suppliers' financial viability (eg through credit checking). This should be used to identify any concerns re: the risk of supplier failure and poor performance so that appropriate mitigation plans can be made.	Rob Miller	Glen Poulley	30 April 2018	February 2018: no further update - this is part of BAU. Analysis is taking place of exposure to risk due to Capita's recent profit warning.
FR IT 0002c Identify opportunities for joined up supplier management with other Council services and external partners.	Work with other Council services who share common suppliers and also with external partners to maximise the impact of supplier relationship management activity. This will be an ongoing activity (no fixed end date).	Rob Miller	Glen Poulley	Ongoing	Ongoing February 2018 – continues as business as usual.
FRDR 0015 A Contracting / partnering	Council's financial management procedures extended to partners where possible (e.g. financial regulations)	Ian Williams	Michael Honeysett	30 April 2018	Reviewed February 2018-ongoing.
FRDR 0015 B Contracting / partnering	Monitoring of financial position by Section151 Officer and Director (Fin Man)	Ian Williams	Michael Honeysett	30 April 2018	Reviewed February 2018-ongoing.
FRDR 0015 C Contracting / partnering	Post-implementation reviews carried out	Rotimi Ajilore	Procurement Manager	30 April 2018	Reviewed February 2018-ongoing.
FRDR 0015 D Contracting / partnering	Compliance with Contract Standing Orders.	Rotimi Ajilore	Procurement Manager	30 April 2018	February 2018- ongoing.
FRDR 0015 E Contracting / partnering	Substantial Legal Services input into contract formulation and on-going advice.	Tim Shields	Rotimi Ajilore; Suki Binjal	30 April 2018	Reviewed February 2018-ongoing.
FRDR 0015 H Contracting / partnering	Improve and open information flows between the Council and its partners.	Tim Shields	Rotimi Ajilore; Suki Binjal	30 April 2018	Reviewed February 2018-ongoing.
FRDR 0015 I Contracting / partnering	Additional training on contract negotiation skills, contract management.	Rotimi Ajilore	Procurement	30 April 2018	Reviewed February 2018-ongoing.

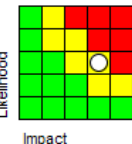
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR DR 0001 Building Availability INTERNAL RISK FUTURE RISK	The Council is unable to conduct its business due to problems with the some buildings from which it operates. This could be caused by having to catch up on the historical lack of maintenance of buildings. This could result in incident with severe financial or reputational impacts.	Finance & Corporate Resources		March 2018 – Risk reviewed by Strategic Property Services Management team. Ongoing

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRDR 001 A: Building Availability	Rolling programme of building surveys initiated to identify condition and risks.	Ian Williams	Chris Pritchard; Karon West-Clarke	31-Mar-2019	March 2018 - ongoing. Also, testing and inspection works to civic buildings under the Directorate's financial control are ongoing, as well as 95% of voluntary sector properties.
FRDR 001 B: Building Availability	Funding for reactive maintenance included in the Capital Programme	Ian Williams	Chris Pritchard; Karon West-Clarke	31-Mar-2019	March 2018 ongoing. This is managed by Corporate Property & Asset Management, (CPAM), for buildings under the Directorates financial control, along with the management of buildings for some other directorates.
FRDR 001 C Building Availability	Planned maintenance arrangements for new campus covering whole building lifecycle has been introduced.	Ian Williams	Chris Pritchard; Karon West-Clarke	31-Mar-2019	Ongoing March 2018 - Planned maintenance contract now procured and on site. CPAM able to cater for all statutory inspections subject to funding availability.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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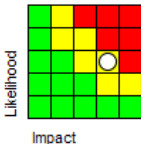
FR DR 0004 Rental Income INTERNAL RISK FUTURE RISK	As a result of a worsening economy and challenging economic conditions, rent from commercial properties is not received, leaving income dependent service with a budgetary overspend. This creates a considerable risk of a higher incidence of tenant default, void properties, and lower rents being achieved for new lettings, rent reviews and lease renewals. This could have very damaging financial implications for the Council.	Finance & Corporate Resources		February 2018 - Risk reviewed by Strategic Property Services Senior Management Team. There has been a considerable toughening in the commercial property market over the last 12 months, which is adding to this risk and increasing the likelihood. The team are keeping this under review and will ensure that the impact is taken into account in rental income forecasts
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRDR 004 A Rental Income	Cleansing historic debt as an ongoing process to address rental income	Chris Pritchard	Jonathan Angell	30-Nov-2018	February 2018 - ongoing.
FRDR 004 B Rental Income	Debt collection function located within property service to chase debt and escalate where necessary	Chris Pritchard	Jonathan Angell	30-Nov-2018	February 2018 - ongoing
FRDR 004 C Rental Income	Regular reporting as part of the OFP on income levels and historic debt.	Chris Pritchard	Jonathan Angell	30-Nov-2018	February 2018 - ongoing,

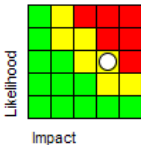
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR DR 0009 Utilities cost INTERNAL RISK FUTURE RISK	Increase in utility costs or usage causes budgetary overspends. Also Services are unable to cope with the demands of Climate Change, which could lead to severe financial losses, a damage to Hackney's reputation and a negative impact on the quality of services offered to stakeholders.	Finance & Corporate Resources		March 2018 - Risk ongoing and remaining stable.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRDR 0009 A Utilities Cost	EMU team reduce unit costs by monitoring the market and procuring utilities contracts when costs are lowest.	Ian Williams	Chris Pritchard; Karon West-Clarke	31-Mar-2019	Ongoing March 2018

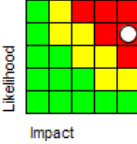
FRDR 0009 B Utilities Cost	Reducing energy demand – a series of initiatives are underway across services. Also there is now an Environmental Sustainability manager in place.	Ian Williams	Chris Pritchard; Karon West-Clarke	31-Mar-2019	March 2018 - Ongoing with lots of proactive work undertaken by Environmental Sustainability Manager and teams.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FS 0013 PCIDSS Compliance INTERNAL RISK FUTURE RISK	The Council has to be Payment Card Industry (PCI) Data Security Standard (DSS) compliant for all systems related activity, or escalating fines starting at €5,000 can be imposed by the credit card companies. The risk is that due to internal errors, we fail to reach this standard.	Finance & Corporate Resources		Reviewed and updated December 2017. Software version which is PCI compliant is in place. PCI independent audit completed and identified two remediation points which have been completed.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Page 107 FRFS 0013A PCIDSS Compliance	A work stream comprising of staff from Financial Management/HR /Core IT and Cashiers has been created in order to ensure the Council is working to meet the standards across all areas.	Michael Honeysett	John Delgado	15-Nov-2018	Reviewed and updated. December 2017 Software version which is PCI compliant is in place. PCI independent audit completed and identified two remediation points which have been completed.

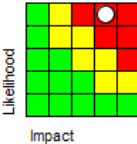
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FS 0015 Failure of managed service provider for financial systems INTERNAL RISK FUTURE RISK	Current managed service provider for the Council's main financial system and cash management system goes into liquidation. Council is then unable to raise purchase orders, make payments, raise invoices for sundry debt, maintain general ledger and monitor budgets.	Finance & Corporate Resources		January 2018- Risk reviewed and ongoing

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FS 0015a Failure of managed service provider for financial systems	Detailed contingency plans have been developed in order that the Council could bring back on line main stream financial processes within a couple of days. These include putting in place contingency plans with alternative providers ensuring that we could make payments to suppliers via other contractors and our own in-house facilities. The re-creation of the sundry debt ledger via a macro driven spreadsheet enables us to continue to collect sundry debts.	Michael Honeysett	John Delgado	04-Jun-2018	December 2017 ongoing. Detailed contingency plans have been developed and are tested regularly.
FR FS 0015b Failure of managed service provider for financial systems	We have requested copies of the configuration of the system as well as data from our existing managed service provider, in order that we can look at alternative disaster recovery facilities.	Michael Honeysett	John Delgado	04-Jun-2018	December 2017 - ongoing.
FR FS 0015c Failure of managed service provider for financial systems	The cash management system has been moved out of the existing contract and the service is now provided directly by the software owner (Northgate).	Michael Honeysett	John Delgado	04-Jun-2018	December 2017 - ongoing. Cash management system was moved in February 2014 to Northgate, so this is completed and ongoing.
FR FS 0015d Failure of managed service provider for financial systems	Comprehensive documentation for the contingency plan has been developed.	Michael Honeysett	John Delgado	04-Jun-2018	December 2017 - ongoing. Detailed contingency plans have been developed. In addition, work has been completed for Council to have step in rights with Disaster Recovery company and connections from DR site directly to Hackney, have been set up.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 0040 Pensions - Assets Risk EXTERNAL RISK FUTURE & CURRENT RISK	<p>Asset risks include:</p> <ul style="list-style-type: none"> . Concentration - The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives. . Illiquidity - The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets. . Currency risk - The risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities). . Environmental, social and governance ("ESG") - The risk that ESG related factors reduce the Fund's ability to generate long-term returns. . Manager underperformance - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates. <p>Asset risks are covered in more detail in the Fund's Investment Strategy Statement.</p>	Finance & Corporate Resources		Added January 2018 - ongoing. Asset risk includes a number of significant threats to the financial health of the fund. Likelihood is high, as conditions for investment markets over the medium term are likely to be challenging. Impact is also high, given the potential threat to the Fund's ability to pay benefits as they fall due.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV 0040 A Investment in a range of asset classes	<ul style="list-style-type: none"> . The Fund's strategic asset allocation benchmark invests in a diversified range of asset classes . Rebalancing arrangements in place to ensure the Fund's "actual allocation" does not deviate substantially from its target - The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund's asset concentration risk. 	Michael Honeysett	Rachel Cowburn	07-Dec-2018	Added January 2018 - ongoing.
FR FSV 0040 B Cashflow monitoring	<ul style="list-style-type: none"> . Investment across a range of assets, including liquid quoted equities and bonds, as well as property . Majority of the Fund's assets realisable at short notice . Medium term future cash flow position assessed at least triennially to indicate likely future income requirements. 	Michael Honeysett	Rachel Cowburn	07-Dec-2018	Added January 2018 - ongoing.

	- Actual cashflows monitored on a regular (quarterly) basis to provide early warning of any insufficient funds				
FR FSV 0040 C Currency hedging	. Investment in a range of overseas markets, providing a diversified approach to currency markets. - Maintenance of a 50% hedge to USD, EUR and JPY exposures within active global equity mandates.	Michael Honeysett	Rachel Cowburn	07-Dec-2018	Added January 2018 - ongoing.
FR FSV 0040 D ESG Policy	The Fund has an ESG policy in place in its Investment Strategy Statement. More detail on the management of carbon specific ESG risks is provided in the 'Climate Change' risk section.	Michael Honeysett	Rachel Cowburn	07-Dec-2018	Added January 2018 - ongoing.
FR FSV 0040 E Multiple Managers & Performance assessment	. Appointment of more than one manager . Having a proportion of the Scheme's assets managed on a passive basis. . Regular assessment of performance - Replacement of managers if underperformance persists	Michael Honeysett	Rachel Cowburn	07-Dec-2018	Reviewed January 2018

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 110 FR FSV 0043 Pensions - Inaccurate or Late Pay Information Supplied to Hackney Pension Fund (LGPS)/Local Pensions Partnership (LGPS)/Teachers Pensions INTERNAL RISK CURRENT RISK	Inaccurate payroll data supplied to the Hackney Pension Fund introduces the following risks: <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 Inaccurate payroll data supplied to the Local Pensions Partnership introduces the following risks: <ul style="list-style-type: none"> • Inaccurate member pension records – potential 	Finance & Corporate Resources		Reviewed January 2018 – 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.

	<p>under/overpayment of benefits and potential for claims against the Council.</p> <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 <p>Enforcement action against the Council by the Pensions Regulator</p>			
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRTP 0043 A Monitoring of membership data	Controls – annual monitoring of membership records, valuation checks, external data validations	Michael Honeysett	Rachel Cowburn; Lorraine Robinson	30-Dec-2018	Reviewed January 2018 - ongoing.
FRTP 0043 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	Rachel Cowburn; Lorraine Robinson	07-Dec-2018	Reviewed January 2018. Good communication with payroll, as accurate data is very important.
FRTP 0043 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	07-Dec-2018	Reviewed January 2018
FRTP 0043 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	Michael Honeysett; Dan Paul	Rachel Cowburn	07-Dec-2018	Reviewed January 2018

	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.				
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 0053 Pension Funding Risk INTERNAL RISK POTENTIAL RISK	<p>Funding risks include:</p> <ul style="list-style-type: none"> . Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities. . Inflation risk. The risk that price and pay inflation is significantly more than anticipated, increasing the value of pension benefits accrued by active and deferred members of the Fund as well as increasing the value of pensions in payment. . Changing demographics –The risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits. . Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial ‘contagion’, resulting in an increase in the cost of meeting the Fund’s liabilities. <p>Further detail on the treatment of funding risks can be found within the Funding Strategy Statement</p>	Finance & Corporate Resources		Added January 2018 – likelihood of risk materialising is relatively high, given the likelihood of challenging conditions in investment markets and the ongoing impact of changing demographics. Impact will vary, depending on the severity of issues faced, but this is one of the most significant risks faced by the Fund over the long term. Score has risen since earlier in year.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRFSV 0053B Pension - Valuation Monitoring	<p>Assessment of liabilities at the triennial valuation and the roll-forward of liabilities between valuations helps identify:</p> <ul style="list-style-type: none"> . financial mismatch . falling risk free returns on government bonds . higher than anticipated inflation. . Increasing fund maturity . Insufficient deficit reduction payments 	Michael Honeysett	Rachel Cowburn	30-Dec-2018	Added January 2018 - ongoing.
FRFSV 0053C Diversified Portfolio	The Fund seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make	Michael Honeysett	Rachel Cowburn	08-Dec-2018	Added January 2018 - ongoing.

	specific provision for all possible eventualities that may arise under this heading.				
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR IT 0001 Information Assets INTERNAL RISK FUTURE RISK	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). 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.	Finance & Corporate Resources		February 2018 A programme of work is currently underway to map the council's information assets and store these in a register with responsibilities clearly defined. This will be critical for ensuring compliance with the GDPR. 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).

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. 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. This will be an ongoing activity (no fixed end date).	Ian Williams	Matthew Cain	01-July-2018	February 2018: the GDPR programme of work continues to be reviewed by a standing project board operating under delegation from Information Governance Group.
FR IT 0001b Compliance.	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.	Ian Williams	Matthew Cain	01-July-2018	Current renewal of IGSoC compliance is complete. Feb 18 - no further update.

	<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>				
FR IT 0001c EU General Data Protection Regulation: preparing for compliance from May 2018	<p>Implement the programme of preparatory activity to support Hackney's compliance with the GDPR. 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	Matthew Cain	01-July-2018	February 2018: the GDPR programme of work continues to be reviewed by a standing project board operating under delegation from Information Governance Group.
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.</p> <p>It will be critical to ensure that 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 is an ongoing activity (no fixed end date).</p>	Ian Williams	Matthew Cain	01-July-2018	Feb 2018: Control ongoing

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>FR IT 0003 Resilience of ICT systems / Disaster Recovery</p> <p>INTERNAL RISK</p> <p>FUTURE RISK</p>	<p>The Council does not currently have disaster recovery provision in place for recovery of critical ICT systems in the event of a major failure affecting the Council's hosting facility provider (Advanced 365). The clear risk here would be the loss/unavailability of the external data centre (single point of failure).</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>Feb 18 - In November, the score reduced from 20 to 15 as a result of likelihood dropping from 4 to 3. This was a reflection of the work that had taken place to improve resilience / DR provision. This remains stable.</p> <p>DR provision is in place for critical systems and 1200 <i>myoffice</i> desktop sessions as additional infrastructure capacity has been added.</p> <p>Successful DR testing has recently taken place, providing assurance of</p>

				<p>overall resilience.</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. The recent BA incident emphasises the importance of careful management within this area.</p>
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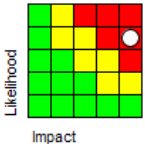
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>Page 115</p> <p>FR IT 0003a Resilience of ICT systems / Disaster Recovery</p>	<p>Work is currently in progress to commission resilient hosting arrangements in the Council's Stoke Newington offices. 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	Henry Lewis	1 July 2018	<p>February 2018: Migration to G Suite has commenced and is expected to complete in the summer 2018. Options for cloud hosting of the Council website are under consideration and a decision will be made in spring 2018. Other systems will be reviewed on an ongoing basis as part of planned maintenance activity.</p> <p>The ICT business continuity plan has been reviewed, updated and signed-off.</p>
FR IT 0003b 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.	Rob Miller; Ian Williams	Henry Lewis	1 July 2018	Feb 2018: The ICT Business Continuity Plan has reviewed and updated. The Head of Platform is now liaising with the Corporate Business Continuity

	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.				Manager to review this in line with the wider corporate BCP review. A Business Continuity Management Group started regular meetings as of July 2017.
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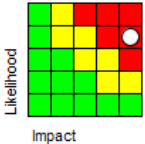
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR IT 0006 Cyber / Information Security INTERNAL / EXTERNAL RISK POTENTIAL RISK Page 116	There is a risk that the security of Council's systems, network and devices could be compromised.	Finance & Corporate Resources		March 2018- the likelihood slightly decreased (4 to 3) at the last review in light of positive progress made in making cyber security more robust. This remains stable as of March 2018. 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 internal awareness (of staff) of the concept of cyber risks (and what precautions to take). With the move to the new system on G-suite, all transitions will be in line with Information Security risk management.

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).	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; Ian Williams	Henry Lewis	22-July-2018	February 2018: The PSN assessor has requested additional information before our Code of Connection renewal is confirmed. This is now being organised. (No substantive concerns have been identified)
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; Ian Williams	Henry Lewis	22-July-2018	February 2018: Enhanced end-user training for information security and data protection is being

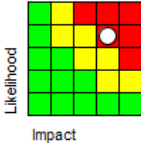
					<p>developed as part of our preparation for the General Data Protection Regulation.</p> <p>On a national scale, attacks have recently been reported in the media and a reminder was issued to all staff about the need to take care when clicking on links in emails. Systems have also been checked to ensure that the specific patch which closes this vulnerability has been applied.</p>
<p>Page 117</p> <p>FR IT 0006c Ensure that all hardware and software is supported for security updates.</p>	<p>Ensure that infrastructure and application lifecycle management practices are in place and functioning effectively so that the Council's systems remain supported. This will be an ongoing activity (no fixed end date).</p>	<p>Rob Miller; Ian Williams</p>	<p>Henry Lewis</p>	<p>22-July-2018</p>	<p>Feb 2018: Priority updates have been 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. This is ongoing as part of continuous maintenance and patching.</p>
<p>FR IT 0006d Plan for upgrade required to end use of Windows 7 ahead of the end of Microsoft support (January 2020).</p>	<p>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.</p>	<p>Rob Miller; Ian Williams</p>	<p>Henry Lewis</p>	<p>22-July-2018</p>	<p>Feb 2018 - This is currently on hold pending completion of more time critical upgrade and refresh work.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR RV 001 Impact of Universal Credit and other welfare reforms EXTERNAL RISK FUTURE & FUTURE RISK	Universal Credit is administered by the DWP/JCP (Job Centre Plus) and has been live within the borough since March 2016 for job seeking singles only. Universal Credit full service will roll out within borough in June 2018 for all claimant types for new claims. Failure to properly deal with these reforms could result in an increase in arrears, higher legal costs, increased evictions, a heavier administrative burden and pressure on the vulnerable. These impacts would be financial, legislative and reputational and directly affect the local community.	Finance & Corporate Resources		Rollout for Universal Credit full service for Hackney is now delayed until October 2018. Temporary accommodation has now been removed from Universal Credit, so partially mitigated. Housing Services and the rest of the Council are working together to mitigate the effect through early engagement, budgeting and debt advice and employment signposting. Feb 2018.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Page 18 FR RV 1718 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	30-May-2018	All welfare reforms have been implemented apart from full rollout of Universal Credit which will last until 2022. Almost completed and recommended to be shortly removed from register. Jan 2018.

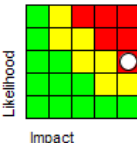
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR RV 002 Impact of rising property prices and rents EXTERNAL RISK CURRENT & FUTURE RISK	Impact of rising property prices and rents. As Hackney has become a more desirable place to live, the steep increase in property prices and in turn rental costs has meant that it has become increasingly difficult for those on low incomes and welfare benefits to reside in the borough. This has led to an increase in overcrowding and in those making homeless applications and needing emergency accommodation.	Finance & Corporate Resources		Still ongoing. Numbers in temporary accommodation are stable through use of homeless prevention activities. Void units are still being passed over for use as temporary accommodation in batches. Pan London rates still adhered to for property procurement. Homeless applications stable but acceptance rate has increased. Move On Team now in existence to resettle households out of the borough into affordable accommodation. Jan 2018.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR RV 002 Impact of rising property prices and rents.	The cost of which is expensive both to residents and the Council. These risks are mitigated by strict financial controls in place when procuring properties for placements, the use of empty Council owned buildings wherever possible and robust decision making on homeless applications.	Ian Williams	Kay Brown	18-Jul-2018	January 2018 - control ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 119 FR RV 003 Pressures on Temporary Accommodation EXTERNAL RISK CURRENT & FUTURE 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 & Corporate Resources		January 2018 – 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 (occurring in April 2018) will drive further demand for TA provision. The Act will decisively modify and extend existing homelessness protection. 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.
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Control Title	Control Description	Responsible 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 costly nightly paid TA provision.	Ian Williams	Jennifer Wynter	28-Jun-2018	Ongoing February 2018
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	28-Jun-2018	Ongoing February 2018
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	28-Jun-2018	Ongoing February 2018

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0002 Management of Capital Programmes / Schemes INTERNAL RISK FUTURE RISK	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. 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.	Chief Executive's; Children & Young People's Services; Finance & Corporate Resources; Hackney Homes; Health & Community Services; Housing Directorate; Legal, HR & Regulatory Services		March 2018 - 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

				<p>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. The procurement strategy for the Britannia Project is also phased to allow for a viability review point before the procurement of the first residential element of the project begins.</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>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0002A Management of Major Capital 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 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.	Anne Canning; Tim Shields; Ian Williams; Kim Wright	Michael Honeysett	28-May-2018	January 2018 – ongoing. The latest Capital Programme monitoring report for the year 2017/18 shows that the revised 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.	Anne Canning; Tim Shields; Ian Williams; Kim Wright	Michael Honeysett	28-May-2018	January 2018 - 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.	Anne Canning; Tim Shields; Ian Williams; Kim Wright	Michael Honeysett	13-May-2018	January 2018 - 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.

**TREASURY MANAGEMENT
ACTIVITY REPORT 2017/18 (1st Jan 2018 – 31st March 2018)**

AUDIT COMMITTEE

18th April 2018

CLASSIFICATION:

Open

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

**Ward(s) affected
None**

Group Director

Ian Williams, Group Director Finance & Corporate Resources

1. Introduction

This report provides Members of the Audit Committee with a quarterly update on Treasury Management.

2. Recommendation(s)

The Audit Committee is recommended to:

- **Note the report**

3. Background

This report is the fourth of the treasury reports relating to the financial year 2017/18 for the Audit Committee. It sets out the background for treasury management activity from January 2018 to March 2018 and the action taken during this period.

4.1 Policy Context

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

4.2 Equality Impact Assessment

There are no equality impact issues arising from this report

4.3 Sustainability

There are no sustainability issues arising from this report

4.4 Consultations

No consultations have taken place in respect of this report.

