



AUDIT COMMITTEE

Wednesday, 10th April, 2019

at 6.30 pm

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

Committee Membership

Cllr Nick Sharman (Chair)
Cllr Brian Bell (Vice-Chair)
Cllr Michelle Gregory
Cllr Ajay Chauhan
Cllr Patrick Spence
Cllr Yvonne Maxwell
Cllr Harvey Odze

Tim Shields
Chief Executive

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

AGENDA

Wednesday, 10th April, 2019

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Access and Information

Location

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

Facilities

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

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

Providing oral commentary during a meeting is not permitted.

ADVICE TO MEMBERS ON DECLARING INTERESTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Further Information

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



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AUDIT COMMITTEE

MONDAY, 28TH JANUARY, 2019

Present: **Councillors:**

**Cllr Nick Sharman in the Chair
Cllr Brian Bell (Vice-Chair),
Cllr Michelle Gregory, Cllr Patrick Spence,
Cllr Yvonne Maxwell and Cllr Harvey Odze**

Officers: Kim Wright, Rob Miller, Michael Honeysett, Michael Sheffield, Pradeep Waddon, Dawn Carter MacDonald, Bruce Devile, Matt Powell, James Newman, Peter Gray

Lucy Nutley and Stuart Frith (Mazars)

1 Apologies for absence

1.1 Apologies for absence were submitted on behalf of Councillor Chauhan.

2 Declarations of interests

2.1 Councillor Gregory declared membership of a TMO.

3 Minutes of the previous meeting

3.1 The Minutes of the meeting held on 15 October 2018 were agreed as a correct record.

Matters Arising

a. Integrated Commissioning Review Outcomes

3.1.1 The Committee noted that an update on integrated commissioning would be submitted to the April meeting of the Committee.

Action: Anne Canning

b. Report on the Sustainability Board

3.1.2 Ian Williams and Councillor Burke would update the Committee at its' April meeting on the Sustainability Board following the first meeting of the Board in January.

Action: Ian Williams

c. Brexit Risks

3.1.3 Kim Wright reported that an internal Brexit Task Group had been established, chaired by Ian Williams and that she was leading the Borough wide preparations for Brexit. From February, status reports would be submitted to the Government every week to enable a reporting summary of key risk issues. Each region had nominated a Chief Executive, with John O'Brien being the Chief Executive for London. The Chair requested a weekly update on Brexit developments. Kim Wright agreed to co-ordinate these updates to the chair.

Action: Kim Wright / Ian Williams

3.1.4 Council noted that some of the main Brexit risks centred around:

- employment
- social cohesion and unrest
- local economy
- mutual aid considerations
- UK settled status
- Increase in costs
- impact on local resources
- currency fluctuation

d. Update on Housing Staff Turnover

3.1.5 Councillor Gregory referred to the fact that there continued to be high numbers of agency staff employed by Housing Services and asked what plans were in place to reduce these numbers. Kim Wright reported that much work was being undertaken in this area and that the number of agency staff was reducing, as she had established an Agency Recruitment Panel for any applications/ extensions for such posts. There had been 300 applicants for posts at contact centres and it was hoped that these permanent appointments would be made soon to reduce the over reliance on agency staff.

e. Treasury Management – Training

3.1.6 Noted that there had been a training session for Audit committee members prior to meeting. Councillor Odze suggested that it be made a requirement of the constitution that members of the Committee should receive training before sitting on the Committee.

f. SEND Update

3.1.7 Noted that the Sub-Group had discussed this matter in detail and that there was a need for a further meeting on SEND in early February.

4 External Audit Plan 2018/19

4.1 Lucy Nutley introduced the report, outlining key areas for the Committee's consideration.

4.1 The Chair referred to the issue of value for money in audit and the management of overspend and whether credit processes were in place. He referred to the high risk on capital and the need to consider the value of investments. He asked for alerts on these issues. Lucy Nutley reported that there would not be an impact in 1918/19. Mazars would take this into account and investigate whether this had been appropriately considered and would report back to the Committee. It was agreed that a further informal meeting be arranged with Ian Williams, Lucy Nuttall (Mazaars) and Councillor Sharman in respect of the value for money in audit work.

ACTION: Ian Williams

RESOLVED:

To note the contents of the reports from Mazars, the Council's external auditors and that a further informal meeting be arranged with Ian Williams, Lucy Nuttall and Councillor Sharman in respect of the value for money in audit work.

5 ICT Service Strategic Update

5.1 Rob Miller introduced the report providing an update on the strategic progress across the Council's services in the delivery of transformation, enabled through technology and data. He referred the Committee to the key points in the report, including the current service led approach to improving services, working with service leaders to find ways of helping and providing support, work on sustainability, strategic progress in Housing Services and improving contact centres. Rob Miller referred to the sustained improvement in user satisfaction and told the Committee that there remained areas of activity that required improvement. Data awareness training had been carried out and key areas of the management of risk had been highlighted. Most positions in the department were filled by permanent staff and there had been strong progress on the apprenticeship scheme. Very positive feedback had been received around data protection, with continued improvement on information security.

5.2 Councillor Maxwell stated that Councillors had not yet received training on GDPR and asked about any related risks. Rob Miller told the Committee that work was ongoing on this matter with the Council's Members Services section and that a programme was almost complete. He confirmed that levels of risk had been identified.

5.3 Councillor Odze welcomed the work that had been carried out in Housing Services and the improvement in feedback on the ICT survey but considered that the latter required further improvement. Rob Miller told the Committee that 3800 employees had responded to the survey and that there was a good awareness of where the short falls in the service lay and that work was ongoing in these areas with efforts being made to ensure an approachable, responsive service. In response to a question from Councillor Spence, Rob Miller referred to the measures that were being carried out in the area of recruitment and retention, including, marketing Hackney Council to potential employees, exploring new recruitment channels, including use of LinkedIn and offering roles through the Civil Service Jobs recruitment site together with the launch of a new digital apprenticeship programme. He told the Committee that the pressure on recruitment may increase with Brexit. Matthew Powell confirmed that the risk on Brexit had reduced as a result of improvement work in the ICT.

5.4 Councillor Bell asked why the Education Department had a separate IT service... Rob Miller told the Committee that ICT worked closely with Education IT had agreed to raise this issue.

5.5 The Chair referred to the very positive report on ICT. There continued to be areas that requirement improvement, including ICT's relationship with the Education Department and that a joint strategy was required. Rob Miller confirmed that he would work with the Head of IT at the Learning Trust on this matter.

5.6 Councillor Gregory referred to the need for training on iPads.

RESOLVED:

To note the update from the Council's ICT service.

6 Directorate Risk Register Review - Neighbourhoods & Housing

6.1 Kim Wright introduced the report updating members on the current Risk Register for Neighbourhoods and Housing Directorate at January 2019. The report also identified how risks within the Directorate were managed throughout the financial year and the approach to embedding risk management. Kim Wright referred the Committee to the key changes to risk, including:

- A slight change in the health and safety risk, but the risk remained
- A reduction in risk in relation to the management of changes in supported services
- A reduction in risk in relation to contract procurement and management in Housing Services, resulting, partly from the appointment of key staff on a permanent basis and the establishment of the Housing Capital Monitoring Board, giving an oversight on delivery. This risk remained red, given the lack of control over external contractors.

6.2 Councillor Spence asked about built in tolerance in relation to property value, given current volatility, together with assumptions around population projections. Kim Wright agreed to provide information around the Council's overall programme/governance/risk management in the Council housing regeneration work. Councillor Maxwell asked that Members also be briefed on debt caps and funding from the Mayor of London.

Action: Kim Wright

6.4 Councillor Odze made reference to the reputational risks around regeneration, asking for the introduction of measures to improve the profile for the Council where it is building, through better publicity, including providing progress on sites. Kim Wright told the Committee that a comprehensive programme of hoardings was to be rolled out to sites and agreed to circulate details of the programme of this rollout.

Action: Kim Wright

6.5 Councillor Gregory asked how many contracts failed to meet there Key Performance Indicators and asked for a summary report on contract management. Kim Wright told the Committee that there was now more robust management of contracts and referred to a system of early warnings with the removal of contractors.

Kim Wright would submit a report on contract management, including on how the Council works as a client, in housing services to the next Committee

Action: Kim Wright

6.6 Councillor Bell referred to difficulties in ensuring that leaseholders took responsibility for fire risks and whether the Council had a policy on gaining entry to properties. Kim Wright confirmed that the Council had a leaks policy and was able to force entry as part of the gas safety check programme. She said that the Council was now firmer in its dealings with leaseholders and contractors.

RESOLVED:

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

7 Corporate Risk Register

7.1 Matthew Powell introduced the report, updating the Committee on the current Corporate Risk Register of the Council as at January 2019. The report also identified how risks within the Council are identified and managed throughout the financial year and the approach to embedding risk management. He referred to the fact that there was a real chance of a 'No deal Brexit'. The risk in relation to workforce had decreased. He referred to successful initiatives in relation to corporate risk, including around recruitment and retention.

7.2 The Chair stated that there was a need to find ways to integrate how risk is reported. He referred to the increase in commercial risk as part of the Council's activities and the need for proper measurement of this.

7.3 Councillor Maxwell asked what measures were in place to mitigate new policies affecting housing. Matthew Powell referred the Committee to the risk in relation to pressures on temporary accommodation and the possible need to identify additional resources, with a higher rate of incentives from private sector landlords.

7.4 Councillor Spence asked whether consideration should be given to borrowing, given the Council's cash position with low interest rates that were 'only' likely to rise. Michael Honeysett told the Committee that the cash/liquidity position balances at the Council were continuously monitored and that decisions regarding borrowing were regularly discussed with appropriate officers and advisers.

7.5 Councillor Odze referred to the need to test the resilience of ICT systems and disaster recovery. The Committee noted that this test was carried out and that a plan was in place in this regard. Councillor Odze went on to ask for an update on the new energy organisation that the Council was setting up. Matt Powell confirmed that an update on this would be made to the next meeting of the Committee.

Action: Matthew Powell

7.6 The Committee noted that Anne Canning would update the next meeting of the Committee around SEN funding.

Action: Anne Canning

7.7 The Committee referred to the fact that the risk in relation to pensions remained high. Michael Honeysett told the Committee that work continued to resolve the difficulties around the interface between payroll and pensions. There now was a test report and 4 out of 7 had been tested and were operational. Statements had not been issued within statutory deadlines.

RESOLVED:

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

8 Performance Overview

8.1 Matthew Powell introduced the report providing and update on risk management with a Corporate Scorecard and other accompanying commentary on the Council's risk approach. The report also set out the latest capital programme monitoring with some enhanced analysis of the variances in the Budget.

8.2 The Committee expressed concern at high levels of sickness, rising to an average of 8.87 days a year, appreciating the change in definition. It was agreed to request the Head of HR to circulate an update as to what action was being taken with regards the levels of sickness. Councillor Gregory asked that as part of this exercise, short term and long term sickness be separated out. Councillor Gregory also asked for an explanation as to what was causing the falls in Top 5% earners: Ethnic minorities and Top 5% earners: Women, which she found to be concerning. Dan Paul would be requested to circulate a briefing on this matter.

Action: Dan Paul

8.3 The Committee expressed concern at the increase in rent arrears and what support was being offered to tenants in arrears. Bruce Devile told the Committee that part of the problem related to the introduction of universal credit and that financial support was in terms of managing finance to help people.

8.4 The Chair expressed concern that street and environmental cleanliness were red, with a dip in relation to PI code; NH PR WS 045b. Bruce Devile told the Committee that the dip resulted from the imposition of greater targets. Michelle Gregory referred to the very good cleaning service in the Borough.

8.5 Councillor Odze commented that Hackney compared favourably with LB Barnet and congratulated the improvement in relation to household waste.

RESOLVED:

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

9 Certification of Grants & Returns 2017/18

9.1 Michael Honeysett introduced the report summarising the results of the work carried out by the Council's external auditors. KPMG, in respect of the 2017/18 grants claims and returns, the details of which were included in the appendix to the report.

RESOLVED:

To note the report from KPMG, the Council's external auditors for 2017/18.

10 Treasury Management Strategy 2018/19

10.1 Pradeep Waddon introduced the Treasury Management Strategy for 2019/ 20 and Annual Treasury Management Strategy for 2019/20 for the financial year. Michael Honeysett stressed the importance of security and liquidity.

10.2 Councillor Spence referred to the Council's caution in regard to its investments in terms of levels and where these investments were made. Michael Honeysett told the Committee that the capital invested was in secure investments and that the Council did not take risks in respect of higher yields if security was threatened. Liquidity was important given funding requirements of the capital programme.

RESOLVED:

To approve the draft Treasury Management Strategy 2019/20 for submission to Council subject to finalisation of the Capital programme with delegated powers to the Group Director of Finance and Resources to approve the final Treasury Management Strategy for submission to Council.

11 Treasury Management Update Report

11.1 Pradeep Waddon introduced the half year treasury for 2018/ 19. The Council continued to use AAmmf/Aaa/AAAm rated Money Market Funds, providing very good security.

RESOLVED:

To note the treasury management activity reports at the appendices to the report.

12 Audit & Anti-Fraud Quarterly Progress Report

12.1 Michael Sheffield introduced the report on the performance of the Audit & Anti-Fraud Service, the areas of work undertaken, and information on current developments in Internal Audit and Anti-Fraud as well as statistical information about the work of the investigation teams.

- In relation to 2018/19 Audit Plan activity, 68% of the original plan was completed or in progress, compared to 70 % for the previous year.
- Client satisfaction stood at 97 %, with 75 % of audits exceeding expectations.

Monday, 28th January, 2019

- 6 audits from the 17/18 plan had also been completed during the reporting period. All high recommendations had been agreed. There was an 87 % implementation rate compared to 67 % in the previous year.
- The recruitment campaign for a Head of Internal Audit had not been successful and there had been a vacancy for this post since November 2018.
- The largest number of high recommendations are in Neighbourhoods and Housing. Half of these recommendations referred to TMOs. It was noted that implementation was more problematic with third parties and that work was ongoing with TMOs on this.
- 18 housing applications and 5 RTB applications cancelled after review and investigation
- Estimated savings arising from enquiries, amounted to £1,166,854.

12.2 Councillor Bell asked about progress on lift services and the suggestion that Hackneys' cost were higher. It was considered that details of the recommendations on how this was managed could be included in the contract management report to be submitted to the next meeting. The Chair stressed the need to concentrate on improvement to 'Right to Buy'

RESOLVED:

To note the Audit & Anti Fraud's progress and performance in 2018.

13 Work Programme

13.1 Michael Sheffield introduced the report.

RESOLVED:

To note the work programme

14 Any other business that in the interests of the Chair is urgent

14.1 The Chair reported that the next deep dive was to be in respect of Procurement and in-sourcing. There was a need to understand criteria being applied to insourcing decisions. These proposal would be outlined at the next Audit Committee meeting in April. Work was ongoing with Councillor Rennison on this matter.

14.2 The Chair told Council that the Audit Committee Annual Plan would be submitted to the next Council meeting in February and the Audit Committee in April 2019. A draft of the report would be circulated to members for comment.

Duration of the meeting: 6:30 – 8:30 pm

Chair at the meeting on
Monday, 28 January 2019

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Briefing Paper to Audit Sub-Committee - 9 April 2019

Contract Management in Housing Services

Author: Sinead Burke, Head of Planned and Asset Management

1. Introduction and Purpose

1.1 The purpose of this report is to provide a summary on contract management procedures following a request at the last meeting, and reflected in minute item 6.5. This report relates to risk management, with regards to contracts.

1.2 Housing Services has let a number of long term contracts, to fulfill the core needs to ensure the housing stock is maintained in a suitable condition. There are 9no. of these, and the majority of the spend is incurred under Contract 1; a framework for carrying out external works, and kitchen and bathroom renewals. In addition, several short term contracts exist for defined pieces of work; these include contracts to complete works to Cherbury Court, and installation of heat meters.

1.3 There are, therefore, a wide range of contract management procedures, and this report will focus on those used under the long term contracts, being those of greatest spend.

2. Summary of Contracts

2.1 As mentioned in the introduction, most capital works are delivered via 9no. long term contracts. Key details of these are summarised below. They were all let in 2015.

No	Contract Title	Duration (years)	Estimated Value £m (entire contract period)
1.	General Building and Services	4	£55 - £130m (per contract)
2.	Reactive General Building works/ repairs, including minor voids	9 (5years initial term, with up to two 2-year extensions thereafter)	£23 - £35m
3.	Communal Works Contract		£9 - £14m
4.	Electrical Specialist Works		£18 - £50m
5.	CCTV	9 (5years initial term, with up to two 2-year extensions thereafter)	£2 - £5m
6.	Installation and maintenance of Controlled Access Doors to blocks		£3 - £8m

7.	Installation and inspection of Lighting Protection to blocks		£4 - £6m
8.	Digital TV aerial maintenance		£1m
9.	Lift renewals, major components, servicing and repairs	10 (proposed break clause at 5 and 7y)	£35 - £40m

The contract management procedures utilised are summarised in this report under the following key headings:

- internal governance
- contract management
- valuations
- quality inspections

3. Internal Governance

3.1 The table below summarises the key internal governance processes relating to contract management, and notes when they were put in place. Significant new procedures have been put in place in the past year, and further plans to enhance these are in place. These are noted in commentary in the table below.

3.2 The capital spend in the 18/19 financial year is expected to be lower than the year before. One reason for this is that the additional procedures have extended the time to develop projects, however, the reduced spend is a necessary consequence to ensure that the new management and governance arrangements are embedded.

Procedure	Comment on Purpose	Date Instigated
Annual commission approved by Cabinet	As of April 2018, an annual commission of proposed works to each block has been approved by Cabinet. The benefit is to ensure greater oversight and transparency of decisions to commence projects at particular blocks. The recently approved Housing Asset Management Strategy formalises this procedure (See Section 5.6 of that document) as it is noted as a key work stage for the development of all capital schemes. It also presents a long term programme for capital works, based on a stock condition survey.	April 2018
Capital Monitoring Board	A monthly capital monitoring board has been established chaired by the Group Director, Neighbourhoods and Housing and attended by the	Summer 2018

	<p>Lead Member for Housing and other senior Officers.</p> <p>This board: monitors progress on capital delivery, approves schemes of work to be let to contractors (known as Sectional Commencement Agreements or SCAs), approves inclusion of additional schemes of works where there is arising immediate need.</p> <p>An SCA Checklist is in place to present schemes to this board; this summarises the outcomes of key pre-construction procedures to demonstrate they have been completed. These include resident and leaseholder consultation, planning and evidencing of the need for works.</p> <p>The work of the board is being reviewed for the 19/20 financial year to develop its remit, notably to focus more on benefits realisation and the outcomes of capital investment. This Board has been instrumental in putting in place better oversight and grip of capital processes, spend and delivery</p>	
Contract Management Board	<p>This board is chaired by the Director, Housing Services and monitors contracts in use across Housing Services, and how they are managed. Key actions include maintaining a comprehensive contracts register so that reprocurement can be planned, engaging in early discussions around potential contract extension decisions, reviewing KPIs, and approving new internal contract management procedures. This Board has been crucial to formalising and understanding better the contract structure and client function.</p>	September 2018
Asset Management Strategy	<p>A long term Housing Asset Management Strategy has been approved at March cabinet. This sets out a decision making process for capital investment, long term delivery plans and an asset review process.</p>	March 2019
Internal Performance Indicators	<p>An annual review of performance and management indicators has been carried out across Housing Services. There have been substantial revisions proposed to those used by Property and Asset Management to better capture the benefits of capital investment.</p> <p>A register of key details of all SCAs is being</p>	April 2019

	<p>established to ensure greater ease of reporting and support a number of the new performance and management indicators, as well as ensuring greater interrogation of key project details such as cost control and programme management.</p> <p>These systems are planned to be in place as of April 2019.</p>	
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4 Contract Management

4.1 The table below summarises the key contract management procedures as set out in the various contracts. All have been in place as of the date of letting the contract though in some cases efforts have been made more recently to ensure these are more robustly managed and these are noted in the commentary.

Procedure	Comment on Purpose
KPIs	<p>All the long term contracts have KPIs, which vary per contract and which are managed by the contract manager. Apart from Contracts 1 and 4, the work is primarily of a repair nature, meaning that KPIs are focussed on items such as response time and missed appointments.</p> <p>At the time of writing the report the year end KPIs are still in preparation.</p> <p>The Contract 1 KPIs are monitored by contractors, though the formal core group meetings to review these have not always been taking place. These have now been formally reinstated to take place on a quarterly basis chaired by the Head of Property and Asset Management.</p> <p>In order to ensure greater clarity of KPI reporting, and ensure consistency with contract procedures, a full-day workshop is being established for May to include representatives from the three contractors and Hackney Council. This will ensure that any clarifications and adjustments to the KPIs can be made to utilise for the 19/20 financial year to ensure the reporting is more meaningful.</p>
Core Group Meetings	<p>For each contract there are monthly operational core group meetings, where contract-wide issues are discussed. These could be strategic items individual to the contract or items which have not been resolved at project level. These meetings are chaired by a Contract Manager from within the Planned and Asset Management Service (PAM).</p>
Project Level Procedures; site meetings and change	<p>On a project or SCA level, the contract management procedures are formally managed via regular site meetings. An agenda will typically review scope of works and change instructions, financial forecasts, health</p>

control	<p>and safety figures, progress and programme, and quality of works.</p> <p>It includes a wide attendance including the project manager, Quantity Surveyor and Clerk of Works from the client side, as well as key contractor staff.</p> <p>We employ contract administrators to formally handle the change control documentation such as change instructions. It is important to note that all maintenance works will be expected to incur a large volume of change instructions due to the need to make significant cost estimates (known as provisional sums and quantities), and the high change of discovering additional works on site, particularly where access scaffold is used or where renewal works are done, as there is a limit to the extent of surveys that can reasonably be undertaken prior to commencing works.</p>
Escalation Actions	<p>In all contracts, there are escalation procedures in place for resolution of disputes or matters arising which may affect the contract. These are raised via an Early Warning Notice, which triggers a Core Group Meeting, where potential resolutions are discussed. There are named representatives in the contract</p> <p>The nature of the long term partnering contracts used is that remedies to particular situations are less prescriptive, and reliant on the various parties to agree a way forward collaboratively.</p> <p>Such procedures have been utilised several times by various contract staff.</p>
Options in event of poor performance	<p>In the Contract 1 framework, the client may award less work to a contractor who has not performed well. As an ultimate decision the client can terminate the contract, though this is a very serious course of action, and in most cases it is possible to resolve issues via the Early Warning Notice procedure.</p> <p>In Contracts 2-9 which are let to a single contractor, the contracts are let initially for 5 years with potential extensions (see summary table in 4.1). The client can elect not to extend the contract in event of poor performance.</p>

5 Quality of Works

5.1 On all contracts Hackney Council uses clerk of works to inspect and sign off that the quality of the works is in line with the specifications. There are three specialisms; building clerks, mechanical clerks and electrical clerks. The notes below comment on the work of each of these.

Clerk of Works	Comment on Inspection Regime
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Type	
Building Clerk of Works	<p>The contract makes reference to the clerk of works but in limited detail. In the past 18 months, a separate Clerk of Works team has been established in PAM, led by Senior Clerk of Works. He has implemented a rigorous inspection regime for all works. A schedule of required inspections has been developed and implemented. All records of inspections are centrally logged and recorded.</p> <p>A previous but retired Senior Clerk of Works with over 40 years experience in the borough, has been retained on 1 day a week for succession planning, supporting the team lead in developing formal procedures, and training and development of new staff.</p> <p>Where required on kitchen and bathroom installations, there are additional inspections by the electrical and mechanical inspectors as required.</p>
Electrical & Mechanical Works	<p>The mechanical and electrical inspectors carry out:</p> <ul style="list-style-type: none"> - 100% inspections to all planned work installs (examples of work include lateral mains, door entry and boiler installs). - 10% inspections to all repairs.

6 Valuations & Payments

Procedure	Comment on Process
Valuation Process - SCA Contracts	<p>A commercial manager within the PAM service leads on all valuation processes. There are two other in-house quantity surveyors and they are supported by additional external quantity surveyors.</p> <p>Each month the contractor applies for payment for the work done that month. These applications are scrutinised both on site and via regular commercial meetings, with reference to quality control inspections carried out.</p> <p>When being internally approved, a formal list of documents is supplied with the interim certificate so that approver's have appropriate sight of how the valuation has been calculated.</p>
Valuation Process - Capital Works	<p>Repairs which are raised on UH are processed via that system. These are smaller items of work, and contractors are usually paid on a monthly basis for all jobs completed that month. An internal process is</p>

under UH	in place so that monthly payments to such contractors are accompanied by a list of all job tickets undertaken and the completed inspections. For works inside residents' homes (for example disabled adaptations), there is also evidence that they have signed that the works were done and they are satisfied with them.
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2018/19 External Audit Update

**AUDIT COMMITTEE MEETING
DATE 2019/20**

10 April 2019

CLASSIFICATION:

Open

WARD(S) AFFECTED

All Wards

Ian Williams, Group Director Finance and Corporate Resources

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This report introduces an update on the progress of the 2018/19 external audit of the Statement of Accounts from Mazars, the Council's external auditors following the issue of the Audit Strategy Memorandum that was considered by the Audit Committee at its January meeting.
- 1.2. The appendix also provides a technical update in respect of recent publications from Mazars, CIPFA and the National Audit Office (NAO) which the auditors believe are relevant to the responsibilities of the Audit Committee.

2. RECOMMENDATION(S)

2.1 The Audit Committee is recommended to:

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

3. REASONS FOR DECISION

- 3.1 The Audit Committee are "those charged with governance" in respect of the Council's annual statement of accounts and other financial matters. As such, they receive regular reports from Mazars, the Council's external auditors, in relation to the accounts and the external audit. This report provides the Committee with an update on the progress of the 2018/19 audit along with a brief on a number of technical documents that have been issued and are pertinent to the audit.

4. BACKGROUND

4.1 Policy Context

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

4.2 Equality Impact Assessment

This report does not require an equality impact assessment.

4.3. Sustainability

Not Applicable.

4.4 Consultations

Mazars consulted with relevant senior officers of the Council in the preparation of the Memorandums.

4.5 Risk Assessment

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

4.6 Audit Committee Progress Report April 2019

4.6.1 The attached report from Mazars provides the Committee with an update on progress from the external auditor in delivering their responsibilities to the Council, along with a briefing on recent relevant publications.

4.6.2 The report sets out progress to date, particularly in respect of the interim audit that was largely completed during February – March 2019.

4.6.3 It sets out further consideration of risk areas identified but confirms that to date the expectation is that fees will remain as set out in the fee letter of 25 April 2018. It also confirms that at this stage there are no additional significant risks identified.

4.6.4 Representatives from Mazars will attend the Committee meeting to present the attached report and to respond to any questions arising.

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

5.1 It is pleasing to note that to date officers of the Council appear to be building good working relationships with the Council's new external audit team from Mazars.

5.2 As set out in the attached report, the interim audit was largely completed as scheduled and we continue to discuss any issues identified to ensure that treatment of specific transactions are disclosed in the accounts.

5.3 As set out, it is anticipated at this stage that there will be no divergence from the budget for the completion of the audit

6. COMMENTS OF THE DIRECTOR, LEGAL

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

APPENDICES

Appendix 1 - Audit Committee Progress Report – April 2019

BACKGROUND PAPERS

None

Report Author	Michael Honeysett ☎020-8356 3332 michael.honeysett@hackney.gov.uk
Comments of the Group Director, Finance and Corporate Resources	Michael Honeysett ☎020-8356 3332 michael.honeysett@hackney.gov.uk
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Audit Committee Progress Report – April 2019

London Borough of Hackney
Year ending 31 March 2019





CONTENTS

1. **Audit progress**
2. **Technical update**

This document is to be regarded as confidential to London Borough of Hackney. It has been prepared for the sole use of the Audit Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

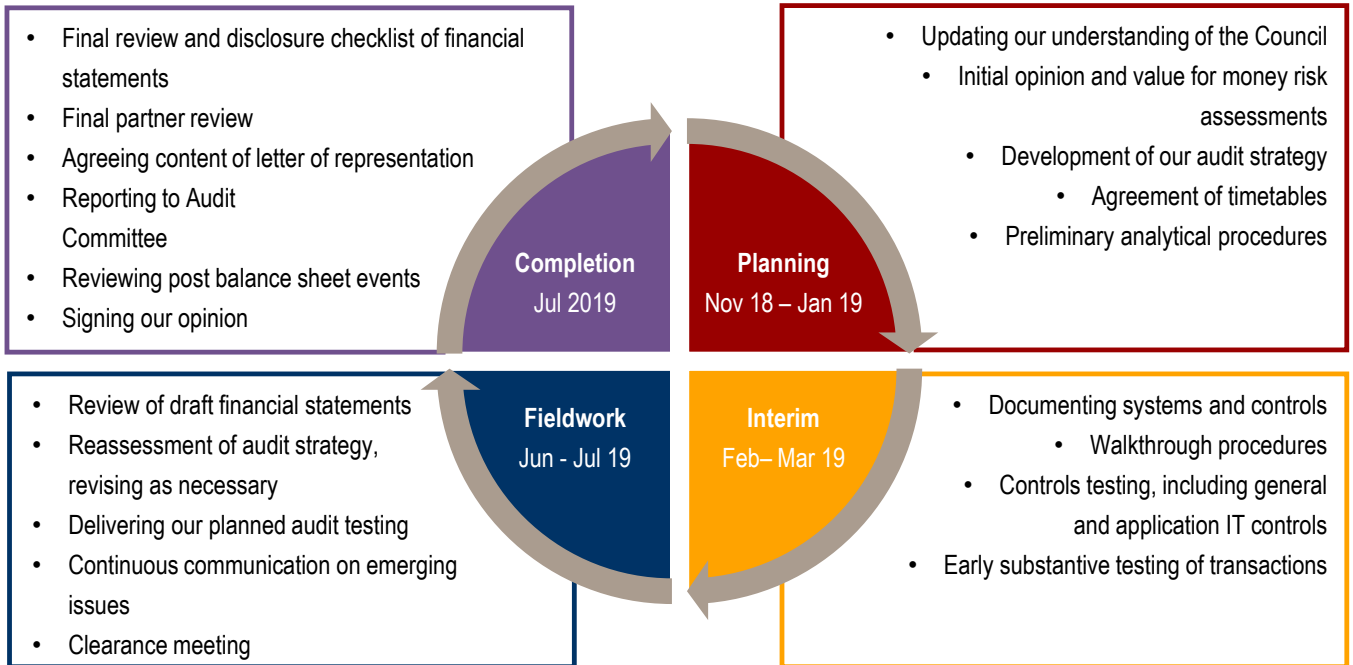
1. AUDIT PROGRESS

Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditor for London Borough of Hackney. We have also included at Section 2 our briefing for the Committee on recent publications which are relevant to your responsibilities.

Audit progress

Our key audit stages are summarised in the diagram shown below, together with the key tasks.



Interim Audit

Following our issue of the Audit Strategy Memorandum, and its presentation at the January 2019 Audit Committee, we have subsequently completed the majority of our interim audit work, where we have documented and reviewed the Council's systems and controls which are most relevant to our audit, namely:

Income Systems	Expenditure Systems	Other Systems
Non-domestic Rates	Accounts payable (Creditors)	Payroll
Council Tax	Housing Benefits	LMS
Accounts receivable (Debtors)	Adult Social Care	Treasury
Cash	Property, Plant and Equipment	General Ledger (incl. Journals)

We are currently finalising our work to consider and review the Council's general IT controls supporting the operation of systems that are material to the audit.

1. AUDIT PROGRESS (CONT.)

Update to risks and areas of judgement

The consideration of risks is a process that continues throughout the audit, and we are currently updating our assessment of issues in relation to both our audit opinion and value for money conclusions. We note the following points to the committee:

- We have noted a further area of estimation within the financial statements, specifically in respect of the amount of additional NNDR income arising from the operation of the London wide pooling arrangement, which necessitates the reliance on estimation processes, as performed by both London Borough of Hackney and the lead authority on the pooling arrangement (City of London), which we will consider during the audit.
- The process for obtaining audit assurance over the NNDR income arising from the operation of the London wide pooling arrangement is being managed through a single auditor, and as such our work will now include reliance on the work and judgement of other auditors.
- We have engaged with the Council on the valuations of various council properties that have been completed to date, discussing issues arising from some of the specific valuations and their potential impact on other valuations included within the financial statements.
- In response to queries from the Council we have discussed, and provided appropriate external audit commentary on, the various complex property transactions with which the council is currently involved. We continue to engage on how the content of these transactions, and the associated year end positions, will be disclosed within the financial statements.

We will continue to review the above issues and previously identified risks. At this stage we do not consider that the above points give rise to any additional significant risks that we are required to report to you. Should our assessment be revised as a result of additional information, we will update the committee accordingly.

Financial Reporting Workshops

We held a workshop during February 2019 to provide clients with an update on the latest technical developments as well as a forum for our clients to discuss emerging issues. Agenda items included a revisit of 2017/18 issues including early close implications, changes in the 2018/19 Code and a forward look to future regulatory and policy changes.

Other Issues

At this stage of the audit we are not planning any divergence from the scale fees set by PSAA as communicated in our fee letter of 25 April 2018. The current scale fee set by PSAA is £148,240.

We are continuing to discuss with the Council the potential completion of audit work on a number of grant claims and returns to Government, this work being outside of our appointment by PSAA. Before agreeing to undertake the work we will consider whether there are any actual, potential or perceived threats to our independence.

We are satisfied that we continue to comply with the Financial Reporting Council's Ethical Standard and there are no matters or relationships which we believe may have a bearing on our independence or the objectivity of the audit team. We will further confirm this, or report any relevant matters in our Audit Completion Report.

Technical Update

Section 2 includes, for the Committee's information, summaries of recent technical and other sector publications (from Mazars, CIPFA and the NAO) which we believe are relevant to your responsibilities. The reports covered in this section, and the key messages, are summarised overleaf.

2. TECHNICAL UPDATE

	Publication/Update	Key points
Mazars		
1	Horizon scanning – Challenges and opportunities in 2019	In November 2018 Mazars issued its annual Horizon Scanning document, which identifies the key topics which Councils' Internal Audit teams should be considering in preparing their Audit Plans.
2	Summary of NHS long-term plan	The NHS Long Term Plan was published on 7 January 2019.
Chartered Institute of Public Finance and Accountancy		
3	Managing risk in the Local Government Pension Scheme	CIPFA has worked with Aon to revise and update its 'Managing Risk in the Local Government Pension Scheme' publication.
4	Social care risk tool	CIPFA and the Association of Directors of Adult Social Services (ADASS) have released the 2018 edition of the Social Care Risk Tool; an advisory risk assessment tool for discretionary use by councils with adult social care responsibility.
5	CIPFA guidance on streamlining accounts	CIPFA has released its publication on Streamlining local authorities' accounts. The publication covers a range of issues relating to streamlining both the financial statements and the accounts closure processes and includes information provided by local authorities who are already driving change in this area.
6	CIPFA Bulletin on closure of the financial statements	CIPFA has issued its bulletin in respect of the closure of the 2018/19 financial statements. The Bulletins are to assist practitioners with the application of the requirements of the Code of Practice on Local Authority Accounting, and are intended to be best practice, but are not prescriptive.
National Audit Office		
7	Local auditor reporting in England 2018	The NAO reports that the number of NHS and local government bodies with weaknesses in their arrangements for delivering value for money is increasing.
8	Local Authority governance	In order to mitigate the growing risks to value for money in the sector MHCLG needs to improve its system-wide oversight, be more transparent in its engagement with the sector, and adopt a stronger leadership role across the governance network.
9	Departmental overview: Commercial and contracting 2017-18	Using ten case studies from NAO's work over the last 18 months, this overview identifies the main things that government departments need to look out for as they develop commercial relationships with their suppliers.
10	Financial sustainability of local authorities 2018 visualisation	The NAO has made available its on-line 'interactive visualisations' which describe changes in local authorities' financial circumstances since 2010-11.
11	Planning for new homes	This report is part of a series on housing in England, including Housing in England: overview (2017) and Homelessness (2017). The latest report focuses on the Ministry of Housing, Communities and Local Government's (MHCLG's) objective for housing in England to deliver a million homes by the end of 2020; half a million by the end of 2022; and to deliver 300,000 net additional homes a year on average.

TECHNICAL UPDATE (CONT.)

1. Horizon Scanning – Challenges and Opportunities in 2019 (November 2018)

In November 2018 Mazars issued its annual Horizon Scanning document, which identifies the key topics which Councils' Internal Audit teams should be considering in preparing their Audit Plans. The document acknowledges that austerity continues to provide the framework for the many challenges that Councils face, and the increase in the number of authorities highlighted at risk of financial failure. The report highlights the £16b reduction of government funding to councils this decade and a warning of a £8b funding blackhole by 2025. Most of the key challenges highlighted in the document relate to budgets being squeezed and an increasing demand for services. The report summarises the difficulties faced from financial and services pressures and other technological and demographic changes as a 'perfect storm'. The pressures are summarised as:

Austerity and the accompanying budget cuts:

A 49.1% real-terms reduction in central government funding from 2010/11 to 2017/18, slower than forecast increases in council tax and delays in the plans for local government to retain 100% of business rates, have severely reduced local authority income.

Changing and increasing demand pressures:

With an increasing and aging population, increased and more complex child referrals, an increase in homelessness and a growing demand for services for children with special education needs or disabilities, there have been increasing cost pressures on local authorities.

Demographic and technological changes:

Millennials now make up much of the workforce and have different values and work expectations to preceding generations, while technological changes continue at pace and bring different challenges to the workplace. The council of the future is a digital council that is more connected and integrated.

Other cost pressures:

The removal of the freeze on public sector pay increases, increased employer national insurance contributions, the national living wage and the apprenticeship levy have all put additional cost pressures on local authorities.

The report acknowledges the pressures on Internal Audit resources, the need in some cases for changes to the approaches for gaining sufficient assurances and the importance of organisations having assurance over the strength of key corporate and governance arrangements (for example ethics, governance, project management, change control and financial management).

The report identifies the current and emerging challenges under the following topic headings:

Financial resilience	Brexit
Adults and Children' social care funding gaps	Scrutiny
Pupil and SEN funding	Information Governance
Workforce	Single Client Record/Big Data
Apprenticeships	Digital Transformation
Off-payroll Engagement (IR35)	Cyber Security
Alternative Delivery Models	Deprivation of Liberty Safeguards
Supplier Resilience and Risk	Affordable New Homes
Care Homes	Crime
VAT – making tax digital	Fraud Issues/Business as Usual
Premises Health and Safety	Looking over the Horizon

The report is not widely published outside of Mazars' Internal Audit clients but can be shared with the Council's Internal Audit team and be provided separately to the Audit Committee members if requested.

