



# AUDIT COMMITTEE

Wednesday, 10th June, 2020

at 6.30 pm

Until further notice, all council meetings will be held remotely

## Committee Membership

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

**Tim Shields**  
Chief Executive

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The press and public are welcome to attend this meeting

# **AGENDA**

## **Wednesday, 10th June, 2020**

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## Access and Information

### Location

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

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

### Facilities

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

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

### Copies of the Agenda

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

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

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

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

Providing oral commentary during a meeting is not permitted.

# ADVICE TO MEMBERS ON DECLARING INTERESTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Further Information

Advice can be obtained from Dawn Carter-McDonald, Interim Director of Legal on 020 8356 6234 or email [dawn.carter-mcdonald@hackney.gov.uk](mailto:dawn.carter-mcdonald@hackney.gov.uk)



FS 566728



## AUDIT COMMITTEE

WEDNESDAY, 22ND APRIL, 2020

UNDER THE CURRENT EMERGENCY ARRANGEMENT THE COMMITTEE WAS HELD  
REMOTELY

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

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

**Officers: Ian Williams, Michael Honeysett, Dawn**  
**Carter-McDonald, Jackie Moylan, Frank**  
**O'Donaghue, Rob Miller, Anne Canning, Michael**  
**Sheffield, Matthew Powell, Bruce Devile**

### **1. Introduction to the remote meeting of Audit Committee**

1.1 Dawn Carter-McDonald outlined the legal context for holding remote local Authority meetings, including the recent amendment to the Local Government Act 1972 to facilitate this. She outlined the measures in place to fulfil the related regulations.

1.2 The clerk read from the Committee Protocol, points relating to the management of the remote meeting of the Committee.

### **2. Apologies for absence**

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

### **3. Declarations of interest**

3.1 Councillor Gregory declared that she was a member of a Tenants Management Organisation.

### **4. Minutes of Previous Meeting**

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

## 5. Covid - 19 Update

5.1 The Chair stated that the contribution of the Audit Committee was to assess risk, measure financial management and performance, ensuring that the Council was achieving value for money. Questions to be asked at this time included whether the Council was setting clear objectives and accounting for and using its resources. He asked if there was an understanding, as far as possible, of the medium and long-term implications of Covid 19 and whether the Council was planning appropriately for these. Further, he asked if Council Departments were examining the new risks.

5.2 Rob Miller referred to the fact that consideration had been given to how the council's governance arrangements were working during the crisis, given the importance of having effective control and democratic oversight. The Council's Management Team and other Senior Managers were meeting regularly, providing for clarity of oversight, linking into Cabinet and the newly established Cabinet Sub-Group. The focus was on collaborative working across services around the needs of residents, including focusing on such areas as vulnerable people, accelerating discharge from hospitals, working with rough sleepers. This was carried out at pace.

5.3 Meetings were being held with trade unions to have a combined response, with a joint statement sent to all staff. Rob Miller referred to staff anxiety at this time, in the crisis. Collaborative working with partners was particularly important in providing social care. He said that the focus was on maintaining key services where possible, referring to effective collaborative work in keeping parks open. New services had been created, including providing food to the isolated.

5.4 Rob Miller referred the Committee to initiatives around:

- Single management arrangements
- Home based working
- Web chat
- Volunteering hub
- Contact had not reduced
- Reduction in wait times
- Customer satisfaction slightly lower
- Emergency repairs only
- Increase in benefits requests
- Work on staff wellbeing

The slides referred to would be circulated.

Action: Rob Miller

5.5 Councillor Harvey Odze asked if staff working from home had been made aware of HRMC £6 tax allowance and whether working from home was in employment contracts. Councillor Odze asked how the lessons currently being learned and new innovations put in place would be incorporated into economising in the following financial year. Ian Williams told the Committee of effective engagement with the Trades Unions on employment issues, including those raised by Councillor Odze, and that the technical detail was being worked through. In relation to building in innovation to future operations, he referred the Committee to the next steps section of the report at section 19.



5.6 Ian Williams introduced the Covid Update/ Financial Performance and Projects report, thanking Council staff, public sector partners, partners in the community and voluntary sector, and citizens of Hackney who had stepped up to the challenge posed by Covid 19. He referred the Committee to a number of issues, including:

- A budget gap of £19m over the planning period
- That timescales were uncertain in relation to the Fairer Funding Review and the spending review
- Financial challenges were being considered
- Hackney's share of the government funding measures was £10.092m. A full announcement of further government additional funding was to be announced on Saturday. Detail was awaited but the working assumption was that the amount would be £7m
- £30 million had been paid out to businesses in the Borough
- New government grant funding for economically vulnerable with Hackney's contribution set at £4.6m
- The need to meet significant pressures across all services
- Immediate impact on procurement
- An increase in transitioning to Universal Credit.

Ian Williams referred to the costs of Covid 19, including first

- Staff costs
- Service
- ICT and facilities
- Cost of PPE
- Impact on council income, including around parking
- Initial estimate of cost pressure was £11.2m for first three months and £22m for the full year
- Overall finance pressure (GF and HRA) was £36m for first 3 months and £72m for the full year

Ian Williams referred the Committee to the next steps at paragraph 19.1 of the report.

5.7 Councillor Odze asked if any of the Council's staff had been furloughed and whether they were paid at 80% or 100%. Ian Williams confirmed that there was no intention to furlough directly employed council staff.

5.8 Councillor Spence referred to the challenges in receiving compensation around loss of income from car parks and other streams of income. Ian Williams told the Committee that this loss of income posed a real challenge to local authorities and referred to large losses in central London in relation to car parking income. He confirmed that it would be a challenge to claim compensation for car parking income and commercial properties. The Chair said that there would need to be consideration given to implications of this loss of income for the Budget.

5.9 Councillor Gregory asked whether there was mapping of estimated delays in sales on the Council's property portfolio and other income streams and that any mapping should be carried out on a monthly basis. She asked about loss predications to the Council's pension fund and how losses would accumulate and increase. Further, would contractors be paid if not working? In reply, Ian Williams gave the example of Tiger way where almost all properties had been sold. He said that voids costs could arise from

delays in moving in to these properties. The Finance Team had carried out modelling on this matter. This was an initial analysis. Some capital schemes would not go ahead as quickly as usual at the moment and the Council was engaging with the Contractors to ensure compliance with Public Health England guidance and taking action to mitigate issues around extra costs. Further, contractors had been contacted to stress that the Council wished to engage constructively. In cases where work was not undertaken payment would not be made. Ian Williams told the Committee that the Pensions Committee had received the pension valuation relating to 2019 in March. He reported a significant increase in the equity markets. Pension had a life of 40 years and some liabilities stretched to 80 years. This was being monitored closely. Discussions were to be held with the Chair of Pensions Committee on this matter. The Actuary had not flagged up any issues in relation to the management of the fund and had stated that the sensible level of contributions and stability left the fund in a good position.

5.10 Councillor Potter asked for clarification about the structural reasons for loss of income to the Council. Ian Williams told the Committee that there were a number of moving parts involved. There was a loss of income and an increase in expenditure. 90% of parking income had been lost. There was a challenge in commercial estates. A detailed analysis was being carried out on this. There was a question over whether individuals would be able to pay Council Tax and would have to access the Council Tax Reduction Scheme.

5.11 Councillor Gregory referred to difficulties in accessing the hardship grants and that it was necessary to ensure take up. Ian Williams told the Committee that the hardship grants had been extensively advertised. £500,000 had been added to make more funds available to residents.

5.12 Councillor Rennison told the Committee that arrangements for accessing the fund were now much more flexible and would benefit larger households. Discounts were applied automatically. Non-payment was to be seen as an indicator that an individual was in greater need and this would trigger intervention. The Chair added that the fund would be managed in a new way with clear criteria applied and monitoring. This would be subject to further scrutiny.

It was agreed to provide the Committee with an update on this matter.

**Action: Ian Williams**

5.13 The Chair said that the Council's reaction to the crisis was inspiring. He said that it would be important to consider how the Council managed in a new way, with plans for alternate scenario and monitoring. He stressed the need to have mechanisms in place to assess performance in new ways, with an emphasis on outcome, with proper accounting in place. The Chair said that there would be a big gap in the medium term with Covid 19, having a permanent impact. Council Income would be especially impacted and there would be a need to consider the implications for the budget. The scrutiny role would be an important part of the future approach and he would discuss with Councillor Gordon ways to work with scrutiny chairs to ensure that political, value for money and financial management issues are raised.

5.14 Ian Williams told the Committee that an accounting mechanism had been developed early, whereby all items of spend that were Covid 19 related could be identified.

5.15. Mayor Glanville thanked the Committee for persevering and paid tribute to scrutiny chairs.

**RESOLVED** to note

1. The impact of COVID 19 on the financial position of the Council
2. The approach to 20/21 accounts

## **6. Financial Performance and Projections**

Considered under item 5

## **7. Performance Report**

7.1 The Committee noted the updated 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 provided an updated set of key performance indicators along with an update on risk management with a Corporate Scorecard, together with commentary on the Council's risk approach. The report also set out the latest capital programme monitoring with some enhanced analysis of the variances to budget.

7.2 The Chair emphasised the need at this time to develop a new performance framework to assess performance in such areas as tackling hardship, homeless, etc. It was noted that the Council's data team was currently working on this.

RESOLVED to note the performance indicators presented in appendix 1, the Risk Management Scorecard in appendix 2 and the current capital monitoring update in appendix 3

## **8. Directorate Risk Register - Children Adults and Community Health**

8.1 The Chair asked about how the Council was adapting to the current circumstances in adjusting risk profiling.

8.2 Anne Canning thanked staff across the Council, Partners and the Community for their work during the crisis, together with the support of members of Council. Anne Canning referred to the increase in risk as a result of the current public health crisis brought about by COVID19 and highlighted two risks areas, increased because of the current lack of lines of sight. These were:

- Safeguarding with the current pressures on families
- To ensure the continuity of respect and appropriate care to the most vulnerable in the Borough

### **Children and Families**

8.3 Anne Canning told the Committee of the current increase in demand, referring to universal credit and austerity. Referrals had decreased significantly across all council services. Social Workers were working to maintain contact with the families that were known to them in the Borough, emphasising that those in need should access services. Further, a lot of work was carried out by Children and Families and the HLT to ensure

that there was engagement with families, with constructive conversations. She said that austerity had put a lot of pressure on families with further impact from Covid 19.

Following the downgrading to 'requires improvement' by Ofsted a focused implementation plan had been put in place, with Council Member oversight. Work continued on this to address children's safeguarding.

### **Hackney Learning Trust**

8.4 Anne Canning reported that some issues had been downgraded by the government in the current circumstances, with initiatives around the National Funding Formula put on hold. She reported that the Council had received a three-year settlement. SEND funding continued to be an area of concern, with features such as the requirement for demand locally.

Risk continued in relation to how the council housed transport vehicles. Work continued on programme delivery with implementation anticipated in September.

Safeguarding considerations for those pupils in unregistered schools continued to be a risk. The service did all it could to support children who were home educated and worked to have better processes in place to identify and support these children.

### **Public Health**

8.5 Risk in this demand led area focused on uncontrolled increases in sexual activity spends and uneven access to services. Work was underway to mitigate this, with co-ordination across London.

### **Adult Services**

8.6 Anne Canning referred to significant financial risk in the area of Adults Services. Safe care during the crisis was a much-discussed subject in the media. There were four care homes in the Borough and the Council delivered care to fourteen 'Housing with Care' settings. There was Council support in securing PPE and health support to go into settings where issues arise. There were concerns that workforce and provision within the provider market would be sufficient to meet growing demand.

In relation to Covid 19, systems were in place to communicate with high and medium risk families or vulnerable adults. There was a joint endeavour across all services to ensure that the service was provided as efficiently as possible. Teachers were liaising with pupils and attendance was improving. There was much work to support this with liaison with health colleagues to ensure as much joined up work as possible. Much of the service was delivered at distance, by phone or video conferencing. Anne Canning said that in the light of experience, consideration would be given to how these services are provided post Covid 19.

Anne Canning told the Committee of the very good working with the Health Services at all levels and the Community. Some initiatives, such as the integrated health and care programme had accelerated. There had been a concerted effort around transfers out of hospital.

The Council was making all effort to keep staff safe, delivering on PPE as recommended by the Public Health England. Work was on going on developing access to testing for frontline staff for eligible workers.

8.7 The Chair referred to the fact that the service was running some very high-risk services and asked if it was at a dangerous financial level. He said that the links with the health service had been wanted for some time and asked how these current developments and gains resulting from the crisis could be built into future service provision.

Anne Canning told the Committee that Finance colleagues across London had risen to the financial challenge to moderate this risk and that there had been outreach to services with tight budget models. In regard to agency staff for care homes, organisations were conscious of the crisis and wished to have a joint endeavour to provide the service safely. She said, so far there had not been a resource issue.

Anne Canning said that it was apparent what could be achieved when partners work together and acknowledged the need to maintain these improvements after the crisis.

8.8 Councillor Margaret Gordon asked about the impact of Covid 19 on SEND children who now had to be educated at home without the same level of educational intervention and what measures would be in place following the crisis in regard to these children's education. Anne Canning told the Committee that these children received a high level of support from schools and that in being at home they would not receive the same level of intervention and that work would have to be undertaken to mitigate this, following the current crisis.

8.9 Councillor Spence asked how Public Health's role in the present circumstances and what involvement they would have in contact tracing. The Chair asked if the Council was preparing for checking frontline staff. Anne Canning told the Committee that the Public Health Team had completely realigned to assist services across the Council to provide services safely. All Council communication had Public Health involvement.

8.10 Councillor Harvey Odze asked about the availability of PPE for staff and whether it was in line with Public Health England advice or above this. Anne Canning told the Committee that a Working Group had been set up to look at this issue and confirmed that repositories had been set up to access PPE and that work was on-going to commission sufficient levels of PPE. Emergency procedures were in place to secure this Equipment. Spend on this was monitored. Anne Canning confirmed that the Council adhered to Public Health guidance on PPE and that the Council services confirmed that sufficient PPE was available.

8.11 Councillor Kennedy confirmed that £900,000 had so far been spent on PPE, although this has built up a reasonable stock centrally for distribution as required. ASC providers will in future be required to pay for any supplies provided by the Council given we have agreed a 10% increase on rates. Further to this the Council were now part of the West London Alliance procurement framework. Hackney was the lead borough for the North East region consisting of seven boroughs. Hackney's first six week order via this framework amounted to just £10k for the first six weeks, owing to stock it had accumulated already through its own previous arrangements.

8.12 Councillor Kennedy told the Committee that following consultation with the CCG it now appeared that there were doubts in regard to the Stratford testing centre going ahead. The Chair stressed that local involvement in testing and contact tracing was

crucial and raised concerns at having a testing centre that required car access. Anne Canning told the Committee that there were developments in testing through the development of a mobile testing unit in the borough.

8.13 The Committee thanked Anne Canning and her team for their good work at this time.

RESOLVED to note the contents of the risk register and the attached risk registers and controls in place.

## **9. Directorate Risk Register - Finance and Resources**

9.1 Ian Williams introduced the report updating the Committee on the current Finance and Corporate Resources Directorate Risk Register of the Council as at April 2020. The report also identified how risks within the Council were identified and managed throughout the financial year and the Council's approach to embedding risk management.

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

## **10. Treasury Management Update**

10.1 Michael Honeysett introduced the fourth of the treasury management reports relating to the financial year 2019/20 for the Audit Committee. The report set out the background for treasury management activity from January 2020 to March 2020 and the action taken during this period. Michael Honeysett told the Committee that there were to be no changes to the treasury management strategy. He stressed the need to stay as cash light as possible, monitoring income. He confirmed that in the current circumstances it was not now possible to short term borrow from other local authorities. 15m had been borrowed from the PWLB on a medium term basis. The Council ran internal borrowing as far as possible and there was headroom in the HRA credit ceiling.

10.2 Michael Honeysett told the Committee that the aim was to close the accounts by May 2020. However, this would depend on some issues around valuations. The Auditors were aiming to complete Annual Accounts by July. Lucy Nutley confirmed this timetable, subject to staff availability. She told the Committee that liaison was underway around land and buildings valuations and pension's valuations.

RESOLVED to note the quarterly update on Treasury Management.

## **11. Audit and Anti Fraud Progress Report**

11.1 Michael Sheffield introduced the report asking the Committee to consider the performance of the Audit and Anti-Fraud Service, the areas of work undertaken, and the information on current developments in Internal Audit and Anti-Fraud, together with statistical information about the work of the investigations teams. Michael Sheffield told the Committee that at present there were no proven instances of fraud directly arising from Covid19 support measures.

RESOLVED to note the Audit and Anti-Fraud's progress and performance to 31 March 2020.

## **12. Review of Whistle Blowing**

12.1 Michael Sheffield introduced the report summarising the Council's corporate arrangements on whistleblowing and providing the Committee with an update on the cases received in 2019/20. He told the Committee that the number of whistle blowing referrals remained low as a percentage of all fraud referrals.

RESOLVED to note the summary of the Council's corporate arrangements for whistle blowing, with cases received in 2019/20

## **13. Audit Committee Annual Report**

13.1 The Committee considered the report detailing the role of the Audit Committee and summarising the key activities and achievements in 2019/20 that demonstrated how the Committee had fulfilled this role effectively and to measure consistency with the guidance issued by the Public Sector Internal Audit Standards and other statutory requirements.

RESOLVED to note the Annual Report of the Audit Committee set out at appendix 1.

## **14. Annual Audit Plan 2020/21**

14.2 Michael Sheffield told the Committee that information on this was drawn from a number of sources such as the budget, transactions carried out, proposed changes to governance arrangements, issues arising from horizon scanning, counter fraud and risk. Areas such as climate change, governance of companies and residential care had also been included.

14.3 Michael Sheffield told the Committee that all audit staff were on standby to be redeployed to essential services. There was contingency in the plan to cover this situation. At present audits continued to be carried out. The Chair asked to be kept updated on this.

**Action: Michael Sheffield**

14.4 Councillor Maxwell asked how the current crisis would be integrated into the Plan. Michael Sheffield told the Committee that the plan was subject to change and that there was flexibility in this regard with some audits dropping out and the opportunity to add others that arise.

RESOLVED to approve the proposed Internal Annual Plan 2020/21 and the key performance measures

## **15. Work Programme**

15.1 The Committee considered the work programme for the Audit Committee.

**Wednesday, 22nd April, 2020**

Councillor Odze considered that in the current circumstances and given the long period up to the October meeting that an additional meeting of the Committee should be added. The Chair agreed the need to scrutinize the current situation arising from Covid-19, whether it is through a formal meeting or a deep dive. Further, there would now need to be flexibility around the work programme and he would consult with Ian Williams on this.

RESOLVED to note the work programme of the Audit Committee.

**16. Any other business that the chair considers urgent - Report on Insourcing Contracts**

16.1 The Chair introduced the report, referring to the fact that the Council had a strong in-house team and that this gave resilience during the crisis. He stressed the need to have proper processes in place to facilitate insourcing and said that there were robust ways to do this. There remained an issue in regard to work on the performance assessment and review.

16.2 Councillor Gregory referred to the vulnerability of agency staff and the importance of direct employment on a permanent basis.

16.3 Rotimi Ajilore told the Committee that agency staff were working as normally and continued to be paid during the pandemic and that there was no furloughing of these staff. He stated that support was being provided to suppliers and providers and work was underway across London to support GLL. He stated that some services would be insourced but that some would not, given the structure and complexity of these contracts.

16.4 Councillor Odze stressed the need to take into account religious holidays when arranging meetings to ensure attendance.

16.5 The Chair thanked Rotimi for his work in producing the report on insourcing of contracts.

RESOLVED to note the activities undertaken so far to review the corporate approach taken to making insourcing decisions in the authority and to agree the next steps as set out in section 5 of the report.

**Duration of the meeting: 6.30 – 9:00**

Chair at the meeting on  
Wednesday, 22 April 2020





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<b>PERFORMANCE OVERVIEW</b>
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<b>AUDIT COMMITTEE MEETING DATE</b> 2020/21  10 June 2020	<b>CLASSIFICATION:</b>  Open
<b>WARD(S) AFFECTED</b>  All Wards	
Ian Williams, Group Director Finance and Corporate Resources	

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

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

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

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

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

## **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

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



# Audit Committee Report 2019



PI Code	Short Name	2017/18	2018/19	Q1 2019/20	Q2 2019/20	Q3 2019/20	Q4 2019/20		Annual Target 2019/20	Traffic Light	DOT	Performance Data Trend Chart																										
		Value	Value	Value	Value	Value	Value	Note																														
CACH CSC 010	Percentage of child protection cases which were reviewed within required timescales (ex NI 67)	99.0%	100.0%	Data not yet available					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 Percentage of child protection cases which were reviewed within required timescales (ex NI 67)</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%																		
Year	Percentage																																					
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2017/18	100.0%																																					
2018/19	100.0%																																					
CE HROD 001	Sickness 12 month rolling average	7.82	8.39	9.17	9.43	9.71	10.29	<p>COVID-19 has had a significant impact upon absence rates, and the end part of Q4 was impacted by COVID-19. Detailed tracking is being undertaken of COVID-19 related absence and reasons for absence (sickness, self-isolation and dependency leave) to enable these figures to be analysed in more detail at a later stage. Current indications are that in</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>Sickness 12 month rolling average</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> <tr> <td>Q2 2019/20</td> <td>9.43</td> </tr> <tr> <td>Q3 2019/20</td> <td>9.71</td> </tr> <tr> <td>Q4 2019/20</td> <td>10.29</td> </tr> </tbody> </table>	Quarter	Sickness 12 month rolling average	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	Q2 2019/20	9.43	Q3 2019/20	9.71	Q4 2019/20	10.29
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many areas, non COVID-19 absence is reducing.

CE  
HROD  
023

% of employees  
aged 50 or over

38.6%

38.8%

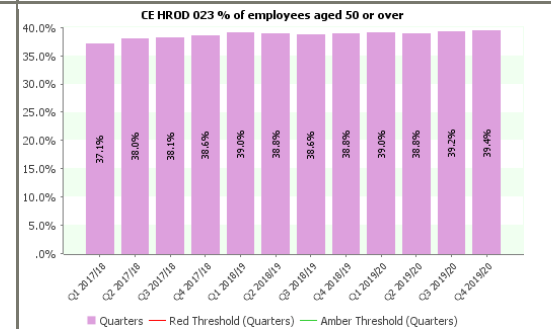
39.0%

38.8%

39.2%

39.4%

Data  
Only



CE  
HROD  
029a

Top 5% of  
earners: Ethnic  
minorities (ex  
BV11b)

27.01%

29.21%

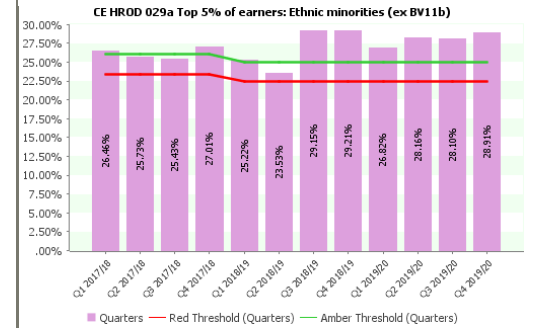
26.82%

28.16%

28.10%

28.91%

25.00%



CE  
HROD  
030a

Top 5% of  
earners: Women  
(ex BV 11a)

52.41%

48.11%

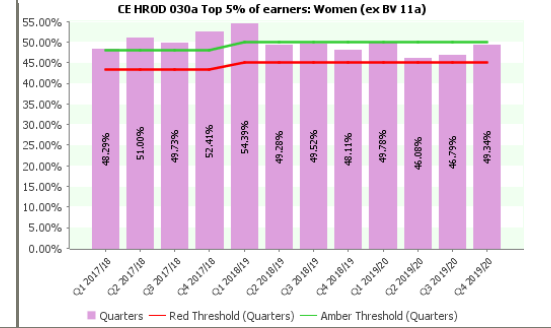
49.78%



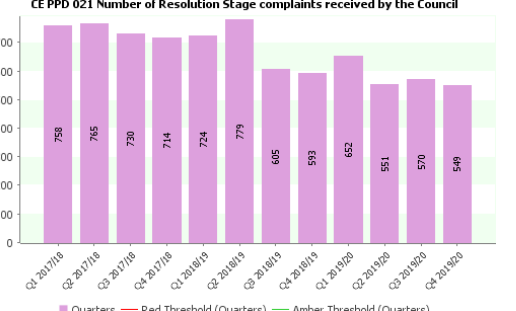


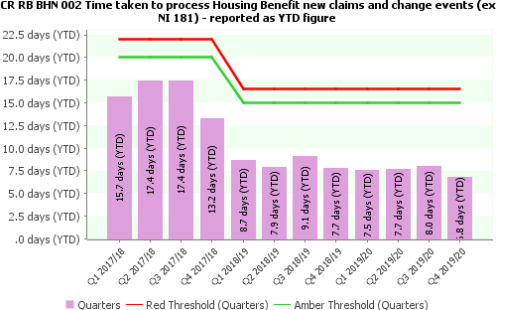


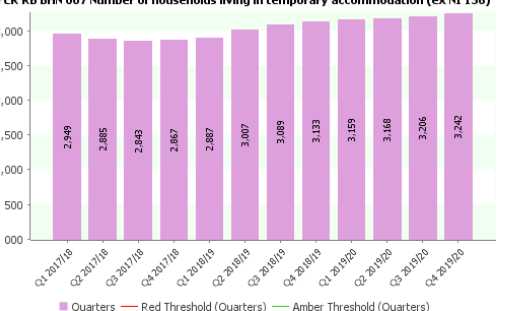
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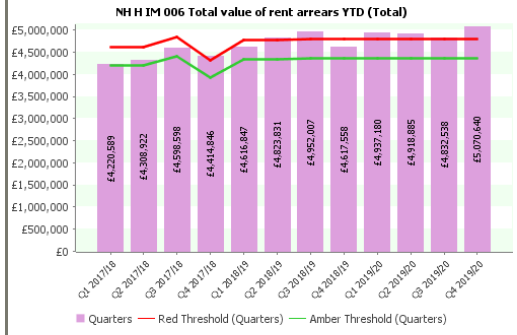
CE PPD 021	Number of Resolution Stage complaints received by the Council	2967	2701	652	551	570	549		Data Only			<p><b>CE PPD 021 Number of Resolution Stage complaints received by the Council</b></p>  <table border="1"> <caption>CE PPD 021 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Number of Complaints</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>662</td></tr> <tr><td>Q2 2019/20</td><td>551</td></tr> <tr><td>Q3 2019/20</td><td>570</td></tr> <tr><td>Q4 2019/20</td><td>549</td></tr> </tbody> </table>	Quarter	Number of Complaints	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	662	Q2 2019/20	551	Q3 2019/20	570	Q4 2019/20	549
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Q4 2019/20	549																																					
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)	7.7 days (YTD)	8.0 days (YTD)	6.8 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 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Time taken (YTD)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>15.7 days</td></tr> <tr><td>Q2 2017/18</td><td>17.4 days</td></tr> <tr><td>Q3 2017/18</td><td>17.4 days</td></tr> <tr><td>Q4 2017/18</td><td>13.2 days</td></tr> <tr><td>Q1 2018/19</td><td>8.7 days</td></tr> <tr><td>Q2 2018/19</td><td>7.9 days</td></tr> <tr><td>Q3 2018/19</td><td>9.1 days</td></tr> <tr><td>Q4 2018/19</td><td>7.7 days</td></tr> <tr><td>Q1 2019/20</td><td>7.5 days</td></tr> <tr><td>Q2 2019/20</td><td>7.7 days</td></tr> <tr><td>Q3 2019/20</td><td>8.0 days</td></tr> <tr><td>Q4 2019/20</td><td>6.8 days</td></tr> </tbody> </table>	Quarter	Time taken (YTD)	Q1 2017/18	15.7 days	Q2 2017/18	17.4 days	Q3 2017/18	17.4 days	Q4 2017/18	13.2 days	Q1 2018/19	8.7 days	Q2 2018/19	7.9 days	Q3 2018/19	9.1 days	Q4 2018/19	7.7 days	Q1 2019/20	7.5 days	Q2 2019/20	7.7 days	Q3 2019/20	8.0 days	Q4 2019/20	6.8 days
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FCR RB BHN 007	Number of households living in temporary accommodation (ex NI 156)	2,867	3,133	3,159	3,168	3,206	3,242		Data Only			<p><b>FCR RB BHN 007 Number of households living in temporary accommodation (ex NI 156)</b></p>  <table border="1"> <caption>FCR RB BHN 007 Quarterly Data</caption> <thead> <tr> <th>Quarter</th> <th>Number of Households</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>2,849</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> <tr><td>Q2 2019/20</td><td>3,168</td></tr> <tr><td>Q3 2019/20</td><td>3,206</td></tr> <tr><td>Q4 2019/20</td><td>3,242</td></tr> </tbody> </table>	Quarter	Number of Households	Q1 2017/18	2,849	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	Q2 2019/20	3,168	Q3 2019/20	3,206	Q4 2019/20	3,242
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FCR RB REV 003	% of current year Council Tax collected (QRC basis)	95.0%	95.0%	26.8%	49.6%	73.3%	94.7%	94.5%	🟢	⬆️	<p><b>FCR RB REV 003 % of current year Council Tax collected (QRC basis)</b></p>
FCR RB REV 005	Percentage of non-domestic rates collected	97.87%	95.50%	29.30%	54.10%	81.10%	94.98%	95.00%	⚠️	⬆️	<p><b>FCR RB REV 005 Percentage of non-domestic rates collected</b></p>
NH H IM 005	Rent Arrears as a % of rent debit	3.52 %	3.68 %	3.85 %	3.86 %	3.81 %	4.02 %	3.40 %	🛑	⬇️	<p><b>NH H IM 005 Rent Arrears as a % of rent debit</b></p>

As at mid-March, performance was on track for this indicator to be Amber. However, the end of year performance was significantly impacted by COVID-19 due to the reasons below:

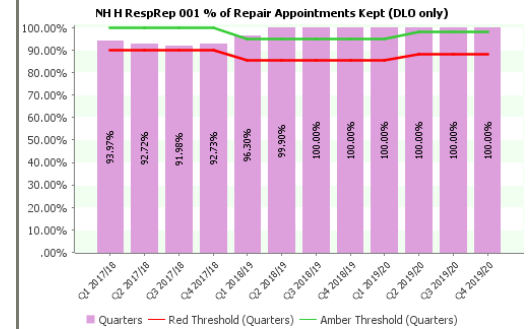
- a) The suspension of arrears escalation policy





<p>H 06</p>	<p>Total value of rent arrears YTD (Total)</p>	<p>£4,414,846</p>	<p>£4,617,558</p>	<p>£4,937,180</p>	<p>£4,918,885</p>	<p>£4,832,538</p>	<p>£5,070,640</p>	<p>- no enforcement action has been taken since lockdown. All court and warrant applications were put on hold for three months. Also, court hearings were all adjourned to the next open date after 48 days and all evictions were suspended.</p> <p>b) Increase in new UC claims - There has been a significant increase in the number of new claims by tenants. As at the w/c 06/04/20, 197 new verification requests were received. This is no surprise as the DWP has received over one million new claims since lockdown. This trend is expected to continue.</p> <p>c) A large number of tenants are now saying they are unable to pay their rent due to COVID-19. These are cases where tenants have lost their jobs or been furloughed.</p> <p>d) Lockdown - Elderly tenants over 70, who are generally regular payers at the Post Office, were unable to leave their homes to make payments.</p> <p>e) Direct debit/Standing orders - We have seen a</p>	<p>£4,366,787</p>		
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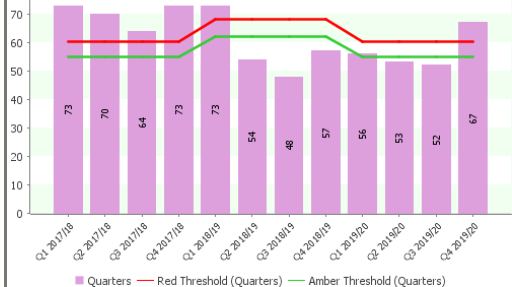
							<p>decrease in the number of payments made by direct debit and standing order.</p> <p>In the final week of 2019/20, the number of new Universal Credit claimants increased by 95, whereas in the previous 4 weeks, the weekly number increased between 24 and 30. Also, excluding Housing Benefit, the total payment received in week 53 (end of 2019/20) is £587,340 lower than in week 49 - a 24.7% reduction in payments. Week 49 and 53 are equivalent weeks as they include the monthly standing orders.</p> <p>The team will continue calling residents in arrears, to encourage them to make payments over the phone and/or online. Also, the team will be carrying out an arrears blitz immediately after lockdown, to ensure all cases have the appropriate arrears action.</p>				
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% of Repair Appointments Kept (DLO only)	92.82%	99.16%	100%	100%	100%	100%	100% of appointments were kept using the current methodology. Under that methodology, the appointment is met if we attend on the agreed day. In addition, 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. Finally, jobs that are rebooked (e.g. if an operative is sick) do not count as missed appointments. We have recently undertaken a piece of work with the DLO to refine the current methodology. The aim is to report in future on whether the specific appointment slots (e.g. 8am-1pm) have been met. This new methodology has now undergone final data quality testing with the DLO and been signed off for reporting from the start of the 2020/21 financial year. The outturn for Q4 2019 under this new methodology would have been 93.85% (13,761 out of 14,663).	98.00%		
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<p>NH H Resp Rep 002</p>	<p>% of repairs completed on first visit (based on tenant satisfaction) - DLO and Contractors</p>	<p>67.08%</p>	<p>73.41%</p>	<p>75.35%</p>	<p>72.84%</p>	<p>70.53%</p>	<p>71.96%</p>	<p>A total of 995 satisfaction survey responses were received for jobs completed in Q4 2019. Of this total, 716 respondents (71.96%) stated that they were satisfied their repairs had been completed on first visit. This is an increase of 1.33 percentage points on Q3 2019 (70.63%). Performance for this indicator has been relatively consistent over the course of the year, with October 2019 the only month where the out-turn was less than 70%.</p>	<p>75%</p>			
<p>NH H Resp Rep 003</p>	<p>% of repairs completed on first visit (based on system generated data) - DLO only</p>	<p>63.7%</p>	<p>86.15%</p>	<p>87.21%</p>	<p>91.48%</p>	<p>89.5%</p>	<p>90.29%</p>	<p>Q4 2019 saw 13,965 (90.29%) of the 15,467 completed repair jobs showing on our systems as completed on first visit. This is an increase of 1.59 percentage points on the Q3 2019 outturn of 88.70% (16,320 out of 18,399).</p> <p>March 2020 provided an early insight into the impact of the COVID-19 lockdown on performance.</p> <p>The month saw 3,781 (92.76%) of the 4076 completed DLO repair jobs showing on our systems as being completed on first visit. This is an increase of 5.26% on the February</p>	<p>85%</p>			



								2020 outturn of 87.50% (4639 out of 5302). The number of completed jobs in the month fell by 23.1% as the DLO moved to only doing Immediate and Emergency priority jobs. This ensured more resources being available to do these jobs but also Immediate and Emergency jobs are undertaken to make safe only so the proportion of jobs completed on first visit will rise.																														
Page 27	NH H Voids 001	Average time taken to re-let local authority housing (all voids including major & minor voids) - calendar days	70	59	56	53	52	67	55			<p><b>NH H Voids 001 Average time taken to re-let local authority housing (all voids including major &amp; minor voids) - calendar days</b></p>  <table border="1"> <caption>NH H Voids 001 Average time taken to re-let local authority housing (all voids including major &amp; minor voids) - calendar days</caption> <thead> <tr> <th>Quarter</th> <th>Average Time (Calendar Days)</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> <tr><td>Q2 2019/20</td><td>53</td></tr> <tr><td>Q3 2019/20</td><td>52</td></tr> <tr><td>Q4 2019/20</td><td>67</td></tr> </tbody> </table>	Quarter	Average Time (Calendar Days)	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	Q2 2019/20	53	Q3 2019/20	52	Q4 2019/20	67
Quarter	Average Time (Calendar Days)																																					
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Average time taken to re-let local authority housing (all voids including major & minor voids) - calendar days

70

59

56

53

52

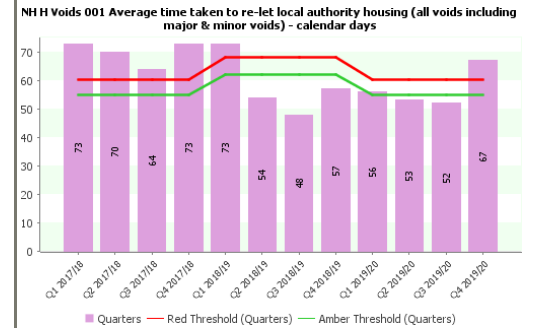
67

Q4 saw an average void turnaround time of 66.6 days, which is higher than the average throughout the rest of the year.

While there have been some months with excellent performance, there has been a recent reduction in performance in producing specifications, monitoring works and undertaking post-works inspection. These are key parts of the process which ensure that voids are re-serviced to a good standard and that tenants are moving into a property with good standard.