4.5 Risk Assessment

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

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

There are no direct financial consequences arising from this report as it reflects the performance from January to March 2018. Whilst investment interest is not used to underpin the Council's base revenue budget, as in some other authorities, there will be an impact on the ability to fund additional discretionary expenditure and capital programmes. The information contained in this report will assist Members of this Committee in monitoring the treasury management activities and enable better understanding of such operations.

6. Comments of the Director Legal Services

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

7. Economic Highlights

- **Growth:** The third estimate of Q4 GDP published by the ONS showed the UK economy expanded by 0.4% over the quarter and 1.4% year-on-year. Both estimates were in line with market expectations.
- **Inflation:** The Office for National Statistics' new main measure of inflation, the Consumer Price Index including owner occupiers housing costs (CPIH) 12-month rate was 2.5% in February 2018, 0.2% lower than January 2018. The Consumer Prices Index (CPI) 12-month rate was 2.7%, 0.3% lower than January 2018.
- **Monetary Policy:** At its meeting ending on 21 March 2018, the MPC voted by a majority of 7-2 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.

In the MPC's most recent projections, set out in the February Inflation Report, GDP was expected to grow by around 1.75% per year on average over the forecast period. While modest by historical standards, that growth rate was expected to exceed the diminished rate of supply growth of the economy, which was projected to be around 1.5% per year. As a result, a small margin of excess demand was projected to emerge by early 2020 and build thereafter. That pushed up on domestic costs, although CPI inflation fell back gradually as the effects of sterling's past depreciation faded. Inflation remained above the 2% target in the second and third years of the MPC's central projection.

As in February, the best collective judgement of the MPC remains that, given the prospect of excess demand over the forecast period, an ongoing tightening of monetary policy over the forecast period will be appropriate to return inflation sustainably to its target at a more conventional horizon. All members agree that any future increases in Bank Rate are likely to be at a gradual pace and to a limited extent.

In light of these considerations, seven members thought that the current policy stance remained appropriate to balance the demands of the MPC's remit.

8. Borrowing & Debt Activity

- 8.1 The Authority currently has £33.2m in external borrowing. This is made up of a single LEEF loan from the European Investment Bank to fund housing regeneration £3.2m and £30m short-term borrowing from Local Authorities.
- 8.2 Close analysis of Councils Capital Financing Requirement (CFR is an indicator of an overall need to borrow) as it is currently known indicates that further borrowing including borrowing proposed in the HRA business plan, will be required within the next three years.

9. Investment Policy and Activity

- 9.1 The Council held average cash balances of £132 million during the reported period, compared to an average £168 million for the same period last financial year.

Movement in Investment Balances 01/01/18 to 31/03/18

	Balance as at 01/01/2018 £'000	Average Rate of Interest %	Balance as at 31/03/2018 £'000	Average Rate of Interest %
Short term Investments	45,214	-	51,215	
Long term Investments	12,500	-	6,500	
AAA-rated Stable Net Asset Value Money Market Funds	37,350	-	25,350	
AAA rated Cash enhanced Variable Net Asset Value Money Market Funds	3,000		3,000	
Covered Bonds	5,703		3,602	
Corporate Bonds	7,463		6,961	
Housing Associations	25,000		25,000	
	136,230	0.88	121,628	0.95

- 9.2 Due to the volatility of available creditworthy counterparties, investments have been placed in highly rated UK Government institutions. Thus ensuring creditworthiness whilst increasing yield due to the duration of the deposits.
- 9.3 The Council has also placed four long term investments with Housing Associations assisting both diversification and yield

- 9.4 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.
- 9.5 The Council's specific policy objective is to invest its surplus funds prudently. The Council's investment priorities are:
- security of the invested capital; liquidity of the invested capital; and,
 - An optimum yield which is commensurate with security and liquidity.

10. Counterparty Update

- 10.1 Arlingclose increased the credit rating threshold in treasury management strategy template for the 2018/19 financial year to A-, which brings it back to the level we had in 2014/15, before the rating agencies removed government support from their bank credit ratings. From 1st April 2018, Royal Bank of Scotland plc (RBS) and National Westminster Bank plc (NatWest) will no longer meet this threshold criteria due to their BBB+ ratings from Fitch and S&P, and both banks are therefore being suspended from Arlingclose's advised counterparty list for unsecured investments. Arlingclose advises clients against placing new unsecured investments with Royal Bank of Scotland or National Westminster Bank. The Council has no investments with either of these organisations. S&P has downgraded Transport for London (TfL) to AA- from AA and affirmed the short-term rating at A-1+. The outlook is stable.

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

Credit Score Analysis

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating Score	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating Score
31/01/2018	4.64	A+	4.46	AA-
28/02/2018	4.63	A+	4.45	A+
31/03/2018	4.77	A+	4.49	AA-

Scoring:

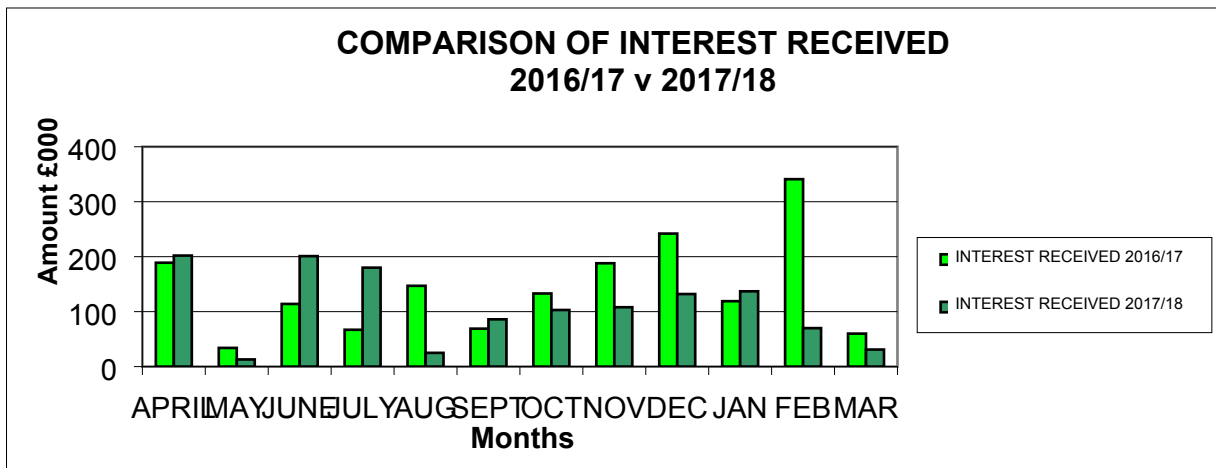
- Value weighted average reflects the credit quality of investments according to the size of the deposit
- Time weighted average reflects the credit quality of investments according to the maturity of the deposit
- AAA = highest credit quality = 1
- D = lowest credit quality = 27

10.3 The Council continues to utilise AAmmf/Aaa/AAAm rated Money Market Funds for its very short, liquidity-related surplus balances. This type of investment vehicle has continued to provide very good security and liquidity, although yield suffers as a result.

11. Comparison of Interest Earnings

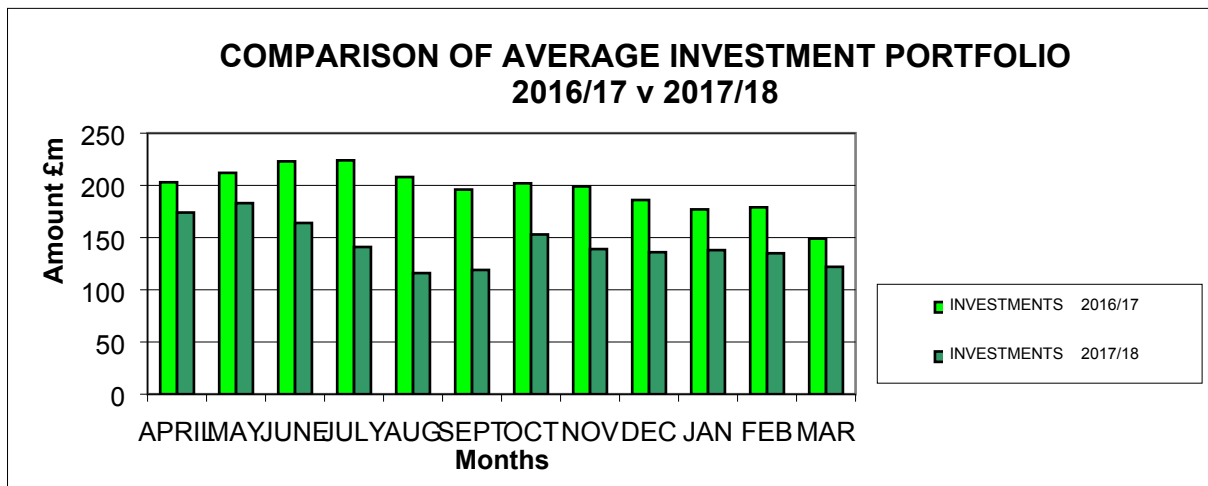
11.1 The Council continues to adopt a fairly cautious strategy in terms of investment counterparties and periods. Due to the volatility of available creditworthy counterparties, investments have been placed in highly rated UK Government institutions or Covered (secured) Bonds, thus ensuring creditworthiness whilst increasing yield's through the duration of the deposits.

11.2 The graph below provides a comparison of interest earnings for 2017/18 against the same period for 2016/17. Average interest received for the period January to March 2018 was £79k compared to £173k for the same period last financial year.



12. Movement in Investment Portfolio

12.1 Investment levels have decreased to £122 million at the end of March in comparison to the end of March last year of £149 million. The decrease in the investment balance year on year is the result of the continued approach of maintaining borrowing and investments below their underlying levels i.e. use of internal borrowing.



13. Summary

13.1 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the last 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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REPORT OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES		
INTERNAL AUDIT ANNUAL PLAN 2018/19 COVERING REPORT Audit Committee 18 April 2018	Classification Public	Enclosures Appendix 1 AGENDA ITEM No
	Ward(s) affected All	

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This reports enables the Audit Committee to consider and approve the proposed Internal Audit Annual Plan and resources for 2018/19 as part of its role in overseeing corporate governance.

2. RECOMMENDATION

2.1 The Audit Committee is recommended to:

Consider and approve the proposed Internal Audit Annual Plan (attached as Appendix 1), which includes the key performance measures for 2018/19.

3. REASONS FOR DECISION

- 3.1 The Terms of Reference for the Audit Committee set out the key roles of the Committee including the requirement to: -

'Provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Hackney's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place'.

- 3.2 The Public Sector Internal Audit Standards 2013 (PSIAS), as updated in 2017, set out what is meant by 'proper internal audit practices'. The PSIAS require a risk-based plan that sets out how the internal audit service will be provided and developed in accordance with the Charter and how it will link to the Council's objectives and priorities. They also require that the appropriate 'Board' approves the plan. The London Borough of Hackney has designated the Audit Committee as the 'Board' for this purpose.

4. BACKGROUND

The operational plan for the Internal Audit Service is provided in Appendix 1 and sets out the division of responsibilities between the Internal Audit Service and managers. It presents the Annual Internal Audit Plan and Key Performance Measures for 2018/19 and is submitted to Members for approval.

4.1 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.

4.2 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.

4.3 Sustainability

Not Applicable.

4.4 Consultations

Consultation on the Internal Audit Plan has taken place with senior management through a combination of individual discussion and consideration by directorate management teams.

4.5 Risk Assessment

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

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

5.1 The Council is required to provide sufficient resources to enable an adequate and effective internal audit service to be provided that meets its objectives. Internal Audit should have appropriate resources in order to meet its objectives and comply with the standards contained in the PSIAS.

5.2 The current level of resources is considered sufficient to develop and ensure delivery of the Internal Audit Annual Plan as set out in this report and provide the necessary assurance on the effectiveness of the system of internal control.

6. COMMENTS OF THE DIRECTOR, 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. The Internal Audit Annual Plan together with the recommendation in this report facilitates the Council in discharging the obligation.

- 6.2 The provisions of Regulation 5 of the Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit function.
- 6.3 There are no immediate legal implications arising from the Report.

APPENDICES

Appendix 1 - Internal Audit Annual Plan 2018/19

BACKGROUND PAPERS

None

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London Borough of Hackney

Internal Audit Annual Plan 2018/19

1. Introduction

1.1 The remit of the Audit Committee as detailed in the terms of reference is: -

‘To provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Hackney’s governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.’

1.2 A key element of this consideration is the Annual Internal Audit Plan which provides details of the audit service’s operational approach, working methods and specific audits to be undertaken.

1.3 This document sets out the division of responsibilities between the Internal Audit Service and managers, and presents the Annual Internal Audit Plan and Key Performance Measures for 2018/19.

2. Statutory Requirements

2.1 The Council’s Internal Audit Service is delivered in accordance with a regulatory framework comprising:

- Section 151 of the Local Government Act 1972 which requires every local authority to ‘make arrangements for the proper administration of their financial affairs’.
- The Accounts and Audit Regulations 2015 require that all local authorities must “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”
- The Public Sector Internal Auditing Standards 2013 (PSIAS), as updated in 2017. These standards set out what is meant by ‘proper internal audit practices’. These are mandatory standards and have replaced the former CIPFA Code of Practice for Internal Audit in Local Government 2006.
- The Council has delegated to the Group Director of Finance & Corporate Resources (the Council’s Section 151 Officer) day to day responsibility to ensure the provision of a high quality internal audit service. The service is therefore required to work to professionally defined standards and in close liaison with the Group Director of Finance & Corporate Resources.
- The regulations also require the Council to undertake an annual review of its corporate governance arrangements which includes its internal control systems and publish as part of its final accounts arrangement, an Annual Governance Statement (AGS) that provides assurance with regard to governance arrangements.

2.2. The key elements utilised to meet the statutory requirements are: -

- The agreed strategic approach to the provision of audit services in the longer term
- The Internal Audit Annual Plan covering specific reviews for a given year

- The incorporation of best practice information/publications produced by relevant professional bodies
- The provision of working procedures within the Internal Audit Service

2.3 The Internal Audit Charter and the Internal Audit Strategy both reflect the requirements of the PSIAS. These standards require a risk-based plan that sets out how the internal audit service will be provided and developed in accordance with the Charter and how it links to the Council's objectives and priorities.

3. Main Objectives

3.1 The overall objective of the Internal Audit Service is the provision of a high quality, independent and objective service that effectively meets: -

- The statutory requirements placed on the Council
- The individual needs of customers and stakeholders
- The wider needs of Hackney and its community
- The professional standards set for the provision of internal audit services.

3.2 Internal Audit's key objectives are to:

- Add value, improve operations and help protect public resources.
- Provide assurance that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures.
- Provide assurance that significant risks to the Council's objectives are being identified and managed through delivery of the Audit Plan covering key areas of Council activity.
- Provide independent assurance over the Council's risk management, internal control and governance processes.
- Provide advice and support to management to enable an effective control environment to be maintained.
- Promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud.
- Investigate allegations of fraud, bribery and corruption (this is undertaken by the Audit Investigation Team).
- Promote and develop risk management processes and awareness across the Council.
- To provide an annual audit opinion based on the work of internal audit together with other sources of assurance.
- To ensure that the statutory requirements of the Accounts and Audit Regulations 2015 in relation to a published Annual Governance Statement (AGS) are met.
- To provide a comprehensive service to management in the specialist areas of computer audit and special investigations.
- To ensure a planned approach to anti-fraud initiatives and develop this function as an expanded initiative in the work of the Anti-Fraud Service.
- To undertake work in developing our partnership working arrangements with external agencies, Metropolitan Police and our External Auditors.

4. Division of Responsibilities

4.1 It is management's responsibility to establish and maintain a sound system

of internal control and to prevent and detect irregularities and fraud by ensuring that risks are properly managed. Their responsibility involves:

- ensuring the plans and intentions of the Council are delivered, (including those outlined in plans, policies and procedures) and are in compliance with the laws/regulations under which the organisation operates;
- ensuring the reliability of data and information used either internally or reported externally;
- safeguarding the Council's resources; and
- promoting efficient and effective operations which safeguard against the risk of fraud.

4.2 Internal control is an integral part of managing operations and as such internal auditors independently review how effectively management discharges this aspect of its responsibilities by evaluating the effectiveness of systems and controls and providing objective analysis and constructive recommendations. Management retains full ownership and responsibility for the implementation of any such recommendations.

5. Audit Resources

5.1 The Council is required to provide sufficient resources to enable an adequate and effective Internal Audit service to be delivered that meets its objectives. Internal Audit should have appropriate resources in order to meet its objectives and comply with the PSIAS. The current level of resources is considered sufficient to develop and ensure delivery of the Audit Annual Plan and provide the necessary assurance on the effectiveness of the system of internal control.

5.2 Audit Establishment

As a result of a restructure of the service during 2016/17, the post of Director of Audit & Anti-Fraud was deleted and a new structure put in place from April 2017. The new post of Corporate Head of Audit, Anti-Fraud & Risk Management now oversees the work of the Division. The Audit and Anti-Fraud Service consists of two distinct functions:-

Internal Audit Team

An in-house team has been in place since 2011 and is responsible for the delivery of the Annual Audit Plan. The team comprises the Head of Internal Audit and Risk Management and six auditors. There is a contingency allowance to buy in specialist IT audit skills to perform the technical aspects of IT audits within the Audit Plan.

Anti-Fraud Teams

The Audit Investigation Team (AIT) and Pro-Active Anti-Fraud Teams (PAFT) are responsible for carrying out anti-fraud work and investigations into fraud and irregularity across all Council directorates. The teams comprise two investigations managers and 14.6 investigators. The service also has responsibility for overseeing a number of corporate functions (i.e. Regulation of Investigatory Powers Act (RIPA), Proceeds of Crime Act (POCA), Whistleblowing and Money Laundering).

Dedicated personnel are in place within the AIT and PAFT to deal with the following specific fraud threats:

- One full time investigator from the AIT is dedicated to supporting the Children & Young Peoples Service Over-staying Families Intervention Team (OFIT).
- A Tenancy Fraud Team (TFT) comprising six officers. The Council continues to support this work at the current resourcing level despite a central government grant that had been in place for several years being withdrawn at the end of March 2015.
- Three Proactive Anti-Fraud Team (PAFT) investigators provide additional assurance that works carried out under Hackney contracts provide value for money in what is a significant area of expenditure. The initiative was initially part-funded by a central government counter fraud grant and has since been resourced solely by the Council.

5.4 Analysis of Operational Time

An analysis of operational time has been performed to calculate the resource available for audit and counter fraud activity. This analysis makes allowance for 'non-available' time (corporate management, external audit liaison, staff meetings/briefings, training, etc) and non-operational time for annual leave, bank holidays. After making allowances for these areas, a net amount of productive operational time is available for audit/project work.

5.5 Available Audit Time

During 2018/19 it is estimated that operational time available for internal audit work will be 1,177 days, and operational time available for anti-fraud activity is estimated to be 3,255 days. The Division also supports the development of the Council's Chartered Institute of Public Finance & Accountancy (CIPFA) graduate trainees, and an allowance has been made for this resource in the plan.

Table 1: Operational Days Available 2018/19

	Internal Audit Team	Investigation Teams	Total Days	Percentage %
Gross Days Available	1,972	4,056	6,028	100
Less Unproductive Time:				
Management/Advice*	268	326	594	
Leave, training, etc.	527	716	1,243	
Operational Days Available	1,177	3,014	4,191	70

**This includes all of the available time of the Corporate Head of Audit, Anti-Fraud & Risk Management*

6. The Audit Approach

- 6.1 Internal Audit is responsible for providing independent assurance on the adequacy of the Council's internal control framework. This is delivered through an opinion included as part of the Annual Audit Report. The opinion is derived from the results of audit activity as set out in the Annual Audit Plan, which focuses on areas of highest risk. Following each audit a report is produced for

management with recommendations (categorised as High, Medium or Low) for improvement.

- 6.2 Each report contains an opinion on the level of internal control operating within the area being audited, ranging from Significant to No Assurance. The annual assessment of the Council's overall internal control environment is based on an overview of the level of assurance applied to each area audited. The annual opinion then forms part of the review of the effectiveness of the Council's governance framework and is included in the Annual Governance Statement.
- 6.3 The Audit Plan is a flexible and dynamic resource planning tool which, in order to remain relevant, may be revised and adjusted during the year in response to a constantly changing environment and the need to reflect changes in the Council's risks, operations, systems and controls. Where such changes are required, details will be reported to management and the Audit Committee as part of the regular progress reports.
- 6.4 The Audit Plan is prepared based upon a risk assessment methodology which takes into account the size of the risk or exposure, the likelihood that the risk will materialise, any mitigating controls in place. Known areas of change within the Council and externally (e.g. legislation) are also considered. The main factors taken into account in compiling the Audit Plan consist of:
- Materiality and significance based upon budgets and volumes of transactions.
 - Consideration of the Council's strategic risk register, directorate/service level risk registers and corporate objectives.
 - Changes to the control environment and significant legislative changes.
 - Key governance issues as identified during the previous year's AGS process.
 - Concerns and emerging risks as identified through consultation with management teams, external audit and other relevant bodies.
 - National and London wide horizon scanning which identifies public sector emerging risks and themes for consideration as part of audit planning.
 - Cross fertilisation of risks and themes with Counter fraud work, to ensure that significant fraud risks are managed.
 - The need to comply with the PSIAS.
 - Previous audit history and assurance level in specific areas including follow up work.
 - Other sources of assurance.
- 6.5 Wherever possible, Audit will take assurance from management's oversight of the control framework, and the results of the inspections performed by any other review bodies, for example Ofsted.
- 6.6 The service places great emphasis on an integrated approach to its work that links systems, regularity and computer reviews for specific areas to the service's work on anti-fraud initiatives in what are considered key risk areas.
- 6.7 The approach outlined above ensures that the Audit Plan is supportive of Directors and Senior Management in delivering the strategic priorities and

corporate improvement priorities of the Council, provides an opinion on the overall internal control environment and gives assurance that all directorates/services are covered in a given period and that the approach is consistent throughout the Council. All of which are key to good corporate governance.

6.8 In addition to the above, individual risk assessments on project work are undertaken and audit reports provide management with advice on risk issues as part of the scope developed for each audit review.

6.9 In addition to ensuring that audit resources are directed to those areas of greatest risk to the Council achieving its objectives, audit activity will also include the following strands:

- Coverage of the Council's key financial systems on a regular basis, to ensure that core assurance is able to be provided.
- Compliance reviews in certain areas, such as the Borough's schools to ensure that every school receives a review at least once every 4 years, but more frequently where a risk assessment indicates that the risk landscape has changed (such as a change in school leadership, impending academisation, discussions with HLT).
- Follow up audit work to ensure that recommendations are addressed within the agreed timescales and that where audits received no or limited assurance, a subsequent visit can provide assurance that control weaknesses have been addressed.
- Unforeseen work can arise due to new areas of service provision, management requests or emerging risks which are appropriate to audit within the year. In order to allow some flexibility, a contingency allowance is included to enable such work to be undertaken without adversely affecting delivery of the planned audit work.
- Whilst the majority of audit work can be planned ahead, there are occasions when audits cannot be undertaken (for example, significant change takes place in the audit area). In these circumstances, the audit may need to be deferred, or may be replaced in agreement with the relevant manager.

6.11 Details of the projects included in the Annual Audit Plan for 2018/19 are attached as Annex 1. While there are key areas of activity that will be reviewed every year, other audits are included which reflect key risks identified through the risk management process and which were considered by the Audit Committee during the year. These include health and social care commissioning and integration, capital projects and fire related safety work. Issues identified at various TMOs during 2017/18 will also be followed up under the new plan, given the low levels of assurance that resulted from recent reviews.

