



# AUDIT COMMITTEE

Thursday, 10th October, 2019

at 6.30 pm

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

## Committee Membership

Cllr Nick Sharman (Chair)  
Cllr Michelle Gregory (Vice Chair)  
Cllr Brian Bell  
Cllr Yvonne Maxwell  
Cllr Harvey Odze  
Cllr Clare Potter  
Cllr Patrick Spence

**Tim Shields**  
Chief Executive

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The press and public are welcome to attend this meeting

# **AGENDA**

## **Thursday, 10th October, 2019**

### **ORDER OF BUSINESS**

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## Access and Information

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Providing oral commentary during a meeting is not permitted.

# ADVICE TO MEMBERS ON DECLARING INTERESTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Further Information

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



FS 566728



## AUDIT COMMITTEE

WEDNESDAY, 19TH JUNE, 2019

Present: Councillors:

Cllr Nick Sharman in the Chair  
Cllr Michelle Gregory (Vice-Chair), Cllr Yvonne Maxwell, Cllr Harvey Odze, Cllr Patrick Spence, Cllr Clare Potter

Officers: Ian Williams, Michael Honeysett, Ajman Ali, Dawn Carter-MacDonald, Pradeep Waddon, Bruce Devile, Matt Powell, Michael Sheffield

1 **Approval of the Chair and Vice-Chair as nominated at the Annual General Meeting - Councillor Nick Sharman - Chair / Councillor Michelle Gregory - Vice-Chair**

**RESOLVED:**

That Councillor Nick Sharman and Councillor Michelle Gregory be appointed as Chair and Vice-Chair of the Audit Committee for the municipal year 2019/2020.

2 **Apologies for absence**

2.1 Apologies for absence were submitted on behalf of Councillor Brian Bell.

3 **Declarations of Interest**

3.1 Councillor Michelle Gregory declared that she was a member of the Board a Tenants Management Organisation. Councillor Yvonne Maxwell declared that she was a member of the Board of Governors of the Homerton Hospital.

4 **Minutes of Previous Meeting**

4.1 The minutes of the meeting held on 10<sup>th</sup> April were agreed as a correct record.

**Matters Arising**

Councillor Clare Potter would raise the e issue of escalating SEND spend at the scrutiny commission

**ACTION: Councillor Clare Potter**

## 5 Sickness Data - Briefing

5.1 The Committee noted the sickness data briefing. Ian Williams told the Committee of the development of a data tool to provide more detailed information to management around levels of sickness, for instance, giving breakdowns by age and grade, assisting management in identifying trends. It was noted that the profile of the Council's workforce was a determinant in sickness levels as the Council delivered services directly while some other local authorities outsourced their direct services. It was further noted that the figures were significantly higher in terms of musculo-skeletal reasons, again reflecting the services delivered.

5.2 The Committee agreed to the suggestion that there be a demonstration for members of the sickness levels data tool.

**ACTION: Ian Williams**

5.3 The chair stressed the need for investigation into other factors that may have an impact on sickness levels. Councillor Maxwell stressed the need for a clear message to Council staff on the reasons why this data is being collected. Councillor Gregory emphasised that regular anonymous analysis and reporting of sickness data, establishing patterns, was required.

## 6 Performance Overview

6.1 It was noted that around 25 percent of residents reported being unhappy with repairs completed on the first visit for 2018/19, while 37 per cent were left dissatisfied with repairs carried out by a contractor. Ajman Ali told the Committee that the Council needed to do more to improve its performance in this area, with the measure around customer satisfaction being 'slightly' off target, stating that performance in the housing services was not as good as it could be and that the aim was to achieve further improvements by the end of his first year in post. He acknowledged the need to manage and more clearly monitor the council's contractors. He said that the performance trajectory was going in the right direction and that the culture within the department had improved. All heads of service were looking at ways to improve performance and mechanisms were in place to track performance. He referred to the fact that there had been a lot less red [signs] than in the previous year. 100 percent of appointments had been kept with a customer feedback mechanism in place through text messaging. He referred to the fact that many people were on universal credit, impacting on levels of rent arrears. Ajman Ali told the Committee that voids turnaround figures had improved to a 53 ½ days turnaround. He reported that all staff were in place in the department. The Asset Management team was being established in batches, with a final team in place early next year. The establishment of the Estate Management team had been completed last year, made up of all permanent staff. It was noted that the Council's Contact Centre contained the most temporary staff.

6.2 Councillor Maxwell referred to the significantly lower satisfaction rate with external contractors and considered that the repairs service should be brought back in-house, referring to the fact that much effort went into managing contractors and the Council itself could carry out these contracts. Councillor Maxwell asked if there was a trigger in relation to contractor performance and for data on the DLO. Ajman Ali



confirmed that the procurement strategy, recently agreed by the Cabinet Procurement Committee, set out how the Council intended to insource contracts. It was agreed that performance data on repairs carried out by the Council's DLO be circulated to the Committee.

**ACTION: Ajman Ali**

6.3 Councillor Potter stressed the need to separate out the figures for DLO and contractors for the previous year.

6.4 Councillor Odze stressed the need to ensure that targets are attainable.

6.5 Councillor Gregory asked about details of the financial implications around delays in the turnaround of voids and it was agreed that these be circulated to the committee.

**ACTION: Ajman Ali**

6.5 The Chair stated that customer satisfaction was an important measure of performance and test of the service, indicating how people felt about quality, not just whether the repair had been carried out. He expressed concern that nearly one in two people had expressed dissatisfaction with the contractors' performance. Ajman Ali accepted that there were 'real performance issues' with contractors, and that the Council was aiming to improve on contract management. It was noted that some contractors with external companies were set to last up to five more years, though the Council's new procurement strategy set out how more work could be insourced over a period of time. Bruce Devile confirmed that at present the more complex repairs work was allocated to Contractors.

6.6 In relation to the Homeless Reduction Act and the increase in temporary accommodation, Members would submit questions, with the circulation of a paper on this, with a view to a future presentation to the committee.

**ACTION: Ian Williams**

The Chair stressed that this was outside the control of the council but it could mitigate any negative impact.

6.7 The Committee asked for comparative data around staff sickness levels in the private sector and how Hackney compared to other Boroughs. Ian Williams agreed to investigate this and to circulate figures to the Committee.

**ACTION: Ian Williams**

6.8 In relation to sickness levels, Ian Williams reported that a workforce strategy would be brought forward on this issue, stressing the need to be active on succession.

6.9 Councillor Spence raised the question of planning enforcement performance and it was agreed to circulate a briefing on this.

**ACTION: Ian Rae**

6.10 Councillor Spence referred to the fact that PCN recovery was low. Ian Williams confirmed that this stood at 70%, referring to the fact that there was an opportunity to appeal and that there was ambiguity. Bruce Devile reported increased recovery on Hackney Streets. Councillor Odze asked for a breakdown on the number of PCNs that

are appealed, the number of appeals that are successful, and any PCNs cancelled without an appeal.

6.11 Councillor Odze referred to the warning traffic light around the percentage of child protection cases which are reviewed with the required timescales, asking why data was not available. Bruce Devile confirmed that this data was collected annually and agreed to check on the availability of this data.

**ACTION: Bruce Devile**

6.12 Councillor Odze stressed the need for a breakdown on recycling and resident waste. Bruce Devile confirmed that 62 % of waste was not recycled. He told the Committee that the aim was to reduce the amount of waste in the Borough.

**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.

**7 Directorate Risk Register Review - Chief Executive**

7.1 Consideration of the risk register was deferred to the October meeting of the Committee, to which the Chief Executive would be invited to present the report.

**ACTION: Ian Williams**

**8 Treasury management Update Report**

8.1 Pradeep Waddon introduced the report, providing the Committee with the latest update on treasury management covering the first 2 months of the 2019/20 financial year. It was noted that no major issues had arisen since the last meeting. In relation to borrowing needs for housing the rates were at a low level and the Council had therefore taken the opportunity to lock in some of the shorter term borrowing into some of the longer term rates to ensure that appropriate advantage was taken of the opportunity. Pradeep Waddon told the Committee that Financial Advisers were in place with whom officers of the Council had regular catch ups to discuss the treasury management issues both in respect of borrowing and investments.

8.2 Councillor Gregory asked whether due diligence was applied in the choice of companies invested in by the Borough. Pradeep Waddon confirmed that the Council only invested in local authorities, housing associations, building societies etc, as set out in the approved Treasury Management Strategy.

**RESOLVED:**

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

## **9 Corporate Risk Register**

9.1 Matt Powell introduced the report and told the Committee that the register had been signed off on 4<sup>th</sup> June. Reputation and Major Fraud risks had been removed from the corporate register, to return to Directorate level. The creation of new companies and Insourcing were now new risks on the register.

9.2 Councillor Spence referred to the increasing pressures on temporary accommodation in the Borough and asked how the service was coping with this. Ian Williams told the Committee that measures were in place to deal with the increase but that this was becoming increasingly challenging, dealing with very difficult cases.

9.3 The Chair referred to the large number of high risks and that the only course of action open to the Committee in this regard was to mitigate these risks.

9.4 Ian Williams referred to the fact that a rolling update on Brexit developments was now in place, with the Council keeping abreast of government communications. He confirmed that many preparations were in place in readiness for Brexit. Ian Williams told the Committee that senior management team work was ongoing on the establishment of new companies, ensuring consistency in relation to Director's roles and status. It was agreed that a report would be submitted to the October Committee on the establishment of new companies.

### **Action: Ian Williams**

9.5 Councillor Odze raised the issue of Fire Brigade access to the Borough's Estates and whether this could be improved. Ian Williams confirmed that special keys were available to open gates on estates. Councillor Gregory asked about the length of time it took for emergency services to arrive at emergencies in the Borough.

### **RESOLVED:**

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

## **10 Internal Audit Annual Report 2018/19**

10.1 Michael Sheffield introduced the report providing details of the performance of Internal Audit during 2018/19 and the areas of work undertaken, together with an opinion on the soundness of the control environment in place to minimise risk to the Council. Michael Sheffield told the Committee that the performance framework remained robust. He reported a reasonable level of assurance. 75 % of high priority recommendations were implemented by 31 May 2019, with 21% partially implemented and 4 % not implemented. There had been a decrease in the number of 'No assurance' audits. The audit assurance of all TMOs was either significant or reasonable. Management responses to recommendations stood at 100 %.

10.2 In response to a question from Councillor Spence, in relation to the audit of schools, Michael Sheffield confirmed that currently, these were not distributed equally and that schools were made aware of when they were to be audited. In response to a question from Councillor Spence, Michael Sheffield told the Committee that despite

two rounds of recruitment exercises it had not been possible to appoint a Head of Internal Audit and Risk management. He explained that given pension changes, a number of experienced senior staff in this area had retired from the service, leaving a lack of available senior audit staff. Members asked to be kept informed of developments in this area.

**ACTION: Michael Sheffield**

**RESOLVED:**

1. To note the report of the Internal Audit's performance and opinion of the Council's framework of governance, risk management and internal control.
2. To approve the revised Internal Audit Charter and Strategy.

**11 Fraud and Irregularity Report 2018/19**

11.1 Michael Sheffield introduced the Annual Fraud and Irregularity report 2018/19. The attached documents provided status reports and analysis of reported fraud and irregularity within the London Borough of Hackney. He reported that the estimated saving arising from enquiries in relation to tenancy fraud stood at £2,706,000. During 2018/19 a total of 63 RP and LBH properties were recovered as a direct result of investigations undertaken by the Tenancy Fraud Team and 42 housing applications were cancelled. 13 Right to Buy claims were denied or withdrawn in 2018/19 following investigation, preventing the award of discounts totalling £1,404,000, in addition to preventing the loss of 13 homes to applications who were not eligible to purchase them.

11.2 In response to a question from Councillor Potter in regard to 'No recourse to public funds', Michael Sheffield confirmed that due to immigration status some families were not eligible for central government support. They could, however claim public funds from the local authority.

**RESOLVED:**

To note the report.

**12 Revised Anti-Fraud and Corruption Policy**

12.1 Michael Sheffield introduced the report setting out the policy on the Council's commitment to tackling and minimising fraud, corruption and irregularity to the lowest possible level and highlighting the role that all officers and members have to support this. The report also set out the high-level approach to how the Council would investigate concerns when they are identified, and links to other council policies including codes of conduct.

**RESOLVED:**

To approve the revised Anti-Fraud and Corruption Policy.

**13 Audit committee Work Programme 2018/20**

**RESOLVED:**

To note the report.

**14 Any other business that in the opinion of the Chair is urgent**

**14.1 McCloud Judgement**

Ian Williams told the Committee that all local authorities had been written to regarding the McCloud judgement in relation to pension entitlements. The auditors had asked that the accounts be adjusted to reflect this, stating an obligation under the code of conduct. It was noted that the FSA had the power to fine audit companies should they not take appropriate action. The Committee noted that an adjustment to the accounts potentially had a significant cost implication and that the Government was appealing the decision in the High Court, making this uncertain. At the time of the Committee, the officers were in discussion with the auditors regarding appropriate action.

**14.2 Insourcing of contracts**

Ian Williams told the Committee that work was ongoing with Councillor Sharman and Councillor Rennison on the deep dive into Insourcing of contracts. He would circulate the draft terms of reference to members of the Committee.

**Action: Ian Williams**

**14.3 Agency Staff**

Ian Williams stressed the need to ensure that the Council did not have an over reliance on agency staff. It was agreed that the issues around levels of agency staff at the Council be discussed at the October meeting of the committee and that a representative from ICT and Frontline staff be invited to attend to share their experience.

**Action: Ian Williams**

**Duration of the meeting: 6:30 – 8:45**

Chair at the meeting on  
Wednesday, 19 June 2019





## AUDIT COMMITTEE

WEDNESDAY, 24TH JULY, 2019

**Present:**

**Councillors:**

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

**Officers: Ian Williams, Michael Honeysett and  
James Newman**

**Lucy Nutley – Mazars**

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### **1 Apologies for Absence**

1.1 There were no apologies for absence

### **2 Declarations of Interest**

2.1 Councillor Odze declared an interest in item 3 being a beneficiary of the Local Government Pensions Scheme.

2.2 Councillor Bell declared an interest in item 3, being a beneficiary of the Local Government Pensions Scheme

### **3 Financial Statements Audit 2018/19 - Annual Governance Report (Council and Pension Fund)**

3.1 Ian Williams introduced the report, thanking the Councils' team and the external auditors who had worked constructively with officers in its preparation, creating a robust working relationship. It was anticipated that the main audit for both the Pension Fund and Council's main statements would be completed by the end of July, despite the implications of the McCloud judgment still being considered. Ian Williams confirmed that the Council's financial position continued to be robust.

3.2 Lucy Nutley referred to the good relationship and engagement between the External Auditors and officers of the Council. This had been the Company's first year as auditors for the Council and had been a learning experience. She reported the completion of audit work still required some further evidence but that this was expected to be cleared in good time to issue the opinion. The narrative for the annual governance statement may be amended, pending receipt of this and completion of the audit and this would be confirmed to the Char.

3.3 Lucy Nutley told the Committee that risks had been identified. She told the Committee that due to the high degree of estimation and uncertainty associated with the valuation of lands and buildings this was considered to be a significant risk. However, there were no significant findings arising from the review of property, plant and equipment valuation. The review of valuations in the year had identified an error in recording of valuations within the financial statements. This had been adjusted in the audited accounts.

3.4 The Chair emphasised that the Council was moving into increased development risk and that there was a need for it to consider how it valued property and asked what methodology was in place to ensure that this was addressed. Lucy Nutley told the Committee that the methodology would be taken from the CIPFA Code regarding market values.

3.5 Ian Williams told the Committee that discussions were underway on how to improve the presentation of the accounts. He reported closer working in teams on property valuation. He confirmed that regular valuations were carried out. Officers would consult with the auditors to ensure that they were content with the assumptions made. Discussions would be carried out more widely to ensure that matters are dealt with in a consistent way.

3.6 In relations to the defined benefit liability valuation, the review identified two matters:

- The impact of GMP equalisation may not be fully included in the LGPS annual IAS 19 valuations; and
- The impact of a legal case held during the year (known as the McCloud case), concerning potential age discrimination in relation to transition provisions as part of the pension reform measure, had not been included in any LGPS annual IAS 19 valuations. It was noted that this did not affect the Pensions Fund.

3.7 A review had been carried out into the proposed accounting treatment for the Nile Street, Tiger Way and Anthology developments and as appropriate for the 2018/19 financial statements, discussing the specific entries that would be required to reflect the substance of the transactions. In response to Councillor Gregory's question, Ian Williams confirmed that Nile Street was not over budget. The Chair stressed the need to have a better understanding of the companies involved in these developments. Ian Williams agreed to arrange a tour of Nile Street.

**Action: Ian Williams**

3.8 Lucy Nutley told the Committee that, in relation to the Anthology development, the developer had proposed to settle the final payment outstanding at 31 March, through the transfer of newly built flats to the Council to the value of the outstanding debt. Following Cabinet approval of the transaction, the developer had rescinded the offer and had subsequently settled the debt in cash.

3.9 Lucy Nutley reported that no questions or objections had been received in relation to the 2018/19 accounts. During the year, PSAA appointed Mazars LLP to undertake work on the objection raised in 2016 /17 relating to PFI. Work was ongoing on this and a provisional view would be issued.



3.10 The Chair referred to the good progress on value for money. Lucy Nutley told the Committee that in relation to Value for Money, steps were being taken to set up strategic groups and that more detailed information would become available on this. There was uncertainty around IG funding. Overall appropriate arrangements were in place.

3.11 It was noted that the draft auditor's report included in appendix B stated that the auditors intended to issue an unqualified Value for Money conclusion for the 2018/19 financial year.

3.12 The Chair referred to the inadequate ratings from the Care Quality Commission and Ofsted inspections and that detailed plans were now in place to improve performance in the areas identified. It was noted that this did not impact on the Auditor's overall value for money conclusion. Ian Williams confirmed to the Committee that it was likely that there would be an Ofsted inspection in the next six months and that the last inspection was in 2016. Inspections were carried out every three years.

**RESOLVED:**

To note the contents of the report.

**4 Statement of Annual Accounts 2018/19**

4.1 Michael Honeysett introduced the report presenting the accounts for 2018/19 for approval by the Audit Committee prior to the issue of the audit opinion by the external auditor. The main financial statements showed that the Council's finances were managed in line with the resources available. Michael Honeysett told the Committee that officers were still in the final stages of completing the accounts and that it was anticipated that there would be an unqualified opinion by the end of July. He referred the Committee to the statements attached to the report and the balances on the Housing Revenue Account and the General Fund.

4.2 Councillor Gregory referred to the fact that high levels of funding were set aside for the Capital Programme. James Newman told the Committee that reserves continued to reduce as they were used for intended purposes. Councillor Gregory asked how much there was in the hardship fund and it was confirmed that the sum was approximately £100,000.

4.3 The Chair expressed concern about the complex financial arrangements for integrated commissioning and consequent issues around accountability.

4.4 In response to member questions, Ian Williams agreed to circulate a briefing on ITT and the income that the Council was expecting.

4.5 The Chair referred to the fact that there was a need for increased detail on the significant contribution of the Audit Committee in the Council's governance in the Annual Governance Statement and asked to see this in next year's statement.

**RESOLVED:**

1. To approve the Council's 2018/19 Statement of Accounts prior to the audit opinion being issued.

2. To approve, in its own right, the Annual Governance Statement contained within the Statement of Accounts.

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

5.1 The Chair reported that the proposal in relation to a deep dive on insourcing on contracts had been approved at a recent special meeting. The deep dive would consider performance management, levels of contract management resources and adequacy of in-house performance.

5.2 The Chair reported that a report on agency workers would be submitted to the next meeting of the Audit Committee and that members of the Committee should submit comments on this.

**Duration of the meeting: 6:30 – 8:15**

Chair at the meeting on  
Wednesday, 24 July 2019



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

**AUDIT COMMITTEE MEETING DATE  
2019/20**

**10<sup>th</sup> October 2019**

**CLASSIFICATION:**

**Open**

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

**WARD(S) AFFECTED**

**All Wards**

**Tim Shields, Chief Executive**

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

- 1.1 This report advises the Committee of the key risks facing the Chief Executive's Directorate in 2019/20 and the actions being taken to reduce the likelihood and impact of those risks. This is all part of the Committee's role in overseeing Corporate Governance.
- 1.2 An end of year review of the risk environment and management actions that the Directorate has lead responsibility for has been undertaken. This will inform the review of the highest level Corporate risk register which is underway and will be presented to this Corporate Committee.
- 1.3 This report is presented for information and comment.

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

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

## **3. REASONS FOR DECISION**

- 3.1 There are no decisions associated with this report.

## **4. BACKGROUND**

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

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

- 5.1 STRATEGY, POLICY AND ECONOMIC DEVELOPMENT (SPED)
- 5.2 A number of project risks relating to the Corporate Programmes team in the SPED directorate have been removed since last year as risk previously identified have been effectively controlled. Risks removed from the register since last year include: Environmental Sustainability, Growth Boroughs

National Graduate Development Programme Local Economic Development, Business Relationships and Strategic Organisational Development.

- 5.3 For the Communications team, a risk relating to Communications Technology has been removed as no longer deemed significant.
- 5.4 In the area of Employment and Skills, there continues to be several external risks that could increase the level of need in the borough and compromise the council's ability to deliver on priorities including Welfare Reform, the impact of Brexit on EU funding streams and increasing demand for high skill levels in the local labour market.
- 5.5 There remains a risk concerning safety and security at the council's employment hubs. Ways into Work (Hackney Works) is a key front-line service for vulnerable residents and the location of hubs can place staff and service users at risk which requires effective management – particularly in the context of increasing pressures on personal finances (in the context of welfare reform) as well as wider UK security issues.
- 5.6 The risk register has been updated to include risks associated with the delivery of the borough's new Community Strategy. The main identified risk is that external factors limit our potential to deliver on priorities and that this presents strategic and reputational risks. The likelihood of this happening remains high because of the pace of economic and demographic change in Hackney, coupled with the pace of institutional and fiscal change.
- 5.7 The continuing management of risks associated with key partnerships focuses on the priorities of the Council's Community Strategy and on the risk that partners' plans diverge from these priorities. Our controls place an emphasis on formal partnership providing leadership and strategic direction so that all partners are working towards a coherent, shared vision for the local area, as articulated in a Community Strategy.
- 5.8 There is also an additional risk that the value of the voluntary and community sector (VCS) is not maximised because we fail to maintain effective partnership working. This risk remains the same in terms of likelihood and impact. Even though the Grants Review and Compact Refresh have been completed and these were designed to control these risks, the pace of institutional change is such that the risks remain. The VCS may not understand the reasons for institutional change or service redesign and this might affect partnership working.
- 5.9 COMMUNICATIONS, CULTURE AND ENGAGEMENT
- 5.10 The main communications risk remains around reputation management. This risk is relevant to all directorates and is included in the Corporate Risk Register. Controlling this risk remains a high priority. This risk is controlled firstly by a proactive communications campaign to address budget setting and council priorities and secondly, by communications associated with changes to specific services.