Recruitment to this team is ongoing. The newly appointed manager to the team has



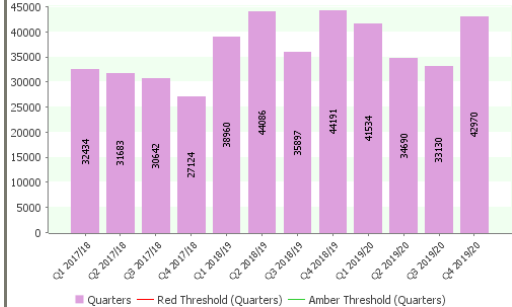


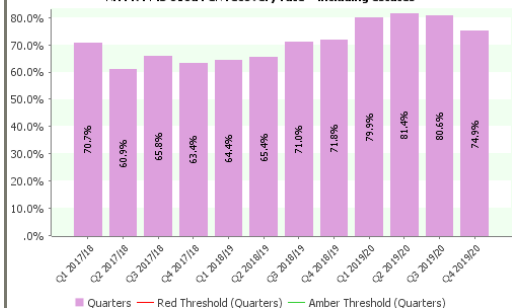
55





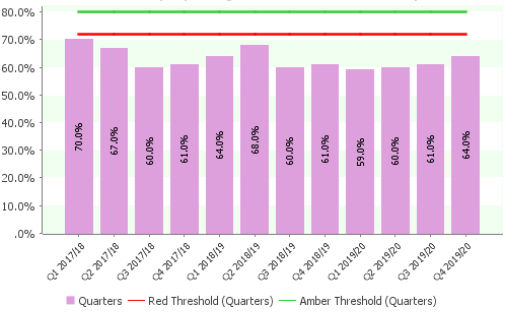


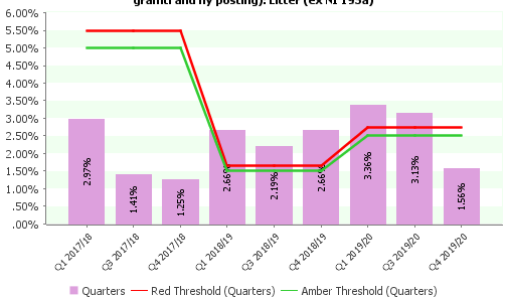


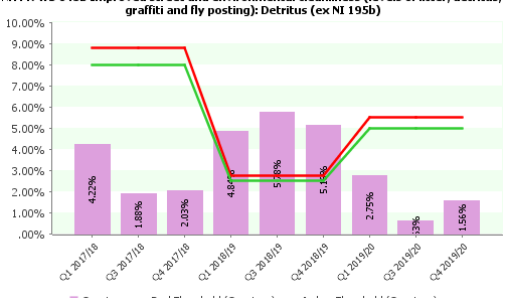
implemented a work around to the issue of resourcing, which sees some of the more experienced members of the repairs team undertake the role of pre inspection, mid works inspection and post inspection. Mid-works inspections are newly implemented, and we have already seen fewer issues raised from tenants through the surveys.







There have also been ongoing issues with the monitoring of contractor led repairs. These tend to be the more specialised or complex voids works.

We have an ongoing PI Improvement Action Plan for any PIs that are Red. In terms of this action plan, the biggest contributor to delays identified by the department has now been resolved in the short term. This was recruitment to the voids supervision team, which meant they had little capacity to undertake specifications and post-works inspections. It will be resolved by using trained operatives to undertake these duties. Also, During the current lockdown situation, the

								capacity of the DLO has been directed toward the backlog of voids. Actions around reviewing the voids processes will be taken forward in the coming year, as will developing systems to support quicker access to data around a property's maintenance history.																														
NH PR PMS 007a	Number of PCNs issued - total	118363	162934	41534	34690	33130	42970	The marked increase in PCNs issued in quarter 4 2019/20 was due to the recommencement of CCTV Enforcement of the Lansdowne Road scheme, which is in place to prevent rat running through the London Fields area, and supports the local school streets scheme outside London Fields primary school.	Data Only			<p><b>NH PR PMS 007a Number of PCNs issued - total</b></p>  <table border="1"> <caption>NH PR PMS 007a Number of PCNs issued - total</caption> <thead> <tr> <th>Quarter</th> <th>Number of PCNs</th> </tr> </thead> <tbody> <tr><td>Q2 2017/18</td><td>32,324</td></tr> <tr><td>Q3 2017/18</td><td>31,683</td></tr> <tr><td>Q4 2017/18</td><td>30,642</td></tr> <tr><td>Q1 2018/19</td><td>27,124</td></tr> <tr><td>Q2 2018/19</td><td>38,950</td></tr> <tr><td>Q3 2018/19</td><td>44,036</td></tr> <tr><td>Q4 2018/19</td><td>35,857</td></tr> <tr><td>Q1 2019/20</td><td>44,191</td></tr> <tr><td>Q2 2019/20</td><td>41,534</td></tr> <tr><td>Q3 2019/20</td><td>34,690</td></tr> <tr><td>Q4 2019/20</td><td>33,130</td></tr> <tr><td>Q1 2020/21</td><td>42,970</td></tr> </tbody> </table>	Quarter	Number of PCNs	Q2 2017/18	32,324	Q3 2017/18	31,683	Q4 2017/18	30,642	Q1 2018/19	27,124	Q2 2018/19	38,950	Q3 2018/19	44,036	Q4 2018/19	35,857	Q1 2019/20	44,191	Q2 2019/20	41,534	Q3 2019/20	34,690	Q4 2019/20	33,130	Q1 2020/21	42,970
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NH PR PMS 010a	PCN recovery rate – including estates	66.5%	69.9%	79.9%	81.4%	80.6%	74.9%	Number of PCN paid - 57273 Number of PCN issued - 76421	Data Only			<p><b>NH PR PMS 010a PCN recovery rate – including estates</b></p>  <table border="1"> <caption>NH PR PMS 010a PCN recovery rate – including estates</caption> <thead> <tr> <th>Quarter</th> <th>Recovery Rate (%)</th> </tr> </thead> <tbody> <tr><td>Q2 2017/18</td><td>70.7%</td></tr> <tr><td>Q3 2017/18</td><td>60.9%</td></tr> <tr><td>Q4 2017/18</td><td>65.8%</td></tr> <tr><td>Q1 2018/19</td><td>63.4%</td></tr> <tr><td>Q2 2018/19</td><td>64.4%</td></tr> <tr><td>Q3 2018/19</td><td>65.4%</td></tr> <tr><td>Q4 2018/19</td><td>71.0%</td></tr> <tr><td>Q1 2019/20</td><td>71.8%</td></tr> <tr><td>Q2 2019/20</td><td>79.9%</td></tr> <tr><td>Q3 2019/20</td><td>81.4%</td></tr> <tr><td>Q4 2019/20</td><td>80.6%</td></tr> <tr><td>Q1 2020/21</td><td>74.9%</td></tr> </tbody> </table>	Quarter	Recovery Rate (%)	Q2 2017/18	70.7%	Q3 2017/18	60.9%	Q4 2017/18	65.8%	Q1 2018/19	63.4%	Q2 2018/19	64.4%	Q3 2018/19	65.4%	Q4 2018/19	71.0%	Q1 2019/20	71.8%	Q2 2019/20	79.9%	Q3 2019/20	81.4%	Q4 2019/20	80.6%	Q1 2020/21	74.9%
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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%	100.00 %	100.00 %	100.00%		70.00%	✔	▬	<p><b>NH PR PRS 001a % of Major planning applications determined within 13 weeks (ex NI 157a)</b></p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>%</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> <tr><td>Q2 2019/20</td><td>100.00%</td></tr> <tr><td>Q3 2019/20</td><td>100.00%</td></tr> <tr><td>Q4 2019/20</td><td>100.00%</td></tr> </tbody> </table>	Quarter	%	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%	Q2 2019/20	100.00%	Q3 2019/20	100.00%	Q4 2019/20	100.00%
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NH PR PRS 001b	% of Minor planning applications determined within 8 weeks (ex NI 157b)	78.00%	82.00%	85.00%	81.00%	82.00%	82.00%		75.00%	✔	▬	<p><b>NH PR PRS 001b % of Minor planning applications determined within 8 weeks (ex NI 157b)</b></p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>%</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>76.00%</td></tr> <tr><td>Q2 2018/19</td><td>82.00%</td></tr> <tr><td>Q3 2018/19</td><td>85.00%</td></tr> <tr><td>Q4 2018/19</td><td>87.00%</td></tr> <tr><td>Q1 2019/20</td><td>85.00%</td></tr> <tr><td>Q2 2019/20</td><td>81.00%</td></tr> <tr><td>Q3 2019/20</td><td>82.00%</td></tr> <tr><td>Q4 2019/20</td><td>82.00%</td></tr> </tbody> </table>	Quarter	%	Q1 2017/18	73.00%	Q2 2017/18	80.00%	Q3 2017/18	77.00%	Q4 2017/18	83.00%	Q1 2018/19	76.00%	Q2 2018/19	82.00%	Q3 2018/19	85.00%	Q4 2018/19	87.00%	Q1 2019/20	85.00%	Q2 2019/20	81.00%	Q3 2019/20	82.00%	Q4 2019/20	82.00%
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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%	86.00%	86.00%	85.00%		80.00%	✔	⬇	<p><b>NH PR PRS 001c % of Other planning applications determined within 8 weeks (ex NI 157c)</b></p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>%</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>86.00%</td></tr> <tr><td>Q2 2017/18</td><td>86.00%</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>80.00%</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>86.00%</td></tr> <tr><td>Q1 2019/20</td><td>86.00%</td></tr> <tr><td>Q2 2019/20</td><td>91.00%</td></tr> <tr><td>Q3 2019/20</td><td>86.00%</td></tr> <tr><td>Q4 2019/20</td><td>85.00%</td></tr> </tbody> </table>	Quarter	%	Q1 2017/18	86.00%	Q2 2017/18	86.00%	Q3 2017/18	84.00%	Q4 2017/18	90.00%	Q1 2018/19	80.00%	Q2 2018/19	88.00%	Q3 2018/19	91.00%	Q4 2018/19	86.00%	Q1 2019/20	86.00%	Q2 2019/20	91.00%	Q3 2019/20	86.00%	Q4 2019/20	85.00%
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NH PR PRS 009	% of open planning enforcement cases less than 4 years old	61.0%	61.0%	59.0%	60.0%	61.0%	64.0%	The Planning Service put a strategy in place to meet this KPI target (80% cases less than four years old). A review of all live cases which are over 4yrs old is almost complete. It is expected that this review will lead to a further reduction in the number of cases which are over 4yrs old, through compliance checks. The latest quarterly figures for enforcement demonstrate improvement on the KPI.	80.0%			<p>NH PR PRS 009 % of open planning enforcement cases less than 4 years old</p>  <table border="1"> <caption>NH PR PRS 009 % of open planning enforcement cases less than 4 years old</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>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> <tr><td>Q2 2019/20</td><td>60.0%</td></tr> <tr><td>Q3 2019/20</td><td>61.0%</td></tr> <tr><td>Q4 2019/20</td><td>64.0%</td></tr> </tbody> </table>	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%	Q2 2019/20	60.0%	Q3 2019/20	61.0%	Q4 2019/20	64.0%
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Page 34 of 34 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%	N/A	3.13%	1.56%	Tranche 3 results	2.50%			<p>NH PR WS 045a Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)</p>  <table border="1"> <caption>NH PR WS 045a Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 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>Q4 2017/18</td><td>2.66%</td></tr> <tr><td>Q1 2018/19</td><td>2.19%</td></tr> <tr><td>Q2 2018/19</td><td>2.66%</td></tr> <tr><td>Q3 2018/19</td><td>3.36%</td></tr> <tr><td>Q4 2018/19</td><td>3.13%</td></tr> <tr><td>Q1 2019/20</td><td>1.56%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2017/18	2.97%	Q2 2017/18	1.41%	Q3 2017/18	1.25%	Q4 2017/18	2.66%	Q1 2018/19	2.19%	Q2 2018/19	2.66%	Q3 2018/19	3.36%	Q4 2018/19	3.13%	Q1 2019/20	1.56%						
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NH PR WS 045b	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)	2.71%	5.26%	2.75%	N/A	.63%	1.56%	Tranche 3 results	5.00%			<p>NH PR WS 045b Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)</p>  <table border="1"> <caption>NH PR WS 045b Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (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>Q4 2017/18</td><td>4.84%</td></tr> <tr><td>Q1 2018/19</td><td>5.88%</td></tr> <tr><td>Q2 2018/19</td><td>5.13%</td></tr> <tr><td>Q3 2018/19</td><td>2.75%</td></tr> <tr><td>Q4 2018/19</td><td>.63%</td></tr> <tr><td>Q1 2019/20</td><td>1.56%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2017/18	4.22%	Q2 2017/18	1.88%	Q3 2017/18	2.03%	Q4 2017/18	4.84%	Q1 2018/19	5.88%	Q2 2018/19	5.13%	Q3 2018/19	2.75%	Q4 2018/19	.63%	Q1 2019/20	1.56%						
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Q3 2018/19	2.75%																																					
Q4 2018/19	.63%																																					
Q1 2019/20	1.56%																																					

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%	N/A	2.50%	4.05%	Although the target was missed by 1% in Tranche 3 the overall annual target of 3% was achieved. The higher score in Tranche 3 was due to Hoxton East and Shoreditch being surveyed which is historically an area that suffers from high level of graffiti and 'street art'.	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>
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%	N/A	0.31%	0.16%	Tranche 3 result	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>
NH PR WS 047	Residual household waste per household (ex NI 191)	545.1	521.9	132.3	127.7	137.5	121.4		519.0			<p><b>NH PR WS 047 Residual household waste per household (ex NI 191)</b></p>

NH PR WS 048	Percentage of household waste sent for reuse, recycling and composting (ex NI 192)	27.40%	27.90%	28.01%	28.35%	27.31%	27.72%								<p>NH PR WS 048 Percentage of household waste sent for reuse, recycling and composting (ex NI 192)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>27.09%</td></tr> <tr><td>Q2 2017/18</td><td>27.43%</td></tr> <tr><td>Q3 2017/18</td><td>27.65%</td></tr> <tr><td>Q4 2017/18</td><td>27.42%</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> <tr><td>Q2 2019/20</td><td>28.35%</td></tr> <tr><td>Q3 2019/20</td><td>27.31%</td></tr> <tr><td>Q4 2019/20</td><td>27.72%</td></tr> </tbody> </table>	Quarter	Percentage (%)	Q1 2017/18	27.09%	Q2 2017/18	27.43%	Q3 2017/18	27.65%	Q4 2017/18	27.42%	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%	Q2 2019/20	28.35%	Q3 2019/20	27.31%	Q4 2019/20	27.72%
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Page 33	PI Status		Long Term Trends		Short Term Trends	
		Alert		Improving		Improving
		Warning		No Change		No Change
		OK		Getting Worse		Getting Worse
		Unknown				
		Data Only				

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**Corporate Risk Management  
Performance Overview June 2020  
(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 May 2020.

Corporate		Current Risk	Direction of Travel	Previous Score	Target Risk
1	Pandemic (COVID-19)	25	NEW ↑	25	
2	National / International Economic Downturn (SRCR001)	20	↔	20	12
3	Brexit Implications(SRCR001A)	20	↔	15	12
4	Management of Major Capital Programmes (SRCR002)	15	↔	15	9
5	Regeneration Programmes (SRCR003)	16	↔	16	12
6	Pension fund (SRCR 0010)	15	↔	15	12
7	Impact of New Legislation / Welfare reform (SRCR 0013)	12	↔	12	12
8	Workforce (SRCR 0018)	8	↔	12	9
9	Recruitment and Retention (SRCR 0018B)	8	↓	9	9
10	Information Assets (SRCR 0020)	16	↔	16	9
11	Corporate Resilience (SRCR 0020B)	15	↔	15	12
12	Cyber / Information Security	8	↔	8	9
13	Person suffers significant harm, injury or death (SRCR 0023)	15	↔	15	12
14	Contract Procurement and Management (SRCR 0025)	12	↔	12	8
15	Risks posed by unregistered schools and settings	16	↔	16	12
16	SEND funding (SRCR 0028)	25	↔	25	12
17	Serious safeguarding failure in school (SRCR 0029)	16	↔	16	9
18	Fire Safety (SRCR 0031)	10	↔	10	12
19	Inaccurate or late pay information supplied to LGPS (SRCR 0033)	20	↓	25	12
20	Setting up Council owned companies (SRCR 0035)	12	↔	12	9
21	Insourcing (SRCR 0036)	12	↔	12	9
22	Universal Credit (SRCR 0037)	20	↔	20	12
23	Climate Change / Climate Emergency	10	↔	10	8

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
6	Integrated Commissioning (SRCR 0032)	16	↔	16	12

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). In light of the sudden spread of COVID-19 around the world, the likelihood of a sustained international pandemic (till now rated on Council risk registers as very low) suddenly become very high (and was then formally declared by the WHO on March 13) and this is reflected by the immediate escalation to the Corporate register. The risks now relate to a further escalation of the virus and the massive impact it could continue to have on the country as a whole. From an internal Council perspective there is a clear challenge to all Services, especially those of a more front facing nature and this is reflected in details on the Corporate register. An important control for the Council clearly lies in the detailed Business Continuity Plans which are up to date for every service area. These should provide assurance that in the case of closures of offices and potential absences of staff, services can still continue to operate as effectively as possible.

Brexit continues to have a major influence on risks throughout the Council. Since last reported on, Brexit occurred on 31st January, although the terms of the departure remain as unclear as ever, with deals expected to be arranged by the end of 2020. 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. COVID-19 itself, has been having detrimental impacts on the overall world economy and stock markets which will be felt by all. 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 2021, so the full details on all risks will be provided then.

## CAPITAL

The capital expenditure outturn for 2019/20 is £230.5m, £16.1m below the revised budget of £246.6m. This represents an outturn of 93% below the agreed budgeted programme. A summary of the outturn by directorate is shown in the table below along with brief details of the reasons for the major variances. A full report on the final outturn with variance analysis will be included in the July Capital Update report along with details of the requested transfer of resources and associated approvals into the 2020/21 capital programme.

<b>Table 1 – London Borough of Hackney Capital Programme – Final Outturn 2019-20</b>	<b>Revised Budget Position</b>	<b>Final Outturn</b>	<b>Variance (Under/Over)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children, Adults & Community Health	9,816	9,646	(170)
Finance & Corporate Resources	90,184	92,015	1,831
Neighbourhoods & Housing (Non)	20,193	20,459	266
<b>Total Non-Housing</b>	<b>120,194</b>	<b>122,120</b>	<b>1,927</b>
AMP Capital Schemes HRA	60,894	48,047	(12,846)
Council Capital Schemes GF	2,976	2,776	(200)
Private Sector Housing	1,454	1,311	(143)
Estate Renewal	38,856	39,178	322
Housing Supply Programme	6,594	4,480	(2,114)
Other Council Regeneration	15,591	12,553	(3,038)
<b>Total Housing</b>	<b>126,365</b>	<b>108,346</b>	<b>(18,020)</b>
<b>Total Capital Expenditure</b>	<b>246,559</b>	<b>230,466</b>	<b>(16,093)</b>

## CHILDREN, ADULTS AND COMMUNITY HEALTH

The final outturn for Children, Adults and Community Health is £9.65m, £0.17m below the revised budget of £9.82m. More detailed commentary is outlined below.

<b>CACH Directorate Capital Forecast</b>	<b>Revised Budget</b>	<b>Final Outturn</b>	<b>Variance</b>
	<b>£000</b>	<b>£'000</b>	<b>£000</b>
Adult Social Care	270	135	(135)
Education Asset Management Plan	3,306	3,749	443
Building Schools for the Future	66	(24)	(90)
Other Education & Children's Services	574	455	(119)
Primary School Programmes	3,202	3,162	(40)
Secondary School Programmes	2,398	2,168	(229)
<b>TOTAL</b>	<b>9,816</b>	<b>9,646</b>	<b>(170)</b>

## Education Asset Management Plan

The final outturn for the overall Education Asset Management Programme is £3.75m, £0.44m above the respective budget of £3.31m. The main scheme relates to Shoreditch Park Primary School. The proposals for improving facilities at this site continue to be developed and, as such, the budget for funding these keep on being revisited through the year as proposals are firmed up. This has required budgets to be increased and the AMP bid approved at the Cabinet meeting in March 2020 has included a budget to support the Shoreditch Park School in 2021. In addition, there is capital expenditure incurred to support the delivery of ICT at the School. The refurbishment of an area of road into the playground includes additional expenditure factored to it which will reduce the level changes from the existing playground into the new area created. The variance is due to the changing dynamics of the scheme and will be slipped to 2020/21 to be resourced from the future budget. A request of the slippage of associated funding and approvals will be included in the July Capital Update report.

### **Primary School Programmes**

The final outturn for the overall Primary School Programmes is £3.16m, £0.04m below the respective budget of £3.20m. 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. Some schools have overspends as a result of works completed earlier than profiled and the underspends in the remaining schools are a result of slight delay in work. Shoreditch Park School underspend is due to a delay in final accounts which were expected by 31 March 2020. The variances will be supported by 2020/21 budgets and a request for the slippage of associated funding and approvals will be included in the July Capital Update in order to bring the profile of budgets in line with the anticipated delivery of the schemes.

### **Secondary School Programmes**

The final outturn for the overall Secondary School Programmes is £2.17m, £0.23m below the respective budget of £2.40m. The underspend in The Urswick School relates to slight delay in works and the variance will be slipped. The minor underspend in Cardinal Pole School will be slipped to 2020/21 to support any final accounts. The underspend in Haggerston School Science Laboratory relates to the value of final accounts differing from the original value, hence the variance. The variance will be supported by underspends in other schemes and the balance slipped to 2020/21. The minor overspend at the Stoke Newington School Drama Theatre and Auxiliary area relates to works completed earlier than anticipated. This variance will be funded from 2020/21 budget. A request of the slippage of associated funding and approvals will be included in the July Capital Update report.

## **FINANCE AND CORPORATE RESOURCES**

The final outturn for the overall Finance and Corporate Resources is £92m, £1.8m above the revised budget of £90.2m. More detailed commentary is outlined below.

F&R Directorate Capital Forecast	Revised Budget	Final Outturn	Variance
	£000	£'000	£000

Property Services	5,047	3,724	(1,322)
ICT	4,382	3,063	(1,320)
Financial Management	274	315	41
Other Schemes	886	188	(697)
Mixed Use Development	79,596	84,724	5,129
<b>TOTAL</b>	<b>90,184</b>	<b>92,015</b>	<b>1,830</b>

### **Strategic Property Services – Strategy & Projects**

The final outturn for the overall Strategic Property Services is £3.72m, £1.32 below the respective budget of £5.05m. Christopher Addison House, the Council's Corporate Estate Rationalisation (CER) Programme, has a minor underspend. The project has faced numerous delays particularly relating to stakeholder review and sign off and the time taken to procure and award the main contract. The main contractor was successfully appointed in January 2020 and started on site in February 2020 but inevitably works have been delayed due to the lockdown and impact of Covid-19. The completion reoccupation was expected to be in the autumn of 2020. Covid-19 may affect the timeline and it will now have to be re-visited. This delay has impacted the other related schemes such as the staff moves for the Annex and the decant to Maurice Bishop House. A request for the slippage of associated funding and approvals will be included in the July Capital Update in order to bring the profile of budgets in line with the anticipated delivery of the scheme.

Stoke Newington Essential works will be tendered and the works carried out in 2020/21, therefore the variance will be slipped. Approximately 110 Asbestos Surveys of the 143 sites have been completed for 2019/20. The contractor has not been able to complete all the remaining Asbestos Surveys of the planned 143 sites due to contractor workload, scheduling issues and other problems with access to sites. The remaining surveys will continue once it is safe to do the lock down has lifted. A request for the slippage of associated funding and approvals will be included in the July Capital Update in order to bring the profile of budgets in line with the anticipated delivery of the scheme.

The final account and retention for Keltan House Windows and refurbishment and 15-49 Chapman Road Car Pound schemes have been paid and the variance will be used to cover overspends in other schemes. Clapton Common Former Toilets Refurbishment was due to be completed by 31 March 2020 but now slightly delayed due to Covid-19 and one of the contractors has poor health unrelated to Covid-19. The Project Manager may have to commission another contractor to complete some of the outstanding work. Trowbridge Centre is complete and the underspend will partly fund regeneration works in the Hackney Wick area in 2020/21. The works for 80-80a Eastway have been delayed and will commence once it is safe to do so. A request for the slippage of associated funding and approvals will be included in the July Capital Update in order to bring the profile of budgets in line with the anticipated delivery of the scheme.

### **ICT Capital**

The final outturn for the overall ICT Capital is £3.06m, £1.32m below the respective budget of £4.38m. The main variance relates to End-user Mtg Rm Device Refresh

which is the Council's rolling-out provision of new ICT equipment for staff and members and new ICT equipment for meeting rooms. The outturn has slightly decreased as our current supplier was unable to fulfil some of our chromebook orders due to current supply chain problems relating to Covid-19. The remainder of the budget to be rolled over to next year to fund meeting room refreshes or potentially purchase more chromebooks for working from home however the progress will depend on the state and responsiveness of the supply chain during the year. A request for the slippage of associated funding and approvals will be included in the July Capital Update in order to bring the profile of budgets in line with the anticipated delivery of the scheme.

The Digital Discharge to Social Care project has managed to integrate the Council's Social Care System data into the hospital's system but due to an extended testing period, the project has over run and will continue throughout the beginning of 2020/21. HLT is expected to have G-suite by early 2020/21. Project has not progressed as much as expected due to the device refresh project over running. The underspend to be rolled over to the next financial year. ICT Infrastructure Upgrades underspend relates to shifting priorities due to Covid-19 as ICT is focusing on ensuring council employees can work from home. The variance will be slipped to 2020/21 the tender should go out in 2020/21.

The Data Centre Network Switches have been purchased and have arrived at the Hackney Service Centre. However the project has been put on hold due to Covid-19. The business case has been completed but not yet approved. It should continue in 2020/21 assuming priorities can shift but seeing the impact on supply chains across the country, it may be difficult to know when the project can fully proceed. The underspend will be carried to 2020/21 to ensure there is enough budget to continue with the project. Some kiosks have arrived at the libraries for the Devices for Hackney Residents project with more coming in 2020/21. There has been a delay in deliveries due to Covid-19 resulting in less expenditure than anticipated in 2019/20. Project will continue through 2020/21 with the underspend rolled over. The Windows Server CAL has been capitalised and has come in less than anticipated due the requirements of the license changing. The underspend will be given up as savings. A request for the slippage of associated funding and approvals will be included in the July Capital Update in order to bring the profile of budgets in line with the anticipated delivery of the scheme.

### **Mixed Use Developments**

The final outturn for the overall Mixed Use Development is £84.7, £5.1m above the respective budget of £79.6m. Tiger Way Development development is complete and handed over and in the 2 year contract defects period in the Design and Build contract. The variance is due to value engineering which resulted in savings in the scheme. The variance will support the final account which will be paid in phases from 2020/21. A request for the slippage of associated funding and approvals will be included in the July Capital Update in order to bring the profile of budgets in line with the anticipated delivery of the scheme.

At the Nile Street Development the New Regents College School is complete and handed over and the development is in the 2 year contract defects period in the Design and Build contract. The variance is due to additional marketing fees and void costs.



There is also an inclusion of ground rent which was not factored into the forecast. The variance will be supported by the 2020/21 budget and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

The overall outturn for the Britannia Site Development is £36.2m, £6.2m above the respective budget of £30.1m. The expenditure in the last couple of months have been slightly higher than expected as progress on site was approximately three weeks ahead of schedule and therefore valuations have also been higher. The variance will be supported by the 2020/21 budget and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

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

The final outturn for the overall Neighbourhoods and Housing (Non) is £20.5m, £0.3m above the respective revised budget of £20.2m. More detailed commentary is outlined below.

<b>N&amp;H – Non Housing Capital Forecast</b>	<b>Revised Budget</b>	<b>Final Outturn</b>	<b>Variance</b>
	<b>£000</b>	<b>£'000</b>	<b>£000</b>
Museums and Libraries	350	293	(57)
Leisure Centres	375	160	(215)
Parks and Open Spaces	2,946	2,468	(478)
Infrastructure Programmes	10,392	10,882	490
EHPC Schemes	3,542	4,227	685
TFL	2,036	1,824	(212)
Parking and Market Schemes	52	243	191
Other Services	0	0	0
Regulatory Services	0	0	0
Safer Communities	183	124	(59)
Regeneration	317	239	(78)
<b>Total</b>	<b>20,193</b>	<b>20,459</b>	<b>266</b>

### **Museums and Libraries**

Library Capital project underspend is due to the Clapton Shelving project not able to progress until further notice due to the delayed Listed Building Status application. The variance in this financial year will be slipped into 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

### **Leisure Centres**

Essential Maintenance to Leisure Centres underspend relates to the estimated poolside tiles for Clissold Leisure Centre coming in higher than was budgeted for in 2019/20. There is a budget in 2020/21 to cover these costs. Therefore, the variance in 2019/20 will be slipped into 2020/21 for this expenditure and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

## **Parks and Open Spaces**

The final outturn for overall Parks and Open Spaces is £2.5m, £0.5m below the respective budget of £2.9m. The Council has successfully been awarded £4.1m of National Lottery Heritage Grant Funding in December 2019 to progress onto the delivery stage of Abney Park Restoration. Abney Park Cemetery in Stoke Newington is a 12.5 hectare public open space owned and managed by Hackney Council. The project is proceeding as normal with no significant effects from Covid 19. This is because we are in the design stage so the team can just get on with things at home or wherever they are working at the moment. The variance will be slipped into 2020/21 where the anticipated spend will take place.

Springfield Park Restoration overspend relates to works completed earlier than forecasted. The refurbishment was progressing well but as a result of Covid-19 the construction site was closed by the main contractor until further notice. The contractors were struggling to work on site and adhere to the social distancing rules, staff and sub contractors began self isolating and this resulted in lack of personnel to resource the project sufficiently. The contractors were experiencing difficulties sourcing materials so they made the decision to close the site. The contractors have not yet applied for an extension of time in relation to the delay caused by Covid-19 so we are unable to request a new target programme yet but they have indicated that if they can get back on site in May/July we should still be able to complete in the Autumn of 2020. If they are unable to get back on site in the next couple of months the completion will be delayed. The variance will be supported by the budget in 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

The planned works to Parks have been suspended due to Covid-19 resulting in an underspend and will continue as soon as safe to return on site. The underspend in the Parks Equipment and Machinery relates to items that are all ordered but not able to be delivered due to supplier lock down until safe to resume business. Parks Public Conveniences and Cafes underspend relates to the Millfields Site which will now take place in 20/21. Hackney Downs Site public convenience and cafe is complete. Drinking Water Fountains underspend relates to a delay in works being costed and quotes being obtained for historic fountains in Green Spaces.

Fairchild's Gardens underspend relates to delays in approval. Shepherdess Walk Play Area's underspend also relates to delays in approval with stakeholders but this is now underway and work will resume. West Reservoir Improvements Project is delayed and the variance will be slipped. Millfields Estate Play Area Project is delayed due to a complete redesign after consultation with User Groups. The current budget for Hackney Downs Community Cycle Hub is insufficient to fund feasibility therefore partner fundings are being explored. The variance in this financial year will be slipped into 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

## **Infrastructure**

In the main the overspend in these schemes relate to the works taking place earlier than what the team had profiled. The overspends will be supported by the 2020/21

budget and therefore the budget will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

### **EHPC Schemes**

The final outturn for the overall EHPC schemes is £4.23m, £0.69m above the respective budget of £3.54m. The main variance relates to the Council's Fleet vehicles for the Waste Services which were ordered but delivery date is not until 2020/21. The variance will be funded by the 2020/21 budget. The overspend in the Hostile Vehicle Mitigation Measures scheme was caused by works accelerated due to increased security risks and the potential threat of terrorist activity. The variance will be funded from the 2020/21 budget and therefore the budget will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

### **Public Realms TfL Funded Schemes**

In the main the overall is in line with the TfL allocation for 2019/20. The schemes will continue into 2020/21 and any variances will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

### **Safer Communities**

The final outturn for the overall Safer Communities is £0.12m, £0.06m below the respective budget of £0.18m. The variance was due to delays in sign off progress to Shoreditch CCTV Cameras, the scheme on the TfL routes. The majority of sites will be on red routes and will require significant coordination with TfL to meet their requirements. Without absolute TfL approval, the Council cannot order the works without risk of incurring abortive costs. The variance in this financial year will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

### **Regeneration (Non-Housing)**

The final outturn for the overall Regeneration (Non-Housing) is £0.24m, £0.08m below the respective budget of £0.32m. Hackney Wick Regeneration plan to commission a public realm strategy with public realm improvement works being undertaken during 2020/21. Ridley Road Improvements and Dalston Regeneration will now take place in 2020/21. 80-80a Eastway (GLA) 2 Pods and a CNC machine will be purchased with the remaining expenditure reprofiled to future years. Trowbridge (GLA) budget has been mainly design work and remaining budget to be utilised in 2020/21. The variance in this financial year will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

### **HOUSING**

The final outturn for the overall in Housing is £108.3m, £18m below the respective budget of £126.4m. Some projects in the Estate Regeneration and Housing Supply Programme have taken longer to deliver than was anticipated at the time of the BCHfL bid and it has been necessary to reprofile the timelines for delivery projects that were

originally expected to be underway in 2019/20 (the 'early schemes') and 2021/22 (the 'later schemes'). More detailed commentary is outlined below.

Housing Capital Forecast	Revised Budget	Final Outturn	Variance
	£000	£'000	£000
AMP Housing Schemes HRA	60,894	48,047	(12,846)
Council Schemes GF	2,976	2,776	(200)
Private Sector Housing	1,454	1,311	(143)
Estate Regeneration	38,856	39,178	322
Housing Supply Programme	6,594	4,480	(2,114)
Woodberry Down Regeneration	15,591	12,553	(3,038)
<b>Total Housing</b>	<b>126,365</b>	<b>108,346</b>	<b>(18,020)</b>

### **AMP Housing Schemes HRA**

The final outturn for the overall scheme is £48m, £12.8m below the respective budget of £60.9m. The main variance relates to the SCA/Pipeline Works for HiPs North West, HiPs Central and HiPs South West being rolled into the next financial year. The variance in this financial year will be slipped into 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

### **Council Schemes GF**

The final outturn for the overall scheme is £2.8m, £0.2m below the respective budget of £3m. The most significant variance relates to the allowance made for major repair works at multiple Hostels (Housing Needs) properties. This underspend will be utilised on various properties in 2020/21. There continues to be a high level of spend on Borough Wide Housing Under Occupation where some regeneration properties are being used as Temporary Accommodation. A cost benefit analysis is undertaken on each property before any works commences. The small variance in this financial year will be slipped into 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

### **Private Sector Housing**

The final outturn for the overall budget is £1.31m, £0.14m below the respective budget of £1.45m. There is a slight reduction in the Warmth and Security Grant and General Repairs Grant outturns compared to budget due to some works not being completed prior to 31.03.2020. A new Warmth and Security Grant policy is being implemented which reduced the number of successful grant applications during 2019.20. Once the new policy is implemented, this should mean the number of successful grant applications will start to increase again. The variance in this financial year will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

### **Estate Regeneration**

The final outturn for the overall scheme is £39.2m, £0.3m below the respective budget of £38.9m. The variance in this financial year will be slipped into 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Marian Court Phase 3 and Phase 4 projected start on site date of January 2021 subject to vacant possession; value engineering; planning approval for design changes; and satisfactory tender negotiations for construction work. Note that additional GLA funding has been requested to help close the viability gap in this strategically important project. In the event that it is not possible to secure additional GLA funding, the scheme would still be deliverable, however this will significantly impact the Council's ability to address viability challenges on other projects.

Kings Crescent Phase 3 and 4 vacant possession has been achieved. Project start on site of August 2021 date subject to confirmation of GLA planning approval and satisfactory tender returns for construction work.

Colville 2C projected start on site date of October 2021 subject to vacant possession; planning approval for design changes following resident feedback from earlier phases and satisfactory tender returns for construction work.

Nightingale the vacant possession has been achieved. Projected start on site date of March 2022 subject to revise energy and fire safety strategy; planning approval for design changes; and satisfactory tender returns for construction work.

### **Housing Supply Programme**

The final outturn for the overall scheme is £4.48m, £2.11m below the respective budget of £6.59m. The variance in this financial year will be slipped into 2020/21 and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.

Mandeville The main variance to budget related to the Mandeville Street project (£0.29m underspend). This project is on site but works progressed slightly slower than expected during the last quarter and will be further delayed due to Covid 19.

Daubeney Contract award approved by Cabinet in January 2020. Projected start on site date of July 2020 subject to Party Wall Agreements in place by July 2020.

Pedro Street Demolition of site complete. Contract award approved by Cabinet in February 2020. Projected start on site date of July 2020.

Murray Grove (Fairbank Estate) Projected start on site date of September 2021 subject to planning approval and satisfactory tender returns for construction work.

Buckland Street vacant possession on all garages has now been achieved. Projected start on site date of January 2022 subject to planning approval and satisfactory tender returns for construction work.

Wimbourne Street vacant possession has been achieved. Projected start on site date of October 2021 subject to planning approval and satisfactory tender returns for construction work.

Former Frampton Park Community Hall, Tradescant House (Woolridge Way), Downham Road East, 81 Downham Road, Balmes Road Downham Road West, Hertford Road, De Beauvoir Phase 2 and Lincoln Court all have estimated start on site dates during 2022.

### **Woodberry Down Regeneration**

The final outturn for the overall scheme is £12.6m, £3m below the respective budget of £15.6m. The main variance relates to buybacks of leasehold properties on Woodberry Down which did not complete before the end of this financial year. These buybacks will take place in 2020/21. The variance in this financial year will be slipped and a request of the slippage of associated funding and approvals will be included in the July Capital Update report.



