



# AUDIT COMMITTEE

Thursday, 21st June, 2018

at 6.30 pm

## Committee Membership

Cllr Brian Bell  
Cllr Ajay Chauhan  
Cllr Michelle Gregory  
Cllr Yvonne Maxwell  
Cllr Nick Sharman  
Cllr Patrick Spence

**Tim Shields**  
Chief Executive

Contact:  
Peter Gray  
Governance Services  
Tel: 020 8356 3326  
Email: Peter Gray @hackney.gov.uk

The press and public are welcome to attend this meeting

# **AGENDA**

## **Thursday, 21st June, 2018**

### **ORDER OF BUSINESS**

<b>Item No</b>		<b>Page No</b>
<b>1</b>	<b>Approval of the Chair and Vice-Chair as nominated at the Annual General Meeting</b>	
<b>2</b>	<b>Apologies for Absence</b>	
<b>3</b>	<b>Declarations of Interest</b>	
<b>4</b>	<b>Minutes of the previous meeting</b>	<b>1 - 8</b>
<b>5</b>	<b>Report of the Director of Housing - Verbal</b>	
<b>6</b>	<b>ICT Update</b>	<b>9 - 24</b>
<b>7</b>	<b>Directorate Risk Register Review - Chief Executive</b>	<b>25 - 48</b>
<b>8</b>	<b>Treasury Management Update</b>	<b>49 - 56</b>
<b>9</b>	<b>Audit Committee - Key Activities 2018/19</b>	<b>57 - 60</b>
<b>10</b>	<b>Corporate Risk Register Review</b>	<b>61 - 102</b>
<b>11</b>	<b>Performance Overview</b>	<b>103 - 140</b>
<b>12</b>	<b>Internal Audit Annual Report 2017/18</b>	<b>141 - 180</b>

<b>13</b>	<b>Fraud and Irregularity Annual Report 2017/18</b>	<b>181 - 196</b>
<b>14</b>	<b>Work Programme</b>	<b>197 - 200</b>
<b>15</b>	<b>Any other business that in the opinion of the Chair is urgent</b>	

## Access and Information

### Location

Hackney Town Hall is on Mare Street, bordered by Wilton Way and Reading Lane, almost directly opposite Hackney Picturehouse.

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

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

### Facilities

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall.

Induction loop facilities are available in the Committee Rooms and the Council Chamber

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

### Copies of the Agenda

The Hackney website contains a full database of meeting agendas, reports and minutes. Log on at: [www.hackney.gov.uk](http://www.hackney.gov.uk)

Paper copies are also available from local libraries and from Governance Services whose contact details are shown on page 1 of the agenda.

### Council & Democracy- [www.hackney.gov.uk](http://www.hackney.gov.uk)

The Council & Democracy section of the Hackney Council website contains details about the democratic process at Hackney, including:

- Mayor of Hackney
- Your Councillors
- Cabinet
- Speaker
- MPs, MEPs and GLA
- Committee Reports
- Council Meetings
- Executive Meetings and Key Decisions Notices
- Register to Vote
- Introduction to the Council
- Council Departments

## RIGHTS OF PRESS AND PUBLIC TO REPORT ON MEETINGS

Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

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

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

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

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

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

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

Providing oral commentary during a meeting is not permitted.

# ADVICE TO MEMBERS ON DECLARING INTERESTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Further Information

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



FS 566728

This page is intentionally left blank





## AUDIT COMMITTEE

WEDNESDAY, 18TH APRIL, 2018

**Present:**           **Councillors:**

**Cllr Nick Sharman (Chair)**  
**Cllr Brian Bell (Vice-Chair),**  
**Cllr Michelle Gregory and Cllr Carole Williams**

**Officers: Anne Canning (Agenda item 4), Bruce Devile, Michael Honeysett, Jackie Moylan, Michael Sheffield, Julie Sharp, Matthew Powell**

### **1     Apologies for Absence**

1.1 Apologies were submitted on behalf of Councillors Chapman, Moema and Williams (for lateness).

### **2Declarations of Interest**

2.1 There were no declarations of interest.

### **3     Minutes of previous meeting**

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

### **Matters Arising**

#### **Payroll Data**

Michael Honeysett reported to the Committee that work was ongoing with Payroll on quality of payroll data and that Dan Paul, Head of Human Resources had attended a recent Pensions Committee to discuss this matter and report on a restructure within the team. He told the Committee that the BACS file had started to work automatically. The Chair commented that this area remained a red risk and Michael Honeysett reported that this area of work was progressing and that there would be an update at the next meeting.

**ACTION:** Michael Honeysett

### **4     External Audit Plan 2017/18**

4.1 Jennifer Townsend presented the KPMG External Audit Plan 2017/18. She reported that KPMG had identified two significant risks in relation to the Authority's accounts where audit attention would focus due to the likelihood of potential financial misstatement. These were the valuation of land and buildings and the valuation of the Pension liabilities. In completing the initial planning VfM risk assessment the auditors

had not identified any significant risks to the VfM conclusion. She identified two areas of audit focus which were financial resilience and contract monitoring. For the Authority, materially for planning purposes had been set at £15m and the threshold above which individual errors were reported to the Audit Committee was £750k. In addition to the main audit fee the charge for audit of the Pension Fund accounts was expected to remain the same as in 2016/17

4.2 The Committee asked, in relation to value of land and buildings whether systems were in place to ensure resilience in the event of a downturn and it was confirmed that sensitivity analysis is carried out in this areas and the necessary information was available to respond. The Committee stressed that the quality of pensions' information should not be compromised through expediting its production.

4.3 The Chair expressed concern that the tightening of deadlines should not affect the quality of financial statements and it was noted that systems in place ensure the quality of these statements.

4.4 Anne Canning referred to the reorganisation of the STP and that financing was required across the entire footprint and not only of individual Boroughs. In response to the Chair's question on reporting mechanisms Anne Canning confirmed that the reporting arrangements were not significantly different to those currently in existence with additional scrutiny from other organisations. The escalation of risks was being considered.

4.5 The Chair thanked all concerned for the report.

**RESOLVED:**

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

**5 Directorate Risk Register review - Children, adults and Community Health**

5.1 Anne Canning introduced the report on the corporate risks for the Children's, Adults and Community Health Services Directorate as at February 2018. The report identified how risks within the Directorate were identified and managed throughout the year and the approach to embedding risk management. Anne Canning reported that risks to adults and children were also overseen by effective Safeguarding Boards, noting that the Children's Board had been rated as 'Outstanding' at the last Ofsted inspection.

5.2 An escalation in demand for children and families services highlighted and the management of this demand was being considered. Sign posting to early help services was to be used as opposed to interventions where appropriate. Caseloads are also being carefully monitored to ensure cases were closed when it was considered safe to do so and extra staff, funded from earmarked reserves, put in place where this was appropriate.

5.2 In relation to the Hackney Learning Trust Anne Canning highlighted some additional risks in this year's register:

## Hackney Learning Trust

The short term nature of the lease for the SEN vehicle depot site was highlighted. However, a feasibility study for an alternative Council-owned permanent site was about to be commissioned.

The Early Years National Funding Formula had a negative impact on the HLT's capacity to support settings as it limited the funds which can be held back centrally from the Dedicated Schools Grant (DSG) to provide such support.

There was a risk of failing to meet the new statutory requirements for SEND, given the current resource pressures. This pressure arose from the increase in numbers of Education and Healthcare Plans (EHCPs) coupled with insufficient government funding through the Dedicated Schools Grant (DSG). Spend was challenged and reviewed through a Budget Board. The Committee noted that a recent SEND inspection had produced positive results.

## Public Health

The services highest area of spend and risk related to sexual health services. This service was demand led and controls on spending included the introduction of an online service for residents to order self-testing kits. Further, KPIs were tightly monitored.

## Adult Services

Adult services was demand led with increased financial challenges on the service. Work was underway to remodel demand and pressures on social care. A government green paper on care and support for older people was expected to be published in the summer of 2018. This was to set out a view for the long term sustainability of the care and support systems for older people.

Anne Canning told the Committee that the only new risk added to the risk register for Adults Services related to the Integrated Learning Disability Services, 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. A significant review of the service had been carried out making for a better relationship between children and adults.

## Integrated Commissioning

Anne Canning reported that over the past year the new integrated commissioning arrangements had come into effect including the development of risk management arrangements and a separate risk register was reported to the Integrated Commissioning Board (ICB). There were now four workstreams within the integrated Commissioning framework charged with the delivery of improved, joined up services aimed at improving the experience of residents and patients. Anne Canning highlighted that a review was to be commissioned to look at the appropriateness of the governance arrangements in place for

integrated commissioning. The Committee requested that the outcome of this review be brought back to the Audit Committee.

**ACTION: Anne Canning**

5.3 The Committee queried why budgets were not increased as a result of the increased costs of children in care. Jackie Moylan reported that there had been increases in budget, but that in some areas spend was volatile and it was considered prudent to manage some of this spend through use of reserves. For example, there has been an increase in children in care in residential placements from 10 to 27 over the past few years. Each residential placement costs around £150,000 per year. Therefore a reduction of a small number has a big impact on spend and it is therefore considered appropriate to manage a proportion of this pressure through reserves as it may well decrease again.

5.4 The Committee queried the SEND overspend and that it was more appropriate to reserve fund this. Anne Canning explained that identified savings in HLT offset some of the SEND pressure such that the actual overspend for HLT was reduced to 2m.

5.5 Committee Members were pleased to note the reduced pressure on school places and asked to be updated once projections had been subject to their next review.

**ACTION: Anne Canning**

5.6 The Chair stated that the symptoms of austerity were now coming to the fore and stressed the need to identify internal and external risk.

**RESOLVED:**

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

**6 Directorate Risk Register Review - Finance and Corporate Resources**

6.1 Michael Honeysett introduced the report updating the Committee on the current Finance and Corporate Resources Directorate Risk Register as of April 2018. The report also identified how risks within the Council were identified throughout the financial year and the Directorate's approach to embedding risk management. He highlighted the main cross cutting risks around pensions, ICT (including resilience and Cyber/information security), revenue and benefits (including universal credit) together with temporary accommodation. Michael Honeysett told the Committee that there remained some high level, cross cutting risks in relation to problems with contractors and suppliers. A final cross cutting risk related to Major Capital Programmes and the financial exposure the Council was exposed to.

6.2 Councillor Michelle Gregory expressed concerns around constant restructure and ICT recruitment. Michael Honeysett reported that ICT had gone through its restructure and a positive recruitment exercise. He agreed to seek more detail on changes to housing.

6.3 The Chair stressed the importance of risk around pensions, payroll and capital programmes and mechanisms for mitigation, given the impact of any downturn.

**RESOLVED:**

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

**7 Treasury Management Update**

7.1 Michael Honeysett introduced the fourth of the treasury reports relating to the financial year 2017/18, setting out the background for treasury management activity from January 2018 to March 2018 and the action taken during this period. Michael Honeysett reported that Interest rates currently stood at 8.5 % and that further rises were likely. The Committee noted that short term borrowing had increased and there had been a decrease of 15m in the investment balance. The decrease in the investment balance year on year was the result of the continued approach of maintaining borrowing and investments below their underlying levels.

**RESOLVED:**

To note the report.

**8 Internal Audit Annual Plan 2018/19**

8.1 Julie Sharp introduced the proposed Internal Audit Plan and resources for 2018. She highlighted integrated work with counter fraud and risk management, to ensure that significant risks are managed and compliance work carried out with schools. Further, the importance of monitoring the effectiveness of the work of Internal Audit was emphasised. Julie Sharp confirmed that the Internal Audit Team was highly qualified to carry out the role within the Council. When specialist skills were required there was provision in the budget to use an external provider. It was agreed that the words 'Unproductive Time' in Table 1 be amended.

**RESOLVED:**

To approve the proposed Internal Audit Annual Plan, which includes the key performance measures for 2018/19.

**9 Code of Corporate Governance**

9.1 Julie Sharp introduced the revised Code of Governance for the Committee's approval. The draft version had been revised to incorporate current CIPFA best practice.

**RESOLVED:**

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

**10 Performance Overview**

10.1 Michael Honeysett introduced the report providing an updated set of key performance indicators along with an update on risk management with Corporate Scorecard and accompanying commentary on the Council's risk approach. Bruce Devile reported that new performance systems were being put in place. DLO

**Wednesday, 18th April, 2018**

performance was on the whole acceptable but there was an issue with the main contractors.

The Committee asked that a breakdown of repairs appointments resolved at the first visit be circulated to members of the Committee.

**Action: Director of Housing**

The Committee further asked that the newly appointed Director of Housing be invited to the Committee to outline his priorities and initial plans.

**Action: Director of Housing**

10.2 Following Councillor Michelle Gregory's suggestion it was agreed that a narrative be built into the performance indicators.

**Action: Bruce Devile**

**RESOLVED:**

To note the performance indicators in appendix 1 and the Risk Management Scorecard in appendix 2 and the current capital monitoring update in appendix 3.

**11 Audit and Anti Fraud Quarterly Progress Report**

11.1 Michael Sheffield introduced the report on the performance of the Audit and 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, together with statistical information about the work of the investigation team. Michael Sheffield reported that 93% of planned internal audit assignments had been completed or were in progress and went on to report on outcomes from the performance indicators. Several TMO audits resulted in no assurance audit reports being issued due to a number of issues concerning a failure to establish a robust control framework. Recommendations had been made and their implementation was being tracked by the TMO Regulatory Services Team. All recommendations made had been accepted by the TMO and all recommendations due to be implemented had been implemented.

11.2 Michael Sheffield reported that 89.9% of 'high' priority recommendations from audits undertaken from 2014/15 to date had been implemented. 2.5% had been partially implemented. The Committee noted that the estimated saving arising from anti-fraud enquiries for the quarter amounted to £1,606,699.

11.3 Michael Sheffield told the Committee that consideration was being given to increasing the focus on prosecution as a process to address the more serious instances of tenancy fraud and increase the deterrence value of the work. The disadvantage of this approach would be that the total number of enquiries completed would decrease as some investigations would require more resource. The Committee stressed the need to consider the risks and benefits of this course of action. Further information would be provided to committee members about this approach. It was agreed to inform Councillor Gregory of the number of prosecutions currently underway.

**Action: Michael Sheffield**

**RESOLVED:**

To note the Audit and Fraud progress and performance to March 2018.

**12 Annual Report of the Audit Committee**

12.1 The Chair introduced the annual report of the Audit Committee, detailing the role of the Committee and summarising the key activities and achievements in 2017/18 that demonstrate how the Committee had fulfilled its role effectively and to measure consistency with the guidance issued by the Public Sector Internal Audit Standards and other statutory requirements. The Chair reported a positive meeting with the Mayor on the future work of the Audit Committee and stated that specific issues that the future Audit Committee should be particularly aware of included:

- Devolution
- Use of reserves
- Role of outsourcing and of the private sector
- Oversight of joint commissioning boards

He told the committee that CIPFA recommended having external people on the Committee.

12.2 Councillor Michelle Gregory stressed the need for the Audit Committee to make more use of technology in its work and suggested a more proactive role for the committee, looking at how it communicates outwardly.

**RESOLVED:**

To note the annual report of the Audit Committee as set out at appendix 1 to the report.

**13 Whistle-blowing Progress Report**

13.1 Michael Sheffield introduced the report summarising the Council's arrangements for whistleblowing and providing an update on the cases received during 2017 /18. The level of whistleblowing referrals remained a low percentage of overall referrals to the Audit and Anti-Fraud Investigations Team. 41 investigation referrals had been received in the previous year of which 10 originated from whistleblowing sources, 1 of these derived from the external reporting hotline. Of these, 2 investigations led to employees leaving the organisation and 2 resulted in procedural recommendations.

**RESOLVED:**

To note the contents of the report.

**14 Work Programme**

**RESOLVED:**

To note the Audit Committee work programme 2018/19.

**15 Any other business that the Chair considers urgent**

**Wednesday, 18th April, 2018**

15.1 There was no other urgent business.

**Duration of the meeting:** 6:30 -8:30

Chair at the meeting on  
Wednesday, 18 April 2018





**ICT Update**

**AUDIT COMMITTEE MEETING DATE**  
**2017/18**

**21 June 2018**

**CLASSIFICATION:**

**Open**

**WARD(S) AFFECTED**

**All Wards**

**Ian Williams, Group Director Finance and Corporate Resources**



# ICT SERVICES STRATEGIC UPDATE

Audit Committee, 21 June 2018

## 1. EXECUTIVE SUMMARY

### 1.1. Background and context

Effective use of technology and data is a vital part of achieving Hackney's ambitions for the future, delivering even more personal, user-centric and value for money services.

This paper provides an update on the strategic development of the Council's ICT service, including progress to date and intended direction of travel through 2018/19.

### 1.2. Recommendations

Audit Committee is asked to:

- **Note** the progress that has been made with realigning the Council's strategic approach for ICT and digital service delivery.
- **Note** the formal closure of the previous 2015 - 2020 Hackney Digital Strategy and the direction of travel based on the service oriented and thematic approach that is set out in this paper.

## 2. STRATEGIC ALIGNMENT

### 2.1. Hackney Digital Strategy 2015 - 2020

In December 2015 the Council's Digital Strategy for 2015 - 2020 was presented to the Governance & Resources Scrutiny Commission (see agenda item 5 here: <http://mginternet.hackney.gov.uk/ieListDocuments.aspx?CId=120&MId=3387&Ver=4>). This followed the Commission's review of ICT in 2013/14 and set out a proposed approach for defining the portfolio of projects supported by the council's ICT service, management of demand and governance arrangements.

The production of the strategy involved users from across the Council through a series of workshops and 1:1 discussions. The full report is available in eDocs (document ref: 16012150).

### 2.2. Assessing the baseline position and the need for change

Following the appointment of the Council's new Director of ICT in June 2016 there has been an opportunity to review the impact of the strategy and identify opportunities to ensure that the strategic contribution of ICT is maximised.

Following extensive engagement across services, the ICT team and a survey of all users (which received 706 responses), findings and immediate recommendations were presented to HMT in November 2016.

Key findings from this review included:

- A recognition of the progress that had been made since returning ICT to an in-house delivery model and the delivery of much needed and extensive upgrades to core infrastructure (including the replacement of Windows XP and improving resilience through moving to an externally hosted data centre facility).
- A strong appetite from the ICT team to contribute to delivering Hackney's vision for the borough.
- There were important assets that had been developed through the Council's focus on key areas such as data registers (eg Citizen Index, Local Land & Property Gazetteer etc), but also a need to assess the approach to the systems that the Council uses to ensure that these are supporting the delivery of user-centric and efficient digital services.
- ICT was not meeting users' expectations, with a need for more responsive support and the perception that the ICT service's processes were often bureaucratic.
- Overall negative levels of satisfaction, with systems lacking flexibility and falling behind the user experience provided by the modern technologies and services that people use in their personal lives.
- A need for ICT to be more closely aligned with services, building stronger partnership relationships.

In response to these findings the Director of ICT concluded that the existing strategic direction (the 2015 - 2020 Digital Strategy) would not address the concerns that had been identified and that a revised approach was required. The primary reasons for this were that the 2015 - 2020 strategy:

- Would not address the need for a more responsive service model - the proposed governance risked introducing further control layers that were likely to be perceived as additional bureaucracy and which would be unable to respond to rapid service and technology change.
- Was focused on renewal of existing application clusters, without reassessing how best to meet user needs independent of organisational structures and take advantage of lightweight, cloud-based software services. This presented a risk that investment of money and time would recreate existing barriers to innovation rather than supporting future service change.
- Risked missing opportunities to move from traditional models of delivery (eg desktop based computing) towards modern web and mobile based solutions that offer the opportunity to simplify ICT management and deliver an improved user experience.
- Was dependent on the agility and responsiveness of the (shrinking) local government IT market and failed to utilise either global solutions or the expertise of local SMEs.

### **2.3. Realigning our approach towards a service oriented model**

To address the issues identified the Director of ICT proposed a thematic approach based on six strategic themes to shape the Council's direction for digital change and technology investment - designed to ensure that Hackney is delivering high quality digital services for everyone.

This thematic approach will ensure that there is a clear strategic direction to inform technology choices and engagement with services, while also ensuring that strategic priorities are driven by *service strategies and governance* not a separate digital strategy and governance structure. This does not, however, mean that there is no need for consistent focus on strategic technology and data principles, and these are being developed within each of the thematic areas as described in section 5 below.

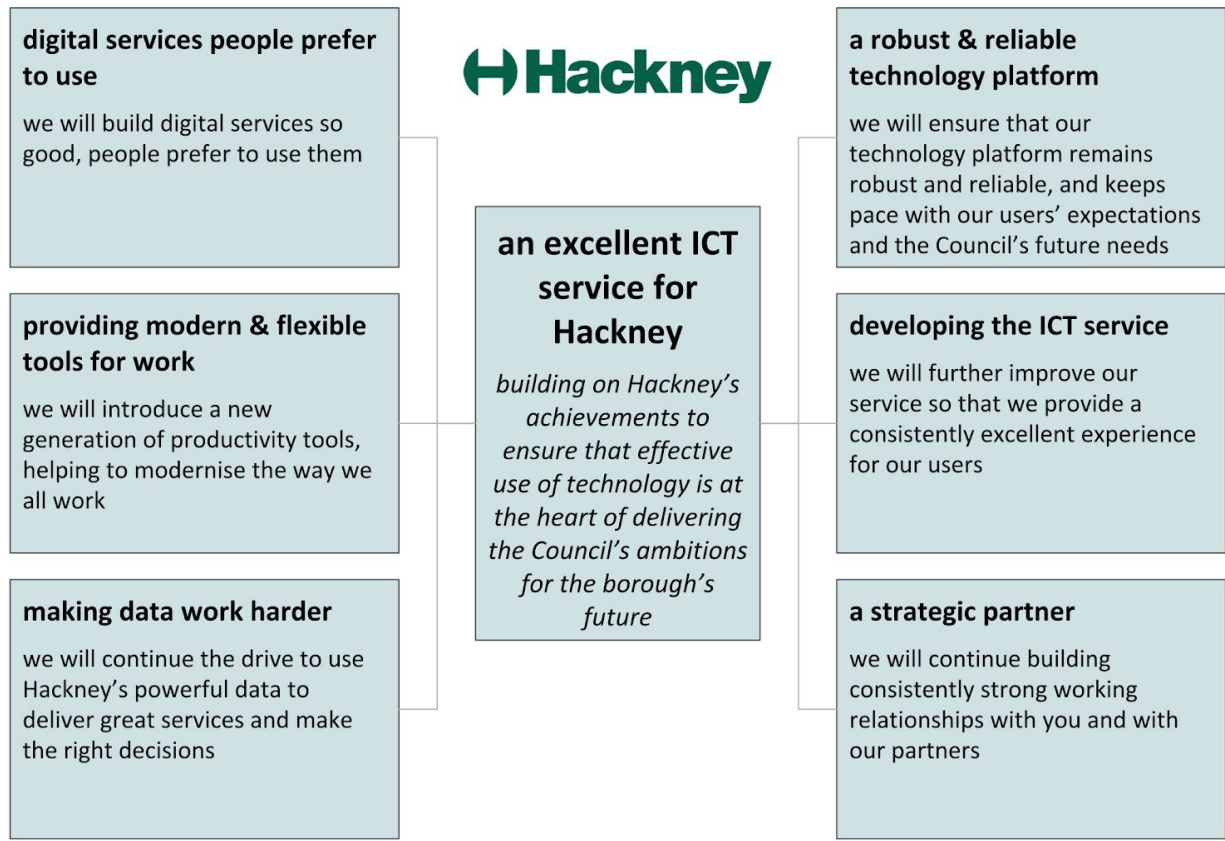


figure 1: strategic themes for delivery of digital service change

### 3. THEMATIC MODEL

The sections below set out the objectives for the six strategic themes, the strategic principles that are being developed to underpin those, an assessment of progress to date and outline priorities for 2018/19. Detailed deliverables will develop in accordance with the priority strategic outcomes for the Council's services and will be delivered through an Agile model (enabling an adaptive response to changing context).

Delivery of work will take place in line with the strategic principles outlined in section 5 below. This will ensure that adoption of the service oriented approach does not result in a loss of the underpinning strategic coherence needed to build sustainable services for the longer term.

#### 3.1. Digital services people prefer to use

*What are our goals?*

The projects within this theme are designed to provide digital services for Hackney's residents and businesses that are so good that people can succeed first time, unaided, in support of the Council's Customer Service Strategy. This will be achieved through development of reusable digital capabilities which can be used to drive simplification and digitisation across the Council's services; supporting

service teams in redesigning their service provision, to deliver more efficient and user-centric services; further deployment of the Council's *One Account* service, providing even better access to personalised online services; online bookings and appointments; and growing the Council's online presence and engagement with the community.

This theme will also include exploration of emerging digital technologies such as voice activated services and artificial intelligence - helping to inform Hackney's longer term strategy of digital service design and delivery.

#### *Where are we now?*

Since appointing a new Head of Digital at the start of 2017 the ICT Services team have worked closely with services across the Council to explore opportunities to use new approaches to deliver priority outcomes. This has included using the UK Government's Digital Marketplace to engage specialist digital agencies (many of which are based in Hackney, reflecting the borough's thriving tech sector) to support delivery and skills transfer to the Council's teams. Achievements over this year include:

- A new Hackney Works service, including a redesign of the way that the service supports people into employment.
- Redesign of the process for applying to be a foster carer, working closely with the Corporate Parenting team to help them develop a model that is more user-centric and accessible.
- A range of projects in support of the Housing Transformation Programme, including:
  - new Pay My Rent service (which has been used more than 46,000 times, reducing calls by approximately 20%),
  - new Report a Repair service (which launched at the end of February 2018 and was used more times in its first week than the previous service was used in a month), and;
  - mobile tools for neighbourhood housing officers making it easier for housing staff to support residents.
- Collaboration with the Future Cities Catapult and the London Boroughs of Camden and Southwark to prototype a digital planning service, which has been awarded funding by the Ministry of Housing, Communities & Local Government to progress to the next stage of development.

Through this work Hackney is already seeing substantial improvement to important resident facing services, is developing skills and confidence across in-house teams and is also attracting national attention as a leader in digital transformation.

#### *Next steps through 2018/19*

Moving forward, we intend to build on the excellent progress that has already been made and work closely with service leaders to identify areas that will be prioritised for future digital service developments. A key focus for this will be supporting senior leaders across the Council in the delivery of their service transformation and savings plans and supporting delivery of the Council's priority outcomes.

This will be supported by recruitment of new skills following the new structure that has been implemented for the ICT service (see details in section 3.5 below) and also continued use of the Digital Marketplace to engage external expertise where required.

The completion of the digital architecture review referenced in section 4 will provide confidence in the technology choices that are being made and further work will be carried out to support services in validating the impact of new digital services (eg customer service improvement, support for delivery of savings etc).

In January 2018 a workshop was held with the digital agencies who have worked with the Council over the previous year, with additional attendance from the Crown Commercial Service Digital Marketplace team. This explored ways that we can maximise the benefits we achieve from our new approach to procuring digital expertise and the findings will inform our approach moving forward (<https://blogs.hackney.gov.uk/hackit/working-with-suppliers-to-develop-better-digital-services>).

### 3.2. Providing modern and flexible tools for work

*What are our goals?*

Through this theme we will modernise the core tools used across the Council, including delivery of the next generation of productivity tools, allowing Council staff and Members to communicate and work together seamlessly from *any device, anywhere, anytime*, modernising the current 'desktop' based working tools and making full use of mobile and web based technology. Work will also take place to refresh the Council's laptops and PCs, which include over 2,000 devices which are more than seven years old.

This theme will also include work to optimise the Council's management of records. This will include digitisation of a number of important record sets currently held on paper and microfiche; and also review of the Council's electronic document system file plan, simplifying records management, enabling improved compliance and making it easier for staff to find and access information.

*Where are we now?*

Following extensive engagement with users across the Council's services, the decision has been taken to implement Google's G Suite productivity tools. The initial phase of delivery will roll these tools out across the Council's users and this will be followed by work to decommission the eDocs document management system, moving documents over to G Suite to enable more flexible and collaborative working.

Capital funding has also been agreed to deliver the refresh of PCs and laptops onto modern hardware and provide on-screen presentation and video meeting facilities in many of the Council's meeting rooms.

To support flexible working across the Council's office estate, the wifi service has also been upgraded to deliver fast, reliable and consistent wifi access across the core office campus.

*Next steps through 2018/19*

During 2018/19 we will:

- Complete the roll out of G Suite and begin the transition of documents from eDocs to Google Drive.
- Deliver the refresh of PCs and laptops.

- Install on-screen presentation and video meeting capabilities in medium and large meeting rooms across the core office campus and also main remote office locations.

### 3.3. Using information as an asset

#### *What are our goals?*

Work in this theme will make a significant contribution to the design, delivery and continual improvement of services by helping the Council to maximise the benefits it gets from effective use of its information resources (helping to address the challenges faced by cuts to financial resources).

This theme will also include further development of the core information registers that the Council has available through completing the delivery of the Business Index (complementing the existing Citizen Index, Children's Index and Local Land & Property Gazetteer); developing Property Index; further investment in business intelligence and analytics; and also work to ensure that the Council is ready for the introduction of the new General Data Protection Regulation requirements which became mandatory from May 2018 (with the emphasis on maximising the opportunity that is presented by enhancing the disciplines for management and use of data).

Sharing of data is also an important contributor to delivery of high quality and cost effective services. Hackney is fortunate that the East London Health & Care Partnership (our local Sustainability & Transformation Partnership) is a national leader in the integration of data across health and social care. Hackney will play a full role in contributing to work across the ELHCP, empowering social care teams through effective access to data and improving outcomes for residents.

#### *Where are we now?*

Following the Council's investment in the Qlik Business Intelligence technology that was implemented in 2015/16, significant progress has taken place over 2017/18 in using this to support services with improved access to data and insight. This includes: real time data dashboards across a range of services, including Housing repairs and Planning; support for the development of Contextual Safeguarding in children's services; and work in progress with children's services to replace static, periodic reports with real time analysis that is available through self-service. The Qlik technology has also been used to develop the Business Index, which provides an holistic view of businesses in the borough.

GIS and mapping tools continue to support the Council's services in understanding service provision across Hackney. This includes supporting the publication of fire risk assessments following the tragedy at Grenfell Tower in Kensington.

Work is continuing with service leads from across the Council's directorates to ensure that the Council fully meets the requirements of the General Data Protection Regulation. This has included review of policies and contracts, as well as improvements to simplify the experience and improve performance of Freedom of Information requests and Subject Access Requests.

Important progress has been made with the integration of health and social care data. This includes connecting with the national CPIS system to alert social workers when children they are involved with attend medical appointments that might indicate cause for concern and access to hospital records for clients, helping to provide more joined up care.



### *Next steps through 2018/19*

The recent restructure of the ICT service has included reallocation of resources to strengthen the service's data analytics capabilities. Recruitment is now in progress and the new Data Analytics team will enable accelerated progress in use of the Council's rich data resources to support the design, commissioning and delivery of services. We are leading a discovery phase to explore the potential for a data product to better understand vulnerable residents.

The new structure also strengthens leadership for the vital information registers that underpin the Council's digital services. Work will take place to renew the technology platform for Citizen Index and continue to ensure robust and high quality data is available to support integration of services so that we can rationalise and monitor system integrations in real time.

Work will also continue to support services through use of geographical information and the ongoing development of robust information governance and records management, in support of the Council's obligations under the General Data Protection Regulation.

### **3.4. A robust and reliable technology platform**

#### *What are our goals?*

Over recent years Hackney has made significant strides forward in modernising its core infrastructure, ensuring that the Council is using modern, supported and reliable technology. While this puts Hackney in a positive and stable position, it is essential that this remains an area of ongoing focus to ensure that the Council is able to gain maximum benefit from technology change. Following appointment of a new Head of Platform in spring 2017 initial changes were made to the ICT structure, bringing together responsibility for all infrastructure, business systems and end-user support under their leadership.

Moving forwards we intend to move towards services based on a 'web first and mobile first' model, putting in place the building blocks that will enable a shift to greater use of cloud and 'Software as a Service' services. Over time this will reduce the amount of infrastructure that the Council manages directly, enable staff to access services easily from *any device, anywhere, any time*, and enable a faster pace of change by reducing the overheads associated with introducing new systems and upgrades.

This will, however, require a focus on developing the core skills needed to successfully manage cloud services - including effective management of service consumption and competence in the new commercial models that are used by cloud service providers. The ICT team's technical skills will also need to develop to ensure that we are able to effectively manage and administer these services.

#### *Where are we now?*

Work to deliver a major refresh of the Council's server and storage hardware and telephony systems is now largely complete. This means that the Council has time to assess the direction of travel for its technology architecture and put in place the right foundation technologies to enable a managed move towards greater use of cloud services in line with the projected end-of-life for the current infrastructure (which will typically have an operational life of 4 - 5 years). For example, moving to cloud services

such as G Suite will mean that elements of the infrastructure platform are no longer needed when the current infrastructure reaches end-of-life, therefore avoiding the need for refresh altogether.

Capital has also been allocated for investment into the network infrastructure that is essential for the delivery of high performing and reliable systems across the Council's office estate and also for remote access (eg users working from home). This will include investment in core network hardware, office connections, complementing the expansion of wifi (including guest wifi access) that has already been delivered, to provide fast and consistent connectivity across the Council's estate.

#### *Next steps through 2018/19*

During 2018/19 the following areas of work will be prioritised:

- Design and implementation of the planned network upgrades.
- Pilot and migration to a cloud based Identity and Access Management service (an important component that will enable easy and secure access to the Council's systems and migration to wider use of cloud services).
- Further review and improvement of infrastructure management disciplines, ensuring that the current infrastructure platform is robustly managed to ensure high levels of reliability, availability and security.

### **3.5. Developing the ICT service**

#### *What are our goals?*

This theme includes a range of improvements to service delivery and management designed to ensure that Hackney has a modern 'best in class' ICT service supporting delivery of excellent services to the borough's residents and businesses.

This will also include the development of 'Digital Support Services', working closely with other support service areas (eg finance and HR) to apply the principles of digital service design to internal support provision and free up Council staff to focus more of their time on delivering high quality services to Hackney's residents and businesses. This will provide staff with simplified online access to support services based on user-centred service design; reduce bureaucratic hurdles - supporting the Chief Executive's *Change for Everyone* programme goals; and give greater transparency of service delivery for staff (eg by making it easy to check on the progress of a new starter request).

#### *Where are we now?*

Service improvement across the ICT service has included a wide range of changes, including:

- A financial review supported by colleagues in Corporate Finance. In addition to existing savings that had been identified by the ICT service this has contributed to a reduction in spend of c £1M per annum and will enable the delivery of further savings commitments of £500k over the next two financial years.
- Implementation of more personal and responsive access to ICT support, including advice appointments that can be booked at user's convenience and 'pop up' support surgeries across the Council's offices. The user survey carried out in September 2017 showed positive progress

in user satisfaction, with a net positive response overall (compared to net negative satisfaction the previous year).

- Consultation and implementation of a new structure for the ICT service, which has included realignment of skills to ensure that the service can meet the Council's future needs and market benchmarking for salaries to ensure that Hackney is competitive in the increasingly challenging marketplace for ICT and digital skills.
- Increased engagement and collaboration across the service, with weekly 'stand up' presentations to showcase work in progress, sharing of progress from across the service and a range of other opportunities for members of the team to learn about work that is being delivered and develop new skills.
- Relocation to the Hackney Service Centre, which means that the service is now co-located and in a modern working environment. The opportunity has also been taken to use this as a catalyst for further change in working style, with space provided for 'stand up' presentations, informal team discussions and creative workshop activity.

### *Next steps through 2018/19*

The focus on service development will continue through the 2018/19 financial year, with particular focus on:

- Embedding the new service structure, including recruitment to vacant posts (currently in progress) and implementing the new training and development strategy that was included as part of the restructure consultation.
- Implementation of the new Digital Apprenticeship programme, with 18 apprentice roles across the service teams. Recruitment is planned for early summer with apprentices starting in role in August / September.
- Continued focus on value for money, including delivery of savings commitments.
- Further development of the end-user support offer, making sure that users have easy access to personalised and efficient support.
- Continued development of the Digital Support Services programme, working together with other support service teams. Initial emphasis will be on the joiner / onboarding process for new starters to ensure that their first impressions of Hackney are positive and that they are able to start working productively as quickly as possible.