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

#### 5.12 HUMAN RESOURCES

5.13 A significant new risk has been added in relation to the Council's workforce and inclusive leadership. There is a risk that after many years of austerity, the Council's workforce is not fit for the services that we deliver in the future or how we deliver them. There is also a risk that the Council's workforce does not reflect the diverse community that we serve. The Chief Executive's directorate has leadership responsibility for a number of controls which are designed to mitigate this risk. and are detailed in the register.

5.14 Risk has reduced in relation to HR systems, due to the replacement of the core HR and payroll system and agency staff contract and system, the risk remains in the register however and will continue to be monitored.

#### 5.15 LEGAL

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

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

### **6. Policy Context**

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

### **7. Equality Impact Assessment**

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

### **8. Sustainability**

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

### **9. Consultations**

9.1 This report is for information only and as such does not require any

consultation.

## **10. Risk Assessment**

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

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

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

## **12. COMMENTS OF THE DIRECTOR FOR LEGAL AND GOVERNANCE SERVICES**

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

## **APPENDICES**

Appendix 1- Chief Executives Directorate Risk Register (June 2019)

## **BACKGROUND PAPERS**

None

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<b>Comments of the Group Director of Finance and Corporate Resources</b>	Michael Honeysett 020 8356 3332 Michael.honeysett@hackney.gov.uk
<b>Comments of the Director for Legal and Governance Services</b>	Sean Eratt 020 8356 6012 sean.eratt@hackney.gov.uk

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# Chief Executive's Directorate Risks June 2019

**Report Type:** Risks Report  
**Generated on:** June 2019



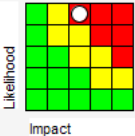

## STRATEGY, POLICY AND ECONOMIC DEVELOPMENT

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 19</p> <p>CE CS 003                      Employment &amp; Skills - External risks</p>	<p>The Hackney Works service delivers employment advice, support and signposting to residents who are unemployed or underemployed. The wider Employment and Skills service works with businesses to broker a range of opportunities as well as developing new opportunities in house, for example, through the Corporate Apprenticeship Programme.</p> <p>There a number of external risks that could have a significant impact both in terms of increasing the level of need in the borough and compromising the service's ability to deliver. These include:</p> <ul style="list-style-type: none"> <li>Welfare Reform. Continued changes to the benefits system resulting in further reduction to the welfare 'safety net' likely to significantly increase demands for employment &amp; skills services.</li> <li>The impact of Brexit on available funding. Traditionally EU funding – particularly ESF – has been a key funding source of revenue for employment &amp; skills. This will no longer be available post Brexit. This reduction in resource needs to be seen alongside the ongoing lack of government funding for local authority led employment and skills programmes since 2010.</li> <li>Skill levels: Local/regional employers are increasingly demanding around skills levels of employees, this is related to pressures on improving productivity and decreased investment in work training. The increased divergence of skill levels of Hackney residents may result in a lack of access to opportunity</li> </ul>	<p>SPED</p>		<p>Control reviewed June 2019</p>

	for certain cohorts. This is compounded by ongoing cuts to FE and ACL budgets.				
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CE CS 003a Employment & Skills - External risks	<ul style="list-style-type: none"> <li>A new management structure of Employment &amp; Skills Service has been implemented. This provides strategic oversight and managerial support for the service.</li> <li>A new Welfare Reform employment adviser post has been introduced to ensure we can support clients affected by the introduction of Universal Credit.</li> <li>An overarching funding strategy for service is currently in development.</li> <li>Work is underway to improve the training and developmental offer of the Hackney Works service to address the need for upskilling – this will include better integration with the Hackney Learning Trust Adult Learning offer.</li> </ul>	Stephen Haynes	Andrew Munk	June 2020	Control reviewed June 2019

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
CE CS 004 Employment & Skills - Safety and security	<p>Hackney Works is a key front-line service for vulnerable residents. Service delivery is from 3 'Opportunity Hubs'; through outreach in locations including voluntary sector organisations, youth hubs, job centres, housing estates; and in schools/colleges.</p> <p>This places staff and other service users at risk which requires effective management – particularly in the context of increasing pressures on personal finances (in the context of welfare reform) as well as wider UK security issues.</p>	SPED			
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CE CS 004a	<ul style="list-style-type: none"> <li>A risk assessment will be carried out at each hub on an annual basis</li> <li>A risk management plan has been put in place for each hub.</li> </ul>	Stephen Haynes	Andrew Munk	June 2020	Control reviewed June 2019

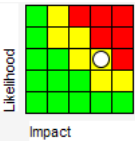

Employment & Skills - Safety and security	<ul style="list-style-type: none"> <li>• A training plan has been put in place for all staff delivering front-line service, to include dealing with emergency situations, abusive customers and safeguarding issues.</li> <li>• A Business Continuity Plan has been put in place for whole Employment &amp; Skills service.</li> </ul>				
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
CE PS 004 A range of key external factors that have the potential to undermine our ability to deliver against the priorities of our Community Strategy 2018-2028.	<p>Due to the complexity of the wider environment, there are external factors which 'blow off course' the delivery of the Community Strategy 2018-2028. These factors include:</p> <p>Population growth and change, economic growth and change and housing affordability could undermine community cohesion and increase community tension.</p> <p>Continued and substantial funding reductions.</p> <p>Major National Policy agendas including Welfare Reform.</p> <p>Uncertainty caused by Brexit and Fairer Funding Review.</p>	SPED		 <p>Updated June 2019–Risk remaining the same but high due to external context and our reduced control and capacity (the later associated with continuing reductions in settlement) on key external factors including housing affordability, education and development.</p>	

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CEPS 004 Analysis and proactive forward planning to support the management of the increased complexity of the external environment.	<p>A new Community Strategy has been developed with extensive internal dialogue, and was approved by Council in 2018.</p> <p>We will also continue to:</p> <p>Monitor impact of policy and funding reform on vulnerable groups and develop a new single equality scheme to ensure focus on equality and cohesion.</p> <p>Clearly articulate what is within local authority control and what we can deliver and what is outside our control and what we need to influence.</p>	Stephen Haynes	Sonia Khan	June 2020	<p>Updated June 2019 Community Strategy is approved by council in July 2018</p> <p>Single Equality Scheme adopted in November 2018.</p>

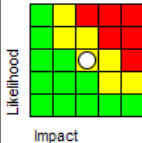

	Maintain an overview of community tensions  Maintain a single equality scheme which sets out how we will tackle key equality and cohesion issues.				
CEPS 004b Focus of CE support to manage the impact and opportunities associated with reduced resources.	The directorate capacity is closely aligned to supporting HMT to identify and deliver solutions to manage the impact of reduced funding.  The establishment of Strategic Business Managers with in the Corporate Programmes team has increased the capability of the Directorate to influence strategic programmes across the organisation.  There is also an established CE directorate management team to corporately manage and monitor impacts and opportunities.	Tim Shields	Stephen Haynes	June 2020	Updated June 2019

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
CEPS 002 Key LB Hackney partners' strategies and implementation plans diverge from the overall vision and strategy for Hackney - as articulated in the Community Strategy 2018-2028, undermining the cross cutting priorities which require partners to work collectively rather than institutionally.	<p>LB Hackney partners' strategies and implementation plans diverge from the agreed approaches leading to:</p> <ul style="list-style-type: none"> <li>a failure to deliver new cross cutting priorities in the Community Strategy that address the strategic risks and opportunities in Hackney</li> <li>an ineffective or misdirected use of resources, with individual partners approaching issues in a piecemeal or siloed way</li> <li>short termism and a lack of join up around long term preventative strategies</li> <li>the value of Hackney's Voluntary and Community Sector (VCS) and their potential to leverage in external resources is not maximised</li> </ul>	SPED		 Updated May 2019 - Risk redefined but same level	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CEPS 002a Strategic partners own and drive cross cutting	The Community Strategy Board, chaired by the Mayor, will steer cross cutting priorities in relation to inclusive economy, poverty reduction, sustainable procurement and workforce diversity.	Stephen Haynes	Sonia Khan	March 2020	Updated May 2019 - Control amended

<p>priorities identified in the Community Strategy.</p>					<p>The Community Strategy Partnership met in February 2019 to agree the four priorities. Partners will be involved in workshops and implementation during the year, with review points (and Partnership Meetings in autumn and spring)</p>
<p>CEPS 002b The Council's partnership with the voluntary and community sector is underpinned by a shared strategy that defines how we will work together and our shared priorities, framed by the Community Strategy</p>	<p>The Voluntary and Community Sector Strategy sets out actions we will take over the next three years to support effective partnership working with the sector.</p>	<p>Stephen Haynes</p>	<p>Sonia Khan</p>	<p>March 2020</p>	<p>A new Voluntary Sector Strategy was adopted in March 2019.</p>
<p>CEPS 002c The Council's investment and support of the voluntary and community sector is framed by the current institutional and external current context and ultimately supports the long term goals in the Community Strategy.</p>	<p>A review of grants and other investment in the voluntary and community sector will take place between July 2019 and March 2020. The key issues that the review will address have been identified in the Voluntary and Community Sector Strategy. The outcome of the review will inform decisions taken in 2020/21.</p>	<p>Stephen Haynes</p>	<p>Sonia Khan</p>	<p>March 2020</p>	<p>Grants review to be complete by March 2020.</p>

## COMMUNICATIONS, CULTURE AND ENGAGEMENT

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
CE CC 0910 0004 Involvement: uncertainty regarding residents feeling involved in Council key projects and view on achieving the goals of the community strategy.	Consultation and community engagement activity not providing relevant information and/or not reaching or getting feedback from a wide and diverse range of people in Hackney. People do not feel listened to and cannot relate their views, priorities and interests to work being delivered to deliver the goals of the community strategy and do not feel that the local growth and change in the borough is benefiting them.	COMMUNICATIONS, CULTURE AND ENGAGEMENT		 Updated June 2019 – Risk is stable This risk is ongoing.	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CECC 0910 0004 Consultation and community engagement strategy and individual consultation and engagement plans	<p>Community Engagement is a key driver of the Communications Strategy alongside Council Corporate Plan; all consultation adheres to the standards of the Council’s consultation charter and community engagement plans align with corporate priorities.</p> <p>Communications strategy is informed by a community insight gathering and engagement, which considers the priorities and interests of Hackney’s diverse communities. This includes regular surveys and engagement work by the Council and with partners. The Hackney A Place For Everyone resident’s survey has been a major exercise to engage with local people about the key benefits and opportunities arising from growth and how these can be maximised.</p>	Polly Cziok	Polly Cziok	June 2020	Updated June 2019 Community Insight Group continues to feed into partnership priorities and strategies.

	This exercise provides the basis for the council's long term engagement strategy.				
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
CE CC 1415 0005 DCLG wins case to force closure of Hackney Today.	DCLG have forced a legal challenge against the Council to close Hackney Today as they consider it is in breach of statutory directives on promoting political interests and value for money.  Hackney has put forward a strong case that the publication provides the best value solution for statutory notices, meets the information needs of the borough and is apolitical.  If DCLG win the case the business model of the Communications Service will require a radical shift with financial and major workforce implications.	COMMUNICATIONS, CULTURE AND ENGAGEMENT			
				Updated June 2019 – This is an ongoing risk. We continue to correspond with the DCLG on this	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CE CC 1415 0005a Legal Challenge to DCLG Directive	Closely monitor progress and prepare a contingency plan to support closure should this be required.	Polly Cziok		june 2020	ongoing

**HUMAN RESOURCES AND ELECTORAL SERVICES**

Risk Title *	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Risk LR HR 1920 004 Workforce	There is a risk that after many years of austerity, the Council's workforce is not fit for the services that we deliver in the future or how we deliver them. There is also a risk that the Council's workforce does not reflect the diverse community that we serve.	HUMAN RESOURCES AND ELECTORAL SERVICES		Following HMT awayday in February 2019 a new Hackney Workforce Strategy designed to control risk is being developed and HMT will take responsibility for implementation.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
LR HR 1920 004 A Workforce Strategy	A comprehensive workforce strategy addressing all of the salient points to be put into place and approved by HMT.	Tim Shields	Dan Paul	June 2020	May 2019 - workforce strategy in development
LR HR 1920 004 B Inclusive Leadership Action Plan	A specific and comprehensive action plan that addresses workforce diversity priorities and embeds and inclusive leadership culture to be put into place and delivered. By Sonia Khan April 2020	Sonia Khan	Sonia Khan	April 2020	May 2019 -Inclusive Leadership work underway including Inclusive Leadership Champions Director Focus Groups
LR HR 1920 004 C Enhanced Workforce Data	Workforce analysis capability to be enhanced, including analysis of pay gaps and a review of the data provided in the workforce profile.	Dan Paul	Dan Paul	April 2020	May 2019 - Data review underway
LR HR 1920 004 D Data monitoring of HR processes	Work to be undertaken to collect demographic data of employees within HR processes, starting with the Grievance process as a proof of concept.	Dan Paul	Dan Paul	December 2019.	May 2019- Work commencing on Grievance process as a proof of concept.



LR HR 1920 005 E	The Chief Executive to set targets (and they be delivered) for Group Directors on reducing agency spend in order to reduce the risk of an unstable workforce. 2020	Tim Shields	Tim Shields	by June 2019	
LR HR 1920 006 F Local Recruitment	The Council undertake a local recruitment campaign in order to attract local people to work for us.	Polly Cziok	Polly Cziok	by December 2019	
LR HR 1920 004 G	Workforce is a regular monthly item on the HMT agenda, where progress on the actions and controls outlined in this risk are discussed.	Tim Shields	Tim Shields	ongoing.	
LR HR 1920 004 H	There is a technology strategy and plan in place to ensure the technology we operate keeps pace with the way we need to deliver services.	Rob Miller	Rob Miller	ongoing	
LR HR 1920 004 I	There is a comprehensive and best practice organisational change policy and procedure in place to manage the changes that the Council needs to implement in the workforce.	Dan Paul	Dan Paul	ongoing	

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

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
LR HR 1819 002 A	Reports to and decisions made by HMT in relation to Housing Fair Pay scheme to be progressed	Kim Wright	Ajman Ali	TBC	May 2019 - New control. Project is being managed by Ajman Ali.
LR HR 1516 002 C Equalities	The legal landscape and equality in the pay and grading structure continue to be monitored ongoing	Dan Paul	Meryl Wade	Ongoing	This is a continuing activity
LR HR 1718 002 D Equalities	A control and monitoring system has been implemented for market supplements	Dan Paul	Meryl Wade	Ongoing	This is a continuing activity

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

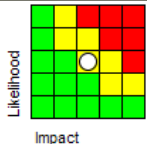

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
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LR HR 1819 001 A HR systems	There is ongoing monitoring of system speed, resource issues and support issues by ICT	Rob Miller	Henry Lewis	June 2020	May 2019 - control updated
LR HR 1819 001 B HR systems	A project has been set up to manage improvements to the system and processes whilst maintaining core performance	Dan Paul/Rob Miller	Jacqueline King / Stuart Thorn	June 2020	May 2019 - control updated
LR HR 1819 001 C HR systems	Switch more resources into payroll and HR systems as this is where the issues currently are.	Dan Paul	Dan Paul	October 2019	May 2019 - New control

Risk Title *	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 29 LR HR 1516 002 Equalities	Equalities risks in the pay, grading and terms and conditions structure lead to grievances and/or claims alleging equal pay, equal value and/or discrimination	HR - Chief Executive's		This is of particular relevance as LBH has two sets of employees and policies, managed separately but all still employed by LBH (HLT is the second organisation). This risk is increasing as a result of potential issues in the Housing Fair Pay scheme

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
LR HR 1819 002 A	Reports to and decisions made by HMT in relation to Housing Fair Pay scheme to be progressed	Kim Wright	Ajman Ali	TBC	May 2019 - New control. Project is being managed by Ajman Ali.
LR HR 1516 002 C Equalities	The legal landscape and equality in the pay and grading structure continue to be monitored ongoing	Dan Paul	Meryl Wade	Ongoing	This is a continuing activity

LR HR 1718 002 D Equalities	A control and monitoring system has been implemented for market supplements	Dan Paul	Meryl Wade	Ongoing	This is a continuing activity
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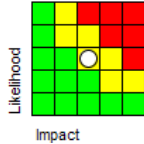

Risk Title *	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
LR HR 1516 003 Breach of Statutory Requirements on Elections / Electoral Registration	Non-compliance with the Statutory Requirements for Elections may lead to invalid processes resulting in legal action and the need to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

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
LR HR 1516 003 A Breach of Statutory Requirements on Elections and Electoral Registration	Electoral Services to monitor and maintain procedures for all Electoral Requirements to ensure compliance with new and existing processes using appropriate advice and guidance. Regular review of systems and infrastructure particularly with future legislative electoral changes in the next 3 years, particularly in relation to the annual canvass	Dan Paul	Dan Paul	June 2020	May 19 - updated control
LR HR 1516 003 C Breach of Statutory Requirements on Elections / Electoral Registration	Regular review of systems and infrastructure for both electoral registration and elections	Dan Paul	Dan Paul	June 2020	Reviewed May 2018

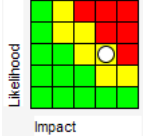
LR HR 1516 003 E Breach of Statutory Requirements on Elections and Electoral Registration	Continue to review team resources to ensure continued accurate and consistent delivery of priorities.	Dan Paul	Dan Paul	June 2020	The team successfully delivered 7 elections in 2016, a snap election in 2017 and a local election in 2018. The team structure will continue to be monitored. Additional staff will be brought in at election times.
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## **LEGAL & GOVERNANCE SERVICES**

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 31 LR LS 0809 0016 Legal Advice Sought or Given	Directorates and services fail to seek timely advice on the right decision-making process and to seek legal advice on contracts or litigation resulting in adverse court rulings and increased costs or compensation.	Legal & Governance Services		 The likelihood has reduced following regular client training, client liaison meetings and quarterly team updates being given to clients (updated June 2019).

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
LR LS 0809 0016 No Legal Advice Sought or Given	<p>Governance training for Legal Services and Directorates. Urgent decision making procedure note prepared and provided to clients and staff; regular advice provided to clients on governance and decision making; close management and monitoring of urgent decision making requests to the Mayor on late reports.</p> <p>Consider and review team training, including reporting and authority limits and accuracy checks on high risk activities and briefings of arrangements to other directorates. Training on procurement procedures to mitigate the risk of service departments following the incorrect procedure. Also ensure</p>	Suki Binjal	Dawn Carter-McDonald	June 2020	Control on-going

	effective communication is carried out between teams, and effective templates are distributed by Legal Services.				
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
LR LS 0809 0019 Legal and Governance compliance	Failure of Lawyers and Governance Team to identify in a timely manner Legal and Governance Risks that arise in case management and non-compliance with Governance procedures, this also includes providing legal advice and governance support on matters instructed upon by clients and directorates.	Legal & Governance Services		 This continues to be a risk with caseloads in some areas increasing – June 2019

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Page 32 LR LS 0809 0019 Legal and Governance compliance	Ensuring that appropriate authority for the legal action proposed is sought at the outset of instructions  Lawyers to review cases at commencement to identify potential risk  Matters and areas of concern relating to identified risks are escalated  Regular review of the Risk register by all lawyers and senior management.  Monitor the submission timetable for reports in advance of the due dates  Monitor late submission to identify trends and escalate where necessary	Suki Binjal	Dawn Carter-McDonald	June 2020	Workloads and cases are being monitored closely. The High profile case list is carefully monitored - June 2019



<b>PERFORMANCE OVERVIEW</b>
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<b>AUDIT COMMITTEE MEETING DATE</b>	<b>CLASSIFICATION:</b>
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2019/20

**CLASSIFICATION:**

**Open**

10 October 2019

<b>WARD(S) AFFECTED</b>
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All Wards

<b>Ian Williams, Group Director Finance and Corporate Resources</b>
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## **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 Business Intelligence and Members Services, 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 the Committee that the Council has moved from a debt free position to a substantial external borrowing position over the last few years, 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 resources are available to meet the capital expenditure plans.
- 4.7.5 This reporting is now enhanced in this report to include an update on the main areas of the capital programme via inclusion of capital extract from the latest Overall Financial Position (OFP) Report to Cabinet. Work is underway that will enable us in future to supplement this with the latest forecast capital financing summary, thus allowing further insight into capital resources available to the Council and more detailed review of actual borrowing required.
- 4.7.6 It should be noted that the capital monitoring report to Cabinet and hence to Audit Committee now includes more discrete data regarding the actual delivery of the capital programme. This is in recognition that the previous reporting focused on the financial elements (i.e., actual outturn compared to budget expenditure) but did not give too much indication of progress of the schemes, although the RAG rating of individual schemes is intended to give a high level indication of this.
- 4.7.7 An extract from the latest OFP regarding the capital monitoring information is attached as **Appendix 3** to this report for information.

## 4.8 RISK MANAGEMENT

- 4.8.1 Audit Committee have over several meetings discussed their requirement to be able to also consider the wider picture of risk management within the Council on an ongoing basis. In addition to the Directorate and Corporate registers reviewed at Committee

meetings, it was felt some additional information and commentary would be helpful in painting a fuller picture and also increasing levels of assurance regarding how risks are identified and managed. At each meeting, an updated scorecard of the Corporate Risks will be presented, and this will form the main part **Appendix 2**. This will ensure a continual overview is supplied of the Council's strategic risks.

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

5.1 The contents of this report are a result of a number of discussions with the Chair and members of the Audit Committee regarding future enhanced performance reporting in order to strengthen the governance role of the Committee.