**CORPORATE RISK REGISTER REVIEW – JUNE 2020**

<b>AUDIT COMMITTEE MEETING DATE</b> 2019/20  10 June 2020	<b>CLASSIFICATION:</b>  Open
<b>WARD(S) AFFECTED</b>  All Wards	
Ian Williams, Group Director Finance and Corporate Resources	

**1. INTRODUCTION AND PURPOSE**

Document Number: 18437215

Document Name: Corporate Risk Register

- 1.1 This report updates members on the current Corporate Risk Register of the Council as at June 2020 (attached). It also identifies how risks within the Council are identified and managed throughout the financial year and our approach to embedding risk management.
- 1.2 This report assists the Committee in its role of overseeing corporate governance and is presented for information and comment.

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

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

## **3. REASONS FOR DECISION**

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

## **4. BACKGROUND**

The current Council risk profile was reviewed and ratified by the Hackney Management Team (HMT) in May 2020. In discussions and meetings with Directorate Risk Champions, various Heads of Service/Directors and other managers in different services, ideas and proposals on new risks and the current risks have been discussed, before the review being brought to HMT. Numerous risks have changed or now exist in different circumstances compared to when last reviewed by Committee in January 2020.

### **4.1 Policy Context**

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

### **4.2 Equality Impact Assessment**

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

### **4.3 Sustainability**

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

### **4.4 Consultations**



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

#### 4.5 Risk Assessment

The relevant Risk Register is attached in Appendix one.

### CORPORATE RISK REVIEW

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

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

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

- Pandemic. There was always a risk relating to a potential pandemic but previously the assessed likelihood was low which did not necessitate its inclusion on the Corporate register. The sudden emergence of the Coronavirus in China around six months ago, (and arrival in the UK at the end of January) has had a truly international impact and had far reaching consequences on life around the world. Infections and deaths in the UK rose to such an extent that a lockdown was announced in March. The risk that this pandemic poses to Hackney Council is significant, and the risk of this continuing (or even a second wave) is something that poses serious challenges to the Council in many areas. These are detailed in the first risk on the register. It is hoped that numbers will continue to fall and then we can see the likelihood of this risk drop.
- Risk 1 – National and International Economic Downturn  
This risk has now evolved quite significantly since it was first included on the Corporate Risk Register, but it remains critical.

The Conservative Government (having just won a clear majority in Parliament on 12/12/19) have put in place a series of measures that it feels will position the UK economy strongly to mitigate the impact of the current financial problems. The Council has a further £30m of efficiency savings to achieve by 2021/22 and this presents a significant challenge, which has been exacerbated by the outbreak of Coronavirus across the world. The outbreak of COVID-19 has meant great additional expenditure and reduced income for the Council. The departure from the EU in January 2020 occurred, and there remains the risk of a 'no deal' scenario by

the end of the year. The Fair Funding Review also posed a risk of some negative news regarding funding but that has now been postponed in light of the Coronavirus. There are examples of a more proactive approach to Commercialisation within the Council which show a new way forward in mitigating the impacts of austerity.

- Risk 1b – Impact of BREXIT vote  
The UK formally left the EU on 31/1/20 but there is the opportunity to agree a deal until the end of the year. The risk very much remains of ‘no-deal’ being secured, and this could have serious consequences. The EU Referendum result also influences a number of other risks on this register, such as the impact of New Legislation and also Pensions (and the financial impact Brexit may have on them).
- Risks 6 & 7 – Regeneration.  
This is a new iteration of the (Housing) regeneration risk, and particularly important in the light of the Council’s plans for future development. Clearly this will involve considerable borrowing and an exposure to external influences in the future. There are also serious financial implications around this risk.
- Risk 10 – Pensions & Risk 33 – Management of Data.  
The Pensions risk has been on the register for a number of years, albeit has changed in that time. Another risk was escalated to accompany the overall Pension risk relating to the Management of Pensions Data which has become an area of serious concern worthy of appearing on this risk register, and remains so. There have been improvements in the data (resulting in a decreased likelihood) but problems still remain.
- Risk 13 – New Legislation (cross Council).  
The (previous) Coalition Government announced a number of organisational change proposals when in power, which continued under the Conservative Government (still in power with a reduced majority, following last year’s election). The Care Act 2014 continues to impact clearly on work within CACH, whilst last year’s Housing and Planning Act 2016 is clearly impacting on future service delivery. There was also serious potential for upheaval with the proposed Education Bill last year. However, this was scrapped although further proposals are anticipated. Also, GDPR finally being enforced in May 2018, and the Homelessness Reduction Act of 2018 have created new responsibilities for the Council.
- Risk 18 & 18b– Workforce and recruitment  
Another risk resulting from austerity measures is the impact it is having on staffing levels and accompanying restructures. This could clearly impact on efficiency levels. In addition, to meet the financial challenges ahead, it will be necessary for the Council to have a more agile workforce and not one constrained by traditional custom and practices. Staff need to be on board with the modernisation agenda. The Council will also need to compete with other organisations to get the best candidates so pressure will be put on increasing salaries (or offering salary supplements like ICT) and other work benefits. There has been continued pressure to successfully recruit, especially in some specific areas like ICT, Social Care and Highway Engineers, however recent successful recruitment campaigns within ICT have suggested this problem is receding.
- Risk 20b – Corporate Resilience  
This is a new iteration of the risk previously more about Business Continuity (within ICT), emphasising the importance of the Council being suitably prepared to respond and adapt to incremental change and sudden disruptions. Clearly, failure to do this would impact massively on our ability to effectively deliver services and HMT decided this should be featured at Corporate level.

- Risk 21 – ICT Security  
The Director of ICT has escalated a number of new versions of risks to the Corporate register. The Information Security risk (and controls to mitigate its potential impact) is of particular importance, especially in the light of COVID-19, and a massive increase in home working across the organisation.
- Risk 23 - Person suffers significant harm  
This risk related to child welfare initially but after discussion at HMT was broadened to encompass all persons at risk in the Borough (including Council staff), and the safeguarding steps the Directorates are taking to protect them.
- Risk 25 – Contract Management (and the potential of fraud)  
This risk has evolved in the last year, with investigations ongoing but Housing Services are also implementing increasingly robust controls to manage contract related risks.
- Risk 27, 28 & 29 – Hackney Learning Trust related risks. SEND funding, serious safeguarding failure in a school and unregistered schools.  
The risk relating to unregistered schools has just been escalated to the Corporate register, by the Hackney Learning Trust’s Management team.
- Risk 30 – Temporary Accommodation.  
This was escalated to the Corporate Register in July 2017 and remains in place especially in light of the recent implementation of the Homelessness Reduction Act, placing further obligations on Councils.
  - Risk 31 - Fire Safety  
This risk was updated to reflect the climate post Grenfell and escalated to the Corporate register. The Council was already undertaking multiple measures to manage these risks and the controls here should now provide clear assurance.
- Risk 35 – Creation of new companies.  
This was a new risk last time which has been escalated to Corporate level, recognising the opportunities, but also risks which these new companies present.
- Risk 36 – Insourcing - This was escalated after the approval of HMT, and refers to the Council’s approach to Insourcing, and the benefits it may present. Obviously the Guidance paper is crucial in determining the best approach to Insourcing, depending on circumstances.
- Risk 39 - Climate Change. This was escalated at the end of 2019, and remains extremely important to the Council’s overall objectives.

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

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

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

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

**APPENDICES**

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

**BACKGROUND PAPERS**

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

None

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# Hackney Corporate Risks June 2020

Report Type: Risks Report

Generated on: 18 May 2020



Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 55</p> <p><b>SRCR 0039</b> Pandemic <b>EXTERNAL RISK</b> <b>FUTURE RISK</b></p>	<p>The outbreak of Coronavirus (COVID-19) in the UK continues to persist (or escalate further in the form of a second wave), continuing to affect the local area, both in the community and staff within the Council. This would carry on placing a massive demand on resources around the Borough and also have a potentially negative impact on effective service provision in all areas. It will also pose longer term threats to the Council's financial stability going forward, with budgets being severely challenged, and income (whether through Council Tax, Business Rates, Parking etc) noticeably reduced. The Council's supply chain would also be likely to be further affected (with organisations out of the Council's control struggling both financially, and to provide their agreed service).</p> <p>Whilst responding to the pandemic, there may be other normal Council protocols and risk controls that get waived, side-stepped or reduced. This could result in deficient inspections (potentially affecting vulnerable residents or care homes) or risks to unoccupied property (leading to fire and theft). Other areas, like Highway Safety Inspections may suffer, if another lockdown inhibits normal service delivery.</p> <p>There are increased cyber and data governance risks, with the cross Council emphasis on home working leading to more potential fragility within the systems, with an increased risk of data breach, if staff don't follow standard online protocols. Also fraud could increase, as people see an opportunity to capitalise at a time when attention may be concentrated elsewhere. There have also been concerns about the risk to vulnerable children, in light of the cessation of school meaning that those on free meals may miss out</p>	<p>Cross Council</p>		<p>The nature of the virus and its impacts are changing on a daily basis. At this stage (May 25), the Government has eased the lockdown in England with a "stay alert" message still placing an emphasis on social distancing and generally staying at home. There are ambiguities in the message however. UK Chief Medical Officers, who are constantly advising the government (along with WHO advice) believe the peak of cases probably occurred in the first week of April, but is still very much at a threatening level, with a reducing but still significant number of daily deaths. At the Council, where possible, the emphasis immediately shifted to working from home for most staff - although this can clearly not apply across all services. Considerable numbers of staff across the Council are being deployed in slightly different roles to support the demands of the service. Overall, services have been generally maintained and the switch to working from home has proved successful.</p> <p>For all but children of key workers, school stopped on March 20, although provision for children on free school meals has been made through vouchers. For children in years 6, 1 and reception, some schools are restarting on June 1.</p>

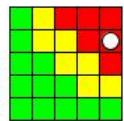

	on their free meals etc. Also increased poverty (due to less work) and less well stocked food banks / supermarkets impact on vulnerable adults. COVID-19 continues to impact severely on international economies affecting future funding opportunities and causing stock market turbulence which could have problematic implications for pensions. Also if landlords are not managed properly, there is an increased chance of homelessness, which in a time of lockdown could pose a grave threat to those on the streets.				
<b>Control Title</b>	<b>Control Description</b>	<b>Responsible Officer</b>	<b>Service Manager</b>	<b>Due Date</b>	<b>Control - Latest Note</b>
Page 56  SRCR 0039 Pandemic	<p>As the onset of COVID-19 occurred, Emergency Planning and Business Continuity were immediately able (to support services) to activate relevant BCPs, which already existed in a fully up to date format. Senior management receive regular briefings about all developments and advice from the appropriate teams. Also, to ensure essential service obligations to residents are met (which includes warning and informing them of any risks to health, security, welfare property etc.), managers of service areas have updated their contact lists (staff and suppliers) and reviewed the Loss of People section in their Business Continuity plans as a priority (emailing the BC Manager to confirm this has been done). Updated plans are accessible both electronically and in print (both in the office and at home). The BCPs are hoped to ensure service delivery can continue effectively even in light of such disruption. Daily updates are being provided by the Communications team to keep everyone fully posted on all developments and the Council's latest reponse.</p> <p>GOLD (daily) and SILVER (twice weekly) Corporate Resilience meetings have been occurring providing transparent leadership. In terms of the supply chain, Contract managers are being encouraged to think about alternative suppliers that they might be able to use and consider what steps they would need to take to put alternative arrangements in place.</p> <p>Contract Managers are also being advised to familiarise themselves with force majeure clauses for their contracts, and the process that will need to be followed if a supplier tries to trigger it. Businesses may wish to consider force majeure and relief provisions in their contracts in order to reduce or eliminate liabilities, however this will</p>	Senior Officers, advised and directed by Business Continuity	David Blair Reid & assorted Senior Officers	Reviewed daily at the moment.	<p>As of March 16, following the Prime Minister's press conference, the approach towards the pandemic intensified with all British people being urged to change their behaviours and avoiding social / group situations. The closure of school occurred on March 20, and a 'lockdown' commenced on March 24th, with the importance of social distancing being repeatedly stressed (although with debatable success). The lockdown was slightly relaxed on May 11, with a partial reopening of schools planned for June 1.</p> <p>All Council buildings, including libraries, leisure centres and the museum are currently closed to the public, however Hackney libraries are providing an online service so there's no need for residents to leave their house to access books, magazines or newspapers. Residents (and staff) can also access thousands of audiobooks for free through their <a href="#">digital library</a>. Fines are also currently suspended. .</p>

	<p>depend on the specific wording of the clause and the governing law of the contract, and tends to require that the event or circumstance is beyond the party's control and:</p> <ul style="list-style-type: none"> <li>• was not reasonably foreseeable at the time of entry into the contract</li> <li>• the effects cannot be avoided by appropriate measures; and</li> <li>• prevents performance.</li> </ul> <p>Another control to be potentially used is for 'non-essential' (non-frontline) staff to be re-tasked for temporary periods of time. This would be at the discretion of HMT and could assist at a time when staff absences approach extremely high levels.</p> <p>HR have been drafting detailed guidance about every aspect of how COVID-19 may affect staff and how staff should proceed in the light of COVID related difficulties. This clarity should ensure a clearer approach to work during this confusing time.</p>				
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 57</p> <p>Housing</p>	<p>Clear steps have been put in place to ensure the Council can continue to safely manage the 30,000 homes across Hackney's estates and street properties, and prioritising our resources to mitigate against the risk caused by coronavirus. Central to this is ensuring that any council tenant who risks hardship as a result of the outbreak gets the support they need and does not have to worry about the security of their home, including suspending any evictions for the immediate future</p> <p>The Council has guaranteed that council tenants who are unable to pay their rent due to hardship caused by coronavirus will not face eviction proceedings. Extra efforts are in place to protect private and <a href="#">Housing Services tenants</a> from the hazards of evictions or uncertainty of possession orders during the coronavirus pandemic. We're asking landlords in Hackney to support their tenants in financial difficulty to give them the time and flexibility they need, and to go beyond the Government's requirements where they need extra help.</p> <p>Additionally, the Benefits and Housing Needs service are working to help ensure private renters get all the financial support they are entitled to, provide advice on maintaining tenancies, and – where there is likely to be shortfalls in rent payments – help with applications for discretionary <a href="#">housing payments</a>.</p>	<p>HMT</p>		<p>Reviewed weekly</p>	<p>May 2020 - there is a clear acknowledgement that COVID-19 has had a massive impact in areas all around the Council and the relevant services have been quick to act offering much needed protection to the local community, both in private or public housing.</p> <p>More than 50 homeless people have been housed by Hackney Council since the coronavirus lockdown. Cabinet Member for Finance, Housing Needs and Supply, Cllr Rebecca Rennison said: "We were working hard to get rough sleepers off the streets so they can keep safe and comply with the lockdown long before the request from government, but I'm delighted that they have at last recognised the urgency of the longstanding homelessness crisis."</p>

	<p>The Council's Housing Officers have spent considerable time contacting vulnerable residents to make sure they have the support they need and are picked up through the Council's Humanitarian Assistance Group. They've also partnered with the Hackney Food Bank to provide vouchers for anyone struggling for food.</p>				
<p>Business Rates Support</p>	<p>The Business Rates team has worked to identify the thousands of businesses in the borough that are eligible for the new rate reliefs and coronavirus business grants announced by the Government. We know the business community in Hackney needs these funds urgently and have now begun issuing over 90 million pounds worth of relief and grants that will benefit small businesses as well as those in the retail, hospitality and leisure sectors.</p> <p>In addition to this the Council ensured that direct debit payments due on 1 April for any business that will qualify for the extra reliefs were not requested.</p> <p>We have temporarily put recovery on hold and will not be issuing notices to ratepayers chasing outstanding business rates at this time. Where ratepayers do not benefit from the reliefs and grants and still have a bill to pay we are working to agree deferred payments or extended instalment arrangements where requested.</p> <p>Staff have worked flexibly, taking call centre calls remotely for the first time and dealing with ratepayer queries at what would be the busiest time of the year in any year, with bills for the new year having just been delivered.</p> <p>The Inspection team has changed its work programme so that more work can be done from home or without the need to visit properties and will be continuing to look at new ways of working.</p> <p>Council Tax Council tax staff are operating the contact centre via home working. They have provided a near-full service to customers at the busiest time of the year. Over 100,000 annual bills were issued and received by customers from 11 March and the team has continued to successfully deal with the extra enquiries.</p>	HMT			<p>Government has increased the amount available to Whitehall departments for contingency funding to £266bn for 2020/21 in response to the Covid-19 pandemic.</p> <p>On March 27th, the Mayor announced that thousands of Hackney businesses are to share £100m in financial support and relief through a range of measures agreed today by Hackney Council. Mayor of Hackney, Philip Glanville, said: "Hackney's small businesses are the lifeblood of our local economy and we're determined to support them throughout this very challenging time. We have been pushing for a comprehensive package of support for our local businesses from the government. We'll work as quickly as we can to put the government's relief and grant packages into action – as well as deferring rent due from our tenants to give them space to breathe. The incredible response of our well-established voluntary and community organisations shows how essential they will be in the coming months, which is why we've waived all rent due from them for the next three months and will explore with them doing even more.</p>
<p><b>Increased financial pressures.</b></p>	<p>On March 27, Hackney Council announced a financial care package for around 20,000 low-income households affected by the coronavirus pandemic, which will see working-age residents who are</p>	HMT			<p>May 2020 - there have been some delays in payments being made, but officers are working through all support claims.</p>



	<p>eligible for Council Tax support automatically receiving a rebate of up to £150 on their 2020/21 bill. In addition, a further £500,000 will be added to the Council's Discretionary Crisis Support Scheme, which provides urgent financial help to residents with emergency needs who apply for it. Deputy Mayor and Cabinet Member for Finance, Housing Needs and Supply, Cllr Rebecca Rennison, said: "Residents in Hackney are worried about their families, incomes and jobs, and we will do everything we can to support them through this very difficult period. This funding will provide urgent help for those residents on the lowest incomes and most exposed to the financial effects of coronavirus." Mayor of Hackney Philip Glanville said: "This financial support will be targeted to those that need it most. For residents with immediate support needs, especially around food – or if you are concerned about someone in Hackney who is vulnerable – please get in touch with our support hub." Children who are missing out on their free school lunches will get the equivalent in vouchers which can be used in supermarkets.</p>				<p>Children who are missing out on their free school lunches will get the equivalent in vouchers which can be used in supermarkets.</p>
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 59</p> <p><b>SRCR 0001</b> National and International Economic Downturn <b>EXTERNAL RISK</b> <b>CURRENT &amp; FUTURE RISK</b></p>	<p>There is an ongoing risk to the Council's finances arising from measures that the Government are continuing to take. This is now likely to be compounded by the effects of the pandemic, the uncertainty surrounding Brexit, and the results of the Fair Funding Review (which has now been postponed). The sudden spread of the Coronavirus around the world in the first few months of 2020 has completely changed the international economic climate. Going forward, the only conclusion at this stage is that Central Government will be operating with further reduced funds and resources and this will surely be to the detriment of future funding for local authorities. The challenge will be how we adapt to even tighter financial resources.</p> <p>Already, there is the challenge of finding around a further £30m of efficiency savings up to 2021/22 (totalling £140 million since 2010) and possibly more beyond that time. This poses a risk that as a result of reductions made to services and overall funding, the quality and outcome of work impacts adversely on stakeholders, leading to local dissatisfaction and damage to the Council's reputation. Tighter finances result in less capital, repossessions, and potential developments frozen, affecting potential economic development and social infrastructure. This all contributes to a risk of real poverty and inequality emerging in areas of the Borough.</p>	<p>Chief Executive's; Children, Adults &amp; Community Health; Finance &amp; Corporate Resources; Neighbourhoods &amp; Housing</p>	 <p>Likelihood</p> <p>Impact</p>	<p style="text-align: center;"></p> <p>May 2020. Some estimates (such as the Pixel Financial Management report on behalf of the County Councils Network) suggest the (now delayed) Fair Funding Review could almost double the Council's already £19m existing budget gap, as a result of this Government's austerity policies, to over £36m. Therefore, even before the impact of coronavirus on the funding position is considered, there is already a considerable budget gap over the planning period (up to 2024).</p> <p>With the sudden onset of COVID-19, Central Government announced to Councils that they should "spend what you need", and that the Government would support accordingly. But what councils already need is larger than the recently announced two £1.6bn packages for local government, let alone where budgets will be once this crisis is over.</p> <p>Austerity measures have persisted over the last decade, although noises were being made that austerity is coming to an end, but this is even more uncertain now in light of the</p>

				<p>pandemic. More generally, this risk is ongoing due to continuing and proposed cuts by the government. Recent revenue budgets and Capital Programmes have been put together against the backdrop of some of the most significant reductions in Central Government support to Local Government since World War Two. The result of the EU Referendum and the subsequent plans for Brexit (cemented by triggering Article 50 on 29/3/17), has already proved to have a negative financial impact, although not perhaps as severe as some economists predicted. The Conservative election victory on 12/12/19 further suggests a continuation of austerity measures with the final arrangements and deal for Brexit agreed by the end of 2020.</p> <p>Ongoing Central Government cuts mean that Hackney must work with £140 million less a year than in 2010, while rising costs and increased demand for services have added a further £42 million of expenditure for the Council to find each year. Over the period 2010/11 to 2018/19 the Council's core Government funding shrunk from £310m to £180m – and by 2019/20 it is £170m - an overall cut of 45%. The total budget for 2018/19 was £1,074 million, down £17 million on the previous year. All these points illustrate the undeniably challenging financial predicament of the Council. When the budget for 2019/20 was signed off, the Mayor clearly stated his perception that austerity seemed to be continuing, along with a risk of more cuts through the Fair Funding Review. The local government finance settlement 2020-21 proposals unveiled the biggest funding increase in almost a decade. Although this was a small bit of good news, beyond this, this is no certainty.</p> <p>Clearly, this risk is ongoing and the need for efficiency savings will not diminish in the foreseeable future (especially with Brexit). Therefore this will have an impact on the Council which needs to be carefully managed. Hackney's latest budget confirmed a further reduction in resources of approximately £30m by 2021/22. In the light of the pandemic adding more uncertainty and challenge to an already problematic situation, the score has had to rise to the maximum.</p>	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0001B</b> National and International Economic Downturn	There is a need to ensure that the Medium Term Financial Plan accurately reflects best estimates of future funding levels. Financial planning will be constantly diligent and reflect the changing circumstances of budgets available. Also, controls from other related risks are relevant, e.g. Regeneration projects and Recruitment and Retention [increasing access routes into the Council's employ].	Tim Shields; Ian Williams; Ajman Ali; Anne Canning	Ian Williams	31-Dec-2020	May 2020 - action ongoing. Progress made in various areas should provide assurance that even in challenging circumstances, the Council is well placed to manage its duties. In the immediate aftermath of the pandemic and resulting lockdown, an extremely detailed

					paper on the potential financial implications of COVID-19 was presented to full Council with a clear breakdown on what the impacts could be. Even with two £1.6 billion packages being announced as support for Local Government this doesn't look like make much difference long term.
<b>SRCR 0001A</b> National and International Economic Downturn	Whilst the overall risk is external and largely beyond control of the Council, there is a clear need to identify, implement, monitor and resource the delivery of significant reductions in expenditure and to ensure the services that continue to be provided are resourced adequately. Also, Officers' advice to members needs to be explicitly clear as to what can and cannot be delivered including the organisations ability to deliver and implement the commitments contained within the local manifesto.	Tim Shields; Ian Williams; Ajman Ali; Anne Canning	Ian Williams	31-Dec-2020	May 2020 - action ongoing. At the latest budget (26/2/20), it was agreed that Council tax could be raised by 3.99%, helping mitigate some budgetary shortfalls.
<b>SRCR 0001D</b> National and International Economic Downturn Page 61	Savings proposals were developed and agreed with members in order to bridge the forecast reduction in resources in 2019/20 and subsequent financial years. At the same time, the capital programme is subject to review to ensure that available resources are used to deliver Council priorities. Several measures, including numerous restructures, have been used to reduce overall expenditure levels across the Council. There are also continuing efforts at seeking ways to generate additional income, for example in the use of Corporate Estates for events /major regeneration and building projects / changes in service delivery models etc. This is already resulting in considerable savings to help mitigate the risk of funding cuts.	Tim Shields; Ian Williams; Ajman Ali; Anne Canning	Ian Williams	31-Dec-2020	May 2020 - ongoing. A voluntary redundancy campaign was launched with a deadline of January 2020. Those who are accepted left the Council by March 2020, with a few Senior Officers staying on for slightly longer.
<b>SRCR 0001E</b> Commercialisation	The Council is looking to take advantage of commercial opportunities which are presenting themselves as a new way of raising capital and mitigating impacts of austerity. These more innovative ways of working present opportunities to protect the Council against cuts in other areas.	Tim Shields; Ian Williams; Ajman Ali; Anne Canning		31-Dec-2020	May 2020 - The Council has sought ways of generating income in constrained financial circumstances and therefore the scale of investment activity (for example in commercial property) has increased. As yet, Hackney has not adopted a corporate approach to commercialisation across the organisation, although there are specific examples where commercial activity and projects are in progress or being considered. Successful examples include those where Council owned property has been leased out to third parties.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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**SRCR 0001A**  
 Brexit Implications  
**EXTERNAL RISK**  
**CURRENT & FUTURE**  
**RISK**  
 02

Following on from the UK's vote in favour of leaving the EU in June 2016, the continuing fallout from this is producing some serious risks to the Council and country as a whole. Financial issues (external to the Council) could impact massively on income levels, spending ability, and general resources across all areas.

The continued possibility of a 'no deal' scenario maintains the level of risk, as the lack of a deal would signal an even more solitary break for the UK, with almost all leading economists issuing a very pessimistic prognosis on this situation. The disruption this could cause to supply chains could have a damaging effect on business continuity. As things stand, Britain formally left the EU on 31/1/20, but negotiation regarding the specifics of any deal are scheduled the last until the end of the year. Britain could still fall out of the Union with no deal.

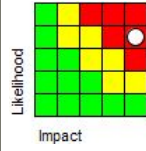
With no deal, stock markets could fall significantly resulting in a serious impact to the Council's pension funds. The likelihood of an increased triennial valuation is much higher, and the risk of the need for increased general contributions emerges. Also with reduced interest rates, Brexit could continue to impact on treasury investments.

The impact of Brexit on exchange rates for Sterling means that there is a risk of material cost increases due to the direct and indirect impact on pricing for software and hardware (the Council may see price rises as suppliers pass on increased costs affecting their own ICT services). There may not be budgets to cover the shortfalls that a weak pound produces.

When the UK leaves the EU, the existing EU data protection provisions will not apply to the UK. The exact implications of this are currently unclear, but there could be a risk that EU based data processors may notify UK data controllers that they are not able to process UK data in the event of a 'no deal' Brexit.

Furthermore, recruitment and retention problems could worsen with the potential loss of employees from EU27 countries. There is a risk of high increases to food costs which could cause a disruption to food supplies, panic buying, an increase in food prices and food bank demands, and finally, reduced food bank donations. There also remains a risk to medicinal supplies, meaning vulnerable residents might not have access to their required medication.

Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing



May 2020 - Article 50 was triggered on March 29<sup>th</sup> 2017, formally commencing the exit process. With the convincing Conservative victory in the General Election (12/12/19) which followed numerous delays, Brexit occurred on 31 January 2020.

However, the possibility of (a potentially catastrophic) 'no deal' scenario is still a reality, as the government have a deadline till the end of 2020 to sort out the specifics of an exit deal (or not). Also, problems such as the pound's instability have caused the Council some clear losses in purchasing (especially ICT equipment which is bought in dollars).

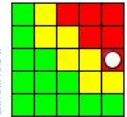

In the immediate aftermath of the Brexit vote, some of the more pessimistic outlooks were not realised, with the markets remaining steady, but economists suggest the outlook remains gloomy. Clearly the Coronavirus pandemic has added massive uncertainty and negativity to the short (and long?) term economic prospects. There is also a risk for Central government of the pandemic crisis detracting from efforts to gain a satisfactory deal. Also an atmosphere of political unrest is present especially in areas like Hackney which were predominantly in favour of remain. Thankfully, in Hackney, hate crime/civil unrest has not been an issue as yet (Safer Communities Team monitor this).

With No Deal still a possibility, the council's planning must seriously consider the ramifications. As well as the potential macroeconomic impacts of a No Deal exit, concerns have been raised over the impact on residents of potential increases in food and fuel prices - particularly on the poorest. In addition to this, anxieties remain over the supply of critical medicines to the UK, particularly those which cannot be stockpiled such as isotopes used in cancer treatments.

	Finally, fears about an increase in possible hate crimes and civil unrest, post Brexit, have not materialised but are still something to consider as the political climate and public feeling remains unstable.				
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 63</p> <p><b>SRCR 0001A</b> Brexit Implications</p>	Brexit and its potential impacts are discussed at all levels, whether at HMT, DMT, cross-London leadership discussions or within detailed briefings from Legal Services, which are regularly e-mailed out to all. Sessions have also been arranged for local EU citizens in the Borough to provide access to the latest information about their rights around Brexit, and ask questions of an independent immigration lawyer.	Tim Shields; Ian Williams; Ajman Ali; Anne Canning	All	31/12/2020	<p>There is a separate Brexit Risk Register (which was initially produced before the main threads of these risks were subsumed into the normal Directorate / Service registers) . The separate Brexit register is up to date as of May 2020.. Below are examples of further Council work on managing potential Brexit impacts.</p> <p><u>European Settled Status (EUSS)</u></p> <p><i>1. Council Staff</i> Two partnership events for the Council staff have been carried out with the European Commission similar to that already provided for residents, informing citizens of other EU countries of their rights, offering support and guidance on other issues where possible and providing an opportunity to access free legal advice. Around 100 staff signed up.</p> <p><i>2. Residents/Local Workforce</i> The first information session for EU citizens held in October 2018. To encourage eligible residents to apply, a communications plan is being developed to push out the key EUSS messages. This will be structured according to analysis by the Policy and Partnerships team and a workshop with VCS organisations to target individuals at greater risk of not applying for EUSS.</p> <p>The Council is preparing to make EUSS applications for looked-after children in line with its statutory responsibility to do so.</p> <p><u>Supply Chains</u> Supply chains have been reviewed with the procurement team to help anticipate potential price increases or supply shortfalls.</p> <p><u>Demand Increase</u> Departments have been prompted to consider areas which could face increasing demand, and take action to mitigate the impact if possible.</p>

					<p><u>Data Governance</u> We do transfer data to the EU/EEA as part of our cloud hosting arrangements, but are not aware of any cases in which the Council receive data from the EU/EEA. Data hosted in the US is currently covered by the EU-US Privacy Shield. Google hosts data globally, but this data processing is already safeguarded by standard contract clauses so will be unaffected by the UK leaving the EU. The Council's IT team are following the relevant guidance and will work with suppliers to ensure they are preparing accordingly.</p>
<p>Page 64</p> <p><b>SRCR 0001A UK leaving the EU Project</b></p>	<p>The Council have commenced a special organisation wide initiative called the "UK leaving the EU project". Through multiple meetings and sharing of material, senior officers are discussing and keeping up to date with the impact of Brexit on the full range of Council operations and services.</p>	<p>Ian Williams</p>	<p>Various Directors and other senior officers around organisation</p>	<p>31/12/2020</p>	<p>The first meeting of this group occurred on 7<sup>th</sup> November 2018. Google community groups have been set up for discussions regarding this. Updates are regularly occurring on all areas of the potential outcomes, and meetings occur at regular intervals.</p> <p>The Task and Finish Group meets every three weeks to co-ordinate the Council's preparedness work. The findings of the group's research and actions taken as a result have been summarised in a 'live' briefing document shared with strategic staff and cabinet members. Feedback has been received on this in meetings with cabinet members.</p> <p><u>Emergency Planning</u> A Brexit 'shadow GOLD rota' was set up ensuring Senior council officer availability 24/7 in the weeks leading up to and after a potential exit from the EU. If enacted, this replaced the normal 7 day cover period by a single Officer and will ensure more effective resilience and capacity under 'emergency/serious incident' conditions. This rota contains a trigger system which will dictate under what circumstances our Borough Emergency Control Centre (BECC) will need to be set up to co-ordinate responses to the full range of possible emergency scenarios. The BECC also has a shadow rota in place in readiness to be stood up if needed on a 24/7 basis. The decision to both stand up the 24/7 GOLD rota and the BECC will be a HMT one, based on circumstances prevailing at the time.</p> <p>The borough's fuel resilience plan has been reviewed. In the event of a fuel shortage, the borough's designated fuel station will be secured, and access to fuel will be provided only to vehicles with a valid permit (issued by the Council). These would be provided to doctors, waste disposal vehicles, care workers, emergency service's vehicles and similar.</p>

<b>FR DR 0007</b> Consider potential pricing fluctuations when planning purchases.	<p>The uncertainty of global currency markets and supplier responses to fluctuations means that it is extremely difficult to mitigate this risk. Where possible consideration will be given to the potential of pricing fluctuation when planning purchases and commissioning.</p> <p>This will be an ongoing activity (no fixed end date).</p>	<p>Tim Shields; Ian Williams; Ajman Ali; Anne Canning</p>	<p>Purchasing managers</p>	<p>Ongoing</p>	<p>Task and finish Group continues to monitor across all service areas</p>
<b>FR DR 0007b</b> Brexit impact on Treasury and Pensions	<p>Ongoing monitoring of financial markets and close communication with Pension Fund Investment managers/investment consultants. Additionally, there has been ongoing monitoring of financial markets and regular communication with treasury advisers. Monitoring of both interest rates/yields as well as the impact on the credit risk of potential investment counterparties, especially UK based institutions.</p>	<p>Ian Williams; Michael Honeysett</p>	<p>Rachel Cowburn, Pradeep Waddon</p>	<p>Ongoing</p>	<p>Following the leave vote, the Pension team was in immediate contact with fund managers and Investment consultants, receiving commentary from each fund.</p> <p>Pension Committee has received numerous updates and reports and, following the advice of the investment consultants, agreed not to take any immediate action and to monitor the impact on an ongoing basis.</p> <p>Also, UK gilts yields have already reached a record low and the UK base rate marginally increased back up to 0.5% early in 2018, and then 0.75% a few months later (August 2018).</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 65</p> <p><b>SRCR 0002</b> Management of Capital Programmes / Schemes <b>EXTERNAL RISK</b> <b>FUTURE RISK</b></p>	<p>From a financial perspective, as a result of substantial external borrowing to fund the ambitious capital programme, the Council moves from a debt free position and become more vulnerable to changes in the market (potential volatility of the housing market affecting sales volumes / value and increasing building costs as a result of weaker GBP against other currencies). This could lead to financial pressures as unexpected costs of borrowing would be incurred.</p> <p>Additionally, Major Capital Schemes may not be managed or targeted effectively to maximise use of resources available and ensure delivery according to expectations. This poses a risk to the successful completion of such schemes, incurring losses and dissatisfied stakeholders.</p>	<p>Chief Executive's; Children, Adults &amp; Community Health; Finance &amp; Corporate Resources; Neighbourhoods &amp; Housing</p>		<p style="text-align: center;"></p> <p>May 2020 - This risk is ongoing and intensifying somewhat in light of the quantity of high level programmes across the Council. Particularly in regards to property development, the ambitious capital programme requires forward funding, pending future sales of private residential units on completion of regeneration and other mixed use development schemes. In terms of this financial year, the capital programme for 2020/21 is £245m (non-Housing schemes totalling £119m and Housing schemes totalling £126m). The plans for Britannia of course, go beyond Housing, which makes this scheme all the more important, and one of the most ambitious in the programme. There are detailed separate risk registers for projects such as Britannia. Britannia has a commercial lead on its senior Management Team and has contracted Arcadis to provide construction cost advice on the School, and financial viability advice for the project, and CoreFive to provide construction cost advice on the leisure centre and residential aspects of the project. This will provide greater financial certainty to Britannia, enabling more</p>

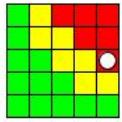

				<p>informed decision making by the Officer Steering Group and Project Board established to govern it. This should also provide extra assurance about how a major project is being managed. All major projects (another example being the long term plans for the Tesco site) contain detailed break clauses, which essentially provide guarantees that (even with the initial investment) the council cannot suffer serious losses.</p> <p>Because of the (recent) increased quantities of forward funding / borrowing here, the impact had to rise to a 5, however the likelihood decreased to a 3 as the controls (and previous experience) provided assurance that the Council was well positioned to manage this risk. Since June, the risk has remained stable.</p>	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>Page 10</p> <p><b>SRCR 0002A</b> Management of Capital Programmes / Schemes</p>	All capital schemes are subject to review via capital budget monitoring process. Slippages can be identified via this process and appropriate action taken. The quarterly monitoring that is included in the regular Overall Financial Position (OFP) Report to Cabinet will also be included in future performance review report to Audit Committee. The Capital Monitoring Reports will include more discrete data regarding the actual delivery of the capital programme.	Tim Shields; Ian Williams; Ajman Ali; Anne Canning	Michael Honeysett	31-Jul-2020	April 2020 – ongoing. The latest Capital Programme has been agreed (at £245m) and no revisions announced as yet. Last year’s actual capital expenditure to March 2019 was at £282.6m, £13.7m below the current revised budget. Such regular (quarterly) reporting should provide increased assurance that everything is being astutely managed, especially with out-turns being below budget.
<b>SRCR 0002B</b> Management of Major Capital Schemes	Major schemes are managed via project boards to ensure appropriate actions are taken to ensure delivery of scheme to expected standards.	Tim Shields; Ian Williams; Ajman Ali; Anne Canning	Michael Honeysett	31-Jul-2020	April 2020 - ongoing.
<b>SRCR 0002C</b> Management of Major Capital Schemes	The Capital programme is currently subject to overall review in order to reduce the overall call on available resources and to ensure their use is prioritised in line with member decisions.	Tim Shields; Ian Williams; Ajman Ali; Anne Canning	Michael Honeysett	31-Jul-2020	April 2020 - ongoing. A refresh of the capital programme has been completed as part of the budget process for 20/21 - and a review of the overall corporate strategy.



Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p><b>SRCR 0003</b> Housing Regeneration Programmes <b>EXTERNAL RISK</b> <b>CURRENT &amp; FUTURE RISK</b></p> <p>Page 67</p>	<p>There are a number of key risks which require careful management between Regeneration and a range of services across the Council, including finance, procurement and planning. Major risks are associated with:</p> <ul style="list-style-type: none"> <li>Risks around certainty of future funding, and the need to contain borrowing within sustainable levels now that the HRA Debt Cap has been lifted. If this is not contained, there will be serious financial consequences.</li> <li>Procurement and performance related risks with developer/contractor partners</li> <li>Falls in property values could impact the viability of schemes.</li> <li>Managing increased risks to social cohesion associated with potential increased polarisation, greater transience and reduced housing affordability.</li> </ul> <p>An uncertain economic environment, particularly as a result of Brexit, poses risks to projects that rely mainly or partly on disposal of assets or the subsequent sale of newly developed properties.</p> <p>In addition, if the Council is unable to dispose of the Private for sale and shared ownership homes on its Estate Regeneration or Housing Supply Programme schemes, due to affordability issues and/or other external econ</p>	Neighbourhoods & Housing		<p style="text-align: center;"></p> <p>April 2020 - There are significant regeneration projects ongoing within the borough including the Woodberry Down programme, borough-wide Estate Regeneration schemes and new build affordable housing with significant borrowing requirements which, if not carefully project managed could adversely impact the Council's overall financial position</p>

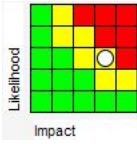

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>NH DR 006a</b> Regeneration Programmes	Application of sound programme and project management methodology for delivery of complex programmes and projects including reporting where agreed tolerances have been exceeded, and finance assessment of business cases including those that need to be revised.	Ajman Ali	Chris Trowell	Ongoing	March 2020 – A management review is taking place of schemes.
<b>NH DR 006b</b> Regeneration Programmes	Robust programme management and governance procedures in place for key capital projects and programmes with project sponsorship at Director level. Major schemes are managed via project boards to ensure reputational issues managed and project/programme outcomes delivered to required standard, on time and within budget.	Ajman Ali	Chris Trowell	Ongoing	March 2020 - Risk reviewed and updated.

<p><b>NH DR 006c</b> Regeneration Programmes</p>	<p>Sales and Marketing is now business as usual within the Regeneration Division and has a business assurance role in the delivery of every project.</p> <p>The Council's overarching Sales &amp; Marketing Strategy was agreed at Cabinet in July 2016 with an additional paper presented to Cabinet in November 2016 setting out a flexible framework for affordability and eligibility for shared ownership homes.</p>	<p>Ajman Ali</p>	<p>Zoe Collins</p>	<p>Ongoing via Gateway Reviews and reporting via Housing Development Board</p>	<p>March 2020 – controls are managed as part of the business assurance role within the Regeneration Gateway Review process and regular reporting to Housing Development Board</p>
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 68</p> <p><b>SRCR 0010</b> Pension Fund <b>EXTERNAL RISK</b> <b>CURRENT &amp; FUTURE RISK</b></p>	<p>General market volatility (eg – price and pay inflation is more than anticipated), changing demographics, vulnerable asset classes and any legislative changes could pose a risk to investment returns which underpin fund performance and ability to meet future liabilities without additional financial burdens on the taxpayer. If investment returns are poor with a post Brexit plummeting of stock markets, or the outflow of resources is much larger than expected or an asset category seriously underperforms, this will have serious financial implications for the Pension Fund and ultimately add cost pressures to the Council's budget via employer's pension contributions.</p>	<p>Finance &amp; Corporate Resources</p>	 <p>Likelihood</p> <p>Impact</p>	<p style="text-align: center;"></p> <p>May 2020 - In the immediate aftermath of COVID-19 seriously impacting on the UK in March, stock markets crashed and investments almost everywhere went down. While market conditions are currently very volatile, both our investment strategy and the plan for meeting our liabilities (our future pension payments) stretch over the very long term. The Fund remains cash flow positive without relying on investment income. We will be closely monitoring the situation but we do not expect to make major changes outside of the Fund's investment strategy, the formal review of which was already underway. We remain committed to the Fund's policy to reduce exposure to carbon reserves.</p> <p>Brexit also continues to pose risks in the future about meeting liabilities. In its immediate aftermath (June 2016), the initial impact on the markets was negative, but steadied soon after, and has steadily gained strength in the years since. The impact on the strength of the pound has been negative however. In light of this, the economic climate remains volatile.</p> <p>The likelihood of this risk occurring is relatively high, given the challenging conditions in investment markets and the impact of changing demographics. The impact has to remain high,</p>

					<p>given the potential threat to the Fund's ability to pay benefits when they are due.</p> <p>In Oct 2015, the Government called for the assets of the 91 LGPS funds in England and Wales to be pooled into 8 pools of approximately £25bn+ of assets. The Council have now transferred the first tranches of assets to the London CIV, but the process will not be complete for a few years. Further proposals will incur transition risks, as well as overall strategic ones so the whole process is being managed carefully, although the overall aim is to make efficiencies in investment costs.</p> <p>Of course, an increase in the UK's interest rates could represent an opportunity of sorts for the Council, and Asset Pooling may lead to greater saving and efficiencies, so there are potential opportunities here too. All is being monitored closely.</p>
<b>Control Title</b>	<b>Control Description</b>	<b>Responsible Officer</b>	<b>Service Manager</b>	<b>Due Date</b>	<b>Control - Latest Note</b>
<b>FRFSV 0010D</b> Pension Fund	The funding of the Pension Fund liabilities continues to be monitored closely and the Fund seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.	Michael Honeysett; Ian Williams	Rachel Cowburn	31-Jul-2020	Updated May 2020 - ongoing.
<b>FRFSV 0052D</b> Knowledge and Skills	Ensuring those charged with governance of the Fund and for managing the day to day operations have the requisite knowledge and skills to make informed decisions when managing the funding position. Regarding proposed (asset pooling) changes, all consultations and guidance from the Government are being monitored, and responded to where appropriate.	Michael Honeysett	Rachel Cowburn	31-Jul-2020	Updated May 2020 - ongoing.
<b>FRFSV 0053B</b> Pension - Valuation Monitoring	Triennial Valuation assesses the funding position, intervaluation monitoring ensures that movements in the Funding position can be assessed and strategies to manage any deterioration are put in place. Assessment of liabilities at the triennial valuation and the roll-forward of liabilities between valuations helps identify – financial mismatch / falling risk free returns on government bonds / higher than anticipated inflation / increasing fund maturity / insufficient deficit reduction payments.	Michael Honeysett	Rachel Cowburn	31-Jul-2020	Updated May 2020 - ongoing.
<b>FRFSV 0053C</b> Identifying the external risk factors that affect the funding position	Identifying the various risk factors, asset/liability, investment, longevity, interest rates, inflation, liquidity, etc and how the interaction of these impacts on the funding position and adapting the strategy and business plans to manage these risk where feasible. Also regarding future Asset Pooling, planning for transition is considered as	Michael Honeysett	Rachel Cowburn	31-Jul-2020	Updated May 2020 - ongoing.

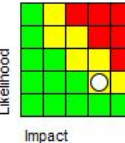

	part of the Investment Strategy development to ensure assets are transitioned efficiently and within the required timeframes.				
<b>FRFSV 0042D</b> Appropriate levels of knowledge and skills to make decisions	Use of external advisers to assist in making investment decisions and ensuring that decision takers understand the investments of the fund. There is ongoing monitoring of financial markets and close communication with Pension Fund Investment managers/consultants.	Michael Honeysett	Rachel Cowburn/ Pradeep Waddon	31-Jul-2020	Updated May 2020 - ongoing. Detailed reports get taken to Pensions Committee at regular intervals providing them with the assurance that risks are being managed.
<b>FRFSV 0042E</b> Controls related to asset pooling	Monitor proposed changes, consultations and guidance from Government on the pooling agenda, responding where appropriate to influence outcomes. Amend process where required to ensure compliance. Also maintain good working relationships to ensure the Fund is fully aware of developments at the pool level and the pool is aware of and responds to the Fund's strategic requirements.	Michael Honeysett	Rachel Cowburn	31-Jul-2020	May 2020 – Planning for transition is considered as part of the Investment Strategy development to ensure assets are transitioned efficiently and within the required timeframes.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 70</p> <p><b>SRCR 0013</b> Impact of New Legislation <b>EXTERNAL RISK</b> <b>FUTURE RISK</b></p>	<p>The Council may not be able to respond to external influences on legislation and updated policies, thus risking the efficiency and effectiveness of service provision. Also if requirements of any new act are not met, there would be an adverse impact on the Council's legal and reputational standing.</p> <p>As a result of new policies, the Council's financial position may be adversely affected, constraining its ability to invest or progress work in new areas. Many of these policies could also have damaging consequences for the local community and many people currently living in Hackney.</p> <p>Additionally, the impact of new legislation - seen in areas such as Welfare Reform (especially Universal Credit) - could result in an increase in rent, service charge, arrears, higher legal costs, increased evictions and pressure on the vulnerable (potentially resulting in homelessness).</p> <p>Further effects of new legislation could be financial, legislative (with a failure to understand the breadth of responsibility) and reputational, directly affecting the local community. There could also be issues amongst the local community in terms of dissatisfaction, lack of understanding and increased financial difficulties.</p>	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing	 <p>Likelihood Impact</p>	<p style="text-align: center;"></p> <p>May 2020 –The Homelessness Reduction Act (April 2018), GDPR (May 2018) and The Housing and Planning Act 2016 are all examples of recent legislation having a significant impact on the demands to the services of the Council. The changes within the Education Bill have not materialised as it was scrapped, however further legislative changes are anticipated in this area in the future. The EU Referendum results and triggering of Article 50 continue to pose great uncertainty going forward. Regarding welfare, the proposed tax credit changes were retracted, however Universal Credit is presenting numerous challenges which are already being planned for (and dealt with) in great detail (after coming into effect in October 2018). With the sudden emergence of the Coronavirus, a great deal of pressure has been put on Benefits as there have been massively increased numbers of those claiming UC, especially post COVID-19.</p>

				Regarding the Housing and Planning Act (2016), the HRA debt cap has now been lifted, the forced sale of council houses removed, and the Council is nearing the end of the 1% rent reduction – therefore having increased flexibility for investing in new homes. However, there are pressures on new housing delivery and the investment in existing stock arising from changes to Building Control, fire safety, and the need to reduce carbon emissions.  Furthermore there are other forthcoming examples of proposed legislation that could impact on the carrying out of Council functions, and the risk that needs to be managed is the implementation process and the financial and human resources that may be required. This needs to be kept under review as each legislation is passed and implemented. Risk remains at same score.		
<b>Control Title</b>	<b>Control Description</b>	<b>Responsible Officer</b>	<b>Service Manager</b>	<b>Due Date</b>	<b>Control - Latest Note</b>	
Page 71 <b>SRCR 0013</b> Impact of New Legislation	The Council continues to monitor and respond to consultations regarding service delivery and other innovations to ensure that it is fully aware of new and changed initiatives and can react accordingly. All managers keep up to date with external developments which may impact on their work. Careful project and programme management is undertaken to deal with any serious reforms and their implementation. There is a quarterly Corporate Law Update outlining all the latest legal developments and their potential impact on the Council.	Tim Shields	Dawn Carter-McDonald	31-Jul-2020	May 2020 - ongoing.	
<b>SRCR 0013A</b> New Policies affecting Housing	Detailed analysis is being carried out regarding the likely impact of these policies, both internally and with other boroughs and representative organisations  Individually and with other boroughs, the Council continues to actively make the case to Government for flexibilities to mitigate the adverse effects of these policies.  Once the detailed Statutory Instruments have been published (timescales still unclear), the likely impacts of the various policies can be more accurately be assessed and work can continue on preparations to implement the measures in a way that best mitigates the impacts on the Council and residents.	Chris Trowell; Ajman Ali	Kevin Thomson	31-Jul-2020	Updated May 2020	

	<p>The current HRA savings plan delivers a fully resourced HRA and keeps HRA borrowing at a sustainable level now that the HRA debt cap has been removed. The HRA business plan is monitored annually as part of the budget setting process, taking into account arising cost pressures, changes in government policy and legislation, and any service changes.</p> <p><i>Homelessness Reduction Act:</i> This was agreed by Parliament and received Royal Assent and was implemented in April 2018. The impact of this is significant for the Council taking into account the impact of the 56 day 'nowhere safe to stay' duty, changes to s21 notices, the additional reviews anticipated and the additional resources required to carry out assessments and manage the necessary additional temporary accommodation.</p>				
<p>Page 72</p> <p>SCR 0013B</p> <p>Care Act 2014</p>	<p>This Act has reformed the law relating to care and support for adults and the law relating to support for carers. Detailed work has been undertaken to ensure its effective implementation, and clear timescales and budgets which need to be adhered to. Adult Social Care managers have a robust monitoring system in place to track the impact of the Care Act which will inform service and financial planning.</p>	<p>Anne Canning / Denise D'zousa</p>		<p>31-Jul-2020</p>	<p>The Care Act introduced serious changes and new responsibilities for local authorities with broad changes in social care and delivery in tight timescales. Although the introduction of the cap on care costs was deferred until April 2020 (and now been further postponed), the introduction of the national eligibility criteria is widening the responsibility of the Council in respect of care and support and increasing demand for services. Potential consequences of this risk could include a major adverse impact on the Council's financial health and Adult Social Care savings delivery plan. Additionally there would be a strong additional demand on services. Also if requirements of any new Act are not met, there would be an adverse impact on the Council's legal and reputational standing.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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<p><b>SRCR 0018</b> Workforce &amp; Skills <b>INTERNAL RISK</b> <b>FUTURE RISK</b> 73</p>	<p>The world of technology and work is changing fast and there is a risk that the Council might fail to maximise the potential of these changes, including the potential to transform services through effective use of data, technology and digital approaches and mind sets. As well as the risk of missing opportunities to deliver more cost effective services, this also risks Hackney failing to meet residents' expectations of the Council's services.</p> <p>There is also the additional risk that amidst an atmosphere of financial reductions and redundancies, the Hackney workforce become demotivated, leading to a negative atmosphere amongst workers, impacting upon service delivery and leading to dissatisfied stakeholders. Also that restructures may cause temporary loss in efficiency as officers are unsure of how new reporting arrangements, responsibilities and service provisions are put into practice. Knowledge could be lost with a large number of experienced staff taking redundancies.</p> <p>An additional organisational risk in this area is around the modernisation agenda and a need for the workforce to adapt and change and be receptive to new ways of working. Failure to do this could result in the Council lacking the dynamism to succeed in effectively utilising opportunities open to it.</p>	<p>Chief Executive's; Children, Adults &amp; Community Health; Finance &amp; Corporate Resources; Neighbourhoods &amp; Housing</p>		<p style="text-align: center;"></p> <p>May 2020 – The sudden onset of the COVID-19 crisis has added an increased importance to this. In the immediate aftermath of the lockdown, it became clear that the vast majority of the workforce would need to permanently work from home for a period of months (at least) and this would be a challenge to technology. Happily, at this stage it seems that any risks related to this have not materialised. Staff have adapted and the technology has generally been robust. Thousands of online meetings a week have been occurring through Google hang-outs and meet. The importance of skills within the workforce is a prominent theme of this risk with the modernisation agenda requiring a need for the workforce to adapt, change and be receptive to new ways of working. Failure to do this could result in the Council lacking the dynamism to succeed in effectively utilising opportunities open to it.</p> <p>The response to the Coronavirus crisis should provide assurance the Council is well positioned to manage these risks.</p> <p>Risk has levelled off, with more stability post restructures. A major (Senior Management) restructure has been long completed (with final interim arrangements ending in April 2017) whilst further ones have occurred (or are continuing). These are being carried out for a variety of reasons including improving team's organisational efficiency, adapting to new ways of working and also in some areas due to cuts to funding. A new round of Voluntary Redundancy was completed at the start of 2020, with those supported for VR leaving at the end of February.</p> <p>Overall however, the new changes have generally been embedded effectively, so the likelihood of negative impacts to service delivery have reduced. Procedures are documented so arrangements in place not to lose knowledge.</p> <p>The Council has now fully switched over to G-suite, which is resulting in increased efficiencies and dynamism, with the transition is being carefully managed by project teams overseeing a phased process. This should provide assurances that teams will effectively adapt to the new ways of working, and reduce the likelihood of an organisational disruption.</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0018 a</b> Workforce & Skills	Investing in staff skills and digital leadership across all services Ensuring that the Council has a joined up approach to workplace - designing technology, workspace, policy and practice to ensure that these come together cohesively to support maximisation of these opportunities.	Tim Shields, Ian Williams	Dan Paul, Rob Miller	31 Aug 2020	May 2020 - This is currently being accomplished through close work between ICT and HR. Also new technology has been installed all around the Council with Chromeboxes / books being installed for all to ensure better and more efficient usage. These have worked well during the COVID-19 crisis.
<b>SRCR 0018 b</b> Workforce & Skills	There are detailed HR procedures and processes to deal with all relevant areas (including problems/instability created by restructures) and these are carefully adhered to by teams involved. All communication is regular and carefully considered. Staff are well supported in adapting to new ways of working (whether from an IT or HR perspective).	Tim Shields	Dan Paul	31 Aug 2020	May 2020 - these controls are in place and continuing. Detailed guidance was drafted in March to provide staff with detailed instructions and special dispensations (if required) during the Coronavirus crisis.
<b>SRCR 0018 c</b> Workforce & Skills	Ensuring that the Council's strategic plans reflect these opportunities	Tim Shields	Policy	31 Aug 2020	New Corporate and Community Strategy (2018-2028) reflect this.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0018B</b> Recruitment and Retention <b>INTERNAL RISK</b> <b>CURRENT RISK</b>	Services across the Council struggle to effectively and successfully recruit for certain positions, leading to a negative impact on service delivery. Also, with the Council needing an increasingly agile workforce (not constrained by traditional customs and practises), it may struggle to compete with other organisations to get the best candidates.	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		<p>May 2020 - Risk was broadened (in Nov 2019) across the Council by HMT (from having been focused on ICT). Risk has recently dropped with likelihood decreasing to 2, reflecting some positive progress made. Ongoing work is taking place to assess the recruitment strategy for technology and data roles and identify further steps that can be taken to fill vacancies that arise. The ICT team have contributed to the development of the Council's new recruitment website.</p> <p>In a competitive market for skills the Council has experienced difficulties recruiting to a range of roles essential to delivery of services and planned service improvements (including ICT, Adult Social Care, Audit, Quantity Surveyors and Highway Engineers). This could impact seriously on the ability to develop and maintain effective service delivery due to difficulties with recruitment and retention. This is</p>



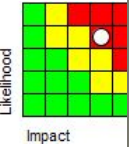

				<p>exacerbated by the recent changes to IR35, which is having the effect of driving skilled specialist workers to the private sector (as many ICT skills are transferable across sectors) and also worries about Brexit's potential impact on EU workers.</p> <p>However, there have been recent developments on this. Particularly with the completion of the ICT restructure with senior positions having been successfully filled through a creative campaign, emphasising the benefit of Hackney as a place to work and also offering market supplements to ensure the organisation is able to be competitive with wages across the market. Overall, the Council has enjoyed some very positive results in terms of attracting high calibre candidates and filling many roles that were expected to be tricky. Therefore, there is now increased assurance that going forward, this risk can be effectively managed.</p>	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>Page 75</p> <p><b>SRCR 0018B</b> Recruitment and Retention</p>	<p>Services are continuing to work with HR / OD to carry out the following suggested mitigations:</p> <ul style="list-style-type: none"> <li>- review recruitment strategy and identify other measures which can be taken to promote Hackney Council as a great place to work in technology and attract high quality candidates</li> <li>- review salary supplements to ensure that these are providing market competitive salaries and are also fair and transparent</li> <li>- review career development paths within the service and also ensure that apprenticeships / graduate trainee opportunities are being used effectively to develop internal talent.</li> </ul>	<p>Tim Shields; Ian Williams; Ajman Ali; Anne Canning</p>	<p>All Service Managers</p>	<p>31-Aug-2020</p>	<p>April 2020: Salary supplement models have been reviewed ahead of the scheduled update of supplements in April 2020 to ensure they remain fit for purpose and Hackney continues to be competitive in recruitment to technology and data roles.</p> <p>All roles are now benchmarked against the market, in line with the new Council salary supplement scheme. A prototype for an improved approach to recruitment advertising has been tested over the last year, and this will be reviewed ahead of recruitment arising from the restructure.</p>
<p><b>FR DR 007 A</b> Training and development</p>	<p>Training and development needs for all staff have been captured from yearly appraisals and 1-2-1 documents. All HR procedures are followed correctly to ensure staff are valued and treated appropriately whilst at work.</p>	<p>Tim Shields; Ian Williams; Ajman Ali; Anne Canning</p>	<p>All managers</p>	<p>31-Aug-2020</p>	<p>No further specific updates to report. Identification of training and development needs and provision of training / learning</p>

	Where possible acting up and secondment opportunities are made available to staff. This helps contribute to an improved experience of working at Hackney and to an extent, mitigates the risks of absences and departures.				support is ongoing. If all these processes are followed, (with staff having opportunity for improved professional development) that should lead to more assurance that this risk won't materialise. Full support has been offered and provided during the COVID-19 crisis.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 76</p> <p>SRCR 0021 Cyber / Information Security <b>INTERNAL /EXTERNAL RISK</b> <b>FUTURE RISK</b></p>	<p>There is a risk that the security of Council's systems, network and devices could be compromised. This would have very damaging, widespread implications. Especially because reliance on these systems have increased in the aftermath of the COVID-19 crisis.</p>	<p>Finance &amp; Corporate Resources</p>		<p style="text-align: center;"></p> <p>May 2020 - The Council's accreditations with external information security standards are up to date and ongoing work from the ICT service is reported to the quarterly Information Governance Group. The Council's ICT team are also introducing proactive security assessment for new cloud based digital services and working with the Cabinet Office, National Cyber Security Centre and Local Government Association to help shape future government security standards.</p> <p>The likelihood slightly decreased (4 to 3) at the previous review in light of positive progress made in making cyber security more robust. This remains stable. This is an ongoing risk and of increasing importance as more Council services are dependent on ICT and electronic information, particularly in the aftermath of COVID-19 and the massive increase in home-working. Also, there is an increasing internal awareness (of staff) of the concept of cyber risks (and what precautions to take). With the move to the new system on G-suite, all transitions have been in line with Information Security risk management. The Council's accreditations for the NHS IG Toolkit</p>

					(which is being replaced by a new assurance framework) and the PSN Code of Connection are up to date and renewing these is part of BAU activity coordinated by the ICT Services division.
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>Page 17 of 17</p> <p>FR IT 0006a Ensure compliance with the PSN Code of Connection and other applicable standards (including the ICT security requirements for compliance with the NHS IGSoc).</p>	<p>Ensure that good security practice is reflected in the Council's technical architecture and operational practices, including annual PSN Code of Connection compliance assessment (supported by IT health check) This will be an ongoing annual activity (no fixed end date).</p>	<p>Rob Miller; Ian Williams</p>	<p>Henry Lewis</p>	<p>31-Aug-2020</p>	<p>April 2020: Enhanced end-user training for information security and data protection was developed as part of the preparation for the General Data Protection Regulation. On a national scale, attacks have recently been reported in the media and a reminder was issued to all staff about the need to take care when clicking on links in emails. Systems have also been checked to ensure that the specific patch which closes this vulnerability has been applied.</p> <p>By the summer of 2019, the enhanced training has now been rolled out to 3271 officers and roll out to Members will take place soon. Enforcement of the mandatory training is also in place. This should help ensure full compliance (with annual refreshers thereafter).</p> <p>Mitigation of this risk continues to be monitored by the Council's Information Governance Group.</p>
<p>FR IT 0006b Ensure that all users of the Council's systems and data take appropriate measures to protect these.</p>	<p>Ensure that the Council has effective policies, guidance, training and measures to enforce compliance for all users (including Members). This will be an ongoing activity (no fixed end date).</p>	<p>Rob Miller; Ian Williams</p>	<p>Henry Lewis</p>	<p>31-Aug-2020</p>	<p>April 2019: the enhanced training has now been rolled out to 3271 officers (at the time of writing) and roll out to Members will take place soon. Enforcement of the mandatory training is also in place.</p>

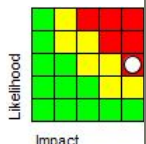

<p>FR IT 0006c Ensure that all hardware and software is supported for security updates.</p> <p>Page 78</p>	<p>Ensure that infrastructure and application lifecycle management practices are in place and functioning effectively so that the Council's systems remain supported. This will be an ongoing activity (no fixed end date).</p>	<p>Rob Miller; Ian Williams</p>	<p>Henry Lewis</p>	<p>31-Aug-2020</p>	<p>Updates have been completed in line with the PSN Code of Connection submission. The ICT Security Group are reviewing the processes for management of security patches and planned refresh of out of data software and hardware. This is ongoing as part of continuous maintenance and patching.</p> <p>The Council's PSN accreditation was renewed in August 2018 and the ICT Security Group will continue to monitor activity to deliver continual improvement to the Council's systems security and maintenance.</p> <p>April 2020: No further specific updates to report. The Council's accreditations with external information security standards are up to date and ongoing work from the ICT service is reported to the quarterly Information Governance Group.</p>
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>FR IT 0001 Information Assets <b>INTERNAL RISK</b> <b>FUTURE RISK</b></p>	<p>The Council holds a wealth of information assets across its services. It is essential that this is managed in compliance with requirements such as the Data Protection Act, the NHS IG Toolkit and also the General Data Protection Regulation (which came into effect from May 2018).</p>	<p>Finance &amp; Corporate Resources</p>		<p style="text-align: center;"></p> <p>April 2020: The programme of work to implement enhancements to the Council's information governance arrangements in line with the requirements of the new Data</p>

	It is also essential that the Council is able to use these information assets effectively to commission and deliver high quality services, reduce costs and work in partnership with other agencies and providers.			Protection Act and the General Data Protection Regulation is continuing and progress is reported into the Council's Information Governance Group which meets quarterly. A recent internal audit review of the Council's preparations for GDPR gave an assessment of Reasonable Assurance.  The Council's accreditation for the NHS IG Toolkit (which is being replaced by a new assurance framework) is up to date and renewing these is part of BAU activity coordinated by the ICT Services division.  As of April 2020, there is no further significant change. The Council's PSN accreditation is currently being renewed. Mitigation of this risk continues to be monitored by the Council's Information Governance Group.	
Page 79					
<b>Control Title</b>	<b>Control Description</b>	<b>Responsible Officer</b>	<b>Service Manager</b>	<b>Due Date</b>	<b>Control - Latest Note</b>
FR IT 0001a Information management	<p>Ensure effective information management policy and processes are in place so that the Council meets the requirements of the Data Protection Act / other legal and regulatory compliance arrangements.</p> <p>Ensure that the Council's information assets are managed robustly and used effectively to provide insight and to integrate Council and partner services, and deliver the maximum benefit to residents and businesses.</p> <p>This will be an ongoing activity (no fixed end date).</p>	Ian Williams	Matthew Cain	01-Aug-2020	April 2020: The programme of work to implement enhancements to the Council's information governance arrangements in line with the requirements of the new Data Protection Act and the General Data Protection Regulation is continuing and progress is reported into the Council's Information Governance Group which meets quarterly. A recent internal audit review of the Council's preparations for GDPR gave an assessment of Reasonable Assurance.
FR IT 0001c EU General Data Protection Regulation: preparing for compliance from May 2018	Implement the programme of activity to support Hackney's compliance with the GDPR. This will include changes to the Council's information management arrangements, data retention, privacy provisions and	Ian Williams	Matthew Cain	01-Aug-2020	April 2020: The programme of work to implement enhancements to the Council's information governance arrangements in line

	practise across all Council teams who handle people's personal information.				with the requirements of the new Data Protection Act and the General Data Protection Regulation is continuing and progress is reported into the Council's Information Governance Group which meets quarterly. A recent internal audit review of the Council's preparations for GDPR gave an assessment of Reasonable Assurance.
FR IT 0001d Third party information sharing	<p>Ensure that we can do business efficiently and seamlessly by having appropriate data sharing agreements in place.</p> <p>It will be critical to ensure that control requirements are assessed and the implications for Hackney users are clear and proportionate (eg. some third parties require controls that would excessively restrict the Council's use of systems and buildings etc, and these may be barriers to information sharing).</p> <p>This is an ongoing activity (no fixed end date).</p>	Ian Williams	Matthew Cain	01-July-2020	<p>April 2020 : The Council's ongoing work to develop information sharing agreements in response to service needs is reported to the quarterly Information Governance Group.</p> <p>No further significant change. Mitigation of this risk continues to be monitored by the Council's Information Governance Group.</p>

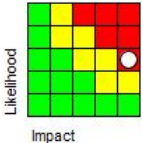

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0020 Corporate (ICT / Business) Resilience. <b>INTERNAL RISK</b> <b>FUTURE RISK</b>	<p>(Risk that) the Council does not currently have a robust and tested corporate resilience plan in the light of a major incident affecting its business. (An example would be a major failure affecting the Council's hosting facility provider - Advanced 365. The clear risk here would be the loss/unavailability of the external data centre - single point of failure.) This could impact on service delivery throughout the organisation.</p> <p>There is also a risk that Business Continuity Plans across the Council's services do not accurately reflect the disaster recovery provision that is available. This could result in services not being able to invoke their</p>	Finance & Corporate Resources		<p style="text-align: center;"></p> <p>May 2020 – Clearly, the challenges mentioned in the risk description have surfaced as a result of the COVID-19 crisis. At this stage, the risks have not materialised and the Council has been able to demonstrate resilience within its plans and approach to the crisis. This should provide assurance regarding the controls in place.</p> <p>The Council has a robust and tested plan in place. It is essential for the Council to provide some assurance that we are suitably prepared</p>

	continuity plans effectively due to incorrect assumptions.			to respond and adapt to incremental change and sudden disruptions. Clearly this could impact massively on our ability to effectively deliver services, so resilience is a critical part of future planning. Recent incidents (eg pandemic / flooding) emphasise the importance of careful management within this area. In the aftermath of the COVID-19 outbreak, services continued to work remotely, and business continuity was clearly achieved	
				DR provision is in place for critical systems additional infrastructure capacity has been added during the COVID crisis. Successful DR testing has recently taken place, providing assurance of overall resilience. BC Plans have been consistently reviewed and will be further updated during the crisis to reflect any changes.	
<b>Page 81</b>					
<b>Control Title</b>	<b>Control Description</b>	<b>Responsible Officer</b>	<b>Service Manager</b>	<b>ate</b>	<b>Control - Latest Note</b>
FR IT 0003a Resilience of ICT systems / Disaster Recovery	<p>Work is currently in progress to commission resilient hosting arrangements in the Council's Stoke Newington offices. This will provide the facility to restore critical systems (based on a previously agreed list of corporate priority applications) so that priority Council services will have access to their systems within 4 hours of a major outage with loss of data limited to 15 minutes (Recovery Point Objective). A test on 1 key application has already proved successful.</p> <p>It must be noted that this provision will not give instant seamless failover for these services - so Council services must ensure that their Business Continuity Plans include plans in the event that ICT systems are not available - other services whose systems are not included in the resilience provision must ensure that their Business Continuity Plans include plans for extended unavailability of their ICT systems.</p>	Ian Williams	Henry Lewis	01-July-2020	<p>May 2020 - the Council has tested DR provision in place and the ICT Services division's Business Continuity Plan has been signed off and tested. A review of the DR provision (from the ICT perspective) was internally audited and the report was completed at the end of 2018. The final level assurance was significant, suggesting a robust approach is in operation.</p> <p>The ICT service's business continuity arrangements are kept</p>

					under regular review and reported to the Council's Business Continuity Management Group which meets quarterly.
FR IT 0003b Review of Business Continuity Plans across the Council's services.	<p>The Corporate Business Continuity Manager is supporting service managers across the Council in carrying out a review of their Business Continuity Plans. This is designed to identify critical services and their continuity requirements, and will help ensure that their plans are based on accurate expectations of the provision available.</p> <p>It is planned to implement a rolling 18 month schedule of review for all the council's BCPs. This will be in place following the current review of BCPs across all services, which has pretty much been completed within the last six months.</p>	Rob Miller; Ian Williams	Henry Lewis	01-July-2020	<p>May 2020: No further specific update. The Council's business continuity arrangements are kept under regular review and reported to the Council's Business Continuity Management Group which meets quarterly.</p> <p>Also, the corporate review of Business Continuity Plans has been completed.</p>
SRCR 020A -Corporate Resilience Forum	<p>A Corporate Resilience forum has been established and will take overall strategic lead reporting to HMT. However the specific ICT issues are still managed by ICT themselves.</p>	Rob Miller	Cross Council	Ongoing	<p>From paragraph 1.1-1.2 of the CRF report:</p> <p>1:1 The CRF oversees the development of all systems and processes for Emergency Planning, Business Continuity, Pandemic Planning and Resilience within Hackney Council. 1:2 This group will also ensure that appropriate links are made to other stakeholders in relation to Emergency Planning and Resilience such as NHS, LFB, MPS, EA AND VCS.</p>



Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
<p><b>SRCR 0023</b> Person suffers significant harm, injury or death <b>EXTERNAL RISK</b> <b>FUTURE RISK</b></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 83</p>	<p>Children, young people and adults who use our care and support services are at higher than usual risk of harm, injury or death. If risks are not adequately assessed and protected a child, young person or adult could suffer significant injury or death attributable to the Directorate's failure to take appropriate safeguarding and risk management measures. Additionally, general members of the public or Hackney staff could suffer harm due to a lack of general health and safety measures being in place.</p>	<p>Children, Adults &amp; Community Health</p>		<p style="text-align: center;"></p> <p>Update May 2020 – This remains a high risk, although the controls should provide strong assurance that we are well positioned to manage it. From the Adult perspective, In 2018/19 Adult Services in Hackney invited the London Association of Directors of Adult Social Services (ADASS) to conduct a Peer Review into Adult Safeguarding in order to test and validate the controls in place for how this risk is managed. The review was positive about how this risk is managed in Hackney but also provided areas for further consideration about more we could do. These areas have been built into ongoing adult safeguarding delivery plans within commissioning, operations and the work of the Safeguarding Adults Board. In 2019/20 the City &amp; Hackney Safeguarding Adults Board have continued to work together to embed the learning from SARs to help mitigate this risk further. This included: • Delivery of SAR learning sessions to multi-agency groups, including voluntary agencies • Development of Task &amp; Finish group to promote service user engagement in the work of the CHSAB The Board has also carried out awareness raising activities to help prevent adult safeguarding such as an awareness campaign co-produced with service users to raise awareness of financial abuse.</p>	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p><b>CYP 006B</b> Local Safeguarding Children Board (LSCB) reviewed and operating as an effective multi-agency forum.</p>	<p>The City &amp; Hackney Safeguarding Children Board (CHSCB) has a remit to monitor safeguarding across all partner agencies, including the local authority.</p>	<p>Anne Canning</p>	<p>Rory McCallum</p>	<p>30 Dec - 2020</p>	<p>May 2020 - The government's response to the Wood Review of LSCBs published in May 2016 removed the requirement for local areas to have boards with set memberships. A new requirement has been placed on councils, the police and the NHS as 'key partners' to decide how boards are organised and what area they cover, while statutory functions will not change for individual agencies. Safeguarding partners are required to notify the Secretary of State for Education that they have agreed and published their new arrangements by June 2019 and have these arrangements up and running by September 2019. The new</p>