TECHNICAL UPDATE (CONT.)

2. Summary of NHS long-term plan (January 2019)

The NHS Long Term Plan was published on 7 January 2019. It sets out the priorities for the new funding settlement announced in June 2018 – a real terms increase of £20.5bn by 2023/24 representing an average increase of revenue funding of 3.4% per annum, compared to an average of 2.2% in recent years.

Views on the deliverability of the plan will vary, particularly as some aspects of implementation will depend on spending review decisions later this year and the direction of travel for social care. The plan recognises existing financial pressures and workforce challenges and takes some steps to manage these risks whilst accepting that further nationally-led work is necessary to alleviate these constraints.

The briefing can be found at the following link:

<https://www.mazars.co.uk/Home/Industries/Public-Services/Health/NHS-Long-Term-Plan-summary>

3. Managing Risk in the Local Government Pension Scheme (December 2018)

CIPFA has worked with Aon to revise and update its 'Managing Risk in the Local Government Pension Scheme' publication. The guidance explores how risk manifests itself across the broad spectrum of activities that constitute LGPS financial management and administration. The publication then explains how, by using established risk management techniques, these risks can be identified, analysed and managed effectively.

A briefing on the updated publication can be found at the following link:

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-says-lgps-funds-need-to-take-the-right-view-of-risk>

4. Social care risk tool (February 2019)

CIPFA and the Association of Directors of Adult Social Services (ADASS) have released the 2018 edition of the Social Care Risk Tool; an advisory risk assessment tool for discretionary use by councils with adult social care responsibility.

The tool's objective is to help authorities assess whether unsustainable financial pressures might be faced by the adult social services department. It seeks to do this by assessing the extent to which various risk factors apply. This is the third version of the risk tool and it has been expanded to include new risks that have emerged since the previous version. In addition, a number of risks have been revised to make them clearer.

The risk assessment adopts a survey format and covers the following areas:

- savings;
- local pressures; and
- culture and relationships.

Each of the areas above includes a series of questions (or indicators), and authorities are required to assess whether the indicators are strongly present (score of 5); only present to some extent (scores 2 to 4); or not at all (score of 1). The total score helps to give an indication of where the authority lies. The maximum score is 195 (there are 39 questions altogether) which represents the highest risk possible. Some of the metrics (particularly those relating to unit costs) are more illustrative than prescriptive and local authorities may wish to adjust these to reflect their local circumstances.

The risk tool is available on CIPFA's website:

<https://www.cipfa.org/cipfa-thinks/health/articles/social-care-risk-tool>

TECHNICAL UPDATE (CONT.)

5. CIPFA guidance on streamlining accounts (December 2018)

CIPFA has released its publication on Streamlining local authorities' accounts. The publication covers a range of issues relating to streamlining both the financial statements and the accounts closure processes and includes information provided by local authorities who are already driving change in this area. These local authorities report that clearer and shorter financial statements that are code compliant, can be prepared to a high standard, with a reduction in the time and resources required to complete them.

The publication Streamlining the Accounts: Guidance for Local Authorities is split into 2 parts as follows:

Streamlining financial statements

This involves streamlining the presentation of financial statements by ensuring that local authorities have identified the needs of the users of the financial statements and that financial statements convey key messages clearly, concisely and efficiently. In this part of the publication, CIPFA considers three aspects of streamlining the presentation of local authority financial statements and these include:

- *materiality* - using materiality to avoid key messages in the financial statements being obscured by excessive detail;
- *accounting policies* - reviewing accounting policies so that only relevant information is disclosed; and
- *presentation and layout* – considering the presentation of the financial statements so that the layout is such that it allows readers to navigate through the statement and focus on key messages.

Streamlining year-end closure

In the publication, CIPFA summarises the key elements to streamlining the accounts closure process as effective planning and project management – focusing on what is important and starting the process early to promote a “right first time” culture.

CIPFA has also included several examples of good practice in the publication, but also notes that these examples should be tailored to each individual authority's circumstances.

The publication is available on CIPFA's website:

https://www.cipfa.org/~media/files/policy%20and%20guidance/panels/local%20authority%20accounting%20panel/streamlining_guidance_pre_publication_version.pdf?la=en

6. CIPFA Bulletin on closure of the financial statements (March 2019)

CIPFA has issued its bulletin in respect of the closure of the 2018/19 financial statements. The Bulletins are to assist practitioners with the application of the requirements of the Code of Practice on Local Authority Accounting, and are intended to be best practice, but are not prescriptive.

The Bulletin provides additional guidance on a number of areas on which there have been developments since the initial code was published:

- Financial instruments, and the implementation of IFRS9 – where a new interpretation by CIPFA/LASAAC resulted in some edits to the structure of the Code's provisions and therefore cross references to the Code in the issued early guidance required updating.
- Revenue from contracts (IFRS15) – with amendments implemented in the Code to more clearly illustrate the revenue recognition treatment for different revenue streams.
- Transactions between segments – which are now explicitly prohibited from being presented in the Comprehensive Income and Expenditure Statement, and should be eliminated in the Expenditure and Funding Analysis.
- EU withdrawal – which is dependent on events, but recognises that reference within the annual accounts may require consideration, based on an authority's assessment of their organisation's own specific circumstances and the needs of the readers of the annual accounts. It notes some potential areas for consideration.
- Guaranteed Minimum Pension – which relate to situations where a pension scheme was 'contracted out' and the pensions benefits are less than the pensioner would have received if the contracting out had not applied. The pension scheme would be required to increase the pension paid to reach the GMP. It is unclear whether estimates of the impact are available for all public sector pension schemes

TECHNICAL UPDATE (CONT.)

7. Local auditor reporting in England 2018 (January 2019)

Each year, local auditors give an opinion on whether local public bodies produce financial statements that comply with reporting requirements and are free from material errors and conclude whether local public bodies have arrangements to manage properly their business and finances (the conclusion on arrangements to secure value for money).

Since 2015, the Comptroller and Auditor General (C&AG) has been responsible for setting the standards for local public audit, through maintaining a Code of Audit Practice and issuing associated guidance to local auditors. This report:

- provides an overview of the work of local auditors
- describes the roles and responsibilities of local auditors and relevant national bodies in relation to the local audit framework; and
- summarises the main findings reported by local auditors in 2017-18.
- considers how the quantity and nature of the issues reported have changed since the C&AG took up his new responsibilities in 2015; and
- highlights differences between the local government and NHS sectors.

The NAO found that the number of NHS and local government bodies with weaknesses in their arrangements for delivering value for money is increasing. Given increasing financial and demand pressures on local bodies, they need strong arrangements to manage finances and secure value for money. Only three of the bodies (5%) NAO contacted in connection with this study were able to confirm that they had fully implemented their plans to address the weaknesses auditors reported. This suggests that while auditors are increasingly raising red flags, some of these are met with inadequate or complacent responses.

The number of qualified conclusions on local arrangements to secure value for money is high and increasing. The proportion of local public bodies whose plans for keeping spending within budget are not fit-for-purpose, or who have significant weaknesses in their governance, is high. This is regarded as a risk to public money and undermines confidence in how well local services are managed. Local bodies need to demonstrate to the wider public that they are managing their organisations effectively, and take local auditor reports seriously. Those charged with governance need to hold their executives to account for taking prompt and effective action. Local public bodies need to do more to strengthen their arrangements and improve their performance.

NAO state that local auditors need to exercise the full range of their additional reporting powers, where this is the most effective way of highlighting concerns, especially where they consider that local bodies are not taking sufficient action. Government departments need to continue monitoring the level and nature of non-standard reporting, and formalise their processes where informal arrangements are in place. The current situation is regarded as serious, with trend lines pointing downwards.

The full report can be found at the following link:

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>

TECHNICAL UPDATE (CONT.)

8. Local Authority governance (January 2019)

NAO's report examines whether local governance arrangements provide local taxpayers and Parliament with assurance that local authority spending achieves value for money and that authorities are financially sustainable. The report addresses this question in three separate parts:

- Part One examines the pressures on the local governance system;
- Part Two explores the extent to which local governance arrangements function as intended; and
- Part Three assesses whether the Department is fulfilling its responsibilities as steward of the system.

The report finds that Local government has faced considerable funding and demand challenges since 2010-11. This raises questions as to whether the local government governance system remains effective. As demonstrated by Northamptonshire County Council, poor governance can make the difference between coping and not coping with financial and service pressures. The Department (MHCLG) places great weight on local arrangements in relation to value for money and financial sustainability, with limited engagement expected from government. For this to be effective, the Department needs to know that the governance arrangements that support local decision-making function as intended. In order to mitigate the growing risks to value for money in the sector the Department needs to improve its system-wide oversight, be more transparent in its engagement with the sector, and adopt a stronger leadership role across the governance network.

The full report can be found at the following link:

<https://www.nao.org.uk/report/local-authority-governance-2/>

9. Departmental overview: Commercial and contracting 2017-18

Using ten case studies from NAO's work over the last 18 months, this overview identifies the main things that government departments need to look out for as they develop commercial relationships with their suppliers. Overall the NAO found that:

- Many problems arise before procurement begins. Good contracting requires getting the basics right at the start by:
 - Understanding what you are trying to contract out and the risks attached
 - Understanding, by both sides carrying out due diligence, who is best placed to take on those risks
 - Ensuring that the contract correctly allocates risks and responsibilities to those best able to manage them.
- There is a need for better performance measures and use of intelligence in managing contracts:
- Commercial capability is improving but contract management remains weak
- Performance measures need to be established at the start and assess quality as well as cost to ensure that the contract delivers value for money.
- Government departments need good intelligence on their suppliers to help them manage contracts effectively
- Government has had mixed results in managing markets, and to ensure that risks are managed and value for money is delivered it needs to develop a more interventionist approach to the markets it has created.

The full report can be found at the following link:

<https://www.nao.org.uk/report/departmental-overview-commercial-and-contracting-2017-18/>

10. Financial sustainability of local authorities 2018 visualisation

The NAO has made available its on-line 'interactive visualisations' which describe changes in local authorities' financial circumstances from 2010-11 to 2016-17. They can be used to explore broad trends identified in their report Financial sustainability of local authorities 2018 in order to gain a more detailed understanding of the experiences of individual local authorities. The data shows changes in income and spending alongside analysis of factors such as budget overspends and use of reserves.

The data and the original March 2018 report can be found at the following links:

<https://www.nao.org.uk/highlights/financial-sustainability-of-local-authorities-2018-visualisation/>

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2018/>

TECHNICAL UPDATE (CONT.)

11. Planning for new homes (February 2019)

The NAO has recently published a report on *Planning for new homes*. This report is part of a series on housing in England, including *Housing in England: overview (2017)* and *Homelessness (2017)*. The latest report focuses on the Ministry of Housing, Communities and Local Government's (MHCLG's) objective for housing in England to deliver a million homes by the end of 2020; half a million by the end of 2022; and to deliver 300,000 net additional homes a year on average.

The report recognises that increasing the supply of new homes is a complex task and one of the measures MHCLG has introduced to help achieve the objective is reforming the planning system. The report notes that the planning system is fundamental to providing new homes and it assesses how effectively MHCLG supports the planning regime to provide the right homes in the right places through:

- supporting local authorities to produce plans for how the supply of new homes will meet need in their area;
- supporting local authorities and the Planning Inspectorate in having effective and sufficiently resourced planning processes and teams to deal with planning applications and appeals; and
- working effectively with local authorities, other government departments and developers to ensure infrastructure to support new homes is planned and funded.

The report finds that at present, the system is not providing value for money and that the supply of new homes has failed to meet demand. It notes that a number of factors have contributed to the planning system not working and some of these include:

- the process of setting the need for new homes;
- the reductions in local authority capability;
- the under-performing Planning Inspectorate; and
- failures in the system to ensure adequate contributions for infrastructure.

The report recognises that MHCLG's new National Planning Policy Framework is an important step, but it is too early to tell whether the changes it introduces will be effective. The report also makes a number of recommendations for MHCLG to implement alongside the framework to help the planning systems work more effectively. Auditors may find the report useful when considering their VFM arrangements risk assessment.

The data and the original March 2018 report can be found at the following links:

<https://www.nao.org.uk/report/planning-for-new-homes/>

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SEND DEEP DIVE – MEMBERS REPORT BACK

Councillor Nick Sharman
Audit Committee

<p>AUDIT COMMITTEE</p> <p>MEETING DATE:</p> <p>10th April 2019</p>	<p>CLASSIFICATION:</p> <p>Open</p> <p>If exempt, the reason will be listed in the main body of this report.</p>
<p>WARD(S) AFFECTED</p> <p>All Wards</p>	
<p>This is an information report provided by Cllr Nick Sharman.</p>	

1. CLLR SHARMAN’S INTRODUCTION

- 1.1 This is a report back to members of the Audit Committee on the committee’s deep dive into the planning and risks associated with the cost pressures in the provision for children with Special Educational Needs and Disabilities (SEND). The SEND cost pressure is a significant financial risk facing this and many other Councils. We embarked upon this deep dive into the nature of this cost pressure and the steps being taken to manage it in order to assure ourselves that this risk was being properly planned for and managed.
- 1.2 Our objective was to better understand the issues faced by the Council and by the SEND service. We wanted to ensure we were doing all we could as a Council to maintain the quality of service necessary for some of our most vulnerable residents. We were also concerned that we look at the wider implications of the financial pressures for the Council as a whole so that members are fully appraised of the risks and the planning to mitigate them. We are indebted to Cllr Kennedy for his continued support for this piece of work.

2. RECOMMENDATION

- 2.1 The Audit Committee is recommended to note the report and its conclusions.

3. REASONS FOR REPORT

- 3.1 The SEND cost pressure is a significant risk facing the Council. The implications of the cost pressure may have an impact on the provision of services for residents and on the Councils financial planning. As a consequence, members of the Audit Committee undertook a more in depth look at this issue to be confident that appropriate action is being taken to mitigate this risk, as far as is possible. The SEND cost pressure is in many ways a risk beyond the control of the Council, but we nevertheless needed to understand and manage the potential impact of this on our services and our planning for the future. The 'deep dive' process helped us to assess this, and as such it is important that the Audit Committee is aware of this.

4. BACKGROUND

Scope of the SEND Deep Dive

- 4.1 The scope of the SEND deep dive is detailed below. Officers provided briefings to members of the deep dive group, and made two detailed presentations on the scale and nature of the cost pressure. These presentations and discussions helped us to better understand the drivers of the cost pressure and to model and forecast the impact of this in the future.
- 4.2 We were also briefed on the current Judicial Review and legal challenges to Hackney and other local authorities in terms of their implications and the extent to which these constrain our ability to develop new strategies and responses to the cost pressure.
- 4.3 The remit for our work covered the following points:
Current monitoring and financial forecasts for SEND provision and SEND transport, including:
- forecast cost pressure and overspends against baseline budgets,
 - cost control activities and constraints, and
 - SEND business process and policy.

3 Year Forecasts and Trends - modelling of data and trends including:

- SEND national funding formula assumptions, and
- the implications of current trends.

Potential actions to manage and mitigate the implications.

What has been done, what is pending, and what is planned in terms of:

- provision planning for current and future demand (capital programme and place commissioning),
- cost control and cost reduction planning, and
- cost reduction activities options and limitations etc.

- 4.4 This report back is not intended to be a detailed report into the SEND cost pressures, but to give a flavour of the detail we looked at in terms of the scale of the pressure and the actions to tackle it.

4.5 Equality Impact Assessment

This is an information report, and for the purposes of this report, an Equality Impact Assessment is not applicable. However, in the course of SEND planning, management and associated duties, all work is carried out in adherence to the Council's Equality policies.

4.6 Sustainability

This is an information report and as such contains no new impacts on the physical and social environment.

4.7 Consultations

This is an information report and as such consultation is not required. Reporting to the deep drive group was undertaken by the Assistant Director, Education Services (Andrew Lee), Frank O'Donoghue, Head of Business Services. Reporting was undertaken in conjunction with Ian Williams, Group Director - Finance & Corporate Resources.

5. CURRENT SEND POPULATION AND FINANCIAL FORECASTS

SEND Population Analysis

5.1 The following sections summarise the current position drawing on planning and population data in relation to the SEND cohort.

Table 1 below shows the continued increase in the number of SEND children supported with an EHCP. Hackney is not an outlier in this respect and the pattern is in line with that of other similar boroughs. The prevalence of a child receiving an EHCP in Hackney is also in line with other boroughs, slightly higher than the London average, but this is expected when accounting for relative deprivation and the correlation between deprivation and SEND. Reference is SEND2 statutory census returns.

Table 1a

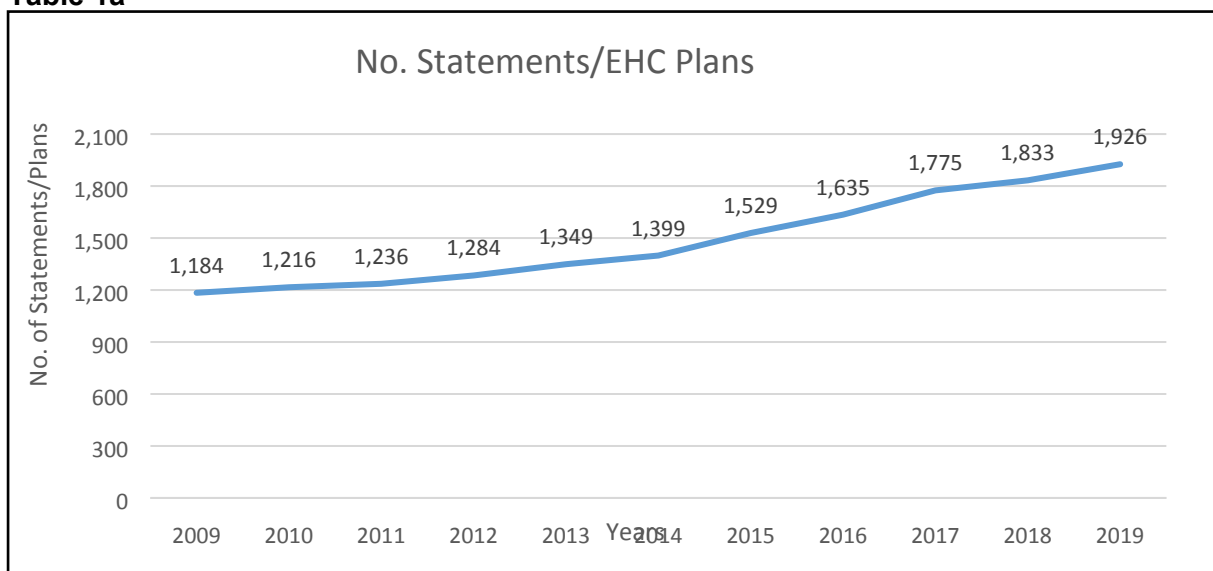


Table 1b

Age Breakdown SEN CYP	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Under age 5	83	76	83	95	95	121	139	71	126	137	122
Aged 5 to 10	507	514	516	535	551	570	617	611	676	706	777
Aged 11 to 15	524	564	576	582	615	617	635	667	680	677	730
Aged 16 to 19	70	62	61	72	88	91	138	252	251	268	260
Aged 20 to 25								34	42	45	37
TOTAL	1,184	1,216	1,236	1,284	1,349	1,399	1,529	1,635	1,775	1,833	1,926
Actual Annual Increase	0	32	20	48	65	50	130	106	140	58	93

The average annual increase in the number of plans awarded has been running at an average of 100 over the past 5 years. This is expected to continue and is also reflected in the financial forecasting below.

Table 2 below shows the continued increase in the proportion of the borough 0-19 pupil population that are awarded an Education Health and Care Plan (EHCP) with a funded support package. Whilst the increase in the proportion of the population receiving a plan appears to be relatively small, it is nevertheless significant financially. The prevalence of children receiving a plan in Hackney is slightly higher than the London average, but this is expected when accounting for relative deprivation and the correlation between deprivation and SEND. This data reflects the increase in the level of need and is also reflected in the increasing cost pressure.

Table 2

Hackney 0-19 Population	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Hackney population aged 0-19 (mid-year)	61400	61700	62300	63400	64500	65500	66900	68100	68800	69400	70100
% of Hackney population aged 0-19 with Statements / Plans	1.9%	2.0%	2.0%	2.0%	2.1%	2.1%	2.3%	2.4%	2.5%	2.6%	2.7%

From GLA London Forecast

Table 3 below shows the continued increase in the proportion of the borough 0-19 pupil population overall in recent years. The average annual increase over the last 5 years has been 1.4% and over the last 3 years 1%. In addition to the data in **table 2** above, this has also contributed to the escalating cost pressure.

Table 3

Hackney 0-19 population	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Hackney population aged 0-19 (mid-year)	61,400	61,700	62,300	63,400	64,500	65,500	66,900	68,100	68,800	69,400	70,100
Year on year increase		0.5%	1.0%	1.8%	1.7%	1.6%	2.1%	1.8%	1.0%	0.9%	1.0%

From GLA estimates

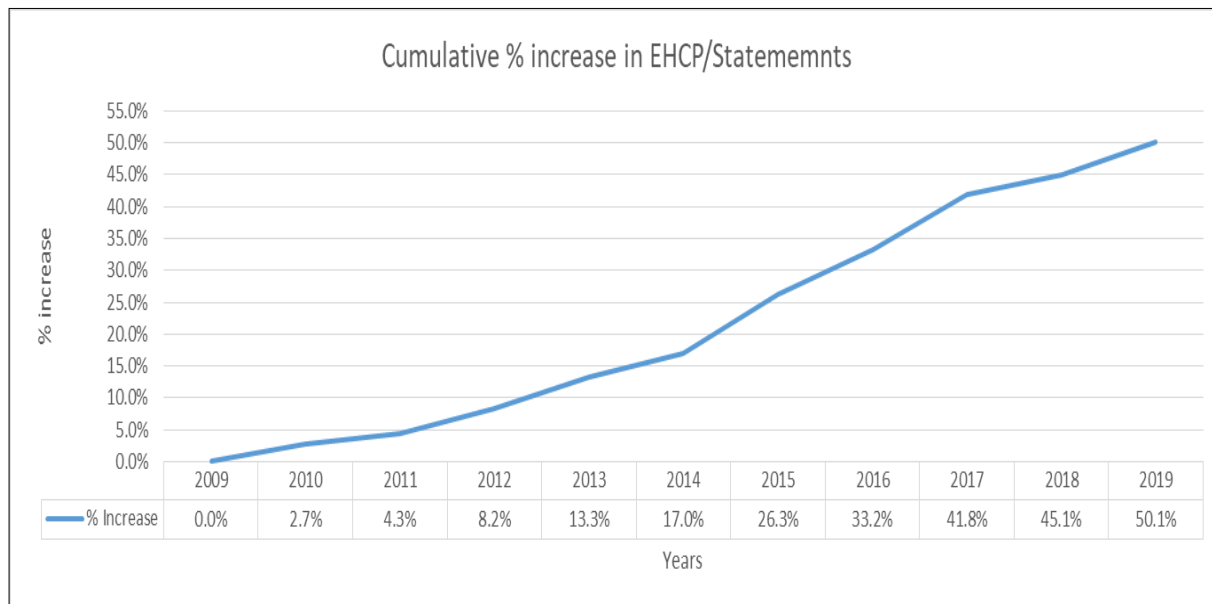
Table 4 below- shows the % increase in the number of EHPs awarded over the last 10 years. The average annual increase has been significantly higher in the period since 2013 than in the period up to 2012. This reflects both the increase in pupil population and the increase in level of need illustrated in the tables above. This trend is not expected to change in the short term.

Table 4

% increase		
2009 to 2019	2009 to 2012	2013 to 2019
62.7%	8.4%	42.8%
Average annual increase	2.8%	7.1%

Table 5 below shows the cumulative % increase in the number of children with EHCPs each year and clearly illustrates the escalating nature of the pressure brought about by the year on year increases. Given that it is only in this financial year and last, that relatively small increases in funding have been awarded to help meet this escalating cost, there is a very significant funding shortfall against the number of EHCPs already in the Hackney system. The recent funding increases have not matched the escalation in cost associated with the additional plans, and there has effectively been no funding increase to match the increase in plans between 2012 and 2017.

Table 5



5.2 Extensive modelling of data published by the DfE, GLA and local data from a range of different sources has confirmed our analysis of the cause of the escalating cost pressure and its likely future trajectory. This pattern has also been the experience of other similar local authorities and is also reflected in the cost pressures they are currently experiencing. Although based on a different approach to data, the implications of these trends are also reflected in the financial data and modelling below.

SEND Financial Forecast

- 5.3 The following section summarises the current financial forecast. The pupil number methodology used for this exercise is not the same as that used in the population census data used in the analysis above and therefore is not comparable. Although different in approach, the outcome of the financial forecast is consistent with the implications of the population forecasts given above.
- 5.4 SEND expenditure on pupils that have an ECHP (or previously a statement of SEN) has been increasing annually to 2018-19 at an average of £1.5m based on the last 3 years data. This has ranged from £1.3m to £1.7m with the increase from 2017-18 to 2018-19 being £1.7m. Alongside this, transportation costs home to school transport for SEND pupils has also increased as pupil numbers have risen.
- 5.5 A model has been developed to forecast the cost of future SEND provision based on an analysis of spend per pupil over the last 3 years and the current pupil data profile. This is used, alongside other intelligence, to provide a rolling five year forecast, currently covering 2019-20 to 2023-24. The forecast shows the expected spend for SEND provision, and also the cost of associated transport provision. It should be noted the SEND EHCP provision is

met from High Needs DSG funding, and transport funding is met from Council funding. These forecasts are shown in summary in the tables below, however a note of caution given that a 5 year forecast on a relatively small and volatile data set does come with a health warning.

- 5.6 The financial forecast has been made by analysing past costs per pupil, determining the average annual percentage increase in costs per type of setting and extrapolating this into future years. A more detailed explanation of the definitions used and methodology is available to the SEND deep dive group.
- 5.7 As mentioned above, the 2018-19 increase in the size of the cost pressure has been £1.7m. Using the SEND2 census data in **table 1** above, the average annual increase in the number of EHCP plans has been at an average of 5.6% p.a. for the 3 years 2017-2019. Using the financial (rather than population) analysis, the average cost increase over the periods 2016-17 to 2017-18 and 2017-18 to 2018-19 has been 5.3% (and over 2018-19 it was 5.9%). Cross referencing two approaches in this way using two separate data sets has provided us with a level of assurance over the basis for the forecast over the next few years. The forecast beyond the next 3 years becomes less confident given the size and volatility of data for such a relatively small cohort of pupils.
- 5.8 Looking ahead to the financial forecast summarised below, this indicates that the % increase in costs from 2018-19 to 2019-20 will be 5.8%, slightly lower than the 5.9% 2017-18 to 2018-19 increase. The model also shows that the year on year increase for 2020-21 would be 6.1%. Allowing for some variation in the forecast range, we have concluded that an annual increase in the SEND provision cost pressure should be factored in at a prudent £2m per annum. This may change further as the number of new pupils supported by SEND provision budgets increases and the numbers exiting this support remains static or falls. The data indicates a more rapid increase in the number of new plans than simply looking at the net increase in the number of plans would suggest. We believe the analysis and forecasting in use by the service is now robust and the forecast can now also be routinely tested against actuals.
- 5.9 **Table 6** is a high level summary of the output from the financial analysis and model. The approach uses a count of any pupil that receives financial support at any time in the course of a financial year [“All Year Pupils”], and the number that remain a financial commitment to the Council at the start of the following financial year, [“Live Pupils”] to assess future implications. Whilst the data on pupils numbers below is not comparable to the census snapshots used in the population section above, modelling in this way allows for more refined modelling of costs on different variables, for example by modelling different unit costs per pupil, per type of provision.

Table 6

School Type	2019/20		2020/21		2021/22		2022/23		2023/24	
	Est'd Cost £000's	Est'd live Pupil No.	Est'd Cost £000's	Est'd live Pupil No.	Est'd Cost £000's	Est'd live Pupil No.	Est'd Cost £000's	Est'd live Pupil No.	Est'd Cost £000's	Est'd live Pupil No.
Independent School Total	10,921	315	11,617	321	12,357	328	13,144	334	13,982	341
Special Schools Total	8,221	373	9,164	404	10,215	438	11,387	475	12,694	515
Mainstream Total	5,646	615	5,731	621	5,817	628	5,905	634	5,994	641
Out of Borough Total	3,794	206	4,149	213	4,538	221	4,963	229	5,428	237
College / Post-16 Total	2,423	145	2,420	145	2,417	144	2,414	144	2,411	143
Academies Total	1,410	226	1,296	225	1,191	223	1,095	222	1,006	221
Independent Nursery Total	252	29	256	31	260	35	264	38	269	42
	32,666	1,909	34,633	1,961	36,796	2,017	39,173	2,076	41,783	2,139

5.10 Currently, additional government funding does not cover this scale of increase and the position on future funding is not expected to become clear until after the autumn spending review.

SEND Transport

5.11 The SEND Transport forecast is based on actual financial figures from the last 2 financial years and estimated cost for the current year (2018-19). There is a close correlation between EHC plans and transport service costs. As the number of EHC plans increase, the number of pupils that require this service increases and the associated transport costs.

5.12 In **table 7** below, 'In-house service' includes all in-house costs such as staff, operational costs, buses and minibuses, etc. Taxi service only includes direct taxi costs, and Personal Transport Budget (PTB) only includes payment made directly to parents that would like to arrange their own transport for their child. In terms of cost, PTB is more cost efficient than Taxi Services and an area to further promote to parents that are currently using taxi service.

5.13 A forecast has been formulated to plan for an average increase in spend over the next 3 years. We are anticipating a 1.63% increase year on year over the next 3 years. A detailed review and benchmarking of the transport service has been undertaken this year (2019) which illustrates, as is the case with EHCP's generally, that Hackney provision is in line with that of other similar boroughs. Nevertheless, an action plan has been drawn up to continue to control costs with an emphasis on promoting personal transport budgets and individual travel training. The significant reduction in costs in 17-18 corresponds with a review and rationalisation of bus routes undertaken by the service at that time. We noted a number of initiatives to manage costs and promote pupil independence, of which independent travel training was the most promising.

Table 7

	2016/17		2017/18		2018/19		2019/20		2020/21		2021/22	
	Count	Spend	Count	Spend	Count	Spend	Count	Spend	Count	Spend	Count	Spend
In-house Service	205	2,039,015	243	1,772,574	264	2,032,912	275	2,152,830	280	2,187,998	297	2,223,740
Taxi Service	315	2,040,772	257	1,992,369	240	2,000,000	241	1,889,218	240	1,875,427	240	1,792,607
Personal Budget	14	133,903	29	164,594	41	290,000	45	351,482	52	401,877	70	521,898
Total	534	4,213,690	529	3,929,537	545	4,322,912	561	4,393,530	572	4,465,302	607	4,538,246
Total Cost Centre % Increase and projected increases				-6.74%	10.01%	1.63%	1.63%	1.63%				

5.14 An overall summary of the financial implications are given after **section 6 below** that gives a high level summary of the provision planning for the future.

6. PROVISION PLANNING FOR THE FUTURE

6.1 We were briefed on the statutory duty to make sure there are suitable school places for all children, including those with Special Educational Needs and Disabilities (SEND). It is important that local authorities are able to plan effectively for this group of pupils not least because they are a vulnerable group, are growing in number and often require costly provision.

- 6.2 A comprehensive SEND Provision Plan is being developed to help in planning provision for the most vulnerable group of SEND learners – those with Education Health Care Plans. It has been possible to make the plan more comprehensive following DfE capital funding allocations to develop new SEND provision and DfE guidance on developing consistent strategic plans across all areas.
- 6.3 As illustrated above, there has been an unprecedented increase in the number of EHC Plans over recent years. The number of children and young people with Statements of SEN / Education, Health and Care Plans has increased significantly, approximately 36% over the last 5 years, with an average annual growth of 6.1%. A consequence is that the demand for specialist places is outstripping supply and the cost of independent provision is rising.
- 6.4 The limited availability of local and/or maintained specialist provision means local authorities have been increasingly reliant upon the independent sector. However, this is not sustainable long term and so we are planning for more local specialist provision.
- 6.5 The reasons for this increase have been subject to intense national scrutiny and debate, this not just being a local issue but a national one. The impact of the Children & Families Act and the *presumption to assess* has clearly created additional pressure which is resulting in more assessments, more plans, more demand for specialist places and additional costs. The overall increase in population and the changing level and type of need has played a part as has the absolute duty on a local authority to provide appropriate provision irrespective of ‘allocated’ budget.
- 6.6 **Table 8** below shows the current local authority currently commissioned specialist settings in Hackney across a range of SEND needs (1926 EHCPs in 2019).

Table 8 In Borough Commissioned Specialist Provision										
Setting	SEND	Type	KS	Designated number					Total	
			Phase	EY	Pri	Sec	16-19	19 +		
Millfields ARP	ASD	maintained	Pri		10				10	
Tyssen	ASD	maintained	Pri		10				10	
Shoreditch	ASD	maintained	Pri		10				10	
Queensbridge	ASD	Maintained	Pri							
Mossbourne	ASD	maintained	Sec			15			15	
Thomas Fairchild	SCLN	maintained	Pri		10				10	
Sir Thomas Abney	SCLN	maintained			18				18	
Stormont	Complex	maintained	KS 3 to 4+1			100	23		120	
The Garden	ASD	maintained	EY to KS4	10	65	75	n/a		150	
Ickburgh	PMLD/ ASD	maintained	KS1- KS5		65	65	20		150	
New Regents College	Vulnerable	maintained	KS1 - KS 4		50	175			225	
Petchey unit	DPH	Academy	Sec			4	0		4	
Comet	Generic	Maintained	EY	5					5	
Wentworth	Generic	Maintained	EY	5					5	
NCC	Generic	FE	post 16				15	50	65	
B6	Generic	FE	post 16				30		30	
Totals					20	238	434	58	50	827

- 6.7 The local authority also commissions specialist placements in a wide range of provisions in other local authority maintained settings as well as independent settings as a result of:
- limited in borough provision,
 - highly specialist needs, and
 - cost efficiency e.g. regional approaches to low incidence needs such as Deaf and Partially Hearing (DPHO and Visual Impairment (VI)).
- 6.8 The secondary transfer data (children with an EHC plan transferring to secondary school in September 2019) provides a proxy indicator of the types of provision used and the expected continued demand. There were 127 children transferring in September 2019.
- 61 children were offered places in Hackney maintained mainstream schools
 - 36 children were offered places in the 3 Hackney maintained special schools
 - 13 children were offered places in Hackney Orthodox Jewish schools
 - 2 children were offered places in out borough maintained mainstream schools.
 - 2 children were offered places in Hackney independent special schools.
 - 7 children were offered places in out borough independent special schools
 - 1 child was offered a place in an out borough maintained mainstream school
 - 2 LAC children were placed in out borough independent schools
 - 3 children are currently awaiting placement. The type of school has been named on their EHC plan
- 6.9 The Provision Plan identifies a number of scenarios based on a 'sufficiency plan' through which the data forecasts are made. The most probable scenario suggests the number of EHCP pupils rises from 1,926 in Jan 2019 to 2,400 in 2024 and (Table 9) projects the following breakdown by pupil need by type.

Table 9

Type of Need	Hackney % of total SEND (not just EHCP) Jan 2019	Projected number 2024
Specific Learning Difficulty	6	144
Moderate Learning Difficulty	18	440
Severe Learning Difficulty	1	29
Profound & Multiple Learning Difficulty	0	9
Social, Emotional and Mental Health	15	366
Speech, Language and Communications Needs	43	1032
Hearing Impairment	1	23
Visual Impairment	1	15
Multi-Sensory Impairment	0	7
Physical Disability	1	27
Autistic Spectrum Disorder	9	216
Other Difficulty/Disability	4	96
Total	100	2404

- 6.10 In the course of our deep dive we were briefed on the sufficiency planning work that is providing the foundation behind the SEND provision plan.
- 6.11 We noted that the headline implications are that there is a growing and urgent need for:
- a) Specialist SEMH provision within the borough – units within schools and a small therapeutic oriented school.
 - b) Specialist school provision for ASD pupils across the age range including at the post 16 level.
 - c) Reviewing the approach to managing speech and language needs.
 - d) Specialist provision for young people demonstrating significant mental health issues.

7. COST CONTROL

- 7.1 In the course of our deep dive we were briefed on the cost control activities being undertaken to ensure value for money and cost reductions were being pursued wherever possible and without detriment to children with SEND. A number of efficiencies have been achieved and that work continues. A cost control plan is in place similar to the transport costs actions plan and we were assured that all possible avenues for cost control were being pursued.

8. KEY MESSAGES

- 8.1 In attempting to summarise a large and complex area of activity, I would highlight the following key messages to the committee:
- i. The cost pressure is forecast to continue and the scale and pace of growth in plan numbers will continue as outlined above.
 - ii. The scale of the increase in plan numbers in London - up 48% between 2010 and 2018 and up 38% between 2013 and 2018 matches our experience and seems likely to continue.
 - iii. The negative impact on SEND provision and transport budgets is dramatic because there has been no corresponding increase in funding since 2011-12 and the recent increases are too little too late – that pressure will stay in the system for a long time to come.
 - iv. The significant increases in pupil population and the level of SEND need and complexity was not reflected by increased funding and neither were the new responsibilities for 0-5 and 19-25 year old SEND provision.
 - v. Funding for provision to existing pupils is almost impossible to claw back to fund new plans making it very difficult to impossible to move from current per pupil funding levels to lower levels.
 - vi. The Children & Families Act – the *presumption to assess* has clearly created additional pressure but this is not acknowledged by government.
 - vii. Repeat legal challenge and absolute duty on a local authority to provide appropriate provision, irrespective of ‘allocated’ budget, allows for little local discretion of how best to fund provision or early intervention.
 - viii. Restrictions on local authorities managing pressures between DSG funding blocks locally, alongside the protection of the Schools Block means SEND escalating costs are no longer seen as a system problem for all parties to solve, but now more of an LA problem.