5.2 Officers will continue to work with the Chair and members of the Audit Committee, in conjunction with the Cabinet Member for Finance and the Head of Business Intelligence and Members Services, 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

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

# Audit Committee Report 2019





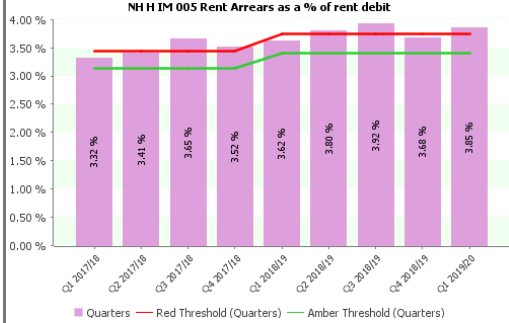


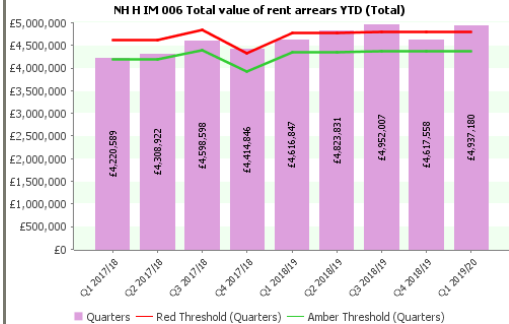
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CACH CSC 010 Page 39	Percentage of child protection cases which were reviewed within required timescales (ex NI 67)	99.0%	100.0%		Not measured for Quarters	100.0%			<p><b>CACH CSC 010 Percentage of child protection cases which were reviewed within required timescales (ex NI 67)</b></p> <table border="1"> <caption>CACH CSC 010 Performance Data</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2016/17</td> <td>100.0%</td> </tr> <tr> <td>2017/18</td> <td>100.0%</td> </tr> <tr> <td>2018/19</td> <td>100.0%</td> </tr> </tbody> </table>	Year	Percentage	2016/17	100.0%	2017/18	100.0%	2018/19	100.0%												
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CE HROD 001	Sickness 12 month rolling average	7.82	8.39	9.17	<p>This indicator has risen in the last quarter and an analysis has been undertaken at Group Directorate level.</p> <p>Chief Executives - sickness has risen by 74% year on year, driven almost entirely by increases in long term sickness. It should be noted that whilst the percentage increase is high, the numbers of staff in this directorate are relatively small and therefore a small number of employees on long term sick affect this number significantly.</p> <p>Finance and Corporate Resources - an 8% increase in sickness year on year, split evenly between increases in long term and short term sickness</p> <p>Neighbourhoods and Housing - static year on year in terms of both long term and short</p>	8.43			<p><b>CE HROD 001 Sickness 12 month rolling average</b></p> <table border="1"> <caption>CE HROD 001 Sickness 12 month rolling average</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Q1 2017/18</td> <td>6.53</td> </tr> <tr> <td>Q2 2017/18</td> <td>6.63</td> </tr> <tr> <td>Q3 2017/18</td> <td>6.94</td> </tr> <tr> <td>Q4 2017/18</td> <td>7.82</td> </tr> <tr> <td>Q1 2018/19</td> <td>7.79</td> </tr> <tr> <td>Q2 2018/19</td> <td>8.87</td> </tr> <tr> <td>Q3 2018/19</td> <td>8.8</td> </tr> <tr> <td>Q4 2018/19</td> <td>8.39</td> </tr> <tr> <td>Q1 2019/20</td> <td>9.17</td> </tr> </tbody> </table>	Quarter	Value	Q1 2017/18	6.53	Q2 2017/18	6.63	Q3 2017/18	6.94	Q4 2017/18	7.82	Q1 2018/19	7.79	Q2 2018/19	8.87	Q3 2018/19	8.8	Q4 2018/19	8.39	Q1 2019/20	9.17
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					term sickness  Children, Adults and Community Health - static year on year, with a decrease in short term sickness and an increase in long term sickness.  Directors and Group Management teams now have access to detailed information on real time sickness with the ability to do analyse the figures in detail. This is an area of significant focus for managers and will be a part of the upcoming Workforce Strategy.																								
Page 40 CE HROD 023	% of employees aged 50 or over	38.6%	38.8%	39.0%		Data Only			<p><b>CE HROD 023 % of employees aged 50 or over</b></p> <table border="1"> <caption>CE HROD 023 % of employees aged 50 or over</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <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>39.0%</td></tr> <tr><td>Q2 2018/19</td><td>38.8%</td></tr> <tr><td>Q3 2018/19</td><td>38.6%</td></tr> <tr><td>Q4 2018/19</td><td>38.8%</td></tr> <tr><td>Q1 2019/20</td><td>39.0%</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	37.1%	Q2 2017/18	38.0%	Q3 2017/18	38.1%	Q4 2017/18	38.6%	Q1 2018/19	39.0%	Q2 2018/19	38.8%	Q3 2018/19	38.6%	Q4 2018/19	38.8%	Q1 2019/20	39.0%
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CE HROD 030a	Top 5% of earners: Women (ex BV 11a)	52.41%	48.11%	49.78%		50.00%			<p><b>CE HROD 030a Top 5% of earners: Women (ex BV 11a)</b></p> <table border="1"> <caption>CE HROD 030a Top 5% of earners: Women (ex BV 11a)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>48.29%</td></tr> <tr><td>Q2 2017/18</td><td>51.00%</td></tr> <tr><td>Q3 2017/18</td><td>49.73%</td></tr> <tr><td>Q4 2017/18</td><td>52.41%</td></tr> <tr><td>Q1 2018/19</td><td>54.39%</td></tr> <tr><td>Q2 2018/19</td><td>49.28%</td></tr> <tr><td>Q3 2018/19</td><td>46.52%</td></tr> <tr><td>Q4 2018/19</td><td>46.11%</td></tr> <tr><td>Q1 2019/20</td><td>46.78%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2017/18	48.29%	Q2 2017/18	51.00%	Q3 2017/18	49.73%	Q4 2017/18	52.41%	Q1 2018/19	54.39%	Q2 2018/19	49.28%	Q3 2018/19	46.52%	Q4 2018/19	46.11%	Q1 2019/20	46.78%
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PPD 021	Number of Resolution Stage complaints received by the Council	2967	2701	652		Data Only			<p><b>CE PPD 021 Number of Resolution Stage complaints received by the Council</b></p> <table border="1"> <caption>CE PPD 021 Number of Resolution Stage complaints received by the Council</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>758</td></tr> <tr><td>Q2 2017/18</td><td>765</td></tr> <tr><td>Q3 2017/18</td><td>730</td></tr> <tr><td>Q4 2017/18</td><td>714</td></tr> <tr><td>Q1 2018/19</td><td>724</td></tr> <tr><td>Q2 2018/19</td><td>779</td></tr> <tr><td>Q3 2018/19</td><td>605</td></tr> <tr><td>Q4 2018/19</td><td>593</td></tr> <tr><td>Q1 2019/20</td><td>652</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	758	Q2 2017/18	765	Q3 2017/18	730	Q4 2017/18	714	Q1 2018/19	724	Q2 2018/19	779	Q3 2018/19	605	Q4 2018/19	593	Q1 2019/20	652
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FCR RB BHN 002	Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure	13.2 days (YTD)	7.7 days (YTD)	7.5 days (YTD)		15.0 days (YTD)			<p><b>FCR RB BHN 002 Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure</b></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 (YTD)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>15.7 days (YTD)</td></tr> <tr><td>Q2 2017/18</td><td>17.4 days (YTD)</td></tr> <tr><td>Q3 2017/18</td><td>17.4 days (YTD)</td></tr> <tr><td>Q4 2017/18</td><td>13.2 days (YTD)</td></tr> <tr><td>Q1 2018/19</td><td>8.7 days (YTD)</td></tr> <tr><td>Q2 2018/19</td><td>7.9 days (YTD)</td></tr> <tr><td>Q3 2018/19</td><td>9.1 days (YTD)</td></tr> <tr><td>Q4 2018/19</td><td>7.7 days (YTD)</td></tr> <tr><td>Q1 2019/20</td><td>7.5 days (YTD)</td></tr> </tbody> </table>	Quarter	Value (YTD)	Q1 2017/18	15.7 days (YTD)	Q2 2017/18	17.4 days (YTD)	Q3 2017/18	17.4 days (YTD)	Q4 2017/18	13.2 days (YTD)	Q1 2018/19	8.7 days (YTD)	Q2 2018/19	7.9 days (YTD)	Q3 2018/19	9.1 days (YTD)	Q4 2018/19	7.7 days (YTD)	Q1 2019/20	7.5 days (YTD)
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FCR RB BHN 007	Number of households living in temporary accommodation (ex NI 156)	2,867	3,133	3,159		Data Only			<b>FCR RB BHN 007 Number of households living in temporary accommodation (ex NI 156)</b> <table border="1"> <caption>FCR RB BHN 007 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>2,949</td></tr> <tr><td>Q2 2017/18</td><td>2,885</td></tr> <tr><td>Q3 2017/18</td><td>2,843</td></tr> <tr><td>Q4 2017/18</td><td>2,867</td></tr> <tr><td>Q1 2018/19</td><td>2,887</td></tr> <tr><td>Q2 2018/19</td><td>3,007</td></tr> <tr><td>Q3 2018/19</td><td>3,089</td></tr> <tr><td>Q4 2018/19</td><td>3,133</td></tr> <tr><td>Q1 2019/20</td><td>3,159</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	2,949	Q2 2017/18	2,885	Q3 2017/18	2,843	Q4 2017/18	2,867	Q1 2018/19	2,887	Q2 2018/19	3,007	Q3 2018/19	3,089	Q4 2018/19	3,133	Q1 2019/20	3,159
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Page 42 FCR RB REV 003	% of current year Council Tax collected (QRC basis)	95.0%	95.0%	26.8%		94.5%			<b>FCR RB REV 003 % of current year Council Tax collected (QRC basis)</b> <table border="1"> <caption>FCR RB REV 003 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>27.1%</td></tr> <tr><td>Q2 2017/18</td><td>50.1%</td></tr> <tr><td>Q3 2017/18</td><td>73.4%</td></tr> <tr><td>Q4 2017/18</td><td>95.0%</td></tr> <tr><td>Q1 2018/19</td><td>26.9%</td></tr> <tr><td>Q2 2018/19</td><td>50.1%</td></tr> <tr><td>Q3 2018/19</td><td>73.8%</td></tr> <tr><td>Q4 2018/19</td><td>95.0%</td></tr> <tr><td>Q1 2019/20</td><td>26.8%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2017/18	27.1%	Q2 2017/18	50.1%	Q3 2017/18	73.4%	Q4 2017/18	95.0%	Q1 2018/19	26.9%	Q2 2018/19	50.1%	Q3 2018/19	73.8%	Q4 2018/19	95.0%	Q1 2019/20	26.8%
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FCR RB REV 005	Percentage of non-domestic rates collected	97.87%	95.50%	29.30%		95.00%			<b>FCR RB REV 005 Percentage of non-domestic rates collected</b> <table border="1"> <caption>FCR RB REV 005 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>26.00%</td></tr> <tr><td>Q2 2017/18</td><td>55.36%</td></tr> <tr><td>Q3 2017/18</td><td>81.00%</td></tr> <tr><td>Q4 2017/18</td><td>97.87%</td></tr> <tr><td>Q1 2018/19</td><td>26.06%</td></tr> <tr><td>Q2 2018/19</td><td>50.00%</td></tr> <tr><td>Q3 2018/19</td><td>79.40%</td></tr> <tr><td>Q4 2018/19</td><td>95.50%</td></tr> <tr><td>Q1 2019/20</td><td>29.30%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2017/18	26.00%	Q2 2017/18	55.36%	Q3 2017/18	81.00%	Q4 2017/18	97.87%	Q1 2018/19	26.06%	Q2 2018/19	50.00%	Q3 2018/19	79.40%	Q4 2018/19	95.50%	Q1 2019/20	29.30%
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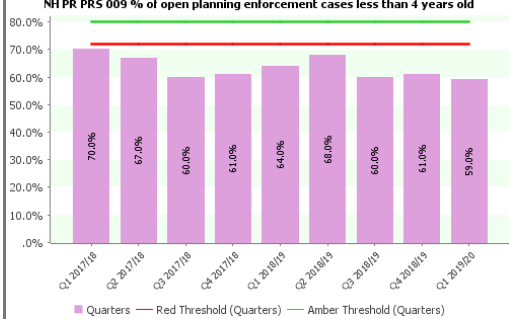


PI Code	Short Name	2017/18	2018/19	Q1 2019/20		Annual Target 2019/20	Traffic Light	DOT	Performance Data Trend Chart																				
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NH H IM 005	Rent Arrears as a % of rent debit	3.52 %	3.68 %	3.85 %	As at Q1 2019/20, the rent arrears have increased by £319,622 since the end of the last quarter (Q4 2018/19). Over the same period, the collection rate has decreased by 0.88% and the rent arrears as a % of rent debit has increased by 0.17%.  The focus on Universal Credit (UC) cases reflects the fact that, as at 1 July 2019, there were 1,265 tenants on UC in arrears, with those arrears totalling £1,458,752. At the start of the quarter, the corresponding figures were 1,183 tenants and £1,278,130 respectively.	3.40%			 <p><b>NH H IM 005 Rent Arrears as a % of rent debit</b></p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>3.32 %</td></tr> <tr><td>Q2 2017/18</td><td>3.41 %</td></tr> <tr><td>Q3 2017/18</td><td>3.65 %</td></tr> <tr><td>Q4 2017/18</td><td>3.62 %</td></tr> <tr><td>Q1 2018/19</td><td>3.62 %</td></tr> <tr><td>Q2 2018/19</td><td>3.80 %</td></tr> <tr><td>Q3 2018/19</td><td>3.52 %</td></tr> <tr><td>Q4 2018/19</td><td>3.68 %</td></tr> <tr><td>Q1 2019/20</td><td>3.85 %</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2017/18	3.32 %	Q2 2017/18	3.41 %	Q3 2017/18	3.65 %	Q4 2017/18	3.62 %	Q1 2018/19	3.62 %	Q2 2018/19	3.80 %	Q3 2018/19	3.52 %	Q4 2018/19	3.68 %	Q1 2019/20	3.85 %
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Q3 2018/19	3.52 %																												
Q4 2018/19	3.68 %																												
Q1 2019/20	3.85 %																												
NH H IM 006	Total value of rent arrears YTD (Total)	£4,414,846	£4,617,558	£4,937,180	The Income Policy and Procedures are being reviewed as well as the arrears letters, to ensure they are fit for purpose.  The team commenced a three week summer arrears blitz on 1 July 2019, with the aim of contacting all residents on UC and in arrears, as well as applying for APAs (alternative payment arrangements), managed payments and DHP (Discretionary Housing Payment) where appropriate.  We are still in discussion with the Banking and Treasury Team about introducing any day direct debits. At the moment, residents are only able to make payments on Mondays. This is particularly important in relation to UC, as we want residents to be able to set up direct debits so their bank account is debited on the day they receive their UC payment.  Closer monitoring of cases is in place to ensure officers are working in line with our escalation process, as well as being firm but fair with residents. A Direct Debit (DD) incentive will be introduced this summer to encourage residents to take up this payment option.	£4,336,787			 <p><b>NH H IM 006 Total value of rent arrears YTD (Total)</b></p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Value (£)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>£4,200,589</td></tr> <tr><td>Q2 2017/18</td><td>£4,308,922</td></tr> <tr><td>Q3 2017/18</td><td>£4,598,598</td></tr> <tr><td>Q4 2017/18</td><td>£4,414,846</td></tr> <tr><td>Q1 2018/19</td><td>£4,616,847</td></tr> <tr><td>Q2 2018/19</td><td>£4,823,831</td></tr> <tr><td>Q3 2018/19</td><td>£4,952,007</td></tr> <tr><td>Q4 2018/19</td><td>£4,617,558</td></tr> <tr><td>Q1 2019/20</td><td>£4,937,180</td></tr> </tbody> </table>	Quarter	Value (£)	Q1 2017/18	£4,200,589	Q2 2017/18	£4,308,922	Q3 2017/18	£4,598,598	Q4 2017/18	£4,414,846	Q1 2018/19	£4,616,847	Q2 2018/19	£4,823,831	Q3 2018/19	£4,952,007	Q4 2018/19	£4,617,558	Q1 2019/20	£4,937,180
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NH H RespRep 001	% of Repair Appointments Kept (DLO only)	92.82%	99.16%	100.00%	<p>A total of 12,584 appointments were completed by the DLO during Q1 2019/20. The PI out-turn was 100%.</p> <p><i>NB: There are a number of scenarios which do not count as appointments being missed when this indicator is calculated. These include No Accesses and Leave To Return jobs. In addition, jobs that are rebooked (e.g. if an operative is sick) do not count as missed appointments.</i></p>	98.00%	🟢	⬆️	<p><b>NH H RespRep 001 % of Repair Appointments Kept (DLO only)</b></p> <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 2017/18</td><td>93.97%</td></tr> <tr><td>Q2 2017/18</td><td>92.72%</td></tr> <tr><td>Q3 2017/18</td><td>91.98%</td></tr> <tr><td>Q4 2017/18</td><td>92.73%</td></tr> <tr><td>Q1 2018/19</td><td>96.30%</td></tr> <tr><td>Q2 2018/19</td><td>99.89%</td></tr> <tr><td>Q3 2018/19</td><td>100.00%</td></tr> <tr><td>Q4 2018/19</td><td>100.00%</td></tr> <tr><td>Q1 2019/20</td><td>100.00%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2017/18	93.97%	Q2 2017/18	92.72%	Q3 2017/18	91.98%	Q4 2017/18	92.73%	Q1 2018/19	96.30%	Q2 2018/19	99.89%	Q3 2018/19	100.00%	Q4 2018/19	100.00%	Q1 2019/20	100.00%
Quarter	Value (%)																												
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P00044 NH H RespRep 002	% of repairs completed on first visit (based on tenant satisfaction)	67.08%	73.41%	75.35%	<p>The overall Q1 2019/20 outturn of 75.35% is broken down as 75.81% for the DLO and 70.59% for the contractors - only 51 of 576 completed surveys related to the contractors.</p>	75.00%	🟢	⬆️	<p><b>NH H RespRep 002 % of repairs completed on first visit (based on tenant satisfaction)</b></p> <table border="1"> <caption>NH H RespRep 002 % of repairs completed on first visit (based on tenant satisfaction)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q2 2017/18</td><td>55.56%</td></tr> <tr><td>Q3 2017/18</td><td>67.81%</td></tr> <tr><td>Q4 2017/18</td><td>70.05%</td></tr> <tr><td>Q1 2018/19</td><td>71.12%</td></tr> <tr><td>Q2 2018/19</td><td>75.58%</td></tr> <tr><td>Q3 2018/19</td><td>72.5%</td></tr> <tr><td>Q4 2018/19</td><td>74.1%</td></tr> <tr><td>Q1 2019/20</td><td>75.35%</td></tr> </tbody> </table>	Quarter	Value (%)	Q2 2017/18	55.56%	Q3 2017/18	67.81%	Q4 2017/18	70.05%	Q1 2018/19	71.12%	Q2 2018/19	75.58%	Q3 2018/19	72.5%	Q4 2018/19	74.1%	Q1 2019/20	75.35%		
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NH H RespRep 003	% of repairs completed on first visit (based on system generated data) - DLO only.	63.7%	86.15%	87.21%		85%	🟢	⬆️	<p><b>NH H RespRep 003 % of repairs completed on first visit (based on Quantitative Data - DLO only)</b></p> <table border="1"> <caption>NH H RespRep 003 % of repairs completed on first visit (based on Quantitative Data - DLO only)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>69.9%</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>88.9%</td></tr> <tr><td>Q4 2018/19</td><td>88.9%</td></tr> <tr><td>Q1 2019/20</td><td>87.21%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2017/18	69.9%	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	88.9%	Q4 2018/19	88.9%	Q1 2019/20	87.21%
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PI Code	Short Name	2017/18	2018/19	Q1 2019/20		Annual Target 2019/20	Traffic Light	DOT	Performance Data Trend Chart																				
		Value	Value	Value	Note																								
NH H Voids 001	Average time taken to re-let local authority housing (all voids including major & minor voids) - days	70	59	56	A number of longer term voids continue to disproportionately affect the turnaround figures. Problems with damp in properties in particular are affecting the works team's ability to refurbish properties as this often needs to be dried before work, such as plastering, can proceed. The 127 properties re-let had an average turnaround of 55.6 days, which is not significantly above the 55 days target, and makes this indicator an amber outturn.	55			<p><b>NH H Voids 001 Average time taken to re-let local authority housing (all voids including major &amp; minor voids) - days</b></p> <table border="1"> <caption>NH H Voids 001 Performance Data</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>73</td></tr> <tr><td>Q2 2017/18</td><td>70</td></tr> <tr><td>Q3 2017/18</td><td>64</td></tr> <tr><td>Q4 2017/18</td><td>73</td></tr> <tr><td>Q1 2018/19</td><td>73</td></tr> <tr><td>Q2 2018/19</td><td>54</td></tr> <tr><td>Q3 2018/19</td><td>48</td></tr> <tr><td>Q4 2018/19</td><td>57</td></tr> <tr><td>Q1 2019/20</td><td>56</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	73	Q2 2017/18	70	Q3 2017/18	64	Q4 2017/18	73	Q1 2018/19	73	Q2 2018/19	54	Q3 2018/19	48	Q4 2018/19	57	Q1 2019/20	56
Quarter	Value																												
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Q1 2019/20	56																												
Page 45 NH PR PMS 007a	Number of PCNs issued - total	118363	162934	41316	<p><b>PCNs: 41316</b></p> <ul style="list-style-type: none"> <li>- Street(17660)/Car Park(466): 18126</li> <li>- Estate: 3530</li> <li>- CCTV: 19660</li> </ul> <p><b>Warnings:</b></p> <ul style="list-style-type: none"> <li>--CCTV Warnings Westgate St: 2114</li> </ul>	Data Only			<p><b>NH PR PMS 007a Number of PCNs issued - total</b></p> <table border="1"> <caption>NH PR PMS 007a Performance Data</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>32454</td></tr> <tr><td>Q2 2017/18</td><td>31683</td></tr> <tr><td>Q3 2017/18</td><td>30642</td></tr> <tr><td>Q4 2017/18</td><td>27124</td></tr> <tr><td>Q1 2018/19</td><td>39560</td></tr> <tr><td>Q2 2018/19</td><td>44068</td></tr> <tr><td>Q3 2018/19</td><td>35897</td></tr> <tr><td>Q4 2018/19</td><td>44191</td></tr> <tr><td>Q1 2019/20</td><td>41316</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	32454	Q2 2017/18	31683	Q3 2017/18	30642	Q4 2017/18	27124	Q1 2018/19	39560	Q2 2018/19	44068	Q3 2018/19	35897	Q4 2018/19	44191	Q1 2019/20	41316
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NH PR PMS 010a	PCN recovery rate - including estates	66.5%	69.9%	79.9%	<p>Number of PCN paid - 27198</p> <p>Number of PCN issued - 34052</p>	Data Only			<p><b>NH PR PMS 010a PCN recovery rate - including estates</b></p> <table border="1"> <caption>NH PR PMS 010a Performance Data</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>70.7%</td></tr> <tr><td>Q2 2017/18</td><td>60.9%</td></tr> <tr><td>Q3 2017/18</td><td>65.8%</td></tr> <tr><td>Q4 2017/18</td><td>63.4%</td></tr> <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> <tr><td>Q4 2018/19</td><td>71.8%</td></tr> <tr><td>Q1 2019/20</td><td>79.9%</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	70.7%	Q2 2017/18	60.9%	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%	Q4 2018/19	71.8%	Q1 2019/20	79.9%
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NH PR PRS 001a	% of Major planning applications determined within 13 weeks (ex NI 157a)	100.00%	90.00%	83.00%		70.00%	🟢	⬇️	<p><b>NH PR PRS 001a % of Major planning applications determined within 13 weeks (ex NI 157a)</b></p> <table border="1"> <caption>Performance Data for NH PR PRS 001a</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <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> <tr><td>Q4 2018/19</td><td>85.00%</td></tr> <tr><td>Q1 2019/20</td><td>83.00%</td></tr> </tbody> </table>	Quarter	Value (%)	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%	Q4 2018/19	85.00%	Q1 2019/20	83.00%
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Q1 2019/20	83.00%																												
Page 46 NH PR PRS 001b	% of Minor planning applications determined within 8 weeks (ex NI 157b)	78.00%	82.00%	85.00%		75.00%	🟢	⬇️	<p><b>NH PR PRS 001b % of Minor planning applications determined within 8 weeks (ex NI 157b)</b></p> <table border="1"> <caption>Performance Data for NH PR PRS 001b</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <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>75.00%</td></tr> <tr><td>Q2 2018/19</td><td>82.00%</td></tr> <tr><td>Q3 2018/19</td><td>85.00%</td></tr> <tr><td>Q4 2018/19</td><td>87.00%</td></tr> <tr><td>Q1 2019/20</td><td>85.00%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2017/18	73.00%	Q2 2017/18	80.00%	Q3 2017/18	77.00%	Q4 2017/18	83.00%	Q1 2018/19	75.00%	Q2 2018/19	82.00%	Q3 2018/19	85.00%	Q4 2018/19	87.00%	Q1 2019/20	85.00%
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NH PR PRS 001c	% of Other planning applications determined within 8 weeks (ex NI 157c)	85.00%	88.00%	91.00%		80.00%	🟢	⬆️	<p><b>NH PR PRS 001c % of Other planning applications determined within 8 weeks (ex NI 157c)</b></p> <table border="1"> <caption>Performance Data for NH PR PRS 001c</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <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>88.00%</td></tr> <tr><td>Q3 2018/19</td><td>91.00%</td></tr> <tr><td>Q4 2018/19</td><td>88.00%</td></tr> <tr><td>Q1 2019/20</td><td>91.00%</td></tr> </tbody> </table>	Quarter	Value (%)	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	88.00%	Q3 2018/19	91.00%	Q4 2018/19	88.00%	Q1 2019/20	91.00%
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PI Code	Short Name	2017/18	2018/19	Q1 2019/20		Annual Target 2019/20	Traffic Light	DOT	Performance Data Trend Chart																				
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PR PRS	% of open planning enforcement cases less than 4 years old	61.0%	61.0%	59.0%	<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 all 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 been extremely successful and given credibility to the Council's Planning Enforcement function, which has so far resulted in 78% of pre 2016 cases having been identified and closed since January 2016. Of the initial list of over 1,500 open cases, 1,189 have been properly closed / resolved and only 345 remain open as of August 2019.</p> <p>However the Enforcement Team continue to receive new Enforcement complaints (averaging 55 per month), that continue to be investigated in a timely and efficient fashion, and have a total of 752 open cases (including the remaining 345 older cases) up to and including August 2019. So although the historic cases have continued to reduce in number, cases under 4 years have also been closed at a similar rate. The total number of overall cases (currently 752) therefore continues to fall, but the balance between old and new has remained static - as indicated by the KPI. This programme of work will continue throughout 2019/20 to resolve and close all historic cases. Many of the historic cases require legal action to progress and are resource intensive, and so resources are being aligned to recognise and deliver this through joint working with Legal's Litigation team</p>	80.0%			<p>NH PR PRS 009 % of open planning enforcement cases less than 4 years old</p>  <table border="1"> <caption>Quarterly Performance Data</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <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> <tr><td>Q4 2018/19</td><td>61.0%</td></tr> <tr><td>Q1 2019/20</td><td>59.0%</td></tr> </tbody> </table> <p>Legend: <span style="color: purple;">■</span> Quarters <span style="color: red;">—</span> Red Threshold (Quarters) <span style="color: green;">—</span> Amber Threshold (Quarters)</p>	Quarter	Value (%)	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%	Q4 2018/19	61.0%	Q1 2019/20	59.0%
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NH PR WS 045a	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)	1.88%	2.50%	3.36%	The stretch target for litter is 2.5%, meaning that 97.5% of the transects scored must be at an acceptable level or better. This target was missed by only 2 transects (out of 320) and remains low so the increase is not considered a cause for concern, however every effort will be made to hit the target in the remaining tranches.'	2.50%	🚫	⬇️	<p><b>NH PR WS 045a Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)</b></p> <table border="1"> <caption>Quarterly Litter Levels (ex NI 195a)</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>2.97%</td></tr> <tr><td>Q2 2017/18</td><td>1.41%</td></tr> <tr><td>Q3 2017/18</td><td>1.25%</td></tr> <tr><td>Q1 2018/19</td><td>2.66%</td></tr> <tr><td>Q2 2018/19</td><td>2.19%</td></tr> <tr><td>Q3 2018/19</td><td>2.66%</td></tr> <tr><td>Q1 2019/20</td><td>3.36%</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	2.97%	Q2 2017/18	1.41%	Q3 2017/18	1.25%	Q1 2018/19	2.66%	Q2 2018/19	2.19%	Q3 2018/19	2.66%	Q1 2019/20	3.36%
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Q1 2019/20	3.36%																								
Page 48 NH PR WS 045b	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)	2.71%	5.26%	2.75%		5.00%	✅	⬆️	<p><b>NH PR WS 045b Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)</b></p> <table border="1"> <caption>Quarterly Detritus Levels (ex NI 195b)</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <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>Q1 2018/19</td><td>4.84%</td></tr> <tr><td>Q2 2018/19</td><td>5.93%</td></tr> <tr><td>Q3 2018/19</td><td>5.18%</td></tr> <tr><td>Q1 2019/20</td><td>2.75%</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	4.22%	Q2 2017/18	1.88%	Q3 2017/18	2.03%	Q1 2018/19	4.84%	Q2 2018/19	5.93%	Q3 2018/19	5.18%	Q1 2019/20	2.75%
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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%	3.23%	2.45%		3.00%	✅	⬆️	<p><b>NH PR WS 045c Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Graffiti (ex NI 195c)</b></p> <table border="1"> <caption>Quarterly Graffiti Levels (ex NI 195c)</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>2.66%</td></tr> <tr><td>Q2 2017/18</td><td>0.36%</td></tr> <tr><td>Q3 2017/18</td><td>2.66%</td></tr> <tr><td>Q1 2018/19</td><td>4.84%</td></tr> <tr><td>Q2 2018/19</td><td>4.93%</td></tr> <tr><td>Q3 2018/19</td><td>0.36%</td></tr> <tr><td>Q1 2019/20</td><td>2.46%</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	2.66%	Q2 2017/18	0.36%	Q3 2017/18	2.66%	Q1 2018/19	4.84%	Q2 2018/19	4.93%	Q3 2018/19	0.36%	Q1 2019/20	2.46%
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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%	3.13%	0.31%		3.00%			<p><b>NH PR WS 045d Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Fly-posting (ex NI 195d)</b></p> <table border="1"> <caption>Quarterly Fly-posting Levels (ex NI 195d)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>0.47%</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>5.94%</td></tr> <tr><td>Q2 2018/19</td><td>1.88%</td></tr> <tr><td>Q3 2018/19</td><td>1.11%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2017/18	0.47%	Q2 2017/18	1.56%	Q3 2017/18	0%	Q4 2017/18	1.56%	Q1 2018/19	5.94%	Q2 2018/19	1.88%	Q3 2018/19	1.11%				
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Page 49 NH PR WS 047	Residual household waste per household (ex NI 191)	545.1	521.9	132.3		519.0			<p><b>NH PR WS 047 Residual household waste per household (ex NI 191)</b></p> <table border="1"> <caption>Quarterly Residual Household Waste per Household (ex NI 191)</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>146.4</td></tr> <tr><td>Q2 2017/18</td><td>139.5</td></tr> <tr><td>Q3 2017/18</td><td>134.8</td></tr> <tr><td>Q4 2017/18</td><td>127.5</td></tr> <tr><td>Q1 2018/19</td><td>134.7</td></tr> <tr><td>Q2 2018/19</td><td>128.6</td></tr> <tr><td>Q3 2018/19</td><td>136.9</td></tr> <tr><td>Q4 2018/19</td><td>126.5</td></tr> <tr><td>Q1 2019/20</td><td>132.3</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	146.4	Q2 2017/18	139.5	Q3 2017/18	134.8	Q4 2017/18	127.5	Q1 2018/19	134.7	Q2 2018/19	128.6	Q3 2018/19	136.9	Q4 2018/19	126.5	Q1 2019/20	132.3
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NH PR WS 048	Percentage of household waste sent for reuse, recycling and composting (ex NI 192)	27.40%	27.90%	28.01%		28.00%			<p><b>NH PR WS 048 Percentage of household waste sent for reuse, recycling and composting (ex NI 192)</b></p> <table border="1"> <caption>Quarterly 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 2017/18</td><td>27.09%</td></tr> <tr><td>Q2 2017/18</td><td>27.49%</td></tr> <tr><td>Q3 2017/18</td><td>27.45%</td></tr> <tr><td>Q4 2017/18</td><td>27.46%</td></tr> <tr><td>Q1 2018/19</td><td>28.00%</td></tr> <tr><td>Q2 2018/19</td><td>27.74%</td></tr> <tr><td>Q3 2018/19</td><td>27.69%</td></tr> <tr><td>Q4 2018/19</td><td>28.51%</td></tr> <tr><td>Q1 2019/20</td><td>28.01%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2017/18	27.09%	Q2 2017/18	27.49%	Q3 2017/18	27.45%	Q4 2017/18	27.46%	Q1 2018/19	28.00%	Q2 2018/19	27.74%	Q3 2018/19	27.69%	Q4 2018/19	28.51%	Q1 2019/20	28.01%
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PI Status	
	Alert
	Warning
	OK
	Unknown
	Data Only