7. Audit Investigations Work

- Reactive counter-fraud referrals are received regularly. These invariably require urgent priority attention and sometimes develop into more wide-

ranging projects which might encompass entire systems or business areas.

- Resources from the Audit Investigation Team will also be used to carry out proactive reviews. During the year the team will target a variety of particular areas within the many services run by the Council and will carry out anti-fraud initiatives utilising a variety of audit techniques and link this with the work of Internal Audit.
- As in previous years, the team will be involved in the Cabinet Office National Fraud Initiative (NFI). This is an ongoing exercise which involves a national computer data match of information held by all local authorities, the NHS and other public sector bodies in order to detect potential fraud and irregularity. Existing matches will continue to be investigated and new data will be matched later in the year.
- The Public Interest Disclosure Act 1998 requires all public bodies to put in place a system for dealing with anonymous allegations against members of staff within the organisation. The Council has in place an independent 'Whistleblowing' telephone hotline in order to meet its obligations under this Act. The Audit Investigation Team is responsible for investigating any issues of potential fraud and irregularity that arise through this facility.
- The Corporate Head of Audit, Anti-Fraud & Risk Management is responsible for overseeing the Council's activities under the Regulation of Investigatory Powers Act (RIPA). One officer on the Audit Investigation Team has specific responsibilities for maintaining the corporate records and ensuring compliance.
- The Corporate Head of Audit, Anti-Fraud & Risk Management has corporate responsibility for activities under the Proceeds of Crime Act (POCA). This is an expanding area of activity for the Council. The powers enable accredited officers to apply to the courts to confiscate funds in criminal cases. Two members of the team have been accredited as Financial Investigators under the powers of POCA. Officers in other departments such as Trading Standards are also accredited to undertake this work.
- Members of the team will continue to represent the Council in corporate initiatives both within the authority and on London wide steering groups (e.g. London Public Sector Counter Fraud Partnership and London Boroughs Fraud Investigators Group). Representation on these groups ensures the team remains at the forefront of investigations work across London.

8. Performance Management

- 7.1 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 to Members and Management as to the adequacy of the Internal Audit function. There is a range of performance criteria for Internal Audit which is monitored throughout the year and reported to Audit Committee as part of the regular progress reports for the service.

7.2 **Client Liaison**

The Audit Service issues satisfaction surveys to auditees at the end of each review. Responses received are used to assess any problem areas regarding the quality of our product and enable action to be taken to rectify matters.

7.2 **Key Performance Indicators (KPIs)**

The objectives of the service for 2018/19 and the KPIs which will be used to measure cost and efficiency, quality, client satisfaction and continuous improvement throughout the year are shown in Annex 2.

9. Audit Skills and Experience

9.1 The Internal Audit Team have appropriate skills through holding relevant professional qualifications including CIPFA, IIA, ICAEW and AAT, and have considerable experience in internal audit both in the public and private sector.

9.2 Members of the Anti-Fraud Teams hold various qualifications including Accredited Counter Fraud Specialist (ACFS) or equivalent, PiNS, POCA Financial Investigator and Senior Authorising Officer.

9.3 Individual officers have a personal responsibility to undertake a programme of continuing professional development to maintain and develop their competence. This is achieved through professional training, attendance at ad-hoc seminars and in-house training courses. The Division also supports the Corporate Professional Training Programme. Training needs are assessed on an ongoing basis and are formally reviewed annually as part of the Council's staff appraisal processes.

9.4 Staff will continue to be trained to ensure that the needs of the service and personal development requirements are met. A variety of training initiatives for Internal Audit staff to be undertaken during the year include: -

- Continuous Personal Development opportunities for all members of the division.
- Refresher training in respect of RIPA and Money Laundering for relevant officers.
- Training/Accreditation for relevant officers in respect of POCA.
- Membership benefits of CIPFA's Better Governance Forum include a programme of events and day courses during the year designed to ensure that audit and fraud staff keep up to date
- Participation in the London Audit Group to keep abreast of pan London initiatives
- Training on IDEA, a software tool which supports computer assisted audit techniques, enabling databases to be analysed.

These training and development initiatives will provide members of the division with the necessary skills to assist in the achievement of the audit plan.

9.5 On occasions when technical skills are required and it is not cost effective to develop and maintain these skills in house, an external provider is used. For

example, specialist IT auditing skills are brought in to cover the technical IT audits.

Internal Audit Annual Plan 2018/19

ASSIGNMENTS	DAYS	HIGH LEVEL SCOPE	REASON FOR AUDIT
CORPORATE CROSS CUTTING			
AGS co-ordination 2017/18 and 2018/19		Information gathering from across the organisation to support the production of the Council's AGS.	Core assurance
Payroll		Review of systems and processes to ensure that payroll payments are valid and authorised. Specific focus on overtime payments, pension contributions, salary supplements.	Core financial system
Information Governance - Subject Access Requests (SARs)		Review of processes for responding to SARs given shortened response times under GDPR.	Corporate Risk
IR35		Review of processes in place to ensure compliance with IR35 regulations and follow up on any issues raised by HMRC.	Risk focus
Matrix agency contract management		Review of contract management for new agency contract.	Core assurance
Commercialisation		Review of risk mitigations in place for aspects of commercialisation, including governance structures, reporting, due diligence etc.	Core assurance
Pension Fund		Review of processes in place to ensure pension data completeness and accuracy.	Corporate Risk
Purchasing/procurement cards		Review of system in place to ensure that spend using procurement cards is appropriate and adequately controlled.	Follow up
SUB TOTAL	140		
CHIEF EXECUTIVE'S			
Disclosure & Barring Service (DBS) Checks		Review of system to ensure checks are appropriately carried out in accordance with new on line system.	Core assurance
SUB TOTAL	15		
CHILDREN, ADULTS & COMMUNITY HEALTH			
Adult Services/Public Health			
Appointeeships/Court of Protection		Review of operational arrangements in place to refer, assess and manage cases, including payment and reconciliation of accounts	Fraud risk
Public Health Contracts - contract letting		Review of tender process for public health contracts.	Corporate Risk
Health & Social Care Integration/Integrated Commissioning		governance, data sharing, organisational cultures, systems, monitoring, reporting	Corporate Risk
Mortuary Statutory Review		Compliance review as required by regulatory authority.	Compliance - annual

Internal Audit Annual Plan 2018/19

ASSIGNMENTS	DAYS	HIGH LEVEL SCOPE	REASON FOR AUDIT
Children & Families			
Looked After Children (LAC)		Review of process for placement, allocation and 3 month review	Audit Plan Cycle
Special Educational Needs (SEN) Transport including 2017/18 follow up		Review of controls and process covering the management and operation of the SEN transport operation and compliance with qualifying criteria	Corporate Risk
S17 Children in Need spend		Review of processes and controls over spend	Manager Request
Multi-Agency Working (adults and children)		Compliance with data security requirements for sharing information for safeguarding cases	Risk focus
Education & Schools			
Schools overview report 2017/18		Summary of previous year's audits detailing key themes	Annual Summary
Individual School Audits - 17 schools based upon a risk assessment overlaid with cyclical review every 4 years		All schools in the Borough will receive a full audit at least every 4 years.	Core Assurance
Follow up schools reviews		Review of the implementation of recommendations from no and limited assurance reviews performed during 2017/18	Compliance
Facilities Management contract in schools		Review of processes underpinning the operation of the FM contract with schools including data quality, escalation and contractor payment systems.	Manager Request
SUB TOTAL - CACH	253		
FINANCE & CORPORATE RESOURCES (EXCL ICT)			
Strategic Property			
Health & Safety		High level review – Corporate Health and Safety policy, its implementation and management/Members commitment to H&S. H&S risk assessments and control measures. Training, audits, guidelines, PIs.	Corporate Risk
Asset management		Review of Council's property portfolio and management of its property assets (acquisitions, disposals, authorisation, strategic planning)	Core assurance
Capital Projects - Morning Lane (Tesco site)		Review of governance and risk management within project	Corporate Risk
Commercial property - debt management		Review of management of commercial income including billing, collection, arrears and write off, and MIS/PIs	Core assurance
Financial Management			

Internal Audit Annual Plan 2018/19

ASSIGNMENTS	DAYS	HIGH LEVEL SCOPE	REASON FOR AUDIT
VAT		Review of compliance with VAT regulations including HLT.	Core assurance
NNDR/Business Rates		Key controls over registration, billing, arrears, discounts, voids, inspections, appeals, refunds, MIS/PIs.	Core financial system
Accounts Payable		Key controls review for supplier set up and amendments etc	Core financial system
Treasury and Investments		Compliance review to ensure key controls are effective and processes in place to ensure CIPFA regulations are adhered to.	Core financial system
General Ledger - Cedar		Review of systems controls, specifically access controls, system administration, data security/protection, contractual arrangements, upgrades and support.	Core financial system
Customer Services			
Council Tax		Review and compliance checks over registration, billing, arrears, discounts, voids, inspection, appeals, refunds, MIS/PIs	Core financial system
Housing Benefits		Review and compliance checks regarding verification, payments, arrears, appeals, overpayments, MIS/PIs.	Core financial system
Cash receipting/banking		Review of key controls over cash collection, refunds, recording, reconciliation and interfaces	Core financial system
Registrars Services		Review of the systems and processes in place, especially around income systems	Audit Plan Cycle
Temporary Accommodation		Arrangements to manage relationships with providers, contract management, and compliance with mandatory specifications.	Corporate Risk
Procurement			
Single Tender Action (STA) Process		Include ASC as key area	Core assurance
SUB TOTAL F&CR	235		
ICT			
Academy IT application review		Review of systems controls, specifically access controls, system administration, data security/protection, contractual arrangements, upgrades, support.	Audit Plan Cycle
iTrent application post implementation review		Review of systems controls, specifically access controls, system administration, data security/protection, contractual arrangements, upgrades, support.	Core assurance
IT equipment disposals		Review of the processes to ensure safe and secure disposal of IT	Risk focus

Internal Audit Annual Plan 2018/19

ASSIGNMENTS	DAYS	HIGH LEVEL SCOPE	REASON FOR AUDIT
		equipment in the context of new IT roll out.	
IT Asset Management		Review of IT asset management arrangements including acquisition and recording disposal.	Core assurance
End user devices - security (incl. mobile devices, remote access)		Review of the systems and processes to ensure that there is adequate controls over the use of such devices (access, security, back up)	Risk focus
IT risk/needs assessment		Forward assessment of key IT risks for use in shaping the IT audit plan for following 3 years planning horizon.	Risk focus
SUB TOTAL ICT	90		
NEIGHBOURHOODS AND HOUSING			
Housing			
Fire related safety work and H&S compliance		Review of the processes in place to ensure that recommendations are implemented within timescales and rolling programme is in place and being adhered to. Also, assessment of arrangements to ensure that housing stock is maintained in line with health & safety standards, integrating with other assurance work	Corporate Risk
TMOs - risk assessed coverage		Cyclical review of Council TMOs - Wenlock Barn, Downs and follow up of recommendations from 2017/18 audits on four TMOs.	High risk, follow up
Housing Rents		Review and compliance checks in respect of billing, arrears, refunds, write offs, MIS/PIs.	Core financial system
DLO		Review of aspect of the DLO, focusing on performance monitoring	Audit Plan Cycle
Housing Asset Management		Gateway/advisory role throughout the development of the Housing Asset Management Strategy	Management request
Housing Service Control Framework		Assessment of progress made with implementation of recommendations made in historic Hackney Homes audit reports.	Fraud prevention risk
Housing Asset Management Contracts		Review of contract management, included adequacy of information provided, in the lead up to new contracts being specified and tendered.	Corporate Risk
Public Realm			
Libraries		Review of controls and processes within the library service	Management request

Internal Audit Annual Plan 2018/19

ASSIGNMENTS	DAYS	HIGH LEVEL SCOPE	REASON FOR AUDIT
Leisure Centres Management (GLL) - contract monitoring		Review of contract monitoring arrangements including compliance and performance reporting.	Audit Plan Cycle
APCOA parking contract		Review of contract monitoring arrangements including compliance and performance reporting.	Audit Plan Cycle
CCTV monitoring contract		Review of contract monitoring arrangements including compliance and performance reporting.	Audit Plan Cycle
Capital schemes		Review of processes in place for schemes including monitoring and project management. (Highways, Leisure/Greenspace)	Core assurance
Waste Collection			Audit Plan cycle
Regeneration			
Hackney Sales		Audit of controls and processes in place for new area of activity.	New activity
SUB TOTAL N&H	240		
OTHER			
Follow up audit work, completion of 2017/18 audit work and contingency for requests and emerging risks.			
SUB-TOTAL OTHER	204		
TOTAL AUDIT DAYS	1,177		

Internal Audit Annual Plan 2018/19

Objectives, Key Performance Indicators (KPI's) and Targets for 2018/19		
	KPI's	Targets
Cost & Efficiency Objectives 1) To ensure the service provides Value for Money	1) Percentage of annual plan completed by 31 March 2) Average number of days between end of fieldwork to issue of draft report	1) 90% 2) Less than 15 working days
Quality Objectives 1) To maintain an effective system of Quality Assurance 2) To ensure recommendations made by the service are agreed and implemented	1) Percentage of agreed significant recommendations which are implemented in agreed timescales	1) 100%
Client Satisfaction Objectives 1) To ensure that clients are satisfied with the service and consider it to be good quality.	1) Results of Post Audit Questionnaires 2) Results of other Questionnaires 3) No. of Complaints / Compliments	1) Average score of satisfactory and above 2) Satisfactory results 3) No target – actual numbers will be reported
Continuous Improvement Objectives 1) To ensure that the service develops in line with modern thinking and practice on Internal Auditing	1) Internal/External assessment under the Public Sector Internal Audit Standards	1) Internal Audit team conforms with the PSIAS



REVISED CORPORATE CODE OF GOVERNANCE

**AUDIT COMMITTEE
MEETING DATE**

18 April 2018

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 and approve the revised Code of Governance. This follows review by Scrutiny Committee in February 2018.

2. RECOMMENDATION(S)

The Audit Committee is recommended to:

- 2.1. Review and approve the revised draft version of the Council's Code of Governance, with the option for in-year changes.

3. BACKGROUND

- 3.1. The Code of Governance sets out and describes the way in which the Council carries out its functions and the processes in place that aim to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. This draft version has been revised to incorporate current CIPFA (Chartered Institute of Public Finance and Accountancy) best practice. The changes in the revised Code are already used as a foundation for the Annual Governance Statement process.
- 3.2. The changes from the principles set out in the current (2011) Code of Governance are summarised in the following table, the previous principles were drawn from earlier CIPFA best practice guidance. The two core principles of the 2018 guidance are highlighted. While the Council is not obliged to comply with best practice, it is expected to do so.

2011 Code of Governance	2018 Revisions
Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
Engaging with local people and other stakeholders to ensure robust public accountability.	Ensuring openness and comprehensive stakeholder engagement.
Focusing on the purpose of the authority and on outcomes for the community and on creating and implementing a vision for the local area	Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Members and officers working together to achieve a common purpose with clearly defined functions and roles.	Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
Developing the capacity and capability of members and officers to be effective.	Developing the Council's capacity, including the capability of its leadership and the individuals within it.
Taking informed transparent decisions which are subject to effective scrutiny and managing risk.	Managing risks and performance through robust internal control and strong public financial management.
	Determining the interventions necessary to optimise the achievement of the intended outcomes.

3.3 The revised draft Code has previously been considered and endorsed by the Statutory Officers Group, Scrutiny Panel and the Member for Finance, it is now submitted to Audit Committee for approval. The Code brings together existing governance arrangements to set out the overall governance framework. For this reason it will be a dynamic document to be updated in-year as other policies and procedures are updated and introduced.

4. BACKGROUND

4.1 Policy Context

The Code confirms Hackney's commitment to the principles of good governance. It does not of itself introduce new policy requirements but rather draws together existing guidance to demonstrate how the Council delivers good governance in all of its' activities, both at officer and Member level.

4.2 Equality Impact Assessment

This report does not require an equality impact assessment, existing policies that feed in to the Corporate Code already consider equality issues.

4.3 Sustainability

Not applicable.

4.4 Consultations

Consultation on the Corporate Code 2018 has taken place with senior management, Scrutiny Committee and the Member for Finance.

4.5 Risk Management

The Code does not of itself introduce new risk management considerations but does set out that effective management of risk is a core principal of the governance arrangements.

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

5.1. *There are no financial implications arising from this report because the cost of maintaining effective corporate governance arise from existing governance arrangements.*

5.2 *Effective governance arrangements incorporate key internal controls and expected standards for officers and Members, thereby aiding the prevention and detection of fraud, waste 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 to provide:*

- *the effective exercise of its functions and the achievement of its aims and objectives;*
- *effective financial and operational management of the authority; and*
- *effective arrangements for the management of risk.*

The Code sets out a framework in support of these requirements. The regulations also set out the requirement to produce an Annual Governance Statement, and again the Code provides the framework upon which this is based.

6.2 *There are no immediate legal implications arising from the report.*

Appendices

Appendix 1 – Revised Code of Governance 2018

BACKGROUND PAPERS

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

Description of document (or None)

None

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Code of Governance
Hackney Council

April 2018

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Defining Corporate Governance

This Code of Governance is concerned with the governance of Hackney Council (the Council); both its corporate governance – the internal regulation and procedures that must be followed in the exercise of its power and duties – and the public-facing elements of local governance such as elections, the relationship between the elected members and electorate, and consultative and participatory process employed to build a closer relationship between the citizens of Hackney and other stakeholders and the decisions made about Hackney the place.

The Council operates through a governance framework which is set by legislative requirements, the organisational culture and values, and management systems and processes.

What characterises good governance?

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

To deliver good governance, both the Council and those working for the organisation must try to achieve the Council's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

Ethical behaviour is the cornerstone of good governance. Local government relies on the credibility of and public confidence in Members and officers. As such, it is important that all Members and officers operate in an open and accountable manner, and demonstrate high standards of conduct at all times.

In their guidance notes, *Delivering Good Governance in Local Government (2016)*, CIPFA/SOLACE identifies the principles of good governance, as follows:

Core Principles

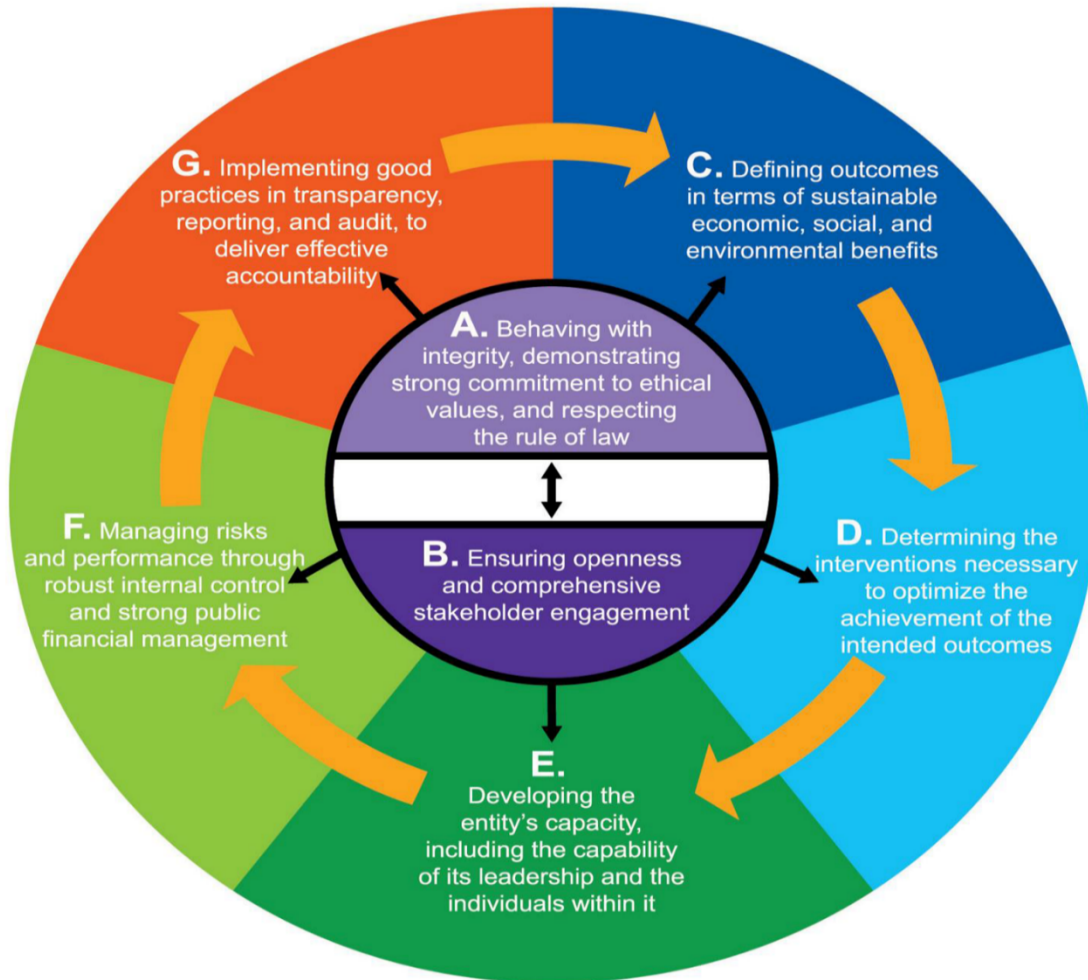
Acting in the public interest requires a commitment to and effective arrangements for:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.

In addition, achieving good governance also requires effective arrangements for:

- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



Purpose of the Code of Governance

The Council recognises the need for sound governance and has put in place policies, systems and procedures designed to achieve this. It has published this local Code as a means of demonstrating its commitment to good governance and as a way of communicating to Members, officers and stakeholders the high standards of governance it has set itself. The principles of good governance set out in this Code should be evident in the work of all officers and Members and the Council will report on its compliance with this Code and the Governance Framework in its Annual Governance Statement.

This Code of Governance is based on the principles above and is compatible with the Committee on Standards in Public Life's Seven Principles of Public Life which are as follows:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

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Governance Framework

The Council endeavours to achieve the highest standards of governance and to comply with the principles and requirements of the CIPFA/ SOLACE Governance Framework. We are committed to improving our governance arrangements and reviewing and reporting on our governance arrangements annually will help achieve this.

We have set out a summary of the Council's governance arrangements in light of the requirements of each principle and highlighted areas we will endeavour to strengthen over the coming year.