9. CONCLUSIONS

- 9.1 In reporting on the SEND cost pressure we have defined the difference in the cost of provision for children with EHCP's now, with the cost of provision for pupils with a statement of special educational need or EHCP in 2014-15. This is cited as the 'cost pressure' as there has not been a sufficient increase in government funding to reflect the corresponding increase in the number of children with EHCPs over that period as reported above
- 9.2 In 2018/19, Hackney Council expects to receive £42.1m in DSG High Needs funding. This is an increase of £1.4m on actual income received in 2017-18 and is the first real increase since 2012. Approximately half of this increase is funding which is expected to be temporary rather than in the permanent High Needs Block baseline.
- 9.3 In addition to DSG SEND funding, there is a Council budget of around £2.9m for some SEND services. These are the services that the DSG funding regulations stipulate DSG cannot be used for – such as SEND transport. The current cost is approximately £4.7m of which £4.3m is transport
- 9.4 **Table 10** below shows expenditure in excess of SEND budgets based on the 2014/15 baseline budgets.

Table 10

Expenditure in excess of the SEND budget (DSG + non-DSG)					
2013/14	2014/15	2015/16	2016/17	2017/18	2018/19 (forecast)
No overspend	£0.9m	£4.8m	£6.1m	£7.5m	£9.6m

During this period, the Council did not significantly alter the SEND budgets, and DSG income has increased by approximately £1.5m-£2.0m p.a. .

- 9.5 In view of the analysis and forecast in the preceding sections and the detailed presentations from HLT officers, we are confident that we are doing all we can to analyse, forecast and manage the SEND cost pressure. We are also of the view that the current cost pressure is likely to continue to increase for the foreseeable future, again along the lines outlined above and reported to us in our deep dive exercise. Whilst additional government funding is welcome, and there are signs that the scale of the issue is now being acknowledged, it falls far short of what is needed to address this issue.
- 9.5 There are current HLT savings of £3.8m to be offset against the current cost pressure and there will be an adjustment to increase SEND budgets by this amount in 2019-20. How the Council plans to address the implications of the ongoing cost pressure is not within the remit of this report, but having undertaken the deep dive requested by Audit Committee we are confident that our corporate and service teams are fully engaged in tackling this issue and making contribution to a much wider London response to the issue.
- 9.6 The current forecast suggests that SEND expenditure will increase by between around £1.7m - £2.0m per annum and that this rate of increase may continue for a number of years.

10. COMMENT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 10.1 This is an information item, reporting back on the Member level deep dive in relation to the SEND cost pressure faced by the Council, led by Cllr Nick Sharman. As such there is no direct financial impact arising from this report as the financial reporting, and reporting on strategies and plans in relation SEND will be the subject of separate reports and also included within the Council's overall financial planning and budgetary framework. The reporting to members of the SEND deep dive group has been undertaken in conjunction with the Group Director, Finance and Corporate Resources.

- 10.2 However, as set out in the report, it should be noted that the ongoing pressures in relation to SEND, have to date been dealt with via a combination of contributions from reserves held by the Learning Trust and efficiencies within other parts of the directorate in order to offset the overspends in this area.
- 10.3 Clearly, continued use of reserves is not a sustainable option as these funds by their nature are one-off and indeed it is anticipated that the current reserve available for this purpose will be exhausted during 2019/20. Equally, the drive for efficiencies elsewhere in the Hackney Learning Trust become more difficult as time progresses and could impact on the delivery of other services if further funding is not forthcoming.
- 10.4 This pressure needs to be considered alongside the wider Council's budgetary position and particularly bearing in mind the overall forecast budget deficit for future years of some £30m by 2023/24. The transport pressure element of this is, as set out in this report, a direct call upon the Council's funding envelope. Whilst it could be argued that the high needs pressure should be funded from DSG, again as set out in this report, it would seem unlikely that an increase to fund the pressure from this resource is likely. The Council will therefore need to consider this in its future budgets with a potential further increase in the overall deficit forecast, requiring even more substantial savings from across other Council expenditure areas.

11. COMMENT OF THE DIRECTOR OF LEGAL SERVICES

- 11.1 This is an information item, reporting back on the Member level deep dive in relation to the SEND cost pressure faced by the Council, led by Cllr Nick Sharman. There are no direct legal implications arising from this report. The position on the SEND Judicial review in respect of Hackney will be reported separately when available.

BACKGROUND PAPERS None

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

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

**AUDIT COMMITTEE
MEETING DATE 2018/19**

10th April 2019

CLASSIFICATION:

Open

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

WARD(S) AFFECTED

All Wards

Group Director

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

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1 This report updates members on the corporate risks for the Children's Adults and Community Health Services Directorate as at February 2019. It also identifies how risks within the Directorate are identified and managed throughout the year and our approach to embedding risk management.

2. RECOMMENDATION

- 2.1 The Audit Committee is recommended to note the contents of this report and the attached risk registers and controls in place.

3. REASONS FOR DECISION

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

4. BACKGROUND

- 4.1 The current Directorate risk profile was reviewed by the Directorate of Children's, Adults and Community Health Services Management Team on 13th February 2019. Detailed risk registers, for Children's Services, Hackney Learning Trust (HLT), Adults Services and Public Health have been prepared and were reviewed by the Management Team and the high-level Directorate risks highlighted and included at Appendix one.

4.2 Policy Context

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

4.3 Equality Impact Assessment

For the purposes of this report, an Equality Impact Assessment is not applicable, although in the course of Risk Management (and associated

duties) all work is carried out in adherence to the Council's Equality policies.

4.4 **Sustainability**

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

4.5 **Consultations**

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

4.6 **Risk Assessment**

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

5. **DIRECTORATE RISK REVIEW**

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

Children and Family Risks

5.2 There has been no significant change to the profile of risks for Children and Families set out in our report to Audit Committee last year. Further external pressures which may impact on expenditure are, however, highlighted in the risk register set out at Appendix one, namely:

- Demand for services is increasing due to the impact of austerity, benefit changes and housing issues on families within Hackney which are impacting on the level of need in the borough. We anticipate that Universal Credit may further increase the demand for services.
- Legislative changes that provide care leaver support to age 25 (from April 2018) came with limited additional funding from the Government. A business case is being developed to look at different options to make best use of available resources and alleviate pressures on the Leaving Care Service. Given that a communication about the extended service legislation has now been sent out to 21yrs+ care leavers who were previously closed to leaving care, we are anticipating a number of young people returning to the service for support, resulting in an increase in leaving care service demand. We are currently performing an

options appraisal to look at forecasting demand as well as identifying possible service redesign activity to aid service demand and flow.

- 5.3 The impact of these factors will be captured through budget monitoring reported to Cabinet through the Overall Financial Position (OFP) report.
- 5.4 Each year we categorise the risk of a 'Child or young person suffering significant harm, injury or death' as red. Despite our positive assessment of the controls in place to mitigate the likelihood of this occurring the impact of and the many external factors that have a bearing on such an event lead us to the conclusion that this is inevitably high risk.
- 5.5 It is also emphasised that controls in relation to the risk of harm, injury or death are subject to external review through the Ofsted inspection process. Our last inspection in summer 2016 rated our Children's social care services as 'good' with services to care leavers 'outstanding.' The Council's Youth Justice Services were also inspected in the summer 2016 by HMIP and although these inspections do not generate an overall judgement the report highlighted strengths in service delivery and no major areas for improvement.
- 5.6 The current Ofsted Inspection of Local Authority Children's Services (ILACS) framework was introduced in January 2018. Driving up improvement and catching local authorities before they fall are the principles underpinning the new framework, which is described as a system rather than a programme of inspection. ILACS attempts to take a proportionate, whole system approach that is less intensive than the single inspection framework. In addition to on-site inspection activity, this new way of working is supported and informed by an annual self-evaluation, an annual conversation with Ofsted and Ofsted's local authority intelligence system.
- 5.7 Following Hackney's annual conversation with Ofsted on 25th October 2018 Ofsted inspectors carried out a focused visit in Hackney on the 5th and 6th of February 2019 focusing on CIN and CP plans. Formal feedback from the visit will be provided to us in early March 2019 and an action plan will be put in place to address issues raised.

HLT Risks

- 5.8 **Downgraded risks:** The risk previously reported regarding the Early Years National Funding Formula having a negative impact on HLT's ability to support settings has been downgraded in light of the successful implementation of the 5% cap on central services in accordance with the Early Years National Funding Formula (EYNFF). Furthermore, the anticipated risk arising from the expansion of the eligibility criteria for 2 year free entitlement to incorporate Universal Credit, did not prove to be

significant. Whilst the risk will be kept under quarterly review by HLT, it has been removed from this report.

5.9 **New risks:** One additional risk has been added recognising that rates of exclusion in Hackney schools remain amongst the highest in the country. Strategies to reduce exclusion are in place, with further initiatives (including an analysis of the causes of exclusion and engagement with preventative services) being implemented.

5.10 **Ongoing risks:** In addition to the new risk outlined above, a further 9 risks continue to present challenges and are reported on the attached register. Of these, the following have been identified as presenting particular challenge to HLT's operations and financial stability:

- **Rigg Approach Depot (SEND Transport Assistance)** – Termination of the lease for the continued use of the Rigg Approach depot for the SEND transport fleet – the uncertainty of the current lease under its new ownership continues. The SEND transport fleet based at Rigg Approach is now subject to a 3-year lease and the user of an adjacent site has been given notice of development. Whilst a feasibility study for an alternative site proved unsuccessful, other options and contingency arrangements continue to be investigated. The SEND transport service provides essential transport to 500 of our most vulnerable pupils. The risk rating, therefore, remains very high until a more certain alternative arrangement can be secured.
- **The impact of the government's reforms on education service delivery** – whilst grounds for the forced academisation of schools has been restricted to only those who have failed their Ofsted, the Secretary of State for Education continues to promote the benefits of academisation, signalling that this remains the Government's preferred option for schools. The Hackney Schools Group proposals continue to be developed. Recent consultation has been positively received by schools and other stakeholders. A report to LBH Cabinet will be submitted outlining a proposed model for a strategic advisory board, which will facilitate greater involvement by schools in the leadership of the local education system. Whilst the implications of this risk remain high, they have been reduced in the light of ongoing work around the Hackney Schools Group and the strengthening of a collaborative and cohesive local schools system.
- **Meeting statutory requirements for SEND included in the Children and Families Act** - Whilst Hackney had a positive SEND inspection in 2017, the inspection noted that we are not completing Education, Health and Care Plan (EHCP) needs assessments in 20 weeks. The risk rating was reduced to amber last year, following good progress made against the requirement to transfer all Statements to EHC Plans by March 2018, as well as favourable comparisons to other LAs. The risk has increased recently, however, partly as a result of the increasing number of assessments being undertaken. Concerns still remain regarding completion of EHC Plan assessments

within 20 weeks. In addition, judgment of the Judicial Review regarding EHC Plan funding arrangements in the borough is still pending.

- **Escalating SEND spend** – This is now a year-on-year issue given the limits on funding combined with a growing population and increase in the level and complexity of need. Current forecasts suggest provision costs are escalating at around £1.5million per annum. This is unsustainable. This position is compounded by the prospect of limited movement by government to address the issue. This risk is affecting many local authorities across the country. This remains the single biggest risk to the education service as progress continues to be limited towards achieving any significant cost reductions. Judgements from the Judicial Reviews of Hackney and Surrey councils (which are likely to have consequences for all LAs in England and, potentially for the Government) are still pending. Given this, the highest possible risk rating has been applied, to reflect the severity of this risk.
- **Safeguarding considerations for those pupils who are not registered at a school** (this relates to Electively Home Educated (EHE) pupils, children missing from education, children attending unregistered settings, children who are yet to be allocated a school place, etc.) This is a high profile issue, the numbers of EHE in the borough are rising. There is an expectation that the borough must work to ensure the safety and wellbeing of all such pupils, challenging existing legislative frameworks and guidance where necessary to do so, and working with partners to ensure effective and robust identification, tracking, consultation and referral. This red rated risk recognises the severity of the potential risks of a safeguarding failure.
- **School Places** - The nature of the risk around primary school places has changed, going from a position of insufficient school places to a surplus of school places. This poses very significant risks to schools' financial viability. Projections of the demand for primary school places indicate an increasing and potentially substantial surplus, which carries with it significant financial risks to maintained schools, and therefore to the Council. The risk in primary has, therefore, increased. The risk for secondary remains high, but unchanged from last year. It should, however, be noted that the pressure to build new secondary schools is not as acute and a decision has been taken to postpone the opening of a second secondary in the borough.

Public Health

- 5.11 Risks within commissioned Public Health services have not changed substantially since last reported to the Committee. The service's highest area of spend and risk relates to sexual health services, as set out in 'CACH PH 007 Sexual Health'. Testing for sexually transmitted disease is a demand-led service, delivered mainly by NHS providers in locations across London and beyond. The Council has limited control

over that demand and the clinical imperative is for as many high risk, asymptomatic residents as possible to undertake regular tests. In order to manage the financial risk to the council, London boroughs have collectively undertaken a recommissioning exercise that aims to reduce the likelihood of the financial risk being realised. Controls include the introduction of an online service for residents to order self-testing kits that will be delivered to an address of their choosing (positive results will be dealt with in person rather than via automatic reply); and a sub-regional procurement of services from genitourinary medical (GUM) clinics that allows lead areas to contract manage NHS providers more clearly and apply an integrated tariff that is harmonised across London. This has already saved the council over £1m in the cost of services, but demand rises by roughly 10% every year.

- 5.12 Other risks that are being actively management are 'CACH PH010 Substance Misuse Recommissioning' and 'CACH PH009 Budget'. The substance misuse recommissioning is included largely because it is a vital services with a significant budget, and we are ambitious to keep delivering outcomes whilst having to achieve savings. The overarching budget risk remains relatively amber due to sustained reduction in income from external sources, and the dependency on a pan-London approach taking affect to secure sexual health savings. As noted in the risk register, the public health management team is monitoring regularly the implementation of plans to mitigate these pressures and deliver agreed savings over the medium term.

Adult Services

- 5.13 The core Adult Services risks remain consistent with the risks highlighted to the Audit Committee last year and the likelihood of most risks has largely stayed the same. However in some cases the risks have reduced in likelihood and one is no longer considered a significant risk for the department and the reasons for this are highlighted in the description and updates on the risk register.
- 5.14 Within the service there remains a risk about the resilience and sustainability in the context of rising demand and increased complexity and acuity of need for service users. Work is ongoing to remodel demand and pressures on social care, and this continues to be looked at as part of the work on integration with health and voluntary sector services. Furthermore a government green paper on care and support for older people is expected to be published in the spring of 2019 which will set out a view on the long term sustainability of the care and support system for older people. Despite its significant delay, the publication of the green paper is welcome and we await further details on this, however, information about the green paper published so far makes

little mention of working age adults which is a concern as this represents a large proportion of people currently supported by Adult Services in Hackney.

- 5.15 There continues to be national concern about the sustainability of the provider market, including an increasing number of providers who are returning contracts to local authorities. Work is continuing to support a healthy local provider market, as reflected in the risk register. This includes paying a fair rate to provide quality care, and a check of the financial health of organisations through the procurement process and robust, regular contract management and market development through provider networks.
- 5.16 We take the protection of our most vulnerable clients very seriously, which is why adults safeguarding remains an identified risk on the register. The local Safeguarding Adults Board, and the Head of Adult Safeguarding, has enabled strong multi-agency work to both prevent abuse and neglect, and to investigate and resolve safeguarding issues in a personalised way. The controls in place to manage this risk were assessed by a team of external reviewers organised by the Association of Directors of Adult Social Services in April 2018 as part of a Service Led Improvement Peer Review. This provided a constructive review of the effectiveness of the measures in place to prevent and manage safeguarding risks, and the team were very positive about what they observed. They also recommended some areas to improve on which have been added to local safeguarding delivery plans.
- 5.17 There is one new risk which has been added to the risk register since last year which relates to the in-house provided Housing with Care service which was inspected by the Care Quality Commission (CQC) in November - December 2018 and subsequently received an 'Inadequate' rating in January 2019. The service which is made up of 14 schemes across the borough supporting over 250 people is a registered service and is therefore subject to inspections by the CQC. There is a risk that when the CQC come and inspect the service again in 2019 as a follow up to the 'inadequate' rating, that the service fails to demonstrate sufficient improvements in service delivery leading to enforcement action and possible loss of registration. To mitigate this risk a number of controls have been put in place which includes the development of a detailed improvement plan with additional resources put in place to support its delivery and regular reporting to monitor risks and issues. As is the process with all providers, the findings of the inspection has also initiated the Council's Provider Concerns process which is led by the Head of Commissioning for Adult Services and has previously been successful in supporting external providers to make significant improvements to quality.
- 5.18 There is one risk which has been removed from the risk register since last year which is the risk that complaints, FOIs and member enquiries

are not delivered within statutory deadlines. This is no longer considered to be a significant departmental risk following the establishment of a dedicated business hub team to manage and coordinate these things so they are responded to in line with legislative requirements and council policies and procedures. Having a more coordinated approach through a dedicated hub has ensured clarity of roles and responsibilities, reduces the risk of breaches in these areas and enables the directorate to more effectively capture the learning which can then feed into service development and improvement plans.

Since the establishment of the hub a new complaints process has been established and the majority of complaints are managed within the timeframe originally specified with the complainant. Adult Services is now one of the highest performing areas in the Council for FOI response times.

Integrated Commissioning

5.19 Integrated commissioning arrangements have now been in place for nearly two years. Since CACH last reported to the Audit Committee (April 2018) an agreement in principle has been reached for further pooling of Adult Social Care Packages and Continuing Healthcare Packages. This is planned to take effect from 2019/20 pending finalisation of joint funding arrangements.

5.20 At last year's Audit Committee, the Group Director of CACH reported on an impending governance review of the integrated commissioning arrangements which was due to report later in the calendar year. This report is included on the agenda.

5.21 The Integrated Commissioning Board review their risk register on a regular basis. Papers detailing the risks reported to ICB can be found at:

<http://mginternet.hackney.gov.uk/documents/g4490/Public%20reports%20pack%2017th-Jan-2019%2010.00%20London%20Borough%20of%20Hackney%20Integrated%20Commissioning%20Board.pdf?T=10>

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

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

- 6.1 Effective risk management is a key requirement for good financial management and stability. This becomes more significant as funds available to the Council are reduced and budget reductions are made.
- 6.2 The Directorate seeks to mitigate risks as they are identified. In some instances, where there are volatile external factors and uncertainty, this will be through seeking access to reserves maintained by the Group Director of Finance and Corporate Resources.
- 6.3 There are no direct costs arising from this report.

7. COMMENTS OF THE DIRECTOR OF LEGAL SERVICES

- 7.1 The Accounts and Audit Regulations 2011 require the Council to have a sound system of control which includes arrangements for the management of risk. This Report is part of those arrangements and is designed to ensure that the appropriate controls are effective.
- 7.2 There are no immediate legal implications arising from this report.

APPENDICES

Appendix one – CACH risk register.

BACKGROUND PAPERS

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

None




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

Children and Families Risks



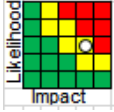

DIRECTION OF TRAVEL (since the last report)

Risk has increased. Risk has decreased. Risk has remained static

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

<p>CYP DR 0809 0005 Service demands exceed available resources</p> <p>Page 58</p>	<p>The directorate needs to manage demand within a climate of reducing resources. If demand is not managed, this could compromise service delivery. The directorate's services experience fluctuating demand, which can add to resource pressures. In addition, services need to be able to respond to new and emerging priorities.</p>	<p>Children & Young People's Services</p>			<p align="center"></p> <p>Following an overall increase in looked after children numbers 3-4 years ago, numbers are relatively stable, although the profile of looked after children has changed significantly over the past five years with more adolescents presenting complex behaviours and needs entering the care system and subsequently receiving support as care leavers. The change in profile of looked after children is placing increased pressure on the placement budget with a need for more specialised placements and is also making placement stability more difficult to achieve. Shortage of in-house foster carers adds to the cost pressure and the numbers of young people requiring more expensive residential placement has increased. The No Recourse to Public Funds Team (NRPF) continues to carefully manage the demand for high cost NRPF cases but there remain pressures on budgets in relation to these families. Southwark Judgement, LAPSO and UASC continue to bear cost pressures for 16/17 year olds who are afforded Looked After Children status by virtue of homelessness, remand or asylum claim. Recent developments in relation to the support required for migrant children as a result of closure of the Calais camps and government commitments under the Dubs amendment are likely to result in an increased number of UASC being supported in the borough. Demand for services more generally is increasing due to the impact of austerity, benefit changes and housing issues on families within Hackney which are impacting on the level of need in the borough. We anticipate that demand for services will increase further following the introduction of Universal Credit.</p> <p>As expected the legislative changes that provide care leaver support to age 25 (from April 2018) came with insufficient additional funding from Government. A business case is currently being developed to look at how the service can best deal with the expected increase in demand.</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
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APPENDIX ONE
CACH RISK REGISTER FEBRUARY 2018

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CHDR 0809 0005 A Clearly defined protocols for referral to services.	Written protocol for referral to services agreed with all partner agencies.	Anne Canning	Sarah Wright	Ongoing	The Hackney Child Wellbeing Framework provides clear guidance for all professionals in understanding which services are best placed to meet the needs of children and young people, and has been agreed by all partners. This was updated in January 2019. The Children and Family Service (CFS) has a multi-agency and single front door called First Access Support Team (FAST) which is supported by a multi-agency steering group and good QA processes. FAST provides effective information sharing and access to appropriate services. Hackney's Local Assessment Protocol was published on-line and circulated to partner agencies in March 2016. This was updated in January 2019.
CHDR 0809 0005 B Children's social care services assess risk to differentiate and prioritise need and refer appropriately	All referrals to Children's Social Care need to be appropriately assessed to ensure that the child and their family receive the most appropriate service.	Anne Canning	Sarah Wright	Ongoing	<p>Update November 2016 (confirmed Feb 2019) - FAST acts as a single point of contact for all referrals to CSC Services. Referrals are screened for a next step decision within 24 hours. FAST considers the information available across a range of co-located agencies to make timely and safe decisions about which agency is best placed to access and/or meet the needs of children and young people. This function is supported by the Hackney Child Wellbeing Framework and the Local Assessment Protocol and simple and effective step-down processes are in place to ensure the needs of children and young people are considered in a multi-agency context through the Children's & Young People's Partnership Panel (CYPPP) and Multi-Agency Team (MAT) meetings. The service is reviewing early help pathways to ensure these are effective and aligned with other services in the borough. The service was evaluated positively by Ofsted in the SIF inspection in July 2016 and in a pilot Joint Targeted Area Inspection in December 2015.</p> <p>Following Hackney's annual conversation with Ofsted on 25th October 2018 Ofsted inspectors carried out a focused visit in Hackney on the 5th and 6th of February 2019 focusing on CIN and CP plans. A formal feedback letter about the visit will be provided to Hackney in early March 2019 and an action plan will be put in place to address issues raised.</p>

**APPENDIX ONE
CACH RISK REGISTER FEBRUARY 2018**

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
					CSC undertakes all statutory assessments for children and young people in relation to risk and need and produce clear plans for protection and support in partnership with a wide range of agencies.

APPENDIX ONE
CACH RISK REGISTER FEBRUARY 2018

<p>CYP DR 1011 005P Identify contingency funding</p>	<p>Additional funding to be identified to ensure Directorate can respond quickly to increased demand for services</p>	<p>Anne Canning</p>	<p>Jackie Moylan/ Sarah Wright</p>	<p>Ongoing</p>	<p>Budget pressures in relation to looked after children placements remain despite further allocation of growth in 2018/19. This reflects an increase in numbers and a change in profile of need, associated with a greater number of adolescents with high levels of need and a change in the profile of placements (more private and voluntary fostering placements, less in-house, as well as increased use of residential placements). 2018/19 pressures are being managed by the Directorate via the use of a reserve fund set up by the Group Director of Finance and Corporate Resources in recognition of the volatility of LAC numbers. Further growth is to be allocated in respect of LAC placement costs in 2019/20.</p> <p>Locally, the service is focussed on increasing the number of in-house foster carers which will reduce the average unit cost of LAC placements. In addition, the aim is to reduce the number of high cost placements through innovative projects such as the Family Learning Intervention Project (FLIP) and Contextual Safeguarding for which the service has secured significant additional funding from the DfE.</p> <p>Actions are also being taken to ensure our leaving care cohort are placed in appropriate and cost-effective settings, through, for example, utilisation of the supporting people contract.</p> <p>As expected the legislative changes that provide care leaver support to age 25 (from April 2018) came with insufficient additional funding from Government. A business case is currently being developed to look at how the service can best deal with the expected increase in demand.</p> <p>The cost of families with no recourse to public funds also remains a pressure and this is being met by use of a specific reserve in the current year and growth has been agreed for 2019/20 to part cover these costs.</p>
<p>CYP DR 1011 005Q Minimise impact of efficiency savings on frontline services</p>	<p>To ensure we can respond to any increases in demand, we aim to manage efficiency savings to ensure minimal impact on frontline services</p>	<p>Anne Canning</p>	<p>Jackie Moylan/ Sarah Wright</p>	<p>Ongoing</p>	<p>The Directorate has successfully delivered the majority of agreed savings for 2018/19 and have mitigating actions for those that remain.</p>

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**APPENDIX ONE
CACH RISK REGISTER FEBRUARY 2018**

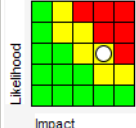

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CYP DR 0809 0006 Child or young person suffers significant harm, injury or death	Children and young people who use our services are at higher than usual risk of harm, injury or death. If risks are not adequately assessed and protected a child or young person could suffer significant injury or death attributable to the Directorate's failure take appropriate safeguarding and risk management measures.	Children & Young People's Services		<p>Update November 2016 (confirmed Feb 2019)– This remains a high risk, and controls are in place to manage this.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Page 62	CYP 0910 006 B Local Safeguarding Children Board (LSCB) reviewed and operating as an effective multi-agency forum.	Anne Canning	Rory McCallum	Ongoing	<p>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>The government's response to the Wood Review of LSCBs published in May 2016 removed the requirement for local areas to have boards with set memberships. A new requirement has been placed on councils, the police and the NHS as 'key partners' to decide how boards are organised and what area they cover, while statutory functions will not change for individual agencies. Safeguarding partners are required to notify the Secretary of State for Education that they have agreed and published their new arrangements by June 2019 and have these arrangements up and running by September 2019. Discussion is currently taking place amongst key partners (Police, CCG & LBH) to ensure that new arrangements are in place by the deadline.</p>
	CYP 0910 006 D Ensure staff have	The Directorate as a whole	Anne Canning	Sarah Wright	Ongoing

**APPENDIX ONE
CACH RISK REGISTER FEBRUARY 2018**

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
the necessary skills to ensure risk and need are properly assessed	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.				that "When children are at immediate risk of harm, referrals are dealt with swiftly and children are seen to complete effective child protection enquiries. Appropriate decisions are taken when risk is identified to safeguard children."
CYP 0910 006 E Child Protection procedures in place	Children subject to Child Protection Plans and Looked After Children are visited in line with statutory guidance & care plans are monitored, updated and amended as appropriate. Children are to be seen alone.	Anne Canning	Sarah Wright	Ongoing	Update November 2016 (confirmed Feb 2019) - 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.
Page 63 CYP 0910 006 F Risk assessing activities for young people	All activities directly provided and commissioned by the directorate must be subject to rigorous risk assessments.	Anne Canning	Pauline Adams	Ongoing	Update August 2015 (confirmed Feb 2019) - 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. Our external commissioned providers are also expected to demonstrate that they meet health and safety standards as part of their contract including systems and processes for conducting risk assessments of premises and activities.

APPENDIX ONE
CACH RISK REGISTER FEBRUARY 2018

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CYP DR 010 Increased call on resources in respect of No Recourse to Public Funds (NRPF) cases	<p>The Council might be unable to handle the increased call in NRPF cases. Children's Social Care has a duty to assess children's needs under section 17 of the Children Act 1989 if they are at risk of homelessness or destitution, even if their parent has no legal entitlement for services in the UK.</p> <p>As at 26th February 2019, the NRPF Team were supporting 164 children from 87 families with 85 families receiving section 17 support in the form or accommodation, subsistence or both.</p>	Children & Young People's Services		<p style="text-align: center;"></p> <p>Hackney, like many local authorities, has a number of individuals living within its boundaries who are subject to immigration controls as defined by the Immigration & Asylum Act 1999. Such individuals are excluded from access to welfare benefits, public housing and Home Office asylum support and are collectively known as having No Recourse to Public Funds (NRPF). This group includes individuals who have overstayed their visa entitlement in the UK, and those who have leave to remain without recourse including EU Nationals.</p> <p>Hackney's approach is effective in protecting resources and avoiding costs. The impact of the U.K. leaving the EU on families who have NRPF is not yet clear.</p>

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CYP DR 010a Robust assessment process in place.	To provide a comprehensive assessment and safeguarding service to this vulnerable group of children, additional resource was established in Children's Social Care to assess the specific needs of overstaying families; this service is for families who are residing in the country illegally or without means to adequately support themselves. The No Recourse to Public Funds Team was formed in 2012 as a pilot service but has now been embedded alongside the Access & Assessment Service in Children's Social Care.	Anne Canning	Sarah Wright	Ongoing	<p>The issues relating to NRPF families presenting as destitute are often complex and the service recognises that there are many reasons why families may find it difficult to share information. Migrant children may be at risk of child trafficking, exploitation and fraudulent activities.</p> <p>In order to ensure the service is able to undertake comprehensive assessments of children's needs in a complex environment of law relating to housing, immigration, human rights and child safeguarding, the service works closely with other services including the UKBA, legal services, government embassies and anti-fraud to ensure that services are appropriately provided to those that are entitled to them and need them. This joined up approach robustly mitigates against the risk of children in Hackney being exploited or trafficked for services.</p>

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
					<p>During 2017 the number of NRPF families the Service was supporting was increasing, however since an immigration officer has increased their time spent in NRPF from one day to two days a week, this has resulted in claims from families being expedited and the number of families being supported at any one time has started to reduce in 2018. Families benefit from this fast approach to processing their claims.</p> <p>During 2017-18, the NRPF Team supported up to 120 families and 240 children at any one time. Towards the end of 2017/18, the number of families successfully resolving their immigration status and obtaining access to public funds increased, reducing the number of families receiving support at any given time, a trend that has continued into the current year with the service currently supporting 87 families and 164 children as at 26th February 2019.</p>
<p>CYP DR 010b Cross-London management arrangements for unaccompanied asylum seeking children.</p>	<p>The Pan London unaccompanied asylum seeking children (UASC) dispersal rota is a voluntary arrangement that is supposed to operate in equal distribution order. There has been a recent drive across all London authorities to ensure that each borough takes their turn on the rota in the wake of a number of authorities having withdrawn over the past year. The withdrawal from some authorities had, had a negative impact of increasing the numbers of UASC being dispersed to Hackney. The government have introduced a National Transfer Scheme under which authorities will be expected to accept UASC up to the equivalent of 0.07% of their child population, after which they will be able refer young people to the NTS</p>	Anne Canning	Sarah Wright	Ongoing	<p>There has been significant improvement in the engagement of all London authorities on the rota. This is monitored by L.B. Croydon who manage the rota and by the London ADs Group. As at December 2017, the UASC population of one third of the boroughs on the London rota had reached 0.07% of their child population (as set out in the National Transfer Protocol) and therefore these boroughs are currently not taking any new UASC as part of the London rota. As a result of this, the number of UASC in Hackney has increased steadily, with 47 UASC as at December 2018. This means that Hackney have reached their maximum number of UASC and are therefore unable to accept additional UASC. The number of UASC is also volatile due to international pressures in migration and asylum. London Authorities have been working together to coordinate responses to children entering the country following the closure of the Calais camps.</p> <p>Hackney has recently been successful in applying for additional funding from the Government to provide additional support to our UASC through the Controlling</p>

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
					Migration Fund.

Hackney Learning Trust Risks

Generated on Thursday 31 January 2019

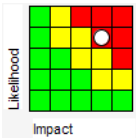

Reviewed by the Risk Review Group on Thursday 31 January 2019

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 66</p> <p>EDS 1617 003 Termination lease for the continued use of the Rigg Approach depot for the SEND transport fleet</p>	<p>Rigg Approach depot is a leased property that has recently been sold. There is some uncertainty regarding the new owner's intentions for the future use of the site. A new lease was being negotiated with the old owner when it was discovered that the site had been sold. Strategic Property Services will follow up with the new owner's agent to negotiate a new lease. As we don't currently have the lease and don't know what the intention of the new landlord is, we need to recognise this as a significant risk. There is a possibility we may be given notice to vacate the site. From an earlier exercise looking at depot alternatives for the SEND fleet, there appeared to be no obvious alternatives.</p>		<p style="text-align: center;"></p> <p>January 2019: A feasibility study of the alternative site at Chapman Road has been completed and the site was deemed unsuitable. A feasibility study of another site will be undertaken.</p> <p>There is now the possibility of the SEND transport Fleet having only a three-year lease at Rigg Approach. The risk rating will, therefore, be rated as high until the situation is clarified and the position around the SEND transport fleet is secured.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1617 Risk 10 Agree a lease for current depot with the new owners of the Rigg Approach site	A new lease for the Rigg Approach site would provide certainty and continuation of the SEND transport service. A new lease would need to specify a sufficient notice period for SEND transport to vacate the site.	Andrew Lee (AD Education Services)	The Council is not in a strong position with the lease. The landlord's agents will provide us with a new lease and a Heads of Terms for this new lease are due to be reviewed. The whole area, however, is due to be redeveloped and it is looking less likely that a new lease will be issued. Timeframe for identifying alternative depot will be approximately 2-3 years.
LT 1617 Risk 11 Identify feasible alternative options for the SEND transport depot	Contingency planning to move the SEND Transport service to a new site will have to be establish.	Andrew Lee (AD Education Services)	The feasibility study identified some significant deficiencies in the Chapman road site such that it may not be an option. A possible alternative option has recently been tabled and has progressed to the feasibility stage. Progress on this project will now be monitored by the

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Control Title	Control Description	Service Manager	Control - Latest Note
			School Place Planning group. Alternative options are also being considered, including a model used by Croydon who use multiple locations across the borough to park vehicles. This option may require initial investment to support a new way of working.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1516 09 CYPS : Impact of the Government Reforms on Education Service Delivery.	Government policy on the overall role of LAs, the academisation of schools and the role of LAs in school improvement reduces the LAs mediating role in the local schools system and its authority and capacity to provide leadership to the system.		<p style="text-align: center;"></p> <p>January 2019: The government has announced changes to the role of the Regional Schools Commissioner and the grounds for conversion to Academy status have been restricted to only schools who have failed their Ofsted. Recently, however, the Secretary of State for Education has promoted the benefits of academisation for schools, signalling that this remains the Government's preferred option.</p> <p>The HSG proposals have been consulted upon with Heads, Chairs of governors and elected members. These have been positively received and a report to LBH Cabinet will be submitted outlining a proposed model for a strategic advisory board that will facilitate greater involvement by schools in the local education system. Staff development is a significant strand in HLT's Continuous Improvement Plan, this will feed through to the Learning & Development strategy for staff. This will help to mitigate the risks around staff retention. On-going staff engagement is important, and staff briefings will be utilised to ensure staff are informed of developments.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1516 Risk 09 Development of an alternative service delivery model that provides a governance and partnership structure for the local schools system.	An alternative model for the governance of the Hackney school system is developed to work within the academised school system that retains the capacity for the strategic and system wide provision of school improvement and SRAS functions to ensure continued school improvement	Frank O'Donoghue	Progress has been made on defining the work packages that need to be completed to move progress forward on several work streams. Operational difficulties in securing the programme management have resulted in a material delay to the timetable. At the same time, there appears to be reduced government impetus to school conversions, at least in the short term, although the push for academisation is still present.
LT 1617 Risk 01 Staffing challenges – Developing a strategy that retains staff with key skills knowledge and ability; identifying new talent and encouraging people to work for HLT.	Ongoing contraction of the public sector means it is not easy to encourage skilled and talented people into the public sector. The risk of being unable to retain talented people over time is also a challenge.	Olly Cochrane	As the HSG model develops, with the services work strand, we will consider and review the necessary next steps in terms of retaining key staff and developing appropriate skills required for the future viability of HLT. HLT's Learning & Development and Organisational Development

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Control Title	Control Description	Service Manager	Control - Latest Note
	HLT will need to maintain an innovative approach by: Retaining current talented employees; identifying and encouraging new talent and changing the culture of long serving staff to meet the new challenges we face.		Strategy are continuously under review to ensure the best possible offer is available for staff. Management development and continuous professional development is key to the recruitment and retention of a highly skilled and motivated workforce. A programme of management development has been organised. HLT staff are also encouraged to participate in the Hackney offer. The Organisational Development strategy is particularly focussed on a coaching culture which in turn encourages staff engagement.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
Page 08 EDS 1314 0006 CYPS - Annual changes to the National Funding formula has a negative impact on HLT income and delivery	National changes to funding and/or policy have a negative impact on HLT income and delivery and the development of traded services which adversely affect HLT performance.		<p>January 2019 – Work is ongoing to prepare for and mitigate any adverse changes to funding. There is agreement on the current year (2018-19) and next year (2019-2020- these provide a two-year transition to the National Funding Formula.</p> <p>The forecast income reductions have been estimated for the transition period. Forecast income for 2020-21 and beyond is currently unclear. In terms of funding for LAs, Hackney could be the biggest loser if a NFF were to be introduced.</p> <p>Restrictions on retained and de-delegated funding as a result of the NFF will have a significant impact on support and services for maintained schools. The longer-term impact of NFF changes from 2020-21 is potentially much more significant given the relative high levels of funding for Hackney pupils.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1314 Risk 11 Head of Service maintains comprehensive & timely modelling & monitoring of policy and funding changes to report income implications for HLT as well as assessing impact on delivery.	Modelling and monitoring of funding changes will support a clear understanding of the risk and potential impact and will inform HLT's approach to meet implications.	Yusuf Erol	The implications of the forecast income reductions have now been modelled with greater certainty for the two year NFF transition period.