Long Term Trends	
	Improving
	No Change
	Getting Worse

Short Term Trends	
	Improving
	No Change
	Getting Worse





**Corporate Risk Management  
Performance Overview October 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 June 2019, and subsequently reviewed again.

Corporate		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	Pension fund (SRCR 0010)	15	↔	15	12
6	Impact of New Legislation / Welfare reform (SRCR 0013)	12	↔	12	12
7	Workforce (SRCR 0018)	8	↓	12	9
8	Recruitment and Retention (SRCR 0018B)	8	↓	9	9
9	Information Assets (SRCR 0020)	16	↔	16	9
10	Corporate Resilience (SRCR 0020B)	15	↔	15	12
11	Cyber / Information Security	8	↔	8	9
12	Person suffers significant harm, injury or death (SRCR 0023)	15	↔	15	12
13	Devolution (SRCR 0024)	12	↔	12	12
14	Contract Procurement and Management (SRCR 0025)	12	↔	12	8
15	Impact of government reforms on education service delivery (SRCR 0027)	16	↔	16	12
16	SEND funding (SRCR 0028)	25	↔	25	12
17	Serious safeguarding failure in school (SRCR 0029)	16	↔	16	9
18	Temporary Accommodation (SRCR 0030)	16	↔	16	12
19	Fire Safety (SRCR 0031)	10	↔	10	12
20	Integrated Commissioning (SRCR 0032)	16	↔	16	12
21	Inaccurate or late pay information supplied to LGPS (SRCR 0033)	20	↔	20	12
22	Setting up internal companies (SRCR 0035)	12	<b>NEW</b>	NEW	9
23	Insourcing	12	<b>NEW</b>	NEW	9

Additional Risks		Current Risk	Direction of Travel	Previous Score	Target Risk
1	North London Waste Authority (NLWA)	12	↔	12	9
2	Reputation Management (SRCR 009)	9	↔	9	6
3	Insurance: Premiums exceed budget	16	↔	16	12
4	Major Fraud not identified (SRCR 0034)	9	↔	9	6
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 10 amber risks. Clearly, numerous external events and influences are having a considerable impact on the Council's objectives, whether budget cuts, security breaches, or political upheaval (notably Brexit, and the increased chance of elections, new legislation, interest rate changes). Two new risks have been escalated to Corporate level in the last four months. The first concerns the creation of new companies within the Council, reflecting the fact that there are risks attached to these new companies (Housing, Energy and Waste) being brought into existence. The second new risk concerns Insourcing, and the way in which the Council needs to handle its approach to this.

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. Now, with the final deadlines (October 31st) approaching, we are still awaiting clarity on whether there will be an extension, a deal, a general election or no deal (although at the time of writing, this would seem to contravene a new law passed on September 9th.) Clearly, the nature of any deal (or lack of one) 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.

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.

### **3. FUTURE REPORTING TO AUDIT COMMITTEE**

- 3.1 The reporting of the Corporate risks to Audit Committee will continue at future meetings, on a quarterly basis. With twice yearly updates of the full Corporate Register, the next one is scheduled for January 2020, so the full details on all risks will be provided then.

## CAPITAL MONITORING EXTRACT FROM JULY OFF (SEPTEMBER CABINET)

This is the first OFF Capital Programme monitoring report for the financial year 2019/20. The actual year to date capital expenditure for the four months April 2019 to July 2019 is £26.4m and the forecast is currently **£302.6m, £54.2m below the revised budget of £356.9m**. 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: Summary Table**

Table 1 – London Borough of Hackney Capital Programme – Q1 2019/20	Revised Budget Position	Spend as at end of Q1	Forecast	Variance (Under/Over)
	£'000	£'000	£'000	£'000
Children, Adults & Community Health	28,267	291	20,487	(7,781)
Finance & Corporate Resources	118,481	14,746	116,987	(1,493)
Neighbourhoods & Housing (Non)	38,831	659	37,911	(920)
<b>Total Non-Housing</b>	<b>185,579</b>	<b>15,696</b>	<b>175,385</b>	<b>(10,194)</b>
AMP Capital Schemes HRA	87,976	3,829	69,004	(18,972)
Council Capital Schemes GF	797	150	1,173	376
Private Sector Housing	2,717	434	2,164	(553)
Estate Renewal	59,669	4,370	33,842	(25,827)
Housing Supply Programme	16,922	225	9,427	(7,495)
Other Council Regeneration	3,197	1,685	11,639	8,441
<b>Total Housing</b>	<b>171,279</b>	<b>10,693</b>	<b>127,249</b>	<b>(44,030)</b>
<b>Total Capital Expenditure</b>	<b>356,858</b>	<b>26,389</b>	<b>302,634</b>	<b>(54,224)</b>

### CHILDREN, ADULTS AND COMMUNITY HEALTH

The current forecast is £20.5m, £7.8m below the revised budget of £28.3m. More detailed commentary is set out below.

CACH Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Adult Social Care	2,110	27	2,110	0
Education Asset Management Plan	6,420	120	4,353	(2,067)
Building Schools for the Future	618	(48)	617	(1)
Other Education & Children's Services	1,320	5	779	(541)
Primary School Programmes	10,046	101	9,392	(654)
Secondary School Programmes	7,754	86	3,235	(4,518)
<b>TOTAL</b>	<b>28,267</b>	<b>291</b>	<b>20,487</b>	<b>(7,781)</b>

## Adult Social Care

The overall scheme is forecasting to fully spend the in-year budget of £2.1m. The two main capital projects in this area are Oswald Street and Median Road Day Resource Centre. The works at Oswald Street Day Centre are complete and the minor variance relates to final accounts. The new day centre was officially opened back in October 2018 and brings all existing day centre services together under one roof and will be used by people with a range of complex needs including dementia, learning disabilities, physical disabilities and autism.

The building is a state-of-the art facility laid out over two floors and also includes a sensory garden. The feasibility study for Median Road is concluded and we await the cost projection setting out the range of options and recommended approach. This capital project is the first phase of the Council's proposal to transform the current configured Median Road Resource Centre into a new facility which provides interim care services, intermediate care services and residential nursing care accommodation to adults with learning disabilities.

## Education Asset Management Plan

The overall scheme is forecasting an underspend of £2.1m against an in-year budget of £6.4m. The main variance relates to the budget set aside for the overall programme. The budget will be reviewed at quarter 2 and if no further works identified the variance will re-profiled to future years. Shoreditch Park AMP forecast is on target to spend the in-year budget of £1.1m. The roof and kitchen alterations are completed. The next round of capital works includes the first-floor internal alteration, music room, playground and toilet refurbishment. All are due to be completed by the end of the year.

## Building Schools for the Future

The overall scheme is forecasting a full spend of the in-year budget of £0.6m. The works at Stormon College SEN and Mossbourne Victoria Park Academy are complete and awaiting final account and ICT payments.

## Primary School Programmes

The overall Primary School Programme 2019/20 is largely in-line with the budget of £10.1m with a minor underspend. The main scheme relates to Phase 3A of the rolling programme of health and safety remedial works to facades of 23 London School Board (LSB) schools that began in 2017. This is on target to meet the anticipated spend for this budget. January 2019 Cabinet approved a further virement of £1.8m to fund Phase 3A of delivery of the works to all four tranches of the 'Priority 1' works. This builds upon the existing budget of £4.6m approved in December 2017 Cabinet and the £6.3m s106 funding approved in December 2018 Cabinet. This third capital funding phase will involve works at nine schools plus associated party wall, legal and project management services. This will ensure that the full 'Priority 1' scope will be completed, with

the exception of Harrington Hill, Southwold and Springfield. A consultant has been procured and works are being reviewed.

### Secondary School Programmes

The overall scheme is forecasting an underspend of £4.5m against the in-year budget of £7.8m. This largely relates to the Urswick School Expansion which is reporting an underspend of £3.9m. The capital project is on hold as the contractor went into liquidation. This capital project is to support the increased pupil growth the 6th Form Entry to include the additional three general classrooms, two seminar rooms, science studio, ICT room, general stock room and ICT equipment store. The scheme will be reviewed, and the budget will be re-profiled in Quarter 2.

July 2019 Cabinet approved the £1.2m budget for the refurbishment of the Drama Theatre and associated ancillary spaces at Stoke Newington School. During the BSF programme, Stoke Newington was one of the three schools that was partially refurbished rather than rebuilt and as a result there were certain areas that still require upgrading to BSF standards. This drama theatre is one such area. It is crucial for the delivery of the drama curriculum, as well as for use as an assembly hall and for general teaching. There will be update at Quarter 2 as this will reflect the actual spend of the budget.

### FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £117m, £1.5m under the revised budget of £118.5m. More detailed commentary is outlined below.

F&R Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Property Services	13,109	(200)	11,853	(1,256)
ICT	7,818	884	7,580	(238)
Financial Management	929	(9)	929	0
Other Schemes	286	0	286	0
Mixed Use Development	96,339	14,072	96,339	0
<b>TOTAL</b>	<b>118,481</b>	<b>14,746</b>	<b>116,987</b>	<b>(1,493)</b>

## Strategic Properties Services

The overall scheme is forecasting an underspend of £1.3m against the budget of £13.1m. The main variance is the refurbishment of the Council Office building Christopher Addison House which is forecasting an underspend of £1.2m. November 2018 Cabinet approved a further £4.5m to fund the next stage of this capital project. This follows and builds upon the preceding Phase 1 and 2 works which comprised of feasibility studies for the entire building, facilitating the moving of circa 150 additional Council staff and setting up the infrastructure for this site. The project is currently in RIBA Stage 4 and out to tender. The works are expected to begin in Quarter 3 of this year and the construction works are expected to be completed by the end of the financial year. Following the proposed refurbishment works, it is anticipated that the building will be able to accommodate circa 420 Council staff with new ways of working, a potential increase of circa 140. This programme is part of the wider Corporate Estate Rationalisation (CER) Programme and the need to consolidate the Council's buildings to make better use of the space.

## ICT Capital

The overall ICT scheme 2019/20 is forecasting to come in at the budget of £7.8m with a minor underspend. The main capital scheme is the rolling programme of the End-user and Meeting Room Device Refresh which is on target for the anticipated spend. This project relates to the roll out of the device refresh model for council staff and meeting room devices across the core Hackney campus. The costs include staff working on roll out recharged to capital, purchase of devices, overtime for device roll out on weekends and installation of Google 'hangouts' in meeting rooms.

## Mixed Use Developments

Tiger Way and Nile Street is forecasting to fully spend the in-year budget of £39.6m. Nightingale School held their official opening ceremony on 11 July 2019. The residential apartments were not completed until June 2019, as a result, the contractor was fined for the delay (81 working days) to the original programme. The reported planned expenditure is to cover the final retention costs and should be applied once all defects are rectified and snagging is complete.

The Nile Street residential block was due to complete on 17 June 2019. The delay was reported by contractor as logistical difficulties and delayed dismantling of hoist. Mitigation strategies are now in place and a new completion programme scheduled. The School decant date began on 17 July 2019 and the full decant was completed on 23 July 2019. External works to the



Easter playground KS2/4 of the PRU is on the programme for handover in September 2019.

The Britannia Site is forecasting to fully spend the in-year budget of £56.8m. The Phase 1 project has now reached contract close. The Phase 1a (Leisure Centre) award of contract was approved by Cabinet on 25 March 2019, and the contract was sealed on 29 May 2019. The Phase 1b (School) award of contract was approved by Cabinet on 29 April 2019 and the contract was sealed on 16 July 2019. Phase 2a has now completed RIBA Stage 4 and is being prepared for an OJEU tender. Phase 2b is currently under review.

#### NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The overall forecast in Neighbourhoods and Housing (Non) is £37.9m, £0.9m under the revised budget of £38.8m. More detailed commentary is outlined below.

<b>N&amp;H – Non-Housing Capital Forecast</b>	<b>Revised Budget</b>	<b>Spend</b>	<b>Forecast</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Museums and Libraries	908	9	546	(362)
Leisure Centres	750	0	750	0
Parks and Open Spaces	7,814	102	6,599	(1,215)
Infrastructure Programmes	12,605	826	12,600	(5)
EHPC Schemes	8,953	0	8,953	(0)
TFL	3,723	(278)	3,723	0
Parking and Market Schemes	373	0	373	0
Other Services	900	0	900	0
Regulatory Services	79	0	655	576
Safer Communities	1,363	0	1,363	(0)
Regeneration	1,363	0	1,450	86
<b>Total</b>	<b>38,831</b>	<b>659</b>	<b>37,911</b>	<b>(920)</b>

#### Parks and Open Spaces

The overall scheme is forecasting an underspend of £1.2m against the in-year budget of £7.8m. The main variance relates to Springfield Park Restoration which is forecasting an underspend of £0.80m. The Springfield Park restoration project is underway following the successful grant application to the Heritage Lottery Fund and s106 funding was approved in November 2018 Cabinet. This

capital funding will restore Springfield House and the stables, replace the derelict glasshouses with a new community events building, create new landscaping, install new play facilities and create activity and volunteering programmes for the wider community. The Contractor is due to start on site in September 2019 to do the building work and landscape work. There will be an update at Quarter 2 to reflect the actual spend of the budget.

### Infrastructure

Wick Road is forecasting to come in largely at the budget of £1.1m with a minor overspend. Wick Road reverted back to two-way traffic on Sunday 4 August 2019 completing the transformation of the road. The capital works also include resurfacing of existing footways, better crossing points for pedestrians, off-road cycle tracks, advance stop lines, new bus stops, new LED streetlights and new trees. These measures will improve safety for cyclists and pedestrians, reduce current rate of road accidents, improve bus journey times, reduce congestion and improve air quality.