### **3.6. Partnership**

#### *What are our goals?*

We want ICT to be a trusted ally and advisor of senior colleagues when considering how to design and optimise the delivery of services to meet the needs of residents at a sustainable cost.

We also want to work with, and contribute to, the digital skills and awareness of Hackney's residents and businesses - as well as its staff.

And we want to partner with local businesses, other public bodies and global experts to ensure that Hackney has the robust, reliable and modern technology it needs.

#### *Where are we now?*

We have designed a set of interventions to support the development of staff in their understanding of user-centric, Agile techniques. This is being supported through weekly stand up presentations, offering the opportunity for people to learn from successful practice and reflect on learning points. Other opportunities for sharing and collaborative working are also actively encouraged to ensure that ICT delivers a joined up service for our users.

We designed a volunteering programme at the Hackney Central and Dalston CLR James libraries so that ICT staff can support our residents getting online and learning basic digital skills. This will be continued as a valuable opportunity for ICT staff to connect with local residents.

We are also working in partnership with Hackney CVS to offer our knowledge and expertise with the sector. This has included a session where expert agencies who are working in partnership with the Council shared digital insights with CVS representatives to support them in producing funding bids.

And as part of the ICT restructure additional capacity has been provided to support positive partnership working, including:

- Additional Relationship Manager capacity to support corporate services (which has previously been a gap).
- Changes to relationship management responsibility to bring the ICT Service Delivery team closer to users and taking the lead for operational relationship management, with the Relationship Management team taking a more strategic role as advisors to service leaders.

#### *Next steps through 2018/19*

The focus on partnership working will continue throughout the coming years and will be fundamental to the ICT service's successful contribution to the Council's priority outcomes. This will continue the measures taken over the previous two years and also look for other opportunities to work closely with other services to support the delivery of their strategic plans.

We are developing a number of products to support collaboration in the sector - including a user research library and an improved 'pipeline' so that we can 'share by default' and public bodies in Hackney and beyond can see what we're doing, to promote re-use.

We are also supporting the Mayor of London and his Chief Digital Officer in development of the Smarter London plan and proposals for a London Office for Technology and Innovation to ensure these proposals benefit Hackney residents and businesses.

#### **4. OVERVIEW OF SERVICE ENGAGEMENT TO SUPPORT DIGITAL CHANGE ACROSS THE COUNCIL**

As noted in section 3.6 above, the recent restructure of the ICT service has strengthened capacity for strategic engagement across the Council's services. This will enhance the service's ability to support senior leaders in identifying and taking advantage of opportunities to use digital technology, data and approaches as part of continuing to transform Hackney's services.

This is supported through regular updates to Hackney Management Team, the Mayor and Cabinet Members, and also the new *Mayor's Digital Advisory Panel* which launched in June 2018 - involving

local digital experts (both residents and Hackney based businesses) in helping to shape Hackney's digital direction.

Key programmes across the Council's services that are harnessing the potential for digital change include:

#### Childrens, Adults & Community Health directorate

- The developing strategy in **Adults' Social Care**, linking in with successful collaboration with colleagues in the local health system to share data and join up health and social care services.
- The Practice Evolution programme in **Children's Services**, which is delivering a programme of change across the service - and the development of a 'contextual' approach to safeguarding.
- The Council's ICT service does not provide ICT support for Hackney Learning Trust and schools in Hackney. HLT currently retain their own ICT function which supports users in the Learning Trust building and offers ICT support to schools as a traded service.

#### Chief Executive's and Finance & Corporate Resources directorates

- The Council's **Accommodation Programme**, which links with the *Modern and Flexible Tools for Work* theme in section 3.2 above to provide Hackney's staff and partners with a working environment that supports modern and collaborative working styles.
- The strategic review of **connectivity for Hackney**, working across a wide range of Council service areas to identify opportunities to use the Council's building and network assets to deliver maximum public benefit.
- The delivery of the Council's **Customer Services Strategy**, providing online access to the Council's services - improving the customer experience and reducing costs.
- The **Digital Support Services** initiatives that are working to ensure that the Council's internal support services are supporting staff and partners in delivering excellent services to Hackney's residents and businesses, simplifying internal processes and joining up across support services.

#### Neighbourhoods & Housing directorate

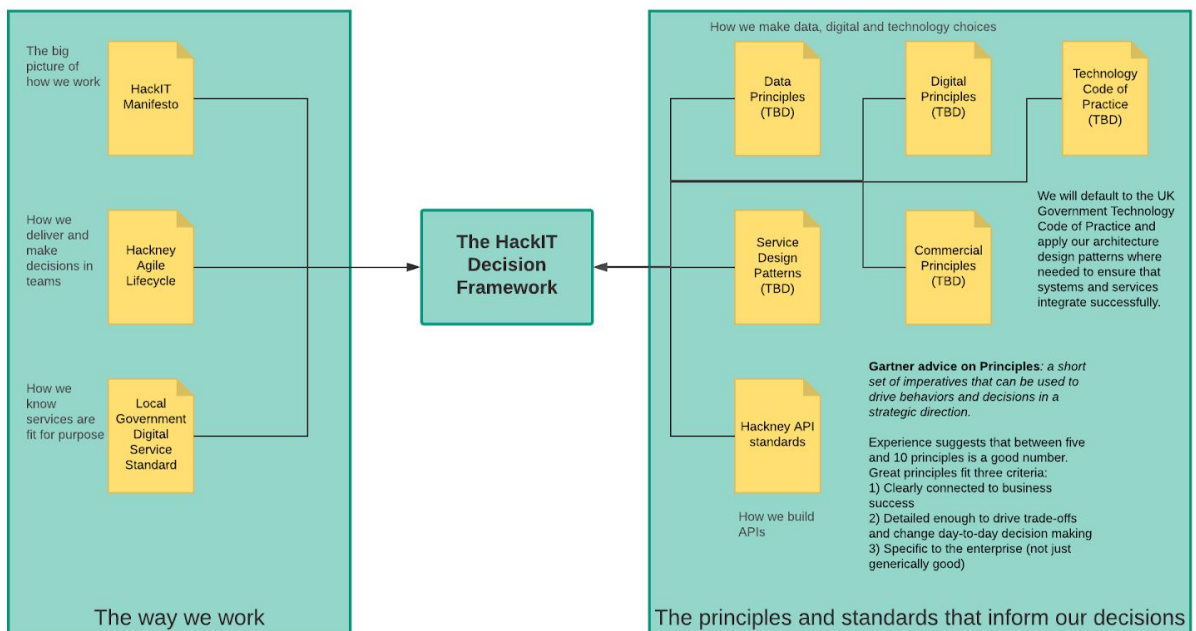
- The **Housing Transformation Programme**, which is using design led approaches to deliver better services and reduce reliance on the legacy housing systems.
- The **Public Realm Transformation Programme**, which is building on the success of the improvements that have been delivered to the Council's parking service to provide easy to access digital services for the full range of public realm services.

## 5. STRATEGIC PRINCIPLES AND STANDARDS

The following strategic principles and standards will be used to ensure that the Council has confidence in the long term sustainability and fitness of purpose of its digital services:

- The 'HackIT Manifesto' (<http://hackit.org.uk/how-we-work/hackit-manifesto>) was developed as a set of eleven principles that underpin the way that the ICT services will work, ensuring collaborative and user focused behaviours across the service.

- The commitment to follow the Local Government Digital Service Standard (<https://localgov.digital/service-standard>) ensures that Hackney’s digital services are in line with best practice across the sector. This includes service standard assessments for new digital services to ensure that they meet the requirements of the standard (<http://hackit.org.uk/how-we-work/service-standard-assessments>).
- The ‘Hackney Agile Lifecycle’ (<http://hackit.org.uk/how-we-work/hackney-agile-lifecycle>) has been developed based on best practice from the public and private sectors, providing a clear approach for agile delivery of change, replacing the former PRINCE2 based ‘waterfall’ methodology.
- Core datasets (eg Citizen Index, the Local Land & Property Gazetteer etc) will be developed in accordance with the appropriate data standards where these are defined. Where data standards do not yet exist, Hackney will seek to collaborate with other authorities to support development of common data standards across the sector.
- The Council’s information governance approach will be underpinned by the requirements of the General Data Protection Regulation and the Data Protection Act which received Royal Assent in May 2018.
- Work is currently in progress to review the approach that is being taken to digital architecture, using projects delivered in the last twelve months to develop a framework that can be used to ensure that choices are made on the basis of consistent principles, balancing pace and agility of delivery with the requirements of longer term sustainability and management of risk. This is informed by a recent review carried out by Dr Gavin Beckett, former Chief Digital Officer for Bristol City Council and a recognised leader in local government digital services. The emerging model for this is shown below:



- The Council's digital architecture will be underpinned by Technology principles that are currently under development. These will remain under review to reflect the changing technology market and will be based on a 'web and mobile first' delivery model, a positive approach to adoption of cloud services and commitment to the highest standards of technical security (ensuring that this remains consistent with users' needs for flexible and responsive access to the services they need).
- The ICT Service's people strategy will be in line with corporate standards and underpinned by the strategic principles set out in the 2017/18 service restructure (as set out in the Business Case: [https://docs.google.com/document/d/1E\\_RWiG3\\_yo5E\\_LK\\_D9KvNFzwwu1bd9\\_RZmNfO4xhwDE](https://docs.google.com/document/d/1E_RWiG3_yo5E_LK_D9KvNFzwwu1bd9_RZmNfO4xhwDE) and End of Consultation report: <https://docs.google.com/document/d/15XIWaEVFEdNXUimMEztpsQXF3rcNBn1pRrBQvXXruc>).
- The commissioning of technology and digital services will prioritise use of new government frameworks designed to support agile digital transformation. This includes the Digital Marketplace services such as G-Cloud and Digital Outcomes & Specialists.
- The appointment of a Head of Delivery (who will start in late June) will be core to the development of a strategic demand and resource management model for the ICT service. It is essential that this approach is consistent with the HackIT manifesto and partnership principles described in this report, but this will also be critical to ensure that services have confidence in the contribution that the ICT service makes and the delivery of commitments once they are agreed.
- Partnership beyond the Council is also a priority and Hackney has committed to open sharing of the products of its ICT and digital work. This will directly benefit Hackney by engaging feedback and advice from experts across the sector and supporting Hackney's reputation as a leading authority in digital services (which in turn supports recruitment of high quality candidates when vacancies arise). It will also benefit the wider local government sector, underlining Hackney's values of public service.

This page is intentionally left blank





**CORPORATE STRATEGIC RISK REGISTER CHIEF EXECUTIVE'S  
DIRECTORATE**

**AUDIT COMMITTEE MEETING DATE  
2018/19**

**21st June 2018**

**CLASSIFICATION:**

**Open**

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

**WARD(S) AFFECTED**

**All Wards**

**Tim Shields, Chief Executive**

## **1. CORPORATE DIRECTOR'S INTRODUCTION**

- 1.1 This report advises the Committee of the key risks facing the Chief Executive's Directorate in 2018/19 and the actions being taken to reduce the likelihood and impact of those risks. This is all part of the Committee's role in overseeing Corporate Governance.
- 1.2 An end of year review of the risk environment and management actions that the Directorate has lead responsibility for has been undertaken. This will inform the review of the highest level Corporate risk register which is underway and will be presented to this Corporate Committee.
- 1.3 This report is presented for information and comment.

## **2. RECOMMENDATION(S)**

- 2.1 The Audit Committee is recommended to note the contents of this report and the Chief Executive's Directorate Risk Register attached at Appendix 1 and, if appropriate, provide feedback on the management of risks that the Directorate has lead responsibility for.

## **3. REASONS FOR DECISION**

- 3.1 There are no decisions associated with this report.

## **4. BACKGROUND**

- 4.1 The Council is exposed to a wide number of risks in its ordinary activities. This report focuses on the key risks within the Chief Executive's Directorate, which includes the following service areas: Human Resources, Organisational Development and Elections, Legal and Governance Services, Strategy, Policy and Economic Development (SPED), Communications, Culture and Engagement. Risks relating to the Economic Regeneration service will be included in the Neighbourhoods and Housing Directorate register.
- 4.2 The changing risk environment and progress in managing down risks have been assessed by the Chief Executive's Management Team at its annual year-end review. The team take individual responsibility for managing and reporting on their associated risks, in line with their overall remit within the Council and this work has informed the review.

## **5. SUMMARY OF KEY RISKS**

### **5.1 STRATEGY, POLICY AND ECONOMIC DEVELOPMENT (SPED)**

- 5.1.1. A new risk has been added relating to Environmental Sustainability and the development of a new strategy and cross-cutting work in this area. Risk will be managed by the Environmental Sustainability board.

- 5.1.2. A new risk has been added relating to *Growth Boroughs and Unlocking Opportunities European Social Fund*. Risk is being controlled by close monitoring and the development of new governance structures around the programme.
- 5.1.3. Previous risks relating to the continued delivery of 2012 Legacy benefits and the wider portfolio of regeneration delivery were subsumed last year into a new risk relating to the council's objectives around Economic and Community Development. The main control for this area is the Economic and Community Development board and the delivery groups that sit below it. This governance structure enables a more strategic and joined up approach to this agenda across the council.
- 5.1.4. The risk around business relationships illustrates the importance of businesses to the council as stakeholders, service users, and as a means for the council to generate income through business rates. The importance of strong relationships with the business community is a key tenet of the Economic and Community Development Strategy and will be reflected in the new Community Strategy to be published in 2018.
- 5.1.5. In the area of Employment and Skills, there are several external risks that could increase the level of need in the borough and compromise the council's ability to deliver on priorities including Welfare Reform, the impact of Brexit on EU funding streams and increasing demand for high skill levels in the local labour market.
- 5.1.6. There remains a risk concerning safety and security at the council's employment hubs. Ways into Work (Hackney Works) is a key front-line service for vulnerable residents and the location of hubs can place staff and service users at risk which requires effective management – particularly in context of increasing pressures on personal finances (in the context of welfare reform) as well as wider UK security issues.
- 5.1.7. The Council are in the process of developing a new set of strategic priorities and objectives to replace and build on the Sustainable Community Strategy (2008-2018). The new Community Strategy will link to and complement the existing Economic and Community Development Strategy. The main identified risk is that external factors limit our potential to deliver on priorities and that this presents strategic and reputational risks. The likelihood of this happening remains high because of the pace of economic and demographic change in Hackney, coupled with the pace of institutional and fiscal change.

The management of risks associated with key partnerships focuses on the priorities of the Council's Sustainable Community Strategy and on the risk that partners' plans diverge from these priorities. Adoption of Voluntary Community Sector Strategy was deferred to allow time to work with new Cabinet Member. on Forward Plan for January 2019. This places emphasis on formal partnership providing leadership and strategic direction so that all partners are working towards a coherent, shared vision for the local area, as articulated in a

Community Strategy. A review of grants will follow, informed by new VCS Strategy, for 2020-2021.

There is also an additional risk that the value of the voluntary and community sector (VCS) is not maximised because we fail to maintain effective partnership working. This risk remains the same in terms of likelihood and impact. Even though the Grants Review and Compact Refresh have been completed and these were designed to control these risks, the pace of institutional change is such that the risks remain. The VCS may not understand the reasons for institutional change or service redesign and this might affect partnership working.

## 5.2 COMMUNICATIONS, CULTURE AND ENGAGEMENT

5.3.1. A main communications risk is reputation management. This risk is relevant to all directorates and is included in the Corporate Risk Register. The risk has decreased slightly due to positive progress but controlling the risk remains a high priority. This risk is controlled firstly by a proactive communications campaign to address budget setting and council priorities and secondly, by communications associated with changes to specific services.

5.3.2. The risk concerning DCLG's legal challenge to Hackney Today remains ongoing. The Council has put forward a strong legal challenge and, given the scale of the potential impact of closure, a contingency plan is being prepared to deal with this possibility.

## 5.3 HUMAN RESOURCES

5.4.1. The main HR risk is in relation to HR systems, due to the current replacement of the core HR and payroll system and agency staff contract and system, both of which are key to the operation of the Division and the Council as a whole.

## 5.4 LEGAL

The key risks facing legal services remain ensuring directorates seek timely legal advice, and ensuring Lawyers and Governance Team identify in a timely manner Legal and Governance Risks.

5.5 Full details on the key risks facing the Chief Executive's Directorate and associated controls are detailed in Appendix 1. As Directorate Risk Champion, it is the role of the Director of SPED to ensure that there is appropriate focus and support on risk management through a range of ongoing work. This includes; robust risk management across all major programmes and projects, a quarterly review of the risk environment, and dedicated task groups to tackle major risk. This work will be done in conjunction with the Corporate Risk Team.

## 5. Policy Context

5.1 The Directorate's management of risk reflects the Council's framework for managing risk.

## **6. Equality Impact Assessment**

6.1 This report is for information only and as such does not require an Equality Impact Assessment.

## **7. Sustainability**

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

## **8 Consultations**

8.1 This report is for information only and as such does not require any consultation.

## **9 Risk Assessment**

9.1 This report deals with the overarching management of risk in the Chief Executive's Directorate.

## **10 COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES**

10.1. 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.

## **11 COMMENTS OF THE DIRECTOR OF LEGAL SERVICES**

11.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of control which includes arrangements for the management of risk, as set-out in regulation 3. This Report, although for the purposes of noting and allowing for any feedback to be provided, is part of those arrangements and is designed to ensure that the appropriate controls are effective.

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

## **APPENDICES**

Appendix 1- Chief Executives Directorate Risk Register (June 2018)

## **BACKGROUND PAPERS**

None

<b>Report Author</b>	Eoin Quiery 020 8356 4340 Eoin.Quiery@hackney.gov.uk
<b>Comments of the Group Director of</b>	Michael Honeysett

<b>Finance and Corporate Resources</b>	020 8356 3332 Michael.honeysett@hackney.gov.uk
<b>Comments of the Director of Legal</b>	Butta Singh 020 8356 6295 butta.singh@hackney.gov.uk

# Appendix 1: Chief Executive's Directorate Risks June 2018

**Report Type:** Risks Report  
**Generated on:** June 2018



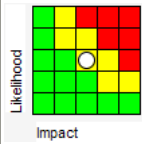
## STRATEGY, POLICY AND ECONOMIC DEVELOPMENT

Risk Title	Description of Risk	Directorate/ Division	Current Risk Matrix	Risk - Latest Note	
Page 31 CE CS 007 Environmental Sustainability - <b>NEW RISK</b>	<p>The Environmental Sustainability Board is being reset and will be charged with strategically overseeing a range of actions to reduce risks to the community and Council associated with environmental sustainability. These actions include formulating a coherent, outward-looking strategy and co-ordinating a programme of complex cross-Council and multi-agency work to mitigate identified risks.</p> <p>The risk is that the Board and the strategy fail to identify and respond fully and effectively to these risks as well as the challenges associated with its strategic objectives, with some potential for exposing the community and Council to excessive risk and for reputational damage, particularly in the context of high levels of concern around these risks. It is likely that it will encounter issues that it struggles to find suitable responses to, with the impact potentially significant. The Council has capability to lead by example, but it needs to work effectively with multiple partners if it is to shape and influence environmental sustainability more widely.</p>	Strategy, Policy and Economic Development (SPED) (with operational links to Neighbourhoods and Housing)		Risk added in June 2018	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CE CS 007a Environmental Sustainability	The Board and emerging strategy are informed through a variety of channels – review of academic and scientific base, monitoring of key political drivers and the development of strategic metrics and close	Stephen Haynes (with Ian Williams)	Paul Horobin/Sonia Khan	June 2019	Control added June 2018

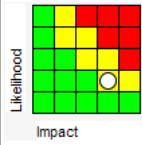
	attention to relevant performance metrics. It is resetting its governance structures to deliver a challenging programme of work that will better align work across the organisation.				
--	--	--	--	--	--

Risk Title	Description of Risk	Directorate/ Division	Current Risk Matrix	Risk - Latest Note	
CE CS 008 Growth Boroughs and Unlocking Opportunities ESF Programme <b>NEW RISK</b>	<p>The Growth Boroughs Unit and the convergence agenda, which have been led by the Directorate, have been hibernated as they have less political significance, but may need to be re-activated if political interest levels rise. The ESF programme has been reframed to get it on track and the focus is now on delivery within a structured plan agreed across a multi-Council partnership and with the DWP and EPMU. The Council's Accountable Body function for the ESF programme needs to oversee the successful delivery of the programme by other boroughs whilst satisfying exacting requirements associated with ESF programmes.</p> <p>There is a moderate risk that convergence and Growth Boroughs regain political significance and the ending of hibernation is undertaken swiftly and effectively, before any reputational damage. There is a more immediate risk that the delivery of the ESF programme is non-compliant, due to the need to work effectively with multiple partners in a highly regulated and monitored environment.</p>	Strategy, Policy and Economic Development (SPED)		Risk added in June 2018	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CE CS 008a Growth Boroughs and Unlocking Opportunities ESF Programme	The situation regarding the Growth Boroughs and convergence is being closely monitored for signs of rising significance. The resetting of the programme and its governance structures and the significant improvements in programme management with a clear plan and structures for full delivery are showing very positive signs of good and improving performance.	Stephen Haynes	Paul Horobin	June 2019	Control added June 2018



Risk Title	Description of Risk	Directorate/ Division	Current Risk Matrix	Risk - Latest Note
CE CS 001 Local Economic Development	<p>The Economic and Community Development Board is charged with strategically overseeing a range of actions to enable the economic success of the local community (both residents and local businesses) and ensuring that neither local residents nor local businesses are "left behind".</p> <p>The risk is that the Board fails to identify and respond fully and effectively to the opportunities and challenges associated with its strategic objectives, with some potential for reputational damage. It is moderately likely that it will encounter issues that it struggles to find suitable responses to, although the impact would be moderate, as the Board has only capability to shape and influence economic development, rather than determine it.</p>	Strategy, Policy and Economic Development (SPED) (with operational links to the Regeneration Division in Neighbourhoods and Housing)		Risk added in 2017 and reviewed in June 2018 – builds on previous risk relating to Regeneration Delivery CE RD 1314 001 and delivery of Legacy Benefits CE 2012 001

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CE CS 001a Local Economic Development	The Board is informing its work through a variety of channels – review of academic base, monitoring of key local economic data and the development of strategic metrics and close attention to relevant performance metrics. It has identified a challenging programme of work that will better align work across the organisation. Its work is also being informed by the work of the Working in Hackney Scrutiny Commission.	Tim Shields	Paul Horobin	June 2019	Control reviewed June 2018

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CE CS 002 Business Relationships	<p>The Business Relationships Delivery Group of the ECD Board is charged with ensuring that the Council aligns its work and relates effectively to local businesses to secure their economic success, whilst maximising the benefits (and minimising dis-benefits) to residents and other local businesses.</p> <p>The risk is that relationships with local businesses fail to meet these objectives, that work is not aligned and that businesses develop a negative perception of the Council and this impacts whilst their role as a key local stakeholder expands through business rate retention. It is not very likely that relationships will deteriorate, as services are generally well-managed, but the impact on the organisation will be</p>	SPED		Risk reviewed June 2018

	significant if it is seen as indifferent or hostile to local businesses.				
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CE CS 002a Business Relationships	The Delivery Group has identified a programme of work that will improve relationships, both through more accessible and better co-ordinated services and better information and support to new and growing businesses. This work will be delivered on the basis of significant engagement with local businesses to ensure that their needs are being met. The work will involve the delivery of some early improvements.	Stephen Haynes	Paul Horobin	June 2019	Control reviewed June 2018

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 34  CE CS 003 Employment & Skills - External risks	<p>The Hackney Works service delivers employment advice, support and signposting to residents who are unemployed or underemployed. The wider Employment and Skills service works with businesses to broker a range of opportunities as well as developing new opportunities in house, for example, through the Corporate Apprenticeship Programme.</p> <p>There a number of external risks that could have a significant impact both in terms of increasing the level of need in the borough and compromising the service's ability to deliver. These include:</p> <ul style="list-style-type: none"> <li>Welfare Reform. Continued changes to the benefits system resulting in further reduction to the welfare 'safety net' likely to significantly increase demands for employment &amp; skills services.</li> <li>The impact of Brexit on available funding. Traditionally EU funding – particularly ESF – has been a key funding source of revenue for employment &amp; skills. This will no longer be available post Brexit. This reduction in resource needs to be seen alongside the ongoing lack of government funding for local authority led employment and skills programmes since 2010.</li> <li>Skill levels: Local/regional employers are increasingly demanding around skills levels of employees, this is related to pressures on improving productivity and decreased investment in in work training. The increased divergence of skill levels of</li> </ul>	SPED		

	Hackney residents may result in a lack of access to opportunity for certain cohorts. This is compounded by ongoing cuts to FE and ACL budgets.				

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CE CS 003a Employment & Skills - External risks	<ul style="list-style-type: none"> <li>A new management structure of Employment &amp; Skills Service has been implemented. This provides strategic oversight and managerial support for the service.</li> <li>A new Welfare Reform employment adviser post has been introduced to ensure we can support clients affected by the introduction of Universal Credit.</li> <li>An overarching funding strategy for service is currently in development.</li> <li>Work is underway to improve the training and developmental offer of the Hackney Works service to address the need for upskilling – this will include better integration with the Hackney Learning Trust Adult Learning offer.</li> </ul>	Stephen Haynes	Andrew Munk		Control reviewed June 2018

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CE CS 004 Employment & Skills - Safety and security	<p>Hackney Works is a key front-line service for vulnerable residents. Service delivery is from 3 'Opportunity Hubs'; through outreach in locations including voluntary sector organisations, youth hubs, job centres, housing estates; and in schools/colleges.</p> <p>This places staff and other service users at risk which requires effective management – particularly in context of increasing pressures on personal finances (in the context of welfare reform) as well as wider UK security issues.</p>	SPED		

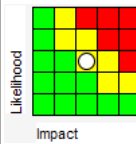
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CE CS 004a Employment &	<ul style="list-style-type: none"> <li>A risk assessment will be carried out at each hub on an annual basis</li> </ul>	Stephen Haynes	Andrew Munk		Control reviewed June 2017

Skills - Safety and security	<ul style="list-style-type: none"> <li>• A risk management plan has been put in place for each hub.</li> <li>• A training plan has been put in place for all staff delivering front-line service, to include dealing with emergency situations, abusive customers and safeguarding issues.</li> <li>• A Business Continuity Plan has been put in place for whole Employment &amp; Skills service.</li> </ul>				
------------------------------	--	--	--	--	--

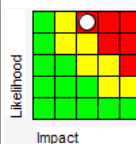

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CE CS 005 Strategic Organisational Development	<p>HMT have followed the "people-based" Change for Everyone programme of work to improve the culture and staff organisational processes, with a wider agenda of work to maximise organisational effectiveness in key areas, such as digital, performance, training and development, internal communications, equalities, etc.</p> <p>This is a complex programme, where the links between deliverables and benefits are not always proven and where the impact needs to be far-reaching and sustained. The programme is challenging and recognises that significant improvement is needed in some of the areas and that staff will notice failure or under-achievement.</p>	Chief Executive's		

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CE CS 005a Strategic Organisational Development	The programme of work has been developed from a high level of stakeholder engagement, with a robust approach to diagnostics. Potential solutions are based on input from relevant professionals and engaged managers from across the organisation. The work is carefully monitored by HMT, the Chief Executive and a steering group of senior officers. Programme controls are applied to ensure that is being delivered to time and quality.	Tim Shields	Paul Horobin		Control reviewed June 2018

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

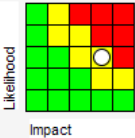
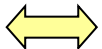
CE CS 006 National Graduate Development Programme	<p>The National Graduate Development Programme is a scheme to attract talented graduates to the Council, to provide them with development opportunities whilst they deliver pieces of work demanding of high intelligence, and to retain in established roles those who display high levels of ability.</p> <p>The risk is that the programme does not meet its objectives and resource is not well-used, with an additional risk that the reputation of the Council is damaged by a highly inexperienced graduate not fully appreciating the parameters of an assigned task and making a significant mistake.</p>	SPED		
--	--	------	---	--

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CE CS 006a National Graduate Development Programme	The programme is continuously reviewed and improvements made, with input from all key stakeholders – in recruitment, in induction, in probation, in placement organisation and in the managing of the final stages to ensure that objectives are met. New graduates are given a thorough induction and probation, and are initially managed within the Corporate Programmes Team until they are sufficiently experienced and knowledgeable to operate elsewhere within the Council.	Stephen Haynes	Paul Horobin		Control reviewed June 2018

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CE PS 0910 0004 A range of key external factors that have the potential to undermine our ability to deliver against the priorities of our Sustainable Community Strategy.	<p>Due to the complexity of the wider environment, there are external factors which 'blow off course' the delivery of the Sustainable Communities Strategy and key recommendations identified through SCS Review. This includes;</p> <p>Population growth and change, economic growth and change and housing affordability could undermine community cohesion and increase community tension.</p> <p>Continued and substantial funding reductions.</p>	SPED		<p style="text-align: center;"></p> <p>Updated June 2018–Risk remaining the same but high due to external context and our reduced control and capacity (the later associated with continuing reductions in settlement) on key external factors including housing affordability, education and development.</p>

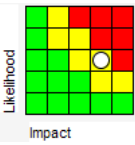

	Major National Policy agendas including Welfare Reform. Uncertainty caused by Brexit and Fairer Funding Review. Local response to recent terrorism in the UK taking time and focus.				
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CEPS 0809 0004 Analysis and proactive forward planning to support the management of the increased complexity of the external environment.	Develop a new Community Strategy, informed by the 2015 resident engagement (Hackney a Place for Everyone). This began with a scenario planning exercise to help us shape new priorities based on a consideration of the longer term context. Through this process we have drawn together a refreshed evidence base about population and economic growth and change, a community profile and the likely future direction for public service. A Community Strategy draft has been developed with extensive internal dialogue, and will go to council for approval in 2018.  We will also continue to: Monitor impact of policy and funding reform on vulnerable groups and develop a new single equality scheme to ensure focus on equality and cohesion.  Deliver cross cutting programmes on employment and child poverty.  Clearly articulate what is within local authority control and what we can deliver and what is outside our control and what we need to influence.  Maintain a Community Tensions Group which: Provides strategic oversight of cohesion and community tension issues.	Stephen Haynes	Sonia Khan		Updated June 2018 Final Community Strategy is due to go to Cabinet in Council in July 2018
CEPS 1314 0004b Focus of CE support to manage the impact and opportunities associated with reduced resources.	The directorate capacity is now even more closely aligned to supporting HMT to identify and deliver solutions to manage the impact of reduced funding.  The CE directorate restructure (which came into effect 1 April 2016) set out a series of clear principles to guide the work of the services within the directorate. These principles align to the context of this identified risk.  In addition, the programmes and projects function has moved into the new SPED division. Corporate Programmes work is now directly	Tim Shields	Stephen Haynes	June 2019	Updated June 2018

	<p>aligned to HMT priorities. Work is currently underway to ensure the CP function – in collaboration with the range of services that sit within the SPED division - is able to effectively support the CE and HMT in this area.</p> <p>Furthermore, there is now an established CE directorate management team to corporately manage and monitor impacts and opportunities.</p>				
--	--	--	--	--	--

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CE PS 0910 0001 Value of Hackney's Voluntary and Community Sector (VCS) and associated opportunities is not maximised.	Failure to support delivery of the new Community Strategy objectives through an investment into and partnership working with the VCS. Intense period of public sector funding and policy reform and institutional change if not carefully managed could lead to a failure to maintain effective partnerships with the voluntary sector to enable delivery of the Sustainable Community Strategy objectives.	SPED		 <p>Updated June 2018 – Risk is the same level in terms of likelihood and impact. Even though the Grants Review and Compact Refresh have been completed and these were designed to control these risks, the pace of institutional change is such that the risks remain. The VCS may not understand the reasons for institutional change or service redesign and this might affect partnership working.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CE PS 0809 0001 Hackney VCS Grants Allocation and partnership working.	<p>A new strategic agreement (Compact) with the voluntary and community sector was agreed by Cabinet in June 2015.</p> <p>A review of voluntary sector grant investment was also completed during 2015 which is intended to ensure that grant investment continues to contribute to strategic priorities by redefining our approach in order to:</p> <ul style="list-style-type: none"> <li>- enable a strong and diverse voluntary sector which can build its resilience and response to the current economic challenges;</li> <li>- reduce dependency on Council funding as a means for organisations to remain sustainable;</li> <li>- increase the emphasis on the VCS to secure funding from external sources;</li> <li>- position the sector to provide more local services on a contractual</li> </ul>	Stephen Haynes	Sonia Khan		<p>Updated June 2018</p> <p>The control description has been amended.</p> <p>Date for adoption of VCS Strategy deferred to allow time to work with new Cabinet Member. On Forward Plan for January 2019, following co-production workshops with Council officers and the sector over summer.</p>

	<p>basis; and - develop social capital.</p> <p>In 2017/18 we are delivering a change and transformation programme with the voluntary sector, which redefines our relationship with voluntary sector. This informed a new voluntary sector strategy adopted by Cabinet in November 2017. It will also inform specialist grant investment in 2018, so that our redefined relationship is reflected in funding arrangements with key umbrella organisations. It will inform open competitive grant priorities from 2019.</p>				<p>Each workshop is based on discussion papers on key issues, so that policy is developed together.</p> <p>Grant review will follow, informed by new VCS Strategy for 2020-2021. However some changes will be made to 2019/20 to test new ways of investing based on risks and issues identified. n</p>
--	---	--	--	--	---

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
<p>DE PS 0910 0002 Key Hackney partners' strategies and implementation plans diverge from agreed Sustainable Communities Strategy and/or do not evolve in a way that assures the best use of collective resources.</p>	<p>LB Hackney partners strategies and implementation plans diverge from the agreed approaches leading to a failure to deliver new Community Strategy.</p> <p>This includes a commitment to make the best use of collective resources and integrating services, creating ladders of opportunities for residents and communities in most need and working together on preventative strategies.</p>	SPED		<p style="text-align: center;"></p> <p>Updated May 2018 - Risk is the same level</p>	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>CEPS 0809 0002a Ensuring the LSP and associated partnerships continue to focus agreed Sustainable Communities Strategy priorities and mature to assure the best use</p>	<p>A review of formal partnership working was agreed in 2016/17 and was put into place in 2017/18. This places emphasis on formal partnership providing leadership and strategic direction so that all partners are working towards a coherent, shared vision for the local area, as articulated in the Community Strategy.</p>	Stephen Haynes	Sonia Khan		<p>Updated May 2018</p> <ul style="list-style-type: none"> <li>- Control amended</li> <li>- The first new Community Strategy Partnership Meeting took place in February 2018 with another one due in October 2018.</li> </ul>



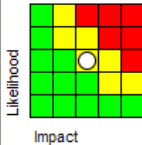

of collective resources.					-
--------------------------	--	--	--	--	---

## COMMUNICATIONS, CULTURE AND ENGAGEMENT

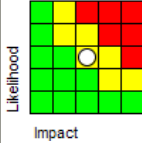

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
CE CC 0910 0001 Reputation Management: uncertainty regarding perceptions of the Council performance/image which do not reflect the relative levels of performance / service improvements and efforts being made to deliver services with reduced funding.  (SRCR 0009 on Corporate Register)	Risk that (through press / media) perceptions about the Council's performance/image do not reflect relative levels of performance and the huge service improvements leading to public dissatisfaction or misunderstanding about the progress actually being made. Essentially, this risk is about not capitalising on the opportunity that the Council's positive progress presents us with.	ALL		<div style="text-align: center;"> </div> <p>May 2018 – Risk has decreased slightly due to positive progress made.</p> <p>Although the scale of continuing funding reductions announced in the 15/16 settlement is sizeable, the risk has not increased due to careful mitigation. Impact remains steady, benefitted by an (external) website and (internal) intranet refresh. However, past MORI results and continued positive media coverage, prestigious events and other awards illustrate that this risk is being managed. Earlier in 2016, the Council was awarded the prize by the LGC for 'Best Council of the past 20 years". This clearly indicates positive progress. The latest MORI staff survey closed on November 11<sup>th</sup> 2016, with results pending.</p> <p>Also, more generally, the Olympics (and now their legacy) are an excellent example of something very major being communicated in a positive and effective way (an example of a risk - for things <i>could</i> have gone wrong - being turned into an opportunity). The Risk applies to all Directorates, but is centrally managed by Communications.</p>	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CECC 0910 0001 Communications strategy, individual	Key ongoing activities include active press engagement, key stakeholders involvement, MORI and active media coverage. Corporate Communications are very proactive in managing this and	Polly Cziok	Polly Cziok	June 2019	May 2018 - ongoing. Controls continue to be applied. Latest MORI

strategies and forward plans	<p>always quick to respond to any issues.</p> <p>Media monitoring is carried out quarterly and this examines coverage of Hackney as a Council and a Borough. Analysis of this informs communication work plans. Collection and use of robust performance and customer intelligence.</p> <p>A two pronged approach is taken to the specific risks associated with reduced funding: firstly communications associated with overarching budget setting and secondly communications associated with major changes to specific services. There is also a 6 weekly forward public affairs forward plan circulated to senior management and members.</p>				survey was completed at end of 2016.
------------------------------	---	--	--	--	--------------------------------------

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
CE CC 0910 0003 New technologies: failure to keep up with developments in communications technology	Communications is not fully up to speed with developments in new technology and residents, service users and stakeholders do not receive the information they need.	COMMUNICATIONS, CULTURE AND ENGAGEMENT			
				<p>Updated June 2018 – Risk remains low due to successful developments in this area.</p> <p>There was an intranet and external website refresh in 2017. Electronic newsletters for residents have been introduced.</p> <p>A fresh channel review is in progress.</p>	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CECC 0910 0003 Communications Channel Strategy	Communications and consultation strategy is up to date and fit for the digital age.	Polly Cziok	Polly Cziok		Updated June 2018

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CE CC 0910 0004 Involvement: uncertainty regarding residents feeling involved in Council key projects and view on achieving the goals of the community strategy.	Consultation and community engagement activity not providing relevant information and/or not reaching or getting feedback from a wide and diverse range of people in Hackney. People do not feel listened to and cannot relate their views, priorities and interests to work being delivered to deliver the goals of the community strategy and do not feel that the local growth and change in the borough is benefiting them.	COMMUNICATIONS, CULTURE AND ENGAGEMENT		 Updated June 2018 – Risk is stable This risk is ongoing.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
PECC 0910 0004 Consultation and community engagement strategy and individual consultation and engagement plans	<p>Community Strategy is a key driver of the Communications Strategy alongside Council Corporate Plan; all consultation adheres to the standards of the Council’s consultation charter and community engagement plans align with corporate priorities.</p> <p>Communications strategy is informed by a community insight gathering and engagement, which considers the priorities and interests of Hackney’s diverse communities. This includes regular surveys and engagement work by the Council and with partners. The Hackney A Place For Everyone resident’s survey has been a major exercise to engage with local people about the key benefits and opportunities arising from growth and how these can be maximised. This exercise provides the basis for the council’s long term engagement strategy.</p>	Polly Cziok	Polly Cziok		Updated June 2018 Community Insight Group continues to feed into partnership priorities and strategies.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CE CC 1415 0005 DCLG wins case to force closure of Hackney Today.	<p>DCLG have forced a legal challenge against the Council to close Hackney Today as they consider it is in breach of statutory directives on promoting political interests and value for money.</p> <p>Hackney has put forward a strong case that the publication provides</p>	COMMUNICATIONS, CULTURE AND ENGAGEMENT		

	the best value solution for statutory notices, meets the information needs of the borough and is apolitical.  If DCLG win the case the business model of the Communications Service will require a radical shift with financial and major workforce implications.			Updated June 2018 – This is an ongoing risk. We continue to correspond with the DCLG on this	
<b>Control Title</b>	<b>Control Description</b>	<b>Responsible Officer</b>	<b>Service Manager</b>	<b>Due Date</b>	<b>Control - Latest Note</b>
CE CC 1415 0005a Legal Challenge to DCLG Directive	Closely monitor progress and prepare contingency plan to support closure should this be required.	Polly Cziok			May 2018 - ongoing

## **HUMAN RESOURCES AND ELECTORAL SERVICES**

<b>Risk Title *</b>	<b>Description of Risk</b>	<b>Directorate</b>	<b>Current Risk Matrix</b>	<b>Risk - Latest Note</b>
HR 1516 001 HR Systems	HR and payroll systems are critical to the operation of the Council. If these were to fail, the consequences would be severe.	HUMAN RESOURCES AND ELECTORAL SERVICES		Risk reduces in severity and likelihood as new system now implemented. Incremental improvements being made.