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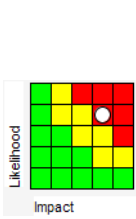

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Control Title	Control Description	Service Manager	Control - Latest Note
LT 1314 Risk10 Implications of changes to the National Schools Funding Formula are understood and monitored	Monthly budget forecast and planning meetings are held to monitor implications arising from DfE announcements and regulations. This is reported to HLT SLT as required.	Ophelia Carter	For 2019-20, schools are protected by a 1% increase from the 2017-18 baseline. Whilst school budgets remain under pressure from inflationary real term cost increases there is greater certainty on per pupil funding in the short term.
LT1415 Risk 08 Implementation of the Budget Reduction Plan	The Budget Reduction Plan will be implemented to achieve reductions over the next two years.	Yusuf Erol	The value of SLT's savings tables are currently insufficient when compared to the income forecast. SLT have commenced other pieces of work to identify additional savings. There is also efforts to partly separate any over-extend in SEND from the wider HLT finances.
LT1415 Risk 14 Modelling the implications of converting academies and amending new Free Schools.	Assessing the costs and financial impact of academy conversions and growth funding for new academies and free schools.	Ophelia Carter	The budget planning group meets regularly to forecast the impact of the any expected conversions to academy status.
LT 1718 Risk 03 An effective communications strategy is in place regarding savings and reductions in budgets.	Proposals for savings are assessed through a template that forces consideration of communications issues for staff, politicians and public to ensure implications or reductions are known and understood. These are tested through HLT SLT and CACH Budget Board.	Frank O'Donoghue	<p>Work with external stakeholders and members is now channelled through CACH budget board as a means of ensuring corporate and member level awareness and buy in, and income forecast and reports are more widely shared.</p> <p>Impact assessments and early consideration takes account of the need for communications plans in sensitive budget decisions, e.g. the co-production and stakeholder groups on SEND.</p> <p>HLT's Senior Leadership Team will continue to co-ordinate messaging internally and externally.</p>

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1415 0004 –The statutory requirements of the SEND aspects of the Children & Families Act are not met.	The Children & Families Act introduces new statutory requirement to implement Education Health & Care Plans, provide support for SEND up to 25 years old, joint commissioning, implementation of a local offer and person centred approaches to planning. Process and resources to support these changes must be implemented to ensure HLT meets its statutory requirements.		<p style="text-align: center;"></p> <p>Although completion has improved against last published, SFR, data from the CIP performance monitoring shows we are not meeting target.</p> <p>Completion of EHC Plan assessments within 20 weeks remains a concern. This is compounded by LGSCO judgements that stress the 20 week</p>

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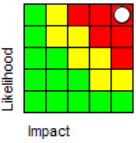

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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
			<p>deadline must be adhered to. Inability to meet a statutory deadline is a significant risk</p> <p>It should be noted that the Judicial Review judgement is pending. This centred on EHCP funding arrangements poses a risk to the Council.</p> <p>HLT continues to wait for the Ombudsman's findings in two cases relating to the 20-week deadline being exceeded. A finding against HLT will pose a challenge to all local authorities.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1415 Risk 09 – Robust monitoring of new arrangements in place with regular reporting via SLT	Head of Service responsible for implementing a comprehensive programme to ensure all statutory responsibilities are understood and met.	Toni Dawodu	The SEND Single Improvement Plan has reported the 12-month update against objectives for meeting statutory responsibilities. A new SEND Development Plan is being developed with agreed objectives being refined.
LT1516 Risk 03 Develop case management Quality Assurance with external moderation (through CYPS) – develop & implement approach	Implementation of robust quality assurance framework for EHC Plans to ensure consistency and quality of plans resulting in fewer challenges at drafting stage and, ultimately, reduced SEND Tribunals and complaints.	Toni Dawodu	<p>End of Year Complaint, Mediation and Tribunal Report was presented to STAG.</p> <p>A QA review was undertaken with Group Director work to develop a clearer QA framework for the EHCP process is underway.</p>
LT1516 Risk 08 Action plan based on self-evaluation / annual report and points identified in SEND inspection	Ongoing review & assessment of activity against SEND Strategy and Inspection recommendations needs to be undertaken to develop & strengthen the local area's responsibilities to meet the needs of CYP with SEND.	Toni Dawodu	A template for the SEND Action Plan has been agreed and partners are updating their section to capture their actions for the Plan.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1617 01 CYPS : SEND funding – Escalating SEND spend has an adverse impact on HLT and Council budgets.	The number of pupils eligible for EHC Plans 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.		<div style="text-align: center;">  </div> <p>January 2019: The judgements from the Judicial Reviews of Hackney and Surrey councils are still pending. These are likely to have consequences for all LAs in England</p>

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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
			<p>and, potentially for the Government.</p> <p>Progress continues to be limited towards achieving any cost reductions. Given the potential impact on council finances (£5M deficit and rising), alongside the possible impact on residents and the Council's reputation, the highest possible risk rating has been applied, to reflect the severity of this risk.</p> <p>The risk remains at this level due to the combined effect of the Council not receiving any significant 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 cost reductions is restricted due to the time taken for funding changes to be implemented and the limited control over aspects of the cost.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1617 02 A SEND Management Options Plan to address SEND budget pressure 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 EHC Plans. This action plan introduces new oversight and challenge into the process, with a view to controlling expenditure and making sure resources are distributed fairly.	Andrew Lee	At the request of the CACH Group Director and on legal advice pending the Judicial review, no further action on the SEND Cost Management plan has taken place. This will be reviewed in light of the judgement from the Judicial Review.
LT 1617 06 - Management of financial impact of SEND budget pressures.	Rapid, significant short term reductions in SEND costs and outlays will be difficult to achieve. Ensuring that the policy changes in the action plan result in medium term cost savings that relieve the pressures on the SEND budget, whilst ensuring the operational effectiveness of HLT is not detrimentally affected by the overspend, is imperative.	Yusuf Erol	There has been very little change and very little progress. Short-term reductions in SEND costs have been difficult to achieve. A small reduction of 5% has been agreed and this was launched from April 2018, regarding SEND support paid to schools for new EHC plans. This is not expected to result in significant savings.
LT 1617 07 - Changing the culture of SEND in schools and HLT to implement the action plan.	If the action plan is to control expenditure and distribute resources fairly, changes in the existing culture in HLT teams and schools must also change to critical assessment and the equitable distribution of limited resources. Collaborative working with schools will be necessary to ensure pupils SEND needs are met from delegated SEND resources, with EHCP referral only for exceptional needs.	Andrew Lee	<p>SIPs meet regularly with SEND team to share information to ensure consistency of messages to schools. SEND are devising a SENCO training programme and has been held a legal seminar for senior leaders in the authority has been held.</p> <p>SENDIAGS continues to offer support services and training events and officers are invited to and attend Parent forums and HIP events. SEND aim to secure one positive SEND feature per term in local media.</p>

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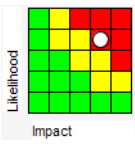

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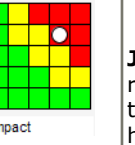

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1617 Risk 08 – The initiation of EHCP assessments is rigorously reviewed	The decision to initiate assessments needs to be rigorously reviewed to ensure the level of support is appropriate and sustainable. This may include senior managers signing off decisions, or refusing to do so.	Andrew Lee	A monthly dashboard monitoring the total number of EHC Plans and new requests is reviewed regularly. This includes a report looking at numbers of EHCP initiations as a percentage of requests and by type.
LT1617Risk 09 – The costs of providing ECHPs is born equitably across agencies	All agencies need to contribute to the costs of the Education & Health Care Plans through the joint commissioning budget.	Andrew Lee	The SEND Partnership Board is developing an action plan in which this is a key action. The post 16 transition process is now being Chaired by CACH Group Director to accelerate progress. SEND team are developing advice templates to standardise information from various agencies

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Hackney Schools Risks

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LTSCH 1617 001 CYPS: Serious Safeguarding failure in regard to pupils not in school	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. 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.		 January 2019: This issue presents a very high reputational risk for the borough, although given the limited statutory powers, the Council has limited options to mitigate this risk.

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1617 Risk 03: Ongoing dialogue between HLT, DfE and Ofsted around necessary legislation to ensure safeguarding duties can be effectively carried out.	Currently, the roles and responsibilities of LAs, DfE and Ofsted are not clearly defined with regard to safeguarding duties.	Paul Kelly	October 2018 – most recent meetings with Ofsted and Hackney Children’s Social Care have focussed on under 5’s attending a known unregistered setting that received a closure notice December 2015
LT 1617 Risk 04: Continuing attempts at engagement with unregistered settings are made by HLT to reduce the likelihood of pupils being put at risk.	In the absence of clearly defined statutory responsibility and given the numbers of CYP in such settings, the LA is seeking to raise awareness of safeguarding with all community groups through regular dialogue.	Paul Kelly	October 2018 – Engagement with unregistered educational settings forms part of the Executive response to the CYP Scrutiny Commission’s recommendations in their report on unregistered educational settings. An update on this will go to scrutiny in April 2019. HLT has representation at the LBH Officer Group working on community engagement. HLT has consistently raised safeguarding concerns related to independent and unregistered settings in Hackney.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LTSCH 1415 0007 CYPS: Risks posed by unregistered schools and settings	Unregistered centres are neither known to, nor inspected by Ofsted, raising potential issues relating to the wellbeing and safeguarding of children and young people in the borough. HLT does not have any statutory powers or reporting requirements in regard to the registration of independent schools. As well as the potential risk around safeguarding and lack of knowledge and intervention in regard to those young people attending such settings, there are clear reputational risks for HLT in this area. Despite the fact that HLT holds no powers in regard to either registration or closure, there remains the perception that the Local Authority has not presented sufficient challenge to the status of such settings.		 January 2019: This issue presents a very high reputational risk for the borough, although given the limited statutory powers available, the Council has limited options as to how it mitigates this risk. The Council and the independent chair of the

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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
			CHSCB have emphasised the need for legislation to respond to this area of concern at meetings with DfE, Ofsted and other partners.

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1415 Risk 18: Co-ordinating multi-agency responses, HLT escalates any issues relating to the safeguarding of children or young people attending unregistered schools or settings.	HLT are aware of unregistered schools and settings within the borough, escalating to the appropriate authorities any issues of concern reported to them. HLT co-ordinates multi-agency responses in regard to those settings that do not comply with Ofsted registration requirements.	Paul Kelly	Work has been undertaken with the LADO on two allegations against staff in Independent Schools received in the last year
LT 1617 Risk 04: Continuing attempts at engagement with unregistered settings are made by HLT to reduce the likelihood of pupils being put at risk.	In the absence of clearly defined statutory responsibility and given the numbers of CYP in such settings, the LA is seeking to raise awareness of safeguarding with all community groups through regular dialogue.	Paul Kelly	Engagement with unregistered educational settings forms part of the Executive's response to the CYP Scrutiny Commission's recommendations in their report on unregistered educational settings. An update on this will be presented to the Scrutiny Commission in April 2019. HLT has representation at the LBH Officer Group working on community engagement. HLT has consistently raised safeguarding concerns related to independent and unregistered settings in Hackney

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT SCH 1112 0008 CYPS Performance and/or quality of provision in nursery and primary schools or settings declines, stagnates or fails and goes into special measures	The overall effectiveness of schools or settings, or the: <ol style="list-style-type: none"> proportion of pupils attending good or better schools) reduces, leading the Trust to engage with Ofsted to challenge schools under the Good to great policy. Achievement in schools or settings fails to improve, leading to gaps not being narrowed from year to year at borough level and/or relevant to other LAs. The overall quality of provision in schools or settings fails to improve, leading to plateau and coasting year to year at borough level. From September 2012, poor performing schools will be subject to more regular inspections. Schools given a grade of 3 (currently "satisfactory", becomes "requires improvement") will 		<div style="text-align: center;"> </div> <p>January 2019 – Risk Review Group notes the changes to the teaching and assessment at Key Stage 2 and the impact this has had on Hackney primary schools results.</p> <p>Risk Review Group notes that Ofsted inspection grades for primary and nursery schools in Hackney in January 2019 are as follows:</p> <ul style="list-style-type: none"> Outstanding – 22 schools (38%) Good –33 schools (57%) Satisfactory/Requires Improvement – 3 schools (5%) Inadequate – 0 schools (0%)

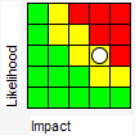

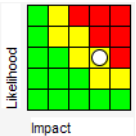

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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
	receive two opportunities to remove themselves from the category before being placed in special measures.		The current breakdown of overall effectiveness grades for those Hackney schools that have been inspected by Ofsted show 95% of nursery & Primary pupils attend an outstanding or good school.
LT SCH 1112 0009 CYPS Performance and/or quality of provision in secondary schools or settings declines, stagnates or fails and goes into special measures Page 75			<p style="text-align: center;"></p> <p>January 2019 - Risk Review Group recommends no change to the risk rating.</p> <p>Risk Review Group notes that Ofsted inspection grades for secondary schools in Hackney in January 2019 are as follows:</p> <ul style="list-style-type: none"> ▪ Outstanding – 3 schools (21%) ▪ Good – 10 schools (71%) ▪ Satisfactory/Requires Improvement – 0 schools (0%) ▪ Inadequate – 1 school (7%) <p>The current breakdown of overall effectiveness grades for those Hackney schools that have been inspected by Ofsted show 98% of Secondary pupils attend an outstanding or good school.</p>
LT SCH 1415 0001 CYPS Performance and/or quality of provision in special schools or settings declines, stagnates or fails and goes into special measures			<p style="text-align: center;"></p> <p>January 2019 - Risk Review Group recommends no change to the risk rating.</p> <p>Risk Review Group notes that Ofsted inspection grades for special schools in Hackney are as follows:</p> <ul style="list-style-type: none"> ▪ Outstanding – 2 schools (67%) ▪ Good – 1 schools (33%) ▪ Satisfactory/Requires Improvement – 0 school (0%) ▪ Inadequate – 0 schools (0%) <p>The current breakdown of overall effectiveness grades for those Hackney schools that have been inspected by Ofsted</p>

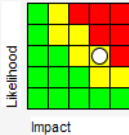

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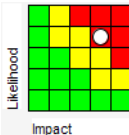

Document Name: 2016/11/30cachRISKREPORTDocument Number: 17725198

Document Name: 2016/11/04CYPSriskregister

APPENDIX ONE
CACH RISK REGISTER FEBRUARY 2018

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
			show 100% of Special pupils attend an outstanding or good school.
LT SCH 1415 0002 CYPS Performance and/or quality of provision in Pupil Referral Unit declines, stagnates or fails and goes into special measures	PRUs are now self-governing, which may mean that inspection / greater scrutiny is imminent, which could lead to negative inspection outcomes		 January 2019 – Risk Review Group recommends no change to the risk rating.

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

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT SCH 1112 0011 CYPS Surplus school places (Primary)	Surplus primary school places result in financial pressure on schools and threatens their long-term viability.		 January 2019: The nature of the risk around primary school places has changed, going from a position of insufficient school places to a surplus of school places. This poses significant risks to schools'



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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
			financial viability. Projections for primary school places indicate an increasing and potentially substantial surplus, which carries with it significant financial risks. The Surplus Places Planning Group is working to mitigate the impact of falling reception roll numbers through permanent or temporary reductions in some primary schools' PANs. We recommend retaining this risk rating.
LT SCH 1112 0012 CYPS Insufficient school places (Secondary)	Insufficient school places available to meet bulges in demand for Secondary places.		 January 2019: GLA demographic data, gathered and reviewed in October 2018, has shown a reduction in demand for places, measured against previous forecasts and datasets. This means that the pressure to build secondary schools is not as acute and a decision has been taken to postpone the opening of a second secondary in the borough. This risk will be reviewed and may be lowered in the light of further changes to demand.

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Control Title	Control Description	Service Manager	Control - Latest Note
LT 1112 Risk 23 Revise forecast of pupil demand	Regular review of population data allows oversight and summary of changes to the potential pupil cohort and ultimately potential demand for places.	Marian Lavelle	Revised forecasts were received in May and October 2018. These provided data based on live births, housing developments, Olympic legacy area information, number of applications etc.
LT 1112 Risk 24 Clarify pupil demand projections	Pupil demand projections set out the numbers of pupil places required and available in the borough. Regular reporting to SLT to assure them risks have been identified and mitigating controls are working effectively	Marian Lavelle	Primary The 2018 projections confirmed that reception rolls are projected to continue to fall. This means that there will be surplus places in the primary sector over the next few years. For the current academic year 2018/19, there are 3155 reception places. The January 2018 census showed 2633 reception pupils on roll. This represents 522 surplus places – 16% (not taking into account temporary caps). the October 2018 census is awaited. Due to the current level of surplus primary places, the SPP Group has decided that the following schools will permanently reduce PANs from 2019/20: <ul style="list-style-type: none"> • De Beauvoir from 60 to 30 places • Gainsborough from 90 to 60 places • Harrington Hill from 90 to 60 places • Halley House from 60 to 30 places The following schools will cap their PANs in 2019/20 and 2020/21:

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Control Title	Control Description	Service Manager	Control - Latest Note
			<ul style="list-style-type: none"> • Gainsborough from 90 to 60 places • Mandeville from 60 to 45 places • Randal Cremer from 60 to 30 places • Thomas Fairchild from 60 to 30 places <p>A working group was established to assess the impact of falling rolls in June 2018 to undertake a review of HLT's school organisation. The group has since been renamed the SPP Group, chaired by Annie Gammon and will also cover EY, SEND and other wider school organisation issues.</p> <p>The Olive School – HLT received notification that the Inspector allowed both appeals (full planning permission and listed building consent). The Secretary of State agreed with the Inspector's recommendations – permission was therefore granted as of 19 December 2017. In light of the issues raised during the appeal, the school will start with 90 pupils at the permanent site from 2019 and grow year on year until reaching capacity. Pupils attending the two existing sites (Cazenove Road and HCC), will remain at these sites. There have been reports that the Tauheedel Trust recently purchased land on the current B6 site which is proposed to be used as a split site for The Olive School.</p> <p>The Lubavitch Schools The Secretary of State has approved the conversions of Lubavitch Junior Boys, Lubavitch Ruth Lunzer and Lubavitch Senior Girls to academy status from 1 April 2018 under a single MAY. The Children's Centre is operating as a PVI centre by the Lubavitch Foundation.</p> <p>SECONDARY Based upon projections over the last few years, plans were started to open two new secondary schools, providing a total of 12FE in 2017 and 2019; The City of London Shoreditch Park opened in September 2017 in temporary accommodation on Audrey Street (a former Leisure depot), near Haggerston park.</p> <p>The project to expand Urswick School by 1FE in 2018 is on track, but the school will not formally increase its PAN until 2019. A report was submitted to SLT on 16 November 2018 which outlined the continued case for expanding the school given recent results and falling rolls.</p> <p>The latest set of secondary projections (based on the October 2018 school census data), concludes that the projected demand for secondary places will be insufficient to warrant the need for a new secondary school in 2020/21 due to falling primary rolls – a downward trend which is being seen across many London LAs.</p> <p>Despite the decision to postpone the opening on a new school in 2020/21, regular</p>

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Control Title	Control Description	Service Manager	Control - Latest Note
			monitoring and analysis of future projections will continue to be undertaken should additional secondary places be needed.
LT 1112 Risk 25 Regular monitoring of reception applications	Primary applications are volatile in nature. Regular monitoring of numbers of applications received compared to numbers expected allows Admissions Team to identify and respond to any perceived under submission.	Marian Lavelle	In Hackney, there are a total number of 3,155 places. The number of reception pupils on roll in January 2018 was 2633. GLA (Jan 2018) projections indicated that 2539 pupils would be on roll in September 2018-94 fewer than those on roll in January 2018. 2644 reception offers were made for September 2018, excluding those pupils with EHCPs. 2,633 pupils were on roll on census day in January 2018 2759 pupils were on roll on census day in January 2017 2807 pupils were on roll on census day in January 2016 2,845 pupils were on roll on census day in January 2015
LT 1213 Risk 17 Growth fund developed	Approval from schools forum sought annually to promote growth fund	Ophelia Carter	Growth models for the NFF for 2019-20 has been published, indicating a 50% reduction in the allocation of the Growth fund to Hackney. In a lagged formula. This may be sufficient, due to the ending of many of the current expansions. Further review of the local allocation methodology to take place to manage the risk. Any previous surplus used to support additional funding to schools, is likely to be reduced.
LT 1213 Risk 39 Funding and sites secured	Funding and sites secured for any required new provision	Michael Coleman; Marian Lavelle	The temporary site for the City of London Academy Shoreditch Park is operational. The planning application for the Britannia site (the permanent location of the Academy) was submitted in March 2018. The procurement process for the build contract for the school has also commenced and contract award is due to Cabinet in April 2019. The EFA has confirmed the capital funding for the first new City of London academy, at £22.5m for the permanent site, and c. £4m for the temporary.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT SCH 1314 0001 Approaches taken to pupil exclusion by Hackney schools - i. HLT ii. Schools iii. CYPs	(a) An increase in exclusions would affect HLT reputation and the organisation's financial position as HLT is responsible for provision for permanently excluded pupils (cost implications of permanent exclusions). (b) HLT cannot intervene in school decision making, but should seek to influence school policy and practice		January 2019: Rates of exclusion in Hackney schools remain amongst the highest in the country. The long-term 'No Need to Exclude' strategy is being implemented. Further initiatives are being taken, including an analysis of the causes of exclusion and engagement with preventative service, for example the Re-engagement unit.

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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
	<p>though existing and novel mechanisms, including SRAS secondary B&A, fair access.</p> <p>(c) Strategies for an effective approach to exclusions must draw on the expertise of areas such as Young Hackney.</p>		

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1112 Risk 20 Monitoring & sharing of exclusions, attendance and related data	Monitoring & sharing of exclusions, attendance and related data between schools and at Behaviour and Attendance (B&A) Partnerships to inform practice and develop strategies.	Andrew Lee	The Director of HLT has initiated an Exclusions Board to oversee this area of work across differing agencies as well as expectations such as those from Scrutiny who are reviewing outcomes of exclusions. An action plan has been drafted and is awaiting final sign off
LT 1213 Risk 35 Alternative provision in place	HLT uses its commissioning role to work to ensure there is an adequate high quality alternative provision offer in place to meet statutory responsibilities and to minimise the potential impact on individual pupils following exclusion.	Andrew Lee	The CYP Scrutiny Commission recently heard of the positive and diverse range of SP provision in Hackney – and how it is closely linked to NRC. HLT has established a formal Place Commissioning group to establish place numbers and view data from the Sufficiency plan to project the level of need in the borough. This work will be linked to the School Place Planning group. A deep dive analysis of the excluded cohort is due to be published by a commissioned external researcher.
LT1112 Risk 21 Use of Local Partnerships	The Behaviour & Attendance Partnerships provide challenge, strategic planning and consultation for all secondary schools & academies and now primary schools. Partnership working with Young Hackney is encouraged to ensure a whole family approach to behaviour management.	Andrew Lee	The Wellbeing review group provides a forum for key stakeholders to continue to share practice and identify areas for joint focus. The secondary behaviour and attendance meeting has been changed to a meeting for pastoral heads to ensure key operational leaders in schools are able to share practice in this arena. The meeting provides a forum for HLT to raise issues and develop policies.
LT1516 Risk 07 - Development & implementation of the No Need to Exclude initiative	HLT encourages engagement with schools and other partner agencies to ensure awareness and engagement with the implementation of the No Need to Exclude Initiative	Paul Kelly	<p>The new Strategic Plan focusses on the following:-</p> <ul style="list-style-type: none"> (i) Supporting governance – ensuring the governing bodies have information about groups vulnerable to exclusion; offering support and challenge; and strengthening IRPs (ii) Rebuilding the use of AP – looking at whether Schools are considering all options (iii) Managed Moves and In Year Fair Access processes – learning from the experience of other LAs with similar behavioural challenges but a different profile in regard to published exclusions data (iv) Partnership working with the Safer Neighbourhood Teams and Young Hackney, in regard to weapons related exclusions – interventions designed to raise awareness, and in accord with MOPAC Knife Crime Strategy - www.london.gov.uk/knife-crime

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Control Title	Control Description	Service Manager	Control - Latest Note
			<p>(v) Undertaking an in-depth data analysis of excluded pupils in Hackney cross referenced with Young Hackney / Mosaic data and Health records. Seeks to identify common themes/ experiences/ risk factors/ influencing factors. When could we have intervened earlier? Links with YBM project.</p> <p>(vi) Focus on disproportionality- a range of activity across different forums to ask the difficult questions - identifying the reasons and causes of this in Hackney, identifying good practice.</p> <p>(vii) The plan is a working draft. HLT will be proactive in sharing the plan in key partnership forums to ensure that it outlines a cross partnership approach- from HLT, Health, social care, early help, police, VCS organisations and other stakeholders to improving well-being and behaviour in order to reduce exclusions. The plan will assign actions across the partnership, monitoring arrangements and impact evaluation.</p>

Public Health Division risks

Report Type: Risks Report



Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH PH010 - Recommissioning the substance misuse service.	<p>Recommissioning of the substance misuse service with ambitious plans for service redesign, whilst delivering savings (Cabinet requirements and reductions in external funding). There's a risk of designing the service in a way that is not attractive to quality providers.</p> <p>IMPACT – No providers bid for the contract, leading to a failed procurement. Reduced budget could affect our ambitions to commission a dynamic treatment service that is responsive to changing needs</p>	Children, Adults & Community Health		 Risk updated February 2019

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CACH PH010 - Recommissioning the substance misuse service.	<p>Comprehensive consultation as part of the service redesign, including with potential bidders. Close working with directorate commissioning colleagues, to draw on their experience and follow processes that ensure potential providers are aware of the tender.</p> <p>We are working with the current provider to mitigate the impact of reduced MOPAC funding, and are finalising options to ensure our work with criminal justice remains robust.</p>	Sue Milner (interim Director of Public Health)	Matt Clack	July 2019	Added February 2019

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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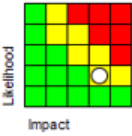
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CACH PH 007 Sexual Health	<p>Failure to realise the benefits of the pan London and local sexual health transformation programme.</p> <p>Impact</p> <p>1) Savings agreed through to 2020 not delivered. 2) Uneven access to services for residents across London.</p>	Children, Adults & Community Health		<p align="center"></p> <p>Risk updated following implementation of the Pan-London service using an integrated tariff, and the e-testing service. Residual risk of delivering associated savings remains.</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>CACH PH 007 Sexual Health</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 83</p>	<p>Active participation and Director of Public Health leadership role in sexual health.</p> <p>Monitoring and supporting implementation of the pan-London e-testing service sited at the City of London.</p> <p>Ongoing dialogue with the Homerton as new lead provider for sexual health services on implementation of new contract.</p> <p>Ongoing services provided that target high risk communities with a range of support and advice.</p>	Sue Milner (interim Director of Public Health)	Matt Clack	Nov 2019	<p>Sub-regional service implementation complete and clinical leadership from Director of Public Health continues at a pan-London level to monitor outcomes and delivery of savings.</p> <p>Control updated to reflect the need to monitor implementation of the new service by the provider and to complete procurement of the Community Advice services in primary care and other settings.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH PH 009 Budget	Budget may not be managed effectively, may not align to Local Authority Public Health and Local priorities.	Children, Adults & Community Health		<p align="center"></p> <p>Risk added in December 2016 and continues</p>

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	<p>Impact</p> <p>1) Spend not effectively controlled, creating overspends. 2) Failure to deliver a variance to be used in related local authority services.</p>			
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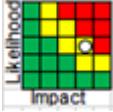
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>CACH PR 009 Budget</p>	<p>Quarterly reports produced for management team on performance and spend for each contract across the service.</p> <p>Options for future budget reductions planned over a 2 year period.</p> <p>Develop governance processes to ensure assurance of public health grant expenditure within the Integrated Commissioning framework.</p> <p>Monitor changes to wider context of public health funding and implications for the budget plan, including: proposed removal of the ring-fence by April 2020 and for public health services to be funded through retained local business rates; and Public Health England's consultation on the services which are mandated for delivery by local authority public health services (referred to in the recent NHS Long Term Plan).</p>	<p>Sue Milner (interim Director of Public Health)</p>	<p>Sue Milner</p>	<p>Ongoing</p>	<p>Added February 2019</p>

ADULT SERVICES

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>CACH AS 001 Existing budget and resources are not sufficient to meet demand (Financial, reputational and poor service user outcomes and experience)</p>	<p>Key factors including an increase in demand as a result of the implementation of the Care Act 2014, demographic pressures and lack of in-Borough provision mean that the budget position is at risk.</p> <p>In addition to budgetary pressures, there is a risk that the social care workforce, and provision within the Provider market will be insufficient to meet and therefore support this growing demand.</p> <p>Whilst there are some emerging trends, predicting future demand is challenging and the current methodology does not support effective and accurate demand modelling.</p>	Children, Adults & Community Health		<p>Reviewed and updated January 2019</p> <p>⇄</p> <p>Risk has remained the same</p> <p>The continued delay in the government's social green paper means there is still no clarity on the long term intentions of the government around a sustainable funding model for social care. In addition to this, it remains unclear whether iBCF funding will be replaced and at what level post 2019/20 as this funding was announced pending proposals for a sustainable adult social care funding solution. The implications of any loss of funding will continue to be highlighted in order that these can be factored into the Council's financial plans. This will include ensuring that it is clear what funding is required to continue to run safe services for adults.</p>

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Control Title	Control Description	Responsible Officer	Service Manager
<p>CACH AS 001a Recommissioning of Housing Related Support Services</p>	The recommissioning of Housing Related Support Services has delivered savings in 18/19 and will do so again in 19/20 to support the sustainability of Adult Services. The services are also being redesigned to deliver better outcomes for individuals who use these services.	Simon Galczynski	Gareth Wall
<p>CACH AS 001b Programme Management Office will oversee initiatives in place to manage demand and reduce/contain spend</p>	A number of key initiatives have been developed by Adult Services to manage demand and contain spend which will be overseen by the department's Programme Management Office which meets 6 weekly to oversee progress. It will also report monthly to the directorate wide Budget Board meeting providing additional governance overseeing delivery by the council's Section 151 officer.	Simon Galczynski	Heads of Service
<p>CACH AS 001c Implementation of the 3 conversations practice model</p>	In 2019 Adult Services will be implementing a significant transformation of frontline practice supported by an organisation called Partners for Change. This approach will support demand management as it focuses on embedding a strengths based approach which promotes service user independence and has an evidence base from being implemented in other areas the demonstrates improved service user satisfaction, improved staff satisfaction and reduced numbers of people requiring ongoing care and support.	Simon Galczynski	Marion Willicome-Lang

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 002 – Provider Failure and local market sustainability (reputational, financial, poor service user outcomes and experience)	Within the continuing challenging financial climate the ability of Social Care providers to continue to deliver high quality, cost effective services is under pressure. These pressures may result in an increase in quality and safeguarding concerns.	Children, Adults & Community Health		Reviewed and updated January 2019. This risk has stayed the same. There continues to be instability in the homecare market nationally, seen with the Allied Healthcare provider failure in 2018 which negatively affected neighbouring boroughs but we have the below controls in place to manage this risk.


Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CACH AS 002a Robust procurement process	As part of the Council's procurement process all providers that tender for contracts must prove their financial standing, prior to any contract award. This approach is required to safeguard both adults receiving services and the Council.	Simon Galczynski	Gareth Wall	On-going	Jan 2019 - Robust procurement processes continue to be in place however there is an increase in the number of providers challenging procurement outcomes, both formally and informally. This is currently being managed by Procurement and Strategic Commissioners. Contracted homecare providers continue to display capacity limits for urgent, complex packages of homecare, resulting in the frequent need to spot purchase provision. We are exploring the potential to implement a dynamic purchasing system to attract and manage a wider group of providers.
CACH AS 002b Fee uplift and commitment to London Living Wage	In recognition of the financial challenges that Providers are facing and to support them in attracting, recruiting and retaining high calibre staff, the Council has made a commitment to support payment of the London Living Wage. In addition, the Council has also agreed to award a 1% uplift in fees to Providers for 2018/19. And a similar process is being adopted for 19/20 and commissioners are working with providers to understand their financial challenges.	Simon Galczynski	Gareth Wall	On-going	Jan 2019 - The uplift has been implemented however, there are continued pressures from providers that the 1% uplift is not enough. This is currently being managed by strategic commissioners and Procurement through a negotiation process. Commissioners are also working with ADASS London to develop a shared cost model to assist with negotiations.
CACH AS 002c Effective and robust contract	With a fully staffed team, Adult Services Commissioners are able to more effectively manage and monitor providers on a clear,	Simon Galczynski	Gareth Wall	On-going	Jan 2019 – All providers are regularly quality assured through our contract monitoring arrangements. The Commissioning Team have revised the "Provider Concerns" protocol and have introduced a

management and monitoring arrangements	risk based approach. This monitoring has been developed to focus on reviewing both the quality of the provision as well as financial stability of providers, so that any key issues or concerns can be identified in a timely manner and action taken to mitigate or manage any safeguarding, quality or financial risks.				pathway to address concerns. They have also established a CHCCG & LBH information sharing forum with the Care Quality Commission being a key contributor. This aims to assist in identifying concerns at an early stage, and formulating cross agency approaches to address improvements required. The Quality Assurance and Contract Monitoring process will also be applied to the Council's own provided services, including Housing with Care, Shared Lives and ILDS.
CACH AS 002d Market Position Statement refresh	The commissioning team will be looking at refreshing the Adult Social Care market position statement over the next 12 months to identify market strengths and weaknesses and define key market shaping activity required.	Simon Galczynski	Gareth Wall	January 2019	Following consultation with the local market, the Commissioning Team is taking an iterative approach to the publication of a refreshed statement via its new online platform: http://blogs.hackney.gov.uk/adults

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 003 - The needs of vulnerable adults are not identified in a timely manner (poor service user outcomes and experience)	With the increase in demand at the front door in light of the Implementation of the Care Act 2014, the availability and capacity of suitably qualified staff is negatively impacted. The number of requests for assessment continues to exceed the availability and capacity of staff. As such there is a real risk that assessments and reviews to identify and support the needs of service users and their carers is not undertaken within the required statutory timeframes.	Childrens, Adults and Community Health		Reviewed and updated January 2019. This risk has stayed the same.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CACH AS 003a - A risk based approach to waiting list management	<p>New duties under the Care Act 2014 were introduced in 2015 which require additional resources to ensure statutory responsibilities and legal compliance. This means that we are currently operating at an enhanced staffing level and despite having some additional capacity, we are still holding a waiting list for Care Act Assessments.</p> <p>To ensure that risks are managed effectively, waiting lists are reviewed and prioritised on a weekly basis. Services can be commissioned and</p>	Simon Galczynski	Ilona Sarulakis	Ongoing	Jan 2019 - The team resources and structure are currently under review. It is anticipated that with a fully staffed service we would be able to meet the original performance criteria – Allocation of cases within 48 hours (non-urgent) and assessment complete (or substantially underway) within 28 days. Annual reviews are undertaken as per our statutory duty.