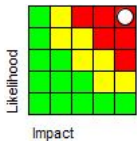

					<p>arrangements for the City &amp; Hackney Safeguarding Children Partnership (CHSCP) were successfully put in place before the deadline.</p> <p>A range of measures have been put in place to ensure the CHSCP is operating as an effective multi-agency forum. Independent chairing is in place, defined governance arrangements, regular attendance from partners at Executive and relevant sub / working groups and Hackneyspecific self-assessment. CHSCP also maintains a risk register covering all key statutory requirements; these actions and progress are regularly reviewed through the CHSCP Executive and full CHSCP. The November 2019 Ofsted inspection found that "joint work across the partnership has not, however, consistently translated into operational improvement" - this will be addressed as part of the post-inspection action plan.</p>
<p><b>Paper 006D</b> Ensure staff have the necessary skills to ensure risk and need are properly assessed</p>	<p>The Directorate as a whole understands areas of high risk and works together to mitigate risk in relation to individual children by joint training and development and joint monitoring of practices across the services.</p>	<p>Anne Canning</p>	<p>Sarah Wright</p>	<p>30 Dec - 2020</p>	<p>March 2020 - Ofsted inspectors noted in November 2019 that while there are good opportunities for staff training, the experiences and progress of children who need help and protection required improvement, with some specific actions being highlighted. The actions to address these concerns will be included in the post-inspection improvement plan, due to be submitted to Ofsted at the end of March 2020, with strong governance and oversight by the Mayor, councillors and senior leaders</p>
<p><b>CYP 006E</b> Child Protection procedures in place</p>	<p>Children subject to Child Protection Plans and Looked After Children are visited in line with statutory guidance and care plans are monitored, updated and amended as appropriate. Children are to be seen alone.</p>	<p>Anne Canning</p>	<p>Sarah Wright</p>	<p>30 Dec - 2020</p>	<p>Update May 2020 - Ongoing, monitored through management oversight and audit, monthly, quarterly and annual performance reports, including statutory returns to DfE and by Child Protection Conference Chairs and Independent Reviewing Officers.</p>
<p><b>CYP 006F</b> Risk assessing activities for young people</p>	<p>All activities directly provided and commissioned by the directorate must be subject to rigorous risk assessments. These follow a consistent format. Also, the internal health and safety team conduct assessments and provide advice to mitigate risks of harm to staff in the course of work.</p>	<p>Anne Canning</p>	<p>Pauline Adams</p>	<p>30 Dec - 2020</p>	<p>Update May 2020 - All providers of proposed activities, including the local authority, are required to submit a written risk assessment which is scrutinised and approved / not approved by the service area. Where a risk assessment is not approved, the activity is not able to proceed. Minimum ratios of adults to young people are required. Our external commissioned providers are also expected to demonstrate that they meet health and safety standards as part of their</p>

					contract including systems and processes for conducting risk assessments of premises and activities.
<b>CACH ASC 0005</b> Implementing a robust safeguarding approach across adult services	The City & Hackney Safeguarding Adults Board's (CHSAB) role is to monitor safeguarding across all partner agencies, including the local authority and has regular meetings of the Board to ensure safeguarding across the partners is being managed effectively and that relevant intelligence is appropriately shared. The Safeguarding Adults Board with the input and support of Adult Services' Head of Safeguarding will continue to oversee the delivery of the recommendations of the Safeguarding Adults Reviews. This will include working with existing projects within the Integrated Commissioning programme such as the Neighbourhood Programme to ensure they support the delivery of these recommendations.	Anne Canning	Simon Galczynski	31 Dec - 2020	May 2020 – As a stand-alone risk / control, this would be lower than red, however in the overall context of the risk (especially relating to children), it remains red.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
<b>Page 85</b>  <b>SRCR 0025</b> Contract Procurement and Management (especially in Housing Services). <b>INTERNAL RISK</b> <b>CURRENT RISK</b>	As a result of Contract Management not being carried out properly or with regard to agreed parameters, revenue is lost or charges are levied which are not justified, leading to a poor level of resident's satisfaction (and general negative reputational impacts), unjustified cost and time overruns. Poor procurement decisions could result in non-viable contracts being awarded to non-viable contractors.	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		 May 2020 – Risk continues in light of the amount of investigation work currently ongoing. This risk is demonstrated by some of the work the Pro-active Fraud team undertake. There have been major investigations into external contractors and how their relationship with Housing Services (formerly Hackney Homes) has been managed, and whether the work actually completed accurately corresponds to the charges which have been levied. Also scrutiny is being applied to the quality and accuracy of their work. All this ultimately relates to the Council ensuring it gets the best deal for its money. The COVID-19 pandemic clearly increases the likelihood of problems for suppliers and contractors who may be dependent on financial variables outside the control of the Council., This makes the controls more important than ever, and is also referred to in the Pandemic risk.	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note

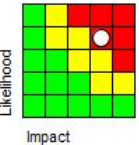

<b>NH DR 007a</b> Contract Specification in place	Contracts clearly define the requirements of the business. Also, regular liaison meetings with contractors.	Sinead Burke	Each Contract Manager	Ongoing	April 2020 – these controls are in place and continuing and KPIs regularly reviewed along with monitoring of spend pattern / profile.
<b>NH DR 007b</b> Tender Stage process followed	Robust tender process in line with EU procurement law and council standing orders.  Internal procedures reinforced via regular Planned Asset Management/Procurement meetings, establishment of contract management board, and current recruitment to additional housing procurement resource.	Sinead Burke	Each Contract Manager	Ongoing	April 2020 – these controls are in place and continuing.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 86</p> <b>NH DR 007c</b> Contract Monitoring and Fraud Prevention	<p>Restructure of Asset Management Team is based around the new contracts and clarity of responsibility for the contract managers in line with the contract manual.</p> <p>Key performance indicators in place and used to assess the performance of the contracts. Where these show poor performance, corrective action is taken in line with contract procedures; recent examples include reallocation of work away from poorly performing contractors or raising Early Warning Notices.</p> <p>Final accounts prepared in a timely manner. A cross-working team has been established with Leasehold Services to ensure final accounts are prepared in line with leasehold recharge requirements as well as contract procedures.</p> <p>Regular contract audit.</p> <p>A Fire Safety Programme Board has been established to ensure greater oversight of capital fire safety projects. This board is chaired by Ajman Ali with agenda items led by Donna Bryce.</p>	<p>Ajman Ali</p> <p>Sinead Burke</p> <p>Sinead Burke</p> <p>Sinead Burke</p> <p>Michael Sheffield</p> <p>Donna Bryce</p>	<p>Sinead Burke</p> <p>Contract Managers</p> <p>Contract Managers</p> <p>Fraud Investigation Officers</p>	Ongoing	April 2020 – these controls are in place and continuing. Phase 1 of the restructure is almost complete and final phase will be completed by summer 2020.
<b>NH DR 007d</b> Review of form of Contract	The Contract options are being reconsidered to ensure that the contract form is fit for Hackney's purpose.	Ajman Ali; Rotimi Ajilore	Sinead Burke	Ongoing	April 2020 – these controls are in place and continuing
<b>NH DR 007e</b> Detailed Council guidance in place for Procurement, Partnership and overall Contract Management	There is detailed supporting guidance available for all elements of the procurement process, including detailed Risk Assessment tools and specialised Partnership guidance.	Rotimi Ajilore	Contract Managers	Ongoing	April 2020 – these controls are in place and continuing.

<p><b>NH DR0007f</b> Establishment of Housing Capital Monitoring Board</p>	<p>The Group Director Neighbourhoods and Housing has established a Housing Capital Monitoring Board to</p> <ul style="list-style-type: none"> <li>maintain an overview of the Asset Management Plan element of the Housing Capital Programme approved by Cabinet;</li> <li>make decisions on the progression of Housing Capital schemes using the Gateway process.</li> <li>approve Sectional Commencement Agreements (SCA) with the Council's contractors,</li> <li>ensure that each capital scheme has a robust communications plan linked to each Gateway point to ensure residents are consulted and engaged in capital investment in their homes,</li> <li>monitor delivery against the programme, and</li> <li>make decisions on the reprioritisation of capital resources within the capital limits approved by Cabinet as part of the annual budgeting process.</li> </ul> <p>The Board is responsible for ensuring that the schemes undertaken through the Housing Capital programme have a communications plan that joins up with other initiatives and projects affecting a locality so that communications with residents on estates where works are taking place are holistic.</p> <p>This board approves all Sectional Commencement Agreements (SCA) for issue to contractors. A checklist is presented on each project which outlines how pre-contract procedures have been completed. A full list of all SCAs (issued and in development) is now available.</p>	Ajman Ali/Deirdre Worrell	Sinead Burke	Ongoing	April 2020 –Control established in Oct 2019 and now ongoing.
<p><b>NH DR0007g</b> - Asset Management Strategy</p>	<p>A new asset management strategy went to March Cabinet for approval, and was fully ratified at the meeting on March 25<sup>th</sup> 2019.</p> <p>This sets out the decision making framework for all capital projects and will ensure that a consistent rationale is in place for all capital expenditure. It identifies an action plan of supporting processes to be developed to implement the strategy (e.g. procurement strategy, staff resources, IT systems) and timeframes for identifying these.</p>	Ajman Ali/Deirdre Worrell/	Sinead Burke/Simon Theobald	02-Aug-2020	April 2020 – Approved in March. This report sets out the long-term objectives for investing in Hackney homes to ensure that the council build on recent successes, demonstrate continuous improvement and achieve the ambition of becoming the leading social housing provider.
<p><b>SRCR 0025</b> Contract Procurement and Management (especially in Housing Services).</p>	<p>Major investigation is ongoing with dedicated team (Proactive Anti-Fraud Team).</p>	Ian Williams	Michael Sheffield	02-Aug-2020	Progress remains confidential at this stage.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<p><b>SRCR 0028 CYPS</b>, SEND funding –Escalating SEND spend has an adverse impact on HLT and Council budgets.</p> <p>Page 88</p>	<p>The number of pupils eligible for SEN statements continues to increase at a significant rate exceeding the population growth in the Borough, the effect of which is to place the SEND budget in deficit.</p>	 <p>Likelihood Impact</p>	<p style="text-align: center;"></p> <p>April 2020: The Risk Review Group recommends maintaining the risk rating at the highest possible level. The SEND Budget pressures are being offset by savings in other areas of HLT and some additional funding.</p> <p>A Co-Design Group, initiated by elected members, has formulated recommendations around incremental funding. These proposals require testing and further detailed refinement. Any funding change of this magnitude should be carefully implemented and managed, with effective governance arrangements in place to ensure transparency and accountability.</p> <p>The risk remains at this level due to the combined effect of the Council not receiving any significant additional funding over many years in spite of a dramatic increase in pupil numbers, combined with difficulty in reducing provision for pupils with existing support plans and transport. The prospect for immediate cost reductions is restricted due to the time taken for funding changes to be implemented and the limited control over aspects of the cost.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
<p><b>SRCR 0028 a</b> Forecasting of financial impact of SEND budget pressures.</p>	<p>Rapid, significant short term reductions in SEND costs and outlays will be difficult to achieve. Ensuring that the policy changes in the action plan result in medium term cost savings that relieve the pressures on the SEND budget, whilst ensuring the operational effectiveness of HLT is not detrimentally affected by the overspend, is imperative.</p>	<p>Anne Canning; Yusuf Erol</p>	<p><b>April 2020:</b> No changes to report. There continues to be very little progress. Short-term reductions in SEND costs have been difficult to achieve. A small reduction of 5% has been agreed and this was launched from April 2018, regarding SEND support paid to schools for new EHC plans. This has not resulted in significant savings.</p>

<p><b>SRCR 0028 b</b> Ongoing work to develop plans/strategies to control/manage SEND spending.</p>	<p>SLT has approved a cost management plan to address the pressures placed on the SEND budget by increasing numbers of children and young people being eligible for SEN statements.</p> <p>The cost management plan is regularly reviewed by STAG.</p>	<p>Anne Canning; Annie Gammon</p>	<p><b>February 2020:</b> The cost management plan remains in place and is due for scrutiny at the CACH Budget Board in February 2020 (note this has been now been rescheduled). The Co-Design Group has proposed recommendations that require further, detailed assessment as to their viability and sustainability over the medium to long term.</p>
<p><b>SRCR 0028 c</b> Risk 07 - Changing the culture of SEND in schools and HLT to implement the action plan.</p>	<p>If the action plan is to control expenditure and distribute resources fairly, changes in the existing culture in HLT teams and schools must also change to critical assessment and the equitable distribution of limited resources. Collaborative working with schools will be necessary to ensure pupils SEND needs are met from delegated SEND resources, with EHCP referral only for exceptional needs.</p>	<p>Anne Canning; Annie Gammon</p>	<p><b>March 2020:</b> SEND managers have attended primary and secondary heads meetings to explain basis of inclusion concept, expectations of schools and how the legal framework operates in relation to them.</p>
<p><b>SRCR 0028 d</b> Risk 08 – The initiation of EHCP assessments is rigorously reviewed</p>	<p>The decision to initiate assessments needs to be rigorously reviewed to ensure the level of support is appropriate and sustainable. This may include senior managers signing off decisions, or refusing to do so.</p>	<p>Anne Canning; Annie Gammon</p>	<p><b>March 2020:</b> A monthly dashboard monitoring the total number of EHC Plans and new requests is reviewed regularly. There has been a steady increase in requests – which is reported nationally, mainly as part of legal cases which err on the side of the young person where there are possible needs.</p>
<p><b>P1617</b> <b>Risk 09</b> – The costs of providing ECHPs is born equitably across agencies</p>	<p>All agencies need to contribute to the costs of the Education &amp; Health Care Plans through the joint commissioning budget.</p>	<p>Anne Canning; Annie Gammon</p>	<p><b>March 2020:</b> The SEND Partnership Board has developed an action plan in which this is a key action. The post-16 transition process is now being Chaired by CACH Group Director to accelerate progress. SEND team are developing advice templates to standardise information from various agencies.</p>

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<p><b>SRCR 0029</b> <b> Serious Safeguarding failure in regard to pupils not in school</b> <b>EXTERNAL RISK</b> <b>FUTURE RISK</b></p>	<p>Safeguarding considerations for those pupils who are not registered at a school – Electively Home Educated pupils, children missing from education, children attending unregistered settings, children who are yet to be allocated a school place etc is increasing in importance.</p> <p>This is the particular focus for current Local Authority Safeguarding Inspection frameworks, and there is an expectation that HLT must work to ensure the safety and wellbeing of all such pupils, challenging existing legislative frameworks and guidance where necessary to do so, and working with partners to ensure effective and robust identification, tracking, consultation and referral.</p>		<p style="text-align: center;"></p> <p><b>April 2020</b> – HLT and LBH have limited powers to intervene in schools’ safeguarding practices. The risk controls reflect the fact that HLT has responsibility, but little authority. Risk Review Group recommends maintaining current risk.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
<p><b>SRCR 0029B</b> Information sharing activities in place.</p>	<p>HLT are represented on local Safeguarding Boards at all levels, and work proactively across 1CYPS by contributing to all safeguarding forums and initiatives, subject to capacity. HLT are also engaged on other partnership panels where safeguarding is a concern, such as MATs and Children and Young People's partnership panel. The HLT contributes to all reviews as required by the Safeguarding Board, and implement all actions.</p> <p>HLT's membership of the Ofsted Preparation Group for Ofsted inspections provides the opportunity to establish and use linkages to share information.</p> <p>HLT disseminates to schools briefings based on the findings of Serious Case Reviews. All published SCRs have been shared at Head teacher termly briefings, and with Schools and Settings after discussion and agreement with HLT SLT.</p>	<p>Anne Canning; Annie Gammon</p>	<p>HLT is represented at all relevant Safeguarding Forums and engages extensively in Partnership working.</p> <p>The Safeguarding in Education Team provides advice and guidance to schools on all training, legislation, Serious Case Reviews etc.</p> <p>New and refreshed safeguarding guidance, CHSCB information and newsletters are disseminated to schools and settings through HLT's Bulletin and Leadership Updates.</p> <p>Officer from the HLT Safeguarding in Education Team is working with the CFS and relevant community groups re: a Strategic Safeguarding proposal for specific communities within the borough. Sarah Wright is leading on this.</p> <p>HLT has representation at the LBH Officer Group working on community engagement. HLT has consistently raised safeguarding concerns related to independent and unregistered settings in Hackney.</p>
<p><b>SRCR 0029 Risk 03:</b> Ongoing dialogue between HLT, DfE and Ofsted around necessary legislation to ensure safeguarding duties can be effectively carried out.</p>	<p>Currently, the roles and responsibilities of LAs, DfE and Ofsted are not clearly defined with regard to safeguarding duties.</p>	<p>Anne Canning; Annie Gammon</p>	<p>May 2020: The urgent need for clear legislation was emphasised at the Children &amp; Young People's Scrutiny Commission meeting in January 2020 HLT has produced and circulated a flow chart to clarify HLT's role with partners as to the actions following child not in school in order to pilot attendance orders.</p>
<p><b>SRCR 0029D</b> Continuing attempts at engagement with unregistered settings are made by HLT to reduce the likelihood of pupils being put at risk.</p>	<p>In the absence of clearly defined statutory responsibility and given the numbers of CYP in such settings, the LA is seeking to raise awareness of safeguarding with all community groups through regular dialogue.</p>	<p>Anne Canning</p>	<p><b>April 2020:</b> The working group that has been overseeing the response to CYP Scrutiny Commission is to be reconvened as an unregistered settings oversight group and will expand its membership to all statutory partners e.g., Met police LFB and others.</p>

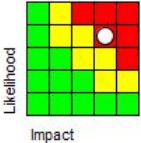

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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0027 b –</b> Risks posed by unregistered schools and settings <b>EXTERNAL RISK</b> <b>FUTURE RISK</b>	<p>Unregistered centres are neither known to, nor inspected by Ofsted, raising potential issues relating to the wellbeing and safeguarding of children and young people in the borough. HLT does not have any statutory powers or reporting requirements in regard to the registration of independent schools.</p> <p>As well as the potential risk around safeguarding and lack of knowledge and intervention in regard to those young people attending such settings, there are clear reputational risks for the HLT in this area. Despite the fact that HLT holds no powers in regard to either registration or closure, there remains the perception that the Local Authority has not presented sufficient challenge to the status of such settings.</p>		<p><b>April 2020-</b> HLT and LBH have limited powers to intervene in schools' safeguarding practices. The risk controls reflect the fact that HLT has responsibility, but little authority.</p> <p>Risk Review Group recommends maintaining current risk rating.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
<b>LD 1415 Risk 18:</b> Co-ordinating multi-agency responses, HLT escalates any issues relating to the safeguarding of children or young people attending unregistered schools or settings.	<p>HLT are aware of unregistered schools and settings within the borough, we escalating to the appropriate authorities Children and Social Care any issues of concern reported to them. HLT co-ordinates multi- agency responses in regard to those settings that do not comply with Ofsted registration requirements.</p>	<p>Anne Canning; Annie Gammon</p>	<p><b>March 2020:</b> HLT will continue to make partner agencies aware of potentially serious concerns and support the Council and CHSCB in advocating for changes in the legal framework.</p> <p>HLT is currently drafting a paper to outline a recommended borough- wide approach to responding to alerts about settings.</p>
<b>LT 1617 Risk 04:</b> Continuing attempts at engagement with unregistered settings are made by HLT to reduce the likelihood of pupils being put at risk.	<p>In the absence of clearly defined statutory responsibility and given the numbers of CYP in such settings, the LA is seeking to raise awareness of safeguarding with all community groups through regular dialogue and through the Out of School setting project.</p>	<p>Anne Canning</p>	<p><b>March 2020:</b> The OOSS is working with Interlink who have identified a worker who will have dedicated responsibility to promote safeguarding arrangements and practices in the OOSS/Yeshivot</p> <p>A programme of activity, involving visits out of school settings to action these. Encouraging safeguarding policy – providing information to parents. Engaging with Interlink to co-deliver this work.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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<p><b>SRCR 0030</b> Pressures on Temporary Accommodation <b>INTERNAL RISK</b> <b>CURRENT RISK</b> 202</p>	<p>The demand on temporary accommodation (TA) for homeless households exceeds the supply of property suitable for use, and also causes a clear shortfall between the subsidy provided and the actual cost of meeting TA need. This could result in serious difficulties in providing an effective provision for the accommodation of vulnerable children and adults, and also impact adversely on available budgets. This all produces financial, reputational and legislative (in terms of abiding by the Homelessness Reduction Act) risks.</p>	<p>Finance and Corporate Resources</p>		<p style="text-align: center;"></p> <p>May 2020 – Local authorities have a statutory duty to provide accommodation for homeless households that have been defined as being in priority need and unintentionally homeless, and are obliged to secure temporary accommodation (TA) for that household as an interim measure whilst a longer-term alternative becomes available. Councils in Britain have spent more than £3.5bn on temporary accommodation for homeless families in the last five years, with the annual cost rising 43% in that time. The Local Government Association has commented that these costs are “unsustainable”.</p> <p>The Government's Homelessness Reduction Act took effect from April 2018. Overall, the Act decisively modifies and extends existing homelessness protection.</p> <p>The amount of temporary accommodation property needed to fulfill demand for homeless households continues to increase. The Council now houses the highest amount of households in temporary accommodation for a decade, at 3242 households, containing 3928 children. The cost of temporary accommodation is managed partly via the type of property procured and work has been completed on moving families out of bed and breakfast accommodation into cheaper, more suitable hostel dwellings. This has delivered some cost avoidance. However, the sheer volume of units needed is expected to mean that the costs will continue to rise this year (especially in the aftermath of COVID-19).</p> <p>Despite delivery of 36 hostels within the borough, due to the ever increasing property prices in borough, 1262 of these households are placed outside the borough and London. Homeless households still present on the day and are placed wherever there is accommodation available, more often than not in Essex, Kent, Bedfordshire and Hertfordshire. The Benefits and Housing Needs Service continue to look at ways to boost affordable temporary housing by pursuing hostel leases with private landlords and developers. 1 large hostel in borough is expected to open in July and another has passed planning permission stage for completion in 2021.</p> <p>Further thought is being given to a housing supply strategy as part of the Councils Housing Strategy, as all social lettings in the borough have dwindled to an expected total of 400 homes for 2019/20 and therefore the waiting times for social housing and length of stay in temporary accommodation is increasing. Current waiting times suggest 10 years for a homeless family requiring a 2 bed home and 8 years for a family requiring a 3 bed home. The strategy will consider purchase of further properties, a cash incentive scheme and the usage of modular housing on meanwhile sites via the Housing Strategy Team. Some of this work has been approved by Cabinet and is being progressed.</p>
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				Risk score remains the same to reflect the severity of the challenge to the Council here.
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Control Title	Control Description	Responsible Group Director / Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0030a</b> Utilising all available accommodation	Utilise 100% of all regeneration voids as additional temporary accommodation reducing the need for costly nightly paid TA provision.	Ian Williams	Jennifer Wynter	31-Aug-2020	Control ongoing May 2020  The Benefits and Housing Needs Service continues to utilise all Council owned void properties as temporary accommodation wherever possible and affordable to do so. However, due to the recent fire risk issues resulting in decanting of various properties ie Bridport House, this resource is now not forthcoming in the short term. The Housing Delivery Board are re-examining all void properties with a refreshed budgetary level costed against the cost of temporary accommodation to see if any further properties can be released.
<b>SRCR 0030b</b> Take best use of the provision of discharge of duty into the private rented sector	Additional duty afforded LA's to discharge our homeless duty with provision of an affordable 1 year monthly PRS let, albeit if further homelessness within 2 years we retain the duty. TA strategy in place and agreed way forward with Mayor & Members on OOL placements.	Ian Williams	Jennifer Wynter	31-Aug-2020	Control ongoing May 2020. The benefits and Housing Needs Service continue to make use of this wherever possible and affordable for homeless residents. Private Sector rented properties available outside the borough are the only realistic short term rehousing option. Various options to boost procurement in this area are being explored.
<b>SRCR 0030c</b> Observe pan London cap on nightly paid accommodation procurement	Maintain influence on the rental market by continued observation and no breaches (except emergency disabled accommodation) of the agreed Pan London TA rent cap.	Ian Williams	Jennifer Wynter	31-Aug-2020	Control ongoing May 2020. Business as usual.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0031</b> Fire Safety <b>INTERNAL RISK</b> <b>FUTURE RISK</b>	As a result of inadequate fire safety measures or defective workmanship (on cladding installation for example), death and serious injury occur from fire in LBH managed properties.	Neighbourhoods & Housing		Updated in May 2020 by Donna Bryce – Score is stable.  In the light of the Grenfell tragedy and the increased focus on materials / workmanship on Council properties nationally, this risk was immediately escalated to Directorate and Corporate level. There were always Fire Safety risks on Housing registers, but recent

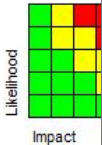
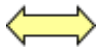
				<p>events and understandable sensitivities necessitated this being featured at the highest level. As the controls below demonstrate, detailed work is taking place – and this has always been the case in terms of this threat. As a result of the tragedy however, extra focus and scrutiny is now been applied to all elements of fire safety in the Borough and there is certainly no complacency as to the situation. The Council has been receptive to new recommendations and with the publication of the Hackitt Review and the Grenfell Report phase one we now need to concentrate on implementing these recommendations in anticipation of new legislation being put in place.</p> <p>This risk focuses solely on risks of an incident in blocks managed by the Council. However, the Council also has limited responsibilities in relation to housing association and privately owned blocks in the borough. An incident in one of these blocks is also a risk to the Council, though obviously we have in place measures to meet the Council’s responsibilities. The MHCLG is currently trying to add new burdens on LAs in relation to privately owned blocks.</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Page 94  <b>SRCR 0031a</b> Fire Risk Assessments	<p>Ongoing review of all Fire Risk Assessments (circa 1,800) for all of our stock in order to provide reassurance to residents.</p> <p>Ensure that these new Fire Risk Assessments (FRA) are undertaken by suitably qualified assessors and that the assessments they produce meet strict quality standards.</p> <p>Publish all new Fire Risk Assessments on the Council’s website.</p>	Tim Shields; Ajman Ali	Donna Bryce	Ongoing	<p>Updated May 2020 – The fire risk assessment schedule is still on track with a three year programme of fire risk assessments. All blocks identified as high or medium risk will be subject to a type 3 risk assessment.</p> <p>All the fire risk assessors are now on the fire risk assessors register as part of the Institute of Fire engineers and this will enable the Council to have assurance that they are suitably qualified and regularly being assessed.</p> <p>The 2018/19 Fire risk assessments have been published on the council’s internet page. A resident portal is being launched in 2020 so that all the fire risk assessments for 2019/20 can be published where residents will be able to track progress of the recommendations. The fire risk assessments will then be available to residents in live time.</p>
<b>SRCR 0031b</b> Fire Safety	Each Directorate has responsibility for ensuring agreed work plans from the previously convened Corporate Fire Safety Group are being delivered.	Ajman Ali; Anne Canning; Ian Williams	Donna Bryce	1/01/21	Updated May 2020 - The Fire Safety Programme Board is in place where all fire safety works are monitored. The Board provides senior managers and member’s assurance that we are not complacent in relation to fire safety and will also monitor the implementation of actions coming out of both the Hackitt Review and Grenfell Report. The

					Board is overseen by an independent fire consultant so that we can ensure that we are meeting our obligations under the Fire Safety Reform Order.	
Page 95	<p><b>SRCR 0031c</b> Fire Safety – high risk blocks</p>	<p>Ongoing implementation of the key findings and recommendations from the new FRAs that have been/will be undertaken across all of our high rise blocks. Blocks to be assessed in priority based on a risk-based Forward Plan (scissor blocks first).</p> <p>Carry out additional non-FRA inspections across our high rise blocks in order to provide a visible presence across the Borough.</p> <p>Carry out any other ad hoc fire safety inspections that are required.</p>	Ajman Ali	Donna Bryce	01/07/20	<p>Updated May 2020 - The three year programme of fire risk assessments is on track and continues to be delivered at a high standard.</p> <p>Housing Officers and Health and Safety Advisers carry out regular checks of our buildings to identify fire safety hazards.</p> <p>A programme of post inspection of all fire safety related works has been implemented in co-operation with PAM.</p> <p>We now have a more proactive approach to fire safety with a number of initiatives being implemented in the last few months to include:</p> <ul style="list-style-type: none"> <li>• Installing new fire signage across the borough</li> <li>• Surveying and installing new premises information boxes and ensuring relevant information is contained with the box</li> <li>• Ensuring we have up to date plans of our blocks which highlight any fire safety equipment</li> <li>• Resident insight project to identify our vulnerable residents and offer them support</li> <li>• Installation of floor level indicators</li> <li>• Fire safety contingency plans</li> </ul>
	<p><b>SRCR 0031e</b> Fire Safety – everyone’s responsibility</p>	<p>Develop and implement a communications strategy that, amongst other things,</p> <p>(a) communicates the need for residents to take responsibility for fire safety in their area and also that we have taken all necessary action to keep them safe from the risk of fire,</p> <p>(b) ensure effective communication and engagement with tenant representatives,</p> <p>(c) manage communications with Members so that they are engaged and up to speed with the work that we are doing but we are not distracted from the work that we are doing,</p> <p>(d) keep staff up to speed with developments,</p> <p>(e) respond quickly to press enquiries.</p>	Ajman Ali	Donna Bryce / John Wheatley	Ongoing	<p>Updated May 2020 - Communications strategy in place and the Resident Safety team carry out regular outreach meetings in co-operation with the Building maintenance team.</p> <p>The internet has been updated to provide additional fire safety advice to residents</p> <p>We send out regular communication with residents to ensure they are aware of their responsibilities in relation to fire safety</p> <p>All sites have been accessed for accessibility and LFB are still carrying out regular inspections of blocks and providing advice.</p>

					<p>Regular briefings to members and to tenant and resident associations are provided.</p> <p>Fire Safety training was provided to members in November 2019</p> <p>Regular internal bulletins on fire safety are sent out to all Housing Services teams via the google community which gives us an opportunity to share good practice.</p> <p>We are working collaboratively with the Housing Officers to implement a constant approach to fire safety within the blocks including joint procedures.</p> <p>Training has been provided to TMO's and Housing Officers on fire safety.</p>
<p><b>SRCR 0031f</b> LFB meetings</p> <p>Page 96</p>	<p>Develop robust arrangements for meeting regularly with the London Fire Brigade (LFB) to consider fire risk assessments and safety on our estates.</p>	<p>Tim Shields; Ajman Ali</p>	<p>Donna Bryce</p>	<p>15 Oct 2020</p>	<p>Updated May 2020 - We continue to have regular meetings with the LFB and we are working closely with LFB on ensuring we have contingency plans in all our premises information boxes and also working with them on identifying our vulnerable residents who would need help in the event of an emergency.</p> <p>We continue to carry out joint visits wherever possible with the LFB.</p>
<p><b>SRCR 0031g</b> Fire safety policy</p>	<p>Based on the lessons learnt from the fire safety response work undertaken since Grenfell, undertake a series of policy reviews and develop a set of proposal papers that will enhance the way that the Council undertakes fire safety management across the Borough. This will include:</p> <ul style="list-style-type: none"> <li>• Agreement on the new corporate Fire Safety Policy and the development of a new fire strategy with Council professionals, residents and industry experts.</li> <li>• Leaseholder Obligations/Requirements: This will cover a number of areas, including (a) ensuring that leaseholders are providing evidence that they are meeting their fire safety obligations, (b) developing a policy on how we ensure that all leaseholder front doors are 30 minute fire resistant, (c) developing a policy on allowing or requiring leaseholders to be included in communal safety works and inspections, e.g. gas safety or sprinkler or alarm installation; at their cost.</li> <li>• Our current policy and procedures for dealing with fire risks in communal areas (e.g. storage of combustible materials, blocking of escape routes.</li> <li>• Enhanced parking enforcement on our estates.</li> </ul>	<p>Tim Shields; Ajman Ali</p>	<p>Donna Bryce</p>	<p>01/08/20</p>	<p>Updated May 2020 - A policy was implemented in August 2018 and was reviewed in November 2019 to ensure it is still fit for purpose and the legislation is still correct.</p> <p>FRA budgets are monitored via the fire safety programme board and via the Capital monitoring board.</p> <p>Fire safety has been incorporated into the Asset Management Strategy to ensure that fire safety is at the heart of our capital works programme.</p> <p>New guidance has been issued in relation to fire risks in communal areas so we have a consistent approach within council managed blocks and TMO's</p> <p>An updated report was issued to Senior managers in November 2019 outlining progress made in relation to fire safety.</p>

	<ul style="list-style-type: none"> <li>Responding to any recommendations coming from the Grenfell enquiry.</li> </ul> <p>Budget Management: Ensure that the necessary resources are in place to undertake all of the work coming out of the new FRAs.</p> <p>Establish "asks" of the government with respect to resourcing additional fire safety work and related costs, wider building regulation and perhaps industry with respect to cladding and sprinkler systems.</p>					With the release of the Hackitt and the Grenfell review reports we continue to lobby government alongside other London Boroughs with respect to resourcing the additional fire safety works and related costs from both reviews.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 97</p> <p><b>SRCR 0036 –</b> Universal Credit <b>EXTERNAL RISK</b> <b>FUTURE &amp; FUTURE RISK</b></p>	<p>Universal Credit is administered by the DWP/JCP (Job Centre Plus) and has been live within the borough since March 2016 for job-seeking singles only. Universal Credit full service rolled out for all new claimants in October 2018. Since the pandemic claiming UC is now online or telephone-based only (apart from in exceptional circumstances). There is a commitment to seek work but no sanctions and no face-to-face meetings. The main corporate risks which have been identified are that:</p> <p><b>Financial:</b> Universal Credit places the onus on the claimant to manage their claim and budget; this may lead to rent arrears for Council tenants and make it more difficult for the Council to recover other debts. Since COVID-19 there has been an increase in the number of tenants not paying rent and canceling direct debits (e.g. council tax).</p> <p><b>Strategic:</b> if more residents become more vulnerable because they struggle with budgeting or payments are stopped, this puts pressure on other services. The five-week wait for a first payment remains and any advanced payment has to be paid back reducing future income.</p> <p><b>Reputational:</b> there will be an expectation that the Council helps those who are face barriers to make a claim or struggling to manage their budgets. This will be even more the case now, with COVID increasing the risk.</p>	Finance & Corporate Resources		<p style="text-align: center;"></p> <p>May 2020- Now over a year into roll out. DWP has responded well to the surge in claims in March/April. We are working together to adapt to an online/telephone-based system and prepare for the longer-term effects of an increase in demand across the system.</p> <p>UC claims have increased considerably. As of 12 April 2020 weekly claims at Hackney JCP increased from 200 to 1000. Current total claims around 13,500. At Hoxton JCP total UC claims are around 10,300. Changes to the claim process and DWP recruitment and redeployment has meant first timely payment at around target of 90%. It is expected that new claims will not continue at this level but will remain higher than before the pandemic as unemployment increases and existing schemes are ended.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR RV 1718 Impact of Universal Credit	<p>A partnership group involving DWP and external partners keeps a partnership plan which identifies and addresses key risks under review.</p> <p>Main actions are:            Communication strategy for Hackney tenants            Resident sustainment team for Hackney tenants            Partnership working to ensure that claimants can access the DWP funded Help to Claim service delivered by the CAB            Funding the advice sector and working closely with them to meet demand            Close partnership working with DWP</p>	Ian Williams	Sonia Khan	30-Aug-2020	<p>May 2020- The Partnership has moved to meetings every 2 weeks to coordinate and respond to UC in the context of COVID-19. Key risks and mitigating actions are kept under review and updated.</p> <p>The Partnership agreed on a strategic plan at the end of 2019. These issues remain relevant now and guide discussion as well as keeping up to date with operational changes.</p> <p>Through partnership working, we are able to support DWP to keep payment processing on target. However, arrears are high. There are particular groups who are more vulnerable because of the way UC is designed to work directly with claimants and to process claimants for one household. We have focused on these particular issues.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 0043 Pensions – Poor Membership Data  Inaccurate or Late Pay Information Supplied to Hackney Pension Fund (LGPS)/Local Pensions Partnership (LGPS)/Teachers Pensions <b>INTERNAL RISK</b> <b>CURRENT RISK</b>	<p>Inaccurate payroll data supplied to the Hackney Pension Fund results in poor membership data.</p> <p>This poor administration could result in inaccurate data giving rise to financial and reputational risks. Without the correct figures and information, actuaries</p>	Finance & Corporate Resources		<p style="text-align: center;">↓</p> <p>Reviewed May 2020 - the likelihood of this risk remains high, although has slightly reduced. Significant problems with the payroll data being provided by the Council</p>