Code of Corporate Governance: Interpretation

Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
Acting in the public interest requires a commitment to and effective arrangements for:		
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</p> <p>The Council is accountable not only for how much it spends, but also for how it used the resources under its stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, we have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, we can demonstrate the appropriateness of all our actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p>Behaving with integrity:</p> <ul style="list-style-type: none"> • Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the Council's reputation. • Ensuring members take the lead in establishing specific standard operating principles or values [building on the Seven Principles for Public Life] for the Council and its staff and that they are communicated and understood. • Leading by example and using these standard operating principles or values as a framework for decision making and other actions. • Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively. 	<p>Behaving with integrity</p> <ul style="list-style-type: none"> • Code of Conduct for Members and staff. • A well-structured and transparent decision making processes and delegation arrangements. • The Standards Committee is responsible for overseeing the conduct of Members and identifying training needs of members in relation to the Code of Conduct. The Committee receives a report at each meeting on the progress of complaints and investigations. • Standards Committee Members receive training on the Code of Conduct. • Established staff procedures including an employee policy for acceptance of gifts and hospitality, an employee policy for registering interests and a whistle blowing policy. • Registers of Members' interests and records of gifts and hospitality. • Members' declaration of interests are a standing item on all agendas.
	Demonstrating strong commitment to ethical values:	Demonstrating strong commitment to ethical values

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Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
	<ul style="list-style-type: none"> • Seeking to establish, monitor and maintain the Council's ethical standards and performance. • Underpinning behaviour with ethical values and ensuring they permeate all aspects of the Council's culture and operation. • Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values. • Ensuring that external providers of services are required to act with integrity and in compliance with the same ethical standards expected of the Council. 	<ul style="list-style-type: none"> • The Constitution which sets out how the Council operates and how it makes decisions. It also states that the Council will exercise all its duties in accordance with the law. • Independent person on the Standards Committee. • Terms of Reference that exists for all committees. • Experiences S151 and Monitoring Officer with appropriate qualifications and standing to promote ethical values • Regular Statutory Officers meeting • Contract Procedure Rules which emphasise the expectation for partners and contractors to comply with the "seven principles of public life". • An Employee Performance Management Framework is in place.
	<p>Respecting the rule of the law:</p> <ul style="list-style-type: none"> • Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. • Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. • Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders. • Dealing with breaches of legal and regulatory provisions effectively. • Ensuring corruption and misuse of power are dealt with effectively. 	<p>Respecting the rule of law</p> <ul style="list-style-type: none"> • The Constitution identifies the Director of Legal as the Council's Monitoring Officer who is responsible for ensuring the Council operates within the law and decisions are administered correctly. • An Anti-Fraud & Corruption Strategy, Anti-Money Laundering Policy, Anti-Bribery Policy and Whistleblowing Policy are in place. There is a Whistleblowing hotline for employees to report irregularity and fraud. • All decision making reports contain legal comments and decisions only taken after advice from appropriate officers. • Financial Standing Orders, Contract Standing Orders and procurement guidance. • Overview and Scrutiny function of five standing Commissions. • Scrutiny Chairs Group • Cabinet Question Time
B. Ensuring openness and comprehensive	Openness:	Openness

Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
<p>stakeholder engagement.</p> <p>Local government is run for the public good. The Council should ensure openness in its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders</p>	<ul style="list-style-type: none"> • Ensuring an open culture through demonstrating, documenting and communicating the Council's commitment to openness. • Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided. • Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. • Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action. 	<ul style="list-style-type: none"> • A Publication Scheme that describes the information available • Responding to FOI (Freedom of Information) and SAR (Subject Access Requests) in accordance with legal provision. • A standard decision making report format to ensure that the decision maker is presented with all of the information necessary to inform the decision. • Meetings are held in public unless confidential items are being considered. • Agendas, reports and minutes, for all committees of the Council (including Scrutiny, Cabinet and Full Council) are published on the Council's website. • Decisions to be taken by Cabinet and Portfolio Holders are published in advance with the Forward Plan of Key Decisions. • Cabinet decisions are tracked to ensure actions are implemented on a timely basis. • Maintenance of an effective website. • Effective 'Critical Friend' challenge through the Council's scrutiny processes.
	<p>Engaging comprehensively with institutional stakeholders: Engaging stakeholders effectively, including individual citizens and service users:</p> <ul style="list-style-type: none"> • Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably. • Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. • Ensuring that partnerships are based on trust - a shared commitment to change 	<p>Engaging comprehensively with institutional stakeholders Engaging stakeholders effectively including individual citizens and service users</p> <ul style="list-style-type: none"> • Meaningful consultation is undertaken during key service changes. • Statutory consultation processes are followed and consistently applied. • Having in place a clear complaints procedure. • 'Hackney Today' newsletter circulated to 108k residents fortnightly. • Team Hackney is Hackney's Local Strategic Partnership. • Integrated Commissioning Group

Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
	<p>- a culture that promotes and accepts challenge among partners; and that the added value of partnership working is explicit.</p> <ul style="list-style-type: none"> • Establishing a clear policy on the type of issues that the Council will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. • Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement. • Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs, • Implementing effective feedback mechanisms in order to demonstrate how their values have been taken into account, • Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity, • Taking account of the interests of future generations of tax payers and service users. 	<ul style="list-style-type: none"> • Increased interaction via social media • Hackney Youth Parliament • One off events to increase engagement, such a Mayor's Question Time. <p>OTHER</p> <ul style="list-style-type: none"> • A Communications Team Plan which sets out the plan for improving communications across the Council with employees, partners, residents and other stakeholders. • Community Engagement Toolkit laying out how consultation with employees, partners, residents, businesses and other stakeholders should take place. • A partner/organisation/stakeholder list • Partnership Governance Protocol. • A Community Engagement framework that sets out how the Council will consult with the public. • An Engagement Officers meeting is being developed and includes the CCG, Police Fire and voluntary organisations. <p>Consultation with residents and stakeholders to inform redevelopment of Britannia leisure Centre site. Revised engagement structure for RPs. Ward Forums to encourage community led action.</p>
<p>In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires effective arrangements for:</p>		
<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p> <p>The long-term nature and impact of many of the Council's responsibilities mean that it should</p>	<p>Defining outcomes in terms of sustainable economic, social and environmental benefits:</p> <ul style="list-style-type: none"> • Having a clear vision which is an agreed formal statement of the Council's purpose and intended outcomes containing appropriate performance 	<ul style="list-style-type: none"> • A Corporate Plan that sets out the Council's vision and priorities based on consultations with local community and other key stakeholders • Mayor's priorities • Core strategic plans which form a key part of the Council's overall visions:

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Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
<p>define and plan outcomes and that these should be sustainable. Decisions should further the Authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>indicators, which provides the basis for the organisation's overall strategy, planning and other decisions.</p> <ul style="list-style-type: none"> • Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer. • Delivering defined outcomes on a sustainable basis within the resources that will be available. • Identifying and managing risks to the achievement of outcomes. • Managing service user's expectations effectively with regard to determining priorities and making the best use of the resources available. <ul style="list-style-type: none"> • Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. • Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between intended outcomes and short-term factors such as the political cycle or financial constraints. • Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. • Ensuring fair access to services. 	<ul style="list-style-type: none"> • An economic development strategy • A health and well-being strategy • A community safety strategy • Housing Strategy 2017-22 • Sustainable Community Strategy 2018-28 and Hackney Compact <ul style="list-style-type: none"> • Decision making takes account of key strategies, effects on residents and pays regard to public sector equality duty • Community Safety Partnership • Council provides fair access to the services it provides • Parks and open spaces recognised with Green Flag awards • Local Plan • MTFS • Community engagement framework • Environmental policy statement • Impact assessment • Social value policy • Ethical Procurement
<p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes.</p> <p>The Council achieves its intended outcomes by</p>	<p>Determining interventions:</p> <ul style="list-style-type: none"> • Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and 	<ul style="list-style-type: none"> • Decision making processes that receive objective and rigorous analysis including involvement of Monitoring Officer and S151 officer. • Processes that take account of service users when making decisions

Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
<p>providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved. It needs robust decision-making mechanisms to ensure that defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.</p>	<p>including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.</p> <ul style="list-style-type: none"> • Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. 	<ul style="list-style-type: none"> • Retaining control over preparation of strategic and operational plans • Demonstrable corporate approach to project management • Corporate Plan with measurable objectives • KPIs that are measurable and take account of the Council's Objectives • Regularly reviewed risk registers, the contents of which all relate to impacts on objectives, whether in a potentially negative capacity or a positive opportunity. • Robust budget preparation process that reflects the Council's objectives and MTFS
	<p>Planning interventions:</p> <ul style="list-style-type: none"> • Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets. • Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. • Considering and monitoring risks facing each partner when working collaboratively including shared risks. • Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances. • Establishing appropriate key performance indicators as part of the planning process in order to identify how the performance of services and projects is to be measured. • Ensuring capacity exists to generate the information required to review service quality regularly. • Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan. 	<ul style="list-style-type: none"> • Consultation engagement framework • Risks associated with partnership working are identified and captured in Council's risk register.

Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
	<ul style="list-style-type: none"> • Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy. 	
	<p>Optimising achievement of intended outcomes:</p> <ul style="list-style-type: none"> • Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints. • Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. • Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage. • Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes". 	<ul style="list-style-type: none"> •MTFS •Social values
<p>E. Developing the Council's capacity, including the capability of its leadership and the individuals within it.</p> <p>The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. It must ensure that it has both the</p>	<p>Developing the Council's Capacity:</p> <ul style="list-style-type: none"> • Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness. • Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently. 	<ul style="list-style-type: none"> •Induction programmes and E-Learning providing opportunities to update staff knowledge on a regular basis. Training needs identified through measurement of performance and objective setting meetings. •Robust recruitment process to assess the ability of candidates. •Comprehensive member development programme of training sessions (and own micro site) •Transformational Leadership Skills Programme in

Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
<p>capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the operating environment will change over time, there will be a continuous need to develop capacity as well as the skills and experience of the leadership and of individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<ul style="list-style-type: none"> • Recognising the benefits of partnerships and collaborative working where added value can be achieved. • Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources. 	<p>Housing</p> <ul style="list-style-type: none"> •Member Champion role for Mental Health •Weekly staff newsletter promoting well-being initiatives. •Apprenticeship programme and graduate trainee scheme. <p>•People and Development Strategy</p>
	<p>Developing the capability of the leadership and other individuals:</p> <ul style="list-style-type: none"> • Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. • Publishing a statement that specifies the types of decisions that are delegated and those reserved for collective decision making. • Ensuring the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority. • Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the Council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and 	<ul style="list-style-type: none"> •Scheme of Delegation which is reviewed annually •Statutory officers have skills, knowledge, resources and support necessary to perform their roles effectively. •Clear Senior Level involvement and 'buy-in' in processes like risk management, where all Corporate risks have to be signed off by the Hackney Management Team. •Health and safety policies in place.

Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
	<p>risks by:</p> <ul style="list-style-type: none"> - Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged. - Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis. - Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. <ul style="list-style-type: none"> • Ensuring that there are structures in place to encourage public participation. • Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections. • Holding staff to account through regular performance reviews which take account of training or development needs. • Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing. 	
<p>F. Managing risks and performance through robust internal control and strong public financial management.</p> <p>The Council needs to ensure that the governance structures it has implemented can sustain an effective performance management</p>	<p>Managing risk:</p> <ul style="list-style-type: none"> • Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making. • Implementing robust and integrated risk management arrangements and ensuring that they 	<ul style="list-style-type: none"> •Risk Champions within each directorate promoting good risk management. •Risk registers refreshed and considered by Corporate Management Team (and Directorate Management teams) on a regular basis and reported to Audit Committee. •Directorate Risk registers individually considered

Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
<p>system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.</p> <p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.</p> <p>It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<p>are working effectively.</p> <ul style="list-style-type: none"> • Ensuring that responsibilities for managing individual risks are clearly allocated. <p>Managing performance:</p> <ul style="list-style-type: none"> • Monitoring service delivery effectively including planning, specification, execution and independent post implementation review. • Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation’s financial, social and environmental position and outlook. • Ensuring an effective scrutiny or oversight function 	<p>by Audit Committee on an annual basis.</p> <ul style="list-style-type: none"> •The Council’s Corporate register is updated and reviewed on a quarterly basis, before being submitted to Audit Committee. •Embedded within all Projects and Programmes is an emphasis on risk management as a key factor in assisting the achievement of outcomes. All Highlight reports contain regularly updated registers, and if relevant, feed into Divisional / Directorate or Corporate registers. •A Risk Management Policy and Strategy is reviewed biennially and then signed off by Audit Committee. The strategy is introduced and signed by the Chief Executive, illustrating Senior Management buy-in and how important an effective approach to risk is to the Council. •The Strategy and Policy explicitly outline and clearly allocate individual responsibilities for managing risks. •At each Audit Committee meeting, in order to provide an additional layer of assurance, a joint Risk / Performance and Financial Management paper is presented to ensure members receive a consistently updated overview off these often overlapping areas. <ul style="list-style-type: none"> •Pentana dashboard reporting tool for reporting to lead members •KPIs •Overview and Scrutiny Commission •CSO and FSO

Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
	<p>is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing performance.</p> <ul style="list-style-type: none"> • Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. • Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements). 	
	<p>Robust internal control:</p> <ul style="list-style-type: none"> • Aligning the risk management strategy and policies on internal control with achieving the objectives. • Evaluating and monitoring the authority's risk management and internal control on a regular basis. • Ensuring effective counter fraud and anti-corruption arrangements are in place. • Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor. • Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> – Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment. – That its recommendations are listened to and acted upon. 	<ul style="list-style-type: none"> • Effective internal audit function which provides assurance on governance, risk management and control. • Annual assurance report from Audit and Anti-Fraud which provides an opinion on the Council's control framework. • Counter fraud and anti-corruption service which investigates allegations of fraud and promotes awareness of counter fraud initiatives. • Annual fraud report. • Anti-Fraud and Corruption Strategy. • Audit Committee which is independent of Cabinet which oversees the management of governance issues, internal controls, risk management and financial reporting. The Audit Committee reports annually to Cabinet. • Training for Audit Committee members • Child and Adult Safeguarding
	<p>Managing data:</p> <ul style="list-style-type: none"> • Ensuring effective arrangements are in place for the safe collection, storage, and use and sharing of data, 	<ul style="list-style-type: none"> • Policies in place setting out the Council's Information Governance Framework (LIST) • Mandatory information governance training for

Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
	including processes to safeguard personal data. <ul style="list-style-type: none"> • Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies. • Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring. 	staff and members. <ul style="list-style-type: none"> • Information sharing agreements • Data subjects are informed why personal information is being collected and how it will be processed through Privacy Notices on website
	Strong public financial management: <ul style="list-style-type: none"> • Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance. • Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. 	<ul style="list-style-type: none"> • Financial Standing Orders • Compliance with CIPFA Statement on the Role of the Chief Financial Officer • Financial Strategy • Council's financial position reported monthly to Cabinet and Scrutiny
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability. Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.	Implementing good practice in transparency: <ul style="list-style-type: none"> • Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate. • Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand. 	<ul style="list-style-type: none"> • Agendas, reports and minutes are published on the Council's website. • Adoption of National Transparency Code.
	Implementing good practices in reporting: <ul style="list-style-type: none"> • Reporting at least annually on performance, value for money and the stewardship of its resources. • Ensuring members and senior management own the results. 	<ul style="list-style-type: none"> • Annual financial statements are produced to timetable and published on Council's website • Annual Governance Statement

Core Principles	Sub-principles (<i>Behaviours and actions that demonstrate governance in practice are illustrated in the bullet points and included for information</i>).	Evidence of Compliance and Supporting Documentation
	<ul style="list-style-type: none"> • Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement). • Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate. • Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations. 	
	<p>Assurance and effective accountability:</p> <ul style="list-style-type: none"> • Ensuring that recommendations for corrective action made by external audit are acted upon. • Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon. • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. • Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement. • Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met. 	<ul style="list-style-type: none"> • Heads of service complete annual assurance statements and directors provide overall assurance of compliance with the Council's governance framework. • The AGS sets out the Council's governance framework and the results of the annual review of effectiveness. • An effective internal audit and counter fraud service is resourced and maintained. The service provides assurance on governance arrangements via an annual report to Audit Committee. • External Audit provides an annual opinion on the Council's financial statements and arrangements for securing value for money.

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PERFORMANCE OVERVIEW

AUDIT COMMITTEE MEETING DATE 2017/18 18 April 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 by 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, the 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. We are working towards the provision of 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, in future reports.
- 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 Q3



PI Code	Description	2015/16	2016/17	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q3 Note	Target 2017/18	DOT	Traffic Light	Chart										
CACH CSC 010 Page 181	Percentage of child protection cases which were reviewed within required timescales (ex NI 67)	94.4%	98.6%	Not measured for Quarters				100.0%	↑	⚠	<p>CACH CSC 010 Percentage of child protection cases which were reviewed within required timescales (ex NI 67)</p> <table border="1"> <caption>CACH CSC 010 Data</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>~94.4%</td> </tr> <tr> <td>2014/15</td> <td>~98.6%</td> </tr> <tr> <td>2015/16</td> <td>~94.4%</td> </tr> <tr> <td>2016/17</td> <td>~98.6%</td> </tr> </tbody> </table>	Year	Percentage	2013/14	~94.4%	2014/15	~98.6%	2015/16	~94.4%	2016/17	~98.6%
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CACH PH 008	Obesity in primary school age children in Year 6: Line 9 - Percentage of children in Year 6 with height and weight recorded who are obese (ex NI 56(ix)d)	25.6%		Not measured for Quarters					↑	⚠	<p>CACH PH 008 Obesity in primary school age children in Year 6: Line 9 - Percentage of children in Year 6 with height and weight recorded who are obese (ex NI 56(ix)d)</p> <table border="1"> <caption>CACH PH 008 Data</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>25.6%</td> </tr> <tr> <td>2014/15</td> <td>~24.0%</td> </tr> <tr> <td>2015/16</td> <td>~25.0%</td> </tr> </tbody> </table>	Year	Percentage	2013/14	25.6%	2014/15	~24.0%	2015/16	~25.0%		
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CE HROD 001	Sickness 12 month rolling average (days)		6.55	6.53	6.63	6.94		7.5	↓	🟢	<p>CE HROD 001 Sickness 12 month rolling average</p> <table border="1"> <caption>CE HROD 001 Sickness 12 month rolling average</caption> <thead> <tr> <th>Quarter</th> <th>Sickness (days)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>7.64</td></tr> <tr><td>Q2 2015/16</td><td>7.17</td></tr> <tr><td>Q3 2015/16</td><td>6.24</td></tr> <tr><td>Q1 2016/17</td><td>6.24</td></tr> <tr><td>Q2 2016/17</td><td>6.45</td></tr> <tr><td>Q3 2016/17</td><td>6.36</td></tr> <tr><td>Q4 2016/17</td><td>6.55</td></tr> <tr><td>Q1 2017/18</td><td>6.53</td></tr> <tr><td>Q2 2017/18</td><td>6.63</td></tr> <tr><td>Q3 2017/18</td><td>6.94</td></tr> </tbody> </table>	Quarter	Sickness (days)	Q1 2015/16	7.64	Q2 2015/16	7.17	Q3 2015/16	6.24	Q1 2016/17	6.24	Q2 2016/17	6.45	Q3 2016/17	6.36	Q4 2016/17	6.55	Q1 2017/18	6.53	Q2 2017/18	6.63	Q3 2017/18	6.94		
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Page 182 HROD 023	% of employees aged 50 or over	33.8%	36.4%	37.1%	38.0%	38.1%			↓	🟡	<p>CE HROD 023 % of employees aged 50 or over</p> <table border="1"> <caption>CE HROD 023 % of employees aged 50 or over</caption> <thead> <tr> <th>Quarter</th> <th>% of employees</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>34.6%</td></tr> <tr><td>Q2 2015/16</td><td>34.4%</td></tr> <tr><td>Q3 2015/16</td><td>34.8%</td></tr> <tr><td>Q4 2015/16</td><td>33.8%</td></tr> <tr><td>Q1 2016/17</td><td>35.8%</td></tr> <tr><td>Q2 2016/17</td><td>36.0%</td></tr> <tr><td>Q3 2016/17</td><td>36.4%</td></tr> <tr><td>Q4 2016/17</td><td>37.2%</td></tr> <tr><td>Q1 2017/18</td><td>37.1%</td></tr> <tr><td>Q2 2017/18</td><td>38.0%</td></tr> <tr><td>Q3 2017/18</td><td>38.1%</td></tr> </tbody> </table>	Quarter	% of employees	Q1 2015/16	34.6%	Q2 2015/16	34.4%	Q3 2015/16	34.8%	Q4 2015/16	33.8%	Q1 2016/17	35.8%	Q2 2016/17	36.0%	Q3 2016/17	36.4%	Q4 2016/17	37.2%	Q1 2017/18	37.1%	Q2 2017/18	38.0%	Q3 2017/18	38.1%
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CE HROD 029a	Top 5% of earners: Ethnic minorities (ex BV11b)		27.10%	26.46%	25.73%	25.43%		26.01%	↓	⚠	<p>CE HROD 029a Top 5% of earners: Ethnic minorities (ex BV11b)</p> <table border="1"> <caption>CE HROD 029a Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>25.84%</td></tr> <tr><td>Q2 2015/16</td><td>27.22%</td></tr> <tr><td>Q1 2016/17</td><td>28.19%</td></tr> <tr><td>Q2 2016/17</td><td>27.72%</td></tr> <tr><td>Q3 2016/17</td><td>26.63%</td></tr> <tr><td>Q4 2016/17</td><td>25.84%</td></tr> <tr><td>Q1 2017/18</td><td>26.46%</td></tr> <tr><td>Q2 2017/18</td><td>25.73%</td></tr> <tr><td>Q3 2017/18</td><td>25.43%</td></tr> </tbody> </table>	Quarter	Percentage	Q1 2015/16	25.84%	Q2 2015/16	27.22%	Q1 2016/17	28.19%	Q2 2016/17	27.72%	Q3 2016/17	26.63%	Q4 2016/17	25.84%	Q1 2017/18	26.46%	Q2 2017/18	25.73%	Q3 2017/18	25.43%
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CE HROD 030a	Top 5% of earners: Women (ex BV 11a)		49.58%	48.29%	51.00%	49.73%		48.13%	↓	✅	<p>CE HROD 030a Top 5% of earners: Women (ex BV 11a)</p> <table border="1"> <caption>CE HROD 030a Quarterly Data</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>Q1 2016/17</td><td>48.72%</td></tr> <tr><td>Q2 2016/17</td><td>49.15%</td></tr> <tr><td>Q3 2016/17</td><td>49.78%</td></tr> <tr><td>Q4 2016/17</td><td>50.67%</td></tr> <tr><td>Q1 2017/18</td><td>48.29%</td></tr> <tr><td>Q2 2017/18</td><td>51.00%</td></tr> <tr><td>Q3 2017/18</td><td>49.73%</td></tr> </tbody> </table>	Quarter	Percentage	Q1 2015/16	49.28%	Q2 2015/16	49.53%	Q1 2016/17	48.72%	Q2 2016/17	49.15%	Q3 2016/17	49.78%	Q4 2016/17	50.67%	Q1 2017/18	48.29%	Q2 2017/18	51.00%	Q3 2017/18	49.73%
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CE PPD 021	Number of Resolution Stage complaints received by the Council	2683	3367	758	765	730			↑		<p>CE PPD 021 Number of Resolution Stage complaints received by the Council</p> <table border="1"> <caption>CE PPD 021 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Number of Complaints</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>704</td></tr> <tr><td>Q2 2015/16</td><td>616</td></tr> <tr><td>Q3 2015/16</td><td>627</td></tr> <tr><td>Q4 2015/16</td><td>736</td></tr> <tr><td>Q1 2016/17</td><td>875</td></tr> <tr><td>Q2 2016/17</td><td>837</td></tr> <tr><td>Q3 2016/17</td><td>812</td></tr> <tr><td>Q4 2016/17</td><td>843</td></tr> <tr><td>Q1 2017/18</td><td>758</td></tr> <tr><td>Q2 2017/18</td><td>765</td></tr> <tr><td>Q3 2017/18</td><td>730</td></tr> <tr><td>Q4 2017/18</td><td>714</td></tr> </tbody> </table>	Quarter	Number of Complaints	Q1 2015/16	704	Q2 2015/16	616	Q3 2015/16	627	Q4 2015/16	736	Q1 2016/17	875	Q2 2016/17	837	Q3 2016/17	812	Q4 2016/17	843	Q1 2017/18	758	Q2 2017/18	765	Q3 2017/18	730	Q4 2017/18	714
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Page 18 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)	15.7 days (YTD)	17.4 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 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Time taken (YTD)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>11.3 days</td></tr> <tr><td>Q2 2015/16</td><td>10.6 days</td></tr> <tr><td>Q3 2015/16</td><td>10.5 days</td></tr> <tr><td>Q4 2015/16</td><td>9.1 days</td></tr> <tr><td>Q1 2016/17</td><td>11.3 days</td></tr> <tr><td>Q2 2016/17</td><td>11.8 days</td></tr> <tr><td>Q3 2016/17</td><td>11.8 days</td></tr> <tr><td>Q4 2016/17</td><td>10.0 days</td></tr> <tr><td>Q1 2017/18</td><td>15.7 days</td></tr> <tr><td>Q2 2017/18</td><td>17.4 days</td></tr> <tr><td>Q3 2017/18</td><td>17.4 days</td></tr> </tbody> </table>	Quarter	Time taken (YTD)	Q1 2015/16	11.3 days	Q2 2015/16	10.6 days	Q3 2015/16	10.5 days	Q4 2015/16	9.1 days	Q1 2016/17	11.3 days	Q2 2016/17	11.8 days	Q3 2016/17	11.8 days	Q4 2016/17	10.0 days	Q1 2017/18	15.7 days	Q2 2017/18	17.4 days	Q3 2017/18	17.4 days		
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FCR RB BHN 007	Number of households living in temporary accommodation (ex NI 156)	2,495	2,900	2,949	2,885	2,843	Number of placements amended as late notification of vacations and handbacks received for HALs properties.		↑		<p>FCR RB BHN 007 Number of households living in temporary accommodation (ex NI 156)</p> <table border="1"> <caption>FCR RB BHN 007 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>2,155</td></tr> <tr><td>Q2 2015/16</td><td>2,285</td></tr> <tr><td>Q3 2015/16</td><td>2,377</td></tr> <tr><td>Q4 2015/16</td><td>2,495</td></tr> <tr><td>Q1 2016/17</td><td>2,624</td></tr> <tr><td>Q2 2016/17</td><td>2,723</td></tr> <tr><td>Q3 2016/17</td><td>2,801</td></tr> <tr><td>Q4 2016/17</td><td>2,900</td></tr> <tr><td>Q1 2017/18</td><td>2,949</td></tr> <tr><td>Q2 2017/18</td><td>2,885</td></tr> <tr><td>Q3 2017/18</td><td>2,843</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	2,155	Q2 2015/16	2,285	Q3 2015/16	2,377	Q4 2015/16	2,495	Q1 2016/17	2,624	Q2 2016/17	2,723	Q3 2016/17	2,801	Q4 2016/17	2,900	Q1 2017/18	2,949	Q2 2017/18	2,885	Q3 2017/18	2,843
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FCR RB REV 003	% of current year Council Tax collected (QRC basis)	94.1%	94.5%	27.1%	50.1%	73.4%		94.0%			<p>FCR RB REV 003 % of current year Council Tax collected (QRC basis)</p> <table border="1"> <caption>FCR RB REV 003 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>27.0%</td></tr> <tr><td>Q2 2015/16</td><td>50.1%</td></tr> <tr><td>Q3 2015/16</td><td>73.1%</td></tr> <tr><td>Q4 2015/16</td><td>94.1%</td></tr> <tr><td>Q1 2016/17</td><td>27.3%</td></tr> <tr><td>Q2 2016/17</td><td>50.5%</td></tr> <tr><td>Q3 2016/17</td><td>73.5%</td></tr> <tr><td>Q4 2016/17</td><td>94.5%</td></tr> <tr><td>Q1 2017/18</td><td>27.1%</td></tr> <tr><td>Q2 2017/18</td><td>50.1%</td></tr> <tr><td>Q3 2017/18</td><td>73.4%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2015/16	27.0%	Q2 2015/16	50.1%	Q3 2015/16	73.1%	Q4 2015/16	94.1%	Q1 2016/17	27.3%	Q2 2016/17	50.5%	Q3 2016/17	73.5%	Q4 2016/17	94.5%	Q1 2017/18	27.1%	Q2 2017/18	50.1%	Q3 2017/18	73.4%
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PI Code	Description	2015/16	2016/17	2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q3 Note	Target 2017/18	DOT	Traffic Light	Chart
FCR RB REV 005	Percentage of non-domestic rates collected	96.10%	96.40%	28.00%	55.36%	81.00%		95.00%		▲	<p style="text-align: center;">FCR RB REV 005 Percentage of non-domestic rates collected</p>
Page 186	NH H IM 005		3.21 %	3.32 %	3.41 %	3.65 %	This PI was red at the end of Q3 as rent arrears as a % of rent debit rose to 3.65% (compared with 3.46% at the corresponding point last year). Rent collection performance has stabilised over the last eight weeks following intensive action by the Income Collection team. Arrears as at week 38 were 3.34%. This remains higher than at the same point last year, the result of significant staff turnover,		▼	●	<p style="text-align: center;">NH H IM 005 Rent Arrears as a % of rent debit</p> <p>Garage arrears have continued to decrease as a result of new working practices and a more robust approach and are currently around £20k lower than at the beginning of the year. Mesne profit account debt has increased to £315k, but progress is being made in resolving these accounts with Devonshires Solicitors. New internal reporting arrangements are being put in place to scrutinise those cases with serious arrears to ensure they are prioritised.</p>