	<p>provided urgently as a "Direct Service provision" on the same or next day if necessary. There is a Joint Referral Panel held weekly and cases are allocated to the appropriate discipline/s from that. There is almost no waiting list for OT which is very strong performance when benchmarked to other authorities.</p> <p>Most disciplines within the team have cases waiting to be allocated. The reasons can be varied e.g. staff vacancies; working on backlogs (reviews for instance); number of safeguarding cases requiring immediate action; home closures etc.</p>				
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>CACH AS 004 - Inability to attract and retain a stable, high calibre workforce for key roles within Adult Services</p> <p>(Financial and reputational risk, poor service user experience and outcomes)</p>	<p>Hackney has previously experienced challenges in being able to recruit and retain a stable, permanent workforce to key roles within Adult Services. Key areas include Social Workers, Commissioners and Procurement professionals.</p> <p>Whilst the number of vacancies have reduced across 2018/19 there remains a number of vacancies across frontline teams and in commissioning.</p> <p>This clearly impacts on the budget, but also negatively impacts on service delivery, service user experience and outcomes, staff morale/ wellbeing/ productivity, with the potential for reputational damage.</p> <p>The lack of stable staffing and service pressures mean that staff are not always able to take up training opportunities.</p> <p>Many Adult Services staff require upskilling to support them to deliver the high quality care and support necessary in an increasingly complex landscape of changing legislation, reduced budgets and the drive towards person-centred care</p>	<p>Children, Adults & Community Health</p>		<p>Reviewed and updated January 2019.</p> <p>This risk has reduced.</p> <p>During 2018/19 as part of Adult Services' People Strategy and supported by the newly formed Programme Management Office, there has been a focus on developing a competitive recruitment strategy and workforce offer to attract people to work in Hackney on a permanent basis with a specific focus on social workers.</p> <p>As a result of a first phase of recruitment Adult Services have filled 16 permanent frontline social work positions. There has also been work to retain existing staff which has seen an increase in pay for social workers to bring this in line with the offer for Children's social workers and ensure it is competitive compared to other boroughs.</p> <p>Whilst there are still a number of vacancies across frontline teams the success of the first phase of recruitment will help inform a second phase of recruitment to fill the remaining vacancies including those within the Integrated Learning Disability Service.</p> <p>Across the department in 2018/19 there were several other permanent</p>

				appointments which has reduced this risk score including two new permanent Heads of Service in Commissioning and the Integrated Learning Disability Service and two new strategic commissioners within commissioning. There remains vacancies within the commissioning service including the procurement team which will be a focus for the Head of Commissioning in Q1 of 19/20.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CACH AS 004a Continued delivery a People Strategy for Adult Services	Building on the successful delivery of the first phase of the Adult Services People Strategy this will continue to be delivered across 19/20 with the support of the Programme Management Office to continue to focus on recruitment and retention, future workforce planning and developing the professional workforce.	Simon Galczynski	Principal Social Worker Marion Willicome-Lang / HR / Adult Services Heads of Service / Workforce Development Manager	Ongoing over 19/20	January 2019 - As summarised above in 2018/19 there was a specific focus on recruiting permanent frontline social workers, for which there was a successful first round of recruitment. As second recruitment drive is expected in Spring 2019 to fill further vacancies across frontline teams. In 19/20 there will also be a similar focus on ensuring a clear offer for Occupational Therapists to attract them to Hackney and then retain them going forward.
CACH AS 004b A training and development offer for Adult Services that is relevant and flexible.	Adult Services are incrementally establishing a new learning and development offer for staff across its services. This includes through the establishment of an innovative Hackney Adult Services Practice Academy which offers learning and development opportunities through a 'faculty' framework. A robust Learning Needs Analysis process is in place and will also inform plans for 2019/20.	Simon Galczynski	Simon Richardson/ Principal Social Worker – Marion Willicome-Lang/ Adults Heads of Service	Ongoing over 19/20	January 2019 - The establishment of a Hackney Adult Services Practice Academy in 2018/19 is changing the way in which staff are developed and how they access learning and development opportunities with a focus on a clearly defined career progression. The first phase is primarily focusing on staff who do not have a social work qualification but may be interested in doing so such and then supporting social workers through their careers. The next phase will look at the offer for the rest of the department such as Occupational therapists and commissioners. A focus for 19/20 will also be improving the learning and development offer and tracking and monitoring systems for staff within Provided Services. Based on a December 2018 CQC inspection of Housing with Care services they found that records did not show staff had received appropriate training for their role. This will be addressed by changes in how training is tracked and monitored for this group of staff by the workforce development team.
CACH AS 004c Transformation of adult social work practice through the 3 conversations model	Adult Services will be implementing a new approach to practice throughout 2019 which empowers frontline workers and in which there is an evidence base from other areas that it increases staff satisfaction. This should support staff retention and	Simon Galczynski	Principal Social Worker Marion Willicome-Lang	March 2020	New control added January 2019

	attract people to come and work in Hackney.				
CACH AS 004d Launch of the social work apprenticeship degree in 2019/20	The social work apprenticeship degree is being launched nationally in 2019/20. This will support Hackney to 'grow its own' social worker staff by offering to those who are interested a route into social work to those who work in Housing with Care services and those that work in other front line teams such as review officers and information and assessment officers.	Simon Galczynski	Principal Social Worker Marion Willicome-Lang	Ongoing	New control added January 2019

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 005 - Adults at risk suffer significant harm, injury or death	Adults at risk who use our services are at greater risk of harm, injury or death. If risks are not adequately assessed and protected the vulnerable person could suffer significant injury or death. Hackney has had 5 Safeguarding Adult Reviews (SARS), which are a multi-agency learning process following the death or serious abuse or neglect of a vulnerable adult. The SARS have resulted in action plans for the council and for its partners to deliver and help mitigate this risk.	Children, Adults & Community Health		<p>Review and updated January 2019</p> <p>Risk has stayed the same</p> <p>In 2018/19 Adult Services in Hackney invited the London Association of Directors of Adult Social Services (ADASS) to conduct a Peer Review into Adult Safeguarding in order to test and validate the controls in place for how this risk is managed. The review was positive about how this risk is managed in Hackney but also provided areas for further consideration about more we could do. These areas have been built into ongoing adult safeguarding delivery plans within commissioning, operations and the work of the Safeguarding Adults Board.</p> <p>In 2018/19 the City & Hackney Safeguarding Adults Board have continued to work together to embed the learning from SARS to help mitigate this risk further. This included:</p> <ul style="list-style-type: none"> • Delivery of SAR learning sessions to multi-agency groups, including voluntary agencies • Development of Task & Finish group to promote service user engagement in the work of the CHSAB <p>The Board has also carried out awareness raising activities to help prevent adult safeguarding such as an awareness campaign co-produced with service users to raise awareness of financial abuse.</p>


Control Title	Control Description	Responsible Officer	Service Manager	Due Date
CACH AS 005 a	The City & Hackney Safeguarding Adults Board's (CHSAB) role is to monitor safeguarding across all partner agencies, including the local authority and has regular meetings of the	Simon Galczynski	John Binding	On-

The City and Hackney Safeguarding Adults Board is in place and operating as an effective multi-agency forum.	Board to ensure safeguarding across the partners is being managed effectively and that relevant intelligence is appropriately shared.			going
CACH AS 005 b Staff are appropriately qualified and have the necessary skills and expertise to ensure risk and need are properly assessed	Adult Services has a clear annual training plan that is underpinned by a robust Learning Needs Analysis process, which ensures that staff within the Directorate and wider partners have access to the appropriate training. Learning and development with regard to safeguarding is monitored by the SAB	Simon Galczynski	Tessa Cole / John Binding	On-going
CACH AS 005 c Embedding the learning from Safeguarding Adults Reviews and embedding adult safeguarding within Integrated Commissioning	The Safeguarding Adults Board with the input and support of Adult Services' Head of Safeguarding will continue to oversee the delivery of the recommendations of the Safeguarding Adults Reviews. This will include working with existing projects within the Integrated Commissioning programme such as the Neighbourhood Programme to ensure they support the delivery of these recommendations.	Simon Galczynski	Ilona Sarulakis and John Binding	On-going
CACH AS 005 d Ensuring that there is a shared strategic approach to recognising and responding to the needs of adults at risk across the borough.	Ongoing and consistent liaison with other formal boards, ie Community Safety Partnership, Children's Safeguarding Board, Health & Well-being Board. In order to promote awareness of adults at risk across the borough in the context of "adult safeguarding being everybody's business" which includes the development of regular cross board chairs meeting.	Simon Galczynski	John Binding + (CHSAB Manager)	On-going
CACH AS 005 e Ensuring that people who use our services are actively involved in the work that we do, via co-production, delivery of training, critical partner and "expert by experience" roles and functions.	Continued development and promotion of engagement / co-production with people who use our services in order to identify and implement a mechanism to build understanding from a user perspective and therefore implement better informed prevention activities.	Simon Galczynski	Tessa Cole	On-going

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 006 – Inability to control the increasing number of Delayed Transfers of Care	<p>The number of people delayed from leaving Hospital has dropped significantly for the majority of the year, however we have experienced two peaks (Oct and Dec). While these peaks have been addressed it demonstrates that our performance is not yet stable. And that there remains times when there is an impact in the throughput in the Hospital as well as people not receiving the right care, support and interventions at the right time to enable them to remain healthy and well.</p> <p>This target is further exacerbated by a lack of "in-Borough" provision, capacity of providers to support the demand and patient choice issues - which is an intrinsic issue in Hackney.</p>	Children, Adults & Community Health		<p>Reviewed and updated January 2019</p> <p style="text-align: center;"></p> <p>This risk has remained the same</p>

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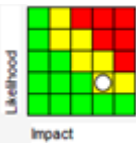

<p>CACH AS 006a Whole systems working – Integrated Commissioning</p>	<p>The proposed key strands underpinning Integration and wider Devolution, will ensure a stronger, more joined up approach to managing discharge from Hospital. This will provide the opportunity to review and jointly clearly articulate the choice available to service users and their families upon discharge from Hospital. This will continue to be taken forward as a key component of the Unplanned Workstream in 2019/20.</p> <p>In addition to that the Planned Care Workstream is looking at Housing as a 'big ticket' item and how health, social care and housing can work together to reduce delayed transfers of care arising from Housing issues.</p>	<p>Simon Galczynski</p>	<p>Iлона Sarulakis / Gareth Wall</p>	<p>Ongoing</p>	<p>Jan 2019 - As part of the Unplanned Care Workstream of Integrated Commissioning there has been a successful focus on DToC performance. Daily teleconferencing led by Operations and weekly huddle meetings continue, chaired by the Director of Adult Services and a monthly Discharge sub-group meets to oversee the High Impact Change Model implementation and DToC performance. Monthly meetings with Mental Health services are in place to oversee the Mental Health DToC Action plan, which has had a dramatic positive impact on performance. These controls will continue moving forward.</p> <p>As a result of the tasks described above when a spike in delays has arisen we have been able to react quickly and seen performance peak but then come down rapidly back to target. Further work is being done on trying to better stabilize performance month on month.</p>
<p>CACH AS 006b Supporting the Home Care market to be more reactive</p>	<p>One of the major delays is as a result of Home Care providers not being able to take on packages as quickly as we need them to. Or in some cases not taking on packages and this then causes an inherent delay in being able to discharge someone home. Measures to address include:</p> <ul style="list-style-type: none"> • A Task and Finish group to look at this set up to monitor performance against contract with Home Care providers has been set up • Contract/Performance review all current providers • Support a recruitment drive for Male and Bi Lingual workers • Meet providers at monthly forum • Review current Framework 	<p>Simon Galczynski</p>	<p>Gareth Wall</p>	<p>Ongoing</p>	<p>Jan 2019 - New control added. A task and finish group has been running for 6 months and the Quality Assurance team in Adult Services Commissioning have interviewed all providers, leading to better monitoring of refused packages with greater escalation back to providers.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>CACH AS 007 - The needs of Vulnerable Young People moving from CYPS to Adults Services are not appropriately identified and planned for. (Financial, poor service user experience and outcomes and reputational risks)</p>	<p>The current transition process and poor planning could lead to budgetary pressures which have not been planned for and to an insufficient staff resources to support these young people as well as a potential lack of appropriate provision to meeting their needs.</p> <p>In addition policy decisions around education spend in Hackney Learning Trust may lead to increased spend in Adult Services if a new day opportunities offer is not developed to meet the need left by</p>	<p>Children, Adults & Community Health</p>		<p>Review and updated January 2019</p> <p>Risk has reduced slightly</p> <p>In 2018/19 there has been continued joined up working across Adults, Children's and Education to embed the transitions pathway and the launch of the new ILDS service with a specific</p>

	reduced education funding.			Transitions team and Transitions team manager will ensure that there is dedicated Adult Services resource to effectively plan.
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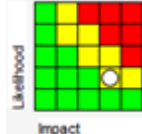

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CACH AS 007a The Transitions Steering Group and sub-groups are providing ongoing governance to oversee and plan for effective transitions	Governance arrangements around transitions including decision making around funding arrangements and TORs have been finalised between key stakeholders and is in operation. The Steering Group is chaired by Anne Canning, Group Director for CACH The purpose of these groups is to bring together education, children's social care, adult social care and health in order to effectively plan joined up and coordinated transitions for young people.	Simon Galczynski, Sarah Wright and Annie Gammon	Ann McGale and Gareth Wall	Ongoing	Jan 2019 - Since last year these groups are now operational and meeting regularly.
CACH AS 007b Whole systems working – Integrated Commissioning	The Planned Care Workstream is overseeing the delivery of the ILDS review of which establishing effective transitions pathways and restructuring the team is a core strand. This will provide additional integrated oversight of the delivery of the transitions programme moving forward.	Simon Galczynski	Tessa Cole	March 2019	Jan 2019 - Throughout 2018/19 the redesign of ILDS has provided monthly progress updates to the Planned Care Core Leadership Group to ensure accountability on delivery of key milestones. This will continue in 2019/20.
CACH AS 007c Establishment of a Transitions Dashboard	To help with better planning a Transitions Dashboard will be established in 19/20 which will pull data from Education and Children's and Young People's Services and Adult Services. Providing further intelligence to effectively plan for and manage transitions across the directorate.	Simon Galczynski, Sarah Wright and Annie Gammon	Ann McGale	November 2019	Jan 2019 - New control
CACH AS 007d Delivery of a day opportunities project	Adult Services Commissioning will be initiating a project in 2019/20 which will look at building up day opportunities provision for young people transitioning to Adult Services that meets their needs and is cost effective.	Simon Galczynski	Gareth Wall	March 2020	Jan 2019 - New control

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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<p>CACH AS 008 - Loss of confidential / personal information – (negative impact on service users confidence and the families and carers, reputational risk, financial risk through financial penalties</p>	<p>Adult Services holds a great deal of sensitive information, which relates to vulnerable adults supported by the Council, their families and carers. This includes information other statutory agencies and third party information. There is a risk that this could be lost, stolen or fall into the wrong hands.</p>	<p>Adult Services</p>		<p>Review and updated January 2019</p>  <p>This risk has stayed the same.</p> <p>In light of the introduction of the General Data Protection Regulations there have been a number of corporate initiatives in the last year to raise awareness about the importance of handling personal data in the right way. This has included mandatory online training for all staff on how to handle and look after personal data and communications to all staff on how to avoid data breaches and what to do if there is a data breach. However, given the volume of sensitive data handled and processed by Adult Services on a daily basis the risk score remains the same.</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>CACH AS 008a Clear guidance and procedures are in place to ensure that staff are clear and understand their responsibilities in relation to handling and managing confidential and personal information in accordance with the law</p>	<p>Staff have access to clear procedures and guidance in relation to managing personal and sensitive information, as well as reporting any breaches. Training is provided to staff to ensure that their knowledge remains current and their awareness is regularly raised.</p> <p>All breaches are recorded and monitored and actions identified through the regular Caldicott Guardian meetings in order that any learning can be captured and fed into improvements.</p>	<p>Simon Galczynski</p>	<p>Adult Services Heads of Service</p>	<p>on-going</p>	<p>Jan 2019 - this is an ongoing control.</p>
<p>CACH AS 008b Continued communications with staff about preventing data breaches</p>	<p>Within the Business Hub team in Adult Services, there is a dedicated Business Services and Information Governance Officer who will be ensuring there is regular communication with the staff in the department to raise awareness on how to prevent data breaches. This will also have information on what to do if there is a data breach in order to minimise the impact and to share lessons learnt from previous breaches to help prevent them from happening again.</p>	<p>Simon Galczynski</p>	<p>Tessa Cole</p>	<p>on-going</p>	<p>Jan 2019 - New control added</p>
<p>CACH AS 008c Programme of audits and checks across Adult Services</p>	<p>In 2019/2020 the Business Services and Information Governance officer will be working alongside the corporate information governance team. This is to carry out a series of audits and checks across Adult Services in order to review how different services and teams are storing, processing and disposing of data. The officer will also be logging the types of information they store and handle to ensure greater governance and oversight of personal data.</p>	<p>Simon Galczynski</p>	<p>Tessa Cole</p>	<p>on-going</p>	<p>Jan 2019 - New control added</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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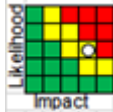
CACH AS 009 – The risk of Judicial Review or Legal Challenge	Due to the nature of the work of Adult Services there is always a risk that decisions in relation to funding or not of care packages or other decisions may lead to a Judicial Review or Legal Challenge.	Children, Adults & Community Health		Reviewed and updated in January 2019.
				
<p>This risk has stayed the same.</p>				

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CACH AS 009a Working within existing guidance and frameworks and seeking Legal Support	<p>There is legislation, guidance and procedures to support staff to work appropriately.</p> <p>The Council also has Legal expertise that staff can seek advice and support from with complex cases and issues.</p> <p>Staff across Adult Services work in close liaison with Legal colleagues to ensure that the risk of legal challenge is mitigated as far as possible.</p>	Simon Galczynski	Adult Services Heads of Service and Legal colleagues	on-going	January 2019 - This control remains the same.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 010 – The needs of vulnerable adults with learning disabilities are not identified and responded to in a timely manner (poor service user outcomes and experience) and the future funding arrangements for the learning disabilities service are not sustainable (Financial, poor service user experience and outcomes and reputational risk)	<p>The implementation of the operating model for ILDS leads to a poor service for service users as the new way of working is embedded.</p> <p>In 2018/19 the implementation of a new integrated operating model and pathways for ILDS has been done collaboratively with staff and users and carers. However, the service is still working towards a permanent and stable</p>	Children, Adults & Community Health		<p>Reviewed and updated in January 2019.</p> <p style="text-align: center;">  </p> <p>This risk has reduced slightly.</p>

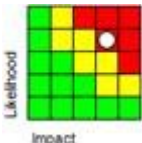
	workforce which impacts on service delivery.			In 2018/9 a new permanent Head of Service for the Integrated Learning Disability Service was recruited to which has led to greater stability within the service and the new model for ILDS which should lead to greater outcomes for users continues to be implemented.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CACH AS 010a Implementation of the recommendations of the ILDS review	The recommendations of the ILDS review that was completed in 2017/18 continue to be implemented by a dedicated project manager overseen by robust project governance.	Simon Galczynski	Ann McGale/Penny Heron/Tessa Cole	Ongoing	January 2019 - The new operating model for ILDS will be implemented incrementally, in order to manage associated risks, from January 2019. The operational work needs to be supported by key initiatives in commissioning to support the development of the market of providers for people with learning disabilities.
CACH AS 010b Whole systems working – Integrated Commissioning	The Planned Care Workstream is now overseeing the delivery of the ILDS review. The Planned Care Workstream has representation from key stakeholders who have an interest in the delivery of a new operating model for ILDS. This will provide additional integrated oversight of the delivery of the ILDS programme moving forward.	Simon Galczynski	Ann McGale/Penny Heron/Tessa Cole	Ongoing	Jan 2019 - Throughout 2018/19 the redesign of ILDS has provided monthly progress updates to the Planned Care Core Leadership Group to ensure accountability on delivery of key milestones. This will continue in 2019/20.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
NEW RISK CACH AS 011 - The council's in-house registered social care provision receives another poor Care Quality Commissioning (CQC) Inspection leading to enforcement action and possible loss of registration (continuity of service user care, reputational risk to council)	In November - December 2018 the Council's in-house Housing with Care service that provides care and support to over 250 people living in supported living schemes in the borough was inspected by the CQC and subsequently received an 'inadequate' rating, which is the lowest rating within CQC's regulatory system. The council have an initial deadline of 8th March to deliver a number of improvements to	Children, Adults and Community Health		New risk added in January 2019. The CQC inspectors noted that the service provided good and compassionate care in many instances. However, some of the organisational and administrative practices needed to ensure a good quality of care delivery were not in place, and this represents a significant risk. Following the completion of the inspection a feedback session

	<p>service delivery to ensure no enforcement action is taken. It is then expected a further CQC inspection will be completed at some point in 2019 to review progress.</p> <p>There is a risk that if the CQC do not see sufficient progress and improvements at the next inspection in 2019 that enforcement action is taken potentially leading to a loss of registration.</p>			<p>took place on 19th December 2018, followed by the draft report being sent by the CQC. At the feedback session the inspectors said that despite the seriousness of the concerns they had confidence in the willingness and the ability of the management team for Housing with Care to make the required changes on time and that the CQC inspectors had noted that the service provided good and compassionate care in many instances.</p>
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Control Title	Control Description	Responsible Group Director / Officer	Service Manager	Due Date	Control - Latest Note
<p>CACH AS 011a Implementation of a robust improvement plan supported with additional capacity and expertise</p>	<p>A detailed and thorough improvement plan is currently being implemented</p> <p>Additional resource has also been allocated to overseeing and delivering the action plan, including dedicated project management resource from the department's programme management office; additional operational capacity within the HwC service; and additional quality assurance support in commissioning.</p> <p>A working group to deliver the actions is in place, bringing together expertise and support from different teams, including Quality Assurance, Safeguarding, Provided Services, the Programme Management Office and Communications.</p>	Simon Galczynski	Ilona Sarulakis	<p>1st milestone - 8th March 2019 -</p> <p>2nd milestone - the next CQC inspection estimated June 2019</p>	<p>New control - once the initial deadline of 8th march has been reached the improvement plan will be reviewed and added to.</p>
<p>CACH AS 011b Implementation of the Council's Provider Concerns procedure</p>	<p>As is the process with all providers, the findings of the inspection has also initiated the start of the Council Provider Concerns process which is led by the Head of Commissioning for Adult Services and has previously been successful in supporting external providers to make significant improvements to quality, for example, Supreme Care in 2018.</p> <p>This means the quality assurance team oversees progress against the CQC recommendations; oversees the implementation of any service improvements; ensures these improvements are embedded and carries out announced and unannounced service reviews to the individual schemes.</p>	Simon Galczynski	Gareth Wall	March 2020	<p>New control - the Quality Assurance team will continue to meet with Housing with Care on a regular basis throughout 19/20 to ensure improvements are embedded.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0032 Integrated Commissioning INTERNAL RISK CURRENT RISK	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.

Control Title	Control Description	Responsible Group Director / Officer	Service Manager	Due Date	Control - Latest Note
SRCR 0030a 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		Ongoing	Regular meetings (with accompanying minutes) of the ICB should provide assurance of effective communication between the organisations. The most recent meeting was on 17 January , and full minutes and records are kept for all meetings.
SRCR 0030b Section 75	The Section 75 Agreement including the financial framework sets out: - Scope of pooled and aligned budget; - Ground rules for its use and treatment of overspends; and - How conflicts in budget-setting priorities would be settled. The Section 75 Agreement also sets out the risk share agreement; should there be an overspend, the party with statutory responsibility for the function or budget will be responsible.	Anne Canning		Ongoing	The Section 75 Agreement will be for a 2-year period with a break clause on 9 months' notice. This will ensure that the Council is able to withdraw from these arrangements if they have concerns. The budget and approach will be negotiated and agreed each year to reflect changing circumstances.
SRCR 0030c Ensuring effective governance.	Ensure all arrangements and structures are properly organised and that the governance is sound.	Anne Canning		Ongoing	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. A further governance review was undertaken by PWC in 2018 with resulting recommendations to streamline some existing processes. These changes will be implemented during 2019.

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<p>TREASURY MANAGEMENT ACTIVITY REPORT 2018/19 (1st Jan 2019 – 31st March 2019)</p> <p>10th April 2019</p> <p>AUDIT COMMITTEE</p>	<p>Classification:</p> <p>Public</p>
<p>Ward(s) affected None</p>	
<p>Group Director</p> <p>Ian Williams, Group Director Finance & Corporate Resources</p>	

1. Introduction

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

2. Recommendation(s)

The Audit Committee is recommended to:

- **Note the report**

3. Background

This report is the fourth of the treasury reports relating to the financial year 2018/19 for the Audit Committee. It sets out the background for treasury management activity from January 2019 to March 2019 and the action taken during this period.

4.1 Policy Context

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

4.2 Equality Impact Assessment

There are no equality impact issues arising from this report

4.3 Sustainability

There are no sustainability issues arising from this report

4.4 Consultations

No consultations have taken place in respect of this report.

4.5 Risk Assessment

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

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

There are no direct financial consequences arising from this report as it reflects the performance from January to March 2019. Whilst investment interest is not used to underpin the Council's base revenue budget, as in some other authorities, there will be an impact on the ability to fund additional discretionary expenditure and capital programmes. The information contained in this report will assist Members of this Committee in monitoring the treasury management activities and enable better understanding of such operations.

6. Comments of the Director Legal Services

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

7. Economic Highlights

- **Growth:** The first estimate of Q4 GDP published by the ONS showed the UK economy expanded by 0.2% over the quarter and 1.3% year-on-year. Both the quarter's figure and the year-on-year figure were below expectations.
- **Inflation:** The Consumer Price Index including owner occupiers housing costs (CPIH) 12-month rate was 1.8% in February 2019, remaining the same as in January 2019. The Consumer Prices Index (CPI) 12-month rate was 1.9%, an increase from 1.8% in January 2019.

- **Monetary Policy:** The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on 20 March 2019, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. Shifting expectations about the potential nature and timing of the United Kingdom's withdrawal from the European Union have continued to generate volatility in UK asset prices, particularly the sterling exchange rate. Brexit uncertainties also continue to weigh on confidence and short-term economic activity, notably business investment. Employment growth has been strong, although survey indicators suggest that the outlook has softened. Most indicators of consumer spending are consistent with ongoing modest growth. As the Committee has previously noted, short-term economic data may provide less of a signal than usual about the medium-term growth outlook.

The economic outlook will continue to depend significantly on the nature and timing of EU withdrawal, in particular: the new trading arrangements between the European Union and the United Kingdom; whether the transition to them is abrupt or smooth; and how households, businesses and financial markets respond. The appropriate path of monetary policy will depend on the balance of these effects on demand, supply and the exchange rate. The monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction. The MPC judges at this month's meeting that the current stance of monetary policy is appropriate.

8. Borrowing & Debt Activity

- 8.1 The Authority currently has £82.8m in external borrowing. This is made up of a single LEEF loan from the European Investment Bank to fund housing regeneration £2.8m and £80m short-term borrowing from Local Authorities.
- 8.2 Close analysis of Councils Capital Financing Requirement (CFR is an indicator of an overall need to borrow) indicates that further borrowing will be required.

9. Investment Policy and Activity

- 9.1 The Council held average cash balances of £111 million during the reported period, compared to an average £132 million for the same period last financial year.

Movement in Investment Balances 01/01/19 to 31/03/19

	Balance as at 01/01/2019 £'000	Average Rate of Interest %	Balance as at 31/03/2019 £'000	Average Rate of Interest %
Short term Investments	46,339	-	32,375	
Long term Investments	6,500	-	6,500	
AAA-rated Stable Net Asset Value Money Market Funds	22,848	-	38,272	
AAA rated Cash enhanced Variable Net Asset Value Money Market Funds	3,000		3,000	
Corporate Bonds	2,356		2,356	
Housing Associations	35,000		35,000	
	116,043	1.21	117,503	1.22

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

10. Counterparty Update

- 10.1 Moody's has changed the outlook to positive from stable on Santander UK's long-term rating. Moody's has affirmed all other ratings including the long-term rating at Aa3, short term rating at P-1 and the baseline credit assessment (BCA) at a3. Arlingclose remains comfortable with clients making deposits with **Santander UK plc** for periods up to 6 months. Fitch has placed the UK AA sovereign long-term rating on Rating Watch Negative (RWN). The short-term F1+ rating has been affirmed. Arlingclose remains comfortable with clients investing in UK institutions as per our UK Counterparty Lists issued on 31st January 2019, UK local authorities for a maximum of 2 years (without further due diligence). Fitch has placed the London Borough of Wandsworth and Transport for London (TfL) on Rating Watch Negative (RWN). The short-term ratings of F1+ are unaffected. Arlingclose remains comfortable with clients investing in UK institutions as per our UK Counterparty Lists issued on 31st January 2019, with TfL for a maximum of 5 years and UK local authorities for a maximum of 2 years (without further due diligence).
- 10.2 Whilst the ongoing investment strategy remained cautious counterparty credit quality remains relatively strong, as can be demonstrated by the Credit Score Analysis summarised below:

Credit Score Analysis

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating Score	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating Score
31/01/2019	4.9	A+	5.2	A+
28/02/2019	5.2	A+	5.9	A
31/03/2019	4.9	A+	4.7	A+

Scoring:

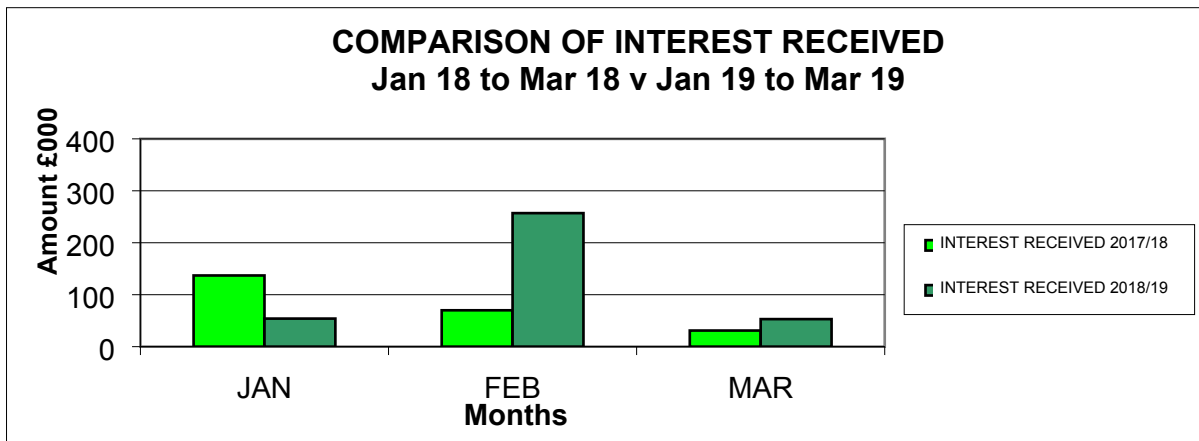
- Value weighted average reflects the credit quality of investments according to the size of the deposit
- Time weighted average reflects the credit quality of investments according to the maturity of the deposit
- AAA = highest credit quality = 1
- D = lowest credit quality = 27

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

11. Comparison of Interest Earnings

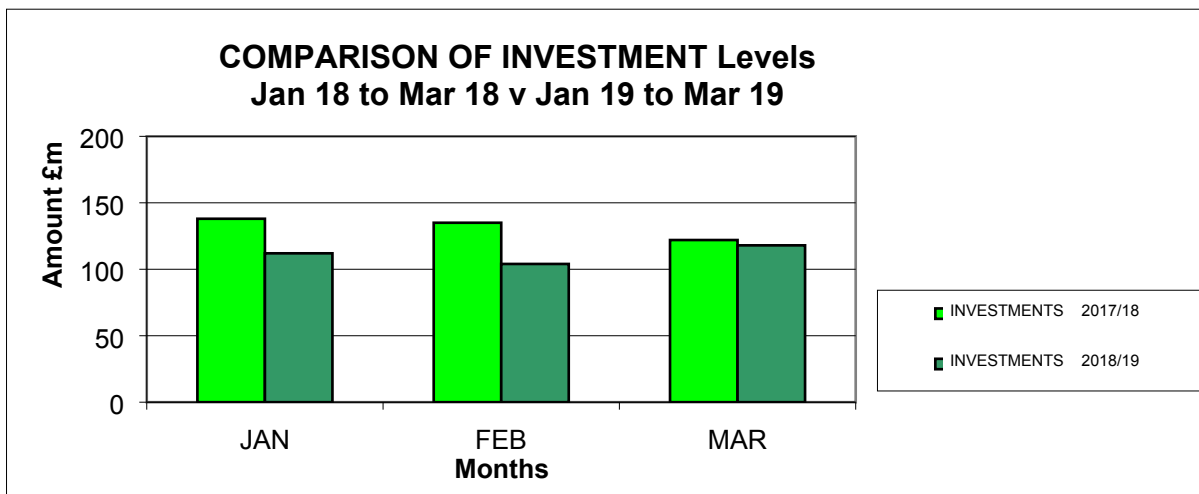
- 11.1 The Council continues to adopt a fairly cautious strategy in terms of investment counterparties and periods. Due to the volatility of available creditworthy counterparties, investments have been placed in highly rated UK Government institutions or corporate Bonds, thus ensuring creditworthiness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

11.2 The graph below provides a comparison of average interest earnings for 2018/19 against the same period for 2017/18. Average interest received for the period January to March 2019 was £121k compared to £79k for the same period last financial year.



12. Movement in Investment Portfolio

12.1 Investment levels have decreased to £118 million at the end of March in comparison to the end of March last year of £122 million. The decrease in the investment balance year on year is the result of the continued approach of maintaining borrowing and investments below their underlying levels i.e. use of internal borrowing.



13. Summary

- 13.1 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the last quarter of the financial year 2018/19. As indicated in this report, a prudent approach has been taking in relation investment activity with priority being given to security and liquidity over yield.

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REPORT OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES		
INTERNAL AUDIT ANNUAL PLAN 2019/20 COVERING REPORT Audit Committee 10 April 2019	Classification Public	Enclosures Appendix 1 AGENDA ITEM No
	Ward(s) affected All	

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This reports enables the Audit Committee to consider and approve the proposed Internal Audit Annual Plan and resources for 2019/20 as part of its role in overseeing corporate governance.

2. RECOMMENDATION

2.1 The Audit Committee is recommended to:

Consider and approve the proposed Internal Audit Annual Plan (attached as Appendix 1), which includes the key performance measures for 2019/20.

3. REASONS FOR DECISION

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

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

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

4. BACKGROUND

The operational plan for the Internal Audit Service is provided in Appendix 1 and sets out the division of responsibilities between the Internal Audit Service and managers. It presents the Annual Internal Audit Plan and Key Performance Measures for 2019/20 and is submitted to Members for approval.

4.1 Policy Context

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

4.2 Equality Impact Assessment

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

4.3 Sustainability

Not Applicable.

4.4 Consultations

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

4.5 Risk Assessment

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

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

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

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

6. COMMENTS OF THE DIRECTOR, LEGAL

6.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. The Internal Audit Annual Plan together with the recommendation in this report facilitates the Council in discharging the obligation.

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

APPENDICES

Appendix 1 - Internal Audit Annual Plan 2019/20

BACKGROUND PAPERS

None

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London Borough of Hackney

Internal Audit Annual Plan 2019/20

1. Introduction

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

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

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

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

2. Statutory Requirements

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

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

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

- The agreed strategic approach to the provision of audit services in the longer term
- The Internal Audit Annual Plan covering specific reviews for a given year
- The incorporation of best practice information/publications produced by relevant professional bodies

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

3. Main Objectives

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

4. Division of Responsibilities

- 4.1 It is management's responsibility to establish and maintain a sound system of internal control and to prevent and detect irregularities and fraud by

ensuring that risks are properly managed. Their responsibility involves:

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

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

5. Audit Resources

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

5.2 Audit Establishment

The Corporate Head of Audit, Anti-Fraud & Risk Management oversees the work of the Division. The Audit and Anti-Fraud Service consists of two distinct functions:-

Internal Audit Team

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

Anti-Fraud Teams

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

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

- One full time investigator from the AIT is dedicated to supporting the Children & Young Peoples Service Over-staying Families Intervention Team (OFIT).

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

5.4 Analysis of Operational Time

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

5.5 Available Audit Time

During 2019/20 it is estimated that operational time available for internal audit work will be 1,356 days, and operational time available for anti-fraud activity is estimated to be 2745 days. The Division also supports the development of the Council's Chartered Institute of Public Finance & Accountancy (CIPFA) graduate trainees.

Table 1: Operational Days Available 2018/19

	Internal Audit Team	Investigation Teams	Total Days	Percentage %
Gross Days Available	1977	4016	5993	100
Less Unproductive Time:				
Management/Advice*	216	470	686	
Leave, training, etc.	405	801	1206	
Operational Days Available	1356	2745	4101	68

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

6. The Audit Approach

- 6.1 Internal Audit is responsible for providing independent assurance on the adequacy of the Council's internal control framework. This is delivered through an opinion included as part of the Annual Audit Report. The opinion is derived from the results of audit activity as set out in the Annual Audit Plan, which focuses on areas of highest risk. Following each audit a report is produced for management with recommendations (categorised as High, Medium or Low) for improvement.
- 6.2 Each report contains an opinion on the level of internal control operating within the area being audited, ranging from Significant to No Assurance. The annual

assessment of the Council's overall internal control environment is based on an overview of the level of assurance applied to each area audited. The annual opinion then forms part of the review of the effectiveness of the Council's governance framework and is included in the Annual Governance Statement.

- 6.3 The Audit Plan is a flexible and dynamic resource planning tool which, in order to remain relevant, may be revised and adjusted during the year in response to a constantly changing environment and the need to reflect changes in the Council's risks, operations, systems and controls. Where such changes are required, details will be reported to management and the Audit Committee as part of the regular progress reports.
- 6.4 The Audit Plan is prepared based upon a risk assessment methodology which takes into account the size of the risk or exposure, the likelihood that the risk will materialise, any mitigating controls in place. Known areas of change within the Council and externally (e.g. legislation) are also considered. The main factors taken into account in compiling the Audit Plan consist of:
- Materiality and significance based upon budgets and volumes of transactions.
 - Consideration of the Council's strategic risk register, directorate/service level risk registers and corporate objectives.
 - Changes to the control environment and significant legislative changes.
 - Key governance issues as identified during the previous year's AGS process.
 - Concerns and emerging risks as identified through consultation with management teams, external audit and other relevant bodies.
 - National and London wide horizon scanning which identifies public sector emerging risks and themes for consideration as part of audit planning.
 - Cross fertilisation of risks and themes with Counter fraud work, to ensure that significant fraud risks are managed.
 - The need to comply with the PSIAS.
 - Previous audit history and assurance level in specific areas including follow up work.
 - Other sources of assurance.
- 6.5 Wherever possible, Internal Audit will take assurance from management's oversight of the control framework, and the results of the inspections performed by any other review bodies, for example Care Quality Commission and Ofsted.
- 6.6 The service places great emphasis on an integrated approach to its work that links systems, regularity and computer reviews for specific areas to the service's work on anti-fraud initiatives in what are considered key risk areas.
- 6.7 The approach outlined above ensures that the Audit Plan is supportive of Directors and Senior Management in delivering the strategic priorities and corporate improvement priorities of the Council, provides an opinion on the overall internal control environment and gives assurance that all directorates/services are covered in a given period and that the approach is consistent throughout the Council. All of which are key to good corporate governance.

- 6.8 Individual risk assessments on project work are also undertaken and audit reports provide management with advice on risk issues as part of the scope developed for each audit review.
- 6.9 In addition to ensuring that audit resources are directed to those areas of greatest risk to the Council achieving its objectives, audit activity will also include the following strands:
- Coverage of the Council's key financial systems on a regular basis, to ensure that core assurance is able to be provided.
 - Compliance reviews in certain areas, such as the Borough's schools to ensure that every school receives a review at least once every 4 years, but more frequently where a risk assessment indicates that the risk landscape has changed (such as a change in school leadership, impending academisation, discussions with HLT).
 - Follow up audit work to ensure that recommendations are addressed within the agreed timescales and that where audits received no or limited assurance, a subsequent visit can provide assurance that control weaknesses have been addressed.
 - Unforeseen work can arise due to new areas of service provision, management requests or emerging risks which are appropriate to audit within the year. In order to allow some flexibility, a contingency allowance is included to enable such work to be undertaken without adversely affecting delivery of the planned audit work.
 - Whilst the majority of audit work can be planned ahead, there are occasions when audits cannot be undertaken (for example, significant change takes place in the audit area). In these circumstances, the audit may need to be deferred, or may be replaced in agreement with the relevant manager.
- 6.11 Details of the projects included in the Annual Audit Plan for 2019/20 are attached as Annex 1. While there are key areas of activity that will be reviewed every year, other audits are included which reflect key risks identified through the risk management process and which were considered by the Audit Committee during the year. These include commercialisation, project management and environmental sustainability. Issues identified at various TMOs during 2018/19 will also be followed up under the new plan, given the low levels of assurance that resulted from recent reviews.

7. Audit Investigations Work

- Reactive counter-fraud referrals are received regularly. These invariably require urgent priority attention and sometimes develop into more wide-ranging projects which might encompass entire systems or business areas.
- Resources from the Audit Investigation Team will also be used to carry out proactive reviews. During the year the team will target a variety of particular areas within the many services run by the Council and will carry out anti-fraud initiatives utilising a variety of audit techniques and link this with the work of Internal Audit.

- As in previous years, the team will be involved in the Cabinet Office National Fraud Initiative (NFI). This is an ongoing exercise which involves a national computer data match of information held by all local authorities, the NHS and other public sector bodies in order to detect potential fraud and irregularity. The latest datasets were provided to councils at the end of 2018/19. The service has started work on the new matches and will continue to investigate matches from the previous dataset.
- The Public Interest Disclosure Act 1998 requires all public bodies to put in place a system for dealing with anonymous allegations against members of staff within the organisation. The Council has in place an independent 'Whistleblowing' telephone hotline in order to meet its obligations under this Act. The Audit Investigation Team is responsible for investigating any issues of potential fraud and irregularity that arise through this facility.
- The Corporate Head of Audit, Anti-Fraud & Risk Management is responsible for overseeing the Council's activities under the Regulation of Investigatory Powers Act (RIPA). One officer on the Audit Investigation Team has specific responsibilities for maintaining the corporate records and ensuring compliance.
- The Corporate Head of Audit, Anti-Fraud & Risk Management has corporate responsibility for activities under the Proceeds of Crime Act (POCA). This is an expanding area of activity for the Council. The powers enable accredited officers to apply to the courts to confiscate funds in criminal cases. Two members of the team have been accredited as Financial Investigators under the powers of POCA. Officers in other departments such as Trading Standards are also accredited to undertake this work.
- Members of the team will continue to represent the Council in corporate initiatives both within the authority and on London wide steering groups (e.g. London Public Sector Counter Fraud Partnership and London Boroughs Fraud Investigators Group). Representation on these groups ensures the team remains at the forefront of investigations work across London.