<b>Control Title</b>	<b>Control Description</b>	<b>Responsible Officer</b>	<b>Service Manager</b>	<b>Due Date</b>	<b>Control - Latest Note</b>
LR HR 1819 001 A HR systems	There is ongoing monitoring of system speed, resource issues and support issues by ICT	Rob Miller	Henry Lewis	On-going	May 2018 - control updated
LR HR 1819 001 B HR systems	A project has been set up to manage incremental improvements to the system whilst maintaining core performance	Dan Paul/Rob Miller	Lorraine Robinson / Stuart Thorn	ongoing	May 2018 - control updated

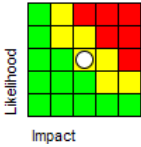

LR HR 1819 001 C HR systems	Consideration of a number of options around the future approach to securing an Applicant Tracking System.	Dan Paul	Stuart Thorn	April 2019	Business case currently in production
-----------------------------------	---	----------	--------------	------------	---------------------------------------

Risk Title *	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
LR HR 1516 002 Equalities	Equalities risks in the pay, grading and terms and conditions structure lead to grievances and/or claims alleging equal pay, equal value and/or discrimination	HR - Chief Executive's		This is of particular relevance as LBH has two sets of employees and policies, managed separately but all still employed by LBH (HLT is the second organisation). This risk is increasing as a result of potential issues in the Housing Fair Pay scheme

Page 49

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
LR HR 1819 002 A	Reports to and decisions made by HMT in relation to Housing Fair Pay scheme to be progressed	Kim Wright / Dan Paul	Ajman Ali / Dan Paul	TBC	New control
LR HR 1516 002 C Equalities	The legal landscape and equality in the pay and grading structure continue to be monitored ongoing	Dan Paul	Meryl Wade	Ongoing	This is a continuing activity
LR HR 1718 002 D Equalities	A control and monitoring system has been implemented for market supplements	Dan Paul	Meryl Wade	Ongoing	This is a continuing activity

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

LR HR 1516 003 Breach of Statutory Requirements on Elections / Electoral Registration	Non-compliance with the Statutory Requirements for Elections may lead to invalid processes resulting in legal action and the need to re-hold elections incurring additional costs and reputational damage.	HR - Chief Executive's		 Any breaches or problems will impact severely on the authority and Returning Officer. Risk score remains static.
--	--	------------------------	---	---

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
LR HR 1516 003 A Breach of Statutory Requirements on Elections and Electoral Registration	Electoral Services to monitor and maintain procedures for all Electoral Requirements to ensure compliance with new and existing processes using appropriate advice and guidance. Regular review of systems and infrastructure particularly with future legislative electoral changes in the next 3 years.	Dan Paul	Dan Paul	ongoing	This work is ongoing following a change in management in the service.
LR HR 1516 003 B Breach of Statutory Requirements on Elections / Electoral Registration	Regular review of systems and infrastructure for both electoral registration and elections	Dan Paul	Dan Paul	ongoing	Reviewed May 2018
LR HR 1516 003 E Breach of Statutory Requirements on Elections and Electoral Registration	Additional resources have been put into the team in light of the significant additional burden that IER creates	Dan Paul	Dan Paul	complete	The team successfully delivered 7 elections in 2016, a snap election in 2017 and a local election in 2018. The team structure will continue to be monitored. Additional staff will be brought in at election times.

**LEGAL & GOVERNANCE SERVICES**

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
LR LS 0809 0016 No Legal Advice Sought or Given	Directorates and services fail to seek timely advice on the right decision-making process and to seek legal advice on contracts or litigation resulting in adverse court rulings and increased costs or compensation.	Legal & Governance Services		<p>The likelihood has reduced following regular client training, client liaison meetings and quarterly team updates being given to clients (updated June 2018).</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
LR LS 0809 0016 Legal Advice Sought or Given	<p>Governance training for Legal Services and Directorates. Urgent decision making procedure note prepared and provided to clients and staff; regular advice provided to clients on governance and decision making; close management and monitoring of urgent decision making requests to the Mayor on late reports.</p> <p>Consider and review team training, including reporting and authority limits and accuracy checks on high risk activities and briefings of arrangements to other directorates. Training on procurement procedures to mitigate the risk of service departments following the incorrect procedure. Also ensure effective communication is carried out between teams, and effective templates are distributed by Legal Services.</p>	Suki Binjal	Dawn Carter-McDonald	01-July-2018	Control on-going

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
LR LS 0809 0019 Legal and Governance compliance	Failure of Lawyers and Governance Team to identify in a timely manner Legal and Governance Risks that arise in case management and non-compliance with Governance procedures, this also includes providing legal advice and governance support on matters instructed upon by clients and directorates.	Legal & Governance Services		<p>This continues to be a risk with caseloads in some areas increasing – June 2018</p>

Control Title	Control Description	Responsible	Service Manager	Due Date	Control - Latest Note
---------------	---------------------	-------------	-----------------	----------	-----------------------

		Officer			
LR LS 0809 0019 Legal and Governance compliance	<p>Ensuring that appropriate authority for the legal action proposed is sought at the outset of instructions</p> <p>Lawyers to review cases at commencement to identify potential risk</p> <p>Matters and areas of concern relating to identified risks are escalated</p> <p>Regular review of the Risk register by all lawyers and senior management.</p> <p>Monitor the submission timetable for reports in advance of due dates</p> <p>Monitor late submission to identify trends and escalate where necessary</p>	Suki Binjal	Dawn Carter-McDonald	01-Jul-2018	Workloads and cases are being monitored closely. The High profile case list is carefully monitored - June 2018





<b>Treasury Management Update Report</b>	
<b>AUDIT COMMITTEE MEETING DATE</b> 2018/19  21 June 2018	<b>CLASSIFICATION:</b>  Open
<b>WARD(S) AFFECTED</b>  All Wards	
Ian Williams, Group Director Finance and Corporate Resources	

## 1. INTRODUCTION AND PURPOSE

- 1.1 This report provides members of the Audit Committee with the latest update on treasury management activity covering the first 2 months of the 2018/19 financial year.

## 2. RECOMMENDATION(S)

**The Audit Committee is recommended to:**

- Note the report

### **3. BACKGROUND**

#### **3.1 Policy Context**

Treasury management and ensuring that the 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 sets out the the first of the in-year quarterly updates for the current financial year.

#### **3.2 Equality Impact Assessment**

There are no equality impact issues arising from this report.

#### **3.3 Sustainability**

There are no sustainability issues arising from this report.

#### **3.4 Consultations**

No consultations are required in respect of this report.

#### **3.5 Risk Assessment**

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

### **4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES**

There are no direct financial consequences arising from this report as it reflects past performance through the first two months of 2018/19. 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.

### **5. COMMENTS OF THE DIRECTOR OF LEGAL**

- 5.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. In addition, the Council within its Annual Treasury Management Strategy

has agreed to comply with the CIPFA Code of Practice on Treasury Management. This report demonstrates that Treasury Management is meeting these requirements and adapting to changes as they arise.

5.2 There are no immediate legal implications arising from the report.

## 6. Economic Highlights

6.1 **Growth:** The first estimate of Q1 GDP published by the ONS showed the UK economy expanded by 0.1% over the quarter and 1.2% year-on-year. The quarter figure was below market expectations, while the year-on-year figure met expectations.

6.2 **Inflation:** The Consumer Price Index including owner occupiers housing costs (CPIH) 12-month rate was 2.2% in April 2018, 0.1% lower than March 2018. The rate has fallen to its lowest since January 2017. The Consumer Prices Index (CPI) 12-month rate was 2.4%, 0.1% lower than March 2018.

6.3 **Labour Market:** The latest statistics released by the ONS for the three months to March 2018 show that the number of people in work increased and the number of unemployed people decreased. The number of people aged from 16 to 64 not working and not seeking or available to work has also decreased across the period. The unemployment rate fell to 4.2% down from 4.6% a year earlier and lowest since 1975. The employment rate was 75.6%, up from 74.8% for a year earlier and the highest since comparable records began in 1971. Nominal wages including bonuses increased by 2.6% and wages excluding bonuses increased by 2.9%. Real wages excluding bonuses increased by 0.4% and including bonuses was unchanged compared to a year earlier.

## 7. Borrowing & Debt Activity

7.1 The Authority currently has £33.2m in external borrowing. This is made up as a single LEEF loan from the European Investment Bank to fund housing regeneration £3.2m and £30m short-term borrowing from Local Authorities for day to day cash management.

## 8 Investment Policy and Activity

8.1 The Council held average cash balances of £129 million during the reported period, compared to an average £179 million for the same period last financial year. However, cash balances over the two month period April 1 to May 31 increased by £24.3 million, largely reflecting receipt of grants early in the year ahead of expenditure being incurred.

Movement in Investment Balances 01/04/18 to 31/05/18

	<b>Balance as at 01/04/2018 £'000</b>	<b>Average Rate of Interest %</b>	<b>Balance as at 31/05/2018 £'000</b>	<b>Average Rate of Interest %</b>
Short Term Investments	51,211	-	44,226	-
Long Term Investments	6,500	-	6,500	-
Covered Bonds	0	-	0	-
Corporate Bonds	10,563	-	6,853	-
Housing Associations	25,000	-	25,000	-
Investments in VNAV MMF's (Money Market Funds)	3,000	-	3,000	-
Investments in CNAV MMF's (Money Market Funds)	25,350	-	60,350	-
	<b>121,624</b>	<b>0.95</b>	<b>145,929</b>	<b>0.87</b>

8.2 Due to the volatility of available creditworthy counterparties, longer term investments have been placed in highly rated UK Government institutions, thus ensuring creditworthiness of investments.

## **9. Counterparty Update**

9.1 S&P has upgraded the long-term ratings of Royal Bank of Scotland plc, National Westminster Bank plc and Ulster Bank Limited to A- from BBB+, affirmed the short-term ratings at A-2 and maintained a positive outlook. The outlook on NatWest Markets plc has also been revised to positive from stable. Arlingclose, the Council's Treasury Management Advisors, continue to advise clients against making deposits with Royal Bank of Scotland, National Westminster Bank, NatWest Markets or Ulster Bank. They remain comfortable, however, with clients using any of these banks for operational banking purposes, providing balances are kept to a minimum.

9.2 Moody's has confirmed the long-term rating of HSBC Bank plc, concluding the review for downgrade initiated in February 2018. The baseline credit assessment has been downgraded and the outlook is stable. Arlingclose remains comfortable with clients making deposits with HSBC Bank plc for periods up to 6 months, where this is in line with approved strategies.

9.3 Arlingclose aims to expand the list of covered instruments available to their clients. They believe by doing so, clients will have access to a wider range of alternatives to traditional bank deposits, which are exposed to a bail-in. Officers will continue to monitor and consider investment opportunities in accordance with the approved Treasury Management Strategy.

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

9.5 Credit Score Analysis

<b>Date</b>	<b>Value Weighted Average – Credit Risk Score</b>	<b>Value Weighted Average – Credit Rating Score</b>	<b>Time Weighted Average – Credit Risk Score</b>	<b>Time Weighted Average – Credit Rating Score</b>
30/04/2018	4.9	A+	4.5	A+
31/05/2018	4.9	A+	4.5	AA-

Scoring:

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

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

*-AAA = highest credit quality = 1*

*- D = lowest credit quality = 27*

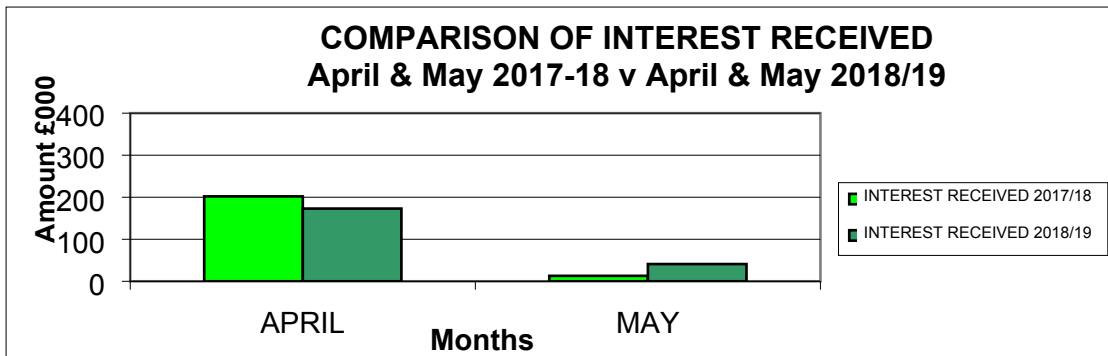
*-Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security*

9.6 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.

9.7 In light of legislative changes and bail-in risk for unsecured bank deposits, as set out in previous monitoring reports, the Council continues to invest in high quality corporate bonds. This investment vehicle offers good level of security and increases diversification for the Council's portfolio whilst achieving a reasonable yield.

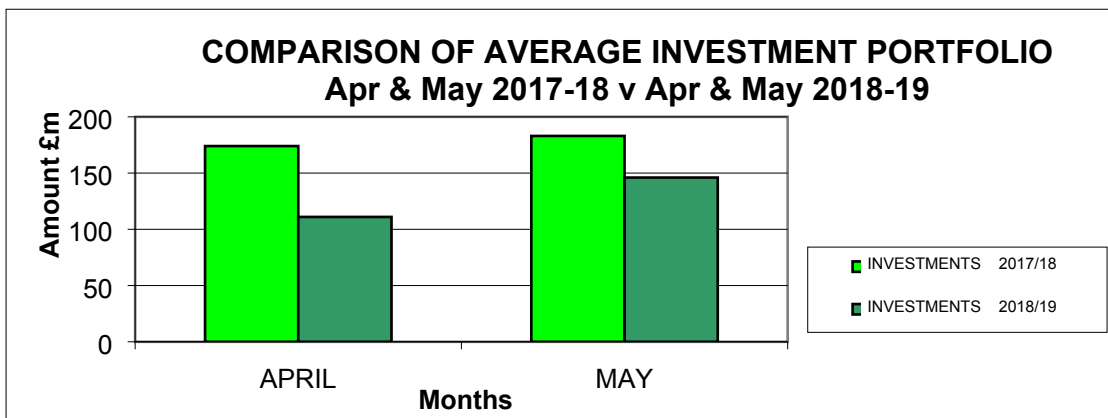
**10. Comparison of Interest Earnings**

- 10.1 The Council continues to adopt a fairly cautious strategy in terms of investment counterparties and periods. Due to the volatility of available creditworthy counterparties, longer term investments have been placed in highly rated UK Government institutions or Covered (secured) Bonds, thus ensuring creditworthiness whilst increasing yield's through the duration of the deposits.
- 10.2 The graph below provides a comparison of interest earnings for April 18 and May 18 against the same period for 2017/18.
- 10.3 Average interest received for the period April to May 2018 was £107k compared to £108k for the same period last financial year.



**11. Comparison of Investment Portfolio**

- 11.1 Investment levels have decreased to £146 million at the end of May in comparison to the end of May last year of £183 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 to finance the Council's capital programme.



## 12. BACKGROUND PAPERS

- 12.1 The Authority's Treasury Management Strategy for 2018/19 was approved by full Council on 21<sup>st</sup> February 2018 which can be accessed on the Council website:

<http://mginternet.hackney.gov.uk/ieListDocuments.aspx?CIId=112&MIId=4008>

<b>Report Author</b>	Pradeep Waddon, ☎020-8356 2757
<b>Comments of the Group Director of Finance and Corporate Resources</b>	Michael Honeysett, ☎020-8356 3332
<b>Comments of the Director of Legal</b>	Dawn Carter-McDonald ☎020-8356 4817







<b>REPORT OF THE GROUP DIRECTOR OF FINANCE &amp; CORPORATE RESOURCES</b>		
<b>Audit Report Key Activities 2018/19</b>  Audit Committee 21 June 2018	<b>Classification</b>  Public	<b>Enclosures</b>  <b>AGENDA ITEM No</b>
	<b>Ward(s) affected</b>  All	

## 1. GROUP DIRECTOR’S INTRODUCTION

The purpose of this report is to update the Audit Committee and summarise some of the key activities planned for the next municipal year in particular around commercialisation, financial and corporate risk.

## 2. RECOMMENDATION(S)

The Council is recommended to: -

- **Note the report**

## 3. SUMMARY

- 3.1. Building upon its work over the last few years 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.
- 3.2. 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:

- 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.
- In particular, this will involve the strengthening of our capital expenditure programming, planning and monitoring.
- 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.
- 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.

- 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.
- In addition, Audit Committee would also receive ad hoc reports on areas of concern for example the continuing challenges around Special Educational Needs Funding and emerging issues as they arise regarding the Fairer Funding Review of how local government resources are distributed that could see resources shifted to the Counties and Northern Metropolitan areas at the expense of London.

3.3. 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.

3.4. 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.

#### **4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES**

4.1. No financial effects are arising from this report. 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.

#### **5. COMMENTS OF THE DIRECTOR, LEGAL SERVICES**

- 5.1. 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.
- 5.2. 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'.
- 5.3. 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.
- 5.4. There are no immediate legal implications arising from the Report.

**Ian Williams**

**GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES**

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



**CORPORATE RISK REGISTER REVIEW - JUNE 2018**

<b>AUDIT COMMITTEE MEETING DATE</b> 2018/19  21 June 2018	<b>CLASSIFICATION:</b>  Open
<b>WARD(S) AFFECTED</b>  All Wards	
Ian Williams, Group Director Finance and Corporate Resources	

## **1. INTRODUCTION AND PURPOSE**

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

## **2. RECOMMENDATION(S)**

The Audit Committee is recommended:

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

## **3. REASONS FOR DECISION**

- 3.1 Risk management is fundamental to effective business management and it is vitally important that we know, understand and monitor the key risks and opportunities of the Council. Officers and members are then able to consider the potential impact of such risks and take appropriate actions to mitigate these as far as possible. Some risks are beyond the control of the Council but we nevertheless need to manage the potential impact or likelihood to ensure we deliver our key objectives to the best of our ability. For other risks, we might decide to accept that we are exposed to a small level of risk because to reduce that risk to nil is either impossible or too expensive. The risk management process helps us to make such judgements, and as such it is important that Audit Committee is aware of this.

## **4. BACKGROUND**

The current Council risk profile was reviewed and ratified by the Hackney Management Team (HMT) on 5 June 2018. In discussions and meetings with Directorate Risk Champions, various Heads of Service/Directors and other managers in different services, ideas and proposals on new risks and the current risks have been discussed, before the review being brought to HMT. Numerous risks have changed or now exist in different circumstances compared to when last reviewed by Committee in January 2018.

### **4.1 Policy Context**

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

### **4.2 Equality Impact Assessment**

For the purposes of this report, an Equality Impact Assessment is not applicable, although in the course of Risk Management (and associated duties) all work is carried out in adherence to the Council's Equality policies.

### **4.3 Sustainability**

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

#### 4.4 Consultations

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

#### 4.5 Risk Assessment

The relevant Risk Register is attached in Appendix one.

### 5. CORPORATE RISK REVIEW

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

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

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

- Risk 1 – National and International Economic Downturn

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

The Conservative Government (and the coalition one before that) have put in place a series of measures that it feels will position the UK economy strongly to mitigate the impact of the current financial problems. The Council has a further £34m of efficiency savings to achieve by 2021/22 and this presents a significant challenge. The EU Referendum decision in favour of Brexit (and subsequent triggering of Article 50) and post (June 8<sup>th</sup> 2007) election uncertainty have introduced further risks of a negative financial impact (which is already materialising, particularly due to the current weakness of the pound). The increase in interest rates (from 0.25% to 0.5%) in November 2017 hints at a slight improvement in some areas.

- Risk 1b – Impact of BREXIT vote

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

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

- Risks 6 & 7 – Regeneration.

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

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

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

- Risk 13 – New Legislation (cross Council).

The (previous) Coalition Government announced a number of organisational change proposals when in power, which continued under the Conservative Government (still in power with a reduced majority, following last year's election). The Care Act 2014 continues to impact clearly on work within CACH, whilst last year's Housing and Planning Act 2016 is clearly impacting on future service delivery. There was also serious potential for upheaval with the proposed Education Bill last year. However, this was scrapped although further proposals are anticipated. As of 23 June 2016 (and then the triggering of Article 50 on 29 March 2017), the results of the EU Referendum introduce a new area of legislative uncertainty. Also, GDPR finally being enforced in May 2018, and the Homelessness Reduction Act of 2018 have created new responsibilities for the Council.

- Risk 18 & 18b– Workforce and recruitment

Another risk resulting from austerity measures is the impact it is having on staffing levels and accompanying restructures. This could clearly impact on efficiency levels. In addition, to meet the financial challenges ahead, it will be necessary for the Council to have a more agile workforce and not one constrained by traditional custom and practices. Staff need to be on board with the modernisation agenda. The Council will also need to compete with other organisations to get the best candidates so pressure will be put on increasing salaries (or offering salary supplements like ICT) and other work benefits. There has been continued pressure to successfully recruit, especially in some specific areas like ICT, Social Care and Highway Engineers, however recent successful recruitment campaigns within ICT have suggested this problem is receding.

- Risk 20b – Corporate Resilience

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

- Risk 21 – ICT Security

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



- Risk 23 - Person suffers significant harm  
This risk related to child welfare initially but after discussion at HMT was broadened to encompass all persons at risk in the Borough (including Council staff), and the safeguarding steps the Directorates are taking to protect them.
- Risk 24 – Devolution  
Initially, in early 2016 HMT raised the risk relating to the increased devolutionary powers the Government was proposing and the risks that that may create. Since then, the dust has settled a little and this risk has clearly evolved into something of an opportunity, so much so, that the Council has shown intentions to embrace it with Integrated Commissioning being an example of it occurring (with the joint Board with the CCG now set up, having been signed off by Cabinet).
- Risk 25 – Contract Management (and the potential of fraud)  
This risk has evolved in the last year, with investigations ongoing but Housing Services are also implementing increasingly robust controls to manage contract related risks.
- Risk 27, 28 & 29 – Hackney Learning Trust related risks. Impact of government reforms, SEND funding and serious safeguarding failure in a school.  
Two new risks from Hackney Learning Trust were escalated in January 2018 to Corporate level. They remain in place. The SEND funding is critical at the moment, as the number of pupils qualifying for SEN statements is increasing (and definitely looks set to continue), which is sending the budget into clear deficit.
- Risk 30 – Temporary Accommodation.  
This was escalated to the Corporate Register in July 2017 and remains in place especially in light of the recent implementation of the Homelessness Reduction Act, placing further obligations on Councils.
- Risk 31 - Fire Safety  
This risk was updated to reflect the climate post Grenfell and escalated to the Corporate register. The Council was already undertaking multiple measures to manage these risks and the controls here should now provide clear assurance.
- Risk 32 – Integrated Commissioning (IC)  
In light of this joint working, with a full IC board having been set up and signed off by Cabinet, an overarching risk pertaining to this work has been escalated to Committee, with the full sign off of HMT.
- Risk 33 – Major Fraud not identified.  
This was escalated from within Audit and Anti-Fraud, after featuring within the last Finance and Corporate Resources Directorate Register. It is a new iteration of a risk that has always been in place in varying forms.

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

- 6.1 Effective risk management is a key requirement for good financial management and stability. This becomes more significant as funds available to the Council are reduced and budget reductions are made.
- 6.2 Whilst consideration of the risk register has no direct financial impact, many of the risks identified therein would have financial impact if they were realised. They therefore continue to be monitored to ensure that they are controlled to an acceptable level and that future actions to manage the risks are on track.

## 7. COMMENTS OF THE DIRECTOR, LEGAL SERVICES

- 7.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of control which includes arrangements for the management of risk. This Report is part of those arrangements and is designed to ensure that the appropriate controls are effective.
- 7.2 Continuous review of the Risk register and impending legislation referred to is key to ensuring that the Council remain in control of the management of risk.

## APPENDICES

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

## BACKGROUND PAPERS

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

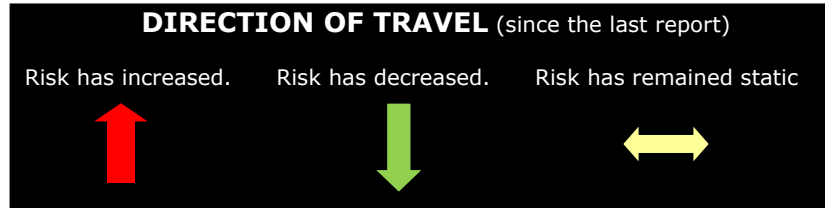
None

<b>Report Author</b>	Matt Powell ☎ 020 8356 3032
<b>Comments of the Group Director of Finance and Corporate Resources</b>	Michael Honeysett / Ian Williams ☎ 020 8356 3332
<b>Comments of the Director of Legal</b>	Dawn Carter- McDonald / Suki Binjal ☎ 020 8356 2029

# Hackney Corporate Risks May 2018

Report Type: Risks Report

Generated on: 15 May 2018



Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 67</p> <p><b>SRCR 0001</b> National and International Economic Downturn <b>EXTERNAL RISK</b> <b>CURRENT &amp; FUTURE RISK</b></p>	<p>There is an ongoing risk to the Council's finances arising from austerity measures that the Government are continuing to take. This is now likely to be compounded by the effects of the impending Brexit. There is the challenge of finding around a further £34m of efficiency savings up to 2021/22 and possibly more beyond that time. This poses a risk that as a result of reductions made to services and overall funding, the quality and outcome of work impacts adversely on stakeholders, leading to local dissatisfaction and damage to the Council's reputation. Tighter finances result in less capital, repossessions, and potential developments frozen, affecting potential economic development and social infrastructure. This all contributes to a risk of real poverty and inequality emerging in areas of the Borough.</p>	<p>Chief Executive's; Children, Adults &amp; Community Health; Finance &amp; Corporate Resources; Neighbourhoods &amp; Housing</p>		<p style="text-align: center;"></p> <p>May 2018. Risk ongoing due to continuing and proposed cuts by the government. Recent revenue budgets and Capital Programmes have been put together against the backdrop of some of the most significant reductions in Central Government support to Local Government since World War Two. The result of the EU Referendum on June 23rd 2016 and the subsequent plans for Brexit (cemented by triggering Article 50 on 29/3/17), is already proving to have a negative financial impact, although not perhaps as severe as some economists predicted. The increase in interest rates (from 0.25 to 0.5%) in November 2017 hints at a slight improvement in some areas.</p> <p>Ongoing Central Government cuts mean that Hackney must work with £130 million less a year than in 2010, while rising costs and increased demand for services have added a further £42 million of expenditure for the Council to find each year. In fact local authority core funding has reduced by 35% over the period 2010/11 to 2018/19. The total budget for 2018/19 was £1,074 million, down £17 million on the previous year. All these points illustrate the undeniably challenging financial predicament of the Council.</p> <p>Clearly, this risk is ongoing and the need for efficiency savings</p>

				will not diminish in the foreseeable future (especially with Brexit). Therefore this will have an impact on the Council which needs to be carefully managed. Proposals are being developed to manage an expected further reduction in resources of approximately £34m by 2021/22. Score remains at 20 with no movement due to the extremely high impact of the financial consequences.
--	--	--	--	--

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0001B</b> National and International Economic Downturn	There is a need to ensure that the Medium Term Financial Plan accurately reflects best estimates of future funding levels. Financial planning will be constantly diligent and reflect the changing circumstances of budgets available. Also, controls from other related risks are relevant, e.g. Regeneration projects and Recruitment and Retention [increasing access routes into the Council's employ].	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Ian Williams	31-Oct-2018	May 2018 - action ongoing. Progress made in various areas should provide assurance that even in challenging circumstances, the Council is well placed to manage its duties.
<b>SRCR 0001A</b> National and International Economic Downturn	Whilst the overall risk is external and largely beyond control of the Council, there is a clear need to identify, implement, monitor and resource the delivery of significant reductions in expenditure and to ensure the services that continue to be provided are resourced adequately. Also, Officers' advice to members needs to be explicitly clear as to what can and cannot be delivered including the organisations ability to deliver and implement the commitments contained within the local manifesto.	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Ian Williams	31-Oct-2018	May 2018 - action ongoing.
<b>SRCR 0001D</b> National and International Economic Downturn	Savings proposals were developed and agreed with members in order to bridge the forecast reduction in resources in 2017/18 and subsequent financial years. At the same time, the capital programme is subject to review to ensure that available resources are used to deliver Council priorities. Several measures, including numerous restructures, have been used to reduce overall expenditure levels across the Council. There are also continuing efforts at seeking ways to generate additional income, for example in the use of Corporate Estates for events / changes in service delivery models etc. This is already resulting in considerable savings to help mitigate the risk of funding cuts.	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Ian Williams	31-Oct-2018	May 2018 - ongoing. The Senior Management restructure was completed and the final transitional arrangements came to an end in April 2017. Various other restructures (eg ICT) are ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0001A</b> Brexit Implications <b>EXTERNAL RISK</b> <b>CURRENT &amp; FUTURE RISK</b>	Following on from the UK's vote in favour of leaving the EU in June 2016, the fallout from this is likely to produce some serious risks to the Council and country as a whole. Financial issues (external to the Council) could impact massively on income levels, spending ability, and general resources across all areas. Also risk of hate crime occurring.  Stock markets could fall significantly resulting in a serious impact to	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods		 May 2018 – Article 50 was triggered on March 29 <sup>th</sup> 2017, formally commencing the exit process, which will complete in around 9 months. This risk increased at the last review a few months ago, as the process had become a reality and problems such

	<p>the Council's pension funds. The likelihood of an increased triennial valuation is much higher, and the risk of the need for increased general contributions emerges. Also with reduced interest rates, Brexit could continue to impact on treasury investments.</p> <p>The impact of Brexit on exchange rates for Sterling means that there is a risk of material cost increases due to the direct and indirect impact on pricing for software and hardware (the Council may see price rises as suppliers pass on increased costs affecting their own ICT services).</p>	& Housing		<p>as the pound's weakness have caused the Council some clear losses in purchasing (especially ICT equipment which is bought in dollars). The risk has now remained static since that review. Additionally, in light of the 'divorce' settlement agreed in December, there now seems less chance of an 'unruly' exit (and the economic uncertainty that would ensue) and guarantees the rights of EU citizens living in the UK.</p> <p>In the immediate aftermath of Brexit, some of the more pessimistic outlooks were not realised, with the markets remaining steady, but economists suggest the outlook looks gloomy. Also an atmosphere of political unrest is present especially in areas like Hackney which were predominately in favour of remain. Thankfully, in Hackney, hate crime has not been an issue as yet (Safer Communities would monitor this).</p>
--	--	-----------	--	--

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0001A</b> Brexit Implications	A separate Brexit Risk Register has been produced and all relevant parties have contributed to it. This is addressing the range of risks that have come about as a result of this referendum.	Tim Shields; Ian Williams; Kim Wright; Anne Canning	All	12-Oct-2018	Ongoing
<b>FR DR 0007</b> Consider potential pricing fluctuations when planning purchases.	<p>The uncertainty of global currency markets and supplier responses to fluctuations means that it is extremely difficult to mitigate this risk. Where possible consideration will be given to the potential of pricing fluctuation when planning purchases and commissioning.</p> <p>This will be an ongoing activity (no fixed end date).</p>	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Purchasing managers	Ongoing	Updated May 2018
<b>FR DR 0007b</b> Brexit impact on Treasury and Pensions	Ongoing monitoring of financial markets and close communication with Pension Fund Investment managers/investment consultants. Additionally, there has been ongoing monitoring of financial markets and regular communication with treasury advisers. Monitoring of both interest rates/ yields as well as the impact on the credit risk of potential investment counterparties, especially UK based institutions.	Ian Williams; Michael Honeysett	Rachel Cowburn, Pradeep Waddon	Ongoing	<p>Following the leave vote, the Pension team was in immediate contact with fund managers and Investment consultants, receiving commentary from each fund.</p> <p>Pension Committee has received numerous updates and reports and, following the advice of the investment consultants, agreed not to take any immediate action and to monitor the impact on an ongoing basis.</p> <p>Also, UK gilts yields have already reached a record low and the UK base rate marginally increased back up to 0.5% early in 2018.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0002</b> Management of Capital Programmes / Schemes <b>EXTERNAL RISK</b> <b>FUTURE RISK</b>	<p>From a financial perspective, as a result of substantial external borrowing to fund the ambitious capital programme, the Council moves from a debt free position and become more vulnerable to changes in the market (potential volatility of the housing market affecting sales volumes / value and increasing building costs as a result of weaker GBP against other currencies). This could lead to financial pressures as unexpected costs of borrowing would be incurred.</p> <p>Additionally, Major Capital Schemes may not be managed or targeted effectively to maximise use of resources available and ensure delivery according to expectations. This poses a risk to the successful completion of such schemes, incurring losses and dissatisfied stakeholders.</p>	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		<div style="text-align: center;"> </div> <p>May 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 capital programme for 2018/19 is £429m (non-Housing schemes totalling £207m and Housing schemes totalling £222m). The plans for Britannia of course, go beyond Housing, which makes this scheme all the more important, and one of the most ambitious in the programme. There are detailed separate risk registers for projects such as Britannia. Britannia has a commercial lead on its senior Management Team and has contracted Arcadis to provide construction cost advice on the School, and financial viability advice for the project, and CoreFive to provide construction cost advice on the leisure centre and residential aspects of the project. This will provide greater financial certainty to Britannia, enabling more informed decision making by the Officer Steering Group and Project Board established to govern it. This should also provide extra assurance about how a major project is being managed.</p> <p>This risk earlier in 2017 was scored as a 4 x 4. Because of the increased quantities of forward funding here the impact had to rise to a 5, however the likelihood could decrease to a 3 as the controls (and previous experience) provided assurance that the Council was well positioned to manage this risk. Since January, the risk has remained stable.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0002A</b> Management of Capital Programmes / Schemes	All capital schemes are subject to review via capital budget monitoring process. Slippages can be identified via this process and appropriate action taken. The quarterly monitoring that is included in the regular Overall Financial Position (OFP) Report to Cabinet will also be included	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Michael Honeysett	31-Oct-2018	May 2018 – ongoing. The latest Capital Programme has been agreed (at £429m) and no revisions announced as yet.