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							but we are confident of recovering this position to achieve target. Cont ⇨																												
NH H IM 006	Total value of rent arrears YTD (Total)	£4,238,766.20	£4,055,527.23	£4,220,588.72	£4,308,921.90	£4,598,598.35	Commentary same as NH H IM 005 Rent Arrears as a % of rent debit PI	£3,930,000.00	↓	⚠	<p style="text-align: center;">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>£4,273,049.97</td></tr> <tr><td>Q3 2016/17</td><td>£4,398,465.77</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> <tr><td>Q3 2017/18</td><td>£4,598,598.35</td></tr> </tbody> </table>	Quarter	Value (£)	Q1 2015/16	£4,247,514.73	Q2 2015/16	£4,114,982.88	Q3 2015/16	£4,415,871.84	Q4 2015/16	£4,238,766.20	Q1 2016/17	£4,296,632.65	Q2 2016/17	£4,273,049.97	Q3 2016/17	£4,398,465.77	Q4 2016/17	£4,055,527.23	Q1 2017/18	£4,220,588.72	Q2 2017/18	£4,308,921.90	Q3 2017/18	£4,598,598.35
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NH H RespRep 001	% of Repair Appointments Kept	81.41%	78.04%	93.06%	93.92%	91.86%	Reported performance in 2017/18 is higher than last year as we are now reporting via Qlikview, the Council's Business Intelligence system, which is providing more accurate real time data. With performance levels falling by some two percentage points during Q3, managers have been		↓	⚠	<p style="text-align: center;">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>Percentage (%)</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>76.72%</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>93.06%</td></tr> <tr><td>Q2 2017/18</td><td>93.92%</td></tr> <tr><td>Q3 2017/18</td><td>91.86%</td></tr> </tbody> </table>	Quarter	Percentage (%)	Q1 2015/16	82.39%	Q2 2015/16	81.54%	Q3 2015/16	81.25%	Q4 2015/16	81.41%	Q1 2016/17	76.72%	Q2 2016/17	76.89%	Q3 2016/17	77.61%	Q4 2016/17	78.81%	Q1 2017/18	93.06%	Q2 2017/18	93.92%	Q3 2017/18	91.86%
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							meeting on a regular basis to interrogate the daily performance information available to them via Qlikview and to agree service improvement initiatives. As a result of this work, the % of appointments kept had improved to 93.54% by the end of February.																										
Page 188																																	
NH H RespRep 002	% of repairs completed on first visit (based on tenant satisfaction)	73.06%	72.11%	N/A	54.81%	64.97%	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 or email. Cont. ⇨	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</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>54.81%</td></tr> <tr><td>Q3 2017/18</td><td>64.97%</td></tr> </tbody> </table> <p>These new surveys are showing lower satisfaction levels than in 2016/17, which is to be 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 the case under the old methodology. However, the outturn in Q3 2017/18 of 64.97% is a 10 percentage point improvement on the Q2 2017/18 outturn of 54.81%.</p>	Quarter	% of repairs completed	Q1 2015/16	74.83%	Q2 2015/16	76.61%	Q3 2015/16	74.7%	Q4 2015/16	73.06%	Q1 2016/17	75.92%	Q2 2016/17	67.98%	Q3 2016/17	76.14%	Q4 2016/17	70.09%	Q2 2017/18	54.81%	Q3 2017/18	64.97%
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NH H RespRep 003	% of repairs completed on first visit (based on system generated data)	92.18%	92.3%	42.74%	26.69%	41.92%	With mobile working being rolled out across the DLO, we have taken the decision to now measure Right First Time via a dedicated completion code field on Universal Housing. This will give us an artificially low PI while we roll out mobile working as the dedicated completion code field is not always completed for non-mobile jobs (though we are working with the DLO admin teams to improve this). Cont. ➡	95%	↑	🛑	<p>NH H RespRep 003 % of repairs completed on first visit (based on system generated data)</p> <table border="1"> <caption>Chart Data: % of repairs completed on first visit</caption> <thead> <tr> <th>Quarter</th> <th>% of repairs completed on first visit</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>42.74%</td></tr> <tr><td>Q2 2017/18</td><td>26.69%</td></tr> <tr><td>Q3 2017/18</td><td>41.92%</td></tr> </tbody> </table> <p>As with the appointments kept indicator, managers have also been meeting on a regular basis to interrogate the daily performance information available to them via Qlikview and to agree service improvement initiatives. As a result of this and the roll out of mobile working, this PI reached 51.73% in January 2018.</p>	Quarter	% of repairs completed on first visit	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	42.74%	Q2 2017/18	26.69%	Q3 2017/18	41.92%
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NH H Voids 001	Average time taken to re-let local authority housing [all voids including major & minor voids]		64 days	73 days	70 days	64 days	<p>Having peaked at 73 days in Q1, processes around asbestos removal and clearances have been targeted to improve performance. This has seen an improvement of 9 days turnaround between Q1 and Q3.</p> <p>Where data was available, no minor voids works were completed within the target 15 days in December.</p> <p>Cont. ⇨</p>	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 2015/16</td><td>68</td></tr> <tr><td>Q2 2015/16</td><td>62</td></tr> <tr><td>Q3 2015/16</td><td>63</td></tr> <tr><td>Q4 2015/16</td><td>62</td></tr> <tr><td>Q1 2016/17</td><td>73</td></tr> <tr><td>Q2 2016/17</td><td>70</td></tr> <tr><td>Q3 2016/17</td><td>64</td></tr> </tbody> </table> <p>Major works times were also comparatively high. Meetings have taken place with the works team, who have recommended pre-void works inspections to rectify this. Other recommendations from a recent voids review process should start to improve outcomes around Q2 2018/19</p>	Quarter	Average Time (Days)	Q1 2015/16	68	Q2 2015/16	62	Q3 2015/16	63	Q4 2015/16	62	Q1 2016/17	73	Q2 2016/17	70	Q3 2016/17	64								
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NH PR PMS 007a	Number of PCNs issued - total	112067	122277	32434	31683	30642	<p>Breakdown: 30642 - Street/Car Park: 17094 (*84% of 5308 for Dec 2017) - Estate: 3303 (*16% of 5308 for Dec 2017) - CCTV: 10245</p> <p>* = only total figure was provided for December 2017, therefore same % applied based on other months within</p>		↓	📊	<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</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> <tr><td>Q3 2017/18</td><td>30642</td></tr> </tbody> </table>	Quarter	Number of PCNs	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	Q3 2017/18	30642
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							Q3 2017																												
NH PR PMS 010a Page 191	PCN recovery rate – including estates	73.0%	75.1%	70.7%	60.9%	65.8%	<p>Q3 2016: 65.84% Number of PCN issued - 29250 Number of PCN paid - 19258</p> <p>PCN's take a year to go through its life cycle therefore we are always looking back 12 months to calculate the recovery rate. The key issues due to the drop in recovery rate are as follows: The drop in the PCN recover rate coincides with the implementation of the new parking PCN processing system where we encountered a number of</p> <p>teething issues. We also changed contractor with our cashless parking supplier which resulted in a high cancellation of PCN's. We have now ironed out all the issues and we should see an improvement by quarter 4. We have increased our PCN's by 9% compared to 2015/16 , this is the result of additional two parking zones introduced, improved CEO retention compared to the previous year, a reduction in travel time ensuring that beat patrols times were covered more frequently. We are not projecting any reduction in income.</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> <tr><td>Q3 2017/18</td><td>65.8%</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%	Q3 2017/18	65.8%
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NH PR PRS 001a	% 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 PRS 001a % of Major planning applications determined within 13 weeks (ex NI 157a)</p> <table border="1"> <caption>Data for NH PR PRS 001a Chart</caption> <thead> <tr> <th>Quarter</th> <th>%</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> <tr><td>Q3 2017/18</td><td>100.00%</td></tr> </tbody> </table>	Quarter	%	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%	Q3 2017/18	100.00%
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Page 192 NH PR PRS 001b	% of Minor planning applications determined within 8 weeks (ex NI 157b)	79.00%	80.00%	73.00%	80.00%	77.00%		75.00%	⬇️	🟢	<p>NH PR PRS 001b % of Minor planning applications determined within 8 weeks (ex NI 157b)</p> <table border="1"> <caption>Data for NH PR PRS 001b Chart</caption> <thead> <tr> <th>Quarter</th> <th>%</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> <tr><td>Q3 2017/18</td><td>77.00%</td></tr> </tbody> </table>	Quarter	%	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%	Q3 2017/18	77.00%
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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%	81.00%	84.00%		80.00%	↑	🟢	<p>NH PR PRS 001c % of Other planning applications determined within 8 weeks (ex NI 157c)</p> <table border="1"> <caption>Chart Data: NH PR PRS 001c % of Other planning applications determined within 8 weeks (ex NI 157c)</caption> <thead> <tr> <th>Quarter</th> <th>Percentage</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> <tr><td>Q3 2017/18</td><td>84.00%</td></tr> </tbody> </table> <p>Legend: Quarters (purple bars), Red Threshold (Quarters) (red line), Amber Threshold (Quarters) (green line)</p>	Quarter	Percentage	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%	Q3 2017/18	84.00%
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Page 103 NH PR 009	% of open planning enforcement cases less than 4 years old		70.0%	70.0%	67.0%	60.0%	In 2015/16 over 1,500 historic yet open Planning Enforcement cases were uncovered. Many of these cases stretched back as far as 2001, and of the open cases less than 40% were under 4 years old. The Planning Service put a strategy in place to address the outstanding cases from both ends, i.e. 2012-2015 (to reduce the risk of cases becoming immune from enforcement action) and 2001 onwards (to make decisions on old cases where notices had been served but no further action taken). The work programme has so far resulted in over 62% of pre 2016 cases having been identified and closed since January 2016.	80.0%	↓	🛑	<p>NH PR 009 % of open planning enforcement cases less than 4 years old</p> <table border="1"> <caption>Data for NH PR 009 % of open planning enforcement cases less than 4 years old</caption> <thead> <tr> <th>Quarter</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Q2 2016/17</td> <td>66.0%</td> </tr> <tr> <td>Q3 2016/17</td> <td>70.0%</td> </tr> <tr> <td>Q4 2016/17</td> <td>70.0%</td> </tr> <tr> <td>Q1 2017/18</td> <td>70.0%</td> </tr> <tr> <td>Q2 2017/18</td> <td>67.0%</td> </tr> <tr> <td>Q3 2017/18</td> <td>60.0%</td> </tr> </tbody> </table> <p>There has been over a 70% reduction in cases originating from 2004, 2013 and 2015, over 60% for cases logged in 2006, 2011, 2012 and 2014.</p> <p>As of December 2017, 954 of the historic cases have been properly closed/resolved. However the Enforcement Team continue to receive new Enforcement complaints (averaging 50 per month), that continue to be investigated in timely fashion, and have a total of 906 open cases up to and including December 2017. This programme of work will continue throughout 2017/18 and 2018/19 to resolve and close all historic cases.</p> <p>In this context the target that 80% of open planning enforcement cases be less than 4 years old is a deliberately aspirational yet ultimately achievable target, that will only be achieved when the vast majority of historic enforcement cases are closed. The team have made excellent progress towards this target from a base figure of below 40%, and this performance indicator has been designed to act as an early warning indicator to highlight any future build-up of historic cases. A figure of 60-70% has consistently been achieved in recent quarters as although the historic cases have continued to significantly reduce in number, cases under 4 years have also been closed at a similar rate. The total number of cases therefore continues to fall, but the balance between old and new has remained static</p>	Quarter	Percentage	Q2 2016/17	66.0%	Q3 2016/17	70.0%	Q4 2016/17	70.0%	Q1 2017/18	70.0%	Q2 2017/18	67.0%	Q3 2017/18	60.0%
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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%	2.97%	N/A	1.41%	Tranche 2 results	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>Litter Levels Data</caption> <thead> <tr> <th>Quarter</th> <th>Level (%)</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> <tr><td>Q3 2017/18</td><td>1.41%</td></tr> </tbody> </table>	Quarter	Level (%)	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%	Q3 2017/18	1.41%
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NH PR WS 045b	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)	4.95%	2.45%	4.22%	N/A	1.88%	Tranche 2 results	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 Data</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> <tr><td>Q3 2017/18</td><td>1.88%</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%	Q3 2017/18	1.88%
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NH PR WS 045c	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Graffiti (ex NI 195c)	2.86%	2.76%	2.66%	N/A	.16%	Tranche 2 results	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>Chart Data: Graffiti (ex NI 195c)</caption> <thead> <tr> <th>Quarter</th> <th>Percentage</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> <tr><td>Q3 2017/18</td><td>.58%</td></tr> </tbody> </table>	Quarter	Percentage	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%	Q3 2017/18	.58%
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Q3 2017/18	.58%																												
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%	0.47%	N/A	1.56%	Tranche 2 results	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>Chart Data: Fly-posting (ex NI 195d)</caption> <thead> <tr> <th>Quarter</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>.31%</td></tr> <tr><td>Q3 2015/16</td><td>.47%</td></tr> <tr><td>Q4 2015/16</td><td>.47%</td></tr> <tr><td>Q1 2016/17</td><td>.47%</td></tr> <tr><td>Q3 2016/17</td><td>.63%</td></tr> <tr><td>Q4 2016/17</td><td>.63%</td></tr> <tr><td>Q1 2017/18</td><td>.47%</td></tr> <tr><td>Q3 2017/18</td><td>1.56%</td></tr> </tbody> </table>	Quarter	Percentage	Q1 2015/16	.31%	Q3 2015/16	.47%	Q4 2015/16	.47%	Q1 2016/17	.47%	Q3 2016/17	.63%	Q4 2016/17	.63%	Q1 2017/18	.47%	Q3 2017/18	1.56%
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NH PR WS 047	Residual household waste per household (ex NI 191)	590.7Kg	572.2Kg	143.4Kg	139.5Kg	136.5Kg	Provisional figures may be subject to change, our current outturn for waste per household is 560 kgs/household and so we are also well on course to meet our target of 570 kgs/household.	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 per household (kg)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>149.7kg</td></tr> <tr><td>Q2 2015/16</td><td>154.6kg</td></tr> <tr><td>Q3 2015/16</td><td>155.4kg</td></tr> <tr><td>Q4 2015/16</td><td>141.8kg</td></tr> <tr><td>Q1 2016/17</td><td>151.9kg</td></tr> <tr><td>Q2 2016/17</td><td>145.5kg</td></tr> <tr><td>Q3 2016/17</td><td>140.9kg</td></tr> <tr><td>Q4 2016/17</td><td>134.4kg</td></tr> <tr><td>Q1 2017/18</td><td>143.4kg</td></tr> <tr><td>Q2 2017/18</td><td>139.5kg</td></tr> <tr><td>Q3 2017/18</td><td>136.5kg</td></tr> </tbody> </table>	Quarter	Waste per household (kg)	Q1 2015/16	149.7kg	Q2 2015/16	154.6kg	Q3 2015/16	155.4kg	Q4 2015/16	141.8kg	Q1 2016/17	151.9kg	Q2 2016/17	145.5kg	Q3 2016/17	140.9kg	Q4 2016/17	134.4kg	Q1 2017/18	143.4kg	Q2 2017/18	139.5kg	Q3 2017/18	136.5kg
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Page 197 NH PR WS 048	Percentage of household waste sent for reuse, recycling and composting (ex NI 192)	24.80%	26.00%	27.09%	27.43%	27.91%	Provisional figures may be subject to change. After a strong Q3 performance our provisional full year outturn is 27.5% and so we are hopeful of hitting our final target of 27.7%.	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>24.94%</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>27.09%</td></tr> <tr><td>Q2 2017/18</td><td>27.43%</td></tr> <tr><td>Q3 2017/18</td><td>27.91%</td></tr> </tbody> </table>	Quarter	Percentage (%)	Q1 2015/16	25.48%	Q2 2015/16	23.87%	Q3 2015/16	25.02%	Q4 2015/16	24.94%	Q1 2016/17	25.50%	Q2 2016/17	25.52%	Q3 2016/17	26.03%	Q4 2016/17	26.44%	Q1 2017/18	27.09%	Q2 2017/18	27.43%	Q3 2017/18	27.91%
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PI Status	
	Over 10% below target
	Up to 10% below target
	At or above target

Direction of Travel	
	Improving
	No Change
	Getting Worse

	Data Only

Appendix 2



Corporate Risk Management Performance Overview April 2018

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, and further updated, reviewed and monitored by appropriate teams in the first two months of 2018.

Corporate Risks		Current Risk	Direction of Travel	Previous Score	Target Risk
1	National / International Economic Downturn (SRCR001)	20	↔	20	12
2	Brexit Implications(SRCR001A)	15	↔	15	12
3	Management of Major Capital Programmes (SRCR002)	15	↔	15	9
4	Regeneration Programmes (SRCR003)	16	↔	16	12
5	Reputation Management (SRCR 009)	9	↔	9	6
6	Pension fund (SRCR 0010)	15	↔	15	12
7	Impact of New Legislation / Welfare reform (SRCR 0013)	12	↓	20	12
8	Workforce (SRCR 0018)	12	↔	12	9
9	Recruitment and Retention (SRCR 0018B)	12	↔	12	9
10	Information Assets (SRCR 0020)	16	↔	16	9
11	Corporate Resilience (SRCR 0020B)	15	↓	20	12
12	Cyber / Information Security	8	↔		9
13	Person suffers significant harm, injury or death (SRCR 0023)	15	↔	15	12
14	Devolution (SRCR 0024)	12	↔	12	12
15	Contract Procurement and Management (SRCR 0025)	12	↔	12	8
16	Impact of government reforms on education service delivery (SRCR 0027)	20	↔	20	12
17	SEND funding (SRCR 0028)	25	↔	Was NEW (Dec)	
18	Serious safeguarding failure in school (SRCR 0029)	12	↔	Was NEW (Dec)	
19	Temporary Accommodation (SRCR 0030)	16	↔	16	12
20	Fire Safety (SRCR 0031)	10	↔	10	12
21	Integrated Commissioning (SRCR 0032)	16	↔	16	12
22	Inaccurate or late pay information supplied to LGPS (SRCR 0033)	20	↔	20	12

Additional Risks		Current Risk	Direction of Travel	Previous Score	Target Risk
1	North London Waste Authority (NLWA)	12	↔	12	9
2	Local Economic Development	9	NEW		
3	Insurance: Premiums exceed budget	16	NEW		
4	Building Control / Dangerous Structures	12	↔	12	9
5	Breach of Statutory Requirements on Elections and Electoral Registration	12	NEW		

- 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 were five new risks featuring on this register in December, having been escalated from their respective Divisions, and these are all still in place. 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. Areas which are alluded to in the Corporate register, such as Integrated Commissioning and major programmes like Britannia, have their own separate registers going into much more detail with regards to all areas of risk.