8. Performance Management

7.1 It is important that the effectiveness of the work of Internal Audit is monitored and reported in order to comply with the requirements of the Accounts & Audit Regulations 2015, and to provide the necessary assurance to Members and Management as to the adequacy of the Internal Audit function. There is a range of performance criteria for Internal Audit which is monitored throughout the year and reported to Audit Committee as part of the regular progress reports for the service.

7.2 Client Liaison

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

7.2 **Key Performance Indicators (KPIs)**

The objectives of the service for 2019/20 and the KPIs which will be used to measure cost and efficiency, quality, client satisfaction and continuous improvement throughout the year are shown in Annex 2.

9. **Audit Skills and Experience**

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

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

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

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

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

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

9.5 On occasions when technical skills are required and it is not cost effective to develop and maintain these skills in house, an external provider is used (e.g. specialist IT auditing skills are brought in to cover the technical IT audits).

Internal Audit Annual Plan 2019/20

AUDIT PLAN 2019/20			
Assignment	Days	High Level Scope/Coverage	Reason for Audit
CORPORATE - CROSS CUTTING			
AGS co-ordination 2018/19 & 2019/20		Information gathering from across the organisation to support the production of the Council's AGS.	Core Compliance
Pension Fund		Review of the controls and processes in relation to pension fund compliance.	Core Financial System
Payroll		Review of systems and processes to ensure that payroll payments are valid and authorised. Specific focus on accuracy of data provided to Pensions.	Core Financial System
Equal Pay		Review of systems and processes to ensure that the Council is complying with equal pay legislation, jobs identified and evaluated, etc.	Risk Register
Recruitment & Retention payments		Review of systems and processes to ensure that enhanced payments are valid and authorised. Specific focus on golden handshakes/handcuffs, honoraria, payments above job evaluation level. VFM being achieved from enhancements.	Risk Register
Savings tracking - delivered as intended		Are savings being achieved as planned.	Management Request
Contract Management – Performance		Review of how the Council manages the performance of its contractors.	Management Request
Commercialisation		Review of the controls and processes in place in relation to those activities of the Council where the Council has developed commercial investment activities with exposure to risks of a more commercial nature.	Risk Register
SUB TOTAL CROSS CUTTING	135		
CHIEF EXECUTIVE'S			
Electoral Services		Statutory and legislative compliance	Risk Register
Environmental Sustainability		Review of the controls and processes in relation to environmental sustainability	Risk Register
Grants		Consistency, decision making process, verifying payments are valid and monitored	Audit Plan Cycle
SUB TOTAL CHIEF EXEC'S	45		

Internal Audit Annual Plan 2019/20

CHILDREN, ADULT & COMMUNITY HEALTH			
Adult Services/Public Health			
Adult Learning Disabilities		Review of the adequacy of records & processes supporting the management of key risks and opportunities relating to Adult Learning Disability Services.	Audit Plan Cycle
Residential care		Review of the adequacy of records and processes supporting the management Residential Care Services.	Audit Plan Cycle
Mortuary Statutory Review		Provide assurance on the robustness of the systems of traceability as defined by the Human Tissue Authority (HTA) and to support the annual self-assessment for the service.	Annual Compliance
Health & Social Care Commissioning/Integrated Commissioning		Review of the controls and processes in relation to commissioning	Deferred from 2018/19 plan at management request
Agencies Supplying Care		Are agencies carrying out their contractual responsibilities (e.g. vetting staff) could also consider pre-tender vetting of agencies	Risk Register
Housing with Care		CQC review- No assurance	Risk Register
Payments Team for Adults Homecare		Incl. Children's Disability Payments	Audit Plan Cycle
Panel Processes		Timeliness (e.g. getting people out of hospital, how long to get package in place)	Audit Plan Cycle
Brokerage		Delays in loading info to MOSAIC leading to poor financial forecasts/management	Audit Plan Cycle
Children & Families			
Safeguarding		Compliance with legislation and new government guidance. Consistency of advice provided to schools.	Risk Register
Use of UASC - Controlling Migration Fund		Consistency, decision making process, verifying payments are valid and monitored	Risk Register
LAC Incidentals		Consistency, decision making process, verifying payments are valid and monitored	Fraud Prevention Risk
Children leaving care		What do we provide & how do we support. Consistency, decision making process, verifying payments are valid and monitored	Audit Plan Cycle
Children's Disability Payments		Payments Team - link to Adults Homecare	Audit Plan Cycle

Internal Audit Annual Plan 2019/20

Education & Schools			
Schools overview report 2018/19		Summary of previous year's audits detailing key themes.	Annual Summary
Compliance review for schools based upon a risk assessment overlaid with cyclical review every 4 years		All schools in the Borough will receive a full audit at least every 4 years, 39 schools due this year. ICQs to be issued to 6 schools. Looking to reschedule some to balance out the rota.	Compliance
Follow up for no and limited assurance school reviews from 2018/19		Review of the implementation of recommendations from no and limited assurance reviews performed during 2018/19	Compliance
Special Educational Needs (SEN) Transport		Assurance over the controls and processes in relation to SEN Transport, consistency of decision making process	Defer to Q3/4 at management request
Early Years Setting -15 hours free entitlement for 2 year olds		New area of activity now bedded in, complicated processes	Annual themed audit - management request
SUB TOTAL CACH	466		
FINANCE & CORPORATE RESOURCES (EXCL ICT)			
Strategic Property			
Consultants		Excessive use, consultants with conflict of working on specs they then have fees on, e.g. CA House.	Flagged up during 2018/19 audit
Management Companies		Tiger Way, etc. Ed Partnerships - new area of activity	Audit Plan Cycle
Financial Management			
Budget monitoring		Key controls review	Core Financial System
NNDR/Business Rates		Key controls over registration, billing, arrears, discounts, voids, inspections, appeals, refunds, MIS/PIs.	Core Financial System
Creditors/Accounts Payable		Key controls review for supplier set up and amendments etc.	Core Financial System
Treasury and Investments		Compliance review to ensure key controls are effective and processes in place to ensure CIPFA regulations are adhered to. New Prudential Code, MIFID, commercial investment.	Core Financial System
General Ledger		Review of systems controls, specifically access controls, system administration, data security/protection, contractual arrangements, upgrades and support.	Core Financial System

Internal Audit Annual Plan 2019/20

C/Tax & Hackney Housing - Cautionary Contact		How is Academy joined with UH to ensure our staff are safe when visiting. Flagging up properties where safety of visitors could be at risk due to aggression, etc.	H&S Risk to various staff members, List maintained by Estate Safety but issues with access
Financial Resilience		Review of processes in place to ensure the resilience of the Council's financial status.	Risk Register
Customer Services			
Council Tax		Review and compliance checks over registration, billing, arrears, discounts, voids, inspection, appeals, refunds, MIS/Pis	Core Financial System
Housing Benefits		Review and compliance checks regarding verification, payments, arrears, appeals, overpayments, MIS/Pis.	Core Financial System
Cash receipting/banking		Review of key controls over cash collection, refunds, recording, reconciliation and interfaces.	Core Financial System
Procurement			
Single Tender Procurements		Review to provide assurance over the controls and processes in relation to procurement Single Tender Actions.	Deferred from 2018/19 at management request
SUB TOTAL F&CR (EXCL ICT)	195		
ICT			
Back office side (e.g. Licensing & parking)		Are we picking up all the info to enforce & sufficient attention to controls in the move to front of house focus of systems?	Management request
Cyber Resilience		Assessment against Cyber Essentials Scheme criteria.	Ongoing & ever increasing risk.
Programme & Project Governance, Delivery & QA		Structure, resourcing, methodology & implementation and the approach to quality assurance (incl project governance) to support 'agile' agenda. To include solution identification, & contract management.	Critical changes to Council systems – requires a robust change management framework
GDPR - Information/Data Security		How much & how well the need for data security has permeated down to individual user levels. Is any data being stored locally that should be corporate etc.	Regulatory risk
SUB TOTAL ICT	65		

Internal Audit Annual Plan 2019/20

NEIGHBOURHOODS AND HOUSING			
Housing			
TMOs - risk assessed coverage 2 per year (Arden & Lordship South)		Cyclical review of Council TMOs	High risk follow up
Housing Rents		Review and compliance checks in respect of billing, arrears, refunds, write offs, MIS/PIs.	Audit Plan Cycle
RTB		Verification of entitlement, residency, funding, etc.	Fraud Prevention Risk
DLO		Getting it right 1st time-reducing repeat visits. To include customer improvement & complaints process (incl. follow up)	Best use of resources, reduce complaints
Major works		Billings to leaseholders	Audit Plan Cycle
Resident Safety Compliance & Testing Team		To provide assurance over the controls and processes in relation to safety compliance for the Council's residential housing stock.	Audit Plan Cycle
Housing Capital Budget		Allocating/controlling budget	Audit Plan Cycle
Public Realm			
Capital schemes - Monitoring/project management		Deferred from 2018/19	Audit Plan Cycle
Build quality on new builds		Ensuring schemes are properly managed throughout build so at completion they are ready for use rather than needing re-visits to ensure compliance with regulations, etc.	Management request
Parking Income		Customer journey/how are virtual permits working	New system
Markets management		The purpose of this audit is to internally assess the extent to which the key risks relating to Hackney Markets/Street Trading Services are managed and controlled.	Last audited 2014/15 - Limited assurance
Regeneration			
Disability Facilities Grant - Private Sector Housing		Consistency, decision making process, verifying payments are valid & monitored	Audit Plan Cycle
SUB TOTAL N&H	205		
Other			
Follow up audit work, completion of 2018/19 audit work and contingency for requests and emerging risks.	245		
TOTAL AUDIT DAYS	1,356		

Internal Audit Annual Plan 2019/20

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

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PERFORMANCE OVERVIEW

AUDIT COMMITTEE MEETING DATE 2019/20 10 April 2019	CLASSIFICATION: Open
WARD(S) AFFECTED All Wards	
Ian Williams, Group Director Finance and Corporate Resources	

1. GROUP DIRECTOR'S INTRODUCTION

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

2. RECOMMENDATION(S)

2.1 The Audit Committee is recommended to:

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

3. REASONS FOR DECISION

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

4. BACKGROUND

4.1 Policy Context

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

4.2 Equality Impact Assessment

This report does not require an equality impact assessment.

4.3. Sustainability

Not Applicable.

4.4 Consultations

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

4.5 Risk Assessment

Not applicable

4.6 PERFORMANCE INDICATORS

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

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

4.7 CAPITAL PROGRAMME MONITORING

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

- 4.7.2 It has been noted by Committee that the Council is expected to move from a long term debt free position to a substantial external borrowing position over the next 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.
- 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



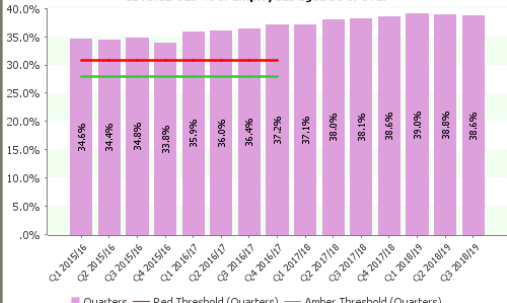
None

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

Q3 Audit Committee Report 2018





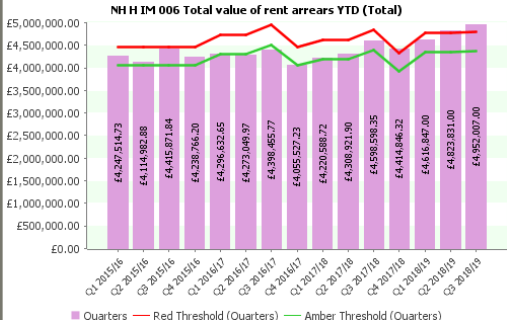
PI Code	Short Name	2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q3 2018/19 Note	Annual Target 2018/19	Traffic Light	DOT	Performance Data Trend Chart
		Value	Value	Value	Value					
CACH CSC 010 Page 135	Percentage of child protection cases which were reviewed within required timescales (ex NI 67)	99.0%	Not measured for Quarters				100.0%			<p>CACH CSC 010 Percentage of child protection cases which were reviewed within required timescales (ex NI 67)</p>
	CE HROD 001	Sickness 12 month rolling average	7.82	7.79	8.87	8.8	<p>Hackney's sickness level is above the London median of 8.2, but is not an outlier. Performance is mid third quartile. It is worthy of note that Councils in inner London have, on average, higher sickness rates than outer London. The profile of the Council's workforce is also important, as we deliver services directly which some other Authorities outsource (and are therefore not included in the figures for those authorities). Typically, the employee groups for some of these services do have higher sickness rates. In terms of sickness reasons, our figures are significantly higher than the average on minor conditions (such as cold and flu) and also higher in terms of musculo-skeletal reasons, reflecting the services we deliver. Hackney does however have a lower than average incidence of medical conditions and also of stress and</p>	7.5		

PI Code	Short Name	2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q3 2018/19 Note	Annual Target 2018/19	Traffic Light	DOT	Performance Data Trend Chart																																
		Value	Value	Value	Value																																					
						depression, which is to be welcomed. We have had success in terms of reason recording - with "other" or no reason recorded making up 1.6% of Hackney's sickness, compared to a London average of 13%. This analysis suggests that in order to improve this indicator, focus should be placed on managing absence due to minor conditions (whilst not losing sight of the causes of long term absence). We have a best practice sickness absence policy, and in the next quarter as part of improving our data and reporting, we will be rolling out improved sickness trigger reports to all managers showing which of their employees have hit sickness triggers in the month. This will enable prompt action and return to work interviews focused on preventing future absence. We have new reports at Group Director level on sickness and will be developing these reports to Director level to enable interventions to be targeted. Given the new reporting standards, it is intended to review the target for this indicator for 2019/20.																																				
CE HROD 023	% of employees aged 50 or over	38.6%	39.0%	38.8%	38.6%		Data only			<p>CE HROD 023 % of employees aged 50 or over</p>  <table border="1"> <caption>CE HROD 023 % of employees aged 50 or over - Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>34.6%</td></tr> <tr><td>Q2 2015/16</td><td>34.4%</td></tr> <tr><td>Q3 2015/16</td><td>34.4%</td></tr> <tr><td>Q4 2015/16</td><td>33.8%</td></tr> <tr><td>Q1 2016/17</td><td>35.7%</td></tr> <tr><td>Q2 2016/17</td><td>36.0%</td></tr> <tr><td>Q3 2016/17</td><td>36.4%</td></tr> <tr><td>Q4 2016/17</td><td>37.2%</td></tr> <tr><td>Q1 2017/18</td><td>37.1%</td></tr> <tr><td>Q2 2017/18</td><td>38.0%</td></tr> <tr><td>Q3 2017/18</td><td>38.1%</td></tr> <tr><td>Q4 2017/18</td><td>38.6%</td></tr> <tr><td>Q1 2018/19</td><td>38.0%</td></tr> <tr><td>Q2 2018/19</td><td>38.8%</td></tr> <tr><td>Q3 2018/19</td><td>38.6%</td></tr> </tbody> </table>	Quarter	Percentage	Q1 2015/16	34.6%	Q2 2015/16	34.4%	Q3 2015/16	34.4%	Q4 2015/16	33.8%	Q1 2016/17	35.7%	Q2 2016/17	36.0%	Q3 2016/17	36.4%	Q4 2016/17	37.2%	Q1 2017/18	37.1%	Q2 2017/18	38.0%	Q3 2017/18	38.1%	Q4 2017/18	38.6%	Q1 2018/19	38.0%	Q2 2018/19	38.8%	Q3 2018/19	38.6%
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CE HROD 029a	Top 5% of earners: Ethnic minorities (ex BV11b)	27.01%	25.22%	23.53%	29.15%		25.00%			<p>CE HROD 029a Top 5% of earners: Ethnic minorities (ex BV11b)</p> <p>Legend: Quarters (purple bars), Red Threshold (Quarters) (red line), Amber Threshold (Quarters) (green line)</p>
Page 137 CE HROD 030a	Top 5% of earners: Women (ex BV 11a)	52.41%	54.39%	49.28%	49.52%		50.00%			<p>CE HROD 030a Top 5% of earners: Women (ex BV 11a)</p> <p>Legend: Quarters (purple bars), Red Threshold (Quarters) (red line), Amber Threshold (Quarters) (green line)</p>
CE PPD 021	Number of Resolution Stage complaints received by the Council	2967	724	779	605		Data only			<p>CE PPD 021 Number of Resolution Stage complaints received by the Council</p> <p>Legend: Quarters (purple bars), Red Threshold (Quarters) (red line), Amber Threshold (Quarters) (green line)</p>

PI Code	Short Name	2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q3 2018/19 Note	Annual Target 2018/19	Traffic Light	DOT	Performance Data Trend Chart																																
		Value	Value	Value	Value																																					
FCR RB BHN 002	Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure	13.2 days (YTD)	8.7 days (YTD)	7.9 days (YTD)	9.1 days (YTD)		20.0 days (YTD)	🟢	⬇️	<p>FCR RB BHN 002 Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure</p> <table border="1"> <caption>FCR RB BHN 002 Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure</caption> <thead> <tr> <th>Quarter</th> <th>Value (days YTD)</th> </tr> </thead> <tbody> <tr><td>Q1 2018/19</td><td>11.3</td></tr> <tr><td>Q2 2018/19</td><td>10.6</td></tr> <tr><td>Q3 2018/19</td><td>9.1</td></tr> <tr><td>Q4 2018/19</td><td>11.3</td></tr> <tr><td>Q1 2019/20</td><td>11.8</td></tr> <tr><td>Q2 2019/20</td><td>10.0</td></tr> <tr><td>Q3 2019/20</td><td>15.7</td></tr> <tr><td>Q4 2019/20</td><td>17.4</td></tr> <tr><td>Q1 2020/21</td><td>17.4</td></tr> <tr><td>Q2 2020/21</td><td>13.2</td></tr> <tr><td>Q3 2020/21</td><td>8.7</td></tr> <tr><td>Q4 2020/21</td><td>7.9</td></tr> <tr><td>Q1 2021/22</td><td>9.1</td></tr> </tbody> </table>	Quarter	Value (days YTD)	Q1 2018/19	11.3	Q2 2018/19	10.6	Q3 2018/19	9.1	Q4 2018/19	11.3	Q1 2019/20	11.8	Q2 2019/20	10.0	Q3 2019/20	15.7	Q4 2019/20	17.4	Q1 2020/21	17.4	Q2 2020/21	13.2	Q3 2020/21	8.7	Q4 2020/21	7.9	Q1 2021/22	9.1				
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Q1 2021/22	9.1																																									
Page 138 FCR RB BHN 007	Number of households living in temporary accommodation (ex NI 156)	2,867	2,887	3,007	3,089		Data only	🟡	⬇️	<p>FCR RB BHN 007 Number of households living in temporary accommodation (ex NI 156)</p> <table border="1"> <caption>FCR RB BHN 007 Number of households living in temporary accommodation (ex NI 156)</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2018/19</td><td>2,185</td></tr> <tr><td>Q2 2018/19</td><td>2,308</td></tr> <tr><td>Q3 2018/19</td><td>2,377</td></tr> <tr><td>Q4 2018/19</td><td>2,495</td></tr> <tr><td>Q1 2019/20</td><td>2,624</td></tr> <tr><td>Q2 2019/20</td><td>2,723</td></tr> <tr><td>Q3 2019/20</td><td>2,801</td></tr> <tr><td>Q4 2019/20</td><td>2,900</td></tr> <tr><td>Q1 2020/21</td><td>2,949</td></tr> <tr><td>Q2 2020/21</td><td>2,885</td></tr> <tr><td>Q3 2020/21</td><td>2,848</td></tr> <tr><td>Q4 2020/21</td><td>2,867</td></tr> <tr><td>Q1 2021/22</td><td>2,887</td></tr> <tr><td>Q2 2021/22</td><td>3,007</td></tr> <tr><td>Q3 2021/22</td><td>3,089</td></tr> </tbody> </table>	Quarter	Value	Q1 2018/19	2,185	Q2 2018/19	2,308	Q3 2018/19	2,377	Q4 2018/19	2,495	Q1 2019/20	2,624	Q2 2019/20	2,723	Q3 2019/20	2,801	Q4 2019/20	2,900	Q1 2020/21	2,949	Q2 2020/21	2,885	Q3 2020/21	2,848	Q4 2020/21	2,867	Q1 2021/22	2,887	Q2 2021/22	3,007	Q3 2021/22	3,089
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FCR RB REV 003	% of current year Council Tax collected (QRC basis)	95.0%	26.9%	50.1%	73.8%		94.5%	🟢	⬆️	<p>FCR RB REV 003 % of current year Council Tax collected (QRC basis)</p> <table border="1"> <caption>FCR RB REV 003 % of current year Council Tax collected (QRC basis)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2018/19</td><td>27.0%</td></tr> <tr><td>Q2 2018/19</td><td>50.1%</td></tr> <tr><td>Q3 2018/19</td><td>73.1%</td></tr> <tr><td>Q4 2018/19</td><td>94.1%</td></tr> <tr><td>Q1 2019/20</td><td>27.3%</td></tr> <tr><td>Q2 2019/20</td><td>50.5%</td></tr> <tr><td>Q3 2019/20</td><td>73.5%</td></tr> <tr><td>Q4 2019/20</td><td>94.5%</td></tr> <tr><td>Q1 2020/21</td><td>27.1%</td></tr> <tr><td>Q2 2020/21</td><td>50.1%</td></tr> <tr><td>Q3 2020/21</td><td>73.4%</td></tr> <tr><td>Q4 2020/21</td><td>95.0%</td></tr> <tr><td>Q1 2021/22</td><td>26.9%</td></tr> <tr><td>Q2 2021/22</td><td>50.1%</td></tr> <tr><td>Q3 2021/22</td><td>73.8%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2018/19	27.0%	Q2 2018/19	50.1%	Q3 2018/19	73.1%	Q4 2018/19	94.1%	Q1 2019/20	27.3%	Q2 2019/20	50.5%	Q3 2019/20	73.5%	Q4 2019/20	94.5%	Q1 2020/21	27.1%	Q2 2020/21	50.1%	Q3 2020/21	73.4%	Q4 2020/21	95.0%	Q1 2021/22	26.9%	Q2 2021/22	50.1%	Q3 2021/22	73.8%
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FCR RB REV 005	Percentage of non-domestic rates collected	97.87%	26.06%	50.20%	79.40%	The NCD has increased from £121.7m to £143.6m, primarily as a result of the revaluation as transition winds out and the first phase of Principal Place being entered into the valuation list, and we expect that some ratepayers will struggle to find the extra sums due.	95.00%			<p>FCR RB REV 005 Percentage of non-domestic rates collected</p>
NH H IM 005	Rent Arrears as a % of rent debit	3.52 %	3.62 %	3.80 %	3.92 %	<p>The number of Universal Credit (UC) cases has increased to just below 800, which has had a negative impact on the KPIs. They are increasing at an average of 60 cases a week. New cases are currently taking anything from five to eight weeks to process by the DWP.</p> <p>The team also has quite a large number of cases with the Legal Department waiting to proceed to court.</p> <p>The actions to be taken between January – March 2019 to improve performance are listed below:</p> <p>a) The team will be contacting tenants in arrears on Saturdays between 8am – 12pm with the aim of getting them to clear their arrears in full or reduce them substantially.</p> <p>b) The team will be carrying out a two week arrears blitz to ensure all arrears cases have the appropriate actions. We will be applying for an alternative payment arrangement (APA) where residents on UC have more than two months' worth of arrears. We will also be applying for Direct Housing Payment</p>	3.40 %			<p>NH H IM 005 Rent Arrears as a % of rent debit</p>



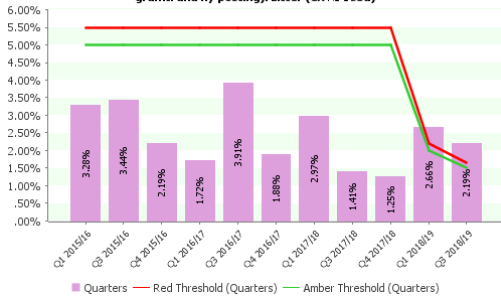
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NH H IM 006	Total value of rent arrears YTD (Total)	£4,414,846.32	£4,616,847.00	£4,823,831.00	£4,952,007.00	<p>The number of UC cases has increased to just below 800 which has had a negative impact of the KPIs. They are increasing at an average of 60 cases a week. New cases are currently taking anything from five to 8 weeks to process by the DWP.</p> <p>The team also has quite a large number of cases with the Legal Department waiting to proceed to court.</p> <p>The actions to be taken between January – March 2019 to improve performance are listed below:</p> <p>a) The team will be contacting tenants in arrears on Saturdays between 8am – 12pm with the aim of getting them to clear their arrears in full or reduce them substantially.</p> <p>b) The team will be carrying out a two week arrears blitz to ensure all arrears cases have the appropriate actions. We will be applying for an alternative payment arrangement (APA) where residents on UC have more than two months' worth of arrears. We will also be applying for Direct Housing Payment (DHP) where appropriate. All outstanding NOSPs are also to be served by hand. Tenants will be encouraged to start making payments by direct debit as it is the easiest</p>	£4,366,787.00			 <p>NH H IM 006 Total value of rent arrears YTD (Total)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Total 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>£4,114,932.88</td></tr> <tr><td>Q3 2015/16</td><td>£4,415,871.84</td></tr> <tr><td>Q4 2015/16</td><td>£4,230,766.20</td></tr> <tr><td>Q1 2016/17</td><td>£4,296,432.65</td></tr> <tr><td>Q2 2016/17</td><td>£4,273,049.57</td></tr> <tr><td>Q3 2016/17</td><td>£4,388,455.77</td></tr> <tr><td>Q4 2016/17</td><td>£4,095,527.23</td></tr> <tr><td>Q1 2017/18</td><td>£4,220,588.72</td></tr> <tr><td>Q2 2017/18</td><td>£4,388,821.90</td></tr> <tr><td>Q3 2017/18</td><td>£4,590,598.35</td></tr> <tr><td>Q4 2017/18</td><td>£4,414,846.32</td></tr> <tr><td>Q1 2018/19</td><td>£4,616,847.00</td></tr> <tr><td>Q2 2018/19</td><td>£4,823,831.00</td></tr> <tr><td>Q3 2018/19</td><td>£4,952,007.00</td></tr> </tbody> </table>	Quarter	Total Value (£)	Q1 2015/16	£4,247,514.73	Q2 2015/16	£4,114,932.88	Q3 2015/16	£4,415,871.84	Q4 2015/16	£4,230,766.20	Q1 2016/17	£4,296,432.65	Q2 2016/17	£4,273,049.57	Q3 2016/17	£4,388,455.77	Q4 2016/17	£4,095,527.23	Q1 2017/18	£4,220,588.72	Q2 2017/18	£4,388,821.90	Q3 2017/18	£4,590,598.35	Q4 2017/18	£4,414,846.32	Q1 2018/19	£4,616,847.00	Q2 2018/19	£4,823,831.00	Q3 2018/19	£4,952,007.00
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NH H RespRep 001	% of Repair Appointments Kept (DLO only)	92.82%	96.30%	99.90%	100.00%	<p>This PI has improved markedly since the low of 91.81% in March 2018 and has exceeded the target of 95% in each month since August 2018.</p>	95.00%	🟢	↑	<table border="1"> <caption>NH H RespRep 001 % of Repair Appointments Kept (DLO only)</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>82.33%</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>93.57%</td></tr> <tr><td>Q2 2017/18</td><td>92.72%</td></tr> <tr><td>Q3 2017/18</td><td>91.96%</td></tr> <tr><td>Q4 2017/18</td><td>92.73%</td></tr> <tr><td>Q1 2018/19</td><td>96.20%</td></tr> <tr><td>Q2 2018/19</td><td>99.90%</td></tr> <tr><td>Q3 2018/19</td><td>100.00%</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	82.33%	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	93.57%	Q2 2017/18	92.72%	Q3 2017/18	91.96%	Q4 2017/18	92.73%	Q1 2018/19	96.20%	Q2 2018/19	99.90%	Q3 2018/19	100.00%
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NH H RespRep 002	% of repairs completed on first visit (based on tenant satisfaction) (DLO and Contractors)	67.08%	72.12%	75.58%	72.5%	<p>The quarterly performance of this indicator dropped by just over three percentage points compared to Q2 2018-19.</p> <p>In November, there was a technical issue for more than a week which prevented the service area in sending the daily surveys to the residents. This in turn contributed to the performance drop as the team were unable to collate the complete month's information. The issue was resolved in late November.</p> <p>DLO managers have been receiving the survey responses by email on a daily basis and this was extended to supervisors at the start of January 2019. The supervisors are now phoning dissatisfied tenants back immediately to resolve any issues and are using the feedback from these responses to performance manage staff.</p>	85%	🔴	↓	<table border="1"> <caption>NH H RespRep 002 % of repairs completed on first visit (based on tenant satisfaction) (DLO and Contractors)</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>76.11%</td></tr> <tr><td>Q4 2016/17</td><td>70.05%</td></tr> <tr><td>Q1 2017/18</td><td>55.55%</td></tr> <tr><td>Q2 2017/18</td><td>67.81%</td></tr> <tr><td>Q3 2017/18</td><td>70.05%</td></tr> <tr><td>Q4 2017/18</td><td>72.12%</td></tr> <tr><td>Q1 2018/19</td><td>75.58%</td></tr> <tr><td>Q2 2018/19</td><td>72.5%</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	76.11%	Q4 2016/17	70.05%	Q1 2017/18	55.55%	Q2 2017/18	67.81%	Q3 2017/18	70.05%	Q4 2017/18	72.12%	Q1 2018/19	75.58%	Q2 2018/19	72.5%		
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NH H RespRep 003	% of repairs completed on first visit (based on system generated data)	63.7%	82.6%	87.4%	88.8%	This PI has seen a significant improvement over the last few months and has exceeded the target for Q3 2018-19 by 3.8% and 1.4% compared to Q2 2018-19.	85%	🟢	⬆️	<p>NH H RespRep 003 % of repairs completed on first visit (based on system generated data)</p> <table border="1"> <caption>NH H RespRep 003 % of repairs completed on first visit</caption> <thead> <tr><th>Quarter</th><th>Value</th></tr> </thead> <tbody> <tr><td>Q1 2018/18</td><td>93.99%</td></tr> <tr><td>Q2 2018/18</td><td>93.25%</td></tr> <tr><td>Q3 2018/18</td><td>92.38%</td></tr> <tr><td>Q4 2018/18</td><td>92.18%</td></tr> <tr><td>Q1 2018/19</td><td>91.82%</td></tr> <tr><td>Q2 2018/19</td><td>91.97%</td></tr> <tr><td>Q3 2018/19</td><td>93.05%</td></tr> <tr><td>Q4 2018/19</td><td>92.26%</td></tr> <tr><td>Q1 2017/18</td><td>68.8%</td></tr> <tr><td>Q2 2017/18</td><td>44.4%</td></tr> <tr><td>Q3 2017/18</td><td>64.9%</td></tr> <tr><td>Q4 2017/18</td><td>74.5%</td></tr> <tr><td>Q1 2018/19</td><td>82.6%</td></tr> <tr><td>Q2 2018/19</td><td>87.4%</td></tr> <tr><td>Q3 2018/19</td><td>88.8%</td></tr> </tbody> </table>	Quarter	Value	Q1 2018/18	93.99%	Q2 2018/18	93.25%	Q3 2018/18	92.38%	Q4 2018/18	92.18%	Q1 2018/19	91.82%	Q2 2018/19	91.97%	Q3 2018/19	93.05%	Q4 2018/19	92.26%	Q1 2017/18	68.8%	Q2 2017/18	44.4%	Q3 2017/18	64.9%	Q4 2017/18	74.5%	Q1 2018/19	82.6%	Q2 2018/19	87.4%	Q3 2018/19	88.8%
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Page 9 of 42 NH H Voids 001	Average time taken to re-let local authority housing (all voids including major & minor voids)	70 days	73 days	54 days	48 days	Quarter 3 2018/19 has the best performance since records began on Pentana, at 48 days. This is the second quarter in a row that the indicator has met target. Looking at the details for Q3, there are a lower number of voids being processed during the period at 108 in Q3 2018, against 141 in Q3 2017. Servicing costs were an average of £10,316 in 2018 compared to £11,031 in 2017, a saving of £77,220 if the same number of properties had been re-let in both periods.	62 days	🟢	⬆️	<p>NH H Voids 001 Average time taken to re-let local authority housing [all voids including major & minor voids]</p> <table border="1"> <caption>NH H Voids 001 Average time taken to re-let local authority housing</caption> <thead> <tr><th>Quarter</th><th>Value</th></tr> </thead> <tbody> <tr><td>Q1 2018/17</td><td>68 days</td></tr> <tr><td>Q2 2018/17</td><td>62 days</td></tr> <tr><td>Q3 2018/17</td><td>63 days</td></tr> <tr><td>Q4 2018/17</td><td>62 days</td></tr> <tr><td>Q1 2018/18</td><td>73 days</td></tr> <tr><td>Q2 2018/18</td><td>70 days</td></tr> <tr><td>Q3 2018/18</td><td>64 days</td></tr> <tr><td>Q4 2018/18</td><td>73 days</td></tr> <tr><td>Q1 2018/19</td><td>73 days</td></tr> <tr><td>Q2 2018/19</td><td>54 days</td></tr> <tr><td>Q3 2018/19</td><td>48 days</td></tr> </tbody> </table>	Quarter	Value	Q1 2018/17	68 days	Q2 2018/17	62 days	Q3 2018/17	63 days	Q4 2018/17	62 days	Q1 2018/18	73 days	Q2 2018/18	70 days	Q3 2018/18	64 days	Q4 2018/18	73 days	Q1 2018/19	73 days	Q2 2018/19	54 days	Q3 2018/19	48 days								
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NH PR PMS 007a	Number of PCNs issued - total	118363	38960	44086	35897	The increase in the PCN numbers in Q1 and Q2 2018/19 is as result of the implementation of the CCTV enforcement for the timed banned left turn restriction from Mare Street into Richmond Road. This high profile scheme saw a significant improvement in driver compliance in Q3, which led to a comparative decline in overall PCNs issued.	Data only	🟡	⬇️	<p>NH PR PMS 007a Number of PCNs issued - total</p> <table border="1"> <caption>NH PR PMS 007a Number of PCNs issued - total</caption> <thead> <tr><th>Quarter</th><th>Value</th></tr> </thead> <tbody> <tr><td>Q1 2018/18</td><td>28601</td></tr> <tr><td>Q2 2018/18</td><td>30687</td></tr> <tr><td>Q3 2018/18</td><td>26360</td></tr> <tr><td>Q4 2018/18</td><td>26445</td></tr> <tr><td>Q1 2018/19</td><td>26856</td></tr> <tr><td>Q2 2018/19</td><td>28585</td></tr> <tr><td>Q3 2018/19</td><td>32568</td></tr> <tr><td>Q4 2018/19</td><td>31049</td></tr> <tr><td>Q1 2017/18</td><td>32434</td></tr> <tr><td>Q2 2017/18</td><td>31883</td></tr> <tr><td>Q3 2017/18</td><td>30642</td></tr> <tr><td>Q4 2017/18</td><td>27124</td></tr> <tr><td>Q1 2018/19</td><td>38960</td></tr> <tr><td>Q2 2018/19</td><td>44086</td></tr> <tr><td>Q3 2018/19</td><td>35897</td></tr> </tbody> </table>	Quarter	Value	Q1 2018/18	28601	Q2 2018/18	30687	Q3 2018/18	26360	Q4 2018/18	26445	Q1 2018/19	26856	Q2 2018/19	28585	Q3 2018/19	32568	Q4 2018/19	31049	Q1 2017/18	32434	Q2 2017/18	31883	Q3 2017/18	30642	Q4 2017/18	27124	Q1 2018/19	38960	Q2 2018/19	44086	Q3 2018/19	35897
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NH PR PMS 010a	PCN recovery rate – including estates	66.5%	64.4%	65.4%	71.0%		Data only			<p>NH PR PMS 010a PCN recovery rate – including estates</p> <table border="1"> <caption>NH PR PMS 010a PCN recovery rate – including estates</caption> <thead> <tr> <th>Quarter</th> <th>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>73.8%</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>60.3%</td></tr> <tr><td>Q3 2017/18</td><td>65.8%</td></tr> <tr><td>Q4 2017/18</td><td>63.4%</td></tr> <tr><td>Q1 2018/19</td><td>64.4%</td></tr> <tr><td>Q2 2018/19</td><td>65.4%</td></tr> <tr><td>Q3 2018/19</td><td>71.0%</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	72.7%	Q2 2015/16	72.5%	Q3 2015/16	73.8%	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	60.3%	Q3 2017/18	65.8%	Q4 2017/18	63.4%	Q1 2018/19	64.4%	Q2 2018/19	65.4%	Q3 2018/19	71.0%
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Page 143 NH PR PRS 001a	% of Major planning applications determined within 13 weeks (ex NI 157a)	100.00%	100.00%	67.00%	100.00%		70.00%			<p>NH PR PRS 001a % of Major planning applications determined within 13 weeks (ex NI 157a)</p> <table border="1"> <caption>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> <tr><td>Q1 2018/19</td><td>100.00%</td></tr> <tr><td>Q2 2018/19</td><td>67.00%</td></tr> <tr><td>Q3 2018/19</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%	Q1 2018/19	100.00%	Q2 2018/19	67.00%	Q3 2018/19	100.00%
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NH PR PRS 001b	% of Minor planning applications determined within 8 weeks (ex NI 157b)	78.00%	76.00%	82.00%	85.00%		75.00%			<p>NH PR PRS 001b % of Minor planning applications determined within 8 weeks (ex NI 157b)</p> <table border="1"> <caption>NH PR PRS 001b % of Minor planning applications determined within 8 weeks (ex NI 157b)</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>73.00%</td></tr> <tr><td>Q2 2015/16</td><td>78.00%</td></tr> <tr><td>Q3 2015/16</td><td>78.00%</td></tr> <tr><td>Q4 2015/16</td><td>80.00%</td></tr> <tr><td>Q1 2016/17</td><td>80.00%</td></tr> <tr><td>Q2 2016/17</td><td>83.00%</td></tr> <tr><td>Q3 2016/17</td><td>82.00%</td></tr> <tr><td>Q4 2016/17</td><td>74.00%</td></tr> <tr><td>Q1 2017/18</td><td>73.00%</td></tr> <tr><td>Q2 2017/18</td><td>80.00%</td></tr> <tr><td>Q3 2017/18</td><td>77.00%</td></tr> <tr><td>Q4 2017/18</td><td>83.00%</td></tr> <tr><td>Q1 2018/19</td><td>76.00%</td></tr> <tr><td>Q2 2018/19</td><td>82.00%</td></tr> <tr><td>Q3 2018/19</td><td>85.00%</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	73.00%	Q2 2015/16	78.00%	Q3 2015/16	78.00%	Q4 2015/16	80.00%	Q1 2016/17	80.00%	Q2 2016/17	83.00%	Q3 2016/17	82.00%	Q4 2016/17	74.00%	Q1 2017/18	73.00%	Q2 2017/18	80.00%	Q3 2017/18	77.00%	Q4 2017/18	83.00%	Q1 2018/19	76.00%	Q2 2018/19	82.00%	Q3 2018/19	85.00%
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NH PR PRS 001c	% of Other planning applications determined within 8 weeks (ex NI 157c)	85.00%	83.00%	88.00%	91.00%		80.00%	🟢	⬆️	<p>NH PR PRS 001c % of Other planning applications determined within 8 weeks (ex NI 157c)</p> <table border="1"> <caption>NH PR PRS 001c % of Other planning applications determined within 8 weeks (ex NI 157c)</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>84.00%</td></tr> <tr><td>Q2 2015/16</td><td>86.00%</td></tr> <tr><td>Q3 2015/16</td><td>84.00%</td></tr> <tr><td>Q4 2015/16</td><td>86.00%</td></tr> <tr><td>Q1 2016/17</td><td>90.00%</td></tr> <tr><td>Q2 2016/17</td><td>88.00%</td></tr> <tr><td>Q3 2016/17</td><td>91.00%</td></tr> <tr><td>Q4 2016/17</td><td>88.00%</td></tr> <tr><td>Q1 2017/18</td><td>85.00%</td></tr> <tr><td>Q2 2017/18</td><td>81.00%</td></tr> <tr><td>Q3 2017/18</td><td>84.00%</td></tr> <tr><td>Q4 2017/18</td><td>90.00%</td></tr> <tr><td>Q1 2018/19</td><td>83.00%</td></tr> <tr><td>Q2 2018/19</td><td>86.00%</td></tr> <tr><td>Q3 2018/19</td><td>91.00%</td></tr> </tbody> </table>	Quarter	Value	Q1 2015/16	84.00%	Q2 2015/16	86.00%	Q3 2015/16	84.00%	Q4 2015/16	86.00%	Q1 2016/17	90.00%	Q2 2016/17	88.00%	Q3 2016/17	91.00%	Q4 2016/17	88.00%	Q1 2017/18	85.00%	Q2 2017/18	81.00%	Q3 2017/18	84.00%	Q4 2017/18	90.00%	Q1 2018/19	83.00%	Q2 2018/19	86.00%	Q3 2018/19	91.00%
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Page 144																																										
NH PR PRS 009	% of open planning enforcement cases less than 4 years old	61.0%	64.0%	68.0%	60.0%	<p>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 75% of pre 2016 cases having been identified and closed since January 2016. Of the initial list of over 1,500 open cases, 1,134 have been properly closed/resolved and only 376 remain open as of October 2018.</p> <p>However the Enforcement Team continue to receive new Enforcement complaints (averaging 55 per month), that continue to be investigated in a timely fashion, and have a total of 800 open cases (including the remaining 376 older cases) up to and including October 2018. This programme of work will continue throughout 2018/19 to resolve and close all historic cases. Many of</p>	80.0%	🔴	⬇️	<p>NH PR PRS 009 % of open planning enforcement cases less than 4 years old</p> <table border="1"> <caption>NH PR PRS 009 % of open planning enforcement cases less than 4 years old</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q2 2016/17</td><td>66.0%</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> <tr><td>Q1 2018/19</td><td>64.0%</td></tr> <tr><td>Q2 2018/19</td><td>68.0%</td></tr> <tr><td>Q3 2018/19</td><td>60.0%</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%	Q1 2018/19	64.0%	Q2 2018/19	68.0%	Q3 2018/19	60.0%										
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		Value	Value	Value	Value					
						<p>the historic cases require legal action to progress and are resource intensive.</p> <p>In this context the target that 80% of open planning enforcement cases be less than 4 years old is a deliberately aspirational yet ultimately achievable target that will only be achieved when the vast majority of historic enforcement cases are closed. The team have made excellent progress towards this target from a base figure of below 40%, and this performance indicator has been designed to act as an early warning indicator to highlight any future build-up of historic cases. A figure of 60-70% has consistently been achieved in recent quarters as although the historic cases have continued to significantly reduce in number, cases under 4 years have also been closed at a similar rate. The total number of cases therefore continues to significantly fall, but the balance between old and new has remained relatively static.</p>				
NH PR WS 045a	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)	1.88%	2.66%	N/A	2.19%	<p>Overall there was just a small increase in litter with most area land types experiencing this increase. At 2.19% litter remains low and the increase is not considered a cause for concern (in fact litter was found to be at an unacceptable standard (grade B- or worse) on only 4% of the 320 transects that were scored) and is significantly lower than Tranche 2 scores in 2015/16 and 2016/17. Research is being undertaken to identify successful behaviour change campaigns around anti-littering. This will be backed up with proactive enforcement action against people found to be littering. Further activities will include targeting fly tipping and unregulated waste and a campaign is about to be launched to promote the use of the Council's bulky</p>	1.50%			<p>NH PR WS 045a Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)</p> 