	<p>may be unable to set contribution rates, which could result in higher contribution rates and overall member dissatisfaction. Inaccurate benefit statements might be produced, which could result in the overpayment of benefits.</p> <p>Enforcement action against the Council by the Pensions Regulator</p>			<p>has meant that the quality of membership data has deteriorated since the introduction of the 2014 scheme. The complexity of the scheme has increased significantly and the Council's payroll provider has been unable to respond to these changes, resulting in consistently poor provision of vital data across the Fund's largest employer. A new payroll system was introduced in July 2017; although material progress has been made since the last review on developing pension reporting between the Council and Equiniti, there remain problems to work through. There are still issues on providing some data, but efforts at improving and obtaining better data for reports etc have started to be more successful, hence the slight improvement.</p>	
<b>Control Title</b>	<b>Control Description</b>	<b>Responsible Officer</b>	<b>Service Manager</b>	<b>Due Date</b>	<b>Control - Latest Note</b>
Page 99 FRTP 0043 A Monitoring of membership data	Annual monitoring of membership records, valuation checks, external data validations	Michael Honeysett	Rachel Cowburn; Lorraine Robinson	30-Dec-2020	Reviewed May 2020
FRTP 0043 B Contributions monitoring	Monthly monitoring of contributions to ensure that employers paying across correct contributions along with membership data being supplied	Michael Honeysett; Dan Paul	Rachel Cowburn; Lorraine Robinson	30-Dec-2020	Reviewed May 2020 - Good communication with payroll, as accurate data is very important.
FRTP 0043 C Performance Monitoring	Service Level Agreement with external administrator and monthly monitoring of contract. Monitoring of employers and Pensions Administration Strategy which enables Fund to recoup additional administration costs for sub-standard performance.	Michael Honeysett	Rachel Cowburn	30-Dec-2020	Reviewed May 2020
FRTP 0043 D Support & Payroll development	<p>Provision of employer support to ensure employers have the knowledge and understanding necessary to provide correct information.</p> <p>Ongoing work with the Council's payroll team to assist in developing Business As Usual processes for iTrent (payroll system) which are them owned and run by the payroll team. The Council's payroll supplies data for the vast majority of the Fund – the Fund's involvement with the implementation helps ensure the importance of good quality pension reporting is recognised.</p>	Michael Honeysett; Dan Paul	Rachel Cowburn; Julie Stacey	30-Dec-2020	<p>May 2020 - the employer portal is in the process of being rolled out to all employees.</p> <p>Team is also liaising with Hackney payroll team to roll out a new contribution monitoring report.</p> <p>Also ensuring that equiniti roll out the employer</p>

					strategy in line with the contract.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
<b>SRCR 0035 –</b> Setting up Council owned companies  <b>INTERNAL RISK</b> <b>FUTURE RISK</b>  Page 100	<p>The Council is in the process of setting up a number of companies for a variety of reasons - ranging from a need to explore commercial opportunities, to being a vehicle which can help to deliver the Mayor's housing objectives, or saving money and improving convenience for the residents of the borough.</p> <p>If the resources, expertise and capacity needed to establish these functions is not satisfactorily in place, and/or the necessary legal due diligence is not done, these companies will not be fit for purpose and the Council may run the risk of severe financial and reputational impacts.</p>	Chief Executive's; Children, Adults & Community Health; Finance & Corporate Resources; Neighbourhoods & Housing		<p><b>May 2020</b> - The most notable work is here with separate Energy, Waste and Housing companies. The formation of these 'internal companies' is ongoing with some aspects of the development more advanced than others. The energy company, Hackney Light and Power, was properly launched at the beginning of November 2019, promising some great future benefits for the Borough.</p> <p>There have been instances (nationally) of some Council energy firms (being set up to reduce fuel poverty) struggling and then failing, leaving taxpayers to pick up the bill. 11 have already gone out of business since January 2018, so this underlines how important it is for these companies to be properly set up.</p>	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0035a-</b> Setting up Council Owned Companies	All companies are being developed in accordance with prescribed procedures which will ensure that the resources, expertise and capacity needed to establish these functions is in place, and the necessary legal due diligence is done, with appropriate support provided by relevant Senior Officers, and where necessary, external parties.	Tim Shields; Ian Williams; Ajman Ali; Anne Canning		31 July - 2020	May 2020 – Hackney Light and Power is up and running, and so far has been a successful launch.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<b>SRCR 0036</b> Insourcing  <b>INTERNAL RISK</b> <b>FUTURE RISK</b>	The Council makes a decision to insource more services that it can properly handle and this has a negative impact on service delivery. It also proves a false economy as initial savings become overtaken by increased costs when potentially unseen demands of bringing a service back in-house unfold.	Chief Executive's; Children, Adults & Community Health; Finance & Corporate		May 2020 - Contracts have been brought back in house in the past and in recent years in areas like

	Yet, there is also an opportunity to this risk. If the decisions on insourcing are taken judiciously with regards to in-house capabilities, strategic objectives and potential savings, there is the chance for the Council to benefit from a decision to bring work back 'in-house'.	Resources; Neighbourhoods & Housing		Housing Benefit, Waste, Internal Audit and Payroll. In order to provide further assurance to Audit Committee about the Council's approach to Insourcing, a 'deep dive' was recently carried out (overseen by the Chair of the Audit Committee) into various elements of the approach and guidance papers, and this was signed off at the Committee meeting in April.	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<b>SRCR 0036a</b> Insourcing – approach.	The Council is working on a Guidance Paper that will ensure that before it makes a decision, questions will be asked under five key criteria. These include local policy and business strategies, the performance of the service, quality improvement and value for money, workforce issues and overall risks. Through a careful application of these criteria and asking pertinent questions, any risks or opportunities concerning insourcing should be satisfactorily managed.	Tim Shields; Ian Williams; Ajman Ali; Anne Canning	Rotimi Ajilore	31 Oct - 2020	May 2020 - this was newly escalated to the Corporate register in January 2020. The guidance paper is currently being reviewed.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
<b>SRCR 0039</b> Climate Change / Climate Emergency <b>EXTERNAL RISK</b> <b>CURRENT &amp; FUTURE RISK</b>	The Council fails to meet its own commitments to take constructive steps to tackle the climate emergency. The expectation of change required (conducting extensive work on decarbonisation) may not be matched by the available capital. This could be as a result of overly ambitious targets, a lack of overall awareness or 'buy in' to the concept or a lack of resources to proactively bring about change. Without a coordinated response, the task will be more difficult. Failure to achieve positive change would have reputational impacts but most importantly would contribute negatively to the continued emergency in climate matters, both within our local community and the world at large.	Neighbourhoods & Housing leading (but applying to all Directorates)		<p>May 2020 - The Mayor's climate emergency declaration occurred in February 2019, and Hackney councillors subsequently approved a motion to do 'everything within the Council's power' to deliver net zero emissions across its functions by 2040, ten years earlier than the target set by the Government, and in line with the Intergovernmental Panel on Climate Change's higher confidence threshold for limiting global warming to 1.5C above pre-industrial revolution average. The recent creation of Hackney Light and Power is another step towards fulfilling these targets by committing to providing renewable energy.</p> <p>It was in April 2020, that the Council was able to announce that all of its electricity is now supplied from renewable sources (wind and solar power), and delivered through Hackney Light and Power.</p>	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note

<p><b>SRCR 0039a</b> Councillors have approved motion committing to a series of actions</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 102</p>	<p>Council commitment:</p> <ul style="list-style-type: none"> <li>- To tell the truth about the climate emergency we face, and pursue its declaration of a climate emergency with the utmost seriousness and urgency.</li> <li>- Pledge to do everything within the Council’s power to deliver against the stretching targets set by the IPCC’S October 2018 1.50C Report, across the local authority’s full range of functions, including a 45% reduction in emissions against 2010 levels by 2030 and net zero emissions by 2040, and seeking opportunities to make a greater contribution.</li> <li>- Call on the UK Government to provide powers and resources to make the 2030 and 2040 targets possible.</li> <li>- Actively campaign to change national policy where failure to tackle the challenge of heating our homes without fossil fuels, fossil fuel subsidies, insufficient carbon taxation, road-building, and airports expansion, for example, has actively undermined decarbonisation and promoted unsustainable growth.</li> <li>- Support the campaign to create a just transition for workers and users and be part of the creation nationally of a million public sector climate jobs with particular reference to extending sustainable accessible and integrated public transport, retrofitting housing stock, energy democracy, heating and cooling from renewable energy and eco build, food and waste.</li> <li>- Involve, support and enable residents, businesses and community groups to accelerate the shift to a zero carbon world, working closely with them to establish and implement successful policies, approaches and technologies that reduce emissions across our economy while also improving the health and wellbeing of our citizens.</li> <li>- Produce an annual update to Full Council on the progress made against the Council’s decarbonisation commitments, and conduct an annual Citizens Assembly comprised of a representative group of local residents to allow for effective public scrutiny the Council’s progress and to explore solutions to the challenges posed by global warming.</li> <li>- Work with other local governments (both within the UK and internationally) to determine and implement best practice methods to limit Global Warming to less</li> </ul>	<p>Corporate Directors</p>		<p>Ongoing</p>	<p>May 2020 - these are ongoing commitments but essential to adhere to in order to comply with ambitious targets. The Council are resolved to follow this. From a political level, these actions are being strongly supported by Members.</p>
<p><b>SRCR 0039b</b> Hackney Light and Power.</p>	<p>Hackney Light and Power will support the Council to meet declared target and become zero-net carbon borough by 2040.</p> <p>To maximise carbon emission reduction the company will:</p> <p>deliver the Green Homes Program – the first borough wide thermal efficiency housing program in London</p>	<p>Corporate Directors</p>		<p>Ongoing</p>	<p>Hackney Light and Power was officially unveiled as a publicly-owned energy services company on November 1st (2019).</p> <p>From the off, the primary objective of the company is to help deliver the ambitious decarbonisation pledges included in its climate emergency motion. At the launch of this, Cllr Burke commented:</p>

	<p>support the installation of innovating renewable heating measure</p> <p>support the rolling out of electric vehicle charging points</p> <p>supply the grid with green energy</p> <p>reduce fuel poverty</p> <p>improve residents' health and well being</p> <p>promote an inclusive economy and contribute to the nationwide green agenda</p> <p>help make Hackney a sustainable, green borough</p>				<p>" We have already delivered 50% renewable electricity for the Council and many local schools' needs on 1 April, and will switch to 100% in 2020; we're establishing a publicly-owned clean energy company that will turn Hackney into a renewables power station; we are rapidly decarbonising the Council fleet of vehicles and addressing land transport sector emissions; we're decarbonising the built environment through changes to the planning system; we're investing extensively in green infrastructure to derive a wide variety of environmental benefits, from cooler streets to enhanced biodiversity; we're creating a model for drastically limiting the use of petrochemical plastics; and we're investing heavily in our waste service to reduce resource consumption and increase recycling. "</p>
<p><b>SRCR 0039c</b> Communication</p>	<p>Communication is key, with the Council getting the correct message out both internally and externally</p>	<p>Comms</p>			<p>May 2020 - There has already been lots of coverage in local papers and online about Hackney's progress. During the Coronavirus crisis, there has been the opportunity to close roads and convert more space for cyclists and pedestrians.</p>
<p><b>SRCR 0039d</b> Cross Council Involvement at all levels</p>	<p>Across all Divisions / services, any service plans or overall strategic documents need to pick up on this ongoing challenge and commitment. Any new projects / directives / initiatives need to consider climate change and our approach to it, in determining how to carry out work. Evidence of this happened can be seen within the Fleet services and the ongoing work with the NLWA.</p>	<p>Needs to be cascaded down from HMT to become normal practice.</p>		<p>Ongoing</p>	<p>This will become embedded as part of standard processes in the future. The Environmental Sustainability Board is meeting regularly to support the Council's approach here.</p>

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<b>TREASURY MANAGEMENT ACTIVITY REPORT 2020/21 (April 2020 – May 2020)</b>  <b>10<sup>th</sup> June 2020</b>  <b>AUDIT COMMITTEE</b>	<b>Classification:</b>  <b>Public</b>
<b>Ward(s) affected</b> <b>None</b>	
<b>Group Director</b>  <b>Ian Williams, Group Director Finance &amp; Corporate Resources</b>	

## 1. Introduction

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

## 2. Recommendation(s)

The Audit Committee is recommended to:

- **Note the report**

## 3. Background

This report is the first of the treasury reports relating to the financial year 2020/21 for the Audit Committee. It sets out the background for treasury management activity from April 2020 to May 2020 and the action taken during this period.

### 4.1 Policy Context

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

### 4.2 Equality Impact Assessment

There are no equality impact issues arising from this report

### 4.3 Sustainability

There are no sustainability issues arising from this report

#### **4.4 Consultations**

No consultations have taken place in respect of this report.

#### **4.5 Risk Assessment**

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

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

There are no direct financial consequences arising from this report as it reflects the performance from April to May 2020. Whilst investment interest is not used to underpin the Council's base revenue budget, as in some other authorities, there will be an impact on the ability to fund additional discretionary expenditure and capital programmes. The information contained in this report will assist Members of this Committee in monitoring the treasury management activities and enable better understanding of such operations.

Officers are paying even closer attention to cash flow given the current situation relating to Covid-19. This has resulted in a virtual drying up of short term cash available on the inter local authority market as LAs retain cash in order to cover the inevitable impact of additional expenditure and loss of income in the short to medium term. All investments are being kept short term to retain the ability to convert into cash at short notice.

### **6. Comments of the Director Legal Services**

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

### **7. Economic Highlights**

- **Growth:** The first quarterly estimate of GDP by the ONS in Quarter 1 2020 is estimated to have fallen by 2.0%. When compared to the same quarter a year ago, UK GDP decreased by 1.6% to Q1 2020.

- **Inflation:** The Consumer Price Index (CPI) 12-month rate was 1.5% in March 2020, down from 1.7% in February 2020. The Consumer Price Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.5% in February 2020, also decreasing from 1.7% in February 2020. Core inflation decreased to 1.6% from 1.7%.



- **Monetary Policy:** In May 2020, the Bank of England voted to keep the Bank Rate at 0.1%. This was made in order to try and meet the target inflation of 2% whilst responding to economic and financial disruption caused by the COVID-19 pandemic. Measures put in place to slow the spread of COVID-19 continue to have a significant impact on the UK and many other countries around the world with economic data showing marked drops in global activity and increasing unemployment. Countries that have begun to relax lockdown measures have seen tentative signs of recovery such as domestic spending increases in China. This is likely to be seen in other countries that similarly begin to relax Covid-related restrictions. The outlook for both the UK and the global economy is unusually uncertain and will depend on the evolution of the pandemic as well as the reaction of governments, households and businesses. The MPC's economic scenario for the UK incorporates a steep fall in UK GDP in the first half of 2020 as well as further increases to unemployment.

## 8. Borrowing & Debt Activity

- 8.1 The Authority currently has £125m in external borrowing. This is made up of a single £2.4m London Energy Efficiency Fund (LEEF) loan from the European Investment Bank to fund housing regeneration, along with £45m short term to cover liquid cash flow requirements and £77.6m long term 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.
- 8.2 Close analysis of Councils Capital Financing Requirement (CFR is an indicator of an overall need to borrow) indicates that further borrowing will be required, even without the impact of Covid-19, although this requirement will be continually monitored given the potential for the slowdown in the delivery of some aspects of the capital programme, also arising from the current situation. As and when required borrowing will be done from PWLB in tranches on the new HRA lending rate which was made available to local authorities on 12<sup>th</sup> March 2020 as part of Spring Budget 2020.

## 9. Investment Policy and Activity

- 9.1 The Council held average cash balances of £115 million during the reported period, compared to an average £147 million for the same period last financial year.

### Movement in Investment Balances 01/04/20 to 31/05/20

	<b>Balance as at 01/04/2020 £'000</b>	<b>Average Rate of Interest %</b>	<b>Balance as at 31/05/2020 £'000</b>	<b>Average Rate of Interest %</b>
Short term Investments	28,429	-	28,444	
Long term Investments	3,700	-	3,700	
AAA-rated Stable Net Asset Value Money Market Funds	19,250	-	48,750	

AAA rated Cash enhanced Variable Net Asset Value Money Market Funds	13,000		13,000	
Housing Associations	15,000		15,000	
	<b>79,379</b>	<b>0.74</b>	<b>108,894</b>	<b>0.58</b>

- 9.2 Due to the volatility of available creditworthy counterparties, investments have been placed in highly rated UK Government institutions. Thus ensuring creditworthiness whilst increasing yield due to the duration of the deposits.
- 9.3 The Council has two investments with Housing Associations assisting both diversification and yield. However, the focus in the short to medium term will be on short term liquid investments in order that cash will be available to the authority as required during the Covid-19 crisis.
- 9.4 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.
- 9.5 The Council's specific policy objective is to invest its surplus funds prudently. The Council's investment priorities are:
- security of the invested capital; liquidity of the invested capital; and,
  - An optimum yield which is commensurate with security and liquidity.

## 10. Counterparty Update

- 10.1 Fitch has revised the Outlook on Lloyds Bank and Bank of Scotland to Negative, upgraded Lloyds Bank Corporate Markets, and placed Handels banken and Nordea Bank on ratings watch negative. Where strategies permit, Arlingclose, our treasury management advisor, remains comfortable with clients making deposits for up to 35 days with Lloyds Bank, Bank of Scotland, Handelsbanken and Nordea Bank. Existing deposits meeting our previous advice can be left to run to maturity. Fitch has placed the long-term AA- rating of Transport for London (TfL) on Rating Watch Negative. The short term F1+ rating has been affirmed. Fitch has downgraded Close Brothers to A-, placed Barclays and Rabobank on rating watch negative and revised the outlook on other UK banks and building societies to negative. Fitch has upgraded the long-term rating of Goldman Sachs International Bank, affirmed the other ratings, and revised the outlook to negative. Arlingclose remains comfortable with clients making deposits with Goldman Sachs International Bank for a period of up to 35 days. Arlingclose continues to be comfortable with clients lending to UK Local Authorities for periods of up to two years without further due diligence, where this is in line with approved strategies. Arlingclose has reduced its recommended duration on Transport for London bonds to two years, to bring it in line with UK Local Authorities.
- 10.2 Whilst the ongoing investment strategy remained cautious counterparty credit quality remains relatively strong, as can be demonstrated by the Credit Score Analysis summarised below:

## Credit Score Analysis

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating Score	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating Score
30/04/2020	4.6	A+	6.2	A
31/05/2020	4.7	A+	6.2	A

### Scoring:

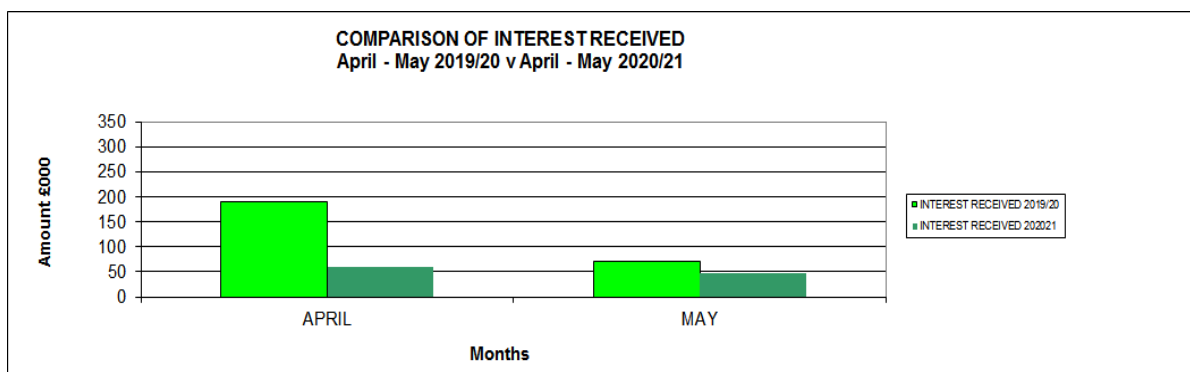
- Value weighted average reflects the credit quality of investments according to the size of the deposit
- Time weighted average reflects the credit quality of investments according to the maturity of the deposit
- AAA = highest credit quality = 1
- D = lowest credit quality = 27

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

## 11. Comparison of Interest Earnings

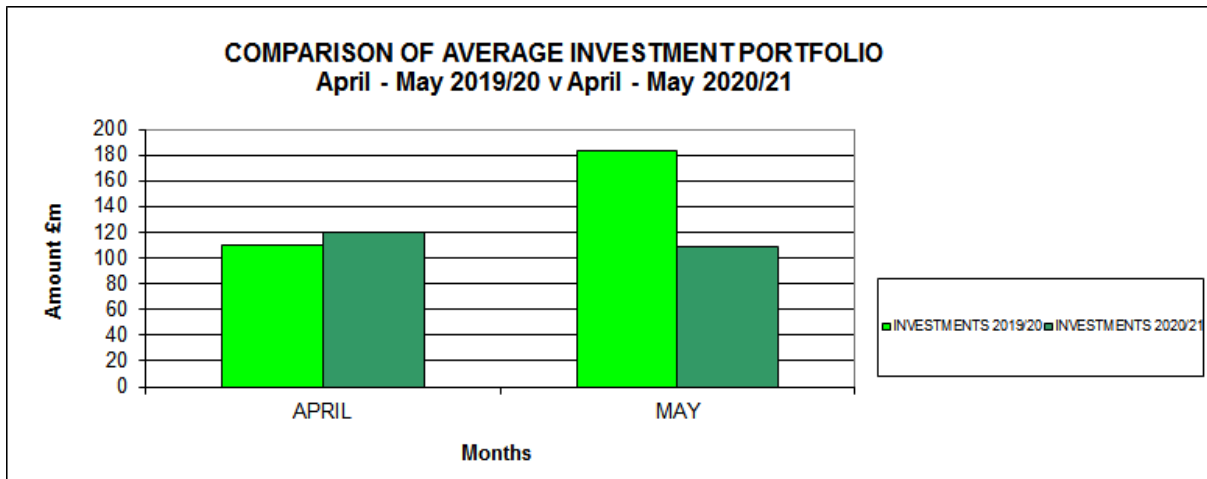
11.1 The Council continues to adopt a fairly cautious strategy in terms of investment counterparties and periods. Due to the volatility of available creditworthy counterparties, investments have been placed in highly rated UK Government institutions or corporate Bonds, thus ensuring creditworthiness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

11.2 The graph below provides a comparison of average interest earnings for 2020/21 against the same period for 2019/20. Average interest received for the period April to May 2020 was £54k compared to £130k for the same period last financial year. This is a reflection of the lower average balances available Thor investment as well as lower interest rates being available.



## 12. Movement in Investment Portfolio

12.1 Investment levels have decreased to £109 million at the end of May in comparison to the end of May last year of £183 million. The decrease in the investment balance year on year is the result of the continued approach of maintaining borrowing and investments below their underlying levels i.e. use of internal borrowing and due to normal cash flow movements.



### 13. Summary

- 13.1 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first two months of the financial year 2020/21. As indicated in this report, a prudent approach has been taking in relation investment activity with priority being given to security and liquidity over yield.

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**INTERNAL AUDIT ANNUAL REPORT 2019/20**

**AUDIT COMMITTEE  
MEETING DATE**

**10 June 2020**

**CLASSIFICATION:**

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

**WARD(S) AFFECTED**

**None**

**GROUP DIRECTOR FINANCE & CORPORATE RESOURCES**

## **1. INTRODUCTION AND PURPOSE**

- 1.1 This report provides details of the performance of Internal Audit during 2019/20 and the areas of work undertaken, together with an opinion on the soundness of the control environment in place to minimise risk to the Council
- 1.2 The Annual Governance Statement 2019/20, a statutory requirement which forms part of the Council's statement of accounts, sets out the opinion of the Council on its overall governance, is included in this report for information.
- 1.3 This report is presented for information and comment and is part of the Committee's role in overseeing corporate governance.

## **2. RECOMMENDATIONS**

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

- 2.1 To comment upon and note this report of Internal Audit's performance and opinion of the Council's framework of governance, risk management and internal control.
- 2.2 Approve the updated Internal Audit Charter and Strategy.
- 2.3 Review the Annual Governance Statement 2019/20.

## **3. REASONS FOR DECISION**

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

## **4. BACKGROUND**

### **4.1 Annual Report**

- (i) The annual report of the Internal Audit Service is provided in Appendices 1 - 5 and includes a summary of managers' implementation of agreed audit high and medium priority recommendations. In addition, the following are presented:
- Internal Audit progress against Key Performance Indicators (Appendix 2)
  - Analysis of assurance levels arising from reviews carried out in 2019/20 (Appendix 3)
  - Comparison of assurances for key financial systems, comparing results over four years (Appendix 4)
  - Definitions of assurance levels (Appendix 5)
- (ii) The Audit Annual Plan was formulated by: -
- analysis of the Corporate and Directorate risk registers
  - consultation with Chief Officers and senior managers to ensure that account is taken of any concerns they raise
  - new Council initiatives, Government initiatives and legislation
  - a review of past Internal Audit work
  - strategic risks as identified in discussions with the Corporate Director of Finance and Resources
- (iii) This report provides details of the performance of Internal Audit and seeks to give reassurance that the service is being delivered in accordance with statutory responsibilities and is continually seeking to improve the standards of its service.
- (iv) Using the cumulative knowledge and experience of the systems and controls in place, the results of previous audit work and the work undertaken within 2019/20, it is considered that overall throughout the Council there continues to be a sound control environment.

## **4.2 Internal Audit Charter**

The Internal Audit Charter (Appendix 6) sets out the nature, role, responsibility, status and authority of internal auditing within the Council, and outlines the scope of internal audit work. To ensure that the Charter remains relevant and current, it is reviewed annually. The last review took place in May 2019.

## **4.3 Internal Audit Strategy**

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

## **4.4 Annual Governance Statement (AGS) 2019/20**

The AGS (Appendix 8) is a strategic document which the Council is required to produce annually, it describes how its corporate governance arrangements, set out in the Local Code, have been working. The AGS is included in the statement of accounts.

The AGS incorporates the continuous review of the effectiveness of our governance arrangements throughout 2019/20. It identifies those areas where we can and will do more to ensure that we have effective governance arrangements that enable the

organisation to deliver on its commitment to improving lives of all residents and creating opportunity and prosperity for local people and businesses.

#### **4.5 Policy Context**

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

#### **4.6 Equality Impact Assessment**

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

#### **4.7 Sustainability**

Not applicable

#### **4.8 Consultations**

Consultation on the 2019/20 internal audit plan took place with senior management.

#### **4.9 Risk Assessment**

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

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

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

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

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

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

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



## APPENDICES

- Appendix 1 - Internal Audit Service Annual Report 2019/20
- Appendix 2 - Internal Audit Performance in 2019/20
- Appendix 3 - Detailed analysis of Internal Audit reviews 2019/20
- Appendix 4 - Key Financial Systems – analysis of audit findings
- Appendix 5 - Definitions of Assurance Levels
- Appendix 6 - Internal Audit Charter
- Appendix 7 - Internal Audit Strategy 2020-2025
- Appendix 8 - Annual Governance Statement 2019/20

## BACKGROUND PAPERS

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

### Description of document (or None)

Public Sector Internal Audit Standards 2017 (PSIAS)

**None**

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## **Audit & Anti-Fraud Division**

# **Internal Audit Annual Report 2019/20**

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June 2020

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

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# Introduction

## Purpose of this report

This report summarises the results of the work performed by Internal Audit during the financial year 2019/20, including the key themes that can be identified across the Council. It also highlights progress made by management in implementing internal audit recommendations.

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

The work of Internal Audit also helps to inform the production of the Annual Governance Statement which sets out the Council's corporate governance arrangements, attached at the end of this document as Appendix 8.

## Overview of work done

The original plan for 2019/20 included a total of 106 audits. There has been close communication with senior management throughout the year to ensure that the audits actually undertaken continued to focus on high risk areas in the light of new and ongoing developments in the Council, and best use of our resources.

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

Total number of projects per original plan	106
Audits added to the plan	6
Cancelled audits as no longer relevant	2
Deferred to 2020/21 or later	30
Total number of projects per revised plan	80
Projects completed from 2019/20 plan	45
Projects carried forward from 2018/19 plan completed	12

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

## Structure of Report

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

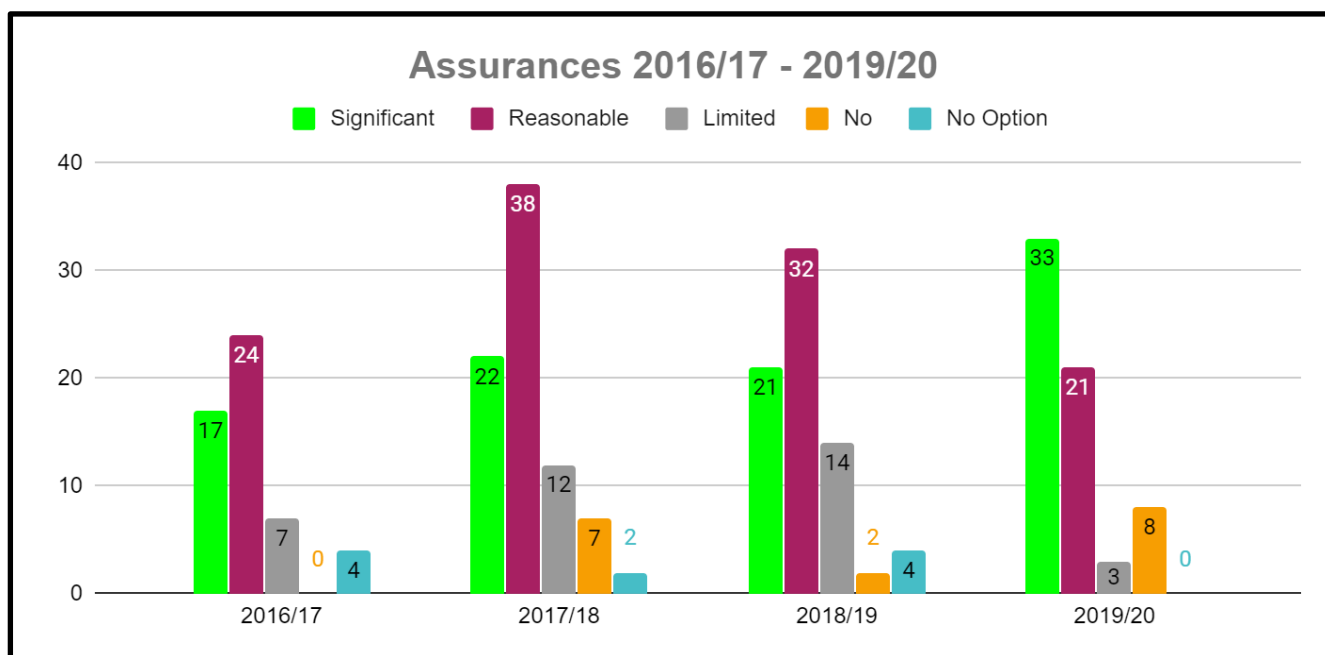
- **Overall summary** – work done by Internal Audit including an analysis of report ratings, priority of recommendations and performance of the service.
- **Key themes identified** during internal audit work in 2019/20.
- **Managers' response to internal audit recommendations** – providing a summary of progress with the implementation of recommendations.
- **Directorate analysis** – providing details of assurances for each directorate.

## Overall Summary

## Assurance Levels

This report has drawn on the findings and assessments included in all of the reports issued during the period. A summary of the assurances provided for audits completed during 2019/20 is provided in the table below, compared with assurances for audits completed since 2015/16. The 2019/20 data includes 12 of 2018/19 audits which were completed during the year and not previously reported in the 2018/19 statistics.

Assurance	2019/20		2018/19		2017/18		2016/17	
	No of Audits	%	No of Audits	%	No of Audits	%	No of audits	%
Significant	33	58	21	33	22	27	18	37
Reasonable	21	37	32	48	38	47	24	49
Limited	3	5	14	18	12	15	7	14
No	0	0	2	1	7	11	0	0
Subtotal	57		69		79		49	
No Opinion Given	8		4		2		4	
<b>Total</b>	65		73		81		53	



The percentage of 'Significant' and 'Reasonable' assurance rated audits has increased since last year (95% compared to 81%), whilst the number of reviews receiving a 'significant' assurance rating has increased the overall assurance remains relatively consistent over the 4 year period. This indicates that the level of assurance over the Council's control environment has remained stable in recent years. Comparisons should be treated with some caution as the differing nature of the risks and associated reviews covered by Internal Audit each year may slightly skew the figures. See Appendix 3 for a detailed analysis of assurances from reviews completed during 2019/20.

## Priority of Recommendations

Where Internal Audit work identifies areas for improvement, recommendations are made to manage the level of risk. These are categorised as Critical, High, Medium or Low priority. The number of recommendations made during 2019/20 to address critical, high and medium priority issues is shown in the following table:

Categorisation of Risk	Definition	Number
Critical	Major issues that we consider could have a significant impact upon not only the system, function or process objectives, but also the achievement of the Council's objectives	0
High	Major issues that we consider need to be brought to the attention of senior management.	22
Medium	Important issues which should be addressed by management in their areas of responsibility.	121
<b>Total</b>		<b>143</b>

A total of 143 audit recommendations were made and agreed, of which 18% were rated high priority. This compares with 142 made in 2018/19 of which 17% were high priority. These figures, as at 31 May 2020 do not include the recommendations from audits still in progress, including 9 draft reports.

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

## Internal Audit Annual Opinion

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

The audit opinion is based upon: -

- Audits undertaken during the year
- Follow up actions in respect of previous years' audits
- Any significant recommendations not accepted by management and the resulting risks
- Effects of any significant changes in the Council's objectives or systems
- Any reliance being placed upon third party assurances

Internal Audit work performed during 2019/20 supports the conclusion of substantial assurance that the Council's control framework is operating effectively. In support of this conclusion: -

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

## Overall Assurance

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

During the year four reports were issued with 'limited' assurance. These related to reviews of brokerage arrangements, new safeguarding arrangements in Children's & Families services, a post implementation review of the iTrent application and Yesodey Hatorah School. Recommendations raised during the reviews are being tracked and verified once implemented.

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

Key Performance Indicators for Internal Audit have been established and targets set as part of the annual planning process. Performance against the targets set for 2019/20 are shown in Appendix 2.

In total, 79% of audits were completed or in progress as at 31 March 2020 (compared to 81% at the equivalent stage in 2018/19). On average audit reports were issued within 17 days of completing fieldwork, against our target of 15 days. This performance of the service was impacted by the outbreak of the Covid-19 pandemic and the effect this had Councilwide to services and resources.

High levels of satisfaction with audit services have been reflected in the management feedback obtained from questionnaires throughout the year, which were returned after audits were completed. These showed that 94% of managers felt that audits were excellent or exceeded expectations. Internal Audit management took a decision not to issue surveys in the final quarter of the year to minimise pressures on service managers.

## **Conformance with Standards**

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

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



# Key Themes

Internal auditors have continued to work closely with officers during 2019/20 and have been engaged in open and challenging discussions about issues raised in Internal Audit reports. These discussions have shown good engagement from management and this has helped to ensure the outputs from Internal Audit work assist management in addressing any issues identified and add value to the organisation.

The key themes identified during our audit work in 2019/20 are set out below.

## Covid-19 Pandemic

Although an adequate assurance opinion has been provided, there have been significant changes across the authority as a result of the outbreak of Covid-19 which has impacted on every aspect of our service provision, financial resilience, ways of working and of course the health and welfare of those living and working in the borough and especially the most vulnerable in our society. The restructuring of services have been suspended due to the pandemic and this has impacted on the overall control environment and governance arrangements. Our governance arrangements have responded to the crisis, in line with the emergency provisions that were made in the Coronavirus Act 2020, and we have continued to carry out effective governance despite the huge disruption caused by Covid-19. There will, however, be a need to review the Council's governance framework as a result of the changes implemented in response to the pandemic including, but not limited to, the local Code of Governance, business continuity, risk management, financial and corporate resilience.

## Key Financial Systems

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

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

Assurances for Key Financial Systems	2019/20		2018/19		2017/18		2016/17	
	No. of projects	%	No. of projects	%	No. of projects	%	No. of projects	%
Significant	6	67	6	67	6	60	2	20
Reasonable	3	33	3	33	2	20	6	80
Limited	-	-	-	-	2	20	-	-
No	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9</b>		<b>9</b>		<b>10</b>		<b>8</b>	

## Risk Management

Internal Audit planning continues to rely upon the Council's risk management processes, not only by being embedded in the production of the Annual Audit Plan but also as part of the scoping and execution of each individual audit. In preparing the Internal Audit Annual Plan, the Council's corporate and directorate risk registers are used to ensure that there is focus on those areas where there is significant risk to the Council's achievement of its objectives. Each area of activity is evaluated against the relevant risk register assessment to identify the impact and likelihood of concerns that management have identified, including any existing or anticipated material changes to systems, legislation, resources, etc., and also the last audit assurance rating, when the system was last audited and its financial value. When scoping each audit and producing the terms of reference, the auditors refer to the directorate or divisional risk registers to ensure that key risks are identified and considered, and that no major risks are missed out.

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

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

## Management's Response to Recommendations

### Implementation of agreed audit recommendations

In order to ensure that managers are responsive to addressing identified system weaknesses and that the Council's control framework is continuously being strengthened, progress with implementing agreed recommendations is tracked. For all high priority recommendations raised since 1 April 2016 and due for implementation by 31 May 2020 results are shown below: -

#### High Priority Recommendations

Directorate	Implemented (including no longer relevant )	Partially Implemented*	Not implemented /No response	Not Yet Due	Total*
Children's, Adults and Community Health	15	0	5	0	20
Neighborhoods and Housing	40	8	0	0	48
Finance & Resources	17	4	1	0	22
Chief Executive's	5	0	0	0	5
Corporate/Cross-Cutting	3	1	1	0	5
<b>Total number</b>	<b>80</b>	<b>13</b>	<b>7</b>	<b>0</b>	<b>100</b>
<b>Percentage (%)*</b>	<b>80%</b>	<b>13%</b>	<b>7%</b>	<b>n/a</b>	<b>100%</b>

\*Does not include Not Yet Due

The target for 2019/20 is for 90% of high priority recommendations to be implemented by the agreed timescale. The percentage currently stands at 80% fully implemented and 13% partially implemented. This compares with 75% implementation in 2018/19 and 89% implementation in 2017/18.

#### Medium Priority Recommendations

Of the medium priority recommendations made and due to be implemented, 83% were verified as implemented, which compares with 77% in 2018/19 and 84% in 2017/18.

Directorate	Implemented (including no longer relevant)	Partially Implemented*	Not implemented /No Response	Not yet due	Total*
Children's, Adults and Community Health	70	0	7	13	77
Neighbourhoods and Housing	104	18	0	3	122
Finance & Resources	108	20	16	1	144
Chief Executive's	25	0	0	0	25
Corporate/Cross-Cutting	16	1	4	4	21
<b>Total number</b>	<b>323</b>	<b>39</b>	<b>27</b>	<b>21</b>	<b>389</b>
<b>Percentage (%)*</b>	<b>83%</b>	<b>10%</b>	<b>7%</b>	<b>n/a</b>	<b>100%</b>

\*Does not include Not Yet Due

## Directorate Analysis

The number of audits completed from the 2019/20 audit plan for each directorate and the overall report ratings are summarised in the table below (Appendix 5 provides definitions of the assurance ratings).