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, so the full detail on all risks will be provided then.

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2017/18 Quarter 4 Capital Monitoring

1. Background and Overview

This is the Quarter 4 Capital Programme monitoring report for 2017/18. Table 1 below shows that the revised capital programme budget for 2017/18 is £279m (non-Housing schemes totalling £129.7m and Housing schemes totalling £149.3m). The actual year to date capital expenditure for the eleven months April 2017 to February 2018 is £201.5m and the full year projected outturn is £264m, £15m below current revised budget.

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 – Q4 2017/18	Revised Budget Position	Actual Spend as at end Feb	Projected Outturn	Change from Revised Budget
	£'000	£'000	£'000	£'000
Chief Executive	87	0	87	0
Children, Adults & Community Health	25,592	19,315	23,310	-2,281
Finance & Corporate Resources	81,017	59,776	74,931	-6,086
Neighbourhoods & Housing (Non-Housing)	23,049	16,815	22,255	-794
Total Non-Housing	129,744	95,906	120,583	-9,161
AMP Capital Schemes HRA	94,241	65,032	90,671	-3,571
Council Capital Schemes GF	1,697	1,069	1,697	0
Private Sector Housing	1,776	1,398	1,766	-10
Estate Renewal	44,338	33,277	42,284	-2,054
Housing Supply Programme	3,047	1,269	2,807	-241
Other Council Regeneration	4,227	3,545	4,227	0
Total Housing	149,327	105,589	143,451	-5,876
Total Capital Expenditure	279,071	201,495	264,034	-15,037

2. Chief Executive Service

The current forecast is in line with the revised budget of £0.87m. There is only 1 scheme within the service that has been coded with a traffic light of green.

3. Children, Adults and Community Health Directorate

The current forecast is £23.3m, £2.3m below the revised budget of £25.6m. Of the 106 schemes, 53 have been coded with a traffic light of green and 53 amber. More detailed commentary is outlined below.

CACH Directorate Capital Forecast	Revised Budget	Spend to Date	Projected Outturn	Change from Revised Budget
	£'000	£'000	£'000	£'000
Adult Social Care	3,863	3,171	3,463	-400
Education Asset Management Plan	3,465	3,639	4,156	691
Building Schools for the Future	586	24	546	-40
Other Education & Children's Services	657	379	559	-98
Primary School Programmes	4,924	1,829	3,764	-1,160
Secondary School Programmes	12,096	10,273	10,822	-1,274
TOTAL	25,592	19,315	23,310	-2,281

Adult Social Care

The main variance within Adult Social Care is Oswald Street Day Centre which is reporting an in-year underspend of £400k against the respective budget of £3.8m. This is due to project delays in the fit-out and construction of the centre.

Primary School Asset Management Programme

The overall Primary School Asset Management Programme is forecasting an in-year overspend of £691k against the respective budget of £3.5m. The main variance is London Fields AMP which is reporting a £636k overspend against the respective budget of £85k for 2017/18 due to the works completing earlier than planned. Budget provision for this exists in 2018/19.

Building Schools for the Future

The overall BSF PRUs programme is reporting in-year underspend of £40k against the respective budget of £586k. The planned expenditure will support any final payments on the BSF programme.

Primary School Programmes

The overall school façade repairs programme, which forms the bulk of the Primary School capital programme, is reporting in-year underspends of £909k against their respective £2.7m budget. This scheme is a rolling programme of repairs of significant structural and condition issues with the high level façades and roofs of the Victorian and Edwardian schools in the Borough. The costs were originally based on an estimate when the bid was originally submitted. There is now a fairly accurate contracted cost which is more than what was

submitted in the first year due to the level of work involved. The variance will be slipped to 2018/19 to support the expenditure required in later years.

Secondary School – BSF Lifecycle Programme

The main variance is the AMP Works programme which is reporting an in-year underspend of £1.3m against the respective budget of £12m. This is due to a review of the AMP works in 2017/18. We have left a contingency budget in this cost centre. The variance will support other works and emergency works that are out of scope but have to be completed due to statutory & health and safety reasons with the balance slipped to 2018/19 to support the overall programme.

4. Finance and Corporate Resources

The current forecast is £75.2m, £5.8m below the revised budget of £81m. Of the 117 schemes, 69 have been coded with a traffic light of green and 48 amber. A more detailed commentary is outlined below.

F&CR Directorate Capital Forecast	Revised Budget	Spend to Date	Projected Outturn	Change from Revised Budget
	£'000	£'000	£'000	£'000
Property Services	4,998	4,055	6,745	1,747
ICT	5,459	2,114	4,558	-901
Financial Management	372	137	372	0
Other Schemes	307	146	160	-146
Mixed Use Development	69,881	53,324	63,096	-6,785
TOTAL	81,017	59,776	74,931	-6,086

Property Services

There are a number of variances in schemes relating to landlord works to Voluntary Sector properties. The works projects are anticipated to start mid to end of March 2018. There are also a number of capital schemes which form part of the Corporate Estate Rationalisation which are still pending project options. Any variances will form part of slippage into 2018/19.

ICT

There are a number of variances within individual schemes, relating to both minor overspends and underspends. In the main, however, these offset each other. The balance of the underspend in year will be slipped to 2018/19 to support the ongoing programmes in that year.

Mixed Use Developments

The Tiger Way and Nile Street mixed use schemes are reporting in-year underspends of £5.6m against their respective £63m budget. The variance is as a result of review of the capital strategy and will be slipped to 2018/19. Both of these schemes are to be funded through residential sales on-site, where there is inherent risk in this post-Brexit era (around value and timing of capital

receipts), and this is something scrutinised and monitored through the Strategic Partnering Board.

The Britannia scheme is reporting an in-year underspend of £1.2m against its £7.4m annual budget. This scheme is to replace the outdated leisure centre with a new one, build a new secondary school, and provide private housing to pay for some of the cost of these community facilities, as well as some affordable homes, all on the Council-owned land on that site. The variance is as a result of a review of the strategy. The scheme will be going to planning for approval in March 2018.

5. Neighbourhoods and Housing -Non-Housing

The current forecast is £22.3m, £0.8m below the revised budget of £23.1m. Of the 238 schemes, 168 have been coded with a traffic light of green and 70 amber. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Revised Budget	Spend to Date	Provisional Outturn	Change from Revised Budget
	£'000	£'000	£'000	£'000
Museums and Libraries	211	90	129	-82
Parks and Open Spaces	6,140	5,063	6,247	107
Highways/Infrastructure	10,703	7,844	10,083	-620
EHPC	1,323	1,144	1,323	0
TFL	3,548	1,916	3,548	0
Parking and Market Schemes	159	169	159	0
Regulatory Services	79	0	0	-79
Safer Communities	170	79	126	-44
Regeneration	713	508	638	-75
Total	23,049	16,815	22,255	-794

Museums & Libraries

The overall Library Security, Capital works and Management System Upgrade programme is reporting a total in-year underspend of £82k against their respective budget of £211k. The Council 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. The variance is due to the service area awaiting an update from suppliers to install the machines. This is now planned to take place in 2018/19 and the underspend will be slipped into 2018/19.

Parks and Open Spaces

The main variance is London Fields Lido Refurbishment which is showing in-year overspend of £55k against the respective budget of £1.5m. The variance is due to major issues with the contractor and the additional works required to the poolside area. These works will be funded by reserves held by the Council.

Highways/Infrastructure

The £620k underspend within highways/infrastructure is purely where budgets are to be re-profiled into the following year, as a result of changes to timelines.

6. Neighbourhoods and Housing - Housing

The current forecast in Housing is £143.4m, £5.9m below the revised budget of £149.3m. More detailed commentary is outlined below.

N&H - Housing Capital Forecast	Revised Budget	Spend to Date	Provisional Outturn	Change from Revised Budget	Comments
	£'000	£'000	£'000	£'000	
AMP Capital Schemes HRA	94,241	65,032	90,671	-3,571	Contractors are now up to speed and catching up with works required to maintain building. The 2018/19 capital programme for the Housing Stock was agreed at the March Cabinet meeting. The majority of the packages (SCA) of work for 2017/18 have started on site. There is £3.5m of works packages that have not been issued to contractors and therefore reprofiled to 2018/19.
Council Capital Schemes GF	1,697	1,069	1,697	0	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	1,776	1,398	1,766	-10	Demand lead grants programme including DFG as part of BCF with grant funding.
Estate Renewal	44,338	33,277	42,284	-2,054	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, however contract awards for Tower Court, St Leonards, Frampton Arms and Lyttelton House have now been awarded and construction and expenditure will commence in next financial year. Kings Crescent and Great Eastern Building has achieved Practical Completion and are now occupied. The completion of KER and Aikin Court was due before March, but have now slipped to the new financial year.
Housing Supply Programme	3,047	1,269	2,807	-241	Design development cost (architects and Employers Agents/Cost consultants) continue to be incurred. 2 schemes achieved planning permission and move to procurement stage. Majority of scheme not at tender stage.
Woodberry Down Programme	4,227	3,545	4,227	0	Viability negotiations of Phase 3 continue so limited progress on leaseholder buybacks. However, progressing to CPO. Continue to negotiate with remaining leaseholders and buy properties back, but at a slower rate than planned
Total Housing	149,327	105,589	143,451	-5,876	

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AUDIT AND ANTI-FRAUD PROGRESS REPORT APRIL 2018

**AUDIT COMMITTEE
MEETING DATE**

18 April 2018

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 March 2018, 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 March 2018.

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 February 2018
 - 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	916,500 (minimum)
Overstaying Families	686,095
Blue Badge/Parking	4,104
Total	1,606,699

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 – March 2018

Appendix 2 - Progress with planned audits

Appendix 3 - Definitions of audit assurance levels




Appendix 4 - Audit Investigation Service statistics to March 2018

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 2017 – 31 March 2018

1. INTRODUCTION

- 1.1 The purpose of this report is to present the performance of the Audit & Anti-Fraud Service for the period April 2017 to March 2018, 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 six 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

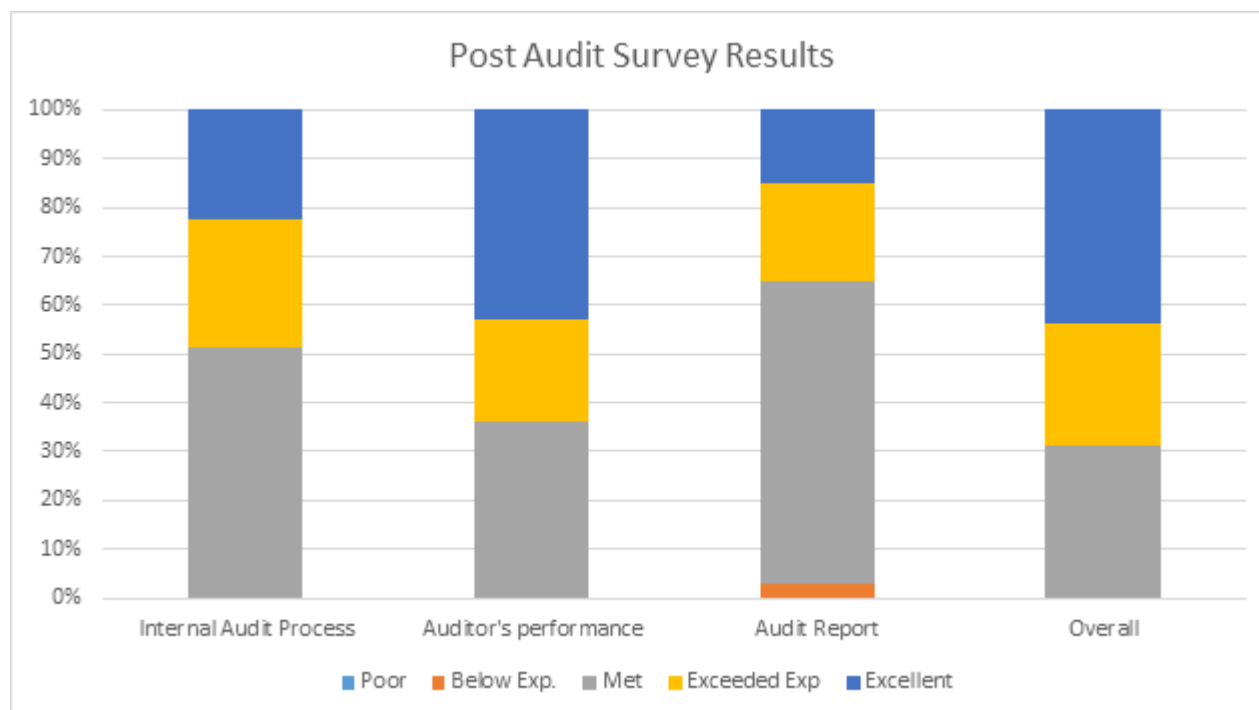
- 3.1 Internal Audit's performance for 2017/18 against key indicators is shown in Table 1. Post audit survey results are summarised in paragraph 3.2

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) 93% complete or in progress by 31 March 2018 2) 15.3 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) 89.9% - fully implemented 2.5% - partially implemented
Client Satisfaction To ensure that clients are satisfied with the service and consider it to be good quality.	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
	3) No. of Complaints / Compliments	3) Actual numbers reported	3) None

Table 1

3.2 Post Audit Survey Results



4. SUMMARY OF INTERNAL AUDIT WORK

4.1 Progress with 2017/18 planned audits is detailed in Appendix 2. As at 31 March 2018 a total of 65 internal audit reviews have been started from the 2017/18 Plan. Forty of these have either been finalised or issued as a draft report to management. This is summarised in Table 2 below:

2017/18 Audit Plan Stage of Audit Activity	Number of assignments	% of the revised plan
Scoping/TOR agreed	9	13
Fieldwork in progress	13	19
Fieldwork complete-report being drafted	3	4
Draft report issued	8	11
Completed	32	46
Total work completed and in progress	65	93
Original Plan	73	
Cancelled	3	
Deferred to 2018/19	6	
Additional requests (incl. schools)	6	
Total Revised Plan	70	

Table 2

4.2 The table shows that 93% of planned assignments have been completed or are in progress (91% 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
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	
Gas Servicing	Defer	Awaiting results of external review of compliance
Housing Benefit	Defer	To combine with 2018/19 review
Staff Agency Contract	Defer	New contract needing time to embed

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 12 month period are as follows:

Year	Significant	Reasonable	Limited	No
2017/18	11	11	5	4
2016/17	7	16	3	3
Total	17	28	8	7

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 March 2018 are shown in Table 3 below.

Categorisation of Risk	Definition	Number 17/18 Plan	Number 16/17 Plan not previously reported
High	Major issues that we consider need to be brought to the attention of senior management.	54	1
Medium	Important issues which should be addressed by management in their areas of responsibility.	135	2
Total		189	3

Table 3

4.8 The Internal Audit Plan includes a cyclical review of the Council's TMOs, ensuring that each TMO is audited every 3 years. The audit coverage for 2017/18 was agreed with the TMO Regulatory Services Team and was risk assessed to include those TMOs which had been identified through their own review process as having governance issues. All three audits resulted in no assurance audit reports being issued due to a number of issues concerning a failure to establish a robust control framework. Detailed recommendations have been made and their implementation is being tracked by the TMO Regulatory Services Team. All recommendations made have been accepted by the TMOs, and all recommendations due to be implemented have been implemented. A further 34 recommendations (21 High and 13 medium) are due to be implemented over the next 6 months. Internal Audit will revisit these TMOs during 2018/19 to check that satisfactory controls are in place and operating effectively.

5. SCHOOLS

5.1 School's audit 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 March 2018, fieldwork had been completed at 17 of the 20 schools and children centres included in the plan. Of the remainder, one of the audits has been deferred until 2018/19 (see paragraph 4.3 above) and the remaining 2 audits have been scheduled to take place during April 2018. The audits focus on the existence of, 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 that were due to be implemented by 31 March 2018 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	13	1	2	2	16
Neighbourhoods and Housing	22	0	1	22	23
Finance & Resources	43	1	0	6	44
Chief Executive's	5	1	0	1	6
Schools	23	0	6	6	29
Total number	106	3	9	37	118
Percentage (%)*	89.9 %	2.5%	7.6%		

Table 4

* Does not include "Not Yet Due"

- 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 89.9% fully implemented by the agreed implementation date, with a further 2.5% partially implemented.
- 6.3 In respect of those recommendations categorised as 'Medium' priority, 90.4% were assessed as implemented and 2.6% 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	58	4	6	12	68
Neighbourhoods and Housing	51	0	2	16	53
Finance & Resources	119	7	9	15	135
Chief Executive's	28	4	1	6	33
Schools	347	2	29	20	378
Total number	603	17	47	70	667
Percentage (%)*	90.4%	2.6%	7%		

Table 5

* Does not include "Not Yet Due"

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 has taken place during January to March 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 some fraud outcomes during the financial year.
- 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 31 March 2018					
Code	Audit	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
Corporate (Cross Cutting)					
LBH01	Annual Governance Statement	N/A	N/A	Significant	FINAL
LBH02	Car Mileage Claims				In progress
LBH03	Gifts and Hospitality				In progress
LBH04	IR35				Defer to 2018/19
CHIEF EXECUTIVES					
CE01	iTrent				In progress
CE02a	Payroll - reconciliations	0	3	Reasonable	FINAL
CE02b	Payroll – starters & leavers				Draft
CE03	Service Payroll				April 2018
CE04	Staff Agency Contract				Defer to 2018/19
CE05	Voluntary Sector Grants				In progress
CE06	Speakers Office				April 2018
GROUP DIRECTOR - CHILDREN, ADULTS AND COMMUNITY HEALTH					
Adult Services/Public Health					
CACH01	Adult Learning Disabilities				ToR issued
CACH02	Public Health Contracts	0	4	Reasonable	FINAL
CACH03	Home Care/Domiciliary Services				In progress
CACH04	Residential Care Placements				April 2018
CACH05	Direct Payments	3	10	Limited	FINAL
Children & Families Services					
CACH06	Youth Club Services				Cancelled
CACH07	Adoption Allowances				ToR issued
CACH13*	Imprest	2	5	Limited	FINAL
CACH14*	Mortuary Services	0	1	Significant	FINAL
CACH05 (16/17)	Care Assessments – turnaround time	1	2	Reasonable	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				In progress
CACH10	Roll Numbers in Schools				In progress
CACH11	Building Schools for the Future				Cancelled
CACH12	Traded Services (Customer Satisfaction)				Draft
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 incl. Childrens Centre				ToR issued
SCH04	Grasmere	0	4	Reasonable	FINAL
SCH05	Holmleigh Follow Up	3	3	Limited	FINAL
SCH06	Holy Trinity CE				ToR issued

Internal Audit Annual Plan 2017/18 Progress to 31 March 2018					
Code	Audit	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
SCH07	Lauriston	0	2	Significant	FINAL
SCH08	Lubavitch Junior Girls	5	10	No	FINAL
SCH09	Millfields PS and Childrens Centre	0	3	Reasonable	FINAL
SCH10	Morningside incl. Childrens Centre				In progress
SCH11	Nightingale	0	4	Reasonable	FINAL
SCH12	Rushmore	0	8	Reasonable	FINAL
SCH13	St Matthais	1	2	Reasonable	FINAL
SCH14	St John and St James	0	2	Significant	Draft
SCH19*	Lubavitch Junior Boys	0	2	Reasonable	FINAL
SCH20*	Lubavitch Senior Girls	1	7	Reasonable	FINAL
Children Centres					
SCH15	Comet Children Centre	0	2	Significant	FINAL
SCH16	Lubavitch Children Centre	1	4	Reasonable	FINAL
SCH17	Linden's Children Centre	0	3	Reasonable	FINAL
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				April 2018
FCR04	VAT				Defer to 2018/19
FCR05	Bank Accounts	0	7	Reasonable	FINAL
FCR06	Accounts Receivable				In progress
Strategic Property					
FCR07	Commercial Voids				In progress
Procurement					
ICT08	IT commodities - software and hardware	4	1	Limited	FINAL
Customer Services					
FCR10(15)	Revenues and Benefits – NNDR	0	1	Significant	FINAL
FCR11	Revenues and Benefits - Housing Benefit				
FCR15	Council Tax	0	1	Significant	FINAL
FCR13	Social Housing Re-lets Monitoring Follow Up				In progress
FCR14	Online Payments/Telephone Payments	0	2	Significant	FINAL
FCR08 (16/17)	Council Tax Reduction Scheme	0	0	Significant	FINAL
ICT					
ICT01	Software Licencing				Draft
ICT02	Telephone Contracts - Monitoring				ToR issued
ICT03	Information Governance – preparation for GDPR				ToR issued
ICT04	M3 Planning (replacement for Academy audit which is scheduled for 2018/19 Q2)				In progress
ICT05	E Street - Post Implementation Review	1	3	Reasonable	Draft
ICT06/FC R09	Network/Firewall/Wireless Security incl. use of CIS (DWP) system				April 2018
ICT07	Disaster Recovery				In progress

Internal Audit Annual Plan 2017/18 Progress to 31 March 2018					
Code	Audit	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
GROUP DIRECTOR - NEIGHBOURHOODS AND HOUSING					
Regeneration					
NH01	Leaseholders Buy Back	0	2	Significant	Draft
Housing					
NH02	Leaseholders Charges Debt Collection				In progress
NH03	Gas Servicing				Deferred to 18/19
NH04	Rent Collection (Former Tenant Arrears and Debt Recovery)				ToR issued
NH05	TMO – Clapton Park	13	7	No	FINAL
NH06	TMO – Tower	4	3	No	FINAL
NH07	TMO – Cranston Estate	10	12	No	FINAL
NH08	Contract Monitoring				April 2018
Public Realm					
NH09	Planning Enforcement – Breaches				ToR issued
NH10	Hackney and City Tennis Club	0	3	Reasonable	Draft
NH11	Building Control Fees	1	1	Reasonable	Draft
NH12	Parking – compliance assurance				Cancelled – ISO accreditation no longer in place
NH13	Section 106 Agreements				In progress
NH15*	Housing Transfers				In progress

*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. 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 782 in 2017/18. 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	8	6	4	12	8
	Hackney Homes	3	0	26	13	16
	Tenancy Fraud	147	128	304	394	359
	Parking	60	53	58	243	196
Children, Adults & Community Health (CACH)	Children, Adults & Community Health	2	0	3	5	5
	Health & Community Services (H&CS)	n/a	1	0	n/a	n/a
	Overstaying Families Intervention Team (OFIT)	20	37	85	104	130
	The Learning Trust	0	0	0	0	2
Finance & Corporate Resources (F&CR)	Finance & Resources	3	2	4	9	10
Chief Executive Directorate	Chief Executive Directorate	1	0	2	2	0
Total		244	227	486	782	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	75	78	1	206	371
Other Local Authorities	21	20	1	74	56
Police	19	19	0	51	31
Immigration	4	4	0	10	2
DWP	226	226	0	872	797
Other	10	10	0	24	26
Total	355	357	2	1,237	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 5,969 outcomes that are identified as high priority, participants are expected to further risk assess the results to determine which are followed up.

Type of Match	Number of Matches – Total & (recommended)	Cases Currently Under Investigation	Number Matches Cleared NFI2016	Number Matches Cleared NFI2014
Payroll	119 (36)	5	58	35
Housing Benefit	4,144 (366)	1	51	19
Housing Tenants	1,368 (972)	25	55	344
Right to Buy	139 (49)		1	224
Housing Waiting List	2,834 (2,733)	20	75	62
Concessionary travel / parking	215 (190)	36	169	22
Creditors	5,943 (721)	16	622	4,724
Pensions	172 (110)	1	171	169
Council Tax (2017)	22,580 (601)	23	44	n/a
Council Tax Reduction Scheme	3,523 (137)	3	22	n/a
Other	88 (54)	0	29	34
Total	41,125 (5,969)	130	1,297	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 2018/19.