### HOUSING

The overall forecast in Housing is £127.3m, £44m below the revised budget of £171.3m. More detailed commentary is outlined below.

Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
AMP Housing Schemes HRA	87,976	3,829	69,004	(18,972)
Council Schemes GF	797	150	1,173	376
Private Sector Housing	2,717	434	2,164	(553)
Estate Regeneration	59,669	4,370	33,842	(25,827)
Housing Supply Programme	16,922	225	9,427	(7,495)
Woodberry Down Regeneration	3,197	1,685	11,639	8,441
<b>Total Housing</b>	<b>171,279</b>	<b>10,693</b>	<b>127,249</b>	<b>(44,030)</b>

#### AMP Housing Schemes HRA

The overall scheme is forecasting an underspend of £18.9m against the in-year budget of £87.9m. This reduction in spend will be reviewed in Quarter 2 with a view to re-profile the budget into future years.

#### Council Schemes GF

The variance relates to Borough-wide Housing under occupation and Hostel Major Repairs. All regeneration void works will be used as Temporary Accommodation. The forecast will change during the year depending on how many units become vacant.

#### Private Sector Housing

The main variance relates to the Disabled Facilities Grant which is forecasting an underspend of £0.5m against the budget of £2.7m. The applications get made throughout the year so forecast will become more accurate as the year progresses.

### Estate Regeneration

The overall scheme is forecasting an underspend of £25.8m against the in-year budget of £59.7m. This is largely due to a number of sites being delayed due to various issues but often it is around the procurement of contracts leading to later start on site dates. The budget for these will be reviewed and re-profiled in Quarter 2.

Bridge House Phase 2 is due for handover late 2019. Retention will be due next financial year. There has been a delay to the ER1 Tower Court due to Japanese knotweed works but construction will accelerate during 2019/20. On Kings Crescent Phase 1 & 2, there is minimal spend left. The Final account will be settled, and retention will be paid later in the year. The Colville Phase 2 site has been handed over. Retention to be paid towards the end of 2019/20. St Leonard's Court is due for handover in late 2019 and retention will be paid in 2020/21. On the Frampton Park Regeneration, works will be ongoing for the whole of this financial year. The Aikin Court, Great Eastern Building and King Edwards Road site has been handed over and retention will be paid this financial year. The Nightingale site is not due to start this financial year, but design work and planning expenditure is expected to be incurred this year. The Marian Court Phase 3 start has been delayed due to procurement issues relating to the main contractor. The Demolition contract may now be procured separately.

### Housing Supply Programme

The overall scheme is forecasting an underspend of £7.5m against the in-year budget of £16.9m. The Gooch House site is now live again and options are currently being considered. The Whiston Road site will be handed over in the coming months. The Shaftesbury Street site is currently on hold and minimal costs expected to be incurred. Ongoing design works continue for Wimbourne Street, Buckland Street and Murray Grove. Planning is expected to be submitted this year. Pedro Street is currently out for main contractor re-procurement after a delay to the first procurement. The Contract will be awarded towards the end of 2019. Mandeville Street contractors started on site in July 2019, slightly later than expected but works will accelerate during this financial year. The Lincoln Court and Rose Lipman Project EA and Design Team are to be procured imminently. Design work and consultation will continue during 2019/20. The Frampton Park Community Hall plans will be submitted in late 2019/20. The Downham Road 1 and 2, Balmes Road and 81 Downham Road plans will be submitted in late 2020/21. Daubeney Road main contractor bids are currently being analysed. Contractors are expected to be on site in late 2019.

### Woodberry Down Regeneration

The £8.4m overspend on Woodberry Down is based on an estimate of 12 Buybacks at £0.50m each and £4.6m for the CPO acquisition of Happy Man Public House located on Woodberry Grove. All costs will be reimbursed by Berkeley Homes.



**REVISED SURVEILLANCE AND COMMUNICATIONS DATA POLICY AND PROCEDURE OCTOBER 2019**

<b>AUDIT COMMITTEE MEETING DATE 10<sup>th</sup> OCTOBER 2019</b>	<b>CLASSIFICATION:</b>  <b>Open</b>  <b>If exempt, the reason will be listed in the main body of this report.</b>
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**WARD(S) AFFECTED**  
  
**All Wards**

**CORPORATE DIRECTOR**  
  
**Ian Williams Group Director of Finance and Corporate Resources**

## **1. INTRODUCTION AND PURPOSE**

- 1.1 This report presents the revised corporate policy on the use of surveillance and communications data powers as authorised under the Regulation of Investigatory Powers Act (RIPA) 2000 and the newly enacted Investigatory Powers Act (IPA) 2016.
- 1.2 The use of RIPA has in the past been an area of interest in the national press and it is essential that when undertaking surveillance activities the Council ensures it is acting in line with legislative and regulatory requirements.
- 1.3 The Investigatory Powers Commissioners Office (IPCO) conducts an inspection approximately every two years of each public sector body entitled to undertake RIPA activities to ensure compliance. The last inspection of Hackney's compliance took place in 2017, at which point the Council was commended on the processes in place to manage surveillance activities.

## **2. RECOMMENDATION**

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

**Approve the revised Corporate Surveillance and Communications Data Policy and Procedures attached as Appendix 1.**

## **3. REASONS FOR DECISION**

- 3.1 The Protection of Freedoms Act 2012 places a requirement on local authorities that elected members review their corporate RIPA policy to ensure the policy remains fit for purpose and that the use of the powers by the local authority complies with the legislation.

## **4. BACKGROUND**

The Regulation of Investigatory Powers Act 2000 (RIPA) was introduced to ensure that public bodies were accountable for surveillance activity undertaken in the course of their business. The use of surveillance by public bodies was permitted prior to the Act but was not regulated. IPCO (formerly the Office of the Surveillance Commissioners, OSC) carries out inspections to ensure public bodies are acting in accordance with the Act and the Code of Practice issued by the Home Office.

The Corporate Head of Audit, Anti-Fraud and Risk Management is the designated senior responsible officer in relation to the use of RIPA. This policy was last reviewed in April 2016, the following is a summary of the key changes within the revised policy at Appendix 1:

- Part 1, Section 1.10 – Guidance is provide on when access to social media records may constitute activity that is governable by RIPA. This follows a recommendation from the most recent IPCO inspection which was itself informed by greater use of this material on a national level;
- Part 3 - Communications Data – This part of the policy reflects the introduction of the Investigatory Powers Act (which was enacted in June 2019 and supplanted RIPA as the legislation to direct how and when communications data can be accessed). Requests for information are now via an online application process, with each application being subject to increased oversight by, and requiring approval from, the dedicated Office for Communications Data Authorisations (OCDA);
- Changes to the list of key RIPA officers to reflect updated structures and personnel who may have cause to use surveillance and communications data powers. The Council has adopted the guidance issued by the Home Office when considering the level of officers to be delegated to undertake this important role.

#### **4.1 Policy Context**

All investigation work is undertaken in compliance with relevant legislation and Council policy, including this Surveillance and Communications Data Policy and Procedure. Hackney has for many years considered RIPA surveillance to be a tool of last resort and there have not been any applications to use the powers for several years. Nevertheless, it is important to retain access to surveillance powers as a means to investigate serious crime when appropriate, and when other less intrusive forms of enquiry will not assist an investigation. Guidance regarding the IPA sets out that it should not be seen as a tool of last resort, and our application process follows that set out for all Local Authorities to ensure that the powers are used appropriately and with full official oversight. The Policy and Procedures are compatible with the Regulation of Investigatory Powers Act 2000 and The Investigatory Powers Act 2016.

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

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

#### **4.3 Sustainability**

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

#### **4.4 Consultations**

The revised document has been reviewed by colleagues from Legal, Human Resources and Enforcement teams.

#### **4.5 Risk Assessment**

The risk of fraud exists in many of the activities undertaken by any local authority. The Surveillance and Communications Data Policy and Procedures help to ensure that all Hackney investigators are familiar with the tools that are available to them and how these must be used to comply with the law.

Surveillance activity of any sort can pose a risk to the reputation of the Council. This corporate approach adopts best practice, and has been recognised as such during previous inspections, whilst still enabling this important investigative tool to be used when necessary.

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

- 5.1 There are no financial implications arising from the recommendation to this report.
- 5.2 An effective investigation service is important to help ensure that public funds are used appropriately, to enable sanctions where suitable, and to deter fraudsters from targeting the Council.

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

- 6.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its' financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. An adequate system of internal audit is inherent.
- 6.2 The Regulation of Investigatory Powers Act 2000 and the Investigatory Powers Act 2016 enable the Council to adopt techniques such as directed surveillance, covert human intelligence sources and acquisition of communications data to enable it to detect or prevent crime. The Codes of Practice relating to the Act require relevant authorities to put in place a policy, guidance and procedures relating to the application of the powers contained in the Act. The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012 brought into force on 1 November 2012 the Council's obligation to meet the requirements of the Protection of Freedoms Act (POFA). This Act introduces a requirement for local authorities to obtain judicial approval for the use of any one of their covert investigatory techniques currently available under RIPA (namely covert directed surveillance and CHIS).
- 6.3 The recommendation at paragraph 2.1 falls within the Audit Committee terms of reference relating to risk management.

## **APPENDICES**

Appendix 1 – Revised Surveillance and Communications Data Policy and Procedures

## **BACKGROUND PAPERS**

None



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# Surveillance and Communications Data Policy and Procedures



Audit & Anti-Fraud Division  
October 2019

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## INTRODUCTION

The purpose of this policy document is to:-

- explain the scope of the Regulations of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act (IPA) 2016 in so far as they apply to work undertaken by London Borough of Hackney; and
- provide guidance on the authorisation procedures to be followed.

This policy document is based upon the requirements of RIPA and the Home Office Code's of Practice on Covert Surveillance and Covert Human Intelligence Sources. The Council's use of surveillance powers and Covert Human Intelligence Sources is governed by RIPA 2000, our ability to obtain communication data falls under the IPA 2016. All Hackney officers (or its agents) are required to follow this policy when involved in any of the above activities. Links to the following Home Office Codes of Practice are available on the intranet:-

- Surveillance COP
- Communications Data COP
- Covert Human Intelligence
- Source COP

If any officer is unsure about any aspect of this policy document or surveillance in general they should contact at the earliest possible opportunity, the council's Corporate Head of Audit, Anti-Fraud and Risk Management for advice and guidance.

Audit & Anti-Fraud regularly coordinate training for officers who may need to use or approve surveillance powers.

All investigations that involve covert surveillance or requests for information relating to communications data are open to inspection and scrutiny by the Investigatory Powers Commissioners Office (IPCO) and are subject to review. The reviews will highlight inconsistencies and any necessary improvements needed to comply with the legislation. It is essential, therefore, that all surveillance is appropriately authorised in accordance with this policy document.

RIPA regulates the use of a range of covert techniques by public authorities including local authorities. The more intrusive techniques such as interception can only be used by law enforcement and intelligence agencies.

Local authorities are only able to use the least intrusive types of investigatory techniques set out by RIPA and IPA, these include:

- directed surveillance e.g. covert surveillance in public places
- covert human intelligence sources e.g. informants, undercover officers, and
- acquisition of communications data.

Local authorities may only use these powers for preventing or detecting crimes which attract a maximum custodial sentence of 6 months or more or criminal offences relating to the underage sale of alcohol or tobacco.

The above techniques are described in more detail later in this policy document.

DRAFT

## REGULATION OF INVESTIGATORY POWERS ACT 2000

### PART 1 – DIRECTED SURVEILLANCE

#### 1.1 What is Surveillance

Surveillance can involve monitoring, observing or listening to people. This includes their movements, conversations, activities or other communications or recording anything with a surveillance device.

Overt Surveillance takes place where the surveillance is not hidden, such as alerting the public to the use of CCTV in a public place. Overt surveillance does not require authorisation.

Covert Surveillance is where the person or people under observation are not aware that surveillance is taking place.

Directed Surveillance is covert in nature but is not intrusive. It shall also be undertaken for a specific investigation/operation, which is likely to result in private information about a person being obtained.

All directed surveillance carried out by Hackney officers must be authorised.

Intrusive Surveillance is covert surveillance which is carried out in relation to anything taking place on any residential premises or in a private vehicle and involves the presence of an individual on the premises, on the vehicle or is carried out by means of a surveillance device.

NB – Councils are not permitted to authorise intrusive surveillance. Hackney officers can only conduct intrusive surveillance if they are involved in surveillance with other enforcement agencies with higher authorisation powers (e.g. Police, HM Revenue & Customs, etc) in which case the authorisation would be obtained by the other agency.

In cases of surveillance on members of the public, it is clear that the Council is acting as a public authority. This means that the Human Rights Act and RIPA apply. In cases where an employee is under investigation, the Council's role is that of an employer and not a public authority. RIPA does not apply in these cases, although we will still follow the principles established by the legislation when undertaking surveillance for this reason. It is likely that any tribunal hearing employee cases involving surveillance will consider human rights issues when making decisions. Furthermore, if the employee is under investigation for a criminal offence, the Council will be able to obtain a RIPA authorisation for covert surveillance if it is necessary and proportionate.

Covert surveillance can only be justified where other investigation methods would not obtain the necessary evidence.

## Who is Authorised to Conduct Surveillance?

The Council has been empowered by statute to enforce various offences within its borough. Such powers are exercised by officers on behalf of the Council.

Undertaking surveillance is incidental to the enforcement of such powers and therefore authorised under Section 111 of the Local Government Act 1972.

Officers of the Council, however, would need to ensure that any covert surveillance has been properly authorised as laid out in this policy document.

The authorisation, renewal and cancellation procedures detailed below should be followed and the standard Home Office RIPA forms that have been adapted for Hackney are to be utilised for these purposes. All forms are available via the Council's RIPA Co-ordinator.

If contractors and/or agents of the Council are authorised to undertake public functions on behalf of the Council an authorisation under RIPA may be required for the purposes of the work they do for the Council if it involves covert surveillance. Therefore, the authorisation procedures below must be followed prior to any covert surveillance being conducted by them.

### 1.2 Seeking Authorisation

In all instances Investigating Officers (IO) should contact the RIPA Co-ordinator to obtain the relevant form and Unique Reference Number (URN) at the start of the application process. The URN must be written on the form.

If an IO considers it necessary to undertake surveillance as part of an investigation, s/he must complete an Application for Authority for Directed Surveillance Form.

The form must record why the IO considers surveillance necessary and proportionate to what is hoped to be achieved. When considering an application officers need to be aware of the following requirements: -

**Necessity** - covert surveillance shall only be undertaken where it is designed to achieve a legitimate objective. The only ground for which directed surveillance can be authorised by the Council under RIPA is: -

- preventing or detecting crime

NB. It must be necessary in that particular case

**Proportionality** - the use and extent of covert surveillance shall not be excessive i.e. it shall be in proportion to what the investigation seeks to achieve. It must be specific and not designed to cover a wide range of situations. The IO shall make an assessment of the duration of the surveillance or each stage of the surveillance and the resources to be applied.

The IO must show that consideration of the size and scope of the operation against the



gravity and extent of the perceived mischief has taken place. They must also explain how and why the methods to be adopted will cause the least possible intrusion on the target and others, that the activity is an appropriate use of the legislation and that it is the only reasonable way (having considered all others) of obtaining the desired result. The application should include detail of other methods considered and why they were not implemented.

**Collateral Intrusion** - reasonable steps shall be taken to minimise the intrusion into the privacy of persons other than those who are directly the subjects of the investigation or operation being carried out. The officer shall also consider how any third party information obtained will be handled. The IO should record any collateral intrusion that might occur. Collateral intrusion occurs when individuals who are not part of the surveillance are unintentionally included in the course of the surveillance. For example, where photographing a target at a specific location includes members of the public being photographed.

**Subsidiarity** – the surveillance must cause no greater invasion of the right to privacy than is absolutely necessary to achieve its objective. All other means must be considered prior to surveillance being deemed necessary.

**Confidential Information** – confidential personal information (such as medical records or spiritual counselling), confidential journalistic material, confidential discussions between Members of Parliament and their constituents, or matters subject to legal privilege.

Special consideration must be given to authorisations that involve confidential personal information. Where such material has been acquired and retained the matter should be reported to the relevant Commissioner or Inspector during their next inspection and the material made available if requested

NB. Where there is a likelihood that information acquired will be Confidential Information, then the authorisation must be from the Head of Paid Service or, in their absence, a Group Director nominated by the Head of Paid Service to deputise for them.

**Serious Crime Threshold** – Local Authorities can only grant an authorisation under RIPA for the use of directed surveillance to prevent or detect criminal offences that are either punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months imprisonment or are related to the underage sale of alcohol or tobacco. Local authorities can no longer authorise the use of RIPA to investigate disorder that does not involve a criminal offence below this serious threshold which may include, for example, littering or dog control.

If during the investigation it becomes clear that the activity being investigated does not amount to a criminal offence or that it would be a less serious offence that does not meet the threshold, the use of directed surveillance should cease. If a directed surveillance authorisation is already in force it should be cancelled.

AOs must ensure that they are satisfied that the covert surveillance is necessary and proportionate.

An AO should consider all information provided on the Application for Authority for Directed Surveillance and if necessary ask for further information from the IO. When authorising the application the AO should write down exactly what they are authorising; i.e., who, what, where, when and how. All authorities must be signed, showing the date and time the authority was granted.

The AO should return the completed form to the IO who should keep a copy on the investigation file.

The original form will need to be presented at the judicial approval hearing prior to being forwarded to the RIPA Co-ordinator marked 'private and confidential' for filing on the central file. (See para 1.5 below)

#### 1.4 Applying for Judicial Approval

The Protection of Freedom Act 2012 amended RIPA to require judicial approval following local authority authorisation. Following authorisation by the AO the IO should contact Thames Magistrate Court, 58 Bow Road, London E3 4DJ on telephone number 020 82711203 to arrange a date and time for a hearing.

The IO or another appropriate officer of the Council (e.g. RIPA Co-ordinator) will need to attend the court in person to apply for judicial approval. When attending court the IO must provide the following documents to the Magistrate/Justice of the Peace (JP):

-

- the original RIPA authorisation and any supporting documents setting out the case – this will need to be shown to the JP but will be retained by the IO to file in the Council's central record on return from the hearing;
- a copy of the original RIPA authorisation and any supporting documents setting out the case for retention by the JP;
- two copies of the partially completed Judicial Application/Order Form.

The order section of this form will be completed by the JP and is the official record of the JP's decision. The JP will retain one copy of this form and the other is returned to the IO to be retained on the Council's central record.

The judicial approval of the authorisation will only be given if the Magistrate/JP is satisfied that:

1. There were reasonable grounds for the Authorising Officer approving the application to believe that the covert directed surveillance or deployment of CHIS (covert human intelligence source, see Part 2 of this Procedure) was necessary and proportionate and that there remain reasonable grounds for believing so.
2. The Authorising Officer was of the correct seniority within the organisation i.e. Director, Head of Service, Service Manager or equivalent as per the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence

Sources) Order 2010 (SI 2010/521).

3. The granting of the authorisation was for the prescribed purpose, as set out in the 2010 order, i.e. preventing or detecting crime and satisfies the newly introduced 'Serious Offence Test' for directed surveillance. In addition, where the authorisation is for the deployment of a CHIS, the Magistrate must be satisfied that:
  - a. Provisions of S29(5) have been complied with. This requires the local authority to ensure that there are officers in place to carry out roles relating to the handling and management of the CHIS and the keeping of records.
  - b. Where a CHIS is under 16 or 18 years old, the requirements of the Regulation of Investigatory Powers (Juveniles) Order 2000 have been satisfied. This sets out the rules about parental consent, meetings, risk assessments and the duration of the authorisation.
  - c. Where the application is for the renewal of a CHIS authorisation, a review has been carried out by the local authority and the Magistrate has considered the results of the review.

*NB. Judicial approval is required for all applications and renewals; there is no requirement for the JP to consider either cancellations or internal reviews.*

### 1.5 Out of Hours Authorisations

In exceptional circumstances a JP may consider an authorisation out of hours. If the authorisation is urgent and cannot be handled the next working day then the IO should first obtain authorisation from the AO before phoning the court's out of hours HMCTS legal staff contact. You will need to provide basic facts and explain the urgency. If urgency is agreed arrangements will be made to see a suitable JP. As with the normal JP approval process the IO will need to provide two copies of both the authorised RIPA application form and the accompanying judicial application/order form.

Local authorities are no longer able to orally authorise the use of RIPA as all authorisations require judicial approval which must be made in writing. The authorisation cannot commence until this has been obtained.

### 1.6 Training

The role of an AO carries great responsibilities for the AO as well as the staff involved in the surveillance operation, the Council and members of the public. In order to protect the Council from the risk of misuse of the powers under RIPA no one will be permitted to carry out the role of an AO without having first undergone approved training. All AO's will be expected to undertake refresher training. The Corporate Head of Audit, Anti-Fraud and Risk Management should be contacted for further information.

### 1.7 Length of Authorisation

A written authorisation will last for up to three months unless cancelled or renewed.

In all cases regular reviews should be carried out and an authorisation should be

renewed or cancelled before the expiry of the original authorisation.

### 1.8 Surveillance Equipment – Control/Inventory

The Council will maintain a central inventory of all technical equipment capable of being used for covert surveillance. The central inventory will be maintained by the RIPA Co-ordinator as part of the Council's central records. It is the responsibility of the Service Head to ensure the issue and use of any equipment held by the service for the purpose of conducting covert directed surveillance (e.g. radios, cameras, etc) is correctly recorded and usage is subject to audit.

NB. The use of such equipment should be specified in the authorisation.

### 1.9 Use of CCTV Control Room

The provisions of RIPA do not cover the use of overt CCTV surveillance systems. Members of the public are aware that such systems are in use, for their own protection, and to prevent crime. However, if the CCTV becomes 'directed' in any way as part of a covert operation towards an individual, authorisation must be obtained. In some circumstances police officers may ask for our cameras to be targeted at individuals or buildings, as part of their operations. In these circumstances the officer directing the CCTV should satisfy him/herself that the police have obtained proper authorisation. CCTV surveillance carried out as an immediate response to an event does not require authorisation.

If a directed surveillance operation is to include the use of CCTV equipment then the IO must complete Form 5429 which is available on the intranet. This document is the unified protocol in which RIPA authorised use of CCTV for Directed Surveillance activity will be passed to Hackney CCTV & Emergency Planning Service. It must be delivered to the CCTV Service Deputy Manager/Manager. In all cases only one form is required for the duration of an operation. To book the CCTV Centre for a pre-planned operation, please contact 020 8356 2333, in advance. In the event of an urgent authorisation utilising CCTV Service cameras verbal arrangements may be agreed which must be followed up with the form.

### 1.10 Internet and Social Media Investigations

Information obtained from the internet must comply with all the normal rules and guidance applicable to any type of enquiry conducted within a criminal investigation, such as, the Data Protection Act (DPA), Criminal Procedures Investigations Act (CPIA) and RIPA. The use of the internet to gather information prior to and/or during an operation may amount to directed surveillance. Any activity likely to interfere with an individual's Article 8 rights should only be used when necessary and proportionate to meet the objectives of a specific case. Where it is considered that private information is likely to be obtained, an authorisation (combined or separate) must be sought as set out in this procedure. Where an investigator may need to communicate covertly online, for example, contacting individuals using social media websites, a CHIS authorisation should be considered.