	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.				Last year's actual capital expenditure to March 2018 was at £271,000,000, £8m below the current revised budget. Such regular (quarterly) reporting should provide increased assurance that everything is being astutely managed, especially with out-turns being below budget.
<b>SRCR 0002B</b> Management of Major Capital Schemes	Major schemes are managed via project boards to ensure appropriate actions are taken to ensure delivery of scheme to expected standards	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Michael Honeysett	31-Oct-2018	May 2018 - ongoing.
<b>SRCR 0002C</b> Management of Major Capital Schemes	The Capital programme is currently subject to overall review in order to reduce the overall call on available resources and to ensure their use is prioritised in line with member decisions.	Tim Shields; Ian Williams; Kim Wright; Anne Canning	Michael Honeysett	31-Oct-2018	May 2018 - ongoing. A refresh of the capital programme has been completed as part of the budget process for 18/19 - and a review of the overall corporate strategy.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0003</b> Regeneration Programmes <b>EXTERNAL RISK</b> <b>CURRENT &amp; FUTURE RISK</b>	<p>There are a number of key risks which require careful management between Regeneration and a range of services across the Council, including finance, procurement and planning. Major risks are associated with:</p> <ul style="list-style-type: none"> <li>Risks around certainty of future funding, and the need to contain borrowing within the HRA Debt Cap. If this is not contained, there may be serious financial consequences. There could also be further (post Grenfell) pressures around funding relating to potential new requirements for fire safety works to council housing stock, which must be funded through the HRA.</li> <li>Procurement and performance related risks with developer/contractor partners.</li> <li>Falls in property values could impact the viability of schemes.</li> <li>Challenges around social cohesion associated with potential increased polarisation, greater transience and reduced housing affordability.</li> </ul> <p>An uncertain economic environment, particularly as a result of Brexit, poses risks to projects that rely mainly or partly on disposal of assets or the subsequent sale of newly developed properties.</p>	Neighbourhoods & Housing		<p style="text-align: center;"></p> <p>May 2018 - There are a number of regeneration projects ongoing across the borough, including the nationally significant Woodberry Down programme and the borough-wide Estate Regeneration and Housing Supply programmes. These have substantial borrowing requirements which, if not carefully project managed, could adversely impact the Council's overall financial position.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>NH DR 006a</b> Regeneration Programmes	Application of sound programme and project management methodology for delivery of complex programmes and projects including reporting where agreed tolerances have been exceeded, and finance assessment of business cases including those that need to be revised.	Kim Wright	John Lumley	Ongoing	May 2018 - Risk reviewed and updated.
<b>NH DR 006b</b> Regeneration Programmes	Robust programme management and governance procedures in place for key capital projects and programmes with project sponsorship at Director level. Major schemes are managed via project boards to ensure reputational issues managed and project/programme outcomes delivered to required standard, on time and within budget.	Kim Wright	John Lumley	Ongoing	May 2018 - Risk reviewed and updated.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 72</p> <p><b>SRCR 0009</b> Reputation Management <b>INTERNAL RISK</b> <b>FUTURE RISK</b></p>	<p>Risk that (through press / media) perceptions about the Council's performance/image do not reflect relative levels of performance and the huge service improvements leading to public dissatisfaction or misunderstanding about the progress actually being made. Essentially, this risk is about not capitalising on the opportunity that the Council's positive progress presents us with.</p>	<p>Chief Executive's; Children, Adults &amp; Community Health; Finance &amp; Corporate Resources; Neighbourhoods &amp; Housing</p>		<p style="text-align: center;"></p> <p>May 2018 – At the last review, the risk decreased slightly due to positive progress made, however has remained stable since.</p> <p>Although the scale of continuing funding reductions announced in the 18/19 settlement is sizeable, the risk has not increased due to careful mitigation. Impact remains steady, benefitted by an (external) website and (internal) intranet refresh. However, past MORI results and continued positive media coverage, prestigious events and other awards illustrate that this risk is being managed. In 2016, the Council was awarded the prize by the LGC for 'Best Council of the past 20 years". This clearly indicates positive progress.</p> <p>Also, more generally, the Olympics (and now their legacy) are an excellent example of something very major being communicated in a positive and effective way (an example of a risk - for things <i>could</i> have gone wrong - being turned into an opportunity). The Risk applies to all Directorates, but is centrally managed by Communications.</p>

Control Title	Control Description	Responsible	Service	Due Date	Control - Latest Note
---------------	---------------------	-------------	---------	----------	-----------------------



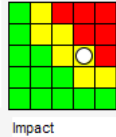

		Officer	Manager		
<b>SRCR 0009A</b> Reputation Management	<p>Key ongoing activities include active press engagement, key stakeholders involvement, MORI and active media coverage. Corporate Communications are very proactive in managing this and always quick to respond to any issues.</p> <p>Media monitoring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

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 73</p> <p><b>SRCR 0010</b> Pension Fund <b>EXTERNAL RISK</b> <b>CURRENT &amp; FUTURE RISK</b></p>	<p>General market volatility, and recent legislative changes (eg- the future asset pooling of resources and also the opportunity for 'Freedom and Choice') poses risk to investment returns which underpin Fund performance and ability to meet future liabilities without additional financial burdens on taxpayer. If investment returns are poor with a post Brexit plummeting of stock markets, or the outflow of resources is much larger than expected or an asset category seriously underperforms, this will have serious financial implications for the Pension Fund and ultimately add cost pressures to the Council's budget via employer's pension contributions.</p>	Finance & Corporate Resources		<p style="text-align: center;"></p> <p>May 2018 - Risk ongoing. The impending Brexit continues to pose risks in the future about meeting liabilities. In its immediate aftermath (June 2016), the initial impact on the markets was negative, but steadied in the following weeks, and has steadily gained strength in the 18 months since. The impact on the strength of the pound has been negative however. In light of this, the economic climate remains volatile.</p> <p>The likelihood of this risk occurring is relatively high, given the likelihood of challenging conditions in investment markets and the impact of changing demographics. The impact has to remain high, given the potential threat to the Fund's ability to pay benefits when they are due.</p> <p>In Oct 2015, the Government called for the assets of the 91 LGPS funds in England and Wales to be pooled into 8 pools of approximately £25bn+ of assets. The Council are now in the process of transferring the first tranches of assets to the London CIV. These proposals will incur transition risks, as well as overall strategic ones so the</p>

				<p>whole process is being managed carefully, although the overall aim is to make efficiencies in investment costs.</p> <p>Of course, an increase in the UK's interest rates could represent an opportunity of sorts for the Council, and Asset Pooling may lead to greater saving and efficiencies. All is being monitored closely.</p>
--	--	--	--	---

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0010D</b> Pension Fund	The funding of the Pension Fund liabilities continues to be monitored closely and the Fund seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.	Michael Honeysett; Ian Williams	Rachel Cowburn	31-Oct-2018	April 2018 - ongoing
<b>FRFSV 0052D</b> Knowledge and Skills	Ensuring those charged with governance of the Fund and for managing the day to day operations have the requisite knowledge and skills to make informed decisions when managing the funding position. Regarding proposed (asset pooling) changes, all consultations and guidance from the Government are being monitored, and responded to where appropriate.	Michael Honeysett	Rachel Cowburn	31-Oct-2018	Updated April 2018 - ongoing
<b>FRFSV 0053B</b> Pension - Valuation Monitoring	Triennial Valuation assesses the funding position, interval valuation monitoring ensures that movements in the Funding position can be assessed and strategies to manage any deterioration are put in place. Assessment of liabilities at the triennial valuation and the roll-forward of liabilities between valuations helps identify – financial mismatch / falling risk free returns on government bonds / higher than anticipated inflation / increasing fund maturity / insufficient deficit reduction payments.	Michael Honeysett	Rachel Cowburn	31-Oct-2018	Updated April 2018 - ongoing.
<b>FRFSV 0053C</b> Identifying the external risk factors that affect the funding position	Identifying the various risk factors, asset/liability, investment, longevity, interest rates, inflation, liquidity, etc and how the interaction of these impacts on the funding position and adapting the strategy and business plans to manage these risk where feasible. Also regarding future Asset Pooling, planning for transition is considered as part of the Investment Strategy development to ensure assets are transitioned efficiently and within the required timeframes.	Michael Honeysett	Rachel Cowburn	31-Oct-2018	Updated April 2018 - ongoing.
<b>FRFSV 0042D</b> Appropriate levels of knowledge and skills to make decisions	Use of external advisers to assist in making investment decisions and ensuring that decision takers understand the investments of the fund. There is ongoing monitoring of financial markets and close communication with Pension Fund Investment managers/consultants.	Michael Honeysett	Rachel Cowburn/ Pradeep Waddon	31-Oct-2018	April 2018 - Ongoing. Detailed reports get taken to Pensions Committee at regular intervals providing them with the assurance that risks are being managed.

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

<p><b>SRCR 0013</b> Impact of New Legislation (and Welfare Reforms) <b>EXTERNAL RISK</b> <b>FUTURE RISK</b></p> <p>Page 75</p>	<p>The Council may not be able to respond to external influences on legislation and updated policies, thus risking the efficiency and effectiveness of service provision. Also if requirements of any new act are not met, there would be an adverse impact on the Council's legal and reputational standing.</p> <p>For example, as a result of the new policies affecting housing (mainly contained within the Housing &amp; Planning Act 2016), the Council's financial position may be adversely affected, constraining its ability to invest in the development of new affordable homes. Many of these policies could also have damaging consequences for the local community and many people currently living in Hackney.</p> <p>Additionally, the impact of new legislation - seen in areas such as Welfare Reform (especially Universal Credit) - could result in an increase in rent, service charge, arrears, higher legal costs, increased evictions and pressure on the vulnerable.</p> <p>Further effects of new legislation could be financial, legislative (with a failure to understand the breadth of responsibility) and reputational, directly affecting the local community. There could also be issues amongst the local community in terms of dissatisfaction, lack of understanding and increased financial difficulties.</p>	<p>Chief Executive's; Children, Adults &amp; Community Health; Finance &amp; Corporate Resources; Neighbourhoods &amp; Housing</p>		 <p>May 2018 –The Homelessness Reduction Act (April 2018), GDPR (May 2018) and The Housing and Planning Act 2016 are all examples of recent legislation having a significant impact on the demands to the services of the Council. The changes within the Education Bill have not materialised as it was scrapped, however further legislative changes are anticipated in this area in the future. The EU Referendum results and triggering of Article 50 continue to pose great uncertainty going forward. Regarding welfare, the proposed tax credit changes were retracted, however Universal Credit will present numerous challenges which are already being planned for in great detail, and this will come into force later in 2018.</p> <p>Furthermore there are other forthcoming examples of proposed legislation that could impact on the carrying out of Council functions, and the risk that needs to be managed is the implementation process and the financial and human resources that may be required. This needs to be kept under review as each legislation is passed and implemented. Likelihood of risk has marginally dropped due to assurance provided by Council's robust approach to new legislation</p>
--	--	--	---	---

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p><b>SRCR 0013</b> Impact of New Legislation</p>	<p>The Council continues to monitor and respond to consultations regarding service delivery and other innovations to ensure that it is fully aware of new and changed initiatives and can react accordingly. All managers keep up to date with external developments which may impact on their work. Careful project and programme management is undertaken to deal with any serious reforms and their implementation. There is a monthly Corporate Law Update outlining all the latest legal developments and their potential impact on the Council.</p>	<p>Tim Shields</p>	<p>Suki Binjal</p>	<p>31-Oct-2018</p>	<p>May 2018 - ongoing.</p>
<p><b>SRCR 0013A</b> New Policies affecting Housing</p>	<p>Detailed analysis is being carried out regarding the likely impact of these policies, both internally and with other boroughs and representative organisations. In the case of the Forced Sales levy, this analysis is currently hampered by having few details about how the</p>	<p>John Lumley</p>	<p>Ajman Ali</p>	<p>31-Oct-2018</p>	<p>Updated April 2018</p>

	<p>scheme will operate. However an assessment of the potential impacts is being carried out on a range of assumptions and scenarios.</p> <p>Individually and with other boroughs, the Council continues to actively making the case to Government for flexibilities to mitigate the adverse effects of these policies.</p> <p>Once the detailed Statutory Instruments have been published (timescales still unclear), the likely impacts of the various policies can be more accurately be assessed and work can continue on preparations to implement the measures in a way that best mitigates the impacts on the Council and residents.</p> <p><i>1% reduction in rents:</i> The current HRA savings plan delivers a fully resourced HRA business plan and keeps HRA borrowing below the debt cap. The HRA business plan is monitored annually as part of the budget setting process, taking into account arising cost pressures, changes in government policy and legislation, and any service changes.</p> <p><i>Forced Sales Levy:</i> To mitigate the impact of this policy, the Council intends to develop a disposal and investment strategy that:</p> <ul style="list-style-type: none"> <li>- minimises the impact on mixed communities and meets the highest priority housing needs; and</li> <li>- raises the funds necessary to both pay the levy and provide genuinely affordable replacements.</li> </ul> <p><i>Starter Homes:</i> The Council has made and continues to make the case to Government that Starter Homes should not be included within the definition of 'affordable housing' in Hackney. We will work with the London Mayor to help make the case for a workable implementation of the initiative in London and, through the Local Plan review, ensure that this is addressed in local planning policy.</p> <p><i>Homelessness Reduction Bill:</i> The Homelessness Reduction Bill was agreed by Parliament and has now received Royal Assent. The date for implementation was this April (2018). The impact of the Bill is significant for the Council taking into account the impact of the 56 day 'nowhere safe to stay' duty, changes to s21 notices, the additional reviews anticipated and the additional resources required to carry out assessments and manage the necessary additional temporary accommodation. The total cost could amount to up to £11.4m in year 1, as well as placing significant additional strain on the Council's temporary accommodation estate.</p>				
<p><b>SRCR 0013B</b> Care Act 2014</p>	<p>This Act has reformed the law relating to care and support for adults and the law relating to support for carers. Detailed work has been undertaken to ensure its effective implementation, and clear timescales and budgets which need to be adhered to. Adult Social Care managers have a robust monitoring system in place to track the</p>	<p>Anne Canning</p>		<p>31-Oct-2018</p>	<p>The Care Act introduced serious changes and new responsibilities for local authorities with broad changes in social care and delivery in tight timescales. Although the</p>

	impact of the Care Act which will inform service and financial planning.				introduction of the cap on care costs was deferred until April 2020 (and now been further postponed), the introduction of the national eligibility criteria is widening the responsibility of the Council in respect of care and support and increasing demand for services. Potential consequences of this risk could include a major adverse impact on the Council's financial health and Adult Social Care savings delivery plan. Additionally there would be a strong additional demand on services. Also if requirements of any new Act are not met, there would be an adverse impact on the Council's legal and reputational standing.
Page 77 RV 1617 Impact of new Welfare Reforms	The risks have been / are being managed by detailed programmes of training and briefings for staff, DHP training for frontline staff, and letters explaining any changes. There has been a communication strategy specifically developed for this so that the public have everything explained and broken down as comprehensively as possible. Resident's briefings, 'surgeries', and online explanations also further contributing to making transitions as smooth as possible.	Ian Williams	Kay Brown	31-Oct-2018	Control updated May 2018. Welfare Reforms (introduced in recent years and still continuing) include benefit caps, new rules on under occupancy, and changes to DLA, Council Tax Support and also Universal Credit (coming into force later in 2018). All these reforms could result in an increase in arrears, higher legal costs, increased evictions and pressure on the vulnerable.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0018</b> Workforce <b>INTERNAL RISK</b> <b>FUTURE RISK</b>	The Risk that amidst an atmosphere of financial reductions and redundancies, the Hackney workforce become demotivated, leading to a negative atmosphere amongst workers, impacting upon service delivery and leading to dissatisfied stakeholders. Also that restructures may cause temporary loss in efficiency as officers are unsure of how new reporting arrangements, responsibilities and service provisions are put into practice. Knowledge could be lost with a large number of experienced staff taking redundancies. An additional organisational risk in this area is around the modernisation agenda and a need for the workforce to adapt and change and be receptive to new ways of working. Failure to do this could result in the Council lacking to dynamism to succeed in	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		<p>May 2018 – Risk has reduced with likelihood going down. A major (Senior Management) restructure has been long completed (with final interim arrangements ending in April 2017) whilst further ones have occurred (or are continuing). These are being carried out for a variety of reasons including improving team's organisational efficiency, adapting to new ways of working and also in some areas due to cuts to funding.</p>

	effectively utilising opportunities open to it.				However, the new changes have generally been embedded effectively, so the likelihood of negative impacts to service delivery have reduced. Procedures are documented so arrangements in place not to lose knowledge. The Council are currently switching over to G-suite, which will result in increased efficiencies and dynamism, and the transition is being carefully managed by project teams overseeing a phased process. This should provide assurances that teams will effectively adapt to the new ways of working, and reduce the likelihood of an organisational disruption.
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0018</b> Staff Motivation / Commitment	There are detailed HR procedures and processes to deal with all relevant areas (including problems/instability created by restructures) and these are carefully adhered to by teams involved. All communication is regular and carefully considered. Staff are well supported in adapting to new ways of working (whether from an IT or HR perspective).	Tim Shields	Dan Paul	31-Oct-2018	May 2018 – these controls are in place and continuing.

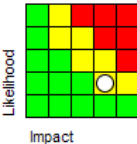

Page 78

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0018B</b> Recruitment and Retention <b>INTERNAL RISK</b> <b>CURRENT RISK</b>	<p>Services across the Council struggle to effectively and successfully recruit for certain positions, leading to a negative impact on service delivery.</p> <p>Also, with the Council needing an increasingly agile workforce (not constrained by traditional customs and practises), it may struggle to compete with other organisations to get the best candidates.</p>	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		<p style="text-align: center;">↓</p> <p>May 2018 - Risk was recently broadened across the Council by HMT (from having been focused on ICT). Risk has dropped slightly with likelihood decreasing to 2, reflecting some positive progress made</p> <p>In a competitive market for skills the Council has experienced difficulties recruiting to a range of roles essential to delivery of services and planned service improvements (including ICT, Adult Social Care, Quantity Surveyors and Highway Engineers). This could impact seriously on the ability to develop and maintain effective service delivery due to difficulties with recruitment and retention. This is exacerbated by the recent changes to IR35, which is having the effect of driving skilled specialist workers to the private sector (as many ICT skills are transferable across sectors).</p> <p>However, there have been recent developments on this. Particularly with the completion of the first phase of the ICT restructure with senior positions having been successfully filled through a creative campaign, emphasising the benefit of Hackney as a place to work and also offering market supplements to ensure the organisation is able to be competitive with wages across the market. Overall, the Council has</p>

				enjoyed some very positive results in terms of attracting high calibre candidates and filling many roles that were expected to be tricky. Therefore, there is now increased assurance that going forward, this risk can be effectively managed.
--	--	--	--	---

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>SCR 0018B</b> Recruitment and Retention Page 79	Service are continuing to 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 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.	Tim Shields; Ian Williams; Kim Wright; Anne Canning	All Service Managers	20-Oct-2018	April 2018 – This has been ongoing around the Council, and these proposed controls have been implemented (with success). The recent update to the Council’s salary supplement scheme reflects the requirements of Services to compete in the open market and is working successfully.  All roles are now benchmarked against the market, in line with the new Council salary supplement scheme. A prototype for an improved approach to recruitment advertising has been tested over the last year, and this will be reviewed ahead of recruitment arising from the restructure.
<b>FR DR 007 A</b> 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.	Tim Shields; Ian Williams; Kim Wright; Anne Canning	All managers	28-Oct-2018	Control reviewed and amended April 2018. If all these processes are followed, (with staff having opportunity for improved professional development) that should lead to a greater assurance that this risk won’t materialise.

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

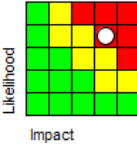

<p><b>SRCR 0021</b> Cyber/ Information Security <b>EXTERNAL RISK</b> <b>POTENTIAL RISK</b></p>	<p>There is a risk that the security of Council's systems, network and devices could be compromised which could have very damaging, widespread implications.</p>	<p>Finance and Corporate Resources</p>		<p style="text-align: center;"></p> <p>May 2018 - the likelihood has slightly decreased (3 to 2) in light of positive progress made in making cyber security more robust. This is an ongoing risk and of increasing importance as more Council services are dependent on ICT and electronic information. Also, there is an increasing internal awareness (of staff) of the concept of cyber risks (and what precautions to take). With the move to a new system on G-suite, all transitions will be in line with Information Security risk management.</p> <p>A cyber resilience exercise was successfully carried out in November 2017, increasing levels of assurance about the Council's arrangements in this area</p>
--	--	--	---	--

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p><b>FR IT 0006a</b> Ensure compliance with the PSN Code of Connection and other applicable standards (including the ICT security requirements for compliance with the NHS IGSoC).</p>	<p>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).</p> <p>This will be an ongoing annual activity (no fixed end date).</p>	<p>Rob Miller</p>	<p>Henry Lewis</p>	<p>Ongoing - annual</p>	<p>April 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).</p>
<p><b>FR IT 0006b</b> Ensure that all users of the Council's systems and data take appropriate measures to protect these.</p>	<p>Ensure that the Council has effective policies, guidance, training and measures to enforce compliance for all users (including Members).</p> <p>This will be an ongoing activity (no fixed end date).</p>	<p>Rob Miller</p>	<p>Henry Lewis</p>	<p>Ongoing</p>	<p>April 2018 – Enhanced end-user training for information security and data protection is being developed as part of our</p>



					preparation for the General Data Protection Regulation. 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 emails. Systems have also been checked to ensure that the specific patch which closes this vulnerability has been applied.
Part 81 FR IT 0006c	Ensure that all hardware and software is supported for security updates.  Ensure that infrastructure and application lifecycle management practices are in place and functioning effectively so that the Council's systems remain supported.  This will be an ongoing activity (no fixed end date).	Rob Miller	Henry Lewis	Ongoing	April 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.
FR IT 0006d	Plan for upgrade required to end use of Windows 7 ahead of the end of Microsoft support (January 2020).  Upgrading the Council's desktop environment is a major activity and this will require careful planning and preparation, as well as significant allocation of funding.	Rob Miller	Henry Lewis	14-Jan-2019	April 2018: This is currently on hold pending completion of more time critical upgrade and refresh work.

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

<p><b>SRCR 0019</b> Information Assets <b>INTERNAL RISK</b> <b>POTENTIAL RISK</b></p>	<p>The Council holds a wealth of information assets across its services. It is essential that this is managed in compliance with requirements such as the Data Protection Act, the NHS IG Toolkit and also the forthcoming General Data Protection Regulation (which has come into effect from May 2018).</p> <p>It is also essential that the Council is able to use these information assets effectively to commission and deliver high quality services, reduce costs and work in partnership with other agencies and providers. Failure to do so will result in negative impacts.</p>	<p>Finance &amp; Corporate Resources</p>		<p style="text-align: center;"></p> <p>April 2018 – A programme of work is currently well 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.</p> <p>Mitigation of this risk, and harnessing the most of the significant opportunity presented by effective information management, is a joint responsibility across each service directorate and the corporate ICT service. At Hackney, these risks are currently overseen by the Information Governance Group (which meets quarterly). Also, the transition to G-suite will present challenges to all the Council’s Information Assets, and is being managed accordingly.</p>
---	---	--	---	---

Page 82

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p><b>FR IT 0001a</b> Information management</p>	<p>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.</p> <p>Ensure that the Council’s information assets are managed robustly and used effectively to provide insight and to integrate Council and partner services, and deliver the maximum benefit to residents and businesses.</p> <p>This will be an ongoing activity (no fixed end date).</p>	<p>Ian Williams</p>	<p>Rob Miller; Matthew Cain</p>	<p>01-Oct-2018</p>	<p>April 218 – the GDPR programme of work continues to be reviewed by a standing project board operating under delegation from Information Governance Group.</p>
<p><b>FR IT 0001b</b> Compliance</p>	<p>IGSoC: compliance with the NHS IG Toolkit. Ensure that the Council meets the compliance requirements for the NHS IG Toolkit to enable information sharing and partnership working with the NHS.</p>	<p>Ian Williams</p>	<p>Rob Miller; Matthew Cain</p>	<p>01-Oct-2018</p>	<p>April 2018: Current renewal of IGSoC compliance is complete.</p>

	<p>This will include requirements for services across Public Health and Social Care.</p> <p>This will be an annual activity (no fixed end date).</p>				
<b>FR IT 0001c</b> EU General Data Protection Regulation: preparing for compliance from May 2018	<p>Establish a programme of preparatory activity to support Hackney's compliance with the GDPR in good time for its introduction in May 2018. This will include changes to the Council's information management arrangements, data retention, privacy provisions and practise across all Council teams who handle people's personal information.</p>	Ian Williams	Rob Miller; Matthew Cain	01-Oct-2018	April 2018 – the GDPR programme of work continues to be reviewed by a standing project board operating under delegation from the Information Governance Group.
<b>FR IT 0001d</b> 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 will be an ongoing activity (no fixed end date).</p>	Ian Williams	Rob Miller; Matthew Cain	01-Oct-2018	Ongoing April 2018

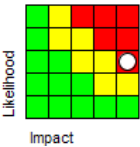

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p><b>SRCR 0020</b> Corporate ICT /Business Resilience <b>INTERNAL RISK</b> <b>POTENTIAL RISK</b></p>	<p>(Risk that) the Council does not currently have a robust and tested corporate resilience plan in the light of a major incident affecting its business.</p> <p>There is also a risk that Business Continuity Plans across the Council's services do not accurately reflect the disaster recovery provision that is available. This could result in services not being able to invoke their continuity plans effectively due to incorrect assumptions.</p>	Finance & Corporate Resources		<p style="text-align: center;"></p> <p>It is essential for the Council to provide some assurance that we are suitably prepared to respond and adapt to incremental change and sudden disruptions. Clearly this could impact massively on our ability to effectively deliver services, so resilience is a critical part of future planning.</p> <p>April 2018 - Score has reduced from 20 to 15 as a result of likelihood dropping from 4 to 3. This is a reflection of the work that has taken place to improve resilience / DR provision.</p> <p>It is essential for the Council to provide some assurance that we are suitably</p>

				<p>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. A recent cyber resilience exercise was successfully carried out in November 2017.</p> <p>DR provision is in place for critical systems and 1200 <i>myoffice</i> desktop sessions in the event of the main datacentre being unavailable.</p> <p>Successful DR testing has recently taken place, providing assurance of overall resilience. A Business Continuity Management Group started regular meetings as of July 2017. The recent BA incident emphasises the importance of careful management within this area. Council wide revisions of all BC Plans has occurred.</p>
--	--	--	--	--

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Page 84  <b>SRCR 0020A</b> Corporate Resilience Forum	A Corporate Resilience forum has been established and will take overall strategic lead reporting to HMT. However the specific ICT issues are still managed by ICT themselves.	Kim Wright	Cross Council	Ongoing.	From paragraph 1.1-1.2 of the CRF report: 1:1 The CRF oversees the development of all systems and processes for Emergency Planning, Business Continuity Pandemic Planning and Resilience within Hackney Council. 1:2 This group will also ensure that appropriate links are made to other stakeholders in relation to Emergency Planning and Resilience such as NHS, LFB, MPS, EA AND VCS.
<b>FR IT 0003</b> Resilience of ICT systems / Disaster Recovery	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	Ian Williams	Rob Miller, Henry Lewis	31-Oct-2018	April 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

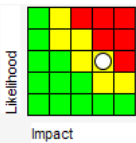
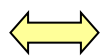
	<p>outage with loss of data limited to 15 minutes (Recovery Point Objective). A test on 1 key application has already proved successful.</p> <p>It must be noted that this provision will not give instant seamless failover for these services - so Council services must ensure that their Business Continuity 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>				<p>decision is about to be made. 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>
<p><b>Pass</b></p> <p><b>IT 003</b> NEW CONTROL</p> <p>Review of Business Continuity Plans across the Council's services.</p>	<p>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.</p> <p>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 was completed by the start of 2018.</p>	Business Continuity Team	Business Continuity Team	31-Oct-2018	<p>April 2018 – Cross council, BCPs are being successfully completed adding to an improved assurance about resilience.</p>

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

<p><b>SRCR 0023</b> Person suffers significant harm, injury or death <b>EXTERNAL RISK</b> <b>FUTURE RISK</b></p>	<p>Children, young people and adults who use our care and support services are at higher than usual risk of harm, injury or death. If risks are not adequately assessed and protected a child, young person or adult could suffer significant injury or death attributable to the Directorate's failure to take appropriate safeguarding and risk management measures. Additionally, general members of the public or Hackney staff could suffer harm due to a lack of general health and safety measures being in place.</p>	<p>Children, Adults &amp; Community Health</p>		<p style="text-align: center;"></p> <p>Update April 2018 – This remains a high risk, although the controls should provide strong assurance that we are well positioned to manage it.</p>
--	---	--	---	---

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p><b>CYP 006B</b> Local Safeguarding Children Board (LSCB) reviewed and operating as an effective multi-agency forum.</p>	<p>The City &amp; Hackney Safeguarding Children Board (CHSCB) has a remit to monitor safeguarding across all partner agencies, including the local authority.</p>	<p>Anne Canning</p>	<p>Rory McCallum</p>	<p>31 Oct - 2018</p>	<p>Update April 2018 – 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.'</p>
<p><b>CYP 006D</b> Ensure staff have the necessary skills to ensure risk and need are properly assessed</p>	<p>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.</p>	<p>Anne Canning</p>	<p>Sarah Wright</p>	<p>31 Oct - 2018</p>	<p>April 2018 - 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."</p>
<p><b>CYP 006E</b> Child Protection procedures in place</p>	<p>Children subject to Child Protection Plans and Looked After Children are visited in line with statutory guidance and care plans are monitored, updated and amended as appropriate. Children are to be seen alone.</p>	<p>Anne Canning</p>	<p>Sarah Wright</p>	<p>31 Oct - 2018</p>	<p>Update April 2018 - Ongoing, monitored through management oversight and audit, monthly, quarterly and annual performance reports, including statutory returns to DfE and by Child Protection Conference Chairs and Independent Reviewing Officers.</p>
<p><b>CYP 006F</b> Risk assessing activities for young people</p>	<p>All activities directly provided and commissioned by the directorate must be subject to rigorous risk assessments. These follow a consistent format. Also, the internal health and safety team conduct assessments and provide advice to mitigate risks of harm to staff in the course of work.</p>	<p>Anne Canning</p>	<p>Pauline Adams</p>	<p>31 Oct - 2018</p>	<p>Update April 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.</p>

<b>CACH AS 005</b> 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.	Anne Canning	Simon Galczynski	31 Oct - 2018	The Peer Review is in April 2018 and an implementation plan based on the recommendations of the review will be developed April – May 2018.
<b>CACH ASC 0005</b> Implementing a robust safeguarding approach across adult services	The City & Hackney Safeguarding Adults Board, with a newly appointed independent chair, is monitoring the refreshed strategy for safeguarding adults to ensure the delivery of the strategic outcomes which includes embedding learning from Safeguarding Adult Reviews into practice through policies and training.	Anne Canning	Simon Galczynski	31 Oct - 2018	April 2018 – As a stand-alone risk / control, this would be lower than red, however in the overall context of the risk (especially relating to children), it remains red.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0024</b> Devolution <b>INTERNAL RISK</b> <b>FUTURE RISK</b> 87	The Council does not take advantage of the devolution powers on offer and therefore misses any potential benefits they could present. By not capitalising on this opportunity the Council could miss a genuine chance to increase revenues, streamline services and improve efficiencies.	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing	 <p>Liellhood Impact</p>	 <p>May 2018 - This has been mentioned at an earlier Audit Committee as being a good example of an 'opportunity' risk. The negative side of this lies in not capitalising on its potential. The opportunity is that by utilising the new powers / funding, savings and improved efficiencies occur, to the overall benefit of the Council.</p> <p>Hackney has already been at the forefront of taking part in a health and social care devolution. The integrated commissioning model which has now been approved by Cabinet and is well underway ensures that this innovative approach continues, and is evidence the opportunities are not being missed.</p>

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

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0025</b> Contract Procurement and Management (especially in Housing Services). <b>INTERNAL RISK</b> <b>CURRENT RISK</b>	As a result of Contract Management not being carried out properly or with regard to agreed parameters, revenue is lost or charges are levied which are not justified, leading to a poor level of resident's satisfaction (and general negative reputational impacts), unjustified cost and time overruns. Poor procurement decisions could result in non-viable contracts being awarded to non-viable contractors.	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		<p>May 2018 – Risk continues in light of the amount of investigation work currently ongoing. This risk is currently being acutely demonstrated by some of the work the Pro-active Fraud team is undertaking. A major investigation is well underway into external contractors and how their relationship with Housing Services (formerly Hackney Homes) has been managed, and whether the work actually completed accurately corresponds to the charges which have been levied. There are also new areas of concern where investigations are commencing. Also scrutiny is being applied to the quality and accuracy of their work. All this ultimately relates to the Council ensuring it gets the best deal for its money.</p>

Page 88

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>NH DR 007</b> Detailed Council guidance in place for Procurement, Partnership and overall Contract Management	There is detailed supporting guidance available for all elements of the procurement process, including detailed Risk Assessment tools and specialised Partnership guidance.	Rotimi Ajilore	Rotimi Ajilore	02-Oct-2018	May 2018 - ongoing
<b>NH DR 007a</b> Contract Specification in place	Contracts clearly define the requirements of the business.	Ajman Ali	Calvin Fisher	02-Oct-2018	May 2018 - Risk reviewed and updated.
<b>NH DR 007b</b> Tender Stage process followed	Robust tender process in line with EU procurement law and Council standing order s.	Calvin Fisher	Each Contract Manager	02-Oct-2018	May 2018 - Risk reviewed and updated.
<b>NH DR 007c</b> Contract Monitoring and Fraud Prevention	Restructure of Asset Management Team is based around the new contracts and clarity of responsibility for the contract managers in line with the contract manual.  Key performance indicators in placed and used to manage the contracts.  Final accounts prepared in a timely manner.  Regular contract audit / investigation	Ajman Ali  Calvin Fisher  Calvin Fisher  Michael Sheffield	Calvin Fisher  Contract Managers  Contract Managers	02-Oct-2018	May 2018 - Risk reviewed and updated.