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 have resulted from investigations conducted by the Anti-Fraud Teams.

Outcome	Reporting Period	2017/18 to date	2016/17 to date
Disciplinary action	1	5	8
Resigned as a result of the investigation	2	3	5
Referred to Police or other external body	7	13	22
Prosecution	1	7	3
Referred to Legal Services	0	0	3
Investigation Report/ Management Letter issued	1	12	14
Council service or discount cancelled	34	100	89
Blue Badges recovered	11	64	60
Other fraudulent parking permit recovered	10	36	35
Parking misuse warnings issued	4	28	50
Penalty Charge Notice (PCN) issued	16	60	49
Vehicle removed for parking fraud	10	44	40
Recovery of tenancy	20	66	104
Housing application cancelled or downgraded	8	40	49
Legal action to recover tenancy in progress	98	98	n/a
Right to Buy application withdrawn or cancelled	5	14	17

Table 4

Disciplinary Action

As a result of the investigations conducted by the Audit Investigation Team (AIT) disciplinary action was taken against one member of staff in the period 1 January to 31 March 2018 for the following reason:

- Submitting false claims for payment.

Prosecution

One prosecution was completed during the reporting period following investigation, this related to:

- A fraudulent attempt to obtain social housing.

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 January to March 2018 a total of 20 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 £360,000.

In the same period 8 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 £32,000 and £144,000.

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). Thirty four support packages were cancelled or refused following AAF investigation between April and August 2017. This equates to a saving in the region of £13,158 per week, if these had been paid for the full financial year it would have cost Hackney approximately £686,095 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 11 Blue Badges, this equates to £1,100, and enforcement charges of £3,040 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 ten 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. One referral was 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/Group 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.

The orders listed below have been obtained by Trading Standards and AAF officers.

Type of Order	Number authorised in period	2017/18 to date	2016/17 total
Production	0	21	11
Restraint	0	0	1
Compensation	0	0	0
Confiscation	1	1	2
Total	1	22	14

Table 5

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REPORT OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

ANNUAL REPORT OF THE AUDIT COMMITTEE Audit Committee 18 April 2018	Classification Public	Enclosures Appendix 1 AGENDA ITEM No
	Ward(s) affected All	

1. GROUP DIRECTOR'S INTRODUCTION

The purpose of this report is to detail the role of the Audit Committee (the Committee) and summarise the key activities and achievements in 2017/18 that demonstrate how the Committee has fulfilled this role effectively and to measure consistency with the guidance issued by the Public Sector Internal Audit Standards (PSIAS) and other statutory requirements.

2. RECOMMENDATION(S)

The Council is recommended to: -

- 2.1 **Note the Annual Report of the Audit Committee set out in Appendix 1.**

3. SUMMARY

- 3.1 The Annual Report of the Audit Committee outlines key developments in: -

- Internal Control
- Internal Audit
- Risk Management
- External Audit
- Anti-Fraud & Corruption
- Financial Reporting

- 3.3 In reviewing the performance of the Audit Committee against the Public Sector Internal Audit Standards (PSIAS) and in the areas mentioned above, the judgement is that the Committee has fulfilled its role effectively.

- 3.4 The report is a self-assessment of the activities of the Audit Committee during 2017/18.

4. OVERALL CONCLUSION

- 4.1 As detailed and evidenced in the Annual Report, the Audit Committee discharged its duties effectively and has played a significant role in developing and improving internal control and governance arrangements within the Council.

- 4.2 Opportunities for further strengthening the performance and effectiveness of the Audit Committee have been identified and these will be addressed through a programme of development sessions delivered to members on issues including:
- 1) Treasury Management
 - 2) Anti-Fraud
 - 3) Risk Management

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

- 5.1 This report looks back over the last year and as such there are no financial effects arising from the recommendation. It is recognised however that an effective Audit Committee can help to both reduce risk and strengthen the control environment in which the services are provided. Through its consideration and approval of the accounts, the risk and treasury management strategies, it can also help to ensure that the financial risks to the Council arising in the future are appropriately managed.

6. COMMENTS OF THE DIRECTOR, LEGAL SERVICES

- 6.1 The Council has a best value duty under the Local Government Act 1999 to ensure that it is securing economy, efficiency and effectiveness in the use of its resources.
- 6.2 Section 151 of the Local Government Act 1972 provides that 'every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs'.
- 6.3 Part of the proper administration of the Council's affairs must encompass the obligation on the Council to have its accounts audited in accordance with the Audit Commission Act 1998 by an appointed party.
- 6.4 The Council's Constitution gives the Audit Committee responsibility for considering reports dealing with the management and performance of the providers of internal and external audit services. The annual report of the Audit Committee details how the audit matters in this Report and Appendix 1 have been addressed to discharge the statutory obligations.
- 6.5 There are no immediate legal implications arising from the Report.

Ian Williams

CORPORATE DIRECTOR OF FINANCE & RESOURCES

Report Originating Officer:	Michael Sheffield	☎020 8356 2505
Financial considerations:	Ian Williams	☎020 8356 3003
Legal comments:	Dawn Carter-McDonald	☎020 8356 4817

List of Appendices

Appendix 1 Annual Report of the Audit Committee 2017/18

Appendix 2 Audit Committee Future Focus

ANNUAL REPORT OF THE AUDIT COMMITTEE 2017/18**1. CHAIR'S INTRODUCTION**

- 1.1 The Audit Committee became a full committee of the Council in May 2016. During the municipal year the Committee has continued to work hard to ensure we have strong, well-embedded internal control and governance arrangements as the foundation both for the Council's service improvement programme and, as important, for our credibility in the eyes of the public. Audit Committee members firmly believe in the benefit that we can deliver as an independent advocate of strong governance which complements the Council's scrutiny and other functions; our role is increasingly important within a Mayor/Executive local governance model and a changing operating environment. We will continue to adapt and enhance our role during 2017/18.
- 1.2 Our approach has been based on a continuous review of the Council's past performance, current risks and future prospects. First, we have looked at our past operations to ensure that the Council has complied with statutory requirements and good practice. Second, we have reviewed the Council's current performance, concentrating on assessment of the Council's readiness to cope with the corporate and service risks and opportunities it currently faces. Third, we have looked forward, by reviewing the Council's capacity and plans to cope with future challenges.
- 1.3 In all three areas, we have been satisfied with the Council's performance and its compliance. We were especially pleased with the rapid reporting of the previous financial year results (completed within 4 months of the year end) and with the system of reviewing current service risks. We also received very positive reports about the management of the Council's funds and the results of oversight by the internal audit team. In the case of the Anti-Fraud Service, we can point to savings for the financial year that are in excess of £3m as of 31 December, as a direct result of the work of the anti-fraud teams. In terms of future planning, the external auditors reassured us that our plans to cope with the Council's expected level of revenue reductions are soundly based.
- 1.4 Given an ever more challenging financial environment, we are strengthening our approach in all three areas. To improve our capacity to review past compliance and correct any issues, the Council's final accounts will be turned around by July, just four months after year end. We will continue to improve our assessment of current performance by receiving regular reports on a small range of key performance indicators of selected Council services and financial performance, and obtaining further explanation where appropriate. This will help provide both us as Councillors, and the public to have a sense of how the Council is performing overall and give an early warning of any problems. Another initiative to reassure the Council about our ability to cope with current threats and opportunities is our quarterly review of progress in the areas of high risk identified in our service reviews.
- 1.5 In terms of the very significant challenges we face over the next few years, it is crucial that the Council has the plans and the robust organisation necessary to meet the forecast reductions in Government financial support. As well as having credible cost reduction plans in place, we must also be able to develop the capacity to take a leading role in developing the Borough. The Mayor has already taken some important initiatives in this area, setting up cross Cabinet Boards to lead key development projects. This broad-based approach will be essential if the Borough is to make the best use of its assets for the benefit of residents. There is a

corresponding challenge for the Committee to ensure there is adequate oversight of the risks attached to these projects. To assist with this Committee Members received a detailed briefing in January 2018 which focussed on the controls in place to manage the delivery of three key projects (Morning Lane, North London Waste Authority and the Britannia redevelopment), and also received an update from the Mayor at the January meeting about how Hackney is planning for upcoming key challenges.

- 1.6 The Committee receives very full and regular reports on management of our revenue budgets. However, as the Borough's population grows and as the Council takes a bigger role in development of the Borough, the management of the Council's capital spending programme is becoming critically important. From April 17 onward the Committee has received quarterly capital programme monitoring reports as part of the Performance Overview report.
- 1.7 Looking back over the past year, the Council has continued to suffer severe financial constraints as a result of the Government's austerity measures and as a consequence, we have been under unprecedented pressure to show we are efficiently delivering services which meet our residents' needs and expectations. I am pleased that our External Auditors, KPMG, confirm from their work, that despite these financial pressures, the Council is delivering value for money by making proper arrangements for securing the economic, efficient and effective use of our resources.
- 1.8 A key responsibility of the Audit Committee is oversight of the Council's Treasury Management function. Throughout the year, we have approved the draft Treasury Management strategy up to 2020/21, including the Investment Strategy for 2018/19, and received regular monitoring reports demonstrating sound management of the Council's funds. Over the next period there is likely to be some financial turmoil as a result of Brexit and likely changes in interest rates and it will be important to ensure this key function continues to perform strongly.
- 1.9 I have continued to champion this Committee's role in providing oversight of the Council's management of risks and through the year, the Committee has considered each directorate's risk register and reviewed the corporate risk register twice. I am delighted to see that risk management is embedded as a normal management function helping services achieve their objectives. One example of this in action was our review of Hackney's fire safety risk register in the wake of the Grenfell Tower tragedy, following which it is reassuring to note the range and extent of work that officers have taken to manage this critical area. For their part, Committee members had training sessions on their role in the risk management process, with specific reference to obtaining assurance and risk appetite.
- 1.10 Another key area for the Committee is the monitoring and approval of planned audit and anti-fraud activity. The Committee has made clear that it expects audit recommendations to have been addressed by the time they are summarised at our meetings. I am pleased to say that we have only had to pursue managers for non-compliance with recommendations on a gratifyingly few occasions.
- 1.11 Finally, I would like to thank both my fellow Committee Members and the staff in the Finance and Corporate Resources Directorate for their commitment and support in this crucial but sometimes overlooked area of the Council's work. Audit is a vital part of the oversight of the Council's activities and an essential foundation for the public's confidence in our work.

2. COMMITTEE MEMBERSHIP & ATTENDANCE

2.1 The following Councillors were members of the Audit Committee during the 2017/18 municipal year –

Cllr Nick Sharman (Chair)	Cllr Michelle Gregory
Cllr Brian Bell (Vice Chair)	Cllr Carole Williams
Cllr Rob Chapman	Cllr Sem Moema
(Conservative Group vacancy)	

2.2 The table below outlines members' attendance at committee meetings during the 2017/18 municipal year. As ever, members had a significant number of alternative commitments such as other public meetings and ward commitments and surgeries, and were therefore not always available to attend meetings.

Members	Meeting Dates				
	20/04/17	26/06/17	25/07/17	13/09/16	17/01/17
Cllr Nick Sharman	P	P	P	P	P
Cllr Brian Bell	A	P	P	P	A
Cllr Robert Chapman	P	P	P	P	P
Cllr Michelle Gregory	P	P	A	A	P
Cllr Sem Moema	A	P	P	A	P
Cllr Carole Williams	P	A	P	P	P

Key: P = Present A = Absent L = Late

3. WORK UNDERTAKEN IN THE 2017/18 MUNICIPAL YEAR

3.1 The Audit Committee operates in accordance with the CIPFA publication *Audit Committees, Practical Guidance for Local Authorities and Police*, 2013 Edition. The guidance defines the purpose of an Audit Committee as follows:

“To provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.”

3.2 Internal Control

3.2.1 The Committee plays a key role in developing and improving the Council's internal control and assurance framework.

3.2.2 The Accounts and Audit Regulations 2015 require the Council to conduct annual reviews of the system of internal control and publish an Annual Governance Statement (AGS) within its annual financial statements.

3.2.3 The AGS process in 2017/18 has been updated to reflect the new requirements as set out in the Framework/Guidance issued by CIPFA/SOLACE in 2016 and a revised Hackney Code of Governance. Each department produces a local statement which is used to support the corporate AGS. As part of the assurance process Internal Audit review the local AGS's and verify that any actions identified in the previous year AGS have been actioned. The 2017/18 corporate AGS will be included in the

final accounts and will be reviewed by the Committee with future actions for improvement noted.

- 3.2.4 The Committee contributed to the process of providing assurance of the Council's internal control and governance framework by receiving and reviewing regular progress reports on Internal Audit and Risk Management including service performance information.

3.3 Internal Audit

- 3.3.1 In accordance with the Accounts and Audit Regulations 2015 the Committee continuously reviewed the effectiveness of the Internal Audit service. This comprised of: -

- Review and approval of the Internal Audit Annual Plan 2015/16 which includes Internal Audit's key performance measures and outlines audit work for the Council and Associated Bodies for which the Council has a lead responsibility.
- Review of quarterly progress reports of the Corporate Head of Audit, Anti-Fraud & Risk Management detailing the performance and progress of the Internal Audit Service against the Internal Audit Plan and performance targets.
- Review of the Internal Audit Service Annual Report by the Corporate Director of Finance and Corporate Resources.

- 3.3.2 The Committee noted that the Internal Audit Service expects to complete or have in progress at the end of the financial year 90% of the audits included in the annual plan during the year. The slight deviation from target was a result of significant structural changes to the Council's directorates and services across the authority which impacted on the services ability to schedule audits.

3.4 Risk Management

- 3.4.1 A robust risk management framework is an essential element of good management and enables the Council to effectively manage strategic decision-making, service planning and delivery to safeguard the wellbeing of its stakeholders and increase the likelihood of achieving objectives. It is an essential element of good management and a sound internal control system and is necessary for the Council to demonstrate that it has sound systems of corporate governance. The Committee contributed to this by: -

- Reviewing and endorsing the Risk Management Annual Report 2016/17 detailing arrangements for the management of risk in place during 2017/18.
- Proposing measures for developing the Council's approach to managing its risks to assist future improvement.
- During the reporting year the Committee reviewed the risk registers for each of the Council's departments as well as fully reviewing the corporate risk register on two occasions. This top-level review helps to ensure that risk management remains a meaningful and on-going activity across all service areas.
- Introducing a requirement to include the Corporate risk register as part of the Performance Management report so that this is reviewed quarterly by the Committee, with the option to call relevant officers to account more quickly if required.

3.5 Treasury Management

3.5.1 Ensuring treasury management is governed effectively is an essential element of the work of the Audit Committee. A regular cycle of reports is presented to the Committee to enable them to comment upon and monitor treasury action throughout the year.

3.5.2 The Committee considered the following reports during the Year:-

- Reviewed a draft Treasury Management Strategy for 2018/19.
- Review of quarterly and half-yearly updates on treasury management detailing performance.

3.6 External Audit

3.6.1 The Council's external auditor, KPMG, attended some of the Committee's meetings at which they present an external audit progress report for review and comment. There have been no additional reviews undertaken by the external auditors.

3.6.2 The Committee has considered the following reports from KPMG: -

- Annual Audit and Inspection Letter 2017 – KPMG issued an unqualified opinion on the Council's accounts and Value for Money conclusion; subsequently, an unqualified opinion on the pension fund was also received.
- Annual Governance Report 2016/17 – No significant issues in terms of the internal control environment were identified and there are adequate arrangements in place to secure economy, efficiency and effectiveness in the use of resources.

3.7 Anti-Fraud and Corruption Arrangements

3.7.1 The Committee reviewed the quarterly and annual performance of the anti-fraud teams in tackling fraud against the authority and the contribution this made to strengthen the system of internal control.

3.7.2 During the year up to 31 December 2017 the following savings were made as a direct result of the work of the anti-fraud teams:

Outcome	Outcomes 2017/18 to date	Savings Realised
Council service or discount cancelled	66	(1) £22,968 per week £1,197,617 per year
Blue Badges recovered	53	(2) £5,300
Other fraudulent parking permits recovered	26	n/a
Parking misuse warnings issued	24	n/a
Penalty Charge Notice (PCN) issued	44	(3) £2,860
Vehicle removed for parking fraud	34	(4) £6,800
Recovery of tenancy	46	(5) £828,000
Housing application cancelled or downgraded	32	(6) £128,000 - £576,000
Right to Buy application withdrawn or cancelled	9	(7) £944,100
Total	334	Between £3,112,677 and £3,560,677

1. Overstaying Families Intervention Team (OFIT) savings – 66 support packages cancelled, average saving £348 per week
2. Calculated using Audit Commission figure of £100 per badge recovered
3. 44 x £65 PCN charge
4. £200 per removal in addition to the PCN charge
5. Calculated using Audit Commission figure of £18,000
6. Calculated using Audit Commission estimated values of either £4,000 or 18,000
7. Calculation based on discount of £104,900

- 3.7.2 The corporate responsibility for the Regulation of Investigatory Powers Act (RIPA) and Proceeds of Crime Act (POCA) rests with the Corporate Head of Audit, Anti-Fraud & Risk Management. During the year the Committee was provided with quarterly monitoring information on the activities undertaken by the Council.

3.8 Whistleblowing Arrangements

During the year the Committee received quarterly updates on whistleblowing referrals regarding fraud/irregularity in addition to an annual report on the Council's whistleblowing arrangements and activity.

3.9 Financial Reporting

The Committee scrutinised and approved the 2016/17 Statement of Accounts prior to the completion of the audit by KPMG. The Committee also considered KPMG's Governance Report regarding the audit of the accounts and significant issues arising during the audit of the accounts.

3.10 Performance Reporting

Quarterly updates to Committee on a range of Council activities were introduced in April 2017. The report covers three key areas of activity and has resulted in both a wider span of oversight and increased knowledge of key areas. Firstly, a performance report of selected key indicators provides coverage of activities of importance to the Committee and our residents; where concerns about performance have been identified, officers have attended meetings to provide explanation of how issues are being resolved. Secondly, the Corporate Risk Register is now reported quarterly (in addition to the biannual in-depth review of the register), so that emerging concerns and changes to existing risks are immediately on the Committee's radar. Thirdly, oversight of capital expenditure is now achieved by inclusion of a Capital Programme Monitoring Report.

4. PROPOSED WORK PROGRAMME FOR 2018/19

- 4.1 Over the past year a programme of development sessions have been held for members of the Committee; this included training in capital investment and commercialisation and risk management. Further sessions will be arranged over the coming year.
- 4.2 The Committee will review and, if appropriate, approve the External Auditor's Annual Governance statement covering the Council and the Pension Fund.
- 4.3 The Audit Committee will continue to receive and examine the Council's Statement of Accounts and Annual Governance Statement and approve these if it is appropriate to do so.

- 4.4 The Committee will continue to receive regular performance reports from the Internal Audit Service, the Anti-Fraud Teams, Treasury Management, directorate and corporate risk registers. As well as reviewing corporate policies and strategies relating to these services.
- 4.5 The Chair will continue to act as Risk Management Champion taking responsibility for advocating the embedding of risk management throughout the Council. The Committee is keen to take a pro-active approach to overseeing the Council's management of risks and will work closely with the Corporate Risk Advisor and senior managers for continual improvement in our corporate risk management processes.
- 4.6 The Committee will continue to focus attention on the high risk areas which are identified from the risk management framework. We will examine issues that impact on specific service areas, such as the impact of Universal Credit and welfare reforms and the increased pressures on the SEND budget. Additionally, the Audit Committee are particularly driven to review areas of strategic importance to the Council such as the role of reserves, our use of private contracting and devolution (for example, the oversight arrangements as they apply to areas of joint authority responsibility, such as our health partnership). Where appropriate we may adapt our current approach, for example, by targeting working meetings to enable more in-depth examination of some of these subject areas.
- 4.7 The Committee will receive and approve the Internal Audit annual plan to ensure that Audit work provides an appropriate coverage during the year.
- 4.8 The recently introduced arrangements to review key performance indicators will continue and these will be refined as might be necessary to ensure that they coordinate effectively with other Committees. Officers will continue to provide explanation about how any concerns arising from the performance data will be rectified.
- 4.9 The Council's whistleblowing arrangements and performance will be reviewed annually and as part of the quarterly reporting process.
- 4.10 The Audit Committee will continue to be proactive and engage wherever necessary to further strengthen the Council's assurance processes. In particular, there will be focus on areas highlighted through the risk management process as presenting a concern at the corporate level.

5. SUMMARY OF ACHIEVEMENTS OF AUDIT COMMITTEE

- 5.1 The Audit Committee has contributed to the Council's overall internal control process in 2017/18 through the challenge and monitoring it has performed on governance, internal audit, anti-fraud, risk management, treasury and financial management processes.
- 5.2 Risk management at corporate and strategic service levels continues to support business processes.
- 5.3 Internal Audit has continued to develop and strengthen with support from the Committee. It received positive assurance from KPMG in its annual report.
- 5.4 The Committee has played a significant role in highlighting the importance of implementing Internal Audit recommendations to agreed timeframes.

- 5.5 The Committee also undertook the role of oversight of the Council's use of Regulation of Investigatory Powers Act (RIPA).

Key Areas for the Next Audit Committee to Consider

There has been much discussion at Audit Committee throughout 2017/18 of the significant cost pressures facing Hackney and the necessity of working more innovatively to continue to provide the best possible level of service for our communities. These culminated in a training event preceding the January 2018 meeting that focussed on some of the innovative capital projects already underway and specifically how these are being managed to minimise the financial and other associated risks. This was followed by the Mayor addressing the Audit Committee and answering questions about key issues facing the authority and his thoughts about how the Audit Committee is uniquely placed to provide oversight and assurance to the Council. Innovation brings challenges and inevitably exposes the Council to new risks. It is widely acknowledged among Members and officers that the challenging financial landscape will require complex solutions with different and potentially more risk associated with them. It should be a key role for the Audit Committee throughout the next financial year to develop the oversight of these key areas to help ensure that they deliver the anticipated benefits while managing the Council's exposure to potential downside effects.

The Mayor commented on specific areas of current concern, starting with the impact of Universal Credit, the risks that this creates for Hackney as a landlord, with regard to homelessness responsibilities and for residents directly impacted by the significant changes. He also talked about the proposals to provide new provision for waste disposal in North London, and the challenges this had raised due to the length of the decision making process. The Mayor acknowledged that the last ten years have seen a dramatic reduction to Hackney's resources but the Council has nevertheless been able to continue to invest in an ambitious capital programme. The Mayor shares the Chair's vision that the Audit Committee has a vital role in providing oversight of the risk management arrangements that are in place for these high-value projects.

Specific issues that the future Audit Committee should be particularly aware of include the following:

- Devolution (most immediately, risks arising from combined health and social care provision)
Ensure that risk management processes across organisations are sufficiently aligned to allow for successful working partnerships to flourish, and that Hackney Council is an equal partner in service delivery.
- Use of reserves
Ensure that finite reserves are managed appropriately, and that levels are maintained at an acceptable level, bearing in mind the statutory role of the Council's s151 officer, the Group Director Finance & Corporate Resources, in ensuring that reserves are held at an appropriate level.
- Role of outsourcing and of the private sector – the need to ensure that private sector partners deliver genuine value for money and deliver promised levels of performance which meet Council and service user expectations. There also needs to be an understanding that while it is possible to outsource service

provision, the Council will remain exposed to reputational and other risks in the event of a supplier failure.