PI Code	Short Name	2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q3 2018/19 Note	Annual Target 2018/19	Traffic Light	DOT	Performance Data Trend Chart																								
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NH PR WS 045b	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)	2.71%	4.84%	N/A	5.78%	<p>Overall detritus increased from 1.86% to 5.78%, with most notable increases seen in Retail and Commercial areas, main roads and recreational areas. Even so detritus was found to be at an unacceptable standard on only 13% of the 320 transects that were scored.</p> <p>Densely parked vehicles in Cazenove and Springfield obstructing sweeping was highlighted as a contributing factor to increased detritus, along with some roads experiencing heavy use by industrial/plant vehicles.</p> <p>In addition, some factors affecting the presence of detritus can be seasonal. In this instance the unusually warm weather caused leaf fall to take place much later in the year resulting in far more leaf litter at the time of the surveys.</p> <p>Monitoring officers will work with environment managers to identify areas of detritus build up and identify solutions to mitigate against this in the future.</p>	2.50%			<p>NH PR WS 045b Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)</p> <table border="1"> <caption>Detritus Levels (ex NI 195b)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2018/18</td><td>5.78%</td></tr> <tr><td>Q2 2018/18</td><td>6.41%</td></tr> <tr><td>Q1 2018/19</td><td>2.66%</td></tr> <tr><td>Q2 2018/19</td><td>2.81%</td></tr> <tr><td>Q3 2018/19</td><td>2.50%</td></tr> <tr><td>Q4 2018/19</td><td>2.03%</td></tr> <tr><td>Q1 2017/18</td><td>4.22%</td></tr> <tr><td>Q2 2017/18</td><td>1.88%</td></tr> <tr><td>Q3 2017/18</td><td>2.03%</td></tr> <tr><td>Q4 2017/18</td><td>4.84%</td></tr> <tr><td>Q1 2018/19</td><td>5.78%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2018/18	5.78%	Q2 2018/18	6.41%	Q1 2018/19	2.66%	Q2 2018/19	2.81%	Q3 2018/19	2.50%	Q4 2018/19	2.03%	Q1 2017/18	4.22%	Q2 2017/18	1.88%	Q3 2017/18	2.03%	Q4 2017/18	4.84%	Q1 2018/19	5.78%
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NH PR WS 045c	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Graffiti (ex NI 195c)	.21%	4.84%	N/A	4.69%	<p>Overall graffiti increased from 0.16% to 4.69%. This increase will be at least in part due to some areas being monitored in Tranche 2 this year that historically suffer from persistent and hard-to-reach graffiti (that weren't monitored in Tranche 2 last year).</p> <p>Graffiti will be looked at as part of a series of interventions being designed to improve local environments in Hackney, which will include information gathering on incidences of graffiti to identify serial offenders with a</p>	2.00%			<p>NH PR WS 045c Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Graffiti (ex NI 195c)</p> <table border="1"> <caption>Graffiti Levels (ex NI 195c)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2018/18</td><td>1.72%</td></tr> <tr><td>Q2 2018/18</td><td>4.52%</td></tr> <tr><td>Q1 2018/19</td><td>2.34%</td></tr> <tr><td>Q2 2018/19</td><td>1.54%</td></tr> <tr><td>Q3 2018/19</td><td>2.81%</td></tr> <tr><td>Q4 2018/19</td><td>3.91%</td></tr> <tr><td>Q1 2017/18</td><td>2.64%</td></tr> <tr><td>Q2 2017/18</td><td>0.16%</td></tr> <tr><td>Q3 2017/18</td><td>2.66%</td></tr> <tr><td>Q4 2017/18</td><td>4.84%</td></tr> <tr><td>Q1 2018/19</td><td>4.69%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2018/18	1.72%	Q2 2018/18	4.52%	Q1 2018/19	2.34%	Q2 2018/19	1.54%	Q3 2018/19	2.81%	Q4 2018/19	3.91%	Q1 2017/18	2.64%	Q2 2017/18	0.16%	Q3 2017/18	2.66%	Q4 2017/18	4.84%	Q1 2018/19	4.69%
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NH PR WS 045d	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Fly-posting (ex NI 195d)	2.29%	1.56%	N/A	5.94%	Overall fly posting increased from 1.56% to 5.94% with fly posting being more prevalent in the Retail and Commercial areas. It was noted in the surveys that stickers were a big issue, particularly in Cazenove and Springfield. Proactive enforcement will take place to target illegal fly posting in hot spot areas.	2.00%			<p>NH PR WS 045d Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Fly-posting (ex NI 195d)</p> <table border="1"> <caption>Fly-posting Data (ex NI 195d)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>1.1%</td></tr> <tr><td>Q2 2015/16</td><td>4.7%</td></tr> <tr><td>Q3 2015/16</td><td>4.7%</td></tr> <tr><td>Q4 2015/16</td><td>4.7%</td></tr> <tr><td>Q1 2016/17</td><td>4.7%</td></tr> <tr><td>Q2 2016/17</td><td>6.3%</td></tr> <tr><td>Q3 2016/17</td><td>6.3%</td></tr> <tr><td>Q4 2016/17</td><td>4.7%</td></tr> <tr><td>Q1 2017/18</td><td>4.7%</td></tr> <tr><td>Q2 2017/18</td><td>1.56%</td></tr> <tr><td>Q3 2017/18</td><td>0%</td></tr> <tr><td>Q4 2017/18</td><td>1.56%</td></tr> <tr><td>Q1 2018/19</td><td>1.56%</td></tr> <tr><td>Q2 2018/19</td><td>1.56%</td></tr> <tr><td>Q3 2018/19</td><td>5.94%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2015/16	1.1%	Q2 2015/16	4.7%	Q3 2015/16	4.7%	Q4 2015/16	4.7%	Q1 2016/17	4.7%	Q2 2016/17	6.3%	Q3 2016/17	6.3%	Q4 2016/17	4.7%	Q1 2017/18	4.7%	Q2 2017/18	1.56%	Q3 2017/18	0%	Q4 2017/18	1.56%	Q1 2018/19	1.56%	Q2 2018/19	1.56%	Q3 2018/19	5.94%
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Q3 2018/19	5.94%																																									
Page 147 NH PR 047	Residual household waste per household (ex NI 191)	545.1Kg	134.7Kg	128.6Kg	132.4Kg	NI191 is an annual figure that will be confirmed once all tonnages have been counted and verified.	518.0Kg			<p>NH PR WS 047 Residual household waste per household (ex NI 191)</p> <table border="1"> <caption>Residual household waste per household (ex NI 191)</caption> <thead> <tr> <th>Quarter</th> <th>Value (kg)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>149.2kg</td></tr> <tr><td>Q2 2015/16</td><td>154.6kg</td></tr> <tr><td>Q3 2015/16</td><td>155.4kg</td></tr> <tr><td>Q4 2015/16</td><td>141.8kg</td></tr> <tr><td>Q1 2016/17</td><td>151.9kg</td></tr> <tr><td>Q2 2016/17</td><td>146.5kg</td></tr> <tr><td>Q3 2016/17</td><td>146.9kg</td></tr> <tr><td>Q4 2016/17</td><td>134.4kg</td></tr> <tr><td>Q1 2017/18</td><td>143.4kg</td></tr> <tr><td>Q2 2017/18</td><td>139.9kg</td></tr> <tr><td>Q3 2017/18</td><td>134.8kg</td></tr> <tr><td>Q4 2017/18</td><td>127.5kg</td></tr> <tr><td>Q1 2018/19</td><td>134.7kg</td></tr> <tr><td>Q2 2018/19</td><td>128.6kg</td></tr> <tr><td>Q3 2018/19</td><td>132.4kg</td></tr> </tbody> </table>	Quarter	Value (kg)	Q1 2015/16	149.2kg	Q2 2015/16	154.6kg	Q3 2015/16	155.4kg	Q4 2015/16	141.8kg	Q1 2016/17	151.9kg	Q2 2016/17	146.5kg	Q3 2016/17	146.9kg	Q4 2016/17	134.4kg	Q1 2017/18	143.4kg	Q2 2017/18	139.9kg	Q3 2017/18	134.8kg	Q4 2017/18	127.5kg	Q1 2018/19	134.7kg	Q2 2018/19	128.6kg	Q3 2018/19	132.4kg
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Q3 2018/19	132.4kg																																									
NH PR WS 048	Percentage of household waste sent for reuse, recycling and composting (ex NI 192)	27.40%	27.36%	27.86%	28.36%	NI192 is an annual figure and throughout the year it is dependent on estimated tonnages which will be confirmed at the end of the year once all tonnages have been counted and verified.	28.00%			<p>NH PR WS 048 Percentage of household waste sent for reuse, recycling and composting (ex NI 192)</p> <table border="1"> <caption>Percentage of household waste sent for reuse, recycling and composting (ex NI 192)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2015/16</td><td>25.48%</td></tr> <tr><td>Q2 2015/16</td><td>23.07%</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>25.00%</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>27.45%</td></tr> <tr><td>Q4 2017/18</td><td>27.42%</td></tr> <tr><td>Q1 2018/19</td><td>27.38%</td></tr> <tr><td>Q2 2018/19</td><td>27.86%</td></tr> <tr><td>Q3 2018/19</td><td>28.36%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2015/16	25.48%	Q2 2015/16	23.07%	Q3 2015/16	25.02%	Q4 2015/16	24.94%	Q1 2016/17	25.00%	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	27.45%	Q4 2017/18	27.42%	Q1 2018/19	27.38%	Q2 2018/19	27.86%	Q3 2018/19	28.36%
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PI Status		Long Term Trends		Short Term Trends	
	Alert		Improving		Improving
	Warning		No Change		No Change
	OK		Getting Worse		Getting Worse
	Unknown				
	Data Only				



Corporate Risk Management Performance Overview April 2019 (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 in December 2018, and further updated in the first quarter of 2019.

Corporate Risks		Current Risk	Direction of Travel	Previous Score	Target Risk
1	National / International Economic Downturn (SRCR001)	20	↔	20	12
2	Brexit Implications(SRCR001A)	20	↑	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	↓	12	12
8	Workforce (SRCR 0018)	12	↔	12	9
9	Recruitment and Retention (SRCR 0018B)	8	↔	8	9
10	Information Assets (SRCR 0020)	16	↔	16	9
11	Corporate Resilience (SRCR 0020B)	15	↔	15	12
12	Information Security	8	↔	8	9
13	Person suffers significant harm, injury or death (SRCR 0023)	15	↔	15	12
14	Devolution (SRCR 0024)	12	↔	12	12
15	Contract Procurement and Management (SRCR 0025)	12	↔	12	8
16	Impact of government reforms on education service delivery (SRCR 0027)	16	↓	20	12
17	SEND funding (SRCR 0028)	25	↔	25	12
18	Serious safeguarding failure in school (SRCR 0029)	16	↑	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	↔	9	6
24	Setting up internal companies (SRCR 0035)	12	NEW	NEW	9

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	↔	9	8
3	Insurance: Premiums exceed budget	16	↔	16	12
4	Building Control / Dangerous Structures	12	↔	12	9
5	Breach of Statutory Requirements on Elections and Electoral Registration	12	↔	12	8

- 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 11 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 elections, new legislation, interest rate changes or the Brexit negotiations). One new risk has been escalated to Corporate level in the last few weeks, concerning the creation of new companies within the Council. This reflects the fact that within the Council, there are risks attached to these new companies (Housing, Energy and Waste) being brought into existence.

Brexit continues to have a major influence on risks throughout the Council. Since last reported on, there have been numerous developments and votes relating to the potential of a final deal, or failing that, there being no deal. Clearly, the nature of any deal will impact on the future work of the Council so the risk remains very highly rated whilst we await some clarity on exactly what will be agreed. There is no change in the current score of the main, overarching Brexit risk, but this will be reported on in full at the next Committee in June 2019.

Some risks have remained 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.

Additional Briefing note on Insourcing

- 2.4 An area of increasing interest to the Council lies in the insourcing of the Council's Service Contracts. Contracts have been brought back in house in the past and in recent years in areas like Housing Benefit, Waste, Internal Audit and Payroll (amongst many others). However, the opportunity for further examples of this remain, not just for the enhancement of service quality for service users but also to deliver better value for money for Council Residents and tax payers.

Clearly there are both risks and opportunities for the Council with regards to insourcing of existing contracts. If a service is currently being outsourced and providing a high quality service at a reasonable and manageable cost, alongside the added social value benefits that represent key strategic objectives for the Authority, it might be considered inappropriate and a considerable risk to cease the outsourcing and make the provision internal. However, there are often more borderline examples where savings could be made along with potential improvements to Service Delivery by redesigning a service and/or integrating an outsourced service with an existing in house service. If these opportunities for improvement were missed, it would be to the Council's detriment.

Therefore to manage these risks and opportunities to insourcing, the Council is working on a Guidance Paper that will ensure that before it makes a decision, questions will be asked under five key criteria. These include local policy and business strategies, the performance of the service, quality improvement and value for money, workforce issues and overall risks. Through a careful application of these criteria and asking pertinent questions, any risks or opportunities concerning insourcing should be satisfactorily managed.

Potential areas and in particular service contracts that could be potentially brought back in house are being identified. This exercise will initially appraise all contracts as to whether they might be appropriate for insourcing, either in the long or short term. This will be articulated as a risk in the next iteration of the Corporate register when presented in June 2019.

3. FUTURE REPORTING TO AUDIT COMMITTEE

- 3.1 The reporting of the Corporate risks to Audit Committee will continue at future meetings, on a quarterly basis. With twice yearly updates of the full Corporate Register, the next one is scheduled for June 2019, so the full detail on all risks will be provided then.

Capital Extract from February OFP Report

4.7 Capital

This is the fourth OFP Capital Programme monitoring report for the financial year 2018/19. The actual year to date capital expenditure for the eleven months April 2018 to February 2019 is £193.8m and the forecast is currently £265.4m, £17.2m below the revised budget of £282.6m. A summary of the outturn by directorate is shown in the table below along with brief details of the reasons for the major variances.

Table 1 – London Borough of Hackney Capital Programme – Q4 2018/19	Revised Budget Position	Spend as at end of Feb 2019	Forecast	Variance (Under)/Over
	£'000	£'000	£'000	£'000
Children, Adults & Community Health	10,471	7,471	11,129	658
Finance & Corporate Resources	94,599	70,907	94,715	116
Neighbourhoods & Housing (Non-Housing)	19,103	10,032	17,819	-1,284
Total Non-Housing	124,173	88,410	123,663	-511
AMP Capital Schemes HRA	83,672	51,254	77,690	-5,982
Council Capital Schemes GF	1,543	2,463	3,389	1,846
Private Sector Housing	1,636	877	1,189	-447
Estate Renewal	54,792	37,772	44,181	-10,611
Housing Supply Programme	9,193	6,432	8,185	-1,007
Other Council Regeneration	7,584	6,611	7,100	-484
Total Housing	158,420	105,409	141,734	-16,686
Total Capital Expenditure	282,593	193,819	265,396	-17,197

CHILDREN, ADULTS AND COMMUNITY HEALTH

The overall forecast for Children, Adults and Community Health is £11.1m, £0.6m above the revised budget of £10.5m. More detailed commentary is set out below.

CACH Directorate Capital Forecast	Revised Budget	Spend as at end Feb 2019	Forecast	Variance (Under)/Over
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	£000	£000	£000	£000
Adult Social Care	484	353	424	-61
Education Asset Management Plan	2,357	1,895	2,580	222
Building Schools for the Future	149	177	174	25
Other Education & Children's Services	399	323	386	-13
Primary School Programmes	4,049	2,433	4,641	592
Secondary School Programmes	3,032	2,290	2,924	-108
TOTAL	10,471	7,471	11,129	658

Education Asset Management Plan

The overall scheme is reporting an overspend of £0.2m against an in-year respective budget of £2.4m. The variance is due to unplanned emergency works at some childrens' centres. Harrington Hill is showing a slight overspend as a result of works being instructed and completed earlier than planned due to highlighted risks. William Patton is also showing a slight overspend which is as a result of additional fire upgrade works. Rushmore have had variations to the original approved works which resulted in some overspend.

Primary School Programmes

The overall scheme is reporting an overspend of £0.6m against an in-year respective budget of £4.1m. In Quarter 3 there was an initial delay to the works and the variance was reprofiled to 2019/20. These delays have been resolved and the works have now been accelerated thus causing the variance in Quarter 4. The budget will be reprofiled again as part of the accounts closure exercise in order to finance the expenditure.

FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £94.7m, £0.1m above the revised budget of £94.6m. More detailed commentary is outlined below.

F&R Directorate Capital Forecast	Revised Budget	Spend as at end Feb	Forecast	Variance (under)/over
	£000	£000	£000	£000
Property Services	4,018	1,934	4,387	370
ICT	3,885	2,274	3,574	-311

Financial Management	325	-81	325	0
Other Schemes	152	33	108	-45
Mixed Use Development	86,220	66,747	86,321	102
TOTAL	94,599	70,907	94,715	116

Strategic Property Services – Strategy & Projects

Dalston Lane Terrace Compulsory Purchase Order has now been completed earlier than expected causing a slight overspend of £0.3m. The budget will be reprofiled from 2019/20 to fund the variance.

ICT Capital

The End-user Meeting Room and Device Refresh to roll-out provision of new ICT equipment is showing a minor underspend as actual requirements are assessed. The variance will be reprofiled to 2019/20 as the programme will continue.

Mixed Use Developments

Tiger Way is reporting a minor overspend against the in-year respective budget of £27m. The school is complete and decant took place during the recent half term. The residential project is almost complete. The ground floor show apartment for sales promotion has been completed and snagged. A lock up certificate has been issued and the unit is receiving sales visits from the appointed estate agents. The variance will be slipped to 2019/20.

Nile Street is reporting to come in within the in-year budget of £49m. The project is behind schedule by no more than 6 weeks on the contract programme and this was caused by logistical difficulties installing the glazing system to the south elevation. A mitigation programme is in place by the contractors and this should bring the programme back on track. There has been progress on the lower floors over this reporting period. The Tower is back on programme and there is no delay to the school in respect of critical path activities.

Britannia Site is reporting to come in within the in-year budget of £10m. The first phase of housing within the Britannia project is being put back a year due to the delays associated with planning for Crossrail 2. The 93 new homes - 81 for Council social rent and shared ownership, and 12 for private sale are now expected to be built by summer 2022. This is the block on the corner of Bridport Place and Penn Street. Construction of the new leisure centre and school is going ahead as planned, with both expected to open by 2021. The contract for the leisure centre is due to be signed before Easter, with the secondary school contract expected to be signed in May 2019. Both projects should, therefore, be on site this summer.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The overall forecast in Neighbourhoods and Housing (Non) is £17.8m, £1.3m under the revised budget of £19.1m. More detailed commentary is outlined below.

N&H – Non-Housing Capital Forecast	Revised Budget	Spend as at end Feb	Forecast	Variance (under)/ over
	£000	£000	£000	£000
Museums and Libraries	405	205	251	-155
Leisure Centres	0	0	0	0
Parks and Open Spaces	2,653	1,726	2,745	93
Infrastructure Programmes	10,979	6,422	10,809	-170
EHPC Schemes	282	282	282	0
TFL	4,361	1,279	3,264	-1,096
Parking and Market Schemes	99	87	99	0
Other Services	0	0	0	0
Regulatory Services	0	0	0	0
Safer Communities	50	25	45	-5
Regeneration	275	5	325	50
Total	19,103	10,032	17,819	-1,284

TFL funded Capital Projects

The variance is due to an issue with the TFL portal in respect of their budgets in the month of August. As such this variance does not represent an actual underspend and will be slipped to 2019/20 as the works continue..

HOUSING

The overall forecast in Housing is £141.7m, £16.7m below the revised budget of £158.4m. More detailed commentary is set out below.

Housing Capital Forecast	Revised Budget	Spend as at end Feb	Forecast	Variance (under)/ over
	£000	£000	£000	£000
AMP Housing Schemes HRA	83,672	51,254	77,690	-5,982
Council Schemes GF	1,543	2,463	3,389	1,846
Private Sector Housing	1,636	877	1,189	-447
Estate Regeneration	54,792	37,772	44,181	-10,611
Housing Supply Programme	9,193	6,432	8,185	-1,007
Woodberry Down	7,584	6,611	7,100	-484

Regeneration				
Total Housing	158,420	105,409	141,734	-16,686

AMP Housing Schemes HRA

The reduction in spend against Q3 relates to a slight reduction in Contract 1 expenditure (£1.2m), based on estimated works completion dates before 31/03/2019, removal of expenditure in relation to the Contingency budget (£2m) which will now not be required, and a £1.6m reduction in expenditure against the One Touch budget where the works will carry over into next year.

Council Schemes GF & Private Sector Housing

The increase in expenditure relates to the procurement of the Royal Parks Hostel (£0.8m) and an increase in the number of Regeneration voids being renovated to be used for Temporary Accommodation.

Estate Regeneration

The reduction relates to the removal of a Developers profit expenditure item, which has been netted off by a reduction in income. Works have been delayed on the Tower Court site, where Japanese Knotweed has been discovered. Further works have been delayed on Marian Court due to tender bids coming in higher than expectations. There is a £2.1m reduction on Lyttleton House whereby the construction period has slipped slightly, and the costs will be incurred in the coming years and the budget will therefore be reprofiled.

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AUDIT AND ANTI-FRAUD PROGRESS REPORT MARCH 2019

AUDIT COMMITTEE MEETING DATE

10 April 2019

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 of Finance & Corporate Resources

1. INTRODUCTION AND PURPOSE

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

2. RECOMMENDATION

- 2.1. The Audit Committee is recommended to note and consider Audit & Anti Fraud's progress and performance to March 2019 (Appendices 1 to 4).

3. REASONS FOR DECISION

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

4. BACKGROUND

- 4.1 The Audit Committee approved the Internal Audit Plan 2018-19 in April 2018 and this report notes the progress against that plan and progress against high and medium priority recommendations. The Progress Report of the Internal Audit Service is provided in Appendix 1 and includes a summary of: -

- Performance against key performance indicator targets
- Internal Audit work carried out up to the end of August 2018
- Implementation of high and medium audit recommendations
- School audits

Details of progress with planned audits are provided in Appendix 2.
Definitions of the assurance levels used are provided in Appendix 3.

- 4.2 A statistical summary of the work undertaken by the Audit Investigation Service is provided in Appendix 4. In summary, the key financial benefits to arise from selected key areas of enquiry are as follows:

Investigation area	Estimated saving arising from enquiries £
Tenancy Fraud	786,000 (minimum)
Overstaying Families	262,300
Blue Badge/Parking	855.00
Total	£1,049,155

4.3 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.

4.4 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

4.5 Sustainability

Not applicable.

4.6 Consultations

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

4.7 Risk Assessment

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

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

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

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

6. COMMENTS OF THE DIRECTOR OF LEGAL

- 6.1. The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. An adequate system of internal audit is inherent. This report demonstrates how the Council is fulfilling its obligations in this regard.
- 6.2 The Audit Committee is asked to note the report on Audit and Anti-Fraud's performance and opinion. There are no immediate legal implications arising from the report.

Appendices

Appendix 1 - Internal Audit Progress Report – March 2019

Appendix 2 - Progress with planned audits

Appendix 3 - Definitions of audit assurance levels




Appendix 4 - Audit Investigation Service statistics to March 2019

BACKGROUND PAPERS

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

Description of document

None

Report Author	Michael Sheffield  020-8356 2505 Michael.sheffield@hackney.gov.uk
Comments of the Group Director of Finance and Corporate Resources	Michael Honeysett  020-8356 3332 Michael.honeysett@hackney.gov.uk
Comments of the Director of Legal	Dawn Carter-McDonald  020-8356 4817 Dawn.carter-mcDonald@hackney.gov.uk



Audit & Anti-Fraud Progress Report

1 January – 31 March 2019

1. INTRODUCTION

- 1.1 The purpose of this report is to present the performance of the Audit & Anti-Fraud Service for the period January – March 2019, the areas of work undertaken, progress with implementing audit recommendations and information on current developments in the service area.
- 1.2 Internal Audit provides an independent continuous review of key and high-risk activities across the Council. It is important that the effectiveness of the work of Internal Audit is monitored and reported in order to comply with the requirements of the Accounts & Audit regulations 2015 and to provide the necessary assurance on the adequacy of the Internal Audit service. This report, in part, meets these requirements.

2. INTERNAL AUDIT RESOURCES AVAILABLE

- 2.1 The Internal Audit function is an in-house service consisting of two Principal Auditors and four Auditors and is supplemented by specialist IT skills from an external provider in order to undertake technical IT audit reviews. Internal Audit supports the Council's CIPFA trainee programme, trainees rotate every six months. Resources have been impacted by an auditor vacancy and maternity leave as well as the departure of the Head of Internal Audit & Risk Management in November 2018.
- 2.2 The 2018/19 Audit Plan consists of 73 audits, 9 audits have been postponed since the plan was agreed and management have requested two additional audits be included. These changes are reflected in the Audit Plan at Appendix 2.

3. INTERNAL AUDIT KEY PERFORMANCE INDICATORS

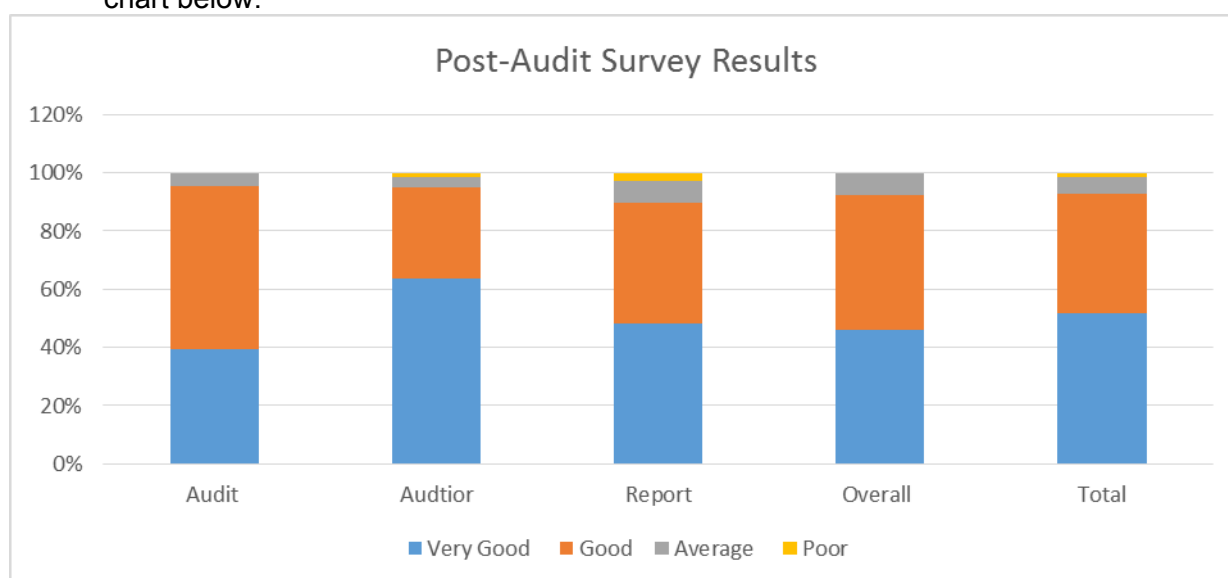
- 3.1 Internal Audit's performance for 2018/19 against key indicators is shown in Table 1. Post audit survey results are summarised in paragraphs 3.2 – 3.4.

Objective	KPIs	Targets	Actual
Cost & Efficiency <i>To ensure the service provides Value for Money</i>	1) Percentage of planned audits completed to final/draft report stage 2) Average number of days between the end of fieldwork to issue of the draft report.	1) 90% by year end 2) Less than 15 working days	1) 81% complete or in progress by 31 March 2019 2) 11 days
Quality <i>To ensure recommendations made by the service are agreed and implemented</i>	1) Percentage of significant recommendations made which are agreed 2) Percentage of agreed high priority recommendations which are implemented	1) 100% 2) 90%	1) 100% 2) 65% - fully implemented** 29% - partially implemented
Client Satisfaction <i>To ensure that clients are satisfied with the service and consider it to be good quality</i>	1) Results of Post Audit Questionnaires 2) Results of other Questionnaires 3) No. of Complaints / Compliments	1) Responses meeting or exceeding expectations 2) Satisfactory 3) Actual numbers reported	1) 99% (93% exceeded expectations and excellent) 2) N/A 3) None

** See paragraph 6.2 for explanation

Table 1

- 3.2 The increase in timeframes from completion of fieldwork to issue of draft report was directly affected by the departure of the then Head of Internal Audit & Risk Management at the end of November 2018. All outstanding draft reports have now been issued. A recruitment exercise undertaken before her departure failed to attract a suitable candidate however, an interim has now been employed to cover this post until a permanent replacement can be found. A new recruitment drive is underway.
- 3.3 As at 31 March 2019 a total of 58 internal audit reviews have been started from the 2018/19 Plan, 26 have been finalised and a further 12 are at draft report stage. In addition, during the year 22 reviews were completed from the 2017/18 Audit Plan.
- 3.4 Post Audit Survey results continue to show that overall expectations of auditees are met or exceeded with 93% responding that expectations were exceeded, see bar chart below.



4. SUMMARY OF INTERNAL AUDIT WORK

- 4.1 Progress with 2018/19 planned audits is detailed in Appendix 2. Progress with the 2018/19 Audit Plan is summarised in Table 2 below.

2018/19 Audit Plan Stage of Audit Activity	Number of assignments	% of the original plan
Scoping/TOR agreed	2	3
Fieldwork in progress	19	26
Draft report issued	12	16
Completed	26	36
Total work completed and in progress	59	81
Original Plan	73	
Cancelled and Postponed	9	
Additional requests	2	
Total Revised Plan	66	

Table 2

- 4.2 The table shows 81% of planned assignments have been completed or are in progress.

4.3 Please details of cancelled/postponed audits in Table 3 below.

Review	Reason for Deferral
Capital Schemes (Public Realm)	Postponed to align better with the re-tender of this contract
Health & Social Care Integration/Integrated Commissioning	Postponed as PWC have recently reported on a review in this area
Special Educational Needs (SEN) Transport	Postponed due to manager leaving the service
Pension Fund	Postponed at management request
Capital Schemes	Postponed at management request
Wick TMO – follow up	Postponed at management request
Betty Layward PS St Paul's & St Michael's School	Postponed at management request
Daubeney PS+CC	Postponed at management request due to school joining Federation

Table 3

4.4 Each completed audit is given an overall assurance grading. These are categorised 'Significant', 'Reasonable', 'Limited' or 'No' assurance. The assurances given so far this year are included in Appendix 2. Full definitions can be found in Appendix 3. For those audits finalised since the last Audit Committee report, the assurance levels are as follows in Table 4.

Assurance Level	2018/19	2017/18
No	1	0
Limited	6	2
Reasonable	8	3
Significant	9	1
Not Applicable	2	0
Total	26	6

Table 4

4.5 Where Internal Audit work identifies areas for improvement, recommendations are made to manage the level of risk. These are categorised as 'High', 'Medium' or 'Low' priority. The numbers of High and Medium recommendations issued up to 31 March 2019 are shown in Table 5 below.

Categorisation of Risk	Definition	Number 2018/19 Plan	Number 2017/18 Plan not previously reported
High	Major issues that we consider need to be brought to the attention of senior management.	26	4
Medium	Important issues which should be addressed by management in their areas of responsibility.	107	20
Total		133	24

Table 5

5. SCHOOLS

5.1 The results of schools' audits are reported to the Hackney Learning Trust (HLT) within the Children's, Adults and Community Health Directorate. In addition, progress with the implementation of recommendations agreed since 2016/17 up to the current date are regularly followed up and reported.

- 5.2 As at 31 March 2019, seven school audits were completed, another three are at draft report stage and fieldwork has been completed at the final one on the plan. The audits focus on the existence and compliance with key financial controls and the adequacy of governance arrangements. In addition follow-up audits were undertaken at two schools.

6. IMPLEMENTATION OF RECOMMENDATIONS

- 6.1 In order to track the Council's response to improving the control environment, progress with implementation of agreed internal audit recommendations is tracked. The results of this work for the 'High' priority recommendations from audits undertaken from 2016/17 that were due to be implemented by 31 March 2019 are presented in Table 6.