			Julie Sharp, Patrick Sanders Wright		
<b>NH DR 007d</b> Review of form of Contract	The Contract options are being reconsidered to ensure that the contract form is fit for Hackney's purpose.	Ajman Ali	Calvin Fisher	02-Oct-2018	May 2018 - Risk reviewed and updated.
<b>SRCR 0025</b> Contract Procurement and Management (especially in Housing Services).	Major investigation is ongoing with dedicated team (Proactive Anti-Fraud Team) of 3 staff.	Ian Williams	Michael Sheffield	02-Oct-2018	Progress is confidential at this stage.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0027</b> Impact of the government reforms on education service delivery. <b>EXTERNAL RISK</b> <b>POTENTIAL RISK</b>	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 leadership to the system.		<p>March 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. 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>

Control Title	Control Description	Service Manager	Control - Latest Note

Control Title	Control Description	Service Manager	Control - Latest Note
<b>SRCR 0027A</b> Development of an alternative service delivery model that provides a 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.	Anne Canning; Frank O'Donoghue	<b>March 2018:</b> 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.
<b>SRCR 0027B</b> Staffing challenges – Developing a strategy that retains staff with key skills knowledge and ability; identifying new talent and encouraging people to work for HLT.	The risk of being unable to retain talented people over time is a challenge in this context.  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.	Anne Canning; Olly Cochrane	<b>March 2018:</b> 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 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.	Anne Canning; Olly Cochrane	<b>March 2018:</b> Interim arrangements continue, minimising risk to the organisation.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0028 CYPS, SEND funding –</b> 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.		<b>March 2018 –</b> Risk Review Group recommends retaining the highest risk rating as it reflects the severity of the risk.  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.
--	--	--	--

Control Title	Control Description	Service Manager	Control - Latest Note
<b>SRCR 0028 a</b> Risk 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.	Anne Canning; Andrew Lee	<b>March 2018:</b> 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.
<b>SRCR 0028 b</b> Risk 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.	Anne Canning; Yusuf Erol	<b>March 2018:</b> 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.
<b>SRCR 0028 c</b> Risk 07 - Changing the culture of SEND in schools and HLT to implement the action plan.	If the action plan is to control expenditure and distribute resources fairly, changes in the existing culture in HLT teams and schools must also change to critical assessment and the equitable distribution of limited resources. Collaborative working with schools will be necessary to ensure pupils SEND needs are met from delegated SEND resources, with EHCP referral only for exceptional needs.	Anne Canning; Andrew Lee	<b>March 2018:</b> 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 EHCPlans in schools will also be published.

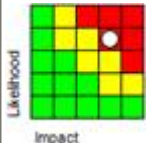
Control Title	Control Description	Service Manager	Control - Latest Note
<b>SRCR 0028 d</b> Risk 08 – The initiation of EHCP assessments is rigorously reviewed	The decision to initiate assessments needs to be rigorously reviewed to ensure the level of support is appropriate and sustainable. This may include senior managers signing off decisions, or refusing to do so.	Anne Canning; Andrew Lee	<b>March 2018:</b> 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
<b>SRCR 0028 e</b> Risk 09 – The costs of providing ECHPs is born equitably across agencies	All agencies need to contribute to the costs of the Education & Health Care Plans through the joint commissioning budget.	Anne Canning; Andrew Lee	<b>March 2018:</b> A joint commissioning/pupil funding panel is being established across the partnership to ensure all agencies contribute to the cost of Plans where appropriate.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
Page 92  <b>SRCR 0029</b> <b>Serious Safeguarding failure in regard to pupils not in school</b> <b>EXTERNAL RISK</b> <b>FUTURE RISK</b>	<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><b>March 2018</b> – 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 &amp; responsibilities with these settings.</p> <p>Risk Review Group notes that this presents a very high reputational risk for 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.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
---------------	---------------------	-----------------	-----------------------

Control Title	Control Description	Service Manager	Control - Latest Note
<p><b>SRCR 0029A</b> Safer Recruitment and Safeguarding training offered to schools and governing bodies– Traded</p>	<p>School governing bodies are responsible for ensuring that school staff have completed the relevant safeguarding training. The HLT Wellbeing and Education Safeguarding Team provide training through CPD package.</p> <p>The latest version of DfE guidance 'Keeping Children Safe in Education (September 2016) states that the school staffing regulations require governing bodies of schools to ensure that at least one person on any appointment panel has undertaken safer recruitment training. From September 2014 (and subject to parliamentary procedure) schools may choose appropriate training and take advice from CHSCB in doing so.</p> <p>HLT Safeguarding Team has an approved list of training providers, to compliment the resource currently available to schools. The HLT Quality and Assurance Training officers will ensure that all future training packages incorporate all relevant aspects of the new DfE guidance.</p>	<p>Anne Canning; Paul Kelly</p>	<p><b>March 2018</b> – Safer recruitment and Safeguarding training continues to be offered as a traded service to schools and governing bodies. To date, the take up by schools of this offer has been positive.</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 93</p> <p><b>SRCR 0029B</b> Information sharing activities in place.</p>	<p>HLT are represented on local Safeguarding Boards at all levels, and work proactively across 1CYPs by contributing to all safeguarding forums and initiatives, subject to capacity. HLT are also engaged on other partnership panels where safeguarding is a concern, such as MATs and Children and Young Peoples partnership panel. The HLT contributes to all reviews as required by the Safeguarding Board, and implement all actions.</p> <p>HLT's membership of the Ofsted Preparation Group for Ofsted inspections provides the opportunity to establish and use linkages to share information.</p> <p>HLT disseminates to schools briefings based on the findings of Serious Case Reviews. All published SCRs have been shared at Head teacher termly briefings, and with Schools and Settings after discussion and agreement with HLT SLT.</p>	<p>Anne Canning; Paul Kelly</p>	<p><b>March 2018</b>– HLT is represented at all relevant Safeguarding Forums and engages extensively in Partnership working.</p> <p>The Safeguarding in Education Team provides advice and guidance to schools on all training, legislation, Serious Case Reviews etc.</p> <p>New and refreshed safeguarding guidance, CHSCB information and newsletters are disseminated to schools and settings through HLT's Bulletin and Leadership Updates.</p> <p>Officer from the HLT Safeguarding in Education Team is working with the CFS and relevant community groups re: a Strategic Safeguarding proposal for specific communities within the borough. Sarah Wright is leading on this.</p> <p>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.</p>
<p><b>SRCR 0029C</b> Monitoring of Safeguarding and Safer Recruitment issues through SRAS process</p>	<p>Oversight of any concerns picked up through SIP visits and SRAS process used to inform interventions and support provided to schools</p>	<p>Anne Canning; Sian Davies</p>	<p><b>March 2018:</b> The School Improvement team has worked to identify strategies to support governors in monitoring their own safeguarding arrangements. A Safeguarding SEF Audit has been issued to schools with the recommendation that it is completed annually and reported to governors.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
<b>SRCR 0029D e-safety</b>	Raising awareness of e-safety strategies, within the broader context of child protection/safeguarding – link to S11 audits	Anne Canning; Paul Kelly	<b>March 2018</b> – Online Learning Policies for Primary/Early Years settings, and Secondary schools have been disseminated to the Borough's schools and settings.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0030</b> Pressures on Temporary Accommodation <b>INTERNAL RISK</b> <b>CURRENT RISK</b> e 94	The demand on temporary accommodation (TA) for homeless households exceeds the supply of property suitable for use, and also causes a clear shortfall between the subsidy provided and the actual cost of meeting TA need. This could result in serious difficulties in providing an effective provision for the accommodation of vulnerable children and adults, and also impact adversely on available budgets.	Finance and Corporate Resources		May 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 Homelessness Reduction Act (implemented in April 2018) will drive further demand for TA provision. The Act decisively modifies and extends 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. There will be another change of legislation within the Homelessness Reduction Act in October 2018, so there will be a further review then.

Control Title	Control Description	Responsible Group Director / Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0030a</b> 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	31-Oct-2018	Control ongoing May 2018
<b>SRCR 0030b</b> Make best use of the provision of discharge of duty into the private rented sector	Additional duty afforded LA's to discharge our homeless duty with provision of an affordable 1 year monthly PRS let, albeit if further homelessness within 2 years we retain the duty. TA strategy in place and agreed way forward with Mayor & Members on OOL placements.	Ian Williams	Jennifer Wynter	31-Oct-2018	Control ongoing May 2018

<b>SRCR 0030c</b> Observe pan London cap on nightly paid accommodation procurement	Maintain influence on the rental market by continued observation and no breaches (except emergency disabled accommodation) of the agreed Pan London TA rent cap.	Ian Williams	Jennifer Wynter	31-Oct-2018	Control ongoing May 2018
---	--	--------------	-----------------	-------------	--------------------------

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0031 NEW RISK</b> Fire Safety <b>INTERNAL RISK</b> <b>FUTURE RISK</b> Page 95	As a result of inadequate fire safety measures or defective workmanship (on cladding installation for example), death and serious injury occur from fire in LBH managed properties.	Neighbourhoods & Housing		<p>In the light of the Grenfell tragedy and the increased focus on materials / workmanship on Council properties nationally, this risk was immediately escalated to Directorate and Corporate level. There were always Fire Safety risks on Housing registers, but recent events and understandable sensitivities necessitated this being featured at the highest level. As the controls below demonstrate, detailed work is taking place – and this has always been the case in terms of this threat. As a result of the tragedy however, extra focus and scrutiny is now been applied to all elements of fire safety in the Borough and there is certainly no complacency as to the situation. The Borough has to be receptive to new recommendations and lessons learnt emanating from Grenfell. However, the controls below and accompanying notes should provide some strong assurance that the risks are being managed.</p> <p>This risk focuses solely on risks of an incident in blocks managed by the Council. However, the Council also has limited responsibilities in relation to housing association and privately owned blocks in the borough. An incident in one of these blocks is also a risk to the Council, though obviously we have in place measures to meet the Council's responsibilities. The DCLG is currently trying to add new burdens on LAs in relation to privately owned blocks.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0031a</b> Fire Risk Assessments	<p>Complete new Fire Risk Assessments (circa 1,800) for all of our stock in order to provide reassurance to residents.</p> <p>Ensure that these new Fire Risk Assessments (FRA) are undertaken by suitably qualified assessors and that the assessments they produce meet strict quality standards.</p> <p>All fire safety findings/recommendations coming out of the new FRAs are implemented within the allotted timescale (P0 = immediately; P1 = within one month; P2 = within 6 months; P3 = within 12 months; P3+ = next refurbishment).</p> <p>Publish all new Fire Risk Assessments on the Council's website.</p>	Tim Shields; Kim Wright	Ajman Ali	15 Oct 2018	<p>Internal interim fire risk assessors have been appointed and we are in the process of appointing 5 permanent fire risk assessments to carry out Type 3 Fire risk assessments across all domestic properties.</p> <p>Head of resident safety appointed and in the process of recruiting a fire assessment project team and a risk and compliance team. This team will provide advice on fire safety across Housing Services and provide quality</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
					assurance of all fire risk assessments. Type 1 FRA's have been completed in 1823 properties and 80% of the high priority actions have been completed, 57% of medium priority have been completed. A programme for reviewing all Fire risk assessment is ongoing and type 3 fire risk assessments are being carried out over a four year programme. All FRA type 1 have been published.
<b>SRCR 0031b</b> Fire Safety	Establish dedicated fire safety groups for the various work streams covered by the Corporate Fire Safety Group's terms of reference and ensure that they have agreed work plans and are delivering them.	Kim Wright	Ajman Ali	15 Oct 2018	Fire safety focus group is in place and continues to monitor fire safety within Housing Services. Corporate actions have now been embedded in services as business as usual.
Page 9 <b>SRCR 0031c</b> Fire Safety – high risk blocks	Implement the key findings and recommendations from the new FRAs that have been/will be undertaken across all of our high rise blocks. Blocks to be assessed in priority based on a risk-based Forward Plan (scissor blocks first).  Carry out additional non-FRA inspections across our high rise blocks in order to provide a visible presence across the Borough.  Carry out any other ad hoc fire safety inspections that are required.	Kim Wright	Ajman Ali	15 Oct 2018	Type 1 FRA's have been completed in 1823 properties. A programme for reviewing all Fire risk assessment is ongoing and type 3 fire risk assessments are being carried out over a four year programme. The new neighbourhood housing model ensures that inspections are being carried out regularly. Housing Officers have been recruited who carry out inspections of blocks on a regular basis including any issues relating to fire.
<b>SRCR 0031e</b> Fire Safety – everyone's responsibility	Develop and implement a communications strategy that, amongst other things, communicates the need to residents to take responsibility for fire safety in their area and also that we have taken all necessary action to keep them safe from the risk of fire, (b) ensure effective communication and engagement with tenant representatives, (c) manage communications with Members so that they are engaged and up to speed with the work that we are doing but we are not distracted from the work that we are doing, (d) keep staff up to speed with developments, (e) respond quickly to press enquiries.	Kim Wright	Ajman Ali / John Wheatley	15 Oct 2018	Communications strategy in place and regular meetings with Resident Safety are held to ensure the council is actively engaged with residents and that residents are aware of their obligations to co-operate with fire safety control measures. All sites have been assessed for accessibility and LFB are still carrying out regular inspections of blocks and providing advice. We are working with LFB ensuring that they have easy access to our estates in the event of fire.



Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0031f</b> LFB meetings	Develop robust arrangements for meeting regularly with the London Fire Brigade (LFB) to consider fire risk assessments and safety on our estates.	Tim Shields; Kim Wright	Ajman Ali	15 Oct 2018	Regular formal quarterly meetings being held with LFB and the Director or Housing and Resident Safety. Regular communication between LFB fire safety officer and Head of Resident safety Corporate fire focus groups in place monthly.
<b>SRCR 0031g</b> Fire safety policy	<p>Based on the lessons learnt from the fire safety response work undertaken since Grenfell, undertake a series of policy reviews and develop a set of proposal papers that will enhance the way that the Council undertakes fire safety management across the Borough. This will include:</p> <ul style="list-style-type: none"> <li>• Agreement on the new corporate Fire Safety Policy and the development of a new fire strategy with Council professionals, residents and industry experts.</li> <li>• Flat Front Doors: Analysis of the recommendations coming out of the most recent FRAs, current policy guidelines and agreeing a strategy for dealing with them.</li> <li>• Leaseholder Obligations/Requirements: This will cover a number of areas, including (a) ensuring that leaseholders are providing evidence that they are meeting their fire safety obligations, (b) developing a policy on how we ensure that all leaseholder front doors are 30 minute fire resistant, (c) developing a policy on allowing or requiring leaseholders to be included in communal safety works and inspections, e.g. gas safety or sprinkler or alarm installation; at their cost.</li> <li>• Sprinklers: Developing a policy position on the retrofitting of sprinklers.</li> <li>• Our current policy and procedures for dealing with fire risks in communal areas (e.g. storage of combustible materials, blocking of escape routes.</li> <li>• Enhanced parking enforcement on our estates.</li> <li>• Responding to any recommendations coming from the Grenfell enquiry.</li> </ul> <p>Budget Management: Ensure that the necessary resources are in place to undertake all of the work coming out of the new FRAs.</p> <p>Establish "asks" of the government with respect to resourcing additional fire safety work and related costs, wider building regulation and perhaps industry with respect to cladding and sprinkler systems.</p>	Tim Shields; Kim Wright	Ajman Ali	15 Oct 2018	<p>Policy has been reviewed and is currently under consultation</p> <p>Budget Management: Analysis is taking place of the likely costs of the recommendations coming out of 1,800 new FRAs and how much can be phased/built into planned programmes. This will be prioritised in the HRA Business Plan. The update report went to Cabinet in March 2018, and the previous September (2017) and this provided thorough updates.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0032 NEW RISK</b> Integrated Commissioning <b>INTERNAL RISK</b> <b>CURRENT RISK</b>	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.	Children, Adults and Community Health		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.

Page 99

Control Title	Control Description	Responsible Group Director / Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0032a</b> The ICB	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.	Anne Canning		31-Oct-2018	Regular meetings (with accompanying minutes) of the ICB should provide assurance of effective communication between the organisations. The most recent meeting was on 15 November 2017, and full minutes and records are kept for all meetings.
<b>SRCR 0032b</b> Section 75	The Section 75 Agreement including the financial framework sets out: - Scope of pooled and aligned budget; - Ground rules for its use and treatment of overspends; and - How conflicts in budget-setting priorities would be settled. The Section 75 Agreement also sets out the risk share agreement; should there be an overspend, the party with statutory responsibility for the	Anne Canning		31-Oct-2018	The Section 75 Agreement will be for a 2-year period with a break clause on 9 months' notice. This will ensure that the Council is able to withdraw from these arrangements if they have concerns. The budget and approach will be negotiated and

	function or budget will be responsible.				agreed each year to reflect changing circumstances.
<b>SRCR 0032c</b> Ensuring effective governance	Ensure all arrangements and structures are properly organised and that the governance is sound.	Anne Canning		31-Oct-2018	A meeting was held with the partners and external auditors in January 2017. The external auditors provided assurance that the proposed arrangements were in line with guidance.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 99</p> <p><b>SRCR 0033</b> Inaccurate or Late Pay Information Supplied to Hackney Pension Fund (LGPS)/Local Pensions Partnership (LGPS)/Teachers Pensions</p>	<p>Inaccurate payroll data supplied to the Hackney Pension Fund introduces the following risks:</p> <ul style="list-style-type: none"> <li>Fund actuary unable to properly assess funding position – Council contributions rise as a result</li> <li>Inaccurate member pension records – potential under/overpayment of benefits and potential for claims against the Council.</li> <li>Enforcement action against the Council by the Pensions Regulator</li> <li>Reputational risks</li> </ul> <p>Inaccurate payroll data supplied to the Local Pensions Partnership introduces the following risks:</p> <ul style="list-style-type: none"> <li>Inaccurate member pension records – potential under/overpayment of benefits and potential for claims against the Council.</li> <li>Reputational risks</li> <li>Costs recharged to the Council as a result of enforcement action against LPP by the Pensions Regulator</li> </ul> <p>Inaccurate payroll data supplied to Teachers Pensions introduces the following risks:</p> <ul style="list-style-type: none"> <li>Inaccurate member pension records – potential under/overpayment of benefits and potential for claims against the Council.</li> <li>Reputational risks</li> <li>Enforcement action against the Council by the Pensions Regulator</li> </ul>	Chief Executive's - HR		Reviewed May 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.

Control Title	Control Description	Responsible Officer	Service	Due Date	Control - Latest Note
---------------	---------------------	---------------------	---------	----------	-----------------------

			Manager		
<b>SRCR 0033 A</b> Monitoring of membership data	Controls – annual monitoring of membership records, valuation checks, external data validations	Michael Honeysett/Dan Paul	Lorraine Robinson/Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed May 2018 - ongoing.
<b>SRCR 0033 B</b> Contributions monitoring	Monthly monitoring of contributions to ensure that employers paying across correct contributions along with membership data being supplied	Michael Honeysett/Dan Paul	Lorraine Robinson/Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed May 2018. Good communication with payroll, as accurate data is very important.
<b>SRCR 0033 C</b> Performance Monitoring	Service Level Agreement with external administrator and monthly monitoring of contract. Monitoring of employers and Pensions Administration Strategy which enables Fund to recoup additional administration costs for sub-standard performance.	Michael Honeysett	Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed May 2018
<b>SRCR 0033 D</b> New Payroll Implementation	Consistent involvement in the implementation and development of the Council's new payroll system (Go live date - July 2017). The Council's payroll supplies data for the vast majority of the Fund – the Fund's involvement with the implementation helps ensure the importance of good quality pension reporting is recognised	Michael Honeysett/Dan Paul	Lorraine Robinson/Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed May 2018

Page 100

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR DR / AAF 015 Major fraud not identified <b>NEW RISK</b> <b>INTERNAL RISK</b> <b>FUTURE RISK</b>	<p>The Council's response to a serious fraud is inadequate because either –</p> <ol style="list-style-type: none"> <li>(1) Management do not have adequate arrangements in place to identify irregularity in their service area;</li> <li>(2) Concerns are identified but they are not reported to AA Fin accordance with the Anti-Fraud &amp; Corruption Strategy; or</li> <li>(3) There is a failure in the investigation process.</li> </ol> <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 &amp; 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	Fraud doesn't recognise geographical boundaries and the Council's approach to	Cross Council	All relevant	1 June 2018	March 18 –

working & proactive approach of managers.	fraud equally relies upon robust working arrangements between other organisations, including the police, OLAs, Cabinet 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.	/ Partnerships	managers		ongoing.
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"> <li>• Anti-Fraud and Corruption Strategy</li> <li>• Whistleblowing Policy</li> <li>• Codes of Conduct (staff and members)</li> <li>• Anti-Money-Laundering Policy</li> <li>• ICT policies &amp; procedures</li> <li>• Financial Procedure Rules</li> </ul> <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	March 18 – ongoing.
Page 101 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	March 18 – ongoing.
FR AAF 015D – Approach and training.	<p>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 regularly reported to a senior level within the Council, including the Audit Committee.</p> <p>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.</p>	Ian Williams	Michael Sheffield; Julie Sharp	1 June 2018	March 18 – ongoing.

This page is intentionally left blank



<b>PERFORMANCE OVERVIEW</b>
-----------------------------

<b>AUDIT COMMITTEE MEETING DATE</b> 2017/18  21 June 2018	<b>CLASSIFICATION:</b>  Open
<b>WARD(S) AFFECTED</b>  All Wards	
Ian Williams, Group Director Finance and Corporate Resources	

## **1. GROUP DIRECTOR'S INTRODUCTION**

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

## **2. RECOMMENDATION(S)**

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

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

## **3. REASONS FOR DECISION**

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

## **4. BACKGROUND**

### **4.1 Policy Context**

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



## **4.2 Equality Impact Assessment**

This report does not require an equality impact assessment.

## **4.3. Sustainability**

Not Applicable.

## **4.4 Consultations**

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

## **4.5 Risk Assessment**

Not applicable

## **4.6 PERFORMANCE INDICATORS**

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

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

## **4.7 CAPITAL PROGRAMME MONITORING**

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

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

## **4.8 RISK MANAGEMENT**

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

Risks 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

<b>Report Author</b>	Matt Powell ☎020-8356 2624 matthew.powell@hackney.gov.uk
<b>Comments of the Group Director, Finance and Corporate Resources</b>	Michael Honeysett ☎020-8356 3332 michael.honeysett@hackney.gov.uk
<b>Comments of Director, Legal</b>	Dawn Carter-McDonald ☎020-8356 4817 dawn.carter-mcdonald@hackney.gov.uk

# Audit Committee Report Q4 2018



PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart
		Value	Value	Value	Value	Value	Value	Note				
CACH CSC 010	Percentage of child protection cases which were reviewed within required timescales (ex NI 67)	98.6%	Data will be available in July 2018	Not measured for Quarters					100.0%	↑	⚠	<b>CACH CSC 010 Percentage of child protection cases which were reviewed within required timescales (ex NI 67)</b> 
CE HROD 001	Sickness 12 month rolling average	6.55	7.82	6.53	6.63	6.94	7.82		7.5	↓	⚠	<b>CE HROD 001 Sickness 12 month rolling average</b> 

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart
		Value	Value	Value	Value	Value	Value	Note				
CE HROD 023	% of employees aged 50 or over	36.4%	38.6%	37.1%	38.0%	38.1%	38.6%			↓	📉	<p><b>CE HROD 023 % of employees aged 50 or over</b></p>
CE HROD 029a	Top 5% of earners: Ethnic minorities (ex BV11b)	27.10%	27.01%	26.46%	25.73%	25.43%	27.01%		26.01%	↑	✅	<p><b>CE HROD 029a Top 5% of earners: Ethnic minorities (ex BV11b)</b></p>

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart																										
		Value	Value	Value	Value	Value	Value	Note																														
CE HROD 030a	Top 5% of earners: Women (ex BV 11a)	49.58%	52.41%	48.29%	51.00%	49.73%	52.41%		48.13%	↑	🟢	<p><b>CE HROD 030a Top 5% of earners: Women (ex BV 11a)</b></p> <table border="1"> <caption>CE HROD 030a Top 5% of earners: Women (ex BV 11a)</caption> <thead> <tr> <th>Quarter</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>49.28%</td></tr> <tr><td>Q2 2015/16</td><td>49.53%</td></tr> <tr><td>Q3 2015/16</td><td>48.72%</td></tr> <tr><td>Q4 2015/16</td><td>49.15%</td></tr> <tr><td>Q1 2016/17</td><td>49.78%</td></tr> <tr><td>Q2 2016/17</td><td>50.67%</td></tr> <tr><td>Q3 2016/17</td><td>48.29%</td></tr> <tr><td>Q4 2016/17</td><td>51.00%</td></tr> <tr><td>Q1 2017/18</td><td>49.73%</td></tr> <tr><td>Q2 2017/18</td><td>52.41%</td></tr> </tbody> </table>	Quarter	Percentage	Q1 2015/16	49.28%	Q2 2015/16	49.53%	Q3 2015/16	48.72%	Q4 2015/16	49.15%	Q1 2016/17	49.78%	Q2 2016/17	50.67%	Q3 2016/17	48.29%	Q4 2016/17	51.00%	Q1 2017/18	49.73%	Q2 2017/18	52.41%				
Quarter	Percentage																																					
Q1 2015/16	49.28%																																					
Q2 2015/16	49.53%																																					
Q3 2015/16	48.72%																																					
Q4 2015/16	49.15%																																					
Q1 2016/17	49.78%																																					
Q2 2016/17	50.67%																																					
Q3 2016/17	48.29%																																					
Q4 2016/17	51.00%																																					
Q1 2017/18	49.73%																																					
Q2 2017/18	52.41%																																					
CE PPD 021	Number of Resolution Stage complaints received by the Council	3367	2967	758	765	730	714			↓	🟡	<p><b>CE PPD 021 Number of Resolution Stage complaints received by the Council</b></p> <table border="1"> <caption>CE PPD 021 Number of Resolution Stage complaints received by the Council</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
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																																					

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart
		Value	Value	Value	Value	Value	Value	Note				
FCR RB BHN 002	Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure	10.0 days (YTD)	13.2 days (YTD)	15.7 days (YTD)	17.4 days (YTD)	17.4 days (YTD)	13.2 days (YTD)		20.0 days (YTD)	↑	🟢	<b>FCR RB BHN 002 Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure</b> 
FCR RB BHN 007	Number of households living in temporary accommodation (ex NI 156)	2,900	2,867	2,949	2,885	2,843	2,867			↓	📊	<b>FCR RB BHN 007 Number of households living in temporary accommodation (ex NI 156)</b> 



PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart
		Value	Value	Value	Value	Value	Value	Note				
FCR RB REV 003	% of current year Council Tax collected (QRC basis)	94.5%	95.0%	27.1%	50.1%	73.4%	95.0%		94.0%	↑	🟢	<p><b>FCR RB REV 003 % of current year Council Tax collected (QRC basis)</b></p>
FCR RB REV 005	Percentage of non-domestic rates collected	96.40%	97.87%	28.00%	55.36%	81.00%	97.87%		95.00%	↑	🟢	<p><b>FCR RB REV 005 Percentage of non-domestic rates collected</b></p>

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart																										
		Value	Value	Value	Value	Value	Value	Note																														
NH H IM 005	Rent Arrears as a % of rent debit	3.21 %	3.52 %	3.32 %	3.41 %	3.65 %	3.52 %		3.13 %	↑	▲	<p><b>NH H IM 005 Rent Arrears as a % of rent debit</b></p> <table border="1"> <caption>NH H IM 005 Rent Arrears as a % of rent debit</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2016/17</td><td>3.33 %</td></tr> <tr><td>Q2 2016/17</td><td>3.33 %</td></tr> <tr><td>Q3 2016/17</td><td>3.46 %</td></tr> <tr><td>Q4 2016/17</td><td>3.21 %</td></tr> <tr><td>Q1 2017/18</td><td>3.32 %</td></tr> <tr><td>Q2 2017/18</td><td>3.41 %</td></tr> <tr><td>Q3 2017/18</td><td>3.65 %</td></tr> <tr><td>Q4 2017/18</td><td>3.52 %</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2016/17	3.33 %	Q2 2016/17	3.33 %	Q3 2016/17	3.46 %	Q4 2016/17	3.21 %	Q1 2017/18	3.32 %	Q2 2017/18	3.41 %	Q3 2017/18	3.65 %	Q4 2017/18	3.52 %								
Quarter	Value (%)																																					
Q1 2016/17	3.33 %																																					
Q2 2016/17	3.33 %																																					
Q3 2016/17	3.46 %																																					
Q4 2016/17	3.21 %																																					
Q1 2017/18	3.32 %																																					
Q2 2017/18	3.41 %																																					
Q3 2017/18	3.65 %																																					
Q4 2017/18	3.52 %																																					
NH H IM 006	Total value of rent arrears YTD (Total)	£4,055,527.23	£4,414,846.32	£4,220,588.72	£4,308,921.90	£4,598,598.35	£4,414,846.32		£3,930,000.00	↑	●	<p><b>NH H IM 006 Total value of rent arrears YTD (Total)</b></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> <tr><td>Q4 2017/18</td><td>£4,414,846.32</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	Q4 2017/18	£4,414,846.32
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																																					
Q4 2017/18	£4,414,846.32																																					

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart																										
		Value	Value	Value	Value	Value	Value	Note																														
NH H RespRep 001	% of Repair Appointments Kept	78.04%	92.82%	93.97%	92.72%	91.98%	92.73%		100.00%	↑	▲	<p><b>NH H RespRep 001 % of Repair Appointments Kept</b></p> <table border="1"> <caption>NH H RespRep 001 % of Repair Appointments Kept</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>82.39%</td></tr> <tr><td>Q2 2015/16</td><td>81.54%</td></tr> <tr><td>Q3 2015/16</td><td>81.25%</td></tr> <tr><td>Q4 2015/16</td><td>81.41%</td></tr> <tr><td>Q1 2016/17</td><td>78.72%</td></tr> <tr><td>Q2 2016/17</td><td>76.89%</td></tr> <tr><td>Q3 2016/17</td><td>77.61%</td></tr> <tr><td>Q4 2016/17</td><td>78.81%</td></tr> <tr><td>Q1 2017/18</td><td>93.97%</td></tr> <tr><td>Q2 2017/18</td><td>92.72%</td></tr> <tr><td>Q3 2017/18</td><td>91.98%</td></tr> <tr><td>Q4 2017/18</td><td>92.73%</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	82.39%	Q2 2015/16	81.54%	Q3 2015/16	81.25%	Q4 2015/16	81.41%	Q1 2016/17	78.72%	Q2 2016/17	76.89%	Q3 2016/17	77.61%	Q4 2016/17	78.81%	Q1 2017/18	93.97%	Q2 2017/18	92.72%	Q3 2017/18	91.98%	Q4 2017/18	92.73%
Quarter	Value																																					
Q1 2015/16	82.39%																																					
Q2 2015/16	81.54%																																					
Q3 2015/16	81.25%																																					
Q4 2015/16	81.41%																																					
Q1 2016/17	78.72%																																					
Q2 2016/17	76.89%																																					
Q3 2016/17	77.61%																																					
Q4 2016/17	78.81%																																					
Q1 2017/18	93.97%																																					
Q2 2017/18	92.72%																																					
Q3 2017/18	91.98%																																					
Q4 2017/18	92.73%																																					
NH H RespRep 002	% of repairs completed on first visit (based on tenant satisfaction)	72.11%	62.97%	N/A	54.81%	64.97%	63.1%	See Appendix 1	85%	↓	●	<p><b>NH H RespRep 002 % of repairs completed on first visit (based on tenant satisfaction)</b></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>Value</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>Q1 2017/18</td><td>54.81%</td></tr> <tr><td>Q2 2017/18</td><td>64.97%</td></tr> <tr><td>Q3 2017/18</td><td>63.1%</td></tr> </tbody> </table>	Quarter	Value	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%	Q1 2017/18	54.81%	Q2 2017/18	64.97%	Q3 2017/18	63.1%		
Quarter	Value																																					
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%																																					
Q1 2017/18	54.81%																																					
Q2 2017/18	64.97%																																					
Q3 2017/18	63.1%																																					

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart																										
		Value	Value	Value	Value	Value	Value	Note																														
NH H RespRep 003	% of repairs completed on first visit (based on system generated data)	92.3%	40.63%	42.73%	26.67%	41.36%	51.3%	See Appendix 1	95%	↑	🚦	<p><b>NH H RespRep 003 % of repairs completed on first visit (based on system generated data)</b></p> <table border="1"> <caption>NH H RespRep 003 - % of repairs completed on first visit</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</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>42.73%</td></tr> <tr><td>Q2 2017/18</td><td>26.67%</td></tr> <tr><td>Q3 2017/18</td><td>41.36%</td></tr> <tr><td>Q4 2017/18</td><td>51.3%</td></tr> </tbody> </table>	Quarter	Value (%)	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	42.73%	Q2 2017/18	26.67%	Q3 2017/18	41.36%	Q4 2017/18	51.3%
Quarter	Value (%)																																					
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	42.73%																																					
Q2 2017/18	26.67%																																					
Q3 2017/18	41.36%																																					
Q4 2017/18	51.3%																																					
NH H Voids 001	Average time taken to re-let local authority housing [all voids including major & minor voids]	64 days	70 days	73 days	70 days	64 days	73 days	We continue to deal with a number of long term voids, which disproportionately affect turnaround times and budgets. The most severe example this quarter took over 300 days to service, due to structural issues, with a spend in excess of £100k.  A voids report has been produced and its recommendations approved by senior managers. It is hoped that	55 days	↓	🚦	<p><b>NH H Voids 001 Average time taken to re-let local authority housing [all voids including major &amp; minor voids]</b></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>Value (days)</th> </tr> </thead> <tbody> <tr><td>Q1 2016/17</td><td>68 days</td></tr> <tr><td>Q2 2016/17</td><td>62 days</td></tr> <tr><td>Q3 2016/17</td><td>63 days</td></tr> <tr><td>Q4 2016/17</td><td>62 days</td></tr> <tr><td>Q1 2017/18</td><td>73 days</td></tr> <tr><td>Q2 2017/18</td><td>70 days</td></tr> <tr><td>Q3 2017/18</td><td>64 days</td></tr> <tr><td>Q4 2017/18</td><td>73 days</td></tr> </tbody> </table>	Quarter	Value (days)	Q1 2016/17	68 days	Q2 2016/17	62 days	Q3 2016/17	63 days	Q4 2016/17	62 days	Q1 2017/18	73 days	Q2 2017/18	70 days	Q3 2017/18	64 days	Q4 2017/18	73 days								
Quarter	Value (days)																																					
Q1 2016/17	68 days																																					
Q2 2016/17	62 days																																					
Q3 2016/17	63 days																																					
Q4 2016/17	62 days																																					
Q1 2017/18	73 days																																					
Q2 2017/18	70 days																																					
Q3 2017/18	64 days																																					
Q4 2017/18	73 days																																					

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart																										
		Value	Value	Value	Value	Value	Value	Note																														
								we will see an impact on turnaround times following implementation in the coming months.																														
NH PR PMS 007	Number of PCNs issued - total	122277	118363	32434	31683	30642	27124					<p>NH PR PMS 007a Number of PCNs issued - total</p> <table border="1"> <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>32484</td></tr> <tr><td>Q2 2017/18</td><td>31683</td></tr> <tr><td>Q3 2017/18</td><td>30642</td></tr> <tr><td>Q4 2017/18</td><td>27124</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	32484	Q2 2017/18	31683	Q3 2017/18	30642	Q4 2017/18	27124
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	32484																																					
Q2 2017/18	31683																																					
Q3 2017/18	30642																																					
Q4 2017/18	27124																																					