- Oversight of joint commissioning boards
Review to ensure that benefits of working together are realised and that risk appetites are sufficiently aligned.
- Alternative income sources
Need to be satisfied that as we move away from reliance on Government grant toward reliance on other sources of income that the risks of a potentially less secure revenue stream are considered and mitigated as far as possible, and that income is maximised.
- Managing the Council's greater exposure to commercial risk
Hackney has successfully delivered an ambitious capital programme against a background of continuing central Government austerity to ensure the provision of good quality services to our residents and businesses. Further projects are underway and will be required in future that rely on innovative funding solutions such as the mixed use development model successfully employed at Nile Street and Tiger Way. As a result, the Council is forecast to move away from a debt free position, resulting in greater exposure to changes in external market conditions, such as variations in property prices and the cost of borrowing. The Committee should have a key oversight role in ensuring that the exposure to financial and other risks for these projects is within the Council's risk appetite, and that the financial and social benefits which are anticipated are eventually realised.

The role of the Audit Committee as 'critical friend' throughout 2018/19 and beyond will therefore become even more important. Firstly, the Committee will need to continue to provide oversight of Council activity in key areas. Secondly, the innovative financial solutions that are developed to allow delivery of a capital programme that will meet Member and resident expectations will need to be challenged to ensure that risks are acceptable and managed. Thirdly, work should continue to develop the monitoring of the delivery of the capital programme and the financing of that programme to supplement the audit corporate performance dashboard. And finally, the Committee should provide oversight of the non-financial indicators associated with major projects, to ensure that the additional risk and challenges which are taken on actually result in the benefits to Hackney that are expected at the outset.

It is recognised that it will not be feasible to cover some of the additional work set out above within the current arrangements for the Audit Committee and therefore proposals for additional meetings, some "private", and additional participants in some of these as considered relevant, should be considered.

REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES		
WHISTLE-BLOWING PROGRESS REPORT AUDIT COMMITTEE - 18 April 2018	Classification Public	Enclosures AGENDA ITEM No
	Ward(s) affected ALL	

1. INTRODUCTION

- 1.1 This report summarises the Council's corporate arrangements for Whistleblowing and provides members with an update of the cases received in 2017/18.
- 1.2 An effective whistleblowing hotline procedure is an essential part of the Council's corporate governance arrangements. It helps promote an open, honest and accountable culture amongst all workers where they can express their concerns without fear of victimisation or termination of employment.
- 1.3 The Audit Committee receives regular updates relating to whistle-blowing at its quarterly meetings as part of the Internal Audit Quarterly Update Report. This report is produced to provide members with an annual overview of whistleblowing arrangements within Hackney.
- 1.4 As part of the Council's whistle-blowing arrangements, a telephone hotline service is managed by the external provider Expolink, who operate a 24 hour, 7 day a week reporting service. This facility is advertised throughout Council buildings on staff notice boards as well as on the intranet. Details are also provided to all new recruits as part of their induction process.

2. SUMMARY

- 2.1 In keeping with previous years the level of whistleblowing referrals remains a low percentage of overall referrals to the Audit & Anti Fraud Investigations Team. Nevertheless, whistleblowing is an important component in the Council's reporting arrangements because it provides those who might otherwise be reluctant to do so with a process in which to raise their concerns.
- 2.2 A considerable number of referrals to Audit & Anti Fraud could fit the criteria for whistleblowing but in general, managers and staff tend to refer matters of concern under the requirements of the Council's Financial Procedure Rule 4.12 which states: -

“All issues of potential fraud/financial irregularity will be investigated in accordance with the Council’s Anti-Fraud and Corruption Policy. Concerns should be reported at the earliest opportunity (to the Corporate Head of Audit, Anti- Fraud & Risk Management) who will have lead responsibility for any subsequent investigation, in certain circumstances investigations may be carried out in collaboration with individual Group Directors.”

- 2.3 For clarity any member of staff referring irregularities to the Audit & Anti-Fraud Service could expect to be afforded the same protection as if they were claiming to be a whistleblower.

3. RECOMMENDATIONS

- 3.1 That the Audit Committee note the contents of this report**

4. RELATED DECISIONS

None

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

There are no financial implications arising from this report

6. COMMENTS OF THE DIRECTOR, LEGAL

- 6.1 The law on whistleblowing is contained in the Employment Rights Act 1996, as amended by the Public Interest Disclosure Act 1998. Whistleblowers have a right not to be dismissed or suffer any detriment as a result of making a protected disclosure. To be protected, the whistleblower must make a disclosure of information and reasonably believe that the information tends to show that one or more of the following has occurred or is likely to occur: -

- (i) a criminal offence;
- (ii) breach of any legal obligation;
- (iii) a miscarriage of justice;
- (iv) danger to the health and safety of any individual;
- (v) damage to the environment; or
- (vi) the deliberate concealment of information about any of the above.

- 6.2 The whistleblower is protected if the disclosure is made in any one of the prescribed ways laid down by law, one of which is to the employer. The Employment Rights Act 1996, section 47B provides that a worker has the right not to be subjected to any detriment by any act, or any deliberate failure to act, by the employer done on the ground that the worker has made a protected disclosure. A whistle-blowing policy is therefore recognised as essential to encourage and facilitate this.

- 6.3 The Council must satisfy itself that:-

- (i) that matters raised under the whistleblowing procedures are being properly dealt with and within reasonable timescales;
- (ii) that persons using the procedures are not in any way subject to reprisals for raising matters;

- (iii) that where complaints are substantiated that prompt and effective action is taken including the application of the Council's disciplinary procedures and any others of relevance;
- (iv) that where financial and other irregularities are uncovered that a prompt and robust review of systems and processes takes place to mitigate the risk or opportunities for re-occurrence;
- (v) that any compliance lessons for the Council from the reported cases are being captured, disseminated and implemented.

6.4 Consideration of this Report is within the role of the Audit Committee to monitor the Council's policies on 'Raising Concerns at Work' in respect of the anti-fraud and anti-corruption strategy.

7. BACKGROUND

7.1 Whistleblowing occurs when an employee reports a genuine concern that is in the public interest to be resolved. The Council encourages issues of concern to be raised, providing this is done in good faith (i.e. not maliciously). There is a legal framework in place to support those who blow the whistle to help to ensure that they do not suffer a detriment from doing so. The following are some of the things that concerns may be raised about: -

- Fraud and corruption within or against the Council
- A danger in the workplace
- Deliberate neglect of people in care
- Dumping damaging material in the environment

These are wide-ranging areas of concern, and the expertise to deal effectively with them lies with different Council departments.

7.2 Anyone who works for the Council, or who has recently worked for the Council, can 'blow the whistle'. Whilst protection afforded to whistleblowing only covers issues where there is a degree of public interest in reality many reports received relate to disgruntled staff and often do not result in the allegation being upheld. A whistleblowing policy is in place which was most recently updated in April 2018, a copy is attached as Appendix 1 to this report.

7.3 The Whistleblowing Policy does not extend to members of the public or service users because the confidentiality and protection from reprisal issues either do not extend to these groups, or they operate in a very different way to how they affect staff. The Council has a complaints system through which the public and service users can report concerns. The public are also able to report concerns about fraud against the Council through the tenancy fraud and blue badge parking hotlines, or by reporting concerns directly to the Audit & Anti-Fraud Division.

7.4 Hackney Learning Trust staff are also covered by the Council arrangements following their reintegration, as are workers at the community maintained schools. Any investigations into allegations of fraud or irregularity arising from whistleblowing reports are carried out by the Council's Audit & Anti-Fraud Division.

7.5 Hackney Learning Trust staff also have access to Expolink as a means of reporting concerns, in addition to reporting to line management or Audit & Anti-Fraud.

7.6 There are no implications for the equalities policies of the Council as the whistleblowing policy is accessible to all staff and partners across the Council.

8. REFERRALS FOR THE PERIOD APRIL 2017 TO MARCH 2018

8.1 Whistleblowing reports to Expolink are reported as part of the quarterly Audit & Anti-Fraud Progress Reports. A specific summary of all whistleblowing activity was last reported to Members in April 2017. Table 1 below summarises Expolink activity in recent years.

	2014/15	2015/16	2016/17	2017/18
Fraud & Corruption referrals	4	2	0	2
Other referrals	2	0	1	3
Total referrals	6	2	1	5

Table 1

8.2 The Expolink concerns that have been reported during the last 12 months comprise two separate reports of the same instance of alleged bribery (fraud & corruption), a privacy issue, a concern about staff dismissals and an alleged breach of procedure (all 'other').

8.3 Concerns of fraud or corruption can be reported in a number of ways. In addition to the matters raised through the Expolink telephone hotline (see section 1.4), workers may raise whistleblowing concerns through alternative channels and still be entitled to the same degree of protection that would be afforded if they had used the telephone hotline. Of the 41 internal investigations referred in 2017/18, 10 have been raised in this way (i.e. one via Expolink, 9 by other whistleblowing routes). The following table shows all referrals by department and fraud type, with whistleblowing cases identified in brackets:

Description	Neighbourhoods	Children, Adults & Community Health		Finance & Resources	Chief Executives	Total
	& Housing	CACH	HLT			
Theft	1(1)	3	0	0	0	4(1)
Cheque/Credit card fraud	0	0	0	4	0	4
Immigration/ID issues	1	1	0	0	0	2
Employee issues	18(4+1E)	1(1)	0	3	2	24(5+1E)
Payments, contracts, procurement	2	0	0	0	0	2
Housing irregularities	2(2)	0	0	0	0	2(2)
Staff parking	0	0	0	0	0	0
Other	1(1)	0	0	2	0	3(1)
Total	25(8+1E)	5(1)	0	9	2	41(9+1E)

Table 2

8.4 Whistleblowing referrals investigated by Audit & Anti-Fraud are dealt with under normal investigative procedures and outcomes regularly include recommendations on appropriate disciplinary action, advice on measures to be taken to address system weaknesses, and referrals to internal audit for follow-up

action wherever more significant problems are identified. If concerns are more appropriately dealt with by another service (e.g. Human Resources) a referral is made. Outcomes of the 10 cases identified at section 8.3 (Table 2) are as follows:

- Two employees left as a result of the investigation
- Procedural recommendations arose from two investigations
- Three cases remain under investigation
- No further action arose following three investigations

8.5 In relation to the legal comments contained in this report, it should be noted that every effort is made to protect the identity of the whistleblower in order to guard against the possibility of reprisals. It is not always possible to keep the identity confidential, but it is clear in the policy that any detrimental retaliatory actions arising from a whistleblowing concern being raised (for example, threats, disciplinary action or dismissal) will be regarded as a serious disciplinary offence.

9. FUTURE DEVELOPMENTS

9.1 The recently revised whistleblowing policy will be publicised to all staff to raise awareness of the reporting mechanisms available.

9.2 New staff will continue to be provided with information about relevant Hackney procedures as part of the induction process (e.g. The Anti-Fraud & Corruption Policy, Code of Conduct, Whistleblowing Policy), together with contact details and information about the Expolink hotline service.

9.3 Contact details for Expolink will continue to be advertised electronically and on staff noticeboards.

9.4 The Audit Committee will continue to receive quarterly progress reports and an annual report on whistleblowing arrangements and investigation outcomes.

IAN WILLIAMS

Group Director of Finance and Corporate Resources

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Background papers:

Appendix 1 Whistleblowing Policy, April 2018



LONDON BOROUGH OF HACKNEY

WHISTLEBLOWING POLICY

Dated
1 April 2018

CONTENTS

CLAUSE

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1. POLICY STATEMENT

- 1.1 London Borough of Hackney is committed to operating with honesty and integrity, and all staff and members of associated bodies, contractors and partners working with the Council are expected to maintain high standards in accordance with the Council's Code of Conduct and all applicable rules, regulations and legislation. However, all public authorities face the risk of things going wrong from time to time, or of unknowingly harbouring illegal or unethical conduct. A culture of openness and accountability is essential in order to prevent such situations occurring and to address them when they do occur.
- 1.2 The aims of this policy are:
- (a) To encourage staff to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected;
 - (b) To provide staff with guidance on how to raise those concerns;
 - (c) To reassure staff that they can raise genuine concerns without fear of reprisals, even if they turn out to be mistaken.
- 1.3 This policy takes account of the Whistleblowing Arrangements Code of Practice issued by the British Standards Institute and Public Concern at Work.
- 1.4 This policy does not form part of any employee's contract of employment and it may be amended at any time.

2. WHO IS COVERED BY THIS POLICY?

This policy applies to all individuals working at and for all levels of the organisation, including senior managers, officers, directors, employees, consultants, contractors, trainees, homeworkers, part-time and fixed-term workers, casual and agency staff and volunteers (collectively referred to as **staff** in this policy). This policy also covers all staff working at the London Borough of Hackney's community maintained schools (but it does not extend to voluntary aided schools, academies or free schools, who should have their own arrangements in place).

3. WHAT IS WHISTLEBLOWING?

- 3.1 **Whistleblowing** is the disclosure of information which relates to suspected wrongdoing or dangers at work. This may include:
- (a) criminal activity;
 - (b) miscarriages of justice;
 - (c) danger to health and safety;
 - (d) damage to the environment;
 - (e) failure to comply with any legal or professional obligation or regulatory requirements;
 - (f) bribery;

- (g) financial fraud or mismanagement;
 - (h) negligence;
 - (i) breach of our internal policies and procedures (including the Council's Codes of Conduct for Employees and Members, Standing Orders, Regulatory Framework, Financial Regulations);
 - (j) unauthorised disclosure of confidential information;
 - (k) the deliberate concealment of any of the above matters; or
 - (l) with regard to schools, the systematic failure to prioritise safeguarding where the appropriate procedures have not been followed.
- 3.2 A whistleblower is a person who raises a genuine concern relating to any of the above. If you have any genuine concerns related to suspected wrongdoing or danger affecting any of our activities (a **whistleblowing concern**) you should report it under this policy.
- 3.3 The decision to report a concern can be a difficult one to make. If what you are saying is true, you should have nothing to fear because you will be doing a service to the public and to the Council.
- 3.4 The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in good faith. Any investigation into allegations of potential malpractice or wrong doing will not influence or be influenced by any disciplinary, capability, redeployment or redundancy procedures that apply to you.
- 3.5 We maintain a 'Whistleblowers' Hotline for staff provided by Expolink. To report a concern via the Whistleblowing Hotline please call **0800 374199**. Details of this number are also available from the Whistleblowing page on the Council's Intranet.
- 3.6 This policy should not be used for complaints relating to your own personal circumstances, such as the way you have been treated at work. In these cases you should use the appropriate HR policy, such as the Grievance Procedure or the Anti-Harassment and Bullying Policy.
- 3.7 Reporting safeguarding concerns, in relation to schools, should be dealt with under the London Child Protection Procedures and 'Working Together 2015' guidance. This policy may, however, be used for reporting alleged systematic failures to prioritise safeguarding where the appropriate procedures have not been followed.
- 3.8 If you are uncertain whether something is within the scope of this policy you should seek advice from the Audit and Anti-Fraud Service of the Council (contact details are provided at Section 11.)

4. RAISING A WHISTLEBLOWING CONCERN

- 4.1 Concerns that are expressed anonymously will be considered, however, in our experience there is a greater likelihood of a successful investigation if we are able to communicate directly with those who raise a concern.
- 4.2 It is hoped that in most cases you will be able to raise any concerns in the first instance with your line manager. You may tell them in person or put the matter in writing if you prefer. They may be able to agree a way of resolving your concern quickly and effectively. In some cases they may refer the matter to the Audit Investigations Team Manager who is the Council's designated Whistleblowing Officer (see Section 11).
- 4.3 However, where the matter is more serious, or you feel that your line manager has not addressed your concern, or you prefer not to raise it with them for any reason, you should contact one of the following: -
- (a) The Audit Investigations Team Manager
 - (b) Expolink (our confidential external telephone hotline)

Contact details are set out at the end of this policy.

- 4.4 Please note that under the Council's Code of Conduct, elected members should not be approached directly. Furthermore, concerns should not be reported to the press under any circumstances.
- 4.5 We may arrange a meeting with you to gain a thorough understanding of your concern. We will also aim to give you an indication of how we propose to deal with the matter.
- 4.6 School staff may choose to raise their concerns directly with the school – e.g., a member of the school's leadership team, the chair of governors or another appropriate/named governor. Where a school receives a direct whistleblowing referral (e.g., via the Headteacher or Chair of Governors), the school must inform Hackney Learning Trust's "Responsible Officer for Schools" (contact details at section 11). This allows LBH to provide the school with any support as required as well as to maintain corporate oversight of the concern raised.

5. CONFIDENTIALITY AND ANONYMOUS COMPLAINTS

- 5.1 We hope that staff will feel able to voice whistleblowing concerns openly under this policy. If you want to raise your concern confidentially, we will make every effort to keep your identity secret. You can contact the Audit and Anti-Fraud Division and appropriate measures can then be taken to preserve your confidentiality. However, there are limited circumstances when your identity may have to be revealed, for example, if the investigation results in legal proceedings.
- 5.2 Experience has shown that concerns are more likely to be resolved where a whistleblower is prepared to provide their identity to the investigating party, and for this reason we do not encourage staff to make disclosures anonymously. It is more difficult to establish whether allegations are credible

and it may be more difficult to deter any malpractice. Proper investigation may be more difficult or impossible if we cannot obtain further information from you, and we will be less able to provide assurance and feedback.

- 5.3 However, we do understand that whistleblowers may be concerned about possible repercussions if their identity is revealed and we would prefer that you report your concern anonymously rather than say nothing. If you are in any doubt you can seek advice from our confidential third-party hotline, Expolink. Contact details are included in Section 11.
- 5.4 In relation to determining whether an anonymous allegation will be taken forward, the following factors will be taken into account:
 - (a) The seriousness of the issue raised;
 - (b) The credibility of the concern;
 - (c) The likelihood of confirming the allegation from attributable sources, and obtaining necessary information.

6. EXTERNAL DISCLOSURES

- 6.1 The aim of this policy is to provide an internal mechanism for reporting, investigating and remedying any wrongdoing in the workplace. In most cases you should not find it necessary to alert anyone externally before first exhausting this internal procedure.
- 6.2 The law recognises that in some circumstances it may be appropriate for you to report your concerns to a designated external body, dependant on the area that your concern relates to, such as the Council's External Auditor, the Care Quality Commission or Ofsted. A full list can be found at <https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2>. It will never be appropriate to alert the media. We strongly encourage you to seek advice before reporting a concern to anyone external, and if you do so you must be careful not to reveal any confidential information unlawfully.
- 6.3 Whistleblowing concerns usually relate to the conduct of our staff, but they may sometimes relate to the actions of a third party, such as a customer, supplier or service provider. In some circumstances the law will protect you if you raise the matter with the third party directly. However, we encourage you to report such concerns internally first.

7. INVESTIGATION AND OUTCOME

- 7.1 Once you have raised a concern, we will carry out an initial assessment to determine the scope of any investigation. We will inform you of the outcome of our assessment. You may be required to provide further information as part of this process.
- 7.2 In some cases we may appoint an investigator or team of investigators including staff with specialist knowledge of the subject matter. In the case of school based staff, it may be appropriate for the investigation to be conducted

by school governors. The investigation may make recommendations for change to enable us to minimise the risk of future wrongdoing.

7.3 We will aim to keep you informed of the progress of the investigation and its likely timescale. However, sometimes the need for confidentiality may prevent us giving you specific details of the investigation or any disciplinary action taken as a result. You should treat any information about the investigation as confidential.

7.4 If we conclude that a whistleblower has made false allegations and that these have been raised in bad faith (e.g. frivolously, maliciously, with a view to personal gain or for an ulterior motive) the whistleblower may be subject to disciplinary action. Furthermore, becoming a whistleblower does not guarantee immunity for any person who raises concerns about malpractice that they have been substantively involved in.

8. IF YOU ARE NOT SATISFIED

8.1 While we cannot always guarantee the outcome you are seeking, we will try to deal with your concern fairly and in an appropriate way. By using this policy you can help us to achieve this.

8.2 If you are not happy with the way in which your concern has been handled, you can raise it with the Corporate Head of Audit, Anti-Fraud & Risk Management.

9. PROTECTION AND SUPPORT FOR WHISTLEBLOWERS

9.1 It is understandable that whistleblowers are sometimes worried about possible repercussions. We aim to encourage openness and will support staff who raise genuine concerns under this policy, even if they turn out to be mistaken.

9.2 Staff must not suffer any detrimental treatment as a result of raising a genuine concern. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the Whistleblowing Officer immediately. If the matter is not remedied you should raise it formally using our Grievance Procedure.

9.3 Staff must not threaten or retaliate against whistleblowers in any way. If you are involved in such conduct you may be subject to disciplinary action. In some cases the whistleblower could have a right to sue you personally for compensation in an employment tribunal.

10. RESPONSIBILITY FOR THE SUCCESS OF THIS POLICY

10.1 The Council's Corporate Head of Audit, Anti-Fraud & Risk Management has overall responsibility for this policy, and for reviewing the effectiveness of actions taken in response to concerns raised under this policy.

10.2 The Audit Investigation Team Manager is the Council's designated Whistleblowing Officer and has day-to-day operational responsibility for this

policy, and must ensure that all managers and other staff who may deal with concerns or investigations under this policy receive regular and appropriate training.

- 10.3 All staff are responsible for the success of this policy and should ensure that they use it to disclose any suspected danger or wrongdoing. Staff are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Corporate Head of Audit, Anti-Fraud & Risk Management.

11. CONTACTS

Organisation / Officer Designation	Contact Details
Whistleblowing Officer (Audit Investigation Team Manager)	Vinny Walsh Tel. 0208 356 2536 Vinny.walsh@hackney.gov.uk
Corporate Head of Audit, Anti-Fraud & Risk Management	Michael Sheffield Tel. 020 8356 2505 Email. Michael.sheffield@hackney.gov.uk
Hackney Learning Trust – Responsible Officer for Schools	Frank O’Donoghue Tel. 020-8820-7555 Email frank.odonoghue@learningtrust.co.uk
Whistleblowing Hotline (24 hour hotline)	Expolink Tel. 0800 374199
Public Concern at Work (Independent whistleblowing charity)	Helpline: (020) 7404 6609 E-mail: whistle@pcaw.co.uk Website: www.pcaw.co.uk

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AUDIT COMMITTEE WORK PROGRAMME 2018/19

	June 2018	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 2017/18	For information and comment	Ian Williams (Michael Sheffield)
5	FRAUD AND IRREGULARITY ANNUAL REPORT 2017/18	For information and comment	Ian Williams (Michael Sheffield)
6	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
7	AUDIT COMMITTEE WORK PROGRAMME 2018/19	For information & comment	All

	July 2018 – SPECIAL MEETING	Decision	Group Director & Lead Officer
1	FINANCIAL STATEMENTS AUDIT 2017/18 - ANNUAL GOVERNANCE REPORT (COUNCIL & PENSION FUND)	For information and comment	Ian Williams (Michael Honeysett)
2	STATEMENT OF ACCOUNTS 2017/18	To approve	Ian Williams (Michael Honeysett)

	October 2018	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	CODE OF CORPORATE GOVERNANCE REVIEW	To approve	Ian Williams (Michael Sheffield)
5	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield)
6	AUDIT COMMITTEE WORK PROGRAMME 2018/19	To approve	All

	January 2019	Decision	Group Director & Lead Officer
1	CERTIFICATION OF GRANTS & RETURNS 2017/18	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 2018/19	To approve	All

	April 2019	Decision	Group Director and Lead Officer
1	EXTERNAL AUDIT OPINION PLAN 2018/19	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 2019/20	To approve	All
10	AUDIT COMMITTEE – ANNUAL REPORT	For information and comment	Cllr Nick Sharman (Chair)/ Michael Sheffield

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