Directorate	Significant	Reasonable	Limited	No	No Opinion	Total	2019/20 Overall Assurance	2018/19 Overall Assurance
Cross Cutting	1	1	0	0	0	2	Reasonable	Reasonable
Children, Adults & Community Health	1	2	2	0	0	5	Reasonable	Reasonable
Neighbourhoods & Housing	3	4	0	0	0	7	Reasonable	Significant/Reasonable
Chief Executives	0	0	0	0	0	0	N/A	N/a
Finance & Corporate Resources (including ICT)	6	1	0	0	0	7	Significant	Significant/Reasonable
Schools	11	6	0	0	7	24	Significant	Reasonable
<b>Total</b>	<b>22</b>	<b>14</b>	<b>2</b>	<b>0</b>	<b>7</b>	<b>45</b>	<b>Significant/Reasonable</b>	<b>Significant/Reasonable</b>

*N.B. This should be read with caution as the same areas are not audited each year.*

## Schools and Children's Centres

During the year 27 schools were reviewed, including five linked children centres and one federation (made up of three schools, audited collectively for the first time) plus one stand alone children's centre. Of these 41% (11) were given 'Significant' assurance, 15% (4) were given 'Reasonable' assurance, there were no 'Limited' or 'No' assurance reports issued. Internal Control Questionnaires were issued to 26% (7) schools/children's centres, Internal Audit reviewed the returns for compliance but did not give an opinion on the adequacy of assurance for these reviews. The direction of travel has remained the same at 15 schools and improved at 11 with no schools decreasing, one new children's centre had not previously been reported upon so had no previous rating to compare. Draft reports have been issued to 5 schools (18%). There were a total of 2 high priority and 27 medium priority recommendations made in relation to schools audits in 2019/20.

The table below provides an analysis of the common high and medium priority issues emerging from the school audits performed during 2019/20.

Risk Area	Number of high priority issues	% of high priority issues	Number of medium priority issues	% of medium priority issues
<b>Governance Issues</b> (includes approved procedures, register of interests, Terms of Reference and whistleblowing arrangements)	-	-	8	30%
<b>Budgets</b> (planning, monitoring & reporting, including budget setting & approval)	-	-	2	7%
<b>Administration and management of monies/bank account</b> (includes petty cash arrangements and voluntary fund)	1	50%	4	15%
<b>Purchasing arrangements</b> (includes supplier arrangements, selection, use of purchase orders and contractor arrangements)	-	-	10	37%
<b>Safeguarding of assets</b> (including asset registers and insurance)	-	-	-	
<b>Payroll issues</b> (including IR35 & self employment)	1	50%	1	4%
<b>Information Governance &amp; GDPR</b>	-	-	2	7%
<b>Total</b>	<b>2</b>	<b>100%</b>	<b>27</b>	<b>100%</b>

The table below provides an overview of Schools' recommendations for the period 2016/17 - 2019/20.

### High and Medium Priority Recommendations 2016/17- 2019/20

Recommendation Priority	Implemented (including no longer relevant)	Partially Implemented*	Not implemented/ No response	Not Yet Due	Total*
<b>High</b>	47	2	1	3	50
<b>Medium</b>	251	6	5	1	262
<b>Total number</b>	<b>298</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>312</b>
<b>Percentage (%)*</b>	<b>96%</b>	<b>2%</b>	<b>2%</b>	<b>n/a</b>	<b>100%</b>

\*Does not include Not Yet Due

## Internal Audit performance in 2019/20

Objective	KPIs	Targets	Actual
<p><b>Cost &amp; Efficiency</b></p> <p><i>To ensure the service provides Value for Money</i></p>	<p>1) Percentage of planned audits completed to final/draft report stage</p> <p>2) Average days between the end of fieldwork &amp; issue of the draft report.</p>	<p>1) 90% by year end</p> <p>2) Less than 15 working days</p>	<p>1) 79% complete or in progress</p> <p>2) 17 days</p>
<p><b>Quality</b></p> <p><i>To ensure recommendations made by the service are agreed and implemented</i></p>	<p>1) Percentage of significant recommendations made which are agreed</p> <p>2) Percentage of agreed high priority recommendations which are implemented</p>	<p>1) 100%</p> <p>2) 90%</p>	<p>1) 100%</p> <p>2) 80% - fully implemented 13% - partially implemented</p>
<p><b>Client Satisfaction</b></p> <p><i>To ensure that clients are satisfied with the service and consider it to be good quality</i></p>	<p>1) Results of Post Audit Questionnaires</p> <p>2) Results of other Questionnaires</p> <p>3) No. of Complaints / Compliments</p>	<p>1) Responses meeting or exceeding expectations</p> <p>2) Satisfactory</p> <p>3) Actual numbers reported</p>	<p>1) 100% (94% exceeded expectations and excellent)</p> <p>2) N/A</p> <p>3) None</p>

## Detailed Analysis of Internal Audit Reviews 2019/20

Internal Audit Annual Plan Progress to 31 May 2020 (including 2018/19 audits completed in the year)					
Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
<b>2018/19 Audits</b>					
1819LBH03	Subject Access Requests	0	2	Reasonable	Final
1819CE01	Disclosure & Barring Service Checks	0	3	Reasonable	Final
1819CACH06	SEN 2017/18 Follow up	2	4	Reasonable	Final
1819FCR01	Health & Safety	0	4	Reasonable	Final
1819FCR04	Commercial Property – Debt Management	0	2	Reasonable	Final
1819FCR05	VAT (HLT)	0	4	Reasonable	Final
1819FCR07	Accounts Payable	0	5	Reasonable	Final
1819FCR12	Cash Receipting/banking	0	2	Significant	Final
1819ICT02	iTrent application PIR	2	3	Limited	Final
1819ICT05	End user devices - security (incl. mobile devices, remote access)	0	1	Significant	Final
1819NH05	Housing Asset Management				Deferred to 2020/21

1819NH06	Housing Service Control Framework				Deferred to 2020/21
1819NH08	Libraries	0	1	<b>Significant</b>	Final
1819NH13	Waste Collection	0	0	<b>Significant</b>	Final
1819SCH12	Yesodey Hatorah SGS	4	4	<b>Limited</b>	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	1	3	<b>Reasonable</b>	Final
1920LBH04	Equal Pay				Deferred to 2020/21
1920LBH05	Recruitment & Retention Payments	0	1	<b>Significant</b>	Final
1920LBH06	Savings Tracking				Deferred to 2020/21
1920LBH07	Contract Management - Performance				Deferred to 2020/21
1920LBH08	Commercialisation				Deferred
1920LBH09	IR35	2	2		Draft



<b>Chief Executive's</b>					
1920CE01	Electoral Services				Deferred due to elections
1920CE02	Environmental Sustainability				Deferred
1920CE03	Grants				Deferred
<b>Children, Adults &amp; Community Health</b>					
<b>Adult Services/Public Health</b>					
1920CACH01	ALD				Deferred
1920CACH02	Residential Care				Deferred
1920CACH04	Health & Social Care/Integrated Commissioning				Deferred
1920CACH05	Agencies Supplying Care	0	3	<b>Reasonable</b>	Final
1920CACH06	Housing with Care				On hold
1920CACH07	Payments Team for Adults Homecare				Deferred
1920CACH08	Panel Processes	0	2	<b>Significant</b>	Final
1920CACH09	Brokerage	4	2	<b>Limited</b>	Final
<b>Children &amp; Families</b>					

1920CACH10	Safeguarding – New Arrangements	2	9	Limited	Final
1920CACH11	Use of UASC - Controlling Migration Fund				Cancelled at Management request
1920CACH12	LAC Incidentals				Deferred
1920CACH13	Children Leaving Care				WiP
1920CACH14	Children's Disability Payments				Draft
<b>Education</b>					
1920CACH15	Schools Overview Report 2018/19				WiP
1920CACH16	Special Educational Needs (SEN) Transport	0	7	Reasonable	Final
1920CACH17	Themed audit Early Years Setting -15 hrs free entitlement for 2 yr olds				Deferred
<b>Public Health</b>					
1920CACH03	Mortuary Statutory Review				Draft
<b>Follow Up</b>					
1920CACH18	Direct Payments				On Hold
<b>FINANCE &amp; CORPORATE RESOURCES</b>					
<b>Strategic Property</b>					

1920FCR01	Consultants				Deferred to 2020/21
1920FCR02	Management Companies				Deferred to 2020/21
<b>Financial Management</b>					
1920FCR03	Budget Monitoring				Deferred
1920FCR04	NNDR/Business Rates				Deferred
1920FCR05	Creditors/Accounts Payable	0	0	<b>Significant</b>	Final
1920FCR06	Treasury and Investments				Deferred
1920FCR07	General Ledger	0	2	<b>Significant</b>	Final
1920FCR08	C/Tax & Hackney Housing - Cautionary Contact				Deferred at management request
1920FCR09	Financial Resilience	0	0	<b>Significant</b>	Final
<b>Follow Up</b>					
1920FCR14	Accounts Receivable – ASC Debt	1	1	<b>Significant</b>	Final
1920FCR15	FM in Schools				Deferred at mgmt request
<b>Customer Services</b>					
1920FCR10	Council Tax				Deferred

1920FCR11	Housing Benefits	0	1	Significant	Final
1920FCR12	Cash Receipting/Banking	0	2	Significant	Final
<b>Procurement</b>					
1920FCR13	Single Tender Action (STA) Process	0	4	Reasonable	Final
<b>ICT</b>					
1920ICT01	Back Office Side (e.g. Licensing & Parking)				Deferred
1920ICT02	Cyber Resilience				Draft
1920ICT03	Programme & Project Governance, Delivery & QA				ToR
1920ICT04	GDPR - Information/Data Security				ToR
<b>Neighbourhoods &amp; Housing</b>					
<b>Housing</b>					
1920NH01	Arden TMO	1	9	Reasonable	Final
1920NH02	Lordship South TMO	1	8	Reasonable	Final
1920NH03	Wick TMO				On hold at management request
1920NH04	Housing Rents	0	3	Significant	Final

1920NH05	DLO				WIP
1920NH06	Right To Buy	0	0	<b>Significant</b>	Final
1920NH07	Major Works				WiP
1920NH08	Resident Safety Compliance & Testing				Deferred
1920NH09	Housing Capital Budget	0	2	<b>Reasonable</b>	Final
<b>Public Realm</b>					
1920NH10	Capital Schemes - Monitoring/Project Management				Deferred to 2020/21 at management request
1920NH12	Parking Income				Draft
1920NH13	Markets Management	0	0	<b>Significant</b>	Final
<b>Regeneration</b>					
1920NH11	Build Quality on New Builds				Deferred
1920NH14	Disability Facilities Grant - Private Sector Housing	2	3	<b>Reasonable</b>	Final
<b>Schools</b>					
<b>Children's Centres</b>					
1920SCH01	Ann Tayler Children's Centre	0	0	<b>No Opinion</b>	Final - ICQ

1920SCH02	Brook Children's Centre (With School)				Cancelled to do audit with school
1920SCH03	Clapton Park Children's Centre	-	-	No Opinion	Final - ICQ
1920SCH04	Comberton Children's Centre	0	2	Significant	Final
1920SCH05	Comet Children's Centre	-	-	No Opinion	Final - ICQ
1920SCH09	Hillside Children's Centre	-	-	No Opinion	Final - ICQ
1920SCH10	Linden Children's Centre	-	-	No Opinion	Final - ICQ
1920SCH11	Lubavitch Children's Centre (New to LBH)	-	-	-	Cancelled - moved to Academy
<b>Primary Schools</b>					
1920SCH16	Betty Layward Primary School	0	4	Reasonable	Final
1920SCH17	Colvestone Primary School				Deferred to 2020/21
1920SCH06	Daubeney Primary School (incl CC)				Draft
1920SCH08	Gainsborough Community School (incl CC)				Deferred
1920SCH19 1920SCH22 1920SCH24	Leap Federation Gayhurst Community Kingsmead Primary Mandeville Primary	0	3	Reasonable	Final
1920SCH20	Holy Trinity CE Primary School	0	0	Significant	Final

1920SCH07	Jubilee School (incl Fernbank CC)	0	2	<b>Significant</b>	Final
1920SCH23	Lauriston Primary School				Draft
1920SCH13	Morningside Primary School (incl CC)	0	2	<b>Significant</b>	Final
1920SCH26	Our Lady and St Joseph's RC Primary School	0	1	<b>Significant</b>	Final
1920SCH27	Princess May Primary School	1	0	<b>Significant</b>	Final
1920SCH28	Queensbridge Primary School (incl Mapledene CC)				Deferred to 2020/21
1920SCH29	Randal Cremer Primary School				Draft
1920SCH14	Sebright School (incl CC)				Draft
1920SCH31	Simon Marks Jewish Primary School	1	1	<b>Significant</b>	Final
1920SCH32	Sir Thomas Abney School	0	0	<b>Significant</b>	Final
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	0	0	<b>Reasonable</b>	Final
1920SCH15	Tyssen Community Primary School (incl CC)	0	3	<b>Reasonable</b>	Final
1920SCH37	Shoreditch Park Primary School	0	2	<b>Significant</b>	Final

1920SCH41	St Scholastica Catholic Primary School	0	2	<b>Significant</b>	Final
<b>Secondary Schools</b>					
1920SCH38	Cardinal Pole Catholic School	0	2	<b>Significant</b>	Final
1920SCH39	Our Lady's Convent High School	-	-	<b>No Opinion</b>	Final -ICQ
1920SCH40	The Urswick School	-	-	<b>No Opinion</b>	Final -ICQ



## Key Financial Systems Analysis of Audit Findings

System		Internal Audit Findings				
		2019/20	2018/19	2017/18	2016/17	2015/16
Main Accounting System/General Ledger		Significant	Significant	N/a	N/a	Significant
Capital Asset Accounting/Capital Programme		N/a	Significant	N/a	N/a	Significant
Treasury Management		N/a	Significant	N/a	N/a	N/a
Cash Receipting/Banking		Significant Self-service Payment Centre	N/a	On line – Significant Bank accounts - Reasonable	Reasonable	Significant
Commercial Property		Reasonable Debt Management	N/a	N/a	N/a	N/a
Procurement		Reasonable Single Tender Action	N/a	Limited e-tendering	Reasonable	Limited ASC Contracting
NNDR	Billing	N/a	Significant	N/a	N/a	N/a
	Valuation, Liability & Collection	N/a	Significant	Significant	N/a	N/a
	Liability – Charitable Relief	N/a	Reasonable	N/a	Reasonable	N/a
	Liability – Empty Rating	N/a	N/a	N/a	Reasonable	N/a
	Recovery & Enforcement	N/a	Reasonable	N/a	N/a	N/a
	Pool Claim	N/a	N/a	N/a	N/a	N/a
Housing Benefit	Benefit Application	N/a	N/a	N/a	N/a	N/a
	Overpayments	N/a	Significant	N/a	N/a	N/a
	Reclaim of Grants	N/a	N/a	N/a	N/a	N/a
	Benefits Administration	N/a	N/a	N/a	N/a	Significant – Change of Circumstance
	Appeals	Significant	N/a	N/a	N/a	N/a
	Reconciliations	N/a	N/a	N/a	N/a	N/a

	CTRS	N/a	N/a	Significant	N/a	N/a
Accounts Payable	Central Systems	Significant	Reasonable	Significant	Significant	Significant
	Directorate Systems	N/a	N/a	N/a	N/a	N/a
Payroll	Overall (key controls)	Reasonable	N/a	N/a	N/a	N/a
	Starters and Leavers	N/a	N/a	Reasonable	N/a	N/a
	Recruitment & Retention	Significant	N/a	N/a	N/a	N/a
	Variations to Pay	N/a	N/a	N/a	N/a	N/a
	Computer System	N/a	N/a	N/a	N/a	N/a
	Processing Payments	N/a	N/a	N/a	N/a	N/a
	Deductions	N/a	N/a	Limited	N/a	N/a
	Payroll Tax Management	N/a	N/a	N/a	N/a	N/a
Accounts Receivable	Billing	N/a	N/a	Significant	Significant (Rent collection – billing & collection)	N/a
	Collection	Significant ASC Debt F/up	N/a	Significant	Reasonable (HLT debt)	Reasonable
Council Tax	Tax Setting	N/a	N/a	N/a	N/a	N/a
	Billing	N/a	N/a	N/a	N/a	N/a
	Valuation, liability, collection	N/a	N/a	Significant	N/a	N/a
	Discounts and Exemptions	N/a	N/a	N/a	N/a	N/a
	Recovery	N/a	N/a	N/a	N/a	N/a
	Reconciliations	N/a	N/a	N/a	N/a	N/a

## Definitions of Assurance Levels

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

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



**London Borough of Hackney**

# **Internal Audit Charter**

**June 2020**

# Internal Audit Charter

## 1. Introduction

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

## 2. Mission, Definition and Core Principles

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

## 3. Purpose

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

accounting, financial and other operations of the Council.”

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

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

#### **5. Responsibility**

- 5.1. The PSIAS requires the Internal Audit Charter to define the terms ‘board’ and ‘senior management’ for the purposes of internal audit activity. The Audit Committee has been designated as the ‘board’ and Hackney Management Team (HMT) as ‘senior management’. The role of the Chief Audit Executive as described in the PSIAS will be covered by the role of the Corporate Head of Audit, Anti-fraud and Risk Management and the Head of Internal Audit and Risk Management.
- 5.2. The Council's Head of Internal Audit and Risk Management is required to provide an annual opinion to the Council and to the Chief Financial Officer, through the Audit Committee, on the adequacy and the effectiveness of the framework of governance, risk management and control for the whole Council. In order to achieve this, the Internal Audit function has the following objectives:
  - To provide a high quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources.
  - To provide assurance that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures.
  - To provide assurance that significant risks to the Council's objectives are being identified and managed.
  - To provide independent assurance over the risk management, internal control and governance processes.

- To provide advice and support to management to enable an effective control environment to be maintained.
  - To promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud.
  - To investigate allegations of fraud, bribery and corruption (this is undertaken by the Audit Investigation Team).
  - To promote and develop the risk management processes and awareness across the Council.
- 5.3. There are inherent limitations in any system of internal control and thus error or irregularities may occur and may not be detected by internal audit's work. When undertaking audit reviews, internal audit will provide management with comments and report on failures or weaknesses in internal control systems together with recommendations for remedial action. It remains a management responsibility to maintain an effective system of internal control. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.
- 5.4. The remit of Internal Audit covers the entire framework of governance, risk management and control for the Council.
- 5.5. Where appropriate, Internal Audit may undertake consulting work for the benefit of the Council. Consultancy is defined as “ Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation’s governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include advice, facilitation and training”.
- 5.6. Internal Audit may also provide assurance to the Council on third party operations (such as contractors and partners) where this has been provided for as part of the contract.

## **6. Reporting**

- 6.1. The PSIAS require the Head of Internal Audit to report at the top of the organisation and this is done in the following ways:
- (i) An Annual Report and Annual Audit Opinion which is used to inform the Council’s Annual Governance Statement and which concludes on the overall adequacy and effectiveness of the framework of governance, risk management and control. The annual report includes:
- The opinion
  - A summary of the work that supports the opinion; and
  - A statement of conformance with the PSIAS and the results of the quality assurance and improvement programme derived from the internal or external assessment. Any instances of non-conformance with the PSIAS will be reported to HMT and the Audit Committee and will be included in the Annual Report. If there is significant non-conformance this may be included in the Annual Governance Statement
- (ii) The Internal Audit Strategy and Charter and any amendments to them are reported to the Audit Committee.

- (iii) The Internal Audit Annual Plan is compiled by the Head of Internal Audit and Risk Management taking account of the Council's risk framework, which includes calculating a score based on both impact and likelihood, and after input from members of HMT and other senior managers it is then presented to HMT and the Audit Committee for final comment and approval.
- (iv) The Internal Audit budget is reported to Cabinet and Full Council for approval annually as part of the overall Council budget.
- (v) The adequacy, or otherwise, of the level of internal audit resources (as determined by the Group Director of Finance & Corporate Resources) and the independence of the Internal Audit function will be reported annually to the Audit Committee. The approach to providing resources is set out in the Internal Audit Strategy.
- (vi) Performance against the Internal Audit Annual Plan and any significant risk exposures and control issues arising from audit work are reported to the Audit Committee on a quarterly basis.
- (vii) Any significant consulting activity not already included in the Audit Plan which might affect the level of assurance work undertaken will be reported to the Audit Committee.

## **7. Independence**

- 7.1. The Corporate Head of Audit, Anti-Fraud and Risk Management is line managed by the Chief Financial Officer however both the Corporate Head of Audit, Anti-Fraud and Risk Management and the Head of Internal Audit and Risk Management have free and unfettered access to the following: -
  - Group Director, Finance & Corporate Resources (Chief Financial Officer)
  - Chief Executive
  - Chair of the Audit Committee
  - Monitoring Officer
  - Any other member of the Hackney Management Team
- 7.2. The independence of the Corporate Head of Audit, Anti-Fraud and Risk Management is further safeguarded by ensuring that the annual appraisal of the post holder is not inappropriately influenced by those subject to audit. This is achieved by ensuring that the Chief Executive contributes to, and/or reviews the appraisal of the Corporate Head of Audit, Anti-Fraud and Risk Management.
- 7.3. All Council and agency staff working in the Internal Audit and Investigation Teams are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed. Auditors are also frequently rotated to prevent over-familiarity or complacency which could influence objectivity. In addition stringent procedures are in place relating to the acceptance of gifts and hospitality and the prevention of bribery.
- 7.4. Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. Any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit Committee. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for at least 12 months.



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

## **8. Counter Fraud**

- 8.1. Managing the risk of fraud and corruption is the responsibility of management. Internal Audit reviews alone cannot guarantee that fraud or corruption will be prevented or detected. Internal Auditors will, however, be alert in their work to risks and exposures that could allow fraud, corruption or other irregularity to take place.
- 8.2. The Corporate Head of Audit, Anti-Fraud and Risk Management will work together with the Head of Internal Audit and Risk Management to seek to develop proactive anti-fraud work through a series of specifically focussed audits into areas of high risk of fraud and irregularity.
- 8.3. The Investigation Teams will respond to all notifications of fraud and suspected financial irregularity and will undertake investigations to assess the validity of such allegations. Where weaknesses in internal control are identified these will be communicated to Internal Audit in order that appropriate recommendations can be made to strengthen the controls and help prevent such frauds and irregularities reoccurring.
- 8.4. The policies and procedures of the anti-fraud service are detailed in the Council's Anti-Fraud and Corruption Strategy.

## **9. Due Professional Care**

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

## **10. Related Documents**

- Internal Audit Strategy 2020 - 2025
- Internal Audit Annual Plan
- Anti-Fraud and Corruption Policy



**London Borough of Hackney**

**Internal Audit Strategy**

## Internal Audit Strategy

### 1. Introduction

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

### 2. Internal Audit Objectives

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

### 3. Internal Audit's Remit

- 3.1. Internal Audit is an assurance function that primarily provides an independent and objective opinion on the degree to which the framework of governance, risk management and control supports and promotes the achievement of the Council's objectives.
- 3.2. Under the direction of a suitably qualified and experienced Corporate Head of Audit, Anti-Fraud and Risk Management and Head of Internal Audit and Risk Management, Internal Audit will: -
  - Provide management and Members with an independent, objective assurance on the framework of governance, risk management and control and its effectiveness in achieving the Council's objectives and priorities
  - Provide management with a consulting activity designed to add value and improve the Council's operations
  - Assist the Audit Committee to reinforce the importance of effective corporate governance and ensure internal control improvements are delivered
  - Drive organisational change to improve processes and service performance
  - Work with other internal stakeholders and customers to review and recommend improvements to internal control and governance arrangements in accordance with regulatory and statutory requirements
  - Work closely with other assurance providers to share information and provide a value for money assurance service
  - Promote continuous improvements in risk management and control systems
  - Be alert in all audit work to risks and exposures that could allow fraud, corruption, extravagance, waste or inappropriate use of Council resources
  - Participate in local and national bodies and working groups to influence agendas and developments within the profession

- 3.3. It is recognised that it is management's responsibility to establish and maintain a sound system of internal control and to prevent and detect irregularities and fraud by ensuring that risks are properly managed. Internal Audit cannot absolve management and senior officers of these responsibilities. The overall aim of Internal Audit is to seek out areas requiring improvement and recommend solutions that will enable the Council to better achieve its objectives.
- 3.4. Internal Audit will ensure that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. Internal Audit will however offer advice on the design of new internal controls in accordance with best practice.

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

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

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

- 5.1. Audit planning will be undertaken on an annual basis. The plan should be sufficiently flexible to accommodate changes in risks and priorities that arise during the period covered by the plan. Good practice recommends that the audit plan is reviewed on a regular basis throughout the year to ensure that it remains relevant.
- 5.2. Where possible the audit plan will take into account management activities, the external auditor, inspection bodies and other review agencies to ensure the most effective audit coverage is achieved and duplication of effort is minimised.
- 5.3. The annual audit plan and audit coverage will be based on the following: -
- The Council's risk registers together with Internal Audit's own assessment of risk in operational areas considering impact and likelihood.
  - The adequacy of risk management, performance management, internal and external review bodies and other assurance processes within the Council.
  - The extent and scope of audit activity in previous years, including the previous audit reports and recommendations made to strengthen controls and enhance systems.
  - The requirements of the external auditors and their ability to utilise the work of Internal Audit in forming their opinion of the Council's Financial Statements.
  - The requirements of regulations and legislation and external factors such as grant conditions.
  - The views of senior managers in the directorates and the assurances received from them regarding internal control, governance and risk management.
- 5.4. The Head of Internal Audit and Risk Management will attend directorate management team meetings as part of the annual planning process to ensure that management views and suggestions are taken into account when producing the audit plan.

5.5. The Internal Audit Annual Plan is based on the following: -

- (i) **Risk Based Systems Audit:** Audits of systems, processes or tasks where the internal controls are identified, evaluated and confirmed through a risk assessment process. The internal controls depending on the risk assessment are tested to confirm that they are operating correctly. The selection of work in this category is driven by Directorates' own risk processes and will increasingly include work in areas where Council services are delivered in partnership with other organisations. The results of audit work will be fed back into the risk management process to form a 'virtuous circle'.
- (ii) **Key Financial Systems:** Audits of the Council's key financial systems. External Audit will have the opportunity to rely on the work of Internal Audit where appropriate.
- (iii) **Probity Audit (schools and other establishments):** Audit of a discrete unit. Compliance with legislation, regulation, policies, procedures or best practice is confirmed. For schools this includes assessment against the Schools Financial Value Standard. Coverage is dependent on the assessment of the level of risks.
- (iv) **Computer Audit:** The review of ICT infrastructure and associated systems, software and hardware.
- (v) **Contract Audit:** Audits of the procedures and processes for the letting and monitoring of contracts, including reviews of completed and current contracts.
- (vi) **Fraud:** The Audit Investigation Teams, within the Audit and Anti-Fraud Division, will investigate any fraud and irregularity arising during the year and also undertake a programme of proactive counter fraud projects to raise awareness of significant fraud issues.
- (vii) **Ad-Hoc Work:** Due to organisational changes and emerging risks and issues, audit resources may need to be allocated to reviews on an ad hoc basis in areas not envisaged in the annual audit plan. These unforeseen alterations will be agreed by the Head of Internal Audit and Risk Management and reported to the Audit Committee.

## 6. Follow-up

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

## **7. Reporting**

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

## **8. Related Documents**

- Internal Audit Charter
- Internal Audit Annual Plan

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### Executive Summary

Hackney Council is committed to improving the lives of all residents, creating opportunity and prosperity for local people and business, a community that is open, cohesive, safer, supportive and environmentally sustainable. This commitment is set out in the Council's Corporate Plan and describes how the Council will meet the challenges ahead and make the most of opportunities.

To be successful the Council must have a solid foundation of good governance and sound financial management. Hackney's Local Code of Corporate Governance ensures that we are doing the right things, in the right way, in line with our values. The Local Code is supported by an assurance framework that sets out how and what the Council will seek to obtain assurance on. A copy of Hackney's Local Code of Corporate Governance can be found on the Council's website at:

<http://mginternet.hackney.gov.uk/documents/s64917/Code%20of%20Governance.pdf>

Each year the Council is required to produce an Annual Governance Statement which describes how its corporate governance arrangements, set out in the Local Code, have been working. This statement provides assurances on compliance for the year ending 31 March 2020, up to the date of approval of the statement of accounts.

During 2019/20 the review of governance identified areas for improvement, an action plan has been developed which sets out how we will manage the four most significant issues. Details of the issues identified in 2019/20 and how the 2018/19 issues were addressed are provided at Appendix 1.

We are satisfied that the steps set out above have addressed the need for improvements that were identified in the review of effectiveness. We will continue to monitor their implementation and operation as part of our next annual review.

We recognise the importance of having a solid foundation of good governance and sound financial management and are committed to addressing the matters highlighted in this statement, and to further enhance our governance arrangements. We confirm we have been advised of the implications of the review by senior management, Internal Audit and the Audit Committee and are satisfied that the steps outlined in this document will address the areas for improvement.

The COVID-19 pandemic that hit the whole country in early 2020 is having a huge impact on the Council, its workforce, residents, partners and other stakeholders. It is yet to be seen how the future will look when we emerge from these unprecedented times, however, we are confident that good governance, democratic accountability and transparency continues in Hackney even during this crisis.

Signed on behalf of Hackney Council:

Phillip Glanville  
Mayor

Tim Shields  
Chief Executive

Ian Williams  
Group Director of Finance &  
Corporate Resources

31 May 2020

### Scope of Responsibility

Hackney Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 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.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has in place a local Code of Governance which sets out its commitment to good governance and is consistent with the principles of governance set out in the governance guidance produced by CIPFA/SOLACE, Delivering Good Governance in Local Government (2016). The Code sets out the arrangements the Council has in place which demonstrate that the principles of good governance are embedded within the way the Council conducts its business.

The Council's governance arrangements are under continuous review for appropriateness and effectiveness. The Council is committed to the ongoing strengthening of its governance arrangements and will consider other new initiatives that will impact on its governance arrangements in future reviews.

## **Review of the Effectiveness of Hackney's Governance Framework**

The governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

Throughout the year, the Council regularly reviews the effectiveness of its governance framework to streamline and improve our processes to ensure these arrangements remain effective, now and into the future. This is informed by individual service leadership and management, corporate oversight functions (including statutory officers), internal audit, external auditors and other review agencies. Similar and proportionate oversight and governance arrangements should also be put in place in respect of services outsourced to external suppliers, trading partnerships, shared service arrangements and arm's length bodies.

The system of internal control is a significant part of the framework and is designed to manage risks to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage them efficiently, effectively and economically. It cannot eliminate all risks and can therefore only provide reasonable and not absolute assurance of effectiveness.

The Annual Governance Statement incorporates the continuous review of the effectiveness of our governance arrangements throughout 2019/20. It identifies those areas where we can and will do more to ensure that we have effective governance arrangements that enable the organisation to deliver on its commitment to improving

lives of all residents and creating opportunity and prosperity for local people and businesses.

This statement is an honest appraisal of our governance framework and shows that Hackney has adequate arrangements in place that generally comply with the Council's Local Code of Corporate Governance, and shows that we have met our legal and statutory obligations to our residents. The external auditor has continued to be positive about our arrangements to secure value for money and provided an unqualified opinion on the Council's Statement of Accounts for 2018/19. The 2019/20 opinion is pending and this statement will be updated once received. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and therefore, can only provide reasonable and not absolute assurance of effectiveness.

The governance framework has been in place at Hackney Council for the year ended 31 March 2020 and up to the date of approval of the annual report and statement of accounts.

Adequate assurance can be given that the system, process or activity should achieve its objectives. The Council is currently aware of issues that could affect its financial position such as, but not limited to, ongoing cost pressures associated with the delivery of Children's and Adult Social Care services, the Ofsted and Quality Care Commission inspections that identified failings in some areas and the recent COVID-19 pandemic which has affected the whole country and is expected to have a significant impact on the Council in the coming year.

#### [Directorate reviews of governance arrangements](#)

Each directorate management team completed an assurance matrix in order to demonstrate that they have in place the key elements of a robust controls and governance framework. These matrices were considered by each management team and on the basis of this review, each Group Director has signed an Assurance Statement to accompany the assurance matrix. Internal Audit reviewed the returns from each directorate and assessed these alongside other sources of assurance.

#### [Audit Committee role in governance arrangements](#)

The Audit Committee receives reports throughout the year that support its oversight of governance within the Council including: -

- Corporate and directorate risk registers
- Performance of the Council and Audit & Anti Fraud Service
- Review of the final accounts
- Review of the Annual Governance Statement
- Reports on Treasury Management

The Committee undertakes an annual self-assessment and this is reported to the full Council. An ongoing development programme is provided to committee members to support them in executing their responsibilities and to ensure that the committee continues to be effective.

#### [Review and update of the Constitution](#)

The Constitution is regularly reviewed and updated, this was last revised in June 2019.

#### [Report by the Standards Committee on its activities](#)

During the year the Standards Committee considered reports on: -

- Annual Report on Compliance with Guidance on Members' Use of ICT
- Review of the Register of Members' and Co-optees Declaration of interests
- Safety arrangements for Member surgeries
- Review of the Member complaints process and form/toolkit
- Review of the number of complaints about Members
- Update on the outcome of the Committee of Standards in Public Life Consultation

### Overview and Scrutiny

The Scrutiny Panel is in place to review and inform decisions that are made by the Mayor and Cabinet. There are four Overview and Scrutiny Commissions that report through the Panel with the following remits: -

- Children and Young People
- Health in Hackney
- Living in Hackney
- Skills, Economy & Growth

Two significant scrutiny reviews took place during 2019/20: -

- Living in Hackney Commissions' scrutiny review examined the practices and approaches of different housing associations operating in the borough and the relationship and partnership arrangements between housing associations and the Council
- Health in Hackney Commissions scrutiny review explored digital-first primary care and implications for GP practices.

Whilst a number of assurances have been obtained to support this conclusion, it is important that the following specific assurance of the Interim Head of Internal Audit & Corporate Risk Management are considered to support this statement.

### Opinion of the Interim Head of Internal Audit & Corporate Risk Management

In accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Auditing Standards (PSIAS), the Interim Head of Internal Audit & Corporate Risk Management, who is the Council's chief audit executive, is required to provide independent assurance and opinion on the adequacy and effectiveness of the Councils' risk management and control framework, and through the Audit & Anti Fraud Service deliver an annual programme of risk based audit activity, including counter fraud and investigation activity and make recommendations for the improvement of the management of risk and control. The chief audit executive is satisfied that sufficient work has been undertaken during 2019/20 to draw a reasonable conclusion on the adequacy and effectiveness of the Council's arrangements based on the work performed during 2019/20 and other sources of assurance

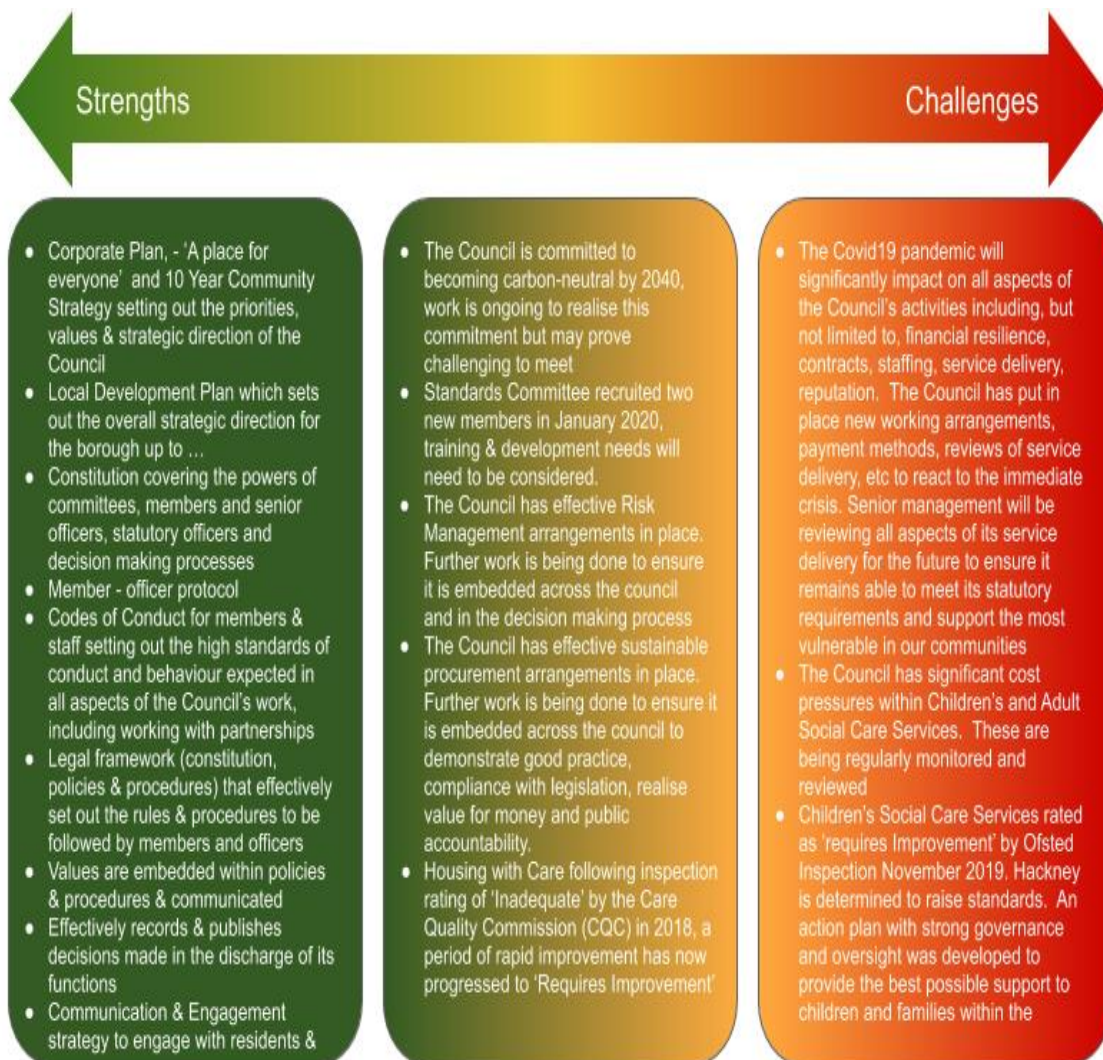
The chief audit executive, having reviewed the available evidence, is satisfied that the Council has good foundations in place and is of the opinion that adequate assurance can be taken that the Council's risk management, internal control and governance processes, in operation during the year to 31 March 2020, generally conform with best practice and are fundamentally sound and fit for purpose, however there are areas where improvements to enhance the Council's governance framework were identified, these have been recognised and improvement plans are in place.