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart																										
		Value	Value	Value	Value	Value	Value	Note																														
NH PR PMS 010a	PCN recovery rate – including estates	75.1%	66.5%	70.7%	60.9%	65.8%	63.4%			↓	📊	<p><b>NH PR PMS 010a PCN recovery rate – including estates</b></p> <table border="1"> <caption>NH PR PMS 010a PCN recovery rate – including estates</caption> <thead> <tr> <th>Quarter</th> <th>Value</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> <tr><td>Q4 2017/18</td><td>63.4%</td></tr> </tbody> </table>	Quarter	Value	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%	Q4 2017/18	63.4%
Quarter	Value																																					
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%																																					
Q4 2017/18	63.4%																																					
NH PR PRS 001a	% of Major planning applications determined within 13 weeks (ex NI 157a)	84.00%	100.00%	100.00%	100.00%	100.00%	100.00%		70.00%	📱	✅	<p><b>NH PR PRS 001a % of Major planning applications determined within 13 weeks (ex NI 157a)</b></p> <table border="1"> <caption>NH PR PRS 001a % of Major planning applications determined within 13 weeks (ex NI 157a)</caption> <thead> <tr> <th>Quarter</th> <th>Value</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> <tr><td>Q4 2017/18</td><td>100.00%</td></tr> </tbody> </table>	Quarter	Value	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%	Q4 2017/18	100.00%
Quarter	Value																																					
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%																																					
Q4 2017/18	100.00%																																					

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart
		Value	Value	Value	Value	Value	Value	Note				
NH PR PRS 001b	% of Minor planning applications determined within 8 weeks (ex NI 157b)	80.00%	78.00%	73.00%	80.00%	77.00%	83.00%		75.00%	↑	🟢	<p><b>NH PR PRS 001b % of Minor planning applications determined within 8 weeks (ex NI 157b)</b></p>
Page 119 NH PR PRS 001c	% of Other planning applications determined within 8 weeks (ex NI 157c)	88.00%	85.00%	85.00%	81.00%	84.00%	90.00%		80.00%	↑	🟢	<p><b>NH PR PRS 001c % of Other planning applications determined within 8 weeks (ex NI 157c)</b></p>

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart																
		Value	Value	Value	Value	Value	Value	Note																				
NH PRS 009	% of open planning enforcement cases less than 4 years old	70.0%	61.0%	70.0%	67.0%	60.0%	61.0%	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 71% of pre 2016 cases having been identified and closed since January 2016. There has been	80.0%	↑	🛑	<p><b>NH PRS 009 % of open planning enforcement cases less than 4 years old</b></p> <table border="1"> <caption>NH PRS 009 % of open planning enforcement cases less than 4 years old</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr> <td>Q2 2016/17</td> <td>66.0%</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> <tr> <td>Q4 2017/18</td> <td>61.0%</td> </tr> </tbody> </table>	Quarter	Value (%)	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%	Q4 2017/18	61.0%
Quarter	Value (%)																											
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%																											
Q4 2017/18	61.0%																											



PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart
		Value	Value	Value	Value	Value	Value	Note				
								<p>over an 80% reduction in cases originating from 2015, over 70% for cases logged in 2004, 2006, 2011, 2012, 2013 and 2014.</p> <p>As of April 2018, 1080 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 800 open cases up to and including March 2018. This programme of work will continue throughout 2018/19 to resolve and close all historic cases.</p> <p>In this context the target that 80% of open</p>				

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart
		Value	Value	Value	Value	Value	Value	Note				
								<p>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</p>				

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart																				
		Value	Value	Value	Value	Value	Value	Note																								
								total number of cases therefore continues to fall, but the balance between old and new has remained static.																								
NH PR WS 045a	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)	2.50%	1.88%	2.97%	N/A	1.41%	1.25%	Tranche 3 results	5.00%	↑	✔	<p><b>NH PR WS 045a Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)</b></p> <table border="1"> <caption>Litter Levels by Quarter</caption> <thead> <tr> <th>Quarter</th> <th>Litter Level (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>3.28%</td></tr> <tr><td>Q2 2015/16</td><td>3.44%</td></tr> <tr><td>Q4 2015/16</td><td>2.19%</td></tr> <tr><td>Q1 2016/17</td><td>1.72%</td></tr> <tr><td>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> <tr><td>Q4 2017/18</td><td>1.25%</td></tr> </tbody> </table> <p>Legend: Quarters (purple bars), Red Threshold (Quarters) (red line), Amber Threshold (Quarters) (green line)</p>	Quarter	Litter Level (%)	Q1 2015/16	3.28%	Q2 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%	Q4 2017/18	1.25%
Quarter	Litter Level (%)																															
Q1 2015/16	3.28%																															
Q2 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%																															
Q4 2017/18	1.25%																															

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart																				
		Value	Value	Value	Value	Value	Value	Note																								
Page 124 NH PR WS 045b	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)	2.45%	2.71%	4.22%	N/A	1.88%	2.03%	Tranche 3 results	8.00%	↓	🟢	<p><b>NH PR WS 045b Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)</b></p> <table border="1"> <caption>Detritus Levels (ex NI 195b)</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>5.78%</td></tr> <tr><td>Q3 2015/16</td><td>6.41%</td></tr> <tr><td>Q4 2015/16</td><td>2.66%</td></tr> <tr><td>Q1 2016/17</td><td>2.81%</td></tr> <tr><td>Q3 2016/17</td><td>2.50%</td></tr> <tr><td>Q4 2016/17</td><td>2.03%</td></tr> <tr><td>Q1 2017/18</td><td>4.22%</td></tr> <tr><td>Q3 2017/18</td><td>1.88%</td></tr> <tr><td>Q4 2017/18</td><td>2.03%</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	5.78%	Q3 2015/16	6.41%	Q4 2015/16	2.66%	Q1 2016/17	2.81%	Q3 2016/17	2.50%	Q4 2016/17	2.03%	Q1 2017/18	4.22%	Q3 2017/18	1.88%	Q4 2017/18	2.03%
		Quarter	Value																													
Q1 2015/16	5.78%																															
Q3 2015/16	6.41%																															
Q4 2015/16	2.66%																															
Q1 2016/17	2.81%																															
Q3 2016/17	2.50%																															
Q4 2016/17	2.03%																															
Q1 2017/18	4.22%																															
Q3 2017/18	1.88%																															
Q4 2017/18	2.03%																															
NH PR WS 045c	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Graffiti (ex NI 195c)	2.76%	.21%	2.66%	N/A	.16%	2.66%	Tranche 3 results	5.00%	↓	🟢	<p><b>NH PR WS 045c Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Graffiti (ex NI 195c)</b></p> <table border="1"> <caption>Graffiti Levels (ex NI 195c)</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>1.72%</td></tr> <tr><td>Q3 2015/16</td><td>4.53%</td></tr> <tr><td>Q4 2015/16</td><td>2.34%</td></tr> <tr><td>Q1 2016/17</td><td>1.56%</td></tr> <tr><td>Q3 2016/17</td><td>2.81%</td></tr> <tr><td>Q4 2016/17</td><td>3.91%</td></tr> <tr><td>Q1 2017/18</td><td>2.66%</td></tr> <tr><td>Q3 2017/18</td><td>.56%</td></tr> <tr><td>Q4 2017/18</td><td>2.66%</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	1.72%	Q3 2015/16	4.53%	Q4 2015/16	2.34%	Q1 2016/17	1.56%	Q3 2016/17	2.81%	Q4 2016/17	3.91%	Q1 2017/18	2.66%	Q3 2017/18	.56%	Q4 2017/18	2.66%
Quarter	Value																															
Q1 2015/16	1.72%																															
Q3 2015/16	4.53%																															
Q4 2015/16	2.34%																															
Q1 2016/17	1.56%																															
Q3 2016/17	2.81%																															
Q4 2016/17	3.91%																															
Q1 2017/18	2.66%																															
Q3 2017/18	.56%																															
Q4 2017/18	2.66%																															

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart
		Value	Value	Value	Value	Value	Value	Note				
NH PR WS 045d	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Fly-posting (ex NI 195d)	0.57%	2.29%	0.47%	N/A	1.56%	0.00%	Tranche 3 results	3.00%	↑	🟢	<p><b>NH PR WS 045d Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Fly-posting (ex NI 195d)</b></p> <p>Legend: Quarters (purple bars), Red Threshold (Quarters) (red line), Amber Threshold (Quarters) (green line)</p>
NH PR WS 047	Residual household waste per household (ex NI 191)	572.2Kg	550.3Kg	143.4Kg	139.5Kg	136.5Kg	129.4Kg		570.0Kg	↑	🟢	<p><b>NH PR WS 047 Residual household waste per household (ex NI 191)</b></p> <p>Legend: Quarters (purple bars), Red Threshold (Quarters) (red line), Amber Threshold (Quarters) (green line)</p>

PI Code	Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Target 2017/18	DOT	Traffic Light	Chart																										
		Value	Value	Value	Value	Value	Value	Note																														
NH PR WS 048	Percentage of household waste sent for reuse, recycling and composting (ex NI 192)	26.00%	27.30%	27.09%	27.43%	27.91%	27.00%		27.70%	↓	⚠	<p><b>NH PR WS 048 Percentage of household waste sent for reuse, recycling and composting (ex NI 192)</b></p> <table border="1"> <caption>Chart Data: Percentage of household waste sent for reuse, recycling and composting (ex NI 192)</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> <tr><td>Q4 2017/18</td><td>27.00%</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%	Q4 2017/18	27.00%
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%																																					
Q4 2017/18	27.00%																																					

PI Status		Long Term Trends		Short Term Trends	
	Alert		Improving		Improving
	Warning		No Change		No Change
	OK		Getting Worse		Getting Worse
	Unknown				
	Data Only				

## AUDIT COMMITTEE PERFORMANCE REPORT – 2017/18 Q4

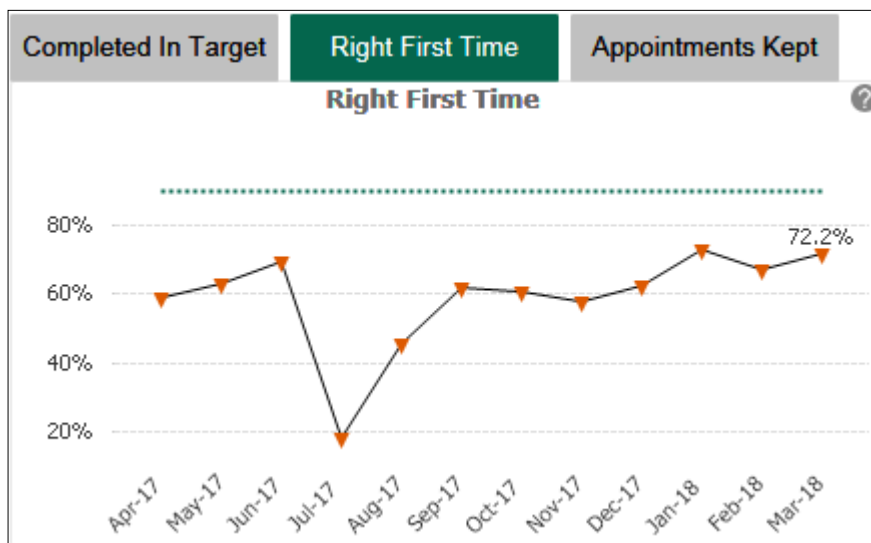
### APPENDIX 1: REPAIRS RIGHT FIRST TIME PERFORMANCE

#### NH H RespRep 003: % of repairs completed on first visit (based on system generated data)

With mobile working being rolled out across the DLO, we took the decision in 2017 to change the way we measured Right First Time (RFT). Previously, labour-intensive manual analysis of the Universal Housing database was undertaken in order to calculate this PI. However, with the looming introduction of mobile working across the DLO, the decision was taken to calculate it directly from the dedicated completion code field on Universal Housing. On mobile working, this field has to be completed by the operative in order to complete the job. However, we found that it was not always being completed under the pre-mobile process (i.e. when jobs were closed down manually by the DLO's Administrative team). We recognised that this would initially give us an artificially low PI while we rolled out mobile working across the DLO but decided that this was the best approach going forward. This explains why the results have been significantly lower in 2017/18 than they were before that.

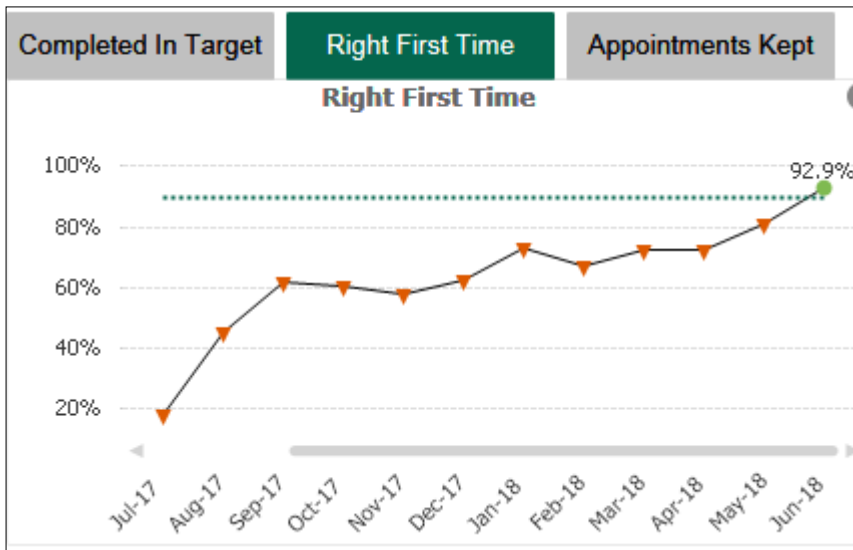
Figure 1 shows the DLO's performance trend for this indicator over the period April 2017-March 2018, while Figure 2 shows performance thus far in 2018/19. The information is taken directly from our Qlikview DLO Repairs dashboard, which provides managers with daily performance data on the Repairs Service's three key performance indicators (% of jobs completed in target, % of jobs Right First Time, % of appointments kept).

Figure 1: NH H RespRep 003 Performance, 2017/18



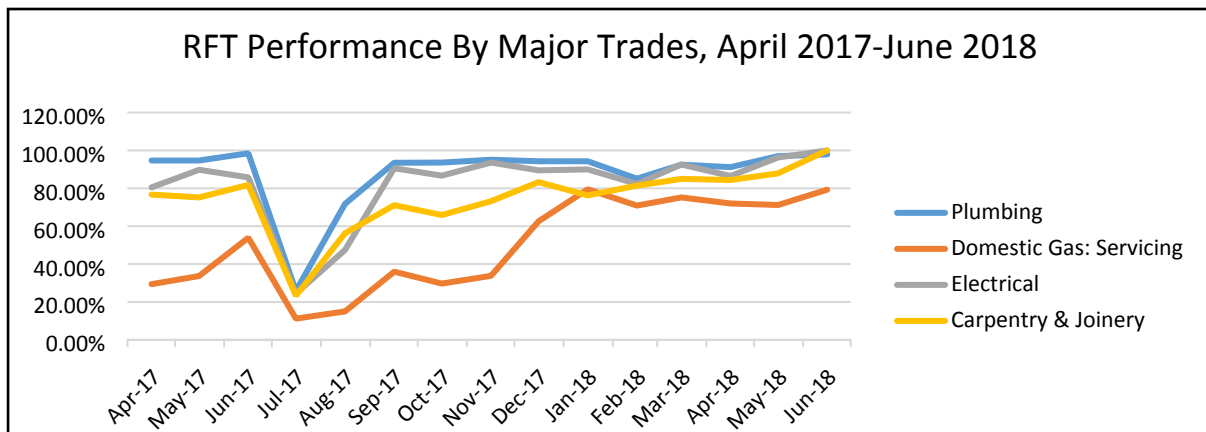
In addition to the new calculation methodology, it can be seen that overall performance for 2017/18 was adversely affected by a major dip in reported performance during July 2017. We have been working with our ICT team to investigate this as we believe that this may have been a one off technical issue whereby the completion code field was not populated in July and early August.

Figure 2: NH H RespRep 003 Performance, 2018/19



Overall, Figures 1 and 2 show the improved direction of travel over the course of 2017/18 and on into 2018/19 as mobile working has been rolled out across the service. In addition, the Repairs management team have been meeting on a fortnightly basis to interrogate the daily performance information available to them via Qlikview and to agree service improvement initiatives. Furthermore, in May it was agreed that a Business Intelligence Analyst from the Housing Transformation team would work in the DLO office two days a week, working directly with managers to help them interrogate/fully utilise Qlikview and to drill down into data/performance issues and resolve them.

Figure 3 provides details of RFT performance for the major reactive repair trade over the period April 2017-June 2018.



**NH H RespRep 002: % of repairs completed on first visit (based on tenant satisfaction)**

As was mentioned in the last Audit Committee Performance Report, 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. 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..



The outturn in Q3 2017/18 of 64.97% was a 10 percentage point improvement on the Q2 2017/18 outturn of 54.81%. However, the Q4 2017/18 outturn of 63.10% represents a slight deterioration in performance.

In order to address this, the outputs from each survey response are being provided to managers so that they can analyse the causes of dissatisfaction and address recurring themes. In addition, we are currently developing dashboards for Managers so that they can obtain instant access to new survey returns to identify residents who have expressed dissatisfaction. Immediate action can then be taken to resolve the issues that they have with the service provided.

This page is intentionally left blank



## **Corporate Risk Management Performance Overview June 2018 (Appendix 2)**

## 1. INTRODUCTION

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

## 2. CORPORATE RISK REGISTER

- 2.1 The table below is a scorecard of the Council's Corporate Risks, as ratified by the Hackney Management Team on June 5<sup>th</sup> 2018, after being updated, reviewed and monitored by appropriate teams in the first five 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	↓	16	9
9	Recruitment and Retention (SRCR 0018B)	8	↓	12	9
10	Information Assets (SRCR 0020)	16	↔	16	9
11	Corporate Resilience (SRCR 0020B)	15	↓	20	12
12	Information Security	8	↓	12	9
13	Person suffers significant harm, injury or death (SRCR 0023)	15	↔	15	12
14	Devolution (SRCR 0024)	12	↔	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	↔	25	12
18	Serious safeguarding failure in school (SRCR 0029)	12	↔	12	9
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
23	Major Fraud not identified (SRCR 0034)	9	-	NEW	6

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 10 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, new legislation, interest rate changes or the Brexit negotiations). There were three new risks featuring on this register in April, and another risk has now been escalated from Audit and Anti-Fraud since then (SRCR 0034). 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 January 2019, so the full detail on all risks will be provided then.

This page is intentionally left blank

## 4.8 Capital

The capital expenditure outturn for 2017/18 is £271.1m, £8m below the final approved budget of £279.1m. This represents an outturn of 3% below the agreed budgeted programme. A summary of the outturn by directorate is shown in the table below along with brief details of the reasons for the major variances. The June Capital Update report will include the requested transfer of resources and associated approvals into the 2018/19 capital programme arising from the outturn position in order that the schemes can progress to completion

### Summary of the Capital Final Outturn

<b>Table 1 – London Borough of Hackney Capital Programme – Final Outturn 2017/18</b>	<b>Revised Budget Position</b>	<b>Final Outturn</b>	<b>Variance (Under/Over)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive	87	0	-87
Children, Adults & Community Health	25,592	21,783	-3,809
Finance & Corporate Resources	81,017	84,524	3,507
Neighbourhoods & Housing (Non-Housing)	23,049	20,699	-2,349
<b>Total Non-Housing</b>	<b>129,744</b>	<b>127,006</b>	<b>-2,738</b>
AMP Capital Schemes HRA	94,241	87,617	-6,624
Council Capital Schemes GF	1,697	1,469	-228
Private Sector Housing	1,776	1,505	-271
Estate Renewal	44,338	43,996	-342
Housing Supply Programme	3,047	2,240	-807
Other Council Regeneration	4,227	7,280	3,053
<b>Total Housing</b>	<b>149,327</b>	<b>144,109</b>	<b>-5,219</b>
<b>Total Capital Expenditure</b>	<b>279,071</b>	<b>271,115</b>	<b>-7,956</b>

#### CHIEF EXECUTIVE'S SERVICES

The final outturn for the Chief Executives Services is nil spend against the revised budget of £0.08m. The planned spend for this project will continue into 2018/19. A request of the slippage of associated funding and approvals will be included in the June Capital Update report.

#### CHILDREN, ADULTS AND COMMUNITY HEALTH

The final outturn for the Children, Adults and Community Health is £21.8m, £3.8m below the revised budget of £25.6m.

CACH Directorate Capital Forecast	Revised Budget	Final Outturn	Variance
	£'000	£'000	£'000
Adult Social Care	3,863	3,397	-466
Education Asset Management Plan	3,465	4,181	717
Building Schools for the Future	586	47	-539
Other Education & Children's Services	657	466	-191
Primary School Programmes	4,924	3,076	-1,848
Secondary School Programmes	12,096	10,614	-1,482
<b>TOTAL</b>	<b>25,592</b>	<b>21,783</b>	<b>-3,809</b>

### Adult Social Care

The final outturn for the overall Adult Social Care is £3.4m, £0.5m below the respective budget of £3.9m. The most significant variance relates to Oswald Street Day Centre which is showing an in-year underspend of £0.5m against the respective budget of £3.7m. The variance relates to delays in the fit-out and construction of the centre. The planned spend for this project will continue into 2018/19. A request of the slippage of associated funding and approvals will be included in the June Capital Update report in order that the scheme concerned can progress.

### Primary School Asset Management Programme

The final outturn for the overall Primary School Asset Management Programme is £4.2m, £0.7m above the respective budget of £3.5m. The main variance relates to London Fields School AMP which is showing an in-year overspend of £0.4m against the respective budget of £0.09m. The variance was due to the programme of works completing earlier than planned. There is a budget of £0.40m in 2018/19 and this will be utilised to cover this expenditure.. The overall programme will continue into 2018/19 and a request for the slippage of associated funding and approvals will be included in the June Capital Update report in order to ensure that the total allocation across 2017/18 and 2018/19 is not overspent.

### Building Schools for the Future

The final outturn for the overall BSF PRUs programme is £0.05m, £0.55m below the respective budget of £0.6m. The main variance relates to Stormont College which is showing nil spend against the respective budget of £0.03m. The variance relates to the final account payments which will be slipped to 2018/19. The overall BSF programme will continue into 2018/19 therefore a request for the slippage of associated funding and approvals will be included in the June Capital Update report.

### Primary School Programmes

The final outturn for the overall Primary School Programme is £3.1m, £1.8m below the respective budget of £4.9m. The main variance relates to



Shacklewell School – budgets will be slipped into 2018/19 to bring the profile of budgets in line with the anticipated delivery of the schemes during the year

### Secondary School Programme

The final outturn for the overall Secondary School Programme is £10.6m, £1.5m below the respective budget of £12.1m. The most significant variance relates to the AMP (Annual Maintenance Programme) Works 2017/18 programme which is showing an in-year underspend of £1.2m. The AMP is the borough's cyclical and periodic yearly maintenance programme which is showing an in-year underspend of £0.5m against the respective budget of £5.0m. This variance relates to a delay on decisions on design and development which will be slipped to 2018/19.

The other significant variance relates to Shoreditch Park School Façade which is showing an in-year underspend of £0.6m against the respective budget of £1.0m. This scheme is part of 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 overall programme will continue into 2018/19 and therefore, a request for the slippage of associated funding and approvals will be included in the June Capital Update report in order that the programme can continue to be delivered as anticipated.

The schools works programme is the result of a survey of all schools done in March 2016. This survey takes place every three years and brought to light urgent statutory, health and safety works which needed to be carried out in schools. The expenditure for this overall project is continuing into 2018/19 and this underspend is fully committed against contract value. Therefore a request for the slippage of associated funding and approvals will be included in the June Capital Update report.

### FINANCE AND CORPORATE RESOURCES

The final outturn for the Finance & Corporate Resources is £84.5m, £3.5m above the revised budget of £81.0m.

F&CR Directorate Capital Forecast	Revised Budget	Final Outturn	Variance
	£'000	£'000	£'000
Property Services	4,998	5,138	140
ICT	5,459	2,647	-2,812
Financial Management	372	463	91
Other Schemes	307	203	-103
Mixed Use Development	69,881	76,074	6,192
<b>TOTAL</b>	<b>81,017</b>	<b>84,524</b>	<b>3,507</b>

### Strategic Property Services

The final outturn for the overall Property Services is £5.1m, £0.1m above the respective budget of £5.0m. At the last re-profiling exercise we re-profiled £2m to 2018/19 due to a number of variances in schemes relating to landlord works to Voluntary Sector properties that started mid to end of March 2018. We also had a number of capital schemes which form part of the Corporate Estate Rationalisation which were still pending project options. A request of the slippage of associated funding and approvals will be included in the June Capital Update report.

## ICT

The final outturn for the overall ICT Programme is £3.1m, £1.8m below the respective budget of £4.9m. The main variance relates to the Digital Capital programme which is showing an £0.7m underspend. Hackney Council is re-developing the Digital Platform for all users. This programme forms part of the overall Council's ICT Strategy which is structured in line with the six strategic themes that have been developed to shape the Council's direction for digital change and technology investment. This is designed to ensure that Hackney is delivering high quality digital services for everyone. The planned spend for this project will continue into 2018/19. A request of the slippage of associated funding and approvals will be included in the June Capital Update report.

## Mixed Use Development

The overall final outturn for Mixed Use Development is £76.1m, £6.2m above the respective budget of £69.9m.

The final outturn for the Tiger Way and Nile Street is £69.8m, £7.3m above the respective budget of £62.5m. This is a budget profiling issue only, and will be corrected through the year-end process. Both schemes remain on target at an aggregate budget level. The final outturn for Britannia Site for 2017/18 is £6.3m, £1.1m below its profiled budget of £7.4m.

Each of these schemes is ongoing into 2018/19 and future financial years. Therefore a request of the slippage of associated funding and approvals will be included in the June Capital Update report in order to bring the profile of budgets in line with the anticipated delivery of the schemes.

## NEIGHBOURHOODS AND HOUSING (NON-HOUSING):

The final outturn for the Neighbourhoods and Housing (Non-Housing) is £20.7m, £2.3m below the revised budget of £23.0m.

N&H – Non Housing Capital Forecast	Revised Budget	Final Outturn	Variance
	£'000	£'000	£'000
Museums and Libraries	211	90	-121
Parks and Open Spaces	6,140	5,982	-158
Highways/Infrastructure	10,703	9,813	-891
EHPC	1,323	1,185	-138
TFL	3,548	2,825	-724
Parking and Market Schemes	159	163	3
Regulatory Services	79	0	-79
Safer Communities	170	126	44
Regeneration	713	515	-198
<b>Total</b>	<b>23,049</b>	<b>20,699</b>	<b>-2,349</b>

### Museums & Libraries

The final outturn for the overall Museums & Libraries is £0.01m, £0.01m below the respective budget of £0.02m. At the last re-profiling exercise £1.3m was re-profiled to 2018/19 in line with the anticipated spend. Hackney Council's will be procuring a new Library Management System (LMS), upgrading the CCTV in libraries, new installation of visitor counters, new installation of door entry systems and essential works and maintenance. A request of the slippage of associated funding and approvals will be included in the June Capital Update report in order that the scheme concerned can progress.

### Parks and Open Spaces

The final outturn for the overall Parks and Open Spaces capital programme is £5.9m, £0.2m below the respective budget of £6.1m. At the last re-profiling exercise, £3.9m was re-profiled to 2018/19, in line with the anticipated spend. The main variance in this quarter relates to Commercial Vehicles for Parks Central which forms part of the Council's new fleet vehicles approved by Cabinet Procurement Committee on 21 February 2017. The provision is to replace light commercial vehicles up to 3500kg and heavier vehicles to 7500kg to service all the service departments, across the Council, that require these vehicles for their operations over the next four years. All of the vehicles to be purchased will be Euro 6 emissions compliant, with all diesel vehicles up to 3500kg to operate on a B30 blend of biodiesel, this producing a 24% CO2 savings alongside some NOx savings. In addition, some of the smaller vans will now be ordered as electric vehicles where the technology exists. The planned spend for these vehicles will be in 2018/19 and a request of the slippage of associated funding and approvals will be included in the June Capital Update report.

## HOUSING

The final outturn for Housing is £144.1m, £5.2m below the revised budget of £149.3m.

Housing Capital Forecast	Revised Budget	Forecast	Variance	Comments
	£'000	£'000	£'000	
AMP Capital Schemes HRA	94,241	87,617	-6,624	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. Plus £3m of fire risk works due to commence shortly, reprofiled to 2018/19
Council Capital Schemes GF	1,697	1,469	-228	Historic underspend of budget to refurbish properties as vacant properties are all brought back into use. Underspend carried over for acquisition of new properties and conversion of existing stock.
Private Sector Housing	1,776	1,505	-271	Underspend due to small reduction in demand for all grant areas.
Estate Renewal	44,338	43,996	-342	Contract 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 have now slipped to the new financial year.
Housing Supply Programme	3,047	2,240	-807	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.
Other Council Regeneration	4,227	7,280	3,053	Viability negotiations of Phase 3 continue so limited progress on leaseholder buybacks. However, progressing to CPO and continue to negotiate with remaining leaseholders and buy properties back. Overspend due to increase in buyback of properties in last qtr
<b>Total Housing</b>	<b>149,327</b>	<b>144,109</b>	<b>-5,219</b>	



**Internal Audit Annual Report 2017/18  
Internal Audit Charter and Strategy**

**AUDIT COMMITTEE  
MEETING DATE 2017/2018**

**21 June 2018**

**CLASSIFICATION:**

**Open**

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

**WARD(S) AFFECTED**

**All Wards**

**GROUP DIRECTOR**

**Ian Williams Group Director Finance & Corporate Resources**

## **1. INTRODUCTION AND PURPOSE**

- 1.1 This report provides details of the performance of Internal Audit during 2017/18 and the areas of work undertaken, together with an opinion on the soundness of the control environment in place to minimise risk to the Council.
- 1.2 This report is presented for information and comment and is part of the Committee's role in overseeing corporate governance.

## **2. RECOMMENDATIONS**

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

- 2.1 To comment upon and note this report of Internal Audit's performance and opinion of the Council's framework of governance, risk management and internal control.
- 2.2 Approved the revised Internal Audit Charter and Strategy.

## **3. REASONS FOR DECISION**

- 3.1. The Public Sector Internal Audit Standards (PSIAS) came into force in April 2013 and apply to all internal audit service providers. These standards were revised in 2017.
- 3.2. PSIAS require the chief audit executive (or equivalent) to report functionally to a board and to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 3.3. The Annual Report must incorporate:
  - the opinion;
  - a summary of the work that supports the opinion; and
  - a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.
- 3.4. This report fulfils this requirement.

## **4. BACKGROUND**

4.1. The annual report of the Internal Audit Service is provided in Appendices 1 to 5 and includes a summary of managers' implementation of agreed audit high and medium priority recommendations. In addition, the following are presented:

- Internal Audit progress against Key Performance Indicators (Appendix 2)
- Analysis of assurance levels arising from reviews carried out in 2017/18 (Appendix 3)
- Comparison of assurances for key financial systems, comparing results over four years (Appendix 4)
- Definitions of assurance levels (Appendix 5).

4.2. The Audit Annual Plan was formulated by: -

- analysis of the Corporate and Directorate risk registers
- consultation with Chief Officers and senior managers to ensure that account is taken of any concerns they raise
- new Council initiatives, Government initiatives and legislation
- a review of past Internal Audit work
- strategic risks as identified in discussions with the Corporate Director of Finance and Resources

4.3. This report provides details of the performance of Internal Audit and seeks to give reassurance that the service is being delivered in accordance with statutory responsibilities and is continually seeking to improve the standards of its service.

4.4. Using the cumulative knowledge and experience of the systems and controls in place, the results of previous audit work and the work undertaken within 2017/18, it is considered that overall throughout the Council there continues to be a sound control environment.

### **4.5 Internal Audit Charter**

The Internal Audit Charter (Appendix 6) sets out the nature, role, responsibility, status and authority of internal auditing within the Council, and outlines the scope of internal audit work. To ensure that the Charter remains relevant and current, it is reviewed annually. The last review took place in May 2017.

### **4.6 Internal Audit Strategy**

The Internal Audit Strategy (Appendix 7) is a high level document which outlines how the Internal Audit Service will be delivered to meet the requirements contained within the Internal Audit Charter.

### **4.7 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.

#### **4.8 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.

#### **4.9 Sustainability**

Not applicable

#### **4.10 Consultations**

Consultation on the 2017/18 internal audit plan took place with senior management.

#### **4.11 Risk Assessment**

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

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

- 5.1. There are no financial implications arising from this report as the costs of providing the audit service are included within the Council's base budgets.
- 5.2. However, an effective audit service is important in order to ensure that key internal controls are assessed, thereby aiding the prevention and detection of fraud and other occurrences that could otherwise result in budget pressures.

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

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



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

## APPENDICES

- Appendix 1 – Internal Audit Service Annual Report 2017/18
- Appendix 2 – Internal Audit Performance in 2017/18
- Appendix 3 – Detailed analysis of internal audit reviews 2017/18
- Appendix 4 – Key Financial Systems – analysis of audit findings
- Appendix 5 – Definitions of Assurance Levels
- Appendix 6 – Internal Audit Charter
- Appendix 7 - Internal Audit Strategy 2018/19

## BACKGROUND PAPERS

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

### Description of document (or None)

Public Sector Internal Audit Standards 2017 (PSIAS)

None

<b>Report Author</b>	Michael Sheffield ☎020-8356 2505 michael.sheffield@hackney.gov.uk
<b>Comments of the Group Director of Finance and Corporate Resources</b>	Michael Honeysett ☎020-8356 3332 michael.honeysett@hackney.gov.uk
<b>Comments of the Director of Legal</b>	Dawn Carter-McDonald ☎020-8356 4817 dawn.carter-mcdonald@hackney.gov.uk

This page is intentionally left blank



## **Audit & Anti-Fraud Service**

# **Internal Audit Annual Report 2017/18**

---

June 2018

**Finance and Corporate Resources Directorate  
Audit and Anti-Fraud Division**

# Contents

	Page
Introduction	3
Overall summary	4
Key themes	7
Management's response to internal audit recommendations	9
Directorate Analysis	10
Appendix 2 - Internal Audit Performance in 2017/18	12
Appendix 3 - Detailed Analysis of Internal Audit Reviews 2017/18	13
Appendix 4 - Key Financial Systems – Analysis of Audit Findings	17
Appendix 5 - Definitions of Assurance Levels	19

# Introduction

## Purpose of this report

This report summarises the results of the work performed by Internal Audit during the financial year 2017/18, including the key themes that can be identified across the Council. It also highlights progress made by management in implementing internal audit recommendations.

Based upon the results of this programme of work, an Audit opinion is provided on the Council's systems of risk, governance and internal control. This Audit opinion is a key source of assurance in the preparation of the Council's Annual Governance Statement.

## Overview of work done

The original plan for 2017/18 included a total of 73 audits. There has been close communication with senior management throughout the year to ensure that the audits actually undertaken continued to focus on high risk areas in the light of new and ongoing developments in the Council, and best use of our resources.

As a result of this liaison, some changes were agreed to the plan during the year as follows: -

Total number of projects per original plan	73
Audits added to the plan	6
Cancelled audits as no longer relevant	3
Carried forward to 2018/19 plan	6
Total number of projects per revised plan	70

The majority of audits were scoped to provide assurance to management on the adequacy and effectiveness of the Council's internal control environment. Others were geared more towards the provision of specific advice and support to management to enhance the efficiency, effectiveness and economy of the services and functions for which they are responsible. Where Internal Audit identified areas for improvement, recommendations were made to further minimise the level of risk, all of which were agreed by management. If implemented, the actions will further enhance the control environment and the operation of the controls in practice.

## Structure of Report

This report sets out the results of the work performed as follows: -

- **Overall summary** – work done by Internal Audit including an analysis of report ratings, priority of recommendations and performance of the service.
- **Key themes identified** during internal audit work in 2017/18.
- **Managers' response to internal audit recommendations** – providing a summary of progress with the implementation of recommendations.
- **Directorate analysis** – providing details of assurances for each directorate.