Where privacy settings are available but have not been applied the data available on

social networking sites may be considered 'open source' and an authorisation is not usually required.

Repeat viewing of 'open source' sites, however, may constitute directed surveillance and this should be borne in mind e.g. if someone is being monitored through, for example, their Facebook profile for a period of time and a record of the information is kept for later analysis, this is likely to require a RIPA authorisation for directed surveillance.

### 1.11 Reviews

The AO should ensure that they review the authorisation at least monthly in order to satisfy themselves that authority should continue. Evidence of this review should be completed on the Review of Directed Surveillance Form.

### 1.12 Renewals

There may be circumstances where the investigation requires surveillance to take place for a period longer than 3 months. In such cases, it will be necessary for the IO to obtain a renewal of authority from the AO and the JP.

The IO should submit a renewal form with a copy of the original Application for Authority for Directed Surveillance to the AO. The AO must review both documents to ensure that there is continuing justification for surveillance. A copy of the renewal form should be placed on the investigation file.

The IO must arrange a hearing with the JP for judicial approval. All authorisations must be renewed prior to the expiry date of the original authorisation but will run from the expiry date and time of the original authorisation. Applications for renewal should be made shortly before the original authorisation period is due to expire. IO's must take account of factors which may delay the renewal process (e.g. weekends or the availability of the AO and JP to grant approval).

The original renewal form will need to be presented at the judicial approval hearing prior to being forwarded to the RIPA Co-ordinator marked 'private and confidential' for filing on the central file.

### 1.13 Cancellations

Surveillance should be no longer than necessary to gather the required information. The AO must cancel the authorisation if satisfied that the directed surveillance is no longer required.

The IO should complete a Cancellation of Directed Surveillance Form providing information which should include a record of the date and time (if at all) that surveillance took place and when the order was made to cease the activity and the reason for the cancellation. The completed form should be passed to the AO who should ensure when countersigning the form that surveillance equipment has been removed, any property

interfered with or persons subjected to surveillance since the last review or renewal is properly recorded and that a record is made of the value of the surveillance (i.e. whether the objectives as set in the authorisation were met).

The AO must make reference on the cancellation form to the handling, storage and destruction of any material obtained from the directed surveillance. The AO must ensure compliance with the Data Protection Act and the Council's own corporate retention policy.

A copy of the cancellation form should be placed on the investigation file and the original sent marked 'private and confidential' to the RIPA Co-ordinator to place on the central file.

#### 1.14 When Authorisation is Not Required

When enforcement staff undertake general observations as part of their everyday functions, this low level activity will not usually be regulated under the provisions of RIPA. For example, Trading Standards might observe and then visit a shop as part of their enforcement function to verify the supply or level of supply of goods or services that may be liable to a restriction or tax. Such observation may involve the use of equipment to merely reinforce normal sensory perception, such as binoculars, or the use of cameras, but not amount to systematic surveillance of an individual.

NB. If covert technical equipment is worn by the test purchaser, or an adult is observing the test purchase, authorisation for directed surveillance is required.



This is a sensitive area of activity and as a general rule the Council will not undertake surveillance that relies upon the use of a CHIS. Furthermore, there are special provisions for the use of vulnerable and juvenile sources (i.e. under the age of 18). Advice should be sought from the Corporate Head of Audit, Anti-Fraud and Risk Management and Legal Services prior to any authorisations being requested.

In some instances, the tasking given to a person will not require the CHIS to establish a personal or other relationship for a covert purpose. For example a CHIS may be tasked with finding out purely factual information about the layout of commercial premises. Alternatively, a trading standards officer may be involved in the test purchase of items that have been labelled misleadingly or are unfit for consumption. In such cases, it is for the IO and AO to determine where, and in what circumstances, such activity may require authorisation.

## 2.1 Use of a Covert Human Intelligence Source

A CHIS may be an undercover officer or informant carrying out enquiries on behalf of the Council

Under Section 26(8) of the Act a person is a CHIS if they:-

1. establish or maintain a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph (ii) or (iii) below;
2. covertly uses such a relationship to obtain information or to provide access to any information to another person; or
3. covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

A relationship is established or maintained for covert purposes if and only if it is conducted in a way that is calculated to ensure that one of the parties to the relationship is unaware of the purpose.

All operations involving a CHIS must be approved, prior to a request for authorisation, in principle by the Team Leader or Investigation Manager. The purpose of this in principle approval is to ensure that officers handling and controlling the CHIS are doing so with proper authorisation and training. After initial approval the IO must complete an Application for Authorisation for the Use or Conduct of a CHIS. This form must be authorised by an Authorising Officer.

There is no need to seek authority where the information source is a member of the public who freely provides information that has come to them during their normal activities, for example where we ask a neighbour to keep a nuisance or harassment diary while going about their normal daily activities. However, authority must be obtained if the IO directs the CHIS activities.

Public authorities should ensure that arrangements are in place for the proper oversight and management of CHIS's, including appointing individual officers as defined in the Act for each CHIS.

The Act terms this person a Handler, they will have day to day responsibility for: -

- dealing with the CHIS on behalf of the authority concerned;
- directing the day to day activities of the CHIS;
- recording the information supplied by the CHIS; and
- monitoring the CHIS's security and welfare;

The person referred to in the Act as a Controller will be responsible for the general oversight of the use of the CHIS.

Controllers should not normally be the AO. Handlers will normally be at least one management tier below the Controller. This may or may not be the IO.

In cases where the authorisation is for the use or conduct of a source whose activities benefit more than a single public authority, responsibilities for the management and oversight of that source may be taken up by one authority or can be split between the authorities; in either case record keeping will be required.

Records relating to each CHIS must be maintained that are compliant with Statutory Instrument 2725. A link to this can be found [here](#).

### 2.3 Security and Welfare

Any public authority deploying a CHIS should take into account their safety and welfare when carrying out actions in relation to an authorisation or tasking, and any foreseeable consequences to others of that tasking. Before authorising the use or conduct of a CHIS, the AO should ensure that a risk assessment is carried out to determine the risk to the CHIS of any tasking, and the likely consequences should the role of the CHIS become known. The ongoing security and welfare of the CHIS after the cancellation of the authorisation should also be considered.

The Handler is responsible for bringing to the attention of the Controller any concerns about the personal circumstances of the CHIS, insofar as they might affect: -

- the validity of the risk assessment
- the conduct of the CHIS, and
- the safety and welfare of the CHIS.

Where deemed appropriate, concerns about such matters must be considered by the AO, and a decision taken on whether or not to allow the authorisation to continue.



The decision on whether or not to authorise the CHIS rests with the AO followed by judicial approval by a Magistrate/Justice of the Peace (JP). Full details must be included in the authorisation form of the reason for the use of CHIS and outcomes which the CHIS activity is intended to produce. Officers must give significant thought to collateral intrusion (i.e. those who are unconnected with the subject, who may be affected by the CHIS and what private information may be obtained about them). The authorisation request should be accompanied by a risk assessment form detailing how the CHIS is going to be handled and the arrangements which are in place for ensuring that there is at all times a person with the responsibility for maintaining a record of the use made of the source.

The use of the CHIS must be proportionate to the offence being committed. It should also be used only when other methods of less intrusive investigation have been attempted or ruled out. The application form must include details of the resources to be applied, the anticipated start date and duration of the CHIS activity, if necessary broken down over stages. CHIS authorisation forms should include enough detail for the AO to make an assessment of necessity and proportionality (see Section 1.2). Each request should detail the nature of the source activity and the tasking which is to be given.

The original form will need to be presented at the judicial approval hearing prior to being forwarded to the RIPA Co-ordinator marked 'private and confidential' for filing on the central file. (see para 2.7 below)

NB. Where the CHIS is a juvenile or a vulnerable person, then the authorisation must be from the Head of Paid Service or, in their absence, a Group Director nominated by the Head of Paid Service to deputise for them.

## 2.5 Tasking a CHIS

Each CHIS will be managed through a system of tasking and review. Tasking is the assignment given to the CHIS by either the Handler or Controller. The task could be asking the CHIS to obtain information, to provide access to information or to otherwise act for the benefit of the Council. The Handler is responsible for dealing with the CHIS on a day to day basis, tasking them, recording the information provided by the CHIS and monitoring the CHIS's security and welfare. The Controller will have general oversight of these functions.

A CHIS may wear or carry a surveillance device for the purpose of recording information. The CHIS may not leave devices on the premises after they have departed, as this would constitute intrusive surveillance.

It is not the intention that authorisations be drawn so narrowly that a separate authorisation is required each time the CHIS is tasked. Rather, an authorisation might cover, in broad terms, the nature of the CHIS's task. If this changes, then a new authorisation may need to be sought.

It is difficult to predict exactly what might occur each time a meeting with a CHIS takes place, or the CHIS meets the subject of an investigation. There may be occasions when unforeseen actions or undertakings occur. When this happens, the occurrence must be recorded as soon as practicable after the event and, if the existing authorisation is

insufficient it should either be updated and re-authorised (for minor amendments only) or it should be cancelled and a new authorisation obtained before any further such action is carried out.

Similarly where it is intended to task a CHIS in a new way or significantly greater way than previously identified, the persons defined as the Handler or Controller must refer the proposed tasking to the AO, who should consider whether a separate authorisation is required. This should be done in advance of any tasking and the details of such referrals must be recorded.

## 2.6 Length of Authorisation

Written CHIS authorisations last for 12 months (one month if the CHIS is under 18). They may be renewed prior to the end of the 12 month period. Activity should be cancelled as soon as it is no longer required. CHIS authorisations should not be left in place once cancellation becomes appropriate.

In all cases regular reviews should be carried out and a renewal or cancellation must be undertaken no more than one month from the date of the original authorisation.

## 2.7 Applying for Judicial Approval

Following authorisation by the AO the IO should contact Thames Magistrate Court, 58 Bow Road, London, E3 4DJ on telephone number 020 8271 1203 to arrange a date and time for a hearing. Applications must be made through the team leaders of the Legal Team.

The IO (or another appropriate officer of the Council, e.g. the RIPA Co-ordinator) will need to attend the court in person to apply for judicial approval. When attending court the IO must provide the following documents to the Magistrate/Justice of the Peace (JP):

-

- the original RIPA CHIS authorisation and any supporting documents setting out the case – this will need to be shown to the JP but will be retained by the IO to file in the Council's central record on return from the hearing;
- a copy of the original RIPA CHIS authorisation and any supporting documents setting out the case for retention by the JP;
- two copies of the partially completed Judicial Application/Order Form. The order section of this form will be completed by the JP and is the official record of the JP's decision. The JP will retain one copy of this form and the other is returned to the IO to be retained on the Council's central record.
- There is no need for the JP to know the true identity of the CHIS. Extreme caution needs to be taken with any documentation that reveals the true identity of the CHIS.

NB. Judicial approval is required for all applications and renewals; there is no requirement for the JP to consider either cancellations or internal reviews.

## 2.8 Reviews

The AO should ensure that they review the authorisation on a regular basis in order to satisfy themselves that authority should continue. Each operation should be reviewed after the key stages have been completed. The responsibility for the review rests with the AO. Details of the review should be recorded on an appropriate form and retained with the original authorisation held by the RIPA Co-ordinator, a copy should also be held on the investigation file. Cases should be reviewed at no more than one-month intervals. Evidence of this review should be completed on the Review of the Use of a CHIS Form.

## 2.8 Renewals

There may be circumstances where the investigation requires a CHIS for a period longer than 12 months. In such cases, it will be necessary for the IO to obtain a renewal of authority from the AO.

The IO should submit a renewal form with a copy of the original Application for Authorisation of the Use or Conduct of a CHIS to the AO. The AO must review both documents to ensure that there is continuing justification for surveillance.

The IO must arrange a hearing with the JP for judicial approval. All authorisations must be renewed prior to the expiry date of the original authorisation but will run from the expiry date and time of the original authorisation. Applications for renewal should be made shortly before the original authorisation period is due to expire. IO's must take account of factors which may delay the renewal process (e.g. weekends or the availability of the AO and JP to grant approval).

The original renewal form will need to be presented at the judicial approval hearing prior to being forwarded to the RIPA Co-ordinator marked 'private and confidential' for filing on the central file. A copy of the renewal form should also be placed on the investigation file.

## 3. Cancellations

The use of a CHIS should be no longer than necessary to gather the required information. The IO must complete a Cancellation of the Use or Conduct of a CHIS Form to pass to the AO to enable the AO to cancel the authorisation if satisfied that the use of the CHIS is no longer required. A copy of the cancellation form should be placed on the investigation file and the original sent marked 'private and confidential' to the RIPA Co-ordinator to place on the central file.

### 3.1 What is Communications Data

Communications data is the 'who', 'when', and 'where' of a communication but NOT the 'what' (i.e. the content of what was said or written in any communications).

Communications data covered by the Act includes such items as the following: -

- details written on the outside of a postal communication
- details relating to the sender/recipient of an email communication
- telephone/mobile phone subscriber checks
- Handset, cell site and GPRS data

A different threshold of what constitutes serious crime applies to Investigatory Powers Act applications for communications data, i.e. any of the following:

- An offence that attracts a sentence of 12 months imprisonment or more;
- An offence that involves a large number of people acting for a common purpose;
- Any offence by a body corporate;
- Any offence involving sending a communication or breach of privacy; or
- Any offence involving significant financial gain.

Communications data requests also need to set out why provision of the information will be proportionate to the matter being investigated, and make clear why the application is necessary in the context of the specific case.

### 3.2 Communications Data Applications

All communications data applications are now made under the IPA 2016, not RIPA. Local Authority applications for communications data must be channeled through the National Anti-Fraud Network (NAFN), an organisation that Hackney subscribes to. A link to NAFN's process can be found on the intranet

If an IO considers it necessary to obtain communications data as part of an investigation, they must complete an application for requiring communications data to be obtained and disclosed. All applicants will need to register with NAFN at [nafn.gov.uk](http://nafn.gov.uk) prior to making an application on the on line system.

The application form must record why the IO considers this data necessary and proportionate to what is to be achieved, (see section 1.2) and should include any source material. The IO must ensure that all paperwork and decision documents are stored securely.

All requests for communications data must be recorded on the Hackney's spreadsheet, this is administered by the RIPA co-ordinator and requests for access should be emailed.

Communications data applications requesting traffic data must reach the serious crime threshold.

If an application for communications data is no longer required then the application MUST be cancelled.

## PART 4 – RECORD KEEPING & MONITORING

### 4.1 Senior Responsible Officer (SRO)

The Corporate Head of Audit, Anti-Fraud and Risk Management is the SRO and is responsible for the integrity of the process in place with the local authority to authorise directed surveillance, ensure compliance with the Act, engage with the Commissioners and Inspectors when they conduct their inspections and where necessary, overseeing the implementation of any post-inspection action plans recommended and or approved by the Commissioner.

### 4.2 Elected Members role

Elected Members should review the authority's use of the 2000 Act and the policy at least once a year. They should also consider internal reports on the use of RIPA and IPA on at least a quarterly basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose. They should not, however, be involved in making decisions on specific authorisations.

### 4.3 Record Keeping

Hackney must maintain a central record of all RIPA authorisations, reviews, renewals and cancellations, which shall be made available to the OSC and the IOCCO.

In all instances of directed surveillance, IOs should contact the RIPA Co-ordinator to obtain a Unique Reference Number (URN) at the start of the application process. This number must be written on the form in the box provided. IO's are responsible for ensuring that all the relevant original forms are forwarded to the RIPA Co-ordinator, and for maintaining copies on the investigation file. Hard copies of RIPA forms may be held on specific investigation files. These documents should not be scanned into individual non-investigatory case records (e.g. tenancy files) as this could compromise security and data protection.

The RIPA Co-ordinator will ensure that the confidential central record is updated. Forms relating to the authorisation for the use of a CHIS will be held on a separate file along with the risk assessment form. A central file will be maintained for the CHIS, Handlers and Controllers and this will also be held by the RIPA Co-ordinator. In addition individual Control Sheets will be maintained for directed surveillance, CHIS and communications data. This sheet will include information on the authorisations, reviews, renewals and cancellations as well as an indication of any confidential information obtained and whether the urgency provisions were used.

All applications (including those refused by an AO), authorisations, renewals and cancellations must be retained for a period of at least three years.

#### 4.4 Monitoring & Quality

The RIPA Co-ordinator and the Corporate Head of Audit, Anti-Fraud and Risk Management will review a sample of the authorisation forms on a regular basis and where necessary provide feedback/suggestions to the IO/AO's to ensure all authorisations meet the required standard.

#### 4.5 Identifying Authorities

A sequential numbering system is in place to enable ease of identification. The RIPA Co-ordinator will supply a unique reference number (URN) at the outset of the application for authorisation that all departments will be required to use – directed surveillance only. An authorisation will be identified in the following manner: -

Dept / Div / Investigation case no / URN (see examples below)  
FIN/AAF/xxxxx/01  
HH/ILLOCC/xxx  
xx/xx  
NNR/TS/xxx  
xx/xx

NB – Additional identification numbers as highlighted below should be inserted on forms by the IO to identify the type of form. See examples below.

##### Reviews

Insert 'RV' before the authorisation number  
(e.g. HSB/ASB/0011/RV0225)

##### Renewals

Insert 'RN' before the authorisation number  
(e.g. HH/ILLOC/xxxxx/RN01)

##### Cancellations

Insert 'C' before the authorisation number  
(e.g. NNR/TS/xxxxx/C07)



## PART 5 - OFFICERS DESIGNATED TO GRANT AUTHORITY

There are three levels of designated authority: -

Responsible Officer	What is being authorised
Chief Executive (Head of Paid Service)  In the absence of the Chief Executive this responsibility will fall to the person acting as the Head of Paid Service in relation to RIPA.	Children/Vulnerable Adults being used as a CHIS or where confidential information (including legally privileged and medical material) is likely to be obtained as a result of directed surveillance.
Level 2 (see below) (authorisers (see Below))	CHIS and all other authorisations
All Other Authorising Officers	All other authorisations

Covert surveillance may only be authorised by officers of 3<sup>rd</sup> Tier Level or above. In the absence of a nominated AO the authorisation must be given at the equivalent or a more senior level. The AO need not necessarily work in the same area of business activity.

The Corporate Head of Audit, Anti-Fraud and Risk Management maintains a list of officers approved to undertake the role of an AO which is attached at Appendix 1.

NB. AOs should not be responsible for authorising surveillance for an investigation in which they are directly involved.

## PART 6 - COMPLAINTS

Any person who reasonably believes they have been adversely affected by surveillance activity by or on behalf of the Council may complain to the Corporate Director of Legal and Democratic Services who will investigate the complaint. Such a person may also complain to the Investigatory Powers Tribunal at:

Investigatory Powers Tribunal  
 PO Box 33220  
 London,  
 SW1H  
 9ZQ  
 Tel: 020  
 7035 3711

There is no complaint route for a judicial decision unless it was made in bad faith. Any complaints should be addressed to the Magistrates' Advisory Committee.

Senior Responsible Officer:

Michael Sheffield, Corporate Head of Audit, Anti-Fraud and Risk Management,  
Finance & Corporate Resources Directorate

DRAFT



## LIST OF KEY RIPA OFFICERS

1 August 2019

Section/Position	Authorising Officers	Level of Authority*
Chief Executive	Tim Shields	1
Group Director Finance & Corporate Resources	Ian Williams	2
Corporate Head of Audit, Anti-Fraud and Risk Management	Michael Sheffield	2
Audit Investigation Team Manager	Vinny Walsh	3
Head of Community Safety, Enforcement and Business Regulation	Gerry McCarthy	3
RIPA Co-ordinator	Karen Cooper	N/A

\*Key to Level of Authority

1	Head of Paid Service - Children/Vulnerable Adults being used as a CHIS or where confidential information is likely to be obtained
2	Group Director/Director - CHIS
3	All Other Authorising Officers - All other authorisations

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**Treasury Management Update Report**

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

**1. INTRODUCTION AND PURPOSE**

- 1.1 The report, at Appendix 1, introduces the treasury management outturn report and the actual prudential indicators for 2018/19 for the Audit Committee setting out the background for treasury management activity over the previous financial year and confirming compliance with treasury limits and prudential indicators.
- 1.2 The report, at Appendix 2, provides a quarterly update on treasury management activity for the period June 2019 to August 2019 of 2019/20.

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

**The Audit Committee is recommended to:**

- Note the report

## **3. BACKGROUND**

### **3.1 Policy Context**

Treasury management and ensuring that the function is governed effectively means that it is essential for those charged with governance to review the operations of treasury management on a regular basis. This report sets out the prior year's outturn and forms part of the regular reporting cycle for Audit Committee along with the second of the in-year updates for the current financial year covering period from June 2019 to August 2019.

### **3.2 Equality Impact Assessment**

There are no equality impact issues arising from this report.

### **3.3 Sustainability**

There are no sustainability issues arising from this report.

### **3.4 Consultations**

No consultations are required in respect of this report.

### **3.5 Risk Assessment**

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

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

- 4.1 There are no direct financial consequences arising from this report as it reflects past performance through 2018/19 and for period from June 19 to August 19. The information contained in this report will assist Members of this Committee in

monitoring the treasury management activities and enable better understanding of such operations.

## 5. COMMENTS OF THE DIRECTOR OF LEGAL

- 5.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. In addition, the Council within its Annual Treasury Management Strategy has agreed to comply with the CIPFA Code of Practice on Treasury Management. This report demonstrates that Treasury Management is meeting these requirements and adapting to changes as they arise.
- 5.2 There are no immediate legal implications arising from the report.

## 6. BACKGROUND PAPERS

- 6.1 The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of the treasury management function at least twice a year (mid-year and at year end).
- 6.2 The Authority's Treasury Management Strategy for 2017/18 was approved by full Council on 1<sup>st</sup> March 2017 which can be accessed on the Council website:  
<http://mginternet.hackney.gov.uk/documents/s53578/Appendix4201718%207022017%20Cabinet.pdf>
- 6.3 The Authority's Treasury Management Strategy for 2018/19 was approved by full Council on 21<sup>st</sup> February 2018 which can be accessed on the Council website:  
<http://mginternet.hackney.gov.uk/documents/s59421/Appendix3TreasurymanagementStrategy.pdf>

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<b>Comments of the Director of Legal</b>	Dawn Carter MacDonald 020 8356 4817



## APPENDIX 1: Annual Treasury Management Outturn Report 2018/19

### 1. External Context

1.1 **Economic background:** After spiking at over \$85/barrel in October 2018, oil prices fell back sharply by the end of the year, declining to just over \$50 in late December before steadily climbing toward \$70 in April 2019. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.

After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continued to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.

The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in December. However, a recent softening in US data caused the Fed to signal a pause in hiking interest rates at the last Federal Open Market Committee (FOMC) meeting in March.