Although an adequate assurance opinion has been provided, there have been significant changes across the authority as a result of the outbreak of Covid-19 which

has impacted on every aspect of our service provision, financial resilience, ways of working and of course the health and welfare of those living in the borough and especially the most vulnerable in our society. The restructuring of services had been planned following the voluntary redundancy scheme that took effect on 29 February 2020, but has been suspended due to the pandemic and this has impacted on the overall control environment and governance arrangements. Our governance arrangements have responded to the crisis, in line with the emergency provisions that were made in the Coronavirus Act 2020, and we have continued to carry out effective governance despite the huge disruption caused by Covid-19. There will, however, be a need to review the Council's governance framework as a result of the changes implemented in response to the pandemic including, but not limited to, the local Code of Governance, business continuity, risk management, financial and corporate resilience.

Full details of the assurance provided in this statement can be found within the Internal Audit Annual Report for 2019/20, submitted to the Audit Committee on 10 June 2020. Under the Accounts and Audit (England) Regulations 2015 and the PSIAS, the Council is required to undertake a review of the effectiveness of its Internal Audit function and to report the results in the Annual Governance Statement. As in previous years, it is considered that the Council has effective arrangements in place for the provision of its Internal Audit Service.

## **Rationale for ' Adequate' Assurance Opinion**



- other stakeholders, supported by Citizens E-Panel.
- Scrutiny arrangements in place to ensure constructive challenge and debate on policies, performance and decision making
  - A commitment to openness and transparency, publication of its annual accounts, performance data, value for money, spending, senior officer pay
  - Published complaints handling procedures
  - Effective arrangements in place to produce the Annual Governance Statement with a Local Code of Corporate Governance reviewed regularly
  - Effective internal audit service delivered in line with the public sector internal auditing standards
  - Audit Committee that provides a source of effective assurance
  - Ethical framework based upon the Seven Principles of Public Life that sets out expected values and behaviour of its members, officers and those who work with the Council.

- Tenant Management Organisations (TMOs) have shown improvement over the last 3 years and the general trend continues to be positive. A control system is in place, work is ongoing with TMOs to improve their governance arrangements where necessary.
- New Inclusive Economy Strategy has been adopted, outlining the three priorities of supporting local neighbourhoods and town centres to thrive; supporting local business and social enterprises and delivering affordable workspace; and connecting residents to employment, skills and training opportunities.
- Tenancy and Leaseholder services are developing a new Resident Engagement Strategy, work is ongoing with with Tenants Liaison Group to inform this strategy.

- borough. We will continue to evolve our approach in line with the feedback from Ofsted and explore new ways of further improving outcomes for children and families in Hackney.
- The Council is reviewing its contract management of housing maintenance providers to address any weaknesses in the procurement and contracting workflows and systems.

- Effective anti fraud and corruption arrangements including whistleblowing policies and procedures
- Effective financial management arrangements are embedded across the Council which supports short, medium & long term achievement of the Council's ambitions & service provision
- Effective asset management framework that ensures Council assets are compliant, sustainable, fit for purpose & support the delivery of the Council's strategic objectives
- Recognises & values the diversity of our communities & workforce
- Health & safety management framework which seeks to ensure compliance with legislation
- Effective business continuity and emergency planning processes in place to enable the Council to continue to provide key services and respond to an emergency or event
- Actively promotes safeguarding to prevent harm & reduce the risk of abuse or neglect

# Improving Governance

Based on our review of the governance framework, the following significant issues will be addressed in 2020/21

Issues identified 2019/20	Planned Action
<p><b>1. COVID-19 Pandemic</b></p> <p>The pandemic that hit the country at the start of 2020 has had a significant impact on how the Council provides services to its residents, businesses and other customers. It has also changed the way we work with our partners to deliver these services and support the borough.</p> <p>This has required the Council to introduce changes to its ways of working, adapting some controls and governance arrangements in order to ensure we are able to meet critical demands whilst protecting all parties' health and well being. The Council had conducted a voluntary redundancy scheme with most successful applicants leaving the Council's employ at the end of February 2020. Restructuring of services following the redundancies has been put on hold during the crisis and work is in progress to establish how these will be carried forward in the context of ongoing restrictions on activity due to Covid-19.</p> <p>The Council has incurred significant unplanned expenditure and loss of income, which will have a major impact on its budget and available resources in the future.</p>	<p>The Council was quick to identify critical services that needed to be supported and arrangements were made to reassign staff resources to help in these areas.</p> <ul style="list-style-type: none"> <li>● Putting restructures and recruitment on hold was necessary to enable the Council to manage the critical services and conform with government restrictions and guidelines such as social distancing. Once restrictions are relaxed the Council needs to consider the current management structures to ensure its governance arrangements are not jeopardised as a result of ongoing vacancies, changes in working practices, the need to amend schemes of delegation and other key governance controls.</li> <li>● Review the local Code of Governance to ensure it reflects new ways of working and changes to the governance framework.</li> <li>● Reviewing the effect on 2020/21 budget and ability to realise projected savings.</li> <li>● Reviewing the Council's reserves to develop options for re-appropriating reserve funds to help support the Council's response to COVID-19. This may mean delaying some projects or activities initially expected to be funded from reserves.</li> </ul> <p>Looking at the investments made in services as part of the 2020/21 budget setting process to see which investments can be paused or cancelled to free up money to fund response to the COVID-19 crisis.</p> <p>Refining and developing a governance process to ensure expenditure is signed off by appropriate officers to keep expenditure focused on the COVID-19 response.</p> <p>Closely monitoring the Council's income streams and debt levels to see what effect the COVID-19 crisis is having all the Council's income.</p> <p>Reviewing exposure to commercial property investments.</p> <p>Evaluating the effect on the valuation of asset base and pension fund asset valuations.</p> <p>Looking at the cost of all non-essential services to assess what costs could be saved in the event it is necessary for the Council to enter into a period of financial 'lockdown'.</p>



	<p>Careful considerations of the equalities impacts arising from COVID-19 (which has had a disproportionate impact on vulnerable and already excluded groups) to ensure that the ongoing response addresses those impacts and continues our work to promote equality and inclusion in the borough.</p> <p>Working with HMT and service Directors to identify aspects of the Council's impressive response to COVID-19 which might help to identify opportunities to change service delivery &amp;/or ways of working in ways that might mitigate some of the impact on services presented by significant financial threats. This is an opportunity to ensure that the ambition, innovation and imagination shown in the Council's response is not lost but embedded in future operating models.</p> <p>Understanding the legal impact on construction and other similar contracts.</p> <p>Risk to the Council's reputation and loss of trust if response is perceived to be inadequate or biased.</p>
<p><b>2. Significant cost pressures within Children's and Adult Social Care Services - ongoing since 2018/19</b></p> <p>Robust budget monitoring processes are in place. These have highlighted significant cost pressures primarily in relation to packages of care in Adult Social Care, Looked after Children placements and staffing in Children and Families and SEND costs within the Hackney Learning Trust.</p>	<p>These high-level pressures are subject to ongoing challenge through budget review meetings and the monthly CACH Budget Board jointly chaired by the Group Director Finance and Corporate Resources and the Group Director of Children's, Adults and Community Health Services.</p> <p>There are a number of measures to reduce spend in place including:</p> <p>Care packages - development of processes with the CCG on joint funding contributions, application of the care funding calculated (CFC) and promoting independence.</p> <p>LAC placements - in-house foster care recruitment campaign and edge of care projects such as the Family Learning Intervention Project (FLIP), edge of care workers and contextual safeguarding.</p> <p>SEND - efficiency plan in place.</p>
<p><b>3. Ofsted Inspection</b></p> <p>The last Ofsted inspection in November 2019 rated our Children's Social Care Services as 'requires improvement' overall, with the impact of leaders on social work practice with children and families and the experiences and progress</p>	<p>The service is developing an action plan to address areas of concern. Once this is agreed with the inspectors it will be subject to a robust monitoring process to ensure any issues or slippage are identified and addressed in a timely manner. The implementation and impact of the</p>

<p>of children who need help and protection judged as 'requires improvement', while the experiences and progress of children in care and care leavers judged as 'good'. This is a decline in our rating compared to the last inspection in the summer of 2016.</p>	<p>action plan is subject to robust oversight and governance by the Mayor, councillors and senior officers.</p>
<p><b>4. Housing Contract Management</b></p> <p>There are issues in contract management of our housing maintenance providers which may result in the council achieving poor value for money for our tenants and leaseholders. The Director of Housing is working with his management team and colleagues from across the Council to address any weaknesses in the procurement and contracting workflows and systems.</p>	<p>The control mechanisms on these contracts have continued to be developed in the past year:</p> <ul style="list-style-type: none"> <li>• All commissions of new capital works are now identified annually via a cabinet report.</li> <li>• A Clerk of Works team established in Planned Asset Management. Work has been developed recently to draft formal Clerk of Works procedures to ensure these are more closely embedded in new contracts. A proposal is being examined to permanently establish the Clerk of Works team, to ensure there is independent sign off and inspection of the quality of works.</li> <li>• New inspection forms are being trialled which will improve record keeping, and facilitate monitoring of overall contractor performance.</li> <li>• Escalation action has been taken against a number of contractors; this has been escalated in accordance with the relevant contract procedures, including via Early Warning Notices, and reallocation of works.</li> </ul>

**These issues will be supported by a detailed action plan, progress on which will be monitored during 2020/21 and reported to senior management.**

## Significant issues identified in 2018/19 that were addressed in 2019/20

Issues Identified for 2018/19	Planned Action	Outcomes
<p><b>1. Challenge of ongoing cost pressures within Children and Adult Services</b></p> <p>Robust budget monitoring processes are in place. These have highlighted significant cost pressures primarily in</p>	<p>These high-level pressures are subject to ongoing challenge through budget review meetings and the monthly CACH Budget Board which is jointly chaired by the Group Director</p>	<p>This remains an ongoing concern. See significant issues 2019/20.</p>

<p>Learning Disabilities in Adult Social Care, Looked after Children placements in Children and Families and SEND costs within the Hackney Learning Trust.</p>	<p>Finance and Corporate Resources and the Group Director of Children's, Adults and Community Health Services.</p>	
<p><b>2. Integrated Commissioning</b> A review of the effectiveness of the governance arrangements for Integrated Commissioning was undertaken by PWC in 2018/19.</p>	<p>An implementation plan to address the issues raised by the PWC review has been developed and will be monitored through the Integrated Commissioning Board.</p>	<p>The Integrated Commissioning Board was set up to implement PwC recommendations. A risk management Working Group was established to provide a forum for collective management of risks across all workstreams and enabler groups. The ICB is tasked with developing risk identification, monitoring and mitigation arrangements in line with the corporate approach. There are detailed schemes of delegation agreed between the separate bodies specifying individual and shared duties.</p>
<p><b>3. Commercialisation</b> The Council is embarking on a new commercial venture through Housing Companies for providing private sector and Hackney Living Rent accommodation. These provide opportunities but could have significant risks for the authority.</p>	<p>A steering group has been formed and project plans have been developed. There is a separate risk register which will be reviewed and monitored regularly. Specialist guidance and advice is being bought in to assist in areas such as setting up the companies and the preparation of a management agreement. Senior officers and members will receive regular updates on the progress of this initiative. The Group Director of Finance &amp; Corporate Resources has been given delegated authority to make decisions to expedite the creation of the companies.</p>	<p>Management companies have been set up, these are currently inactive. Regular reports are provided to senior officers.</p>
<p><b>4. Housing with Care Inspection</b> The Housing with Care Service was inspected in November/December 2018 by the Care Quality Commission (CQC) and subsequently was rated inadequate.</p>	<p>A detailed improvement plan has been developed and shared with the CQC this will be monitored on a regular basis to ensure any issues or slippage are identified and addressed in a timely manner.</p>	<p>Improvement plan was implemented. Re-inspection took place and the rating raised to 'requires improvement'. Work is in progress to improve further.</p>





**ANNUAL FRAUD AND IRREGULARITY REPORT 2019/20**

<b>AUDIT COMMITTEE MEETING DATE</b>  10 June 2020	<b>CLASSIFICATION:</b>  Open  If exempt, the reason will be listed in the main body of this report.
<b>WARD(S) AFFECTED</b>  All Wards	
<b>CORPORATE DIRECTOR</b>  Ian Williams, Group Director of Finance and Corporate Resources	

## 1. INTRODUCTION AND PURPOSE

- 1.1 This report introduces the Annual Fraud and Irregularity Report 2019/20. The attached documents provide status reports and analysis of reported fraud and irregularity within the London Borough of Hackney.
- 1.2 This report is presented for information and comment and forms part of the Committee's role in overseeing corporate governance.

## 2. RECOMMENDATION

### 2.1 The Audit Committee is recommended to:

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

## 3. REASONS FOR DECISION

- 3.1 Not applicable – no decision is required.

## 4. BACKGROUND

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

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

The report includes accounts of tangible financial outcomes from fraud investigation work carried out in 2019/20 which is summarised in the table below:

<b>Investigation area</b>	<b>Estimated saving arising from enquiries</b>
Tenancy Fraud	£3,355,500
No Recourse to Public Funds	£2,109,439
National Fraud Initiative 2018	£220,995
Blue Badge	£12,215
<b>Total</b>	<b>£5,698,149</b>

This report forms part of the evidence supporting the Council's Annual Governance Statement. In line with Financial Procedure Rules (FPR 4.6), this report is presented to the Audit Committee as part of the requirement to report work undertaken by the Audit & Anti-Fraud Division.

### 4.1 Policy Context

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

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

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

#### **4.3 Sustainability**

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

#### **4.4 Consultations**

Not applicable.

#### **4.5 Risk Assessment**

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

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

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

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

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

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

6.2 The Audit Committee is asked to note the report on the Audit Investigation Service’s work during 2019/20. There are no immediate legal implications arising from the report.

**APPENDICES**

Appendix 1 – Annual Fraud and Irregularity Report 2019/20

**BACKGROUND PAPERS**

None

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# **Audit & Anti-Fraud Service Annual Fraud and Irregularity Report 2019/20**

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

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June 2020



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

## 1. Introduction

- 1.1 This report provides a summary of the work undertaken in respect of anti-fraud activities carried out by the Council's Audit Investigation Team (AIT) and Tenancy Fraud Team (TFT) during the past year. During the financial year 2019/20 the teams received 1,659 referrals and enquiries in relation to fraud and irregularity.

## 2. Background

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

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

- 2.2 Regular reviews of both Member and Officer compliance with the Council's policy in respect of corporate governance arrangements are undertaken and this informs the Annual Governance Statement which is required to be included as part of the final accounts process.
- 2.3 The Council's Anti-Fraud & Corruption Policy reinforces that managers, as 'owners' of the Council's systems and processes, are responsible for ensuring that adequate systems of internal control are in place to prevent or detect fraudulent activity. The primary responsibility for the prevention and detection of fraud therefore rests with managers and staff. AAF's role is to undertake independent assessments of the key risks and associated controls within systems across the organisation. AIT has systems in place to receive, assess and react to potential fraud referrals from all stakeholders.
- 2.4 Managers are required to ensure that all staff receive training in fraud awareness. In addition, all new employees should be briefed on the Council's approach and be provided with a copy of the policy as part of the induction process. AAF offer advice and where necessary undertake training in key areas of activity.
- 2.5 The Council has procured an external provider, Expolink, to provide a confidential corporate whistleblowing hotline. This facility is available 24/7 to all Council workers. Nominated Officers within the Council have been identified to receive confidential reports. Following the integration of Hackney Learning Trust into the Council in 2014/15 this facility was rolled out to all schools. In addition, there are also a number of fraud hotlines (e.g. Tenancy and Blue Badge) which are maintained for members of the public. An annual whistleblowing report is provided to the Committee separately, most recently in April 2020.

## 3. Anti-Fraud & Corruption Activity during 2019/20

- 3.1 Investigation work is undertaken by teams which specialise in the following

operational areas:

- The Audit Investigation Team (AIT) investigate allegations of fraud and irregularity involving staff, partner organisations and any non-tenancy concern. In addition, the AIT is responsible for investigating allegations of Blue Badge and parking fraud (Section 4) and providing investigative support to the CACH No Recourse to Public Funds Team (NRPF) initiative (Section 5). The team also provides a liaison role between the Council and DWP to facilitate the investigation of Housing Benefit fraud by the DWP (section 8).
- The Tenancy Fraud Team (TFT) investigates allegations of subletting and other housing fraud committed against Council and Registered Provider housing stock in the Borough (Section 6);

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

#### Yearly Comparison of Investigation Work

Investigation Type	2019/20	2018/19	2017/18	2016/17	2015/16
AIT referrals	42	44	41	42	47
Parking (Blue Badge)	220	198	243	196	166
Tenancy Fraud	266	388	461	394	359
Overstaying Families (NRPF)	89	75	104	130	89
Fraud enquiries	1042	1105	1,237	1,283	1,402
<b>Total</b>	<b>1659</b>	<b>1810</b>	<b>2,019</b>	<b>2,010</b>	<b>2,125</b>

Table1

3.3 A summary of the cases dealt with by AIT during 2019/20, broken down by directorate and referral type, is shown in tables 2 and 3 below.

#### Breakdown of Referrals by Directorate

Directorate	Brought Forward from 2018/19	Referral received in 2019/20	Case completed during 2019/20	Cases ongoing at 1 April 2020
Chief Executive's Directorate	4	1	4	1
Children, Adults & Community Health (excluding NR)	5	10	5	10
Hackney Learning Trust	4	4	4	4
Finance & Resources	5	11	7	9
Neighbourhoods & Housing	2	7	6	3
Hackney Homes	8	9	13	4
<b>Total</b>	<b>28</b>	<b>42</b>	<b>39</b>	<b>31</b>

Table 2

#### Breakdown of Referrals by Type

Neighbourhoods	Children, Adults & Community Health	Finance	Chief	Total

Description	& Housing	CACH	HLT	& Resources	Executive s	
Theft	1	2	1	0	0	4
Cheque/Credit card fraud	0	0	0	2	0	2
Immigration/ID issues	0	0	0	0	0	0
Employee issues	8	4	2	2	0	16
Payments, contracts, procurement	4	0	0	0	1	5
Housing irregularities	0	0	0	3	0	3
Staff parking	1	1	0	0	0	2
Other	2	3	1	4	0	10
<b>Total</b>	<b>16</b>	<b>10</b>	<b>4</b>	<b>11</b>	<b>1</b>	<b>42</b>

Table 3

- 3.4 An analysis of the principal outcomes arising from AIT investigations during 2019/20 is shown in Table 4 below.

Analysis of Outcomes	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Dismissal	1	7	2	7	7	14
Resigned/Left under investigation	10	8	3	5	11	8
Other Disciplinary	2	1	3	1	8	2
Referral to other agency (e.g. Police, UK Border Agency)	12	12	13	22	11	12
Council service or discount cancelled (excl NRPF)	2	8	10	3	5	11
Reports Issued	10	19	12	14	19	19

Table 4

- 3.5 AIT also dealt with 1,042 fraud enquiries from outside agencies (e.g. DWP, police, Home Office, other LA's, etc). These requests are largely related to providing information to other public bodies to assist with investigations and in most cases do not involve an investigation by Hackney. This represents a huge increase on the 155 equivalent enquiries undertaken in 2013/14 and is entirely due to consequences arising from the transfer of the Housing Benefit investigation function from LBH to DWP in December 2014 (see Section 8).

#### 4. Blue Badge Fraud Team

- 4.1 AIT has been responsible for investigating Blue Badge fraud and other parking dispensation irregularities since August 2010. Investigations take place in response to allegations of misuse and are also proactively targeted at areas of known significant abuse. AIT officers regularly work with the Police and other enforcement agencies when investigating blue badge misuse. A total of 41 misused permits were recovered during the year, 71 parking tickets were issued and 38 vehicles were removed following misuse.

- 4.2 The Audit Commission estimated the cost of each fraudulently used Blue Badge to be £100 (which is only equivalent to the cost of on-street parking in the Hackney Central zone of less than 39 hours). Fees of £65 are also payable where a Penalty Charge Notice is issued as part of the enforcement process, or £265 if the vehicle is also removed. The financial value of this work during the year on these conservative measures was £12,215.
- 4.3 Following the introduction of new arrangements for the removal of vehicles for more serious parking offences and a review of enforcement options, the first prosecution for a blue badge offence since 2016/17 was achieved during the year, resulting in a financial charge of £1,014 to the driver. Other cases that are suitable for prosecution have been identified and are being prepared for court.

#### Blue Badge and Other Parking Investigations

	2019/20	2018/19	2017/18	2016/17	2015/16
Number of referrals (including cases identified through proactive measures)	220	203	243	196	167
Number of PCNs/removals	71/38	29/2	60/44	49/40	47/32
Number of prosecutions	1	0	0	1	4
Number of Blue Badges and other misused parking permits recovered	41	41	100	95	94
Number of misuse warnings issued	19	19	28	50	36

Table 5

## 5. No Recourse to Public Funds (NRPF)

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

claims have been withdrawn by the applicant or are not pursued by them when they become aware of the Council's verification process.

- 5.3 Table 6 summarises the savings arising from NRPF cases that were prevented or cancelled following the involvement of the AIT investigator in NRPF enquiries (additional cases were addressed without any input by the investigator). The figures are a conservative account of the financial benefit arising from the work because they assume the minimum accommodation cost and do not consider the additional social worker costs that arise from Children Act cases.

#### NRPF Investigations 2019/20

	2019/20	2018/19	2017/18	2016/17
No. Claims cancelled	87	71	95	108
Weekly Cost	£40,455	£33,015	£36,765	£41,796
Annual cost	£2,109,439	£1,721,496	£1,917,032	£2,179,362

\* Cost estimated on the basis of an average 2018/19 weekly support package of £465 **Table 6**

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

## 6. Tenancy Fraud Team

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

- 6.2 AAF started to investigate tenancy fraud in RP stock in 2010/11, and in the Council's housing stock in June 2012. This has resulted in the recovery of more than 900 sublet or misused properties up to 31 March 2020.
- 6.3 Investigations into the LBH housing waiting list and homelessness cases began in August 2013. These enquiries are important to prevent misuse of social housing from the outset, and they can reasonably be expected to reduce the number of time consuming and costly legal actions needed to recover an asset if it is wrongly allocated. This work has resulted in the cancellation of 365 housing applications to the end of the 19/20 financial year.
- 6.4 TFT have worked with the RTB Team since 2014 to investigate suspected fraudulent applications and to strengthen anti-fraud arrangements. This led to increased vetting of claims by the RTB team and referral to TFT where concerns were identified.
- 6.5 The work of Council investigators, Housing Officers and Legal staff helps to make sure that limited, valuable resources are allocated to those in genuine need, in addition to protecting Council budgets by reducing housing needs costs and preventing social housing being sold at discount to those who do not qualify for Right to Buy. Each Right to Buy purchase attracts a discount on the market value of the property which increases each year. The 19/20 value of the discount was £110,500; in effect limited housing resources must be sold below the market rate, this adds to the long term limited availability of affordable housing resources, and increases cost pressures from efforts to maintain capacity.
- 6.6 During 2019/20 a total of 85 RP and LBH properties were recovered as a direct result of investigations undertaken by the TFT (see Table 7). This represents a significant increase of 34% on the previous year's results. The hard work and dedication of the investigators in post have maintained Hackney's position as a top 3 authority when it comes to tackling this abuse within London and nationally. In addition, 42 housing applications were cancelled following investigation. Independent estimates place the value of each recovered tenancy at £18,000 and each rejected housing waiting list claim at between £4,000 and £18,000 (the lower estimate is used in the calculations set out in table 7 below). Fifteen Right to Buy claims were also denied or withdrawn in 2019/20 following investigation, preventing the award of discounts totalling £1,657,500, in addition to stopping the sale of 15 homes to applicants who were not eligible to purchase them.
- 6.7 As of 31 March 2020 a further 105 tenancy cases were subject to a legal process that had not yet concluded. On the basis of past performance, the majority of these cases are likely to result in the recovery of a social housing tenancy, albeit that the legal process can be time consuming.

### Tenancy Fraud Investigations

	2019/20	2018/19	2017/18	2016/17	2015/16
Number of referrals (tenancy fraud)	266	214	306	304	305
Number of tenancies recovered	85	63	66	103	107
<b>Estimated value of recovered properties*</b>	<b>£1,530,000</b>	<b>£1,134,000</b>	<b>£1,188,000</b>	<b>£1,854,000</b>	<b>£1,926,000</b>

Number of referrals (housing application)	54	80	52	55	116
Number of housing applications cancelled	42	42	40	49	57
<b>Estimated value of cancelled applications</b>	<b>£168,000</b>	<b>£168,000</b>	<b>£160,000</b>	<b>£196,000</b>	<b>£228,000</b>
Number of referrals (Right to Buy)	30	34	36	34	35
Number of RTBs cancelled or withdrawn	15	13	14	17	10
<b>Estimated value of RTBs prevented</b>	<b>£1,657,500</b>	<b>£1,404,000</b>	<b>£1,512,000</b>	<b>£1,783,300</b>	<b>£1,049,000</b>
<b>Total value all housing investigations</b>	<b>£3,355,500</b>	<b>£2,706,000</b>	<b>£2,860,000</b>	<b>£3,833,300</b>	<b>£3,203,000</b>

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

Table 7

## 7. Hackney Homes Legacy Contracts

- 7.1 The review of these legacy contracts has ended following the conclusion of investigations of testable work and a contractor entering administration and subsequently liquidation. The investigation identified that some fire safety work was defective, this was then re-performed at cost to the contractor so that it met the job specification. Money was also retained by the Council against claims for payment in respect of other work by the same contractor.
- 7.2 Arrangements with existing contractors have been reviewed and revised processes have been introduced to provide additional assurance that control arrangements are appropriate.

## 8. Housing Benefit

- 8.1 The responsibility for Housing Benefit investigations was transferred from LBH to DWP on 1 December 2014 as part of the government's Single Fraud Investigation Service scheme. The responsibility for Housing Benefit administration remains with LBH for the time being.
- 8.2 LBH had already successfully realigned investigative resources away from HB to focus on other fraud threats, resulting in the achievements set out in this report. Hackney was therefore better placed to deal with the consequences of SFIS than many other authorities, particularly those outside of London. However, the following impacts have arisen:
- DWP do not have direct access to LBH HB records. All HB investigations must proceed via an AAF officer who is employed specifically to receive and respond to data requests (the additional work referenced at Section 3.5 of this report). DWP provide minimal funding for this work so that LBH part-funds the resource to support this activity. Progress has been made during the year toward providing DWP staff with direct access to LBH HB records, which could reduce the burden on AAF.



- While the AAF officer assigned to this work has been able to facilitate routine investigations, it has not been possible to review the 3,376 HB NFI matches received in 2019 (see Section 9). Previously, matches were sifted by the 6 officers who transferred to DWP as part of SFIS; DWP do not accept that the identification of fraud is their responsibility under the current arrangements. This impasse is an issue across all local authorities;
- LBH has less influence over the investigation process and how an enquiry should proceed, and there is inevitably less effective communication between the HB administrative and investigative functions;
- HB and other fraud enquiries (e.g. tenancy, right to buy) are no longer co-ordinated to the same degree due to differing organisational priorities. Further down the line, there are concerns about continued access to HB data to support other fraud enquiries;

## 9. National Fraud Initiative (NFI)

9.1 The Cabinet Office conducts a biennial data matching exercise, the NFI. AAF coordinates the provision of data, undertakes investigations in some areas and coordinates responses from other Council teams that are involved in verifying match data. The NFI matches are assessed for investigation according to local priorities and experience of previous NFI data quality. It is important to note that matches are often a result of data quality issues and do not necessarily indicate fraud.

9.2 Match data received in January 2019 is currently being reviewed.

9.3 The value of fraud and error identified through the NFI is calculated according to Cabinet Office methodologies. Details of the progress on matches received are shown below in Table 8. Outcomes for the previous 2016 NFI cycle are also provided for comparison.

### NFI 2018 Outcomes to Date

Type of Match	Total Matches (Recommended)	Number Matches Cleared	Investigation in progress	Value of fraud or error identified	Outcomes NFI 2016
Payroll	145	81	4	3 frauds	1 fraud
Housing Benefit	3,376	128	6	0	0
Housing tenants	1,443	32	13	54,000	18,000
Right to Buy	55	10	0	0	0
Housing waiting list	2,614	38	1	32,400	98,940

Concessionary travel / parking	203	187	0	104 permits cancelled	46 permits cancelled
Creditors	6,428	0	0	0	0
Pensions	217	207	9	0	0
Council Tax	22,608	2,617	7,302	304,674	33,765
Council Tax Reduction Scheme	2,453	143	52	3,437	0
Other	72	50	3	0	0
<b>Total</b>	<b>39,614</b>	<b>3,493</b>	<b>7,390</b>	<b>394,511</b>	<b>150,705</b>

Table 8

## 10. Other activity

10.1 AAF have provided fraud awareness support to the following teams and external partners during 2019/20: -

- Housing Needs
- Right to Buy
- Housing Neighbourhood offices and Registered Providers
- Children and Young People's Services
- Adult Social Care
- Business Support (Blue Badge team)
- School finance officers

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

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

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

11.1 The Corporate Head of Audit, Anti-Fraud and Risk Management has the corporate responsibility for the Council's RIPA powers. The policy is available on the Council's intranet and has been publicised to all staff.

11.2 Use of RIPA by all local authorities was severely curtailed during 2012/13 following new legislation requiring local authorities to obtain approval from a Magistrates

Court before surveillance can take place. Hackney has a process in place with local courts.

- 11.3 Update reports on the Council's use of RIPA are provided quarterly to the Audit Committee. No RIPA applications were made or authorised in 2019/20. This is partly a consequence of the legislative change, but is also reflective of a culture within Hackney that seeks to minimise intrusiveness where possible, while still accepting that surveillance remains a valid investigative technique in certain circumstances. A breakdown of the RIPA authorisations for recent years are shown in Table 10 below.
- 11.4 The Council's RIPA arrangements were most recently reviewed in April 2020, the report commended the arrangements that are in place.

#### RIPA Authorisations

Type of Investigation	Number Authorised 2019/20	Outcomes	Number Authorised 2018/19	Number Authorised 2017/18	Number Authorised 2016/17
ASB	0	n/a	0	0	0
Trading Standards	0	n/a	0	0	0
Housing Benefit	0	n/a	0	0	0
Parking	0	n/a	0	0	0
<b>Total Authorisations</b>	<b>0</b>	<b>n/a</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 10

## 12. Money Laundering

- 12.1 Whilst legislation relating to money laundering does not specifically require the Council to implement formal detection and reporting procedures it is nevertheless considered that such procedures are best practice and were recommended by the Audit Commission.
- 12.2 A corporate policy outlining the Council's approach to money laundering is in place which introduces a requirement to identify any cash sums in excess of £9000 received by the Council, and to report any transaction where the funds involved are suspected to originate from criminal activity. Guidelines direct councils to report such occurrences to the National Crime Agency (NCA).
- 12.3 Training requirements for staff working in areas considered to be most at risk from this activity are considered, this has resulted in training being provided to key Right to Buy officers.
- 12.4 During 2019/20, 2 referrals were received by AAF, both concerned the source of funds for proposed Right to Buys. Following internal review both matters were notified to the NCA in line with our corporate procedures.

## 13. Future Developments

- 13.1 The Council, like the country as a whole, is rapidly changing the way in which it does business as a result of the Covid19 pandemic and the ensuing lockdown.

There is heightened demand for many existing services and new measures to assist residents and businesses in the borough have been introduced, these changes have happened quickly. While our governance arrangements have effectively responded to the crisis despite the huge disruption, it is reasonable to expect that attempts to exploit the situation will be made. AAF will investigate any concerns arising from the pandemic as we would any other fraud concern, although there have not yet been any such confirmed cases in Hackney.

- 13.2 Some aspects of the anti-fraud process which require engagement with investigation subjects and witnesses have been limited because of the pandemic, and this may remain the case for some time yet. There have also been changes to legislation to extend the time taken for legal action to resolve tenancy matters, including action to end a tenancy (including where fraud is identified). It is likely that the timescale to achieve an outcome from many investigations will be increased for the foreseeable future.
- 13.3 The pandemic has also resulted in some AAF staff being redeployed to assist those services facing an increased demand. So far this has involved working with the Revenues team to help evaluate some incoming grant applications, and opportunities to assist other Council teams are being evaluated, particularly where it appears that the investigator skill set might add value.
- 13.4 Against this background, it will be a considerable achievement for the year ahead to maintain the current level of performance as set out in this report. Major advances have been achieved in recent years to tackle tenancy, parking, NRPF and staff fraud, and to address known concerns in specific contract arrangements. It is pleasing to note that outcomes from tenancy fraud work increased significantly during the year and other anti-fraud investigations continued to deliver sustained levels of success.
- 13.5 There is no reason to think that the high level of reactive casework received in 2019/20 will abate and this will impact the capacity for proactive anti-fraud work. The existing level of referrals is likely to be influenced by the level of organisational change and the consequences of this on the control environment. The links between the Anti-Fraud teams and Internal Audit will continue to be important.
- 13.6 Proactive work including Blue Badge and NRPF investigations and the ongoing review of prioritised NFI2018 matches will continue. Where the need for greater counter-fraud involvement is identified through our reactive work, we will endeavour to carry out proactive enquiries where feasible.
- 13.7 Hackney is closely monitoring the development of the London Counter Fraud Hub initiative as a way to identify irregularities in key service areas and as a further way to prevent fraud entering the system in the first place. As of the date of this report there remain some issues to resolve before our participation can be confirmed, but this is a development that Hackney is broadly supportive of.
- 13.8 Our key counter fraud partners, including legal teams, the Police and the Home Office, will continue to face resource challenges in the year ahead. These are likely to impact on the options available to the Council to tackle certain fraud types, but the service will continue to innovate and respond flexibly to these issues.



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## AUDIT COMMITTEE WORK PROGRAMME 2020/21

	<b>June 2020</b>	<b>Decision</b>	<b>Group Director &amp; Lead Officer</b>
1	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
2	CORPORATE RISK REGISTER REVIEW 2019/20	For information and comment	Tim Shields (Matthew Powell)
3	INTERNAL AUDIT ANNUAL REPORT 2018/19	For information and comment	Ian Williams (Michael Sheffield)
4	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Sheffield)
5	FRAUD AND IRREGULARITY ANNUAL REPORT 2019/20	For information and comment	Ian Williams (Michael Honeysett)
6	AUDIT COMMITTEE WORK PROGRAMME 2019/20	To approve	All

	<b>July 2020 – SPECIAL MEETING</b>	<b>Decision</b>	<b>Group Director &amp; Lead Officer</b>
1	FINANCIAL STATEMENTS AUDIT 2019/20 – ANNUAL GOVERNANCE REPORT (COUNCIL & PENSION FUND)	For information and comment	Ian Williams (Michael Honeysett)
b2	STATEMENT OF ACCOUNTS 2019/20	To approve	Ian Williams (Michael Honeysett)

	<b>October 2020</b>	<b>Decision</b>	<b>Group Director &amp; Lead Officer</b>
1	DIRECTORATE RISK REGISTER REVIEW – CHILDREN AND COMMUNITY HEALTH	For information and comment	Anne Canning (Jackie Moylan)
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 2021</b>	<b>Decision</b>	<b>Group Director &amp; Lead Officer</b>
1	DIRECTORATE RISK REGISTER REVIEW – NEIGHBOURHOODS & HOUSING	For information and comment	Ajman Ali
2	CORPORATE RISK REGISTER	For information and comment	Tim Shields (Matt Powell)
3	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
4	REVIEW OF TREASURY MANAGEMENT STRATEGY 2019/20	To approve	Ian Williams (Michael Honeysett)
7	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield)
5	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
6	CERTIFICATION OF GRANTS & RETURNS 2018/19	For information and comment	Ian Williams (Michael Honeysett)
7	EXTERNAL AUDIT PLAN PROGRAMME 2019/20	For information and approval	Ian Williams (Michael Honeysett)
9	AUDIT COMMITTEE WORK PROGRAMME 2019/20	To approve	All

	<b>April 2021</b>	<b>Decision</b>	<b>Group Director and Lead Officer</b>
1	DIRECTORATE RISK REGISTER REVIEW – FINANCE AND RESOURCES	For information and comment	Ian Williams
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