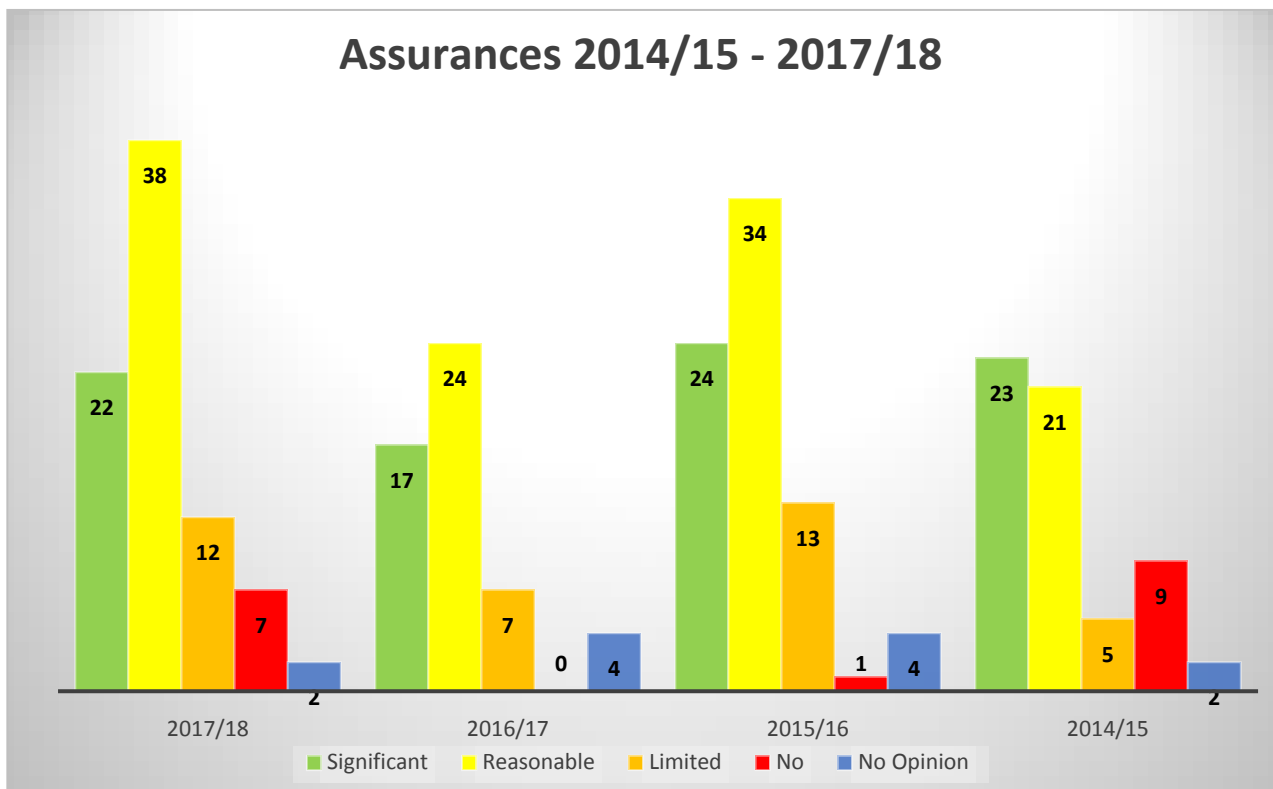
This report has drawn on the findings and assessments included in all of the reports issued during the period.

# Overall Summary

## Assurance Levels

A summary of the assurances provided for audits completed during 2017/18 (including 12 reports which are draft as at 31 May 2018) is provided in the table below, compared with assurances for audits completed since 2014/15. The 2017/18 data includes a number of 2016/17 audits which were completed during the year and not previously reported in the 2016/17 statistics.

Assurance	2017/18		2016/17		2015/16		2014/15	
	No of Audits	%	No of Audits	%	No of audits	%	No of audits	%
Significant	22	27	18	37	24	34	23	40
Reasonable	38	47	24	49	34	47	21	36
Limited	12	15	7	14	13	18	5	9
No	7	11	0	0	1	1	9	15
Subtotal	79		49		72		58	
No Opinion Given	2		4		4		2	
<b>Total</b>	<b>81</b>		<b>53</b>		<b>76</b>		<b>60</b>	



The percentage of ‘Significant’ and ‘Reasonable’ assurance rated audits has decreased slightly since last year (74% compared to 86%) but is at a consistent level over the 4 year period. This indicates that the level of assurance over the Council’s control environment has remained stable across the organisation in recent years, although any comparison should be treated with some caution as the differing nature of the risks and associated reviews that are covered by Audit each year may slightly skew the figures.

2017/18 saw a significant rise in the number of ‘No’ assurance reports being issued. Seven audits were rated as ‘no assurance’, four of these were Tenant Management Organisation (TMO) audits and three were school audits. Further details are provided in the section on Key Themes.

A detailed analysis of assurances for each audit from reviews completed during 2017/18 is provided at Appendix 3.

## Priority of Recommendations

Where Internal Audit work identifies areas for improvement, recommendations are made to manage the level of risk. These are categorised as Critical, High, Medium or Low priority. The number of recommendations made during 2017/18 to address critical, high and medium priority issues is shown in the following table:

Categorisation of Risk	Definition	Number
Critical	Major issues that we consider could have a significant impact upon not only the system, function or process objectives, but also the achievement of the Council’s objectives	0
High	Major issues that we consider need to be brought to the attention of senior management.	85
Medium	Important issues which should be addressed by management in their areas of responsibility.	256
<b>Total</b>		<b>341</b>

A total of 341 audit recommendations were made and agreed, of which 28% were rated high priority. This compares with 195 made in 2016/17 of which 7% were high priority. These figures as at 31 May 2018 do not include the recommendations from audits still in progress, including 12 draft reports which currently feature an additional 9 high priority and 37 medium priority recommendations.

Definitions of the report ratings for each audit can be found at Appendix 5.

## Internal Audit Annual Opinion

Internal audit is satisfied that sufficient audit work has been performed to enable an opinion to be given on the adequacy and effectiveness of the Council’s risk, governance and control framework. In providing this opinion, it should be recognised that the assurance given represents an assessment of risks to be addressed. The most that Internal Audit is able to provide is reasonable assurance that there are no major weaknesses in the system of internal control.

The audit opinion is based upon:

- Audits undertaken during the year
- Follow up actions in respect of previous years’ audits
- Any significant recommendations not accepted by management and the resulting risks

- Effects of any significant changes in the Council's objectives or systems
- Any reliance being placed upon third party assurances

Internal Audit work performed during 2017/18 supports the conclusion of substantial assurance that the Council's control framework is operating effectively. In support of this conclusion:

- Any weaknesses identified in individual audits were not significant in aggregate to the overall system of internal control:
- Any High risk rated weaknesses identified during individual audits are isolated to specific systems or processes:
- Appropriate remedial actions have been taken by managers during the year to implement audit recommendations and hence strengthen the Council's control framework:
- A small minority of audit reviews were classified as providing 'no' assurance.

## **Performance and Effectiveness of Internal Audit**

Key Performance Indicators for Internal Audit have been established and targets set as part of the annual planning process. Performance against the targets set for 2017/18 are shown in Appendix 2.

In total, 93% of audits were completed or in progress at 31 March 2018 (compared to 91% at the equivalent stage in 2016/17). On average audit reports were issued within 14.9 days of completing fieldwork, against our target of 15 days.

High levels of satisfaction with audit services have been reflected in the management feedback obtained from questionnaires, which have been returned after audits have been completed. These showed that 47% of managers felt that audits were excellent or exceeded expectations while 51% felt that audits met expectations.

## **Conformance with Standards**

The audit service undertakes work in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), which came into effect in 2013, and the supplementary Local Government Application Note published by CIPFA. The PSIAS were revised from 1 April 2017 to incorporate new and revised international standards and consequent amendments to the additional public sector requirements and interpretations.

In order to meet the requirements of the PSIAS, Internal Audit is subject to a quality assurance and improvement programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor. Under pan-London arrangements agreed in 2013, a peer review of the Council's audit service against the PSIAS was conducted in April 2016. This assessment concluded that overall the internal audit service 'generally conforms' to the criteria as set out in the PSIAS. The assessor identified a number of areas where improvements could be made to ensure full compliance with the PSIAS. Action has been taken to implement and embed the recommendations.



# Key Themes

Internal auditors have continued to work closely with officers during 2017/18 and have been engaged in open and challenging discussions about issues raised in Internal Audit reports. These discussions have shown good engagement from management and this has helped to ensure the outputs from Internal Audit work assist management in addressing any issues identified and add value to the organisation.

## Overall Assurance

The results of internal audit work indicate that, overall, the Council's control framework continues to be robust and continues to display the improved levels of assurance to the control, risk and governance environment that have been achieved over recent years. Control of key financial systems, governance and risk (for risks identified in the published risk registers) has been generally sound.

Two reports were issued during the year with 'limited' assurance. These related to a review of the new e-tendering procedures and payroll deductions. Recommendations raised during both reviews have been tracked and verified as implemented.

The key themes identified during our audit work in 2017/18 are set out below.

## Key Financial Systems

The audit of key financial systems assists the Council's external auditors with their audit planning and provides the necessary confidence that key financial controls in the fundamental systems are operating satisfactorily and support a robust internal control environment.

The Audit Plan includes continuous review of different aspects of the Council's key financial systems, to enable an assurance opinion to be determined for these significant systems which are core to the Council's achievement of its objectives. The findings of these audits together with the findings of audits for similar key areas undertaken in previous years are summarised below. A more detailed analysis is provided at Appendix 4.

Assurances for Key Financial Systems	2017/18		2016/17		2015/16		2014/15	
	No. of projects	%	No. of projects	%	No. of projects	%	No. of projects	%
Significant	6	60	2	20	5	72	4	67
Reasonable	2	20	6	80	1	14	2	33
Limited	2	20	-	-	1	14	-	-
No	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10</b>		<b>8</b>		<b>7</b>		<b>6</b>	

## Risk Management

Internal Audit planning continues to rely upon the Council's risk management processes, not only by being embedded in the production of the Annual Audit Plan but also as part of the scoping and

execution of each individual audit. In preparing the Internal Audit Annual Plan, the Council's corporate and directorate risk registers are used to ensure that there is focus on those areas where there is significant risk to the Council's achievement of its objectives. Each area of activity is evaluated against the relevant risk register assessment to identify the impact and likelihood of concerns that management have identified, including any existing or anticipated material changes to systems, legislation, resources, etc., and also the last audit assurance rating, when the system was last audited and its financial value. When scoping each audit and producing the terms of reference, the auditors refer to the directorate or divisional risk registers to ensure that key risks are identified and considered, and that no major risks are missed out.

Regular communication has been undertaken with the Corporate Risk Advisor on areas which could be of particular interest. The Corporate Risk Advisor sits with the Audit Team and regularly contributes at Internal Audit meetings to ensure a clear linkage is achieved between Risk and Audit, and an emphasis is given to the importance of effective internal controls across the Council.

The Risk Advisor is informed of all High priority recommendations so that these can be taken into account as part of the regular review of the Council's risk registers.

## **Tenant Management Organisations (TMOs)**

During 2017/18 Internal Audit issued four 'no' assurance internal audit reports relating to reviews performed for four of the Council's TMOs. The audit coverage during the year was risk assessed and agreed beforehand with the Council's TMO Services team and focused on those TMOs flagged up with risks around the strength of the control environment.

The audits found common themes relating to the failure to establish robust processes to create a sound control environment and good governance framework. Each TMO has agreed to implement audit recommendations and progress is being monitored. Internal Audit is working with the TMO Services team to verify the implementation of the recommendations.

The 2018/19 Audit Plan includes an allocation of time to perform follow up audit reviews at these four TMOs. In addition, Internal Audit is working closely with the TMO Services Team to support the promotion of strong internal controls and processes within all of the Council's TMOs in a more proactive approach. For example, a guide on the role of audit and control expectations has recently been produced for distribution to all TMOs.

# Management's Response to Audit Recommendations

## Implementation of agreed audit recommendations

In order to ensure that managers are responsive to addressing identified system weaknesses and that the Council's control framework is continuously being strengthened, progress with implementing agreed recommendations is tracked. For all high priority recommendations raised since 1 April 2016 and due for implementation by 31 May 2018 results are shown below: -

### High Priority Recommendations

Directorate	Implemented (including no longer relevant )	Partially Implemented*	Not implemented /No response	Not Yet Due	Total*
Children's, Adults and Community Health	9	0	0	3	9
Neighborhoods and Housing	13	3	0	21	16
Finance & Resources	6	0	0	3	6
Chief Executive's	4	0	0	0	4
Corporate/Cross-Cutting	3	1	0	0	4
<b>Total number</b>	<b>35</b>	<b>4</b>	<b>0</b>	<b>27</b>	<b>39</b>
<b>Percentage (%)*</b>	<b>89%</b>	<b>11%</b>	<b>0</b>	<b>n/a</b>	<b>100%</b>

\*Does not include Not Yet Due

The target for 2017/18 is for 90% of high priority recommendations to be implemented by the agreed timescale. The percentage currently stands at 89% fully implemented and 11% partially implemented. This compares with 90% implementation in 2016/17 and 80% implementation in 2015/16.

### Medium Priority Recommendations

Of the medium priority recommendations made and due to be implemented, 84% were verified as implemented, which compares with 86% in 2016/17 and 84% in 2015/16.

Directorate	Implemented (including no longer relevant)	Partially Implemented*	Not implemented /No Response	Not yet due	Total*
Children's, Adults and Community Health	39	1	0	10	40
Neighbourhoods and Housing	25	4	4	24	33
Finance & Resources	35	2	8	25	45
Chief Executive's	13	0	2	6	15
Corporate/Cross-Cutting	6	1	0	1	7
<b>Total number</b>	<b>118</b>	<b>8</b>	<b>14</b>	<b>66</b>	<b>140</b>
<b>Percentage (%)*</b>	<b>84%</b>	<b>6%</b>	<b>10%</b>	<b>n/a</b>	<b>100%</b>

\*Does not include Not Yet Due

# Directorate Analysis

The number of audits completed for each directorate and the overall report ratings are summarised in the table below (Appendix 5 provides definitions of the assurance ratings).

Directorate	Significant	Reasonable	Limited	No	Total	2017/18 Overall Assurance	2016/17 Overall Assurance
All /Cross Cutting	1	3	0	0	4	Reasonable	Reasonable
Children, Adults & Community Health	3	5	3	0	11	Reasonable	Reasonable
Neighbourhoods & Housing	2	6	2	4	14	Reasonable/ Limited	Significant
Chief Executives	0	3	2	0	5	Reasonable	N/A
Finance & Corporate Resources (including ICT)	13	11	2	0	26	Significant/ Reasonable	Reasonable
Schools	4	10	4	3	21	Reasonable	Reasonable
<b>Total</b>	<b>23</b>	<b>38</b>	<b>13</b>	<b>7</b>	<b>81</b>	<b>Reasonable</b>	<b>Reasonable</b>

N.B. These statistics/assurances should be read with caution as the same areas are not audited every year and in some areas numbers are low.

## Schools and Children's Centres

Sixteen schools and two separate children centres were audited during the year. Of these 22% were given 'significant' assurance, 39% were given 'reasonable' assurance, 22% were given 'limited' assurance and 17% were given 'no' assurance. The direction of travel has stayed the same for eleven schools, improved for two schools and decreased at five schools. One School's report is still being drafted and 3 additional schools and 1 children's centre have been audited before they have become Academies and therefore will not be reported on further. There were a total of 18 high priority and 70 medium priority recommendations made in relation to schools audits in 2017/18.

The table below provides an analysis of the common high and medium priority issues emerging from the school audits performed during 2017/18.

Risk Area	Number of high priority issues	% of high priority issues	Number of medium priority issues	% of medium priority issues
<b>Governance Issues</b> (includes approved procedures, register of interests, Terms of Reference and whistleblowing arrangements)	2	11%	15	21%
<b>Administration and management of monies/bank account</b> (including petty cash arrangements and voluntary fund)	7	39%	24	35%
<b>Purchasing arrangements</b> (including supplier arrangements, selection, use of purchase orders and contractor arrangements)	7	39%	14	20%
<b>Safeguarding of assets</b> (including asset registers and insurance arrangements)	1	5.5%	10	14%
<b>Payroll issues</b>	1	5.5%	7	10%
<b>Total</b>	<b>18</b>	<b>100%</b>	<b>70</b>	<b>100%</b>

The table below provides an overall view of Schools' recommendations for the two year period 2016/2017 to 2017/18.

### High and Medium Priority Recommendations 2016/17- 2017/18

Recommendation Priority	Implemented (including no longer relevant )	Partially Implemented*	Not implemented/ No response	Not Yet Due	Total*
High	5	0	4	13	9
Medium	129	2	16	19	147
<b>Total number</b>	<b>134</b>	<b>2</b>	<b>20</b>	<b>32</b>	<b>156</b>
<b>Percentage (%)*</b>	<b>86%</b>	<b>1%</b>	<b>13%</b>	<b>n/a</b>	<b>100%</b>

\*Does not include Not Yet Due

# Appendix 2 Internal Audit performance in 2017/18

Objectives, Key Performance Indicators (KPIs) and Targets			
Objectives	KPIs	Targets	Actuals
<b>Cost &amp; Efficiency</b> To ensure the service provides Value for Money	1) Percentage of planned audits completed 2) Average number of days between end of fieldwork to issue of draft report	1) 90% by year end 2) Less than 15 working days	1) 93% complete or in progress at 31 March 2018 2) 14.96 days
<b>Quality</b> To ensure recommendations made by the service are agreed and implemented	1) Percentage of 'High Priority' recommendations made which are agreed 2) Percentage of agreed 'High Priority' recommendations which are implemented	1) 100% 2) 90%	1) 100% 2) 89% Fully implemented; 11% partially implemented 2a) In relation to schools 56% are Fully implemented and 44% are not implemented
<b>Client Satisfaction:</b> 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) 90% to score Satisfactory or above 2) Satisfactory results 3) No target – actual numbers will be reported	1) Achieved (51% met expectations, 47% were excellent or exceeded expectations) 2) Not carried out this year 3) Complaints – 0 Compliments - 0

# Appendix 3 Detailed Analysis of Internal Audit Reviews 2017/18

Internal Audit Annual Plan 2017/18 Progress to 31 May 2018					
Code	Audit	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
<b>Corporate (Cross Cutting)</b>					
LBH01	Annual Governance Statement	N/A	N/A	Significant	FINAL
LBH02	Car Mileage Claims	0	7	Reasonable	Draft
LBH03	Gifts and Hospitality	1	3	Reasonable	Draft
LBH04	IR35				Defer to 2018/19
<b>CHIEF EXECUTIVES</b>					
CE01	iTrent				In progress
CE02a	Payroll - reconciliations	0	3	Reasonable	FINAL
CE02b	Payroll – starters & leavers	0	6	Reasonable	FINAL
CE03	Service Payroll				May 2018
CE04	Staff Agency Contract				Defer to 2018/19
CE05	Voluntary Sector Grants				In progress
CE06	Speakers Office				In progress
<b>GROUP DIRECTOR - CHILDREN, ADULTS AND COMMUNITY HEALTH</b>					
<b>Adult Services/Public Health</b>					
CACH01	Adult Learning Disabilities				In progress
CACH02	Public Health Contracts	0	4	Reasonable	FINAL
CACH03	Home Care/Domiciliary Services	0	3	Reasonable	Draft
CACH04	Residential Care Placements				In Progress
CACH05	Direct Payments	3	10	Limited	FINAL
<b>Children &amp; Families Services</b>					
CACH06	Youth Club Services				Cancelled
CACH07	Adoption Allowances				In Progress
CACH13*	Imprest	2	5	Limited	FINAL
CACH14*	Mortuary Services	0	1	Significant	FINAL
CACH05 (16/17)	Care Assessments – turnaround time	1	2	Reasonable	FINAL
<b>Education and Schools</b>					
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)	0	2	Significant	FINAL
<b>SCHOOLS</b>					
<b>Secondary Schools</b>					
SCH01	Yesodey Hatorah	2	9	Limited	FINAL
SCH18*	Haggerston – high level review	0	1	Significant	FINAL

Internal Audit Annual Plan 2017/18 Progress to 31 May 2018					
Code	Audit	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
<b>Primary Schools</b>					
SCH02	Hoxton Gardens				Defer to 18/19
SCH03	Gainsborough incl. Childrens Centre	4	4	Limited	Draft
SCH04	Grasmere	0	4	Reasonable	FINAL
SCH05	Holmleigh Follow Up	3	3	Limited	FINAL
SCH06	Holy Trinity CE				Draft
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	3	6	Limited	FINAL
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	FINAL
SCH19*	Lubavitch Junior Boys	0	2	Reasonable	FINAL
SCH20*	Lubavitch Senior Girls	1	7	Reasonable	FINAL
<b>Children Centres</b>					
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
<b>GROUP DIRECTOR - FINANCE AND CORPORATE RESOURCES</b>					
<b>Financial Management</b>					
FCR01	Insurance	0	2	Significant	FINAL
FCR02	Creditors/ Central Payments Team	0	0	Significant	FINAL
FCR03	My budget - Monitoring				May 2018
FCR04	VAT				Defer to 2018/19
FCR05	Bank Accounts	0	7	Reasonable	FINAL
FCR06	Accounts Receivable	0	1	Significant	FINAL
<b>Strategic Property</b>					
FCR07	Commercial Voids	0	2	Significant	Draft
<b>Procurement</b>					
ICT08	IT commodities - software and hardware	4	1	Limited	FINAL
<b>Customer Services</b>					
FCR10(15)	Revenues and Benefits – NNDR & Council Tax	0	1	Significant	FINAL
FCR11	Revenues and Benefits - Housing Benefit				Defer to 2018/19
FCR15	Council Tax	0	1	Significant	FINAL
FCR13	Social Housing Re-lets Monitoring Follow Up				Draft
FCR14	Online Payments/Telephone Payments	0	2	Significant	FINAL
FCR08 (16/17)	Council Tax Reduction Scheme	0	0	Significant	FINAL



**Internal Audit Annual Plan 2017/18  
Progress to 31 May 2018**

Code	Audit	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
ICT01	Software Licencing	0	3	Reasonable	Draft
ICT02	Telephone Contracts - Monitoring				In progress
ICT03	Information Governance – preparation for GDPR				In progress
ICT04	M3 Planning (replacement for Academy audit which is scheduled for 2018/19 Q2)	0	2	Significant	Draft
ICT05	E Street - Post Implementation Review	1	3	Reasonable	FINAL
ICT06/FCR09	Network/Firewall/Wireless Security incl. use of CIS (DWP) system	0	3	Reasonable	Draft
ICT07	Disaster Recovery				In progress
<b>GROUP DIRECTOR - NEIGHBOURHOODS AND HOUSING</b>					
<b>Regeneration</b>					
NH01	Leaseholders Buy Back	0	2	Significant	Draft
<b>Housing</b>					
NH02	Leaseholders Charges Debt Collection	3	4	Limited	FINAL
NH03	Gas Servicing				Deferred to 18/19
NH04	Rent Collection (Former Tenant Arrears and Debt Recovery)				In progress
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				In Progress
<b>Public Realm</b>					
NH09	Planning Enforcement – Breaches				In progress
NH10	Hackney and City Tennis Club	0	3	Reasonable	FINAL
NH11	Building Control Fees	1	1	Reasonable	Draft
NH12	Parking – compliance assurance				Cancelled – ISO accreditation no longer in place
NH13	Section 106 Agreements	0	4	Reasonable	Draft
NH15*	Housing Transfers	3	2	Limited	Draft

**Audits from 2016/17 Plan finalised in 2017/18**

Code	Audit	High priority Recs	Medium Priority Recs	Audit Assurance	Status
1617LBH03	Transparency Code	0	5	Reasonable	FINAL
1617CE02	Payroll - deductions	3	6	Limited	FINAL
1617CE03	Electoral Services	1	5	Reasonable	FINAL
1617NH03	Resident Participation Team	0	3	Reasonable	FINAL
1617NH07	Complaints	0	3	Reasonable	FINAL
1617NH10	Parking Appeals	0	2	Reasonable	FINAL
1617NH11	Waste Management - recycling	0	1	Significant	FINAL
1516HH08	TMO - Wick Village 2015/16	4	7	No	FINAL
1617CACH04	ASC Contracts follow up	0	3	Reasonable	FINAL
1617CACH05	Needs Assessments Turnaround times	1	2	Reasonable	FINAL
1617CACH08	Leaving Care	0	3	Significant	FINAL
1617CACH09	Overview of school findings & benchmarking	2	0	N/A	FINAL
1617CACH10	SEN	2	4	Limited	FINAL
1617SCH07	Harrington Hill School	4	5	No	FINAL
1617SCH10	Princess May School	7	8	No	FINAL
1617SCH13	Springfield School	0	5	Reasonable	FINAL
1617FCR01	Pension Investments	0	0	Significant	FINAL
1617FCR02	Temp Accommodation (B&B)	0	4	Reasonable	FINAL
1617FCR05	LBH Building Maintenance	0	5	Reasonable	FINAL
1617FCR06	Tendering Procedures	1	5	Limited	FINAL
1617FCR12	Housing Needs - choice based lettings	0	2	Reasonable	FINAL
1617FCR14	Deposit Guarantee Scheme	0	2	Significant	FINAL
1617ICT01	Universal Housing	1	9	Reasonable	FINAL
1617ICT02	Mosaic	0	0	Significant	FINAL
1617ICT03	Housing Needs Payment System	0	3	Reasonable	FINAL
1617ICT04	CRM	0	7	Reasonable	FINAL
1617ICT05	One Account - PI Review	0	5	Reasonable	FINAL

# Appendix 4 Key Financial Systems – Analysis of Audit Findings

System		Internal Audit Findings			
		2017/18	2016/17	2015/16	2014/15
Main Accounting System/General Ledger		N/a	N/a	Significant	N/a
Capital Asset Accounting/Capital Programme		N/a	N/a	Significant	Significant
Treasury Management		N/a	N/a	N/a	N/a
Cash Receipting/Banking		On line – Significant Bank accounts - Reasonable	Reasonable	Significant	N/a
Procurement		Limited e-tendering	Reasonable	Limited ASC Contracting	N/a
NNDR	Billing	N/a	N/a	N/a	Significant
	Valuation, Liability & Collection	Significant	N/a	N/a	Significant
	Liability – Charitable Relief	N/a	Reasonable	N/a	N/a
	Liability – Empty Rating	N/a	Reasonable	N/a	N/a
	Recovery & Enforcement	N/a	N/a	N/a	Significant
	Pool Claim	N/a	N/a	N/a	N/a
Housing Benefit	Benefit Application	N/a	N/a	N/a	Reasonable
	Overpayments	N/a	N/a	N/a	N/a
	Reclaim of Grants	N/a	N/a	N/a	N/a
	Benefits Administration	N/a	N/a	Significant – Change of Circumstances	N/a
	Reconciliations	N/a	N/a	N/a	Significant
	CTRS	Significant	N/a	N/a	N/a
Accounts Payable	Central Systems	Significant	Significant	Significant	Significant
	Directorate Systems	N/a	N/a	N/a	N/a
Payroll	Overall (key controls)	N/a	N/a	N/a	N/a
	Starters and Leavers	Reasonable	N/a	N/a	N/a
	Variations to Pay	N/a	N/a	N/a	N/a
	Computer System	N/a	N/a	N/a	N/a
	Processing Payments	N/a	N/a	N/a	N/a

System		Internal Audit Findings			
		2017/18	2016/17	2015/16	2014/15
	Deductions	Limited	N/a	N/a	N/a
	Payroll Tax Management	N/a	N/a	N/a	N/a
Accounts Receivable	Billing	Significant	Significant (Rent collection – billing & collection)	N/a	Reasonable
	Collection	Significant	Reasonable (HLT debt)	Reasonable	Reasonable
Council Tax	Tax Setting	N/a	N/a	N/a	N/a
	Billing	N/a	N/a	N/a	Reasonable
	Valuation, liability, collection	Significant	N/a	N/a	N/a
	Discounts and Exemptions	N/a	N/a	N/a	N/a
	Recovery	N/a	N/a	N/a	Significant
	Reconciliations	N/a	N/a	N/a	Significant

# Appendix 5 – Definitions of Assurance Levels

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

Level of assurance	Description	Link to risk priorities
<b>Significant</b>	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.
<b>Reasonable</b>	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.
<b>Limited</b>	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 the Council's 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.
<b>No</b>	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 the Council's objectives.	There are a significant number of high rated findings (i.e. four or more).

This page is intentionally left blank



**London Borough of Hackney**

**Internal Audit Charter  
2018 - 2019**

# Internal Audit Charter

## 1. Introduction

- 1.1 This Charter sets out the purpose, authority and responsibility of the Council's Internal Audit function, in accordance with the UK Public Sector Internal Audit Standards (PSIAS). The Charter will be reviewed annually and presented to the Audit Committee for final approval.

## 2. Mission, Definition and Core Principles

- 2.1 The Mission of Internal Audit is to “Enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”
- 2.2 Internal Audit is defined by the Public Sector Internal Audit Standards (PSIAS) as *“an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”*
- 2.3 The Core Principles of Internal Auditing which, taken as a whole, articulate internal audit effectiveness, are as follows:
- Demonstrate integrity.
  - Demonstrate competence and due professional care.
  - Be objective and free from undue influence, i.e. be independent.
  - Be aligned with the strategies, objectives and risks of the organisation.
  - Be appropriately positioned in the organisation and be adequately resourced.
  - Demonstrate quality and continuous improvement.
  - Communicate effectively.
  - Provide risk based assurance.
  - Be insightful, proactive and future –focused.
  - Promote organisational improvement.



### **3. Purpose**

- 3.1. In a local authority internal audit provides independent and objective assurance to the organisation, its elected members, senior management and in particular to the Chief Financial Officer to help him discharge his responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.
- 3.2. In addition, the Accounts and Audit Regulations (2015) specifically require an internal audit function and state that a relevant body 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 standards for 'proper practices' in relation to internal audit are laid down in the PSIAS.
- 3.3. The Council's Financial Procedure Rules (FPR 4) state "a continuous internal audit, under the independent control and direction of the Group Director, Finance and Corporate Resources, shall be arranged to carry out an examination of accounting, financial and other operations of the Council."

### **4. Authority and Access to Records**

- 4.1. In undertaking their duties and responsibilities, auditors and investigators assigned to the Audit and Anti Fraud Division shall be entitled to have full access to all of the Council's data, records, cash, stores, property, assets, personnel and information, whether manual or computerised, that it considers necessary to fulfil its responsibilities. Audit staff may enter Council property and have unrestricted access to all locations and officers where necessary, on demand, and without prior notice. Council staff are expected to provide every possible assistance to facilitate the progress of audits and investigations.
- 4.2. Access rights apply equally to third parties and organisations, as permitted through the associated contract and partnering arrangements. Right of access to other bodies funded by the Council should be set out in the conditions of funding.
- 4.3. The Internal Audit function will consider all requests from the external auditors for access to any information, files or working papers obtained or prepared during audit work that have been finalised, which External Audit would need to discharge their responsibilities.
- 4.4. All records, documentation and information accessed in the course of undertaking audit reviews shall be used solely for that purpose. All audit staff

are responsible for maintaining the confidentiality of information received in the course of their work.

## **5. Responsibility**

5.1. The PSIAS requires the Internal Audit Charter to define the terms 'board' and 'senior management' for the purposes of internal audit activity. The Audit Committee has been designated as the 'board' and Hackney Management Team (HMT) as 'senior management'. The role of the Chief Audit Executive as described in the PSIAS will be covered by the role of the Corporate Head of Audit, Anti-fraud and Risk Management and the Head of Internal Audit and Risk Management.

5.2. The Council's Head of Internal Audit and Risk Management is required to provide an annual opinion to the Council and to the Chief Financial Officer, through the Audit Committee, on the adequacy and the effectiveness of the framework of governance, risk management and control for the whole Council. In order to achieve this, the Internal Audit function has the following objectives:

- To provide a high quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources.
- To provide assurance that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures.
- To provide assurance that significant risks to the Council's objectives are being identified and managed.
- To provide independent assurance over the risk management, internal control and governance processes.
- To provide advice and support to management to enable an effective control environment to be maintained.
- To promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud.
- To investigate allegations of fraud, bribery and corruption (this is undertaken by the Audit Investigation Team).
- To promote and develop the risk management processes and awareness across the Council.

5.3. There are inherent limitations in any system of internal control and thus error or irregularities may occur and may not be detected by internal audit's work. When undertaking audit reviews, internal audit will provide management with comments and report on failures or weaknesses in internal control systems together with recommendations for remedial action. It remains a management responsibility to maintain an effective system of internal control. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

- 5.4. The remit of Internal Audit covers the entire framework of governance, risk management and control for the Council.
- 5.5. Where appropriate, Internal Audit may undertake consulting work for the benefit of the Council. Consultancy is defined as “ Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation’s governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include advice, facilitation and training”.
- 5.6. Internal Audit may also provide assurance to the Council on third party operations (such as contractors and partners) where this has been provided for as part of the contract.

## **6. Reporting**

- 6.1. The PSIAS require the Head of Internal Audit to report at the top of the organisation and this is done in the following ways:
  - An Annual Report and Annual Audit Opinion which is used to inform the Council’s Annual Governance Statement and which concludes on the overall adequacy and effectiveness of the framework of governance, risk management and control. The Annual Report includes:
    - The opinion
    - A summary of the work that supports the opinion; and  
A statement of conformance with the PSIAS and the results of the quality assurance and improvement programme derived from the internal or external assessment. Any instances of non-conformance with the PSIAS will be reported to HMT and the Audit Committee and will be included in the Annual Report. If there is significant non-conformance this may be included in the Annual Governance Statement
  - The Internal Audit Strategy and Charter and any amendments to them are reported to the Audit Committee.
  - The Internal Audit Annual Plan is compiled by the Head of Internal Audit and Risk Management taking account of the Council’s risk framework, which includes calculating a score based on both impact and likelihood, and after input from members of HMT and other senior managers it is then presented to HMT and the Audit Committee for final comment and approval.
  - The Internal Audit budget is reported to Cabinet and Full Council for approval annually as part of the overall Council budget.
  - The adequacy, or otherwise, of the level of internal audit resources (as determined by the Corporate Head of Audit, Anti-Fraud and Risk

Management) and the independence of the Internal Audit function will be reported annually to the Audit Committee. The approach to providing resource is set out in the Internal Audit Strategy.

- Performance against the Internal Audit Annual Plan and any significant risk exposures and control issues arising from audit work are reported to Audit Committee on a quarterly basis.
- Any significant consulting activity not already included in the Audit Plan which might affect the level of assurance work undertaken will be reported to the Audit Committee.

## **7. Independence**

7.1. The Corporate Head of Audit, Anti-Fraud and Risk Management is line managed by the Chief Financial Officer however both the Corporate Head of Audit, Anti-Fraud and Risk Management and the Head of Internal Audit and Risk Management have free and unfettered access to the following:

- Group Director of Finance and Corporate Resources (Chief Financial Officer)
- Chief Executive
- Chair of the Audit Committee
- Monitoring Officer
- Any other member of the Hackney Management Team

7.2. The independence of the Corporate Head of Audit, Anti-Fraud and Risk Management is further safeguarded by ensuring that the annual appraisal of the post holder is not inappropriately influenced by those subject to audit. This is achieved by ensuring that the Chief Executive contributes to, and/or reviews the appraisal of the Corporate Head of Audit, Anti-Fraud and Risk Management.

7.3. All Council and agency staff working in the Internal Audit and Investigation Teams are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed. Auditors are also frequently rotated to prevent over-familiarity or complacency which could influence objectivity. In addition stringent procedures are in place relating to the acceptance of gifts and hospitality and the prevention of bribery.

7.4. Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. Any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit Committee. To

maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for at least 12 months.