With the 29th March 2019, the original EU 'exit day' now been and gone, having failed to pass a number of meaningful votes in Parliament, including opposing Theresa May's deal for the third time, MPs voted by a majority of one (313 to 312) to force the prime minister to ask for an extension to the Brexit process beyond 12th April in order to avoid a no-deal scenario. Talks between the Conservative and Labour parties to try to reach common ground on a deal which might have passed a vote by MPs failed to yield any positive results. The EU granted an extension and its leaders were clear that the terms of the deal are not up for further negotiation. The ongoing uncertainty continues to weigh on sterling and UK markets.

While the domestic focus has been on Brexit's potential impact on the UK economy, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The US continued to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to be show signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued

domestic/populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.

- 1.2 **Financial markets:** December was a month to forget in terms of performance of riskier asset classes, most notably equities. The FTSE 100 (a good indicator of global corporate sentiment) returned -8.8% assuming dividends were reinvested; in pure price terms it fell around 13%. However, since the beginning of 2019 markets have rallied, and the FTSE 100 and FTSE All share indices were both around 10% higher than at the end of 2018.

Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year - the 5-year benchmark gilt yield fell as low as 0.80% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The increase in Bank Rate pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth is not just a UK phenomenon but a global risk. During March the US yield curve inverted (10-year Treasury yields were lower than US 3 month money market rates) and German 10-year Bund yields turned negative. The drivers are a significant shift in global economic growth prospects and subsequent official interest rate expectations given its impact on inflation expectations. Further to this is world trade growth which collapsed at the end of 2018 falling by 1.8% year-on-year. A large proportion of this downturn in trade can be ascribed to the ongoing trade tensions between the US and China which despite some moderation in January does suggest that the International Monetary Fund's (IMF) and Organisation for Economic Co-Operation & Development's (OECD) forecasts for global growth in 2019 of 3.5% might need to be revised downwards.

- 1.3 **Credit background:** Credit Default Swap (CDS) spreads drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms. After hitting around 129 basis points in December 2018, the spread on non-ringfenced bank NatWest Markets plc fell back to around 96bps at the end of March, while for the ringfenced entity, National Westminster Bank plc, the CDS spread held relatively steady around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 33 and 79bps at the end of the period.

The ringfencing of the big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/Natwest Bank plc) transferred their business lines into retail



(ringfenced) and investment banking (non-ringfenced) entities.

In February, Fitch put the UK AA sovereign long-term rating on Rating Watch Negative as a result of Brexit uncertainty, following this move with the same treatment for UK banks and a number of government-related entities.

There were minimal other credit rating changes during the period. Moody's revised the outlook on Santander UK to positive from stable to reflect the bank's expected issuance plans which will provide additional protection for its senior unsecured debt and deposits.

## 2 The Borrowing Requirement and Debt Management

- 2.1 The Council currently had one £2.8m LEEF (London Energy Efficient Fund) loan from the European Investment Bank to fund housing regeneration. This loan is below market rate and was taken out in July 2014.
- 2.2 The LEEF loan is an EIP (Equal Instalment of Principle) loan where each payment includes an equal amount in respect of loan principle throughout the duration of the loan. Therefore the interest due with each payment reduces as the principle is eroded, and so the total amount reduces with each instalment. Consequently, part of the loan is short term in duration, the amount which will be paid via instalments within one year with the remainder of loan maturing beyond 1 year (long term).
- 2.3 In addition, the Council borrowed £80m as short term borrowing from local authorities for day to day cash management.

Table 1: Capital Financing Requirement (CFR) & Total External Debt

	<b>Balance as at 31/03/18 £'000</b>	<b>New Borrowing £'000</b>	<b>Debt Maturing £'000</b>	<b>Debt Repaid £'000</b>	<b>Balance as at 31/03/19 £'000</b>	<b>Average Rate %</b>
CFR	398,854				484,185	
Short Term Borrowing*	30,400	80,000		30,000	80,400	1.1%
Long Term Borrowing	2,800	-	400	-	2,400	1.9%
<b>TOTAL BORROWING</b>	<b>33,200</b>	<b>80,000</b>	<b>400</b>	<b>30,000</b>	<b>82,800</b>	
Other Long Term Liabilities	14,822	-	-	-	14,112	

<b>TOTAL EXTERN AL DEBT</b>	<b>48,022</b>	-	-	0	<b>96,912</b>
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2.4 The Council's underlying need to borrow as measured by the Capital Financing Requirement (CFR) as at 31/03/2019 was £484.185m.

2.5 External Borrowing – During the year £65m was borrowed from Public Work Loan Board to be paid in equal instalments over a 25 year period. This long term borrowing is being used to finance part of the borrowing requirement within the Housing Revenue Account associated with the delivery of the housing capital programme, particularly in respect of regeneration. This new borrowing has been entered into in order to take advantage of the low rates currently available from PWLB, thereby locking these in and providing some certainty over financing costs for the future, whilst also taking account of the Council's current liquidity position.

### 3. Investment Activity

3.1 MHCLG's Investment Guidance requires local authorities to focus on security and liquidity, rather than yield.

3.2 Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2018/19 Investments during the year included:

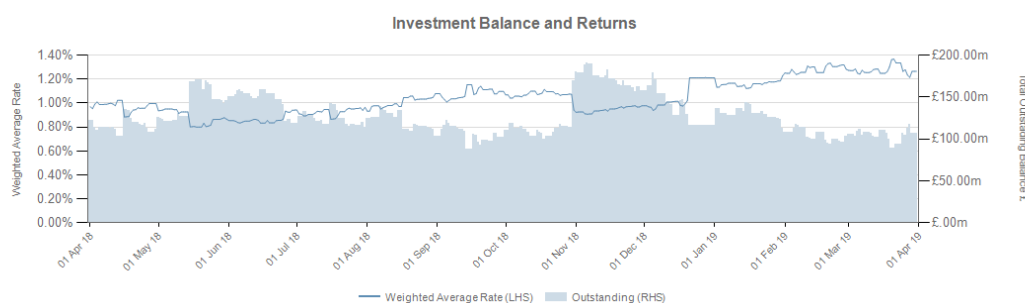
- Deposits with other Local Authorities
- Investments in AAA-rated Constant Net Asset Value Money Market Funds
- Investments in AAA-rated Variable Net Asset Value Cash Enhanced Money Market Funds
- Call accounts, deposits and Housing Associations
- Corporate bonds.

Table 2: Investment Balances

<b>Investments</b>	<b>Balance as at 31/03/18 £'000</b>	<b>Average Rate %</b>	<b>Balance as at 31/03/19 £'000</b>	<b>Average Rate %</b>
Short Term Investments	51,211		32,296	
Long Term Investments	6,500		6,500	
Corporate Bonds	10,563		2,356	
Housing Associations	25,000		35,000	
Investments in VNAV MMF's (Money Market Funds)	3,000		3,000	

Investments in CNAV MMF's (Money Market Funds)	25,350		27,923	
<b>TOTAL INVESTMENTS</b>	<b>121,624</b>	<b>0.95</b>	<b>107,075</b>	<b>1.3</b>

3.3 The Council's investment balance reduced by £15m to £107,075m at the end of the financial year with weighted average rate (investment return) of 1.3%. The Council is forecasting a further downward trend in cash balances as the Council progresses a number of major capital schemes requiring forward funding. The movement of cash balances (thick grey block) and yield (thin blue line) throughout the year is represented in the graph below:



3.4 Credit Risk- Counterparty credit quality was assessed and monitored with reference to credit ratings; credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price. The minimum long-term counterparty credit rating determined for the 2018/19 treasury strategy was A- across rating agencies Fitch, S&P and Moody's.

Table 3: Credit Score Analysis

Date	Value Weighted Average Credit Risk Score	Value Weighted Average Credit Rating	Time Weighted Average Credit Risk Score	Time Weighted Average Credit Rating
31/03/2018	4.77	A+	4.49	AA-
30/06/2018	5.00	A+	5.00	A+
30/09/2018	5.00	A+	4.9	A+
31/12/2018	5.00	A+	5.2	A+
31/03/2019	4.9	A+	4.7	A+

*Scoring:* - Aim = AA- or higher credit rating, with a score of 4 or lower, to reflect current investment approach with main focus on security

-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

3.5 Liquidity - In keeping with the MHCLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds/overnight deposits/call accounts.

3.6 Yield - The Council sought to optimise returns commensurate with its objectives of security and liquidity. The UK Bank Rate changed from 0.50% to 0.75% in August 2018.

#### 4. Compliance

4.1 The Council can confirm that it has complied with its Prudential Indicators for 2018/19, which were approved on 21<sup>st</sup> February 2018 as part of the Council's Treasury Management Strategy Statement.

4.2 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 2018/19. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

4.3 The Authority can confirm that during 2018/19 it complied with its Treasury Management Policy Statement and Treasury Management Practices.

#### 5. Prudential Indicators

##### 5.1 Capital Financing Requirement (CFR)

The Council's cumulative maximum external borrowing requirement for 2016/17 to 2018/19 are shown in the table below. The estimates for the 2019/20 are currently being reworked, in conjunction with the first review of the authority's capital programme and financing.

	31/03/17 Actual £'000	31/03/18 Actual £'000	31/03/19 Actual £'000	31/03/20 Estimated £'000
Gross CFR	328,968	398,854	484,185	539,462
Less: Other Long Term Liabilities	15,188	14,822	14,112	13,349
<b>Borrowing CFR</b>	<b>313,780</b>	<b>384,032</b>	<b>484,171</b>	<b>526,113</b>
Less: Existing Profile of Borrowing	88,600	33,086	82,841	100,000
<b>Gross Borrowing Requirement/Internal Borrowing</b>	<b>225,180</b>	<b>350,946</b>	<b>401,330</b>	<b>426,113</b>
Usable Reserves	255,474	295,064	307,447	300,000
<b>Net Borrowing Requirement/(Investm ent Capacity)</b>	<b>(30,294)</b>	<b>55,882</b>	<b>93,883</b>	<b>126,113</b>

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

	<b>2016/17 Actual £'000</b>	<b>2017/18 Actual £'000</b>	<b>2018/19 Actual £'000</b>	<b>2019/20 Estimate £'000</b>
Gross Debt	103,788	47,908	96,953	113,349
CFR	328,968	398,854	484,185	539,642
<b>Borrowed in excess of CFR? (Y/N)</b>	N	N	N	N

## 5.2 Prudential Indicator Compliance

### (a) Authorised Limit and Operational Boundary for External Debt

- The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached.
- The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.
- The Group Director of Finance and Corporate Resources confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the year.

	<b>Operational Boundary (Approved) as at 31/03/19 £'000</b>	<b>Authorised Limit (Approved) as at 31/03/19 £'000</b>	<b>Actual External Debt as at 31/03/19 £'000</b>
Borrowing	552,000	582,000	82,841
Other Long-term Liabilities	18,000	18,000	14,112
<b>Total</b>	<b>570,000</b>	<b>600,000</b>	<b>96,953</b>

### (b) Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits, and, in particular, to consider the impact on Council tax and in the case of the HRA, housing rent levels. The three year capital programme is being re-profiled and reviewed at the time of this

report being prepared. An aggregate annual capital spend of £300m is a sensible benchmark based on the last two years of spend, and known plans.

	<b>2017/18 Actual £000</b>	<b>2018/19 Actual £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>
<b>Capital Expenditure</b>					
Housing	144,109	120,026	157,000	205,000	242,000
Non-Housing	127,006	148,852	147,000	105,000	83,000
<b>Total spend</b>	<b>271,115</b>	<b>268,878</b>	<b>304,000</b>	<b>310,000</b>	<b>325,000</b>

Capital expenditure has been and will be financed or funded as follows:

<b>Capital Financing</b>	<b>2017/18 Actual £000</b>	<b>2018/19 Actual £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>
Prudential Borrowing	69,794	87,658	40,000	111,000	78,000
S106/CIL	23,746	14,838	4,000	-	-
Capital receipts	92,952	95,596	128,000	99,000	158,000
Grants	26,033	15,413	46,000	18,000	18,000
Reserves/ Discretionar y	5,726	514	36,000	31,000	18,000
RCCO	52,864	54,859	50,000	51,000	52,000
<b>Total Financing</b>	<b>271,115</b>	<b>268,878</b>	<b>304,000</b>	<b>310,000</b>	<b>325,000</b>

The table shows that the capital expenditure plans of the Authority could not be funded entirely from sources other than borrowing.

### **(c) Ratio of Financing Costs to Net Revenue Stream**

- This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs.
- The ratio is based on costs net of investment income.
- As mentioned above there is a reworking of the capital financing requirement in train currently, which also drives this indicator and hence 2018/19 and 2019/20 figures will be updated at a point after the date this report is being discussed.

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2017/18 Actual</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>
Non-HRA	1.1%	1.2%	1.5%	1.4%
HRA	0.1%	0.2%	0.4%	1.0%

(d) **Adoption of the CIPFA Treasury Management Code**

This indicator demonstrates that the Authority adopted the principles of best practice via approval of the CIPFA Treasury Management Code

## Appendix 2 – Treasury Management Update Report

### Treasury Management Activities from June 2019 to August 2019

#### 1. Economic Highlights

- 1.1 **Growth:** According to the first estimate of Q2 GDP released by the ONS, the UK economy contracted by 0.2% over the quarter and expanded 1.2% year-on-year. Both the quarterly and year-on-year figures were below expectations, estimated at 0% and 14% respectively.
- 1.2 **Inflation:** The Consumer Price Index including owner occupiers housing costs (CPIH) 12-month rate was 2.0% in July 2019, increasing from 1.9% in June 2019. The Consumer Prices Index (CPI) 12-month rate was 2.1% in July 2019, increasing from 2.0% in June 2019.
- 1.3 **Labour Market:** The latest statistics released by the ONS for the three months to June 2019 show that the number of people in work increased, the number of unemployed people increased slightly from the three months to May as well as the number of people aged from 16 to 64 not working and not seeking or available to work decreased across the period. The unemployment rate was 3.9%, lower than a year earlier (4.0%), but down on the last quarter's 3.8%. The employment rate was 76.1%, the joint highest since comparable records began in 1971. Nominal wages increased by 3.9% excluding bonuses and 3.7% including bonuses compared with a year earlier. Real wages excluding bonuses increased by 1.9% and including bonuses increased by 1.8% compared to a year earlier.
- 1.4 **Monetary Policy Committee:** 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 31 July 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.

#### 2. Borrowing & Debt Activity

- 2.1 The Authority currently has £142.6m in external borrowing. This is made up as a single LEEF loan of £2.6m from the European Investment Bank to fund housing regeneration and £75m short-term borrowing from Local Authorities for day to day cash management purposes and £65m borrowed from Public Work Loan Board for housing capital programme, particularly in respect of regeneration.



### 3. Investment Policy and Activity

- 3.1 The Council held average cash balances of £175 million during the reported period, compared to an average £112 million for the same period last financial year.

#### Movement in Investment Balances 01/06/19 to 31/08/19

	<b>Balance as at 01/06/2019 £'000</b>	<b>Average Rate of Interest %</b>	<b>Balance as at 31/08/2019 £'000</b>	<b>Average Rate of Interest %</b>
Short Term Investments	59,332	-	80,360	-
Long Term Investments	3,500	-	3,500	-
Housing Associations	30,000	-	30,000	-
Investments in VNAV MMF's (Money Market Funds)	3,000	-	13,000	-
Investments in CNAV MMF's (Money Market Funds)	104,222	-	29,100	-
	<b>200,053</b>	<b>0.96</b>	<b>155,960</b>	<b>1.63</b>

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

### 4. Counterparty Update

- 4.1 S&P has revised the outlook for Landesbank Hessen-Thuringen Girozentrale (Helaba) to **Stable** from Positive. The short and long-term ratings were affirmed at A and A-1 respectively.
- 4.2 Arlingclose advises against any investment with The Co-operative Bank including covered bonds.
- 4.3 Arlingclose continues to advise clients against making deposits with Clydesdale Bank plc and Virgin Money plc. Arlingclose remain comfortable with clients using Clydesdale Bank plc for operational banking purposes, providing balances are kept to a minimum.

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

5. **Credit Score Analysis**

<b>Date</b>	<b>Value Weighted Average – Credit Risk Score</b>	<b>Value Weighted Average – Credit Rating Score</b>	<b>Time Weighted Average – Credit Risk Score</b>	<b>Time Weighted Average – Credit Rating Score</b>
30/06/2019	A+	4.9	A+	5.4
31/07/2019	A+	5.1	A+	5.5
31/08/2019	A+	5.2	A	5.7

*Scoring:*

- Value weighted average reflects the credit quality of investments according to the size of the deposit
- Time weighted average reflects the credit quality of investments according to the maturity of the deposit
- AAA = highest credit quality = 1
- D = lowest credit quality = 27
- Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

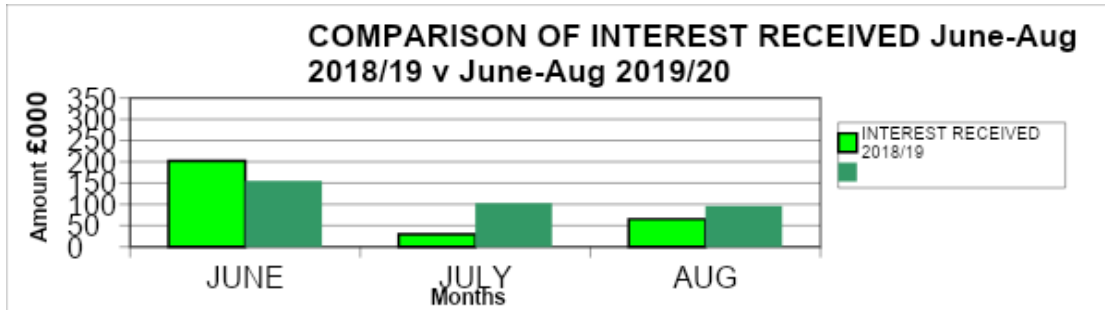
5.1 The Council continues to utilise AAAMmf/Aaa/AAAm rated Money Market Funds for its very short, liquidity-related surplus balances. This type of investment vehicle has continued to provide very good security and liquidity, although yield suffers as a result.

5.2 In light of legislative changes and bail-in risk for unsecured bank deposits, as set out in previous monitoring reports, the Council continues to invest in highly rated UK Government institutions, Building Societies and Housing Associations. This investment vehicle offers good level of security and increases diversification for the Council’s portfolio whilst achieving a reasonable yield.

**6. Comparison of Interest Earnings**

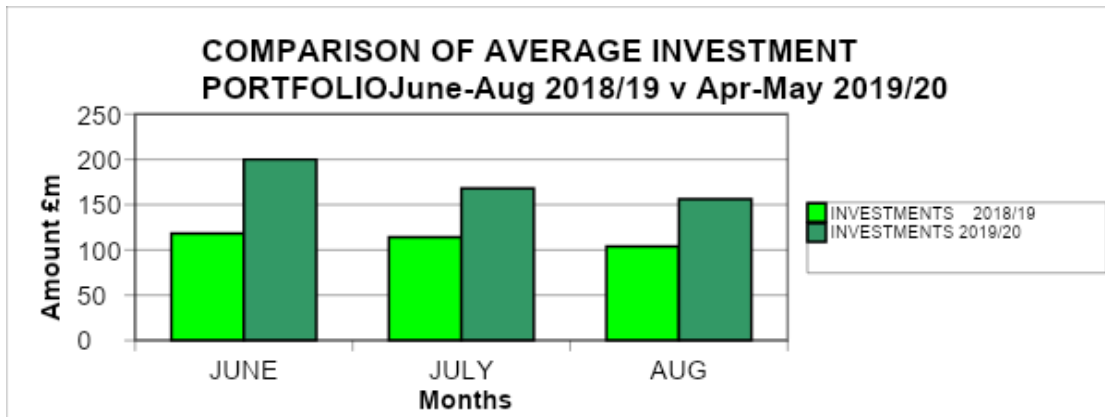
6.1 The Council continues to adopt a fairly cautious strategy in terms of investment counterparties and periods. Due to the volatility of available creditworthy counterparties, longer term and short term investments have been placed in highly rated UK Government institutions or Building Societies and Housing Associations, thus ensuring creditworthiness whilst increasing yield’s through the duration of the deposits.

- 6.2 The graph below provides a comparison of interest earnings for June 2019 and August 2019 against the same period for 2018/19.
- 6.3 Average interest received for the period June 2019 to Aug 2019 was £118k compared to £99k for the same period last financial year.



**7. Movement in Investment Portfolio**

- 7.1 Investment levels have increased to £156 million at the end of Aug 2019 in comparison to the end of Aug 2018 last year of £104 million. The increase is due to long-term borrowing from the Public Works Loan Board (PWLB) in respect of the Council’s capital programme. It is anticipated that overall levels of investment balance will reduce as the capital programme is delivered, although we need to maintain liquidity for day-to day operational purposes.



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## AUDIT AND ANTI-FRAUD PROGRESS REPORT SEPTEMBER 2019

### AUDIT COMMITTEE MEETING DATE

10 October 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 30 September 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 2019/20 on 10 April 2019 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 September 2019
- 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 for the period April to August 2019 is provided in Appendix 4. In

summary, the key financial benefits to arise from selected key areas of enquiry are as follows:

<b>Investigation area</b>	<b>Estimated saving arising from enquiries £</b>
Tenancy Fraud	1,364,000 (minimum)
No Recourse to Public Funds	887,888
Blue Badge/Parking	2,265
<b>Total</b>	<b>2,254,153</b>

### **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 to September 2019

Appendix 2 - Progress with planned audits

Appendix 3 - Definitions of audit assurance levels

Appendix 4 - Audit Investigation Service statistics to September 2019

### BACKGROUND PAPERS

**Publication of background papers used in the preparation of reports is required.**

#### Description of document

None

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Audit & Anti-Fraud Progress Report

1 April – 30 September 2019

## 1. INTRODUCTION

- 1.1 The purpose of this report is to present the performance of the Audit & Anti-Fraud Service for the period April – September 2019. It covers 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 the departure of the Head of Internal Audit & Risk Management in November 2018.
- 2.2 The 2019/20 Audit Plan consists of 103 audits (of which 40 are schools/children's centres), 9 audits have been postponed or cancelled since the plan was agreed. These changes are reflected in the Audit Plan at Appendix 2.

## 3. INTERNAL AUDIT KEY PERFORMANCE INDICATORS

- 3.1 Internal Audit's performance for 2019/20 against key indicators is shown in Table 1. Post audit survey results are summarised in paragraphs 3.2 – 3.4.