Directorate	Implemented (including no longer relevant)	Partially Implemented	Not implemented/No response	Not Yet Due	Total*
Children's, Adults and Community Health	11	1	1	0	13
Neighbourhoods and Housing	25	16	1	2	42
Finance & Corporate Resources	9	4	3	1	16
Chief Executive's	4	1	0	0	5
Corporate	3	1	0	0	4
Total number	52	23	5	3	80
Percentage (%)*	65%	29%	6%	n/a	100%

* Does not include "Not Yet Due"

Table 6

- 6.2 The Council's target for 2018/19 is 90% of 'High' priority recommendations should be implemented in accordance with agreed timescale. Audit followed up 80 'High' priority recommendations, the implementation rate currently stands at 65% fully implemented by the agreed implementation date, with a further 29% partially implemented. The high number of partially implemented recommendations in Neighbourhoods and Housing result from a large number of 'High' category recommendations arising from four TMO audits during 2017/18. TMO Services are assisting AAF to ensure that these are implemented and there is progress; however, TMOs are separate entities and so the process is taking longer than with many internal clients.
- 6.3 Of the 276 'Medium' priority recommendations followed up 74% were assessed as implemented and 17% partially implemented. Details are shown in Table 7.

Directorate	Implemented (including no longer relevant)	Partially Implemented	Not implemented /No Response	Not yet due	Total*
Children's, Adults & Community Health	54	5	0	6	59
Neighbourhoods and Housing	56	10	5	17	71

Finance & Corporate Resources	64	27	18	10	109
Chief Executive's	21	3	1	0	25
Corporate	10	1	1	0	12
Total number	205	46	25	n/a	276
Percentage (%)	74%	17%	9%	n/a	100%

* Does not include "Not Yet Due"

Table 7

6.4. SCHOOLS

Recommendations made during school audits are followed up in the same way as for other recommendations. In circumstances where audits are categorised as 'No' or 'Limited' assurance, or where the school fails to provide progress updates with implementation of 'High' category recommendations, a follow up review is scheduled.

Recommendation Priority	Implemented (including no longer relevant)	Partially Implemented	Not implemented /No Response	Not yet due	Total*
High	27	0	10	8	37
Medium	197	5	23	16	225
Total Number	224	5	33	n/a	262
Percentage (%)	85%	2%	13%	n/a	100%

* Does not include "Not Yet Due"

Table 8

7. DEVELOPMENTS WITHIN INTERNAL AUDIT

7.1 The Head of Internal Audit & Risk Management left Hackney in November 2018, attempts to fill this vacancy before Christmas were unsuccessful. A further recruitment drive is underway at the time of reporting. An interim has been recruited to cover this vacancy until a permanent replacement can be found.

8. ANTI FRAUD SERVICE

8.1 The Anti-Fraud Service consists of three distinct teams; the Audit Investigation Team (AIT), the Tenancy Fraud Team (TFT) and the Pro-Active Fraud Team (PAFT).

8.2 Statistical information relating to all the work of the Council's Anti-Fraud Teams is attached as Appendix 4.

9. CONCLUSIONS

9.1 This report provides details of the performance of the Council's Internal Audit and Anti Fraud Services. It provides assurance that the service is being delivered to meet statutory responsibilities and is continually seeking to improve the standard of its service.

9.2 Using the cumulative knowledge and experience of the systems and controls in place, including the results of previous audit work and the work undertaken to date, it is considered that overall, throughout the Council there continues to be a sound internal control environment.

Internal Audit Annual Plan 2018/19 Progress to March 2019 (including 2017/18 audits not previously reported)				
Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
2017/18 Audits not previously reported				
Commercial voids	0	2	Significant	FINAL
Housing Transfers - process map	3	2	Limited	FINAL
Network/firewall/wireless security/ use of CIS (DWP) system	0	3	Reasonable	FINAL
Home Care/Domiciliary Services	0	5	Reasonable	FINAL
CILS (Section 106 Agreements)	0	4	Reasonable	FINAL
Building Control Fees	2	1	Limited	FINAL
Gainsborough & Children's Centre	2	6	Limited	FINAL
Planning enforcement – Breaches	0	1	Significant	FINAL
Morningside & Children's Centre	2	5	Limited	FINAL
M3 - application review	0	2	Significant	FINAL
Social Housing/RSLs - follow up	1	0	N/A	FINAL
Roll numbers in schools (Census Survey)	0	0	Significant	FINAL
IT Services in schools	0	0	Significant	FINAL
Information Governance – GDPR	1	3	Reasonable	FINAL
iTrent-new HR/payroll system	1	1	Reasonable	FINAL
Car Mileage Claims	0	6	Reasonable	FINAL
Contract monitoring - lift servicing report	7	2	No	FINAL
Speakers Office	0	3	Reasonable	FINAL
Software licensing	0	3	Reasonable	DRAFT
Holy Trinity CE	1	5	Limited	FINAL
Gifts and Hospitality	1	3	Reasonable	DRAFT
Rent collection – (arrears & debt recovery)	0	4	Reasonable	FINAL
Disaster recovery	0	0	Significant	FINAL
Voluntary Sector Grants				Deferred to 2019/20
Telephone contracts – monitoring	2	5	Limited	FINAL
Adults with Learning Difficulties				TOR – deferred to 2019/20
Adoption Allowances				TOR – deferred
Service Payroll				Deferred to 2019/20
2018/19 Audit Plan				
CORPORATE CROSS CUTTING				
AGS co-ordination 2017/18 and 2018/19	N/A	N/A	N/A	Completed for 2017/18
Payroll				TOR
Subject Access Requests (SARs)				WIP
IR35				WIP
Matrix agency contract management				WIP
Commercialisation				TOR
Pension Fund				Deferred to 2019/20
Purchasing/procurement cards	0	1	Reasonable	DRAFT
CHIEF EXECUTIVE'S				
Disclosure & Barring Service (DBS) Checks				WIP

Internal Audit Annual Plan 2018/19 Progress to March 2019 (including 2017/18 audits not previously reported)				
Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
CHILDREN, ADULTS & COMMUNITY HEALTH				
Adult Services/Public Health				
Appointeeships/Court of Protection	0	4	Reasonable	FINAL
Public Health Contracts - contract letting				
Health & Social Care Integration/Integrated Commissioning				Deferred to 2020/21
Mortuary Statutory Review	0	1	Significant	FINAL
Children & Families				
Looked After Children (LAC)	1	3	Limited	FINAL
Special Educational Needs (SEN) Transport				Deferred to 2019/20
SEN 2017/18 follow up				DRAFT
S17 Children in Need spend	0	4	Reasonable	DRAFT
Multi-Agency Working (adults and children)				
Troubled Families – process review	n/a	n/a	N/A	-
Education & Schools				
Schools overview report 2017/18			N/A	FINAL
Follow up schools reviews	0	7	Limited	FINAL
Facilities Management contract in schools	1	6	Limited	FINAL
FINANCE & CORPORATE RESOURCES (EXCL ICT)				
Strategic Property				
Health & Safety				WIP
Asset management	1	2	Reasonable	FINAL
Capital Projects - Morning Lane (Tesco site)	0	1	Significant	FINAL
Commercial property - debt management				WIP
Financial Management				
VAT				WIP
NNDR/Business Rates	0	2	Significant	DRAFT
Accounts Payable				WIP
Treasury and Investments	0	1	Significant	FINAL
General Ledger – Cedar	0	1	Significant	FINAL
Customer Services				
Council Tax	0	0	Significant	DRAFT
Housing Benefits	1	0	Significant	FINAL
Cash receipting/banking				
Registrars Services	0	4	Reasonable	FINAL
Temporary Accommodation	2	2	Limited	FINAL
Procurement				
Single Tender Action (STA) Process				WIP
ICT				
Academy IT application review	1	1	Reasonable	DRAFT
iTrent application post implementation review				TOR
IT equipment disposals	1	7	Limited	FINAL

Internal Audit Annual Plan 2018/19				
Progress to March 2019 (including 2017/18 audits not previously reported)				
IT Asset Management	0	1	Reasonable	DRAFT
End user devices - security (incl. mobile devices, remote access)				
IT risk/needs assessment	n/a	n/a	n/a	FINAL
NEIGHBOURHOODS AND HOUSING				
Housing				
Fire related safety work and H&S compliance				WIP
TMOs –Wenlock Barn	1	8	Reasonable	FINAL
- Downs	0	7	Reasonable	FINAL
- Clapton Park – follow up	1	2	Significant	FINAL
- Tower – follow up				WIP
- Cranston – follow up				WIP
- Wick – follow up				Deferred to 2019/20
Housing Rents				
DLO				WIP
Housing Asset Management				DRAFT
Housing Service Control Framework				TOR
Housing Asset Management Contracts				
Public Realm				
Libraries				WIP
Leisure Centres Management (GLL) - contract monitoring				WIP
APCOA parking contract				WIP
CCTV monitoring contract				WIP
Capital schemes				Deferred to 2019/20
Waste Collection				WIP
Regeneration				
Hackney Sales	0	1	Significant	FINAL
Schools				
Baden Powell PS	0	4	Reasonable	DRAFT
Betty Layward PS				Deferred to 2019/20
Viridis Federation (3 schools)	0	1	Significant	FINAL
Daubeney PS+CC				Deferred to 2019/20
New Wave Teaching School Alliance (3 schools)		2	Significant	FINAL
Harrington Hill PS (follow up)		2	Reasonable	FINAL
Holmleigh PS	3	5	Limited	DRAFT
London Fields PS	1	2	Reasonable	DRAFT
Mandeville PS				
Princess May PS	9	11	No	FINAL
Stoke Newington School and Sixth Form	0	4	Reasonable	FINAL
Yesodey Hatorah SGS				WIP
Ickburgh School	3	5	Limited	FINAL
Stormont House School	0	5	Reasonable	FINAL
St Pauls with St Michael				Deferred to 2019/20

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

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

Anti-Fraud Service:

Statistical Information 1 January to 31 March 2019

1. Investigations Referred

The number of non-benefit related investigations undertaken by the Anti-Fraud Service has increased significantly in recent years, from 150 in 2009/10 to 782 in 2017/18. As new fraud threats have emerged, investigative responses have been developed in partnership with other Council teams and external partners.

Group	Department	Number of Cases Referred in Period	Number of Cases Closed in Period	Cases Currently Under Investigation	Referrals 2018/19 to date	Referrals 2017/18
Neighbourhoods & Housing (N&H)	Neighbourhoods & Housing	0	2	2	9	12
	Hackney Homes	2	4	8	5	13
	Tenancy Fraud	73	80	262	263	394
	Parking	64	56	70	198	243
Children, Adults & Community Health (CACH)	Children, Adults & Community Health	3	3	5	6	5
	Overstaying Families Intervention Team (OFIT)	21	19	71	75	104
	Hackney Learning Trust	3	1	4	5	0
Finance & Corporate Resources (F&CR)	Finance & Resources	2	2	5	9	9
Chief Executive Directorate	Chief Executive Directorate	3	6	4	10	2
Total		171	173	431	580	782

Table 1

Note 1: Fraud reporting is provided at Group Directorate level, with additional detail being provided for areas that were previously separate organisations (Hackney Homes and The Learning Trust) and specific Anti-Fraud projects (Tenancy, Parking and OFIT).

Note 2: Cases closed/under investigation may include those carried forward from previous reporting periods.

2. Fraud Enquiries

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

Source	Number of Cases Referred in period	Number of Cases Closed in period	Cases Currently Under Investigation	2018/19 to date	2017/18
Internal	55	56	2	145	206
Other Local Authorities	12	12	0	56	74
Police	14	14	0	68	51
Immigration	0	0	0	11	10
DWP	212	212	0	866	872
Other	24	23	1	77	24
Total	317	317	3	1,223	1,237

Table 2

3. National Fraud Initiative (NFI) Matches

The NFI is a biennial data matching exercise, the majority of datasets were most recently received in January 2019. Matches are investigated by various LBH teams over the 2 year cycle, AAF investigate some matches and coordinate the Council's overall response. The total number of matches includes a number of recommended cases that are identified as high priority, participants are expected to further risk assess the results to determine which are followed up.

Type of Match	Number of Matches	Cases Under Investigation	Number Matches Cleared NFI2016	Number Matches Cleared NFI2016
Payroll	139	2	2	63
Housing Benefit	2,514	4	66	51
Housing Tenants	1,035	0	4	68
Right to Buy	45	0	0	1
Housing Waiting List	2,590	0	18	88
Concessionary travel / parking	203	49	0	169
Creditors	6,445	0	0	638
Pensions	209	0	192	171
Council Tax	40,450	1,367	605	3,163
Council Tax Reduction Scheme	1,830	4	24	22
Other	27	0	21	29
Total	55,487	1,426	932	4,463

Table 3

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

DWP advised Hackney that limited financial support would be provided to the Council to support Housing Benefit investigations in 2018/19. Hackney has continued to fund a part time resource to address specific investigation enquiries, but this is insufficient to allow for review of the thousands of benefit concerns identified by the NFI. The officers that previously undertook this work have all transferred to DWP.

4. Analysis of Outcomes

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

Outcome	Reporting Period	2018/19 to date	2017/18
Disciplinary action	1	8	5
Resigned as a result of the investigation	3	9	3
Referred to Police or other external body	3	12	13
Prosecution	0	1	7
Referred to Legal Services	0	0	0
Investigation Report/ Management Letter issued	5	19	12
Council service or discount cancelled	19	71	100
Blue Badges recovered	4	35	64
Other fraudulent parking permit recovered	0	6	36
Parking misuse warnings issued	10	19	28
Penalty Charge Notice (PCN) issued	7	29	60
Vehicle removed for parking fraud	0	2	44
Recovery of tenancy	19	60	66
Housing application cancelled or downgraded	3	41	40
Legal action to recover tenancy in progress	110	n/a	n/a
Right to Buy application withdrawn or cancelled	4	12	14

Table 4

Resigned as a result of the investigation

As a result of the investigations conducted by the Audit Investigation Team (AIT) disciplinary action is being taken against an officer of a partner organisation. Three members of staff left their employment while enquiries were still in progress to investigate the following allegations: -

- Failing to follow procedures
- Incorrect reporting of work targets
- False declaration on job application (checks prevented employment being taken up)

5. Financial Losses as a Result of Fraud

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

In many cases the financial loss accounts for only a small amount of the total cost of the fraud, with the additional amount comprising intangibles such as reputational damage,

the cost of the investigation and prosecution, additional workplace controls, replacing staff involved and management time taken to deal with the event and its' aftermath.

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

5.1 Tenancy Fraud Team (TFT)

During the period January to March 2019 a total of 19 tenancies have been recovered by the TFT. Using the Audit Commission figure for the estimated cost of temporary accommodation of £18,000 pa, this equates to a saving of £342,000.

In the same period three housing applications have been cancelled following TFT review. These investigations help to ensure that Hackney's social housing is only allocated to those in genuine need. The Audit Commission has variously reported the potential benefit to the public purse of each cancelled application as between £4,000 and £18,000, so the value of this work represents a potential saving of between £12,000 and £54,000.

During this period four Right to Buy (RTB) applications were cancelled following investigation. Each RTB represents a discount of £108,000 on the sale of a Council asset. The value of the discount for the RTBs that were declined represents a total of £432,000.

5.2 Overstaying Families Intervention Team (OFIT)

An average weekly support package valued at c£387 is paid to each family supported (applicable to the majority of the 'service cancelled' category in Table 4). In the period October to December 2018 thirteen support packages were cancelled or refused following AAF investigations. This equates to a saving in the region of £5,031 per week, if these had been paid for the full financial year it would have cost Hackney approximately £262,330.

5.3 Parking Concessions

The Audit Commission estimated the cost of each fraudulently used Blue Badge to be £100 (equivalent to on-street parking costs in the Hackney Central parking zone for less than 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. In this period AIT recovered four Blue Badges, this equates to £400, and enforcement charges of £455 also arose.

The cost for these types of fraud is far greater in terms of the denial of dedicated parking areas to genuine blue badge holders and residents, and the reputational damage that could be caused to Hackney if we were seen not to be tackling the abuse of parking concessions within the borough.

5.4 Proactive Fraud Team

AAF has investigated the project management of the former Hackney Homes decent homes and planned maintenance contracts. Currently, a significant sum of money has been retained against a contract because works claimed to have been carried out are under dispute. Some of these works were re-performed at the contractors' expense following our investigation. Evidence of substantial over-claiming for work has emerged which has been used to reduce payments that would otherwise have been due to the contractor, and further financial claims may yet arise.

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

6. Matters Referred from the Whistleblowing Hotline

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

7. Regulation of Investigatory Powers Act (RIPA) Authorisations

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

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

8. Proceeds of Crime Act (POCA) Investigations

POCA investigations can only be undertaken by accredited officers, as are currently employed by AAF. The Council's investigation processes are supported by POCA in four principal ways: -

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

Type of Order	Number authorised in period	2018/19 to date	2017/18 total
Production	1	6	4
Restraint	0	0	0
Compensation	0	1	0
Confiscation	0	1	2
Total	1	8	6

REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES		
WHISTLE-BLOWING PROGRESS REPORT AUDIT COMMITTEE - 10 April 2019	Classification Public	Enclosures AGENDA ITEM No
	Ward(s) affected ALL	

1. INTRODUCTION

1.1 This report summarises the Council's corporate arrangements for Whistleblowing and provides members with an update of the cases received in 2018/19.

1.2 An effective whistleblowing hotline procedure is an essential part of the Council's corporate governance arrangements. It helps promote an open, honest and accountable culture amongst all workers where they can express their concerns without fear of victimisation or termination of employment.

1.3 The Audit Committee receives regular updates relating to whistle-blowing at its quarterly meetings as part of the Internal Audit Quarterly Update Report. This report is produced to provide members with an annual overview of whistleblowing arrangements within Hackney.

1.4 As part of the Council's whistle-blowing arrangements, a telephone hotline service is managed by the external provider Expolink, who operate a 24 hour, 7 day a week reporting service. This facility is advertised throughout Council buildings on staff notice boards as well as on the intranet. Details are also provided to all new recruits as part of their induction process.

2. SUMMARY

2.1 In keeping with previous years the level of whistleblowing referrals remains a low percentage of overall referrals to the Audit & Anti Fraud Investigations Team. Nevertheless, whistleblowing is an important component in the Council's reporting arrangements because it provides those who might otherwise be reluctant to do so with a process in which to raise their concerns.

2.2 A considerable number of referrals to Audit & Anti Fraud could fit the criteria for whistleblowing but in general, managers and staff tend to refer matters of concern under the requirements of the Council's Financial Procedure Rule 4.12 which states: -

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

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

3. RECOMMENDATIONS

- 3.1 The Audit Committee is recommended to note the contents of this report.

4. RELATED DECISIONS

None

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

There are no financial implications arising from this report.

6. COMMENTS OF THE DIRECTOR, LEGAL

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

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

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

- 6.3 The Council must satisfy itself that:-

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

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

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

7. BACKGROUND

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

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

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

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

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

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

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

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

8. REFERRALS FOR THE PERIOD APRIL 2018 TO MARCH 2019

8.1 Whistleblowing reports to Expolink are reported as part of the quarterly Audit & Anti-Fraud Progress Reports. A specific summary of all whistleblowing activity was last reported to Members in April 2018. Table 1 below summarises Expolink activity in recent years.

	2014/15	2015/16	2016/17	2017/18	2018/19
Fraud & Corruption referrals	4	2	0	2	1
Other referrals	2	0	1	3	2
Total referrals	6	2	1	5	3

Table 1

8.2 The Expolink concerns that have been reported during the last 12 months comprise one allegation of a recruitment irregularity that was investigated by Audit & Anti-Fraud and two staff concerns that were investigated by HR and management (concerning alleged management favouritism and a safeguarding concern).

8.3 Concerns of fraud or corruption can be reported in a number of ways. In addition to the matters raised through the Expolink telephone hotline (see section 1.4), workers may raise whistleblowing concerns through alternative channels and still be entitled to the same degree of protection that would be afforded if they had used the telephone hotline. Of the 43 internal investigations referred in 2018/19, 12 have been raised in this way (i.e. one via Expolink, 11 by other whistleblowing routes). The following table shows all referrals by department and fraud type, with whistleblowing cases identified in brackets:

Description	Neighbourhoods	Children, Adults & Community Health		Finance & Resources	Chief Executives	Total
	& Housing	CACH	HLT			
Theft	0	0	1	1	0	2
Cheque/Credit card fraud	0	0	1	2	0	3
Immigration/ID issues	0	0	0	0	0	0
Employee issues	12 (4)	3	2 (1)	3 (1 + 1E)	3	23(6+1E)
Payments, contracts, procurement	0	0	0	0	0	0
Housing irregularities	0	1	0	0	1	2
Staff parking	0	0	0	0	1	1
Other	2	2 (1)	1 (1)	3	4 (3)	12 (5)
Total	14 (4)	6 (1)	5 (2)	9 (1+1 E)	9 (3)	43(11+1E)

Table 2

8.4 Whistleblowing referrals investigated by Audit & Anti-Fraud are dealt with under normal investigative procedures and outcomes regularly include

recommendations on appropriate disciplinary action, advice on measures to be taken to address system weaknesses, and referrals to internal audit for follow-up action wherever more significant problems are identified. If concerns are more appropriately dealt with by another service (e.g. Human Resources) a referral is made. The current status of the 12 whistleblowing cases identified at section 8.3 (Table 2) are as follows:

- Advice about future conduct was given following one investigation;
- Audit and Anti-Fraud have reported findings of two investigations to management and further action is under consideration;
- Seven cases remain under investigation;
- No further action arose following two investigations.

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

9. FUTURE DEVELOPMENTS

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

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

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

IAN WILLIAMS

Group Director of Finance and Corporate Resources

Report Originating Officers:

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REPORT OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES		
ANNUAL REPORT OF THE AUDIT COMMITTEE Audit Committee 10 April 2019	Classification Public	Enclosures Appendix 1 AGENDA ITEM No
	Ward(s) affected All	

1. GROUP DIRECTOR'S INTRODUCTION

The purpose of this report is to detail the role of the Audit Committee (the Committee) and summarise the key activities and achievements in 2018/19 that demonstrate how the Committee has fulfilled this role effectively and to measure consistency with the guidance issued by the Public Sector Internal Audit Standards (PSIAS) and other statutory requirements.

2. RECOMMENDATION(S)

The Council is recommended to note the Annual Report of the Audit Committee set out in Appendix 1.

3. SUMMARY

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

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

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

3.4 The report is a self-assessment of the activities of the Audit Committee during 2018/19.

4. OVERALL CONCLUSION

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

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

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

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

6. COMMENTS OF THE DIRECTOR, LEGAL SERVICES

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

Ian Williams

CORPORATE DIRECTOR OF FINANCE & RESOURCES

Report Originating Officer:	Michael Sheffield	☎020 8356 2505
Financial considerations:	Ian Williams	☎020 8356 3003
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List of Appendices

Appendix 1 Annual Report of the Audit Committee 2018/19

ANNUAL REPORT OF THE AUDIT COMMITTEE 2018/19**1. CHAIR'S INTRODUCTION**

- 1.1 The Audit Committee has had a successful year, ensuring the Council's services are achieving value for money and are mitigating the risks these service face. Over the last few years that job has become ever more important. The Council and its services face remorseless budget reductions and ever-increasing political pressure. Threats to service delivery in many areas remain at a high level while three key changes in the local government environment are widening the range of risk. As a result, this year we have taken a number of steps to develop our approach to assessing risk and securing value for money.
- 1.2 First, cuts in central government grant have led local government to become increasingly self-funding. That means less government oversight, but it also means Councils themselves have to take more responsibility for compliance and performance and for ensuring we have robust plans in place to secure value for money. Over the last year the Audit Committee has therefore reinforced the depth and range of its reports on performance and corporate risks. A key innovation has been its 'deep-dive' reviews of areas of high risk. For example, working alongside the responsible Cabinet Member, it has formed a sub-group to examine the financial and resource planning behind the SEND budget. This will report shortly and will be followed by further deep-dive reviews this year.
- 1.3 Second, there has been a significant increase in capital borrowing as a source of local government funding as Councils seek to cover Government grant cuts with investment income. The result has been a greater exposure to commercial property and financial risk and to internal project management risk. Hackney's approach has minimised these risks by confining its investment to capital regeneration schemes within the Borough itself and by building up its management expertise. The Audit Committee has reinforced this prudential strategy by increasing its focus on monitoring management of the Council's capital programme and on the Treasury Management of the Council's funds and borrowing.
- 1.4 The third change has been the increase in joint working across Council departments and in partnerships with other public bodies. In Hackney there are now a range of inter-departmental boards as well as the Joint Commissioning board with the NHS. While welcome, this trend is a challenge to traditional approaches to ensuring clear lines of accountability. The Audit Committee has therefore developed its oversight range with review of the key interdepartmental boards and of the Borough's part in joint commissioning work.
- 1.5 This changing environment has also led to important national and London-wide initiatives to reinforce the local audit function and Hackney has played a full part in these. In December the City of London, responding to calls, including from Hackney, for better support for local government audit convened a meeting of London Audit Chairs to coordinate action. Last month the House of Commons Public Accounts Committee launched an inquiry into local audit in wake of the Northamptonshire Council and East Sussex NHS failures. Recognising the work that we've done in this area, Hackney was asked to give evidence about the strengths and weaknesses of the current system. Reforms to strengthen the external audit system are expected.

- 1.6 During the municipal year the Committee has continued to work hard to ensure we have strong, well-embedded internal control and governance arrangements as the foundation both for the Council's service improvement programme and, as important, for our credibility in the eyes of the public. Overall we have been satisfied with the Council's performance and its compliance. We were especially pleased with the rapid reporting of the previous financial year results (completed within 4 months of the year end) and with the system of reviewing current service risks. We also received very positive reports about the management of the Council's funds and the results of oversight by the internal audit team.
- 1.7 I have continued to champion this Committee's role in providing oversight of the Council's management of risks and through the year, the Committee has considered each directorate's risk register and reviewed the corporate risk register in detail twice, in addition to quarterly updates in the performance report. I am delighted to see that risk management is embedded as a normal management function helping services achieve their objectives. For their part, new Committee members had a training session on their role in the risk management process, with specific reference to obtaining assurance and risk appetite.
- 1.8 Finally, I want to thank my fellow Council members for their enthusiastic support, including, I am delighted to say, an opposition representative. Thanks too to the very supportive team of officers especially in the Finance Directorate. I've also been impressed by the seriousness with which departments have taken the risk assessments and our comments and questions.

2. COMMITTEE MEMBERSHIP & ATTENDANCE

- 2.1 The composition of the committee changed following the local elections in May 2018, following which we were pleased to welcome four new Members. The following Councillors were members of the Audit Committee during the 2017/18 municipal year:

Cllr Nick Sharman (Chair)	Cllr Sem Moema
Cllr Brian Bell (Vice Chair)	Cllr Ajay Chauhan
Cllr Rob Chapman	Cllr Harvey Odze
Cllr Michelle Gregory	Cllr Patrick Spence
Cllr Carole Williams	Cllr Yvonne Maxwell

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

Members	Meeting Dates				
	18/04/19	21/06/19	25/07/19	15/10/19	28/01/19
Cllr Nick Sharman	P	P	P	P	P
Cllr Brian Bell	P	A	P	P	P
Cllr Michelle Gregory	P	P	A	P	P
Cllr Robert Chapman	A	n/a	n/a	n/a	n/a
Cllr Sem Moema	A	n/a	n/a	n/a	n/a
Cllr Carole Williams	P	n/a	n/a	n/a	n/a

Cllr Ajay Chauhan	n/a	A	P	P	A
Cllr Patrick Spence	n/a	P	A	P	P
Cllr Yvonne Maxwell	n/a	P	P	A	P
Cllr Harvey Odze	n/a	n/a	n/a	P	P

Key: P = Present A = Absent L = Late

3. WORK UNDERTAKEN IN THE 2018/19 MUNICIPAL YEAR

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

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

3.2 Internal Control

- 3.2.1 The Committee plays a key role in developing and improving the Council’s internal control and assurance framework.
- 3.2.2 The Accounts and Audit Regulations 2015 require the Council to conduct annual reviews of the system of internal control and publish an Annual Governance Statement (AGS) within its annual financial statements.
- 3.2.3 The AGS process in 2017/18 was updated to reflect the new requirements as set out in the Framework/Guidance issued by CIPFA/SOLACE in 2016 and a revised Hackney Code of Governance, this will continue to apply to the 18/19 iteration. Each department produces a local statement which is used to support the corporate AGS. As part of the assurance process, Internal Audit review the local AGS’s and verify that any actions identified in the previous year AGS have been actioned. The 2018/19 corporate AGS will be included in the final accounts and will be reviewed by the Committee with future actions for improvement noted.
- 3.2.4 The Committee contributed to the process of providing assurance of the Council’s internal control and governance framework by receiving and reviewing regular progress reports on Internal Audit and Risk Management including service performance information.

3.3 Internal Audit

- 3.3.1 In accordance with the Accounts and Audit Regulations 2015 the Committee continuously reviewed the effectiveness of the Internal Audit service. This comprised of: -
- Review and approval of the Internal Audit Annual Plan 2018/19 which includes Internal Audit’s key performance measures and outlines audit work for the Council and Associated Bodies for which the Council has a lead responsibility. I am pleased to say that management take the implementation of recommendations arising from audit work seriously with the result that we only rarely need to pursue managers for non-compliance.
 - Review of quarterly progress reports of the Corporate Head of Audit, Anti-Fraud & Risk Management detailing the performance and progress of the Internal Audit

Service against the Internal Audit Plan and performance targets.

- Review of the Internal Audit Service Annual Report by the Corporate Director of Finance and Corporate Resources.

3.3.2 The Committee noted that the Internal Audit Service expects to complete or have in progress at the end of the financial year 90% of the audits included in the annual plan during the year.

3.4 Risk Management

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

- Reviewing and endorsing the Risk Management Annual Report 2017/18 detailing arrangements for the management of risk in place during 2018/19.
- Proposing measures for developing the Council's approach to managing its risks to assist future improvement.
- During the reporting year the Committee reviewed the risk registers for each of the Council's departments as well as fully reviewing the corporate risk register on two occasions. This top-level review helps to ensure that risk management remains a meaningful and on-going activity across all service areas.
- Reviewing a summary of the corporate risk register on a quarterly basis as part of the Performance Management report that was introduced in 2017/18.

3.5 Treasury Management

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

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

- Reviewed a draft Treasury Management Strategy for 2019/20.
- Review of quarterly and half-yearly updates on treasury management detailing performance.

3.6 External Audit

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

3.6.2 The Committee has considered the following reports from the previous external auditor, KPMG: -

- Annual Audit and Inspection Letter 2018 – KPMG issued an unqualified opinion on the Council's accounts and Value for Money conclusion; subsequently, an unqualified opinion on the pension fund was also received.

- Annual Governance Report 2017/18 – No significant issues in terms of the internal control environment were identified and there are adequate arrangements in place to secure economy, efficiency and effectiveness in the use of resources.

3.7 Anti-Fraud and Corruption Arrangements

- 3.7.1 The Committee reviewed the quarterly and annual performance of the anti-fraud teams in tackling fraud against the authority and the contribution this made to strengthen the system of internal control.
- 3.7.2 During the year up to 31 December 2018 the following savings were made as a direct result of the work of the anti-fraud teams:

Outcome	Outcomes 2017/18 to date	Savings Realised
Council service or discount cancelled	47	(1) £948,425
Blue Badges recovered	31	(2) £3,100
Other fraudulent parking permits recovered	6	n/a
Parking misuse warnings issued	9	n/a
Penalty Charge Notice (PCN) issued	22	(3) £1,430
Vehicle removed for parking fraud	2	(4) £400
Recovery of tenancy	41	(5) £885,998
Housing application cancelled or downgraded	38	(6) £152,000 - £684,000
Right to Buy application withdrawn or cancelled	8	(7) £864,000
National Fraud Initiative	80+	(8) £69,460
Total	284	Between £2,924,813 and £3,456,813

1. Overstaying Families Intervention Team (OFIT) savings – 47 support packages cancelled, average saving £348 per week
2. Calculated using Audit Commission figure of £100 per badge recovered
3. 44 x £65 PCN charge
4. £200 per removal in addition to the PCN charge
5. Calculated using Audit Commission figure of £18,000, plus value of additional financial sanctions
6. Calculated using Audit Commission estimated values of either £4,000 or 18,000
7. Calculation based on discount of £108,000
8. Savings in various area arising from NFI data matching, including minimum 80 SPD removals

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

3.8 Whistleblowing Arrangements

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

3.9 Financial Reporting

The Committee scrutinised and approved the 2017/18 Statement of Accounts prior to the completion of the audit by KPMG. The Committee also considered KPMG's

Governance Report regarding the audit of the accounts and significant issues arising during the audit of the accounts. The External Auditors reassured us that our plans to cope with the expected level of resource reduction are soundly based.

3.10 Performance Reporting

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

4. PROPOSED WORK PROGRAMME FOR 2018/19

- 4.1 Over the past year a programme of development sessions have been held for members of the Committee; this included training in treasury management, risk management and an introduction to the Committees' role for new members. Further sessions will be arranged over the coming year.
- 4.2 The Committee will review and, if appropriate, approve the External Auditor's Annual Governance statement covering the Council and the Pension Fund.
- 4.3 The Audit Committee will continue to receive and examine the Council's Statement of Accounts and Annual Governance Statement and approve these if it is appropriate to do so. To maintain our capacity to review past compliance and correct any issues, the Council's final accounts will again be turned around by July, just four months after year end
- 4.4 The Committee will continue to receive regular performance reports from the Internal Audit Service, the Anti-Fraud Teams, Treasury Management, directorate and corporate risk registers. As well as reviewing corporate policies and strategies relating to these services.
- 4.5 The Chair will continue to act as Risk Management Champion taking responsibility for advocating the embedding of risk management throughout the Council. The Committee is keen to take a pro-active approach to overseeing the Council's management of risks and will work closely with the Corporate Risk Advisor and senior managers for continual improvement in our corporate risk management processes.
- 4.6 The Committee will continue to focus attention on the high risk areas which are identified from the risk management framework.
- 4.7 The Committee will receive and approve the Internal Audit annual plan to ensure that Audit work provides an appropriate coverage during the year.
- 4.8 We will continue to improve our assessment of current performance by receiving regular reports on a small range of key performance indicators of selected Council

services and financial performance, and obtaining further explanation where appropriate. This will help provide both us as Councillors, and the public to have a sense of how the Council is performing overall and give an early warning of any problems. Another initiative to reassure the Council about our ability to cope with current threats and opportunities is our quarterly review of progress in the areas of high risk identified in our service reviews.

- 4.9 The Council's whistleblowing arrangements and performance will be reviewed annually and as part of the quarterly reporting process.
- 4.10 The Audit Committee will continue to be proactive and engage wherever necessary to further strengthen the Council's assurance processes. In particular, there will be focus on areas highlighted through the risk management process as presenting a concern at the corporate level.

5. SUMMARY OF ACHIEVEMENTS OF AUDIT COMMITTEE

- 5.1 The Audit Committee has contributed to the Council's overall internal control process in 2018/19 through the challenge and monitoring it has performed on governance, internal audit, anti-fraud, risk management, treasury and financial management processes.
- 5.2 Risk management at corporate and strategic service levels continues to support business processes.
- 5.3 Internal Audit has continued to develop and strengthen with support from the Committee. It received positive assurance from KPMG in its annual report.
- 5.4 The Committee has played a significant role in highlighting the importance of implementing Internal Audit recommendations to agreed timeframes.
- 5.5 The Committee also undertook the role of oversight of the Council's use of Regulation of Investigatory Powers Act (RIPA).

AUDIT COMMITTEE WORK PROGRAMME 2019/20

	June 2019	Decision	Group Director & Lead Officer
1	DIRECTORATE RISK REGISTER REVIEW – CHIEF EXECUTIVE’S	For information and comment	Tim Shields (TBC)
2	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
3	CORPORATE RISK REGISTER REVIEW	For information and comment	Tim Shields (Matthew Powell)
4	INTERNAL AUDIT ANNUAL REPORT 2018/19	For information and comment	Ian Williams (Michael Sheffield)
5	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Sheffield)
6	FRAUD AND IRREGULARITY ANNUAL REPORT 2018/19	For information and comment	Ian Williams (Michael Honeysett)
7	AUDIT COMMITTEE WORK PROGRAMME 2019/20	To approve	All

	July 2019 – SPECIAL MEETING	Decision	Group Director & Lead Officer
1	FINANCIAL STATEMENTS AUDIT 2018/19 – ANNUAL GOVERNANCE REPORT (COUNCIL & PENSION FUND)	For information and comment	Ian Williams (Michael Honeysett)
2	STATEMENT OF ACCOUNTS 2018/19	To approve	Ian Williams (Michael Honeysett)

	October 2019	Decision	Group Director & Lead Officer
1	DIRECTORATE RISK REGISTER REVIEW – FINANCE & CORPORATE RESOURCES	For information and comment	Ian Williams (Michael Honeysett)
2	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
4	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
5	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Matt Powell)
6	AUDIT COMMITTEE WORK PROGRAMME 2019/20	To approve	All

	January 2020	Decision	Group Director & Lead Officer
1	DIRECTORATE RISK REGISTER REVIEW – NEIGHBOURHOODS & HOUSING	For information and comment	Kim Wright (TBC)
2	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
3	CORPORATE RISK REGISTER	For information and comment	Tim Shields (Matt Powell)
4	REVIEW OF TREASURY MANAGEMENT STRATEGY 2018/19	To approve	Ian Williams (Michael Honeysett)
5	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield)
6	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
7	CERTIFICATION OF GRANTS & RETURNS 2017/18	For information and comment	Ian Williams (Michael Honeysett)
8	EXTERNAL AUDIT PLAN PROGRAMME 2019/20	For information and approval	Ian Williams (Michael Honeysett)
9	AUDIT COMMITTEE WORK PROGRAMME 2019/20	To approve	All

	April 2020	Decision	Group Director and Lead Officer
1	DIRECTORATE RISK REGISTER REVIEW – CHILDRENS, ADULTS & COMMUNITY HEALTH	For information and comment	Anne Canning (Jackie Moyland)
2	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
3	INTERNAL AUDIT ANNUAL PLAN 2018/19	To approve	Ian Williams (TBA)
4	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
5	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield)
6	REVIEW OF WHISTLEBLOWING	For information and comment	Ian Williams (Michael Sheffield)
7	AUDIT COMMITTEE – ANNUAL REPORT	For information and comment	Cllr Nick Sharman (Chair)/ Michael Sheffield
7	AUDIT COMMITTEE WORK PROGRAMME 2019/20	To approve	All