- 7.5. Internal Audit must remain independent of the activities that it audits to enable auditors to make impartial and effective professional judgements and recommendations. Internal auditors have no operational responsibilities or authority over any of the activities audited.
- 7.6. The responsibilities of the Corporate Head of Audit, Anti-Fraud and Risk Management include risk management and counter fraud. To maintain independence in these areas, their role, and that of the team, is clearly defined. For example, the Risk Advisor within the Audit Service has a co-ordinating role and provides support and advice for the maintenance of the risk registers and the development of the Council's risk framework, including revising the Risk Strategy and assisting directorates with reviewing their risks. In order to provide the necessary safeguards as set out in PSIAS standard 1112, where the Chief Audit Executive has roles beyond internal auditing, when audits are conducted in these areas, the Corporate Head of Audit, Anti-Fraud and Risk Management and/or the Head of Audit & Risk, will remove themselves from the review process of these audits, and all findings and draft reports will be shared at their conclusion with both of these officers and the Group Director of Finance & Corporate Resources.
- 7.7. Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. Accountability for the response to the advice and recommendations of Internal Audit lies with management. Managers must either accept and implement the advice and recommendations, or formally reject them accepting responsibility and accountability for doing so. When the Head of Audit and Risk concludes that management has accepted a level of risk that may be unacceptable to the Council, the Head of Audit and Risk must discuss the matter with senior management. If the Head of Audit and Risk determines that the matter has not been resolved, the matter will ultimately be communicated to the Audit Committee.

## **8. Counter Fraud**

- 8.1. Managing the risk of fraud and corruption is the responsibility of management. Internal Audit reviews alone cannot guarantee that fraud or corruption will be prevented or detected. Auditors will, however, be alert in their work to risks and exposures that could allow fraud, corruption or other irregularity to take place.
- 8.2. The Corporate Head of Audit, Anti-Fraud and Risk Management will work together with the Head of Audit and Risk Management to seek to develop proactive anti-fraud work through a series of specifically focussed audits into areas of high risk of fraud and irregularity.

- 8.3. The Audit Investigation Team will respond to all notifications of fraud and suspected financial irregularity and will undertake investigations to assess the validity of such allegations. Where weaknesses in internal control are identified these will be communicated to Internal Audit in order that appropriate recommendations can be made to strengthen the controls and help prevent such frauds and irregularities re-occurring.
- 8.4. The policies and procedures of the anti-fraud service are detailed in the Council's Anti-Fraud and Corruption Strategy.

## **9. Due Professional Care**

- 9.1. The Internal Audit function is bound by the following standards:
- Institute of Internal Auditor's International Code of Ethics
  - UK Public Sector Internal Audit Standards (PSIAS)
  - CIPFA Statement on the Role of the Head of Internal Audit
  - Seven Principles of Public Life (Nolan Principles)
  - All Council Policies and Procedures
  - All relevant legislation
- 9.2. All internal audit staff are required to sign an annual statement confirming their compliance with the IIA Code of Ethics as included in the PSIAS.
- 9.3. Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the PSIAS, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor. An independent assessment was undertaken during 2016.
- 9.4. A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies. The Head of Internal Audit and Risk Management is required to hold a professional qualification (CCAB or CMIIA) and be suitably experienced.

## **10. Related Documents**

- Internal Audit Strategy 2018/19
- Internal Audit Annual Plan 2018/19
- Anti-Fraud and Corruption Policy



# London Borough of Hackney

## Internal Audit Strategy

**2017-2018**

# Internal Audit Strategy 2018- 2019

## 1. Introduction

- 1.1. This Strategy sets out how the Council's Internal Audit Service will be developed and delivered in accordance with the Internal Audit Charter. The Strategy will be reviewed annually and presented to the Audit Committee.

## 2. Internal Audit Objectives

- 2.1. Internal Audit will provide independent and objective assurance to the organisation, its elected Members, HMT and in particular to the Chief Financial Officer to support him in discharging his responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.
- 2.2. It is the Council's intention to provide a best practice, cost efficient internal audit service.

## 3. Internal Audit's Remit

- 3.1. Internal Audit is an assurance function that primarily provides an independent and objective opinion on the degree to which the framework of governance, risk management and control supports and promotes the achievement of the Council's objectives.
- 3.2. Under the direction of a suitably qualified and experienced Corporate Head of Audit, Anti-Fraud and Risk Management and Head of Internal Audit and Risk Management, Internal Audit will:
  - Provide management and Members with an independent, objective assurance on the framework of governance, risk management and control and its effectiveness in achieving the Council's objectives and priorities;
  - Provide management with a consulting activity designed to add value and improve the Council's operations;
  - Assist the Audit Committee to reinforce the importance of effective corporate governance and ensure internal control improvements are delivered;
  - Drive organisational change to improve processes and service performance;
  - Work with other internal stakeholders and customers to review and recommend improvements to internal control and governance arrangements in accordance with regulatory and statutory requirements;
  - Work closely with other assurance providers to share information and provide a value for money assurance service;



- Promote continuous improvements in risk management and control systems;
  - Be alert in all audit work to risks and exposures that could allow fraud, corruption, extravagance, waste or inappropriate use of Council resources;
  - Participate in local and national bodies and working groups to influence agendas and developments within the profession.
- 3.3. It is recognised that 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. Internal Audit cannot absolve management and senior officers of these responsibilities. The overall aim of Internal Audit is to seek out areas requiring improvement and recommend solutions that will enable the Council to better achieve its objectives.
- 3.4. Internal Audit will ensure that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. Internal Audit will however offer advice on the design of new internal controls in accordance with best practice.

#### **4. Service Delivery and Resources**

- 4.1. The Service will be delivered by the in house internal audit team under the direction of the Corporate Head of Audit, Anti-Fraud and Risk Management and the Head of Internal Audit and Risk Management.
- 4.2. Internal Audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience, having regard to its objectives and standards.

#### **5. Internal Audit Planning**

- 5.1. Audit planning will be undertaken on an annual basis. The plan should be sufficiently flexible to accommodate changes in risks and priorities that arise during the period covered by the plan. Good practice recommends that the audit plan is reviewed on a regular basis throughout the year to ensure that it remains relevant.
- 5.2. Where possible the audit plan will take into account management activities, the external auditor, inspection bodies and other review agencies to ensure the most effective audit coverage is achieved and duplication of effort is minimised.
- 5.3. The annual audit plan and audit coverage will be based on the following:

- The Council's risk registers together with Internal Audit's own assessment of risk in operational areas considering impact and likelihood.
  - The adequacy of risk management, performance management, internal and external review bodies and other assurance processes within the Council.
  - The extent and scope of audit activity in previous years, including the previous audit reports and recommendations made to strengthen controls and enhance systems.
  - The requirements of the external auditors and their ability to utilise the work of Internal Audit in forming their opinion of the Council's Financial Statements.
  - The requirements of regulations and legislation and external factors such as grant conditions
  - The views of senior managers in the directorates and the assurances received from them regarding internal control, governance and risk management
- 5.4. The Head of Audit and Risk Management will attend directorate management team meetings as part of the annual planning process to ensure that management views and suggestions are taken into account when producing the audit plan.
- 5.5. The Internal Audit Annual Plan 2018-19 is based on the following:
- **Risk Based Systems Audit:** Audits of systems, processes or tasks where the internal controls are identified, evaluated and confirmed through a risk assessment process. The internal controls depending on the risk assessment are tested to confirm that they are operating correctly. The selection of work in this category is driven by Directorates' own risk processes and will increasingly include work in areas where Council services are delivered in partnership with other organisations. The results of audit work will be fed back into the risk management process to form a 'virtuous circle'.
  - **Key Financial Systems:** Audits of the Council's key financial systems. External Audit will have the opportunity to rely on the work of Internal Audit where appropriate.
  - **Probity Audit (schools and other establishments):** Audit of a discrete unit. Compliance with legislation, regulation, policies, procedures or best practice is confirmed. For schools this includes assessment against the Schools Financial Value Standard. Coverage is dependent on the assessment of the level of risks.
  - **Computer Audit:** The review of ICT infrastructure and associated systems, software and hardware.

- **Contract Audit:** Audits of the procedures and processes for the letting and monitoring of contracts, including reviews of completed and current contracts.
- **Fraud:** The Audit Investigations Team, within the Audit and Anti-Fraud Division, will investigate any fraud and irregularity arising during the year and also undertake a programme of pro-active counter fraud projects to raise awareness of significant fraud issues.
- **Ad-Hoc Work:** Due to organisational changes and emerging risks and issues, audit resources may need to be allocated to reviews on an ad hoc basis in areas not envisaged in the Audit Plan. These unforeseen alterations will be agreed by the Corporate Head of Audit, Anti-Fraud and Risk Management and reported to the Audit Committee.

## 6. Follow-up

- 6.1. Internal Audit will evaluate the Council's progress in implementing audit recommendations against set targets for implementation. In areas where there has been limited or no assurance, follow up reviews may be conducted in the following year. Progress will be reported to the Audit Committee on a regular basis.
- 6.2. Where progress is unsatisfactory or management fail to provide a satisfactory response to follow up requests, Internal Audit will implement the escalation procedure as agreed with management. This entails reporting progress with implementation of high and medium priority audit recommendations to directorate management teams on a regular basis.

## 7. Reporting

- 7.1. Internal Audit reports the findings of its work in detail to local management at the conclusion of each piece of audit work. Progress reports are also periodically issued to the Audit Committee. The Head of Internal Audit and Risk Management's annual report is also submitted to the Audit Committee and this contributes to the assurances underpinning the Annual Governance Statement of the Council.

## 8. Related Documents

- Internal Audit Charter 2018/2019
- Internal Audit Annual Plan 2018/19

This page is intentionally left blank



**INTERNAL AUDIT ANNUAL FRAUD AND IRREGULARITY REPORT 2017/18**

**AUDIT COMMITTEE**

**21 June 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 This report introduces the Annual Fraud and Irregularity Report 2017/18. The attached documents provide status reports and analysis of reported fraud and irregularity within the London Borough of Hackney.
- 1.2 This report is presented for information and comment and forms part of the Committee's role in overseeing corporate governance.

## 2. RECOMMENDATION

### 2.1 The Audit Committee is recommended to:

**Note the content of this report and comment accordingly.**

## 3. REASONS FOR DECISION

- 3.1 Not applicable – no decision is required.

## 4. BACKGROUND

Anti-fraud work is an important part of Hackney's control environment and helps to ensure the proper administration of financial affairs. The risk of fraud is present in many of the activities that the Council undertakes. It is essential that officers are aware of the possible consequences of fraud and the financial implications for services so that an informed decision can be made about the controls in place to mitigate the threat.

It is also vital that Members understand the potential for fraud when holding services to account and when making corporate level decisions.

The report includes accounts of tangible financial outcomes from fraud investigation work carried out in 2017/18 which is summarised in the table below:

<b>Investigation area</b>	<b>Estimated saving arising from enquiries</b>
Tenancy Fraud	£2,860,000
Overstaying Families	£1,917,032
National Fraud Initiative 2016	£112,353
Blue Badge	£22,700
<b>Total</b>	<b>£4,912,085</b>

This report forms part of the evidence supporting the Council's Annual Governance Statement. In line with Financial Procedure Rules (FPR 4.5), this report is presented to the Audit Committee as part of the requirement to report work undertaken by the Audit & Anti-Fraud Division.

#### **4.1 Policy Context**

All investigation work is undertaken in compliance with relevant legislation and Council policy, including the Anti-Fraud and Corruption Policy, Member and Officer Codes of Conduct, RIPA Policy, Anti-Money Laundering Policy and Whistleblowing Policy.

#### **4.2 Equality Impact Assessment**

For the purposes of this report an Equality Impact Assessment is not applicable, although all investigation work is carried out in compliance with the Council's Equality policies.

#### **4.3 Sustainability**

Not applicable – This report contains no new impacts on the physical and social environment.

#### **4.4 Consultations**

Not applicable.

#### **4.5 Risk Assessment**

Anti-fraud work is subject to risk assessment to ensure that the most significant threats are adequately addressed, and emerging concerns are tackled. The risk of fraud is likely to be greatest where money or other assets are allocated in the course of operational activities, and these should be considered as part of the risk assessment process and recorded on relevant risk registers where appropriate.

### **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 investigation service are included within the Council's base budget.

5.2 An effective investigation service is important to help ensure that public funds are used appropriately, to enable sanctions where suitable, and to deter fraudsters from targeting the Council.

### **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 the Audit Investigation Service's work during 2017/18. There are no immediate legal implications arising from the report.

## APPENDICES

Appendix 1 – Annual Fraud and Irregularity Report 2017/18

## BACKGROUND PAPERS

None

<b>Report Author</b>	Michael Sheffield <a href="mailto:Michael.Sheffield@hackney.gov.uk">Michael.Sheffield@hackney.gov.uk</a> 0208 356 2505
<b>Comments of the Group Director of Finance and Corporate Resources</b>	Michael Honeysett <a href="mailto:Michael.Honeysett@hackney.gov.uk">Michael.Honeysett@hackney.gov.uk</a> 0208 356 3332
<b>Comments of the Director of Legal</b>	Dawn Carter-McDonald <a href="mailto:Dawn.CarterMcDonald@hackney.gov.uk">Dawn.CarterMcDonald@hackney.gov.uk</a> 0208 356 4817



# **Audit & Anti - Fraud Service Annual Fraud and Irregularity Report 2017/18**

A status report and analysis of reported fraud and financial irregularity within the London Borough of Hackney

---

June 2018



**Finance and Corporate Resources Directorate  
Audit and Anti-Fraud Division**

## 1. Introduction

- 1.1 This report provides a summary of the work undertaken in respect of anti-fraud activities carried out by the Council's Audit Investigation Team (AIT), Tenancy Fraud Team (TFT) and Pro-Active Anti-Fraud Team (PAFT) during the past year. During the financial year 2017/18 the teams received 2,019 referrals and enquiries in relation to fraud and irregularity, which is consistent with the workload from 2015/16 onward.

## 2. Background

- 2.1 The Council's position on fraud is embedded in a series of policy documents which enhance and reinforce the attention given to this particular aspect of the Council's processes and procedures, namely: -

The Constitution	The Council's Fraud Policies
<ul style="list-style-type: none"> <li>• Members' Code of Conduct</li> <li>• Officers' Code of Conduct</li> <li>• Financial Procedure Rules</li> <li>• Standing Orders</li> <li>• Contract Standing Orders</li> </ul>	<ul style="list-style-type: none"> <li>• Anti-Fraud &amp; Corruption Policy</li> <li>• Whistleblowing Policy; and</li> <li>• Anti-Money Laundering Policy</li> </ul>

- 2.2 Regular reviews of both Member and Officer compliance with the Council's policy in respect of corporate governance arrangements are undertaken and this informs the Annual Governance Statement which is required to be included as part of the final accounts process.
- 2.3 The Council's Anti-Fraud & Corruption Policy reinforces that managers, as 'owners' of the Council's systems and process, are responsible for ensuring that adequate systems of internal control are in place to prevent or detect fraudulent activity. The primary responsibility for the prevention and detection of fraud therefore rests with managers and staff. AAF's role is to undertake independent assessments of the key risks and associated controls within systems across the organisation. AIT has systems in place to receive, assess and react to potential fraud referrals from all stakeholders.
- 2.4 Managers are required to ensure that all staff receive training in fraud awareness. In addition, all new employees should be briefed on the Council's approach and be provided with a copy of the policy as part of the induction process. AAF offer advice and where necessary undertake training in key areas of activity.
- 2.5 The Council has procured an external provider, Expolink, to provide a confidential corporate whistleblowing hotline. This facility is available 24/7 to all Council workers. Nominated Officers within the Council have been identified to receive confidential reports. Following the integration of Hackney Learning Trust into the Council in 2014/15 this facility was rolled out to all schools. In addition, there are also a number of fraud hotlines (e.g. Tenancy and Blue Badge) which are maintained for members of the public. An annual whistleblowing report is provided to Committee separately, most recently in April 2018.

### 3. Anti-Fraud & Corruption Activity during 2017/18

3.1 Investigation work is undertaken by three teams which specialise in the following operational areas:

- The Audit Investigation Team (AIT) investigate allegations of fraud and irregularity involving staff, partner organisations and any concern that is not specific to one of the other fraud teams. In addition, the AIT is responsible for investigating allegations of Blue Badge and parking fraud (Section 4) and providing investigative support to the CACH Overstaying Families Intervention Team (OFIT) initiative (Section 5);
- The Tenancy Fraud Team (TFT) investigates allegations of subletting and other housing fraud committed against Council and Registered Providers' housing stock in the Borough (Section 6);
- The Pro-Active Anti-Fraud Team (PAFT) was established as a result of AIT enquiries into contracts that were formerly held and managed by Hackney Homes (Section 7).

3.2 Table 1 below provides a comparison of all enquiries received in the last year.

#### Yearly Comparison of Investigation Work

Investigation Type	2017/18	2016/17	2015/16	2014/15	2013/14
AIT and PAFT referrals	41	42	47	53	53
Parking (Blue Badge)	243	196	166	194	158
Tenancy Fraud	394	359	421	789	616
Overstaying Families (OFIT)	104	130	89	122	136
Fraud enquiries	1,237	1,283	1,402	539	155
<b>Total</b>	<b>2,019</b>	<b>2,010</b>	<b>2,125</b>	<b>1,697</b>	<b>1,118</b>

Table1

3.3 A breakdown of the cases dealt with by AIT and PAFT during 2017/18, broken down by directorate and referral type, is shown in tables 2 and 3 below.

#### Breakdown of Referrals by Directorate

Directorate	Brought Forward from 2016/17	Referrals received in 2017/18	Cases completed during 2017/18	Cases ongoing at 01/04/18
Chief Executive's Directorate	0	2	0	2
Children, Adults & Community Health (excluding OFIT)	4	5	6	3
Hackney Learning Trust	3	0	3	0
Finance & Resources	4	9	9	4
Neighbourhoods & Housing	4	12	12	4
Hackney Homes	17	13	4	26
<b>Total</b>	<b>32</b>	<b>41</b>	<b>34</b>	<b>39</b>

Table 2

**Breakdown of Referrals by Type**

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

Table 3

3.4 An analysis of the principal outcomes arising from AIT investigations during 2017/18 is shown in Table 4 below.

Analysis of Outcomes	2017/18	2016/17	2015/16	2014/15	2013/14
Dismissal	2	7	7	14	6
Resigned/Left under investigation	3	5	11	8	5
Other Disciplinary	3	1	8	2	3
Referral to other agency (e.g. Police, UK Border Agency)	13	22	11	12	25
Council service or discount cancelled	10	3	5	11	7
Reports Issued	12	14	19	19	16
No Further Action	14	12	11	8	13

Table 4

A small number of complex enquiries have accounted for a disproportionate amount of officer time during the year, this has impacted on the overall numbers of outcomes. Nevertheless, results are broadly in keeping with those achieved in previous years. The percentage of investigations which result in a 'not proven' outcome remain satisfactorily low, indicating that referrals are generally of good quality and internal investigation assessment processes are effective.

3.5 The AIT also dealt with 1,237 fraud enquiries from outside agencies (e.g. DWP, police, Home Office, other LA's, etc). These requests are largely related to providing information to other public bodies to assist with investigations and in most cases do not involve an investigation by Hackney. This represents a huge increase on the 155 equivalent enquiries undertaken in 2013/14 and is entirely due to consequences arising from the transfer of the Housing Benefit investigation function from LBH to DWP in December 2014 (see Section 8).

#### 4. Blue Badge Fraud Team

- 4.1 AIT has been responsible for investigating Blue Badge fraud and other parking dispensation irregularities since August 2010. Investigations take place in response to allegations of misuse and are also proactively targeted at areas of known significant abuse. AIT officers regularly work with the Police and other enforcement agencies when investigating blue badge misuse. A total of 100 misused permits were recovered during the year, 60 parking tickets were issued and 44 vehicles were removed following misuse.
- 4.2 The Audit Commission estimated the cost of each fraudulently used Blue Badge to be £100 (which is only equivalent to the cost of on-street parking in the Hackney Central zone of less than 39 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. The financial value of this work during the year on these conservative measures was £22,700.

#### Blue Badge and Other Parking Investigations

	2017/18	2016/17	2015/16	2014/15	2013/14
Number of referrals (including cases identified through proactive measures)	243	196	167	194	158
Number of PCNs/removals	60/44	49/40	47/32	24/10	18/10
Number of prosecutions	0	1	4	19	12
Number of Blue Badges and other misused parking permits recovered	100	95	94	52	70
Number of misuse warnings issued	28	50	36	27	40

Table 5

#### 5. Overstaying Families Intervention Team (OFIT)

- 5.1 OFIT is a Children & Young People's Service initiative. The team prevent false claims by families who are not entitled to public funds from central government due to their immigration status, but are nevertheless eligible to receive public money from Hackney tax payers because of local authority obligations under the Children Act 1989. A dedicated fraud investigator is attached to the team to assist with access to information and to provide additional scrutiny of suspect applications. The achievements reported here result from the work of the OFIT team as a whole.
- 5.2 The success of OFIT in preventing payments to those that are not in genuine need is a result of collaborative working by CYPS and AAF; one key element of this approach has been the investigator's ability to access information from Hackney records and external data sources that would not ordinarily be available to CYPS staff. Where evidence is identified to show that applicants have alternative means of support available to them, the Council may cease to provide financial assistance, or may prevent a claim being paid from the outset. Some claims have been withdrawn by the applicant or are not pursued by them when they become aware of the Council's verification process.

- 5.3 Table 6 summarises the savings arising from OFIT cases that were prevented or cancelled following the involvement of the AIT investigator in OFIT enquiries (additional cases were addressed without any input by the investigator). The figures are a conservative account of the financial benefit arising from the work because they assume the minimum accommodation cost and do not consider the additional social worker costs that arise from Children Act cases. These results were achieved against a backdrop of difficulty recruiting a suitably qualified investigator, resulting in the role being vacant for 3 months during the year.

#### OFIT Investigations 2017/18

	2017/18	2016/17	2015/16
No. Claims cancelled	95	108	78
Weekly Cost	£36,765	£41,796	£29,327.22
Annual cost	£1,917,032	£2,179,362	£1,525,015.44

\* Cost estimated on the basis of an average 2017/18 weekly support package of £387 **Table 6**

- 5.4 Other teams and departments within CYPS have also benefited from direct access to an anti-fraud specialist embedded within the service. Assistance has also been provided where concerns have arisen such as child protection, child trafficking and exploitation, and absence from school.
- 5.5 Additional benefits that have arisen from OFIT enquiries are that:
- The Home Office have resolved long-standing immigration applications following Council enquiries so that applicants are granted UK immigration status that allows them to support themselves financially in the UK. This also results in a right to claim public funds from central government rather than LBH local funding under the Children Act.
  - There is a perception among neighbouring boroughs that Hackney is not seen as a destination of choice among potential clients, although this is difficult to quantify. This is significant because the OFIT client group is potentially more transient than the general population which means that in practice they have more discretion as to which Local Authority to approach to seek assistance.

## 6. Tenancy Fraud Team

- 6.1 AAF currently works with 12 Registered Providers (RPs, i.e. housing associations) to investigate tenancy fraud, with the Council receiving additional nomination rights for each unlawfully sublet tenancy that is recovered. Hackney's pioneering approach of working with our RP partners has previously been held up as best practice by the Audit Commission in their annual report *Protecting the Public Purse*, and has been further recognised by Alarm (the Association of Public Sector Risk Management). Some of the larger RPs have recently developed their own capacity to tackle tenancy fraud in their housing stock, and Council investigators also support these enquiries to ensure that tenancy fraud in Hackney is limited as far as is possible. This has contributed to a decline in the number of referrals to the LBH TFT in recent years, allowing the team to focus its resources on Council owned properties in 2017/18.
- 6.2 AAF started to investigate tenancy fraud in parts of the Council's housing stock in June 2012, and assumed borough-wide responsibility for this work in May 2013.

- 6.3 Investigations into the LBH housing waiting list and homelessness cases began in August 2013. These enquiries are important to prevent misuse of social housing from the outset, and they can reasonably be expected to reduce the number of time consuming and costly legal actions needed to recover an asset if it is wrongly allocated.
- 6.4 The team was previously part-funded by government grant, which expired in March 2015 and has not been renewed. LBH has continued to resource the team at the same level because of the financial and social benefits that continue to arise from successful investigations.
- 6.5 During 2017/18 a total of 66 RP and LBH properties were recovered as a direct result of investigations undertaken by the TFT and 40 housing applications were cancelled (see Table 7). This represents a reduction against previous years and results in part from an increased awareness of the Local Authority response among perpetrators. The hard work and dedication of the investigators in post have maintained Hackney's position as a leading authority when it comes to tackling this abuse within London and nationally. Independent estimates place the value of each recovered tenancy at £18,000 and each rejected housing waiting list claim at between £4,000 and £18,000 (the lower estimate is used in the calculations set out in table 7 below). Permanent recruitment to posts on the team was completed toward the end of the reporting year and this will contribute to our continuing robust response to tenancy fraud.
- 6.6 As of 31 March 2018 a further 98 tenancy cases were subject to a legal process that had not yet concluded. On the basis of past performance, the majority of these cases are likely to result in the recovery of a social housing tenancy, albeit that the legal process can be time consuming.
- 6.7 Following a proactive review of Right to Buy (RTB) applications where the tenant was in receipt of Housing Benefit in 2014, the TFT have worked with the RTB Team to investigate suspected fraudulent applications and to strengthen anti-fraud arrangements. This led to increased vetting of claims by the RTB team and referral to TFT where concerns were identified. Fourteen claims were denied or withdrawn in 2017/18 following investigation.

Legitimate purchases attract a discount on the market value of the property which increases each year. The current value of the discount is £108,000; in effect limited housing resources must be sold below the market rate, this adds to the long term limited availability of affordable housing resources, and increases cost pressures from efforts to maintain capacity. Investigations prevented the award of discounts totalling £1,512,000 in 2017/18, in addition to preventing the loss of 14 homes to applicants who were not eligible to purchase them.

## Tenancy Fraud Investigations

	2017/18	2016/17	2015/16	2014/15	2013/14
Number of referrals (tenancy fraud)	306	304	305	494	445
Number of tenancies recovered	66	103	107	125	153
<b>Estimated value of recovered properties*</b>	<b>£1,188,000</b>	<b>£1,854,000</b>	<b>£1,926,000</b>	<b>£2,250,000</b>	<b>£2,754,000</b>
Number of referrals (housing application)	52	55	116	295	171
Number of housing applications cancelled	40	49	57	67	81
<b>Estimated value of cancelled applications</b>	<b>£160,000</b>	<b>£196,000</b>	<b>£228,000</b>	<b>£268,000</b>	<b>£324,000</b>
Number of referrals (Right to Buy)	36	34	35		
Number of RTBs cancelled or withdrawn	14	17	10	10	1
<b>Estimated value of RTBs prevented</b>	<b>£1,512,000</b>	<b>£1,783,300</b>	<b>£1,049,000</b>	<b>£1,049,000</b>	<b>£104,900</b>
<b>Total value all housing investigations</b>	<b>£2,860,000</b>	<b>£3,833,300</b>	<b>£3,203,000</b>	<b>£3,567,000</b>	<b>£3,182,900</b>

\*This figure is based on the value of £18,000 per property as quoted by the Audit Commission

**Table 7**

## 7. Pro-Active Anti-Fraud Team (PAFT)

- 7.1 An investigation has run throughout 2017/18 concerning irregularities in the management of various legacy Hackney Homes contracts. The review is wide ranging and is high profile, having already gained media attention. One line of enquiry has resulted in a police investigation that is being fully supported by AAF.
- 7.2 Multiple work streams have either been reviewed or are in the process of being reviewed. Consequences to date include the retention of payments against one contractor and revisions to the contract management process.
- 7.3 PAFT has been increased from one to three officers, following a successful bid for DCLG counter-fraud funding and this level of resource has now been formalised as part of the AAF restructure. AAF has worked closely with LBH Procurement and Housing Directorate technical officers during these enquiries, and there is a consensus that further work streams and contracts should also be systematically reviewed.

## 8. Housing Benefit

- 8.1 The responsibility for Housing Benefit investigations was transferred from LBH to DWP on 1 December 2014 as part of the government's Single Fraud Investigation Service scheme. The responsibility for Housing Benefit administration remains with LBH for the time being.
- 8.2 LBH had already successfully realigned investigative resources away from HB to focus on other fraud threats, resulting in the achievements set out in this report.



Hackney was therefore better placed to deal with the consequences of SFIS than many other authorities, particularly those outside of London. However, the following impacts have arisen:

- DWP do not have direct access to LBH HB records. All HB investigations must proceed via an AAF officer who is employed specifically to receive and respond to data requests (the additional work referenced at Section 3.5 of this report). DWP have previously provided minimal funding for this work and have not yet communicated how or if they will resource this in 2018/19 (limited contingency exists at cost to LBH until September 2018 following the AAF restructure);
- While the AAF officer assigned to this work has been able to facilitate routine investigations, it has not been possible to review the 4,144 HB NFI matches received in 2016 (see Section 9). Previously, matches were sifted by the 6 officers who transferred to DWP as part of SFIS; DWP do not accept that the identification of fraud is their responsibility under the current arrangements. This impasse is an issue across all local authorities;
- LBH has less influence over the investigation process and how an enquiry should proceed, and there is inevitably less effective communication between the HB administrative and investigative functions;
- HB and other fraud enquiries (e.g. tenancy, right to buy) are no longer co-ordinated to the same degree due to differing organisational priorities. Further down the line, there are concerns about continued access to HB data to support other fraud enquiries;
- Investigation teams, particularly those outside London, have been severely diminished by the introduction of SFIS. This is likely to impact on future LBH investigations and the overall resilience of local government to fraud.

## 9. National Fraud Initiative (NFI)

- 9.1 The Cabinet Office (previously the Audit Commission) conducts a biennial data matching exercise, the NFI. AAF coordinates the provision of data, undertakes investigations in some areas and coordinates responses from other Council teams that are involved in verifying match data. The NFI matches are assessed for investigation according to local priorities and experience of previous NFI data quality. It is important to note that matches are often a result of data quality issues and do not necessarily indicate fraud.
- 9.2 Match data received in January 2017 was reviewed during 2017/18.
- 9.3 The value of fraud and error identified through the NFI is calculated according to Audit Commission methodologies. Details of the progress on matches received are shown below in Table 8.

Type of Match	Total Matches	Number Matches	Investigation in	Value of fraud or
---------------	---------------	----------------	------------------	-------------------

	<b>(Recommended)</b>	<b>Cleared</b>	<b>progress</b>	<b>error identified</b>
Payroll	119 (36)	58	5	£107,858
Housing Benefit	4,144 (366)	51	1	0
Housing tenants	1,368 (972)	55	25	0
Right to Buy	139 (49)	1	0	0
Housing waiting list	2,834 (2,733)	75	20	£54,340
Concessionary travel / parking	215 (190)	169	36	£4,600
Creditors	5,943 (721)	638	16	0
Pensions	172 (110)	171	1	£33,554
Council Tax	22,580 (601)	44	23	0
Council Tax Reduction Scheme	3,523 (137)	22	3	0
Other	88 (54)	29	0	0
<b>Total</b>	<b>41,125 (5,969)</b>	<b>1,313</b>	<b>130</b>	<b>£200,353</b>

Table 8

## 10. Other activity

10.1 AAF have provided fraud awareness support to the following teams and external partners during 2017/18: -

- Housing Needs
- Right to Buy
- Estate Management
- Children and Young People's Services
- Business Support (Blue Badge team)
- School finance officers
- Housing Directorate contracts & procurement

10.2 It should be noted that not all referrals to AAF result in an investigation. In some instances the allegation will relate to reported practices that are more appropriately dealt with by management action. Similarly there may be suspected irregularity that is more appropriately dealt with elsewhere within the Council and/or its' key partner organisations.

10.3 AAF have also assisted the police, other local authorities/public sector agencies and partner organisations where appropriate with enquiries and investigations in the interest of prevention, detection and deterrence of crime. Shared information is released in accordance with data protection legislation.

## 11. Regulation of Investigatory Powers Act (RIPA)

- 11.1 The Corporate Head of Audit, Anti-Fraud and Risk Management has the corporate responsibility for the Council's RIPA powers. The policy is available on the Council's intranet and has been publicised to all staff.
- 11.2 Use of RIPA by all local authorities was severely curtailed during 2012/13 following new legislation requiring local authorities to obtain approval from a Magistrates Court before surveillance can take place. Hackney has a process in place with local courts.
- 11.3 Update reports on the Council's use of RIPA are provided quarterly to the Audit Sub-Committee. No RIPA applications were made or authorised in 2017/18. This is partly a consequence of the legislative change, but is also reflective of a culture within Hackney that seeks to minimise intrusiveness where possible, while still accepting that surveillance remains a valid investigative technique in certain circumstances. A breakdown of the RIPA authorisations for the year are shown in Table 10 below.
- 11.4 The Council's RIPA arrangements were most recently reviewed in March 2017, the report commended the arrangements that are in place.

#### RIPA Authorisations

Type of Investigation	Number Authorised 2017/18	Outcomes	Number Authorised 2016/17	Number Authorised 2015/16	Number Authorised 2014/15
ASB	0	n/a	0	0	0
Trading Standards	0	n/a	0	0	0
Housing Benefit	0	n/a	0	0	0
Parking	0	n/a	0	0	0
<b>Total Authorisations</b>	<b>0</b>	<b>n/a</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 10

## 12. Money Laundering

- 12.1 Whilst legislation relating to money laundering does not specifically require the Council to implement formal detection and reporting procedures it is nevertheless considered that such procedures are best practice and were recommended by the Audit Commission.
- 12.2 A corporate policy outlining the Council's approach to money laundering is in place which introduces a requirement to identify any cash sums in excess of £9000 received by the Council, and to report any transaction where the funds involved are suspected to originate from criminal activity. Guidelines direct councils to report such occurrences to the National Crime Agency (NCA).
- 12.3 Training requirements for staff working in areas considered to be most at risk from this activity are considered, this has resulted in training being provided to key Right to Buy officers.
- 12.4 During 2017/18, 2 referrals were received by AAF, one concerned the source of funds for a proposed Right to Buy, the other concerned a large cash payment. Following internal review both matters were notified to the NCA in line with our corporate procedures.

### 13. Future Developments

- 13.1 AAF was restructured during 2016/17, following this several key posts were filled toward the end of 2017 – 2 tenancy fraud investigators, one OFIT investigator and one PAFT investigator. There is now a much higher level of permanent staffing across the investigation teams which should result in greater service resilience through 2018/19.
- 13.2 Considerable advances have been achieved in the last six years to tackle tenancy, parking, OFIT and staff fraud, and to address known concerns in specific contract arrangements. This work will continue through 2017/18 and maintaining current performance will in itself be a challenging target for the year ahead. A risk based assessment will be undertaken to ensure that the Service focusses resources where most beneficial to the Council.
- 13.3 Links between the Tenancy Fraud Team and Housing are being strengthened as the Housing restructure progresses. This will include building stronger relationships with managers and officers in the housing teams that support our counter-tenancy fraud activity.
- 13.4 There is no reason to think that the high level of reactive casework received in 2017/18 will abate and this will limit the capacity to pro-actively tackle some fraud. The existing level of referrals is likely to be influenced by the level of organisational change and the consequences of this on the control environment. The links between the Anti-Fraud teams and Internal Audit will continue to be important.
- 13.5 Proactive work including Blue Badge and OFIT investigations and the ongoing review of prioritised NFI2016 matches will continue. Hackney has recently participated in a new NFI workstream which matches additional private sector data to certain council records. The results of this work will be reported to future Committee meetings and are expected to deliver results in the tenancy and council tax discount arena during the year.
- 13.6 Our key counter fraud partners, including legal teams, the Police and the Home Office, will continue to face resource challenges in the year ahead. These are likely to impact on the options available to the Council to tackle certain fraud types, but the service will continue to innovate and respond flexibly to these issues.

## AUDIT COMMITTEE WORK PROGRAMME 2018/19

	<b>June 2018</b>	<b>Decision</b>	<b>Group Director &amp; Lead Officer</b>
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

	<b>July 2018 – SPECIAL MEETING</b>	<b>Decision</b>	<b>Group Director &amp; Lead Officer</b>
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)

	<b>October 2018</b>	<b>Decision</b>	<b>Group Director &amp; Lead Officer</b>
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

	<b>January 2019</b>	<b>Decision</b>	<b>Group Director &amp; Lead Officer</b>
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

	<b>April 2019</b>	<b>Decision</b>	<b>Group Director and Lead Officer</b>
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



This page is intentionally left blank