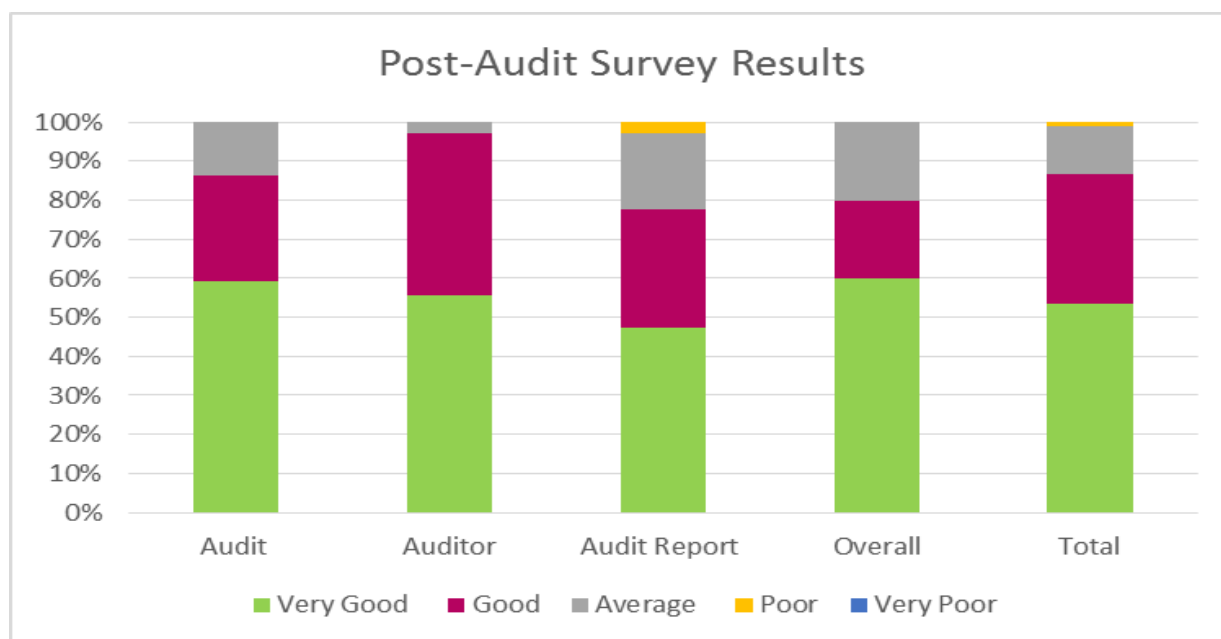
Objective	KPIs	Targets	Actual
<b>Cost &amp; Efficiency</b>  <i>To ensure the service provides Value for Money</i>	1) Percentage of planned audits completed to final/draft report stage 2) Average number of days between the end of fieldwork to issue of the draft report.	1) 90% by year end  2) Less than 15 working days	1) 36% complete or in progress at 30 September 2019  2) 12 days
<b>Quality</b>  <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) 81% - fully implemented** 17% - partially implemented

Objective	KPIs	Targets	Actual
<b>Client Satisfaction</b>  <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% (87% exceeded expectations and excellent)  2) N/A  3) None

\*\* See paragraph 6.2 for explanation

Table 1

- 3.2 As at 30 September 2019 a total of 37 internal audit reviews have been started from the 2019/20 Plan, five have been finalised and a further one is at draft report stage. In addition, during the reporting period 11 reviews were completed from the 2018/19 Audit Plan.
- 3.3 Post Audit Survey results continue to show that overall expectations of auditees are met or exceeded, see bar chart below.



#### 4. SUMMARY OF INTERNAL AUDIT WORK

4.1 Progress with 2019/20 planned audits is detailed in Appendix 2. Progress with the 2019/20 Audit Plan is summarised in Table 2 below.

<b>2019/20 Audit Plan Stage of Audit Activity</b>	<b>Number of assignments</b>	<b>Percentage of the original plan</b>
Scoping/TOR agreed	24	23%
Fieldwork in progress	6	6%
Draft report issued	1	1%
Completed	6	6%
<b>Total work completed and in progress</b>	<b>37</b>	<b>36%</b>
Original Plan	103	
Cancelled and Postponed	9	
Additional requests		
<b>Total Revised Plan</b>	<b>94</b>	

Table 2

4.2 The table shows 36% of planned assignments have been completed or are in progress at the time of reporting.

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

<b>Review</b>	<b>Reason for Cancellation/Deferral</b>
Pension Fund	Deferred - management request
Use of UASC-Controlling Migration Fund	Cancelled - management request
Consultants	Deferred - management request
Wick TMO Follow Up	On hold pending management action
Capital Schemes- monitoring/PM	Deferred - management request
Lubavitch Children's Centre	Cancelled - moved to Academy
Colvestone Primary School	Deferred - management request
St John the Baptiste CE Primary School	Deferred – new federation
St Matthias CE Primary School	Deferred – new 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	2019/20	2018/19
No	0	0
Limited	1	2
Reasonable	0	7
Significant	5	2
Not Applicable	0	0
<b>Total</b>	<b>6</b>	<b>11</b>

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 30 September 2019 are shown in Table 5 below.

Categorisation of Risk	Definition	Number 2019/20 Plan not previously reported	Number 2018/19 Plan not previously reported
High	Major issues that we consider need to be brought to the attention of senior management.	5	8
Medium	Important issues which should be addressed by management in their areas of responsibility.	11	33
<b>Total</b>		<b>16</b>	<b>41</b>

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 30 September 2019, two school audits had been completed and terms of reference/fieldwork has started at 11 schools. The audits focus on the existence and compliance with key financial controls and the adequacy of governance arrangements.

## 6. IMPLEMENTATION OF RECOMMENDATIONS

- 6.1 In order to track the Council's response 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 onward that were due to be implemented by 30 September 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	15	0	0	4	15
Neighbourhoods and Housing	32	10	1	3	43
Finance & Corporate Resources	13	2	1	2	16
Chief Executive's	4	1	0	0	5
Corporate	3	1	0	0	4
<b>Total number</b>	<b>67</b>	<b>14</b>	<b>2</b>	<b>9</b>	<b>83</b>
<b>Percentage (%)*</b>	<b>81%</b>	<b>17%</b>	<b>2%</b>	<b>n/a</b>	<b>100%</b>

\* Does not include "Not Yet Due"

Table 6

6.2 The Council's target for 2019/20 is 90% of 'High' priority recommendations should be implemented in accordance with agreed timescale. Audit followed up 83 'High' priority recommendations, the implementation rate currently stands at 81% fully implemented by the agreed date, with a further 17% partially implemented.

6.3 Of the 320 'Medium' priority recommendations followed up 85% were assessed as implemented and 8% partially implemented. Details are shown in Table 7 below.

Directorate	Implemente d (including no longer relevant)	Partially Implemented	Not implemented /No Response	Not yet due	Total*
Children's, Adults & Community Health	61	1	2	10	64
Neighbourhoods and Housing	81	5	7	12	93
Finance & Corporate Resources	93	18	10	12	121
Chief Executive's	23	1	1	0	25
Corporate	15	1	1	0	17
<b>Total number</b>	<b>273</b>	<b>26</b>	<b>21</b>	<b>34</b>	<b>320</b>
<b>Percentage (%)</b>	<b>85%</b>	<b>8%</b>	<b>7%</b>	<b>n/a</b>	<b>100%</b>

\* 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	45	1	1	3	47
Medium	240	2	8	2	250
<b>Total Number</b>	<b>285</b>	<b>3</b>	<b>9</b>	<b>5</b>	<b>297</b>
<b>Percentage (%)</b>	<b>96%</b>	<b>1%</b>	<b>3%</b>	<b>n/a</b>	<b>100%</b>

\* 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 over the past year have proved unsuccessful. An interim has been recruited to cover this vacancy until a permanent replacement can be found.
- 7.2 The ICT audit provider contracted to conduct IT audits in 2018/19 has ceased trading which left Hackney without access to specialist ICT auditors to commence the work set out in the current annual plan. Following explorations of the marketplace a new provider has been identified and we are currently finalising a three year contract for this service. Assurance has been obtained that the necessary resources will be available to complete the planned audits for 2019/20.

## 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 13 August 2019 (including 2017/18 & 2018/19 audits not previously reported)					
Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
<b>2018/19 Audits not previously reported</b>					
1819LBH03	Subject Access Requests (SARs)	0	2	Reasonable	Draft
1819CE01	Disclosure & Barring Service (DBS) Checks	0	3	Reasonable	Draft
1819CACH06	SEN 2017/18 Follow up	2	4	Reasonable	Draft
1819FCR01	Health & Safety	0	4	Reasonable	Draft
1819FCR04	Commercial Property – Debt Management	0	2	Reasonable	Final
1819FCR05	VAT (HLT)	0	4	Reasonable	Final
1819FCR07	Accounts Payable	0	5	Reasonable	Draft
1819FCR12	Cash Receipting/banking				Deferred to 2019/20
1819ICT02	iTrent application post implementation review	2	3	Limited	Draft
1819ICT05	End user devices - security (incl. mobile devices, remote access)	0	1	Significant	Draft
1819NH05	Housing Asset Management				
1819NH06	Housing Service Control Framework				
1819NH08	Libraries	0	1	Significant	Draft
1819NH13	Waste Collection				WIP
1819SCH12	Yesodey Hatorah SGS	4	4	Limited	Final
<b>2019/20 Audit Plan</b>					
<b>Corporate / Cross Cutting</b>					
1920LBH01	AGS Co-ordination 2018/19 & 2019/20	N/A	N/A	N/A	Completed for 2018/19
1920LBH02	Pension Fund				Deferred to 2020/21
1920LBH03	Payroll				ToR
1920LBH04	Equal Pay				



Internal Audit Annual Plan 2018/19 Progress to 13 August 2019 (including 2017/18 & 2018/19 audits not previously reported)					
Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
1920LBH05	Recruitment & Retention Payments				ToR
1920LBH06	Savings Tracking				
1920LBH07	Contract Management - Performance				ToR
1920LBH08	Commercialisation				
1920LBH09	IR35				
<b>Chief Executive's</b>					
1920CE01	Electoral Services				
1920CE02	Environmental Sustainability				
1920CE03	Grants				
<b>Children, Adults &amp; Community Health</b>					
<b>Adult Services/Public Health</b>					
1920CACH01	ALD				
1920CACH02	Residential Care				
1920CACH04	Health & Social Care/Integrated Commissioning				
1920CACH05	Agencies Supplying Care				WIP
1920CACH06	Housing with Care				
1920CACH07	Payments Team for Adults Homecare				
1920CACH08	Panel Processes				ToR
1920CACH09	Brokerage	4	2	Limited	Final
<b>Children &amp; Families</b>					
1920CACH10	Safeguarding – New Arrangements				ToR
1920CACH11	Use of UASC - Controlling Migration Fund				Cancelled at Mgmt request
1920CACH12	LAC Incidentals				
1920CACH13	Children Leaving Care				

Internal Audit Annual Plan 2018/19 Progress to 13 August 2019 (including 2017/18 & 2018/19 audits not previously reported)					
Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
1920CACH14	Children's Disability Payments				ToR
<b>Education</b>					
1920CACH15	Schools Overview Report 2018/19				WIP
1920CACH16	Special Educational Needs (SEN) Transport				ToR
1920CACH17	Themed audit Early Years Setting -15 hrs free entitlement for 2 yr olds				
<b>Public Health</b>					
1920CACH03	Mortuary Statutory Review				
<b>Follow Up</b>					
1920CACH18	Direct Payments				On Hold
<b>FINANCE &amp; CORPORATE RESOURCES (EXCL ICT)</b>					
<b>Strategic Property</b>					
1920FCR01	Consultants				Deferred to 2020/21
1920FCR02	Management Companies				ToR
<b>Financial Management</b>					
1920FCR03	Budget Monitoring				
1920FCR04	NNDR/Business Rates				
1920FCR05	Creditors/Accounts Payable				WIP
1920FCR06	Treasury and Investments				
1920FCR07	General Ledger	0	2	Significant	Final
1920FCR08	C/Tax & Hackney Housing - Cautionary Contact				
1920FCR09	Financial Resilience				WIP

Internal Audit Annual Plan 2018/19 Progress to 13 August 2019 (including 2017/18 & 2018/19 audits not previously reported)					
Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
<b>Follow Up</b>					
1920FCR14	Accounts Receivable – ASC Debt	1	1	Significant	Final
1920FCR15	FM in Schools				Deferred at Mgmt request
<b>Customer Services</b>					
1920FCR10	Council Tax				
1920FCR11	Housing Benefits				
1920FCR12	Cash Receipting/Banking	0	2	Significant	Final
<b>Procurement</b>					
1920FCR13	Single Tender Action (STA) Process				WIP
<b>ICT</b>					
1920ICT01	Back Office Side (eg Licensing & Parking)				
1920ICT02	Cyber Resilience				
1920ICT03	Programme & Project Governance, Delivery & QA				
1920ICT04	GDPR - Information/Data Security				
<b>Neighbourhoods &amp; Housing</b>					
<b>Housing</b>					
1920NH01	Arden TMO				ToR
1920NH02	Lordship South TMO				WIP
1920NH03	Wick TMO				On Hold
1920NH04	Housing Rents				WIP
1920NH05	DLO				ToR
1920NH06	Right To Buy				
1920NH07	Major Works				ToR

Internal Audit Annual Plan 2018/19 Progress to 13 August 2019 (including 2017/18 & 2018/19 audits not previously reported)					
Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
1920NH08	Resident Safety Compliance & Testing Team				
1920NH09	Housing Capital Budget				ToR
<b>Public Realm</b>					
1920NH10	Capital Schemes - Monitoring/Project Management				Deferred to 2020/21
1920NH12	Parking Income				ToR
1920NH13	Markets Management				ToR
<b>Regeneration</b>					
1920NH11	Build Quality on New Builds				
1920NH14	Disability Facilities Grant - Private Sector Housing				
<b>Schools</b>					
<b>Children's Centres</b>					
1920SCH01	Ann Tayler Children's Centre				
1920SCH02	Brook Children's Centre (With School)				
1920SCH03	Clapton Park Children's Centre				
1920SCH04	Comberton Children's Centre				ToR
1920SCH05	Comet Children's Centre				
1920SCH06	Daubeney Children's Centre				
1920SCH07	Fernbank Children's Centre (linked to Jubilee)				
1920SCH08	Gainsborough Children's Centre				
1920SCH09	Hillside Children's Centre				
1920SCH10	Linden Children's Centre				
1920SCH11	Lubavitch Children's Centre (New to LBH)				Deleted moved to Academy
1920SCH12	Mapledene Children's Centre				

Internal Audit Annual Plan 2018/19 Progress to 13 August 2019 (including 2017/18 & 2018/19 audits not previously reported)					
Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
1920SCH13	Morningside Children's Centre				
1920SCH14	Sebright Children's Centre				
1920SCH15	Tyssen Children's Centre				
<b>Primary Schools</b>					
1920SCH16	Betty Layward Primary School				Draft
1920SCH17	Colvestone Primary School				Deferred to 2020/21
1920SCH06	Daubeney Primary School				
1920SCH08	Gainsborough Community School				ToR
1920SCH19	Gayhurst Community School				ToR
1920SCH20	Holy Trinity CE Primary School				ToR
1920SCH07	Jubilee School (incl Fernbank CC)				ToR
1920SCH22	Kingsmead Primary School				ToR
1920SCH23	Lauriston Primary School				
1920SCH24	Mandeville Primary School				ToR
1920SCH13	Morningside Primary School	0	2	Significant	Final
1920SCH26	Our Lady and St Joseph's RC Primary School				ToR
1920SCH27	Princess May Primary School				ToR
1920SCH28	Queensbridge Primary School				
1920SCH29	Randal Cremer Primary School				
1920SCH14	Sebright School				
1920SCH31	Simon Marks Jewish Primary School				
1920SCH32	Sir Thomas Abney School				

Internal Audit Annual Plan 2018/19 Progress to 13 August 2019 (including 2017/18 & 2018/19 audits not previously reported)					
Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
1920SCH33	St. John the Baptist CE Primary School				Deferred to 2020/21
1920SCH34	St. Matthias CE Primary School				Deferred to 2020/21
1920SCH35	St. Monica's Roman Catholic Primary School				ToR
1920SCH15	Tyssen Community Primary School				ToR
1920SCH19	Gayhurst Community School				
1920SCH37	Shoreditch Park Primary School				
<b>Secondary Schools</b>					
1920SCH38	Cardinal Pole Catholic School	0	2	Significant	Final
1920SCH39	Our Lady's Convent High School				
1920SCH40	The Urswick School				

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

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

## Anti-Fraud Service:

### Statistical Information 1 April to 31 August 2019

#### 1. Investigations Referred

The Anti-Fraud Service received 580 referrals during 2018/19 and based on the current level of referrals looks set to receive a similar number during the current year. 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 2019/20 to date	Referrals 2018/19
Neighbourhoods & Housing (N&H)	Neighbourhoods & Housing	8	5	5	8	9
	Hackney Homes	3	8	3	3	5
	Tenancy Fraud	131	124	269	131	263
	Parking	90	95	65	90	198
Children, Adults & Community Health (CACH)	Children, Adults & Community Health	7	1	11	7	6
	No Recourse to Public Funds Team (NRPF)	29	50	50	29	75
	Hackney Learning Trust	2	2	4	2	5
Finance & Corporate Resources (F&CR)	Finance & Resources	6	4	8	6	9
Chief Executive Directorate	Chief Executive Directorate	1	0	5	1	10
	<b>Total</b>	<b>277</b>	<b>289</b>	<b>420</b>	<b>277</b>	<b>580</b>

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 Enquiries in period	Number of Enquiries Closed in period	Enquiries Currently Under Investigation	2019/20 to date	2018/19
Internal	111	112	1	111	145
Other Local Authorities	18	18	0	18	56
HMRC	8	8	0	8	0
Police	10	10	0	10	68
Immigration	1	1	0	1	11
DWP	346	346	0	346	866
Other	28	29	0	28	77
<b>Total</b>	<b>522</b>	<b>524</b>	<b>1</b>	<b>522</b>	<b>1,223</b>

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 NFI2018	Number Matches Cleared NFI2016
Payroll	145	8	75	63
Housing Benefit	3,041	4	69	51
Housing Tenants	1,441	8	17	68
Right to Buy	55	0	10	1
Housing Waiting List	2,607	1	34	88
Concessionary travel / parking	203	119	57	169
Creditors	6,428	0	0	638
Pensions	217	0	205	171
Council Tax	13,688	13,688	0	3,163
Council Tax Reduction Scheme	2,453	4	27	22
Other	72	2	40	29
<b>Total</b>	<b>30,350</b>	<b>13,834</b>	<b>534</b>	<b>4,463</b>

Table 3

The Council is no longer responsible for undertaking Housing Benefit investigations, however, Audit & Anti-Fraud (AAF) are required to undertake a large volume of enquiries in support of DWP investigations into Housing Benefit fraud.

DWP advised Hackney that limited financial support would be provided to the Council to support Housing Benefit investigations in 2019/20. 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 transferred to DWP in 2014.

Hackney will be taking part in a national trial with the DWP where they will be granted direct access to Hackney's Housing Benefit records. If this trial is successful it is expected that this will reduce the financial burden in providing support to Housing Benefit investigations undertaken by the 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	2019/20 to date	2018/19
Disciplinary action	2	2	8
Resigned as a result of the investigation	5	5	9
Referred to Police or other external body	1	1	12
Prosecution	0	0	1
Referred to Legal Services	0	0	0
Investigation Report/ Management Letter issued	7	7	19
Council service or discount cancelled	44	44	71
Blue Badges recovered	9	9	35
Other fraudulent parking permit recovered	1	1	6
Parking misuse warnings issued	11	11	19
Penalty Charge Notice (PCN) issued	21	21	29
Vehicle removed for parking fraud	0	0	2
Recovery of tenancy	39	39	63
Housing application cancelled or downgraded	28	28	47
Legal action to recover tenancy in progress	119	119	n/a
Right to Buy application withdrawn or cancelled	5	5	13

Table 4

##### Resigned as a result of the investigation

As a result of the investigations conducted by the Audit Investigation Team (AIT) disciplinary action resulted in the dismissal of one employee. Five members of staff left their employment while enquiries were still in progress to investigate the following allegations: -

- Failing to disclose a criminal conviction
- Breach of the Code of Conduct
- 2 cases of the misuse of a Blue Badge
- Claiming sick pay whilst undertaking work in an undeclared business
- Theft
- Misuse of Council funds

## 5. Financial Losses as a Result of Fraud

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

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

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

### 5.1 Tenancy Fraud Team (TFT)

During the period April to August 2019 a total of 39 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 £702,000.

In the same period 28 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 £112,000 and £504,000.

During this period five Right to Buy (RTB) applications were cancelled following investigation. Each RTB represents a discount of £110,000 on the sale of a Council asset. The value of the discount for the RTBs that were declined represents a total of £550,000.

### 5.2 No Recourse to Public Funds Team (NRPF)

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 April to August 2019, 44 support packages were cancelled or refused following AAF investigations as part of collaborative working with CACH. This equates to a saving in the region of £17,028 per week, if these had been paid for the full financial year it would have cost Hackney approximately £887,888.

### 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 nine Blue Badges, this equates to £900, and enforcement charges of £1,365 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 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. Three 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, Anti-Fraud & Risk Management / Group Director / Chief Executive) and approval by a magistrate. Although Hackney will use its surveillance powers conferred by RIPA when it is appropriate to do so, no application has been made in the current financial year.

## 8. Proceeds of Crime Act (POCA) Investigations

POCA investigations can only be undertaken by accredited officers, as are currently employed by AAF. 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	2019/20 to date	2018/19 total
Production	0	0	6
Restraint	0	0	0
Compensation	0	0	1
Confiscation	0	0	1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>8</b>

Table 5

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## AUDIT COMMITTEE WORK PROGRAMME 2019/20

	<b>June 2019</b>	<b>Decision</b>	<b>Group Director &amp; Lead Officer</b>
1	DIRECTORATE RISK REGISTER REVIEW – CHIEF EXECUTIVE’S	For information and comment	Tim Shields (TBC)
2	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
3	CORPORATE RISK REGISTER REVIEW	For information and comment	Tim Shields (Matthew Powell)
4	INTERNAL AUDIT ANNUAL REPORT 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

	<b>July 2019 – SPECIAL MEETING</b>	<b>Decision</b>	<b>Group Director &amp; Lead Officer</b>
1	FINANCIAL STATEMENTS AUDIT 2018/19 – ANNUAL GOVERNANCE REPORT (COUNCIL & PENSION FUND)	For information and comment	Ian Williams (Michael Honeysett)
b2	STATEMENT OF ACCOUNTS 2018/19	To approve	Ian Williams (Michael Honeysett)

	<b>October 2019</b>	<b>Decision</b>	<b>Group Director &amp; Lead Officer</b>
1	DIRECTORATE RISK REGISTER REVIEW – CHIEF EXECUTIVE	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 (Michael Sheffield)
6	CORPORATE RIPA POLICY REVIEW	For information and comment	Ian Williams (Michael Sheffield)
7	AUDIT COMMITTEE WORK PROGRAMME 2019/20	To approve	All

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

	<b>April 2020</b>	<b>Decision</b>	<b>Group Director and Lead Officer</b>
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
8	AUDIT COMMITTEE WORK PROGRAMME 2019/20	To approve	All





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