



A U D I T C O M M I T T E E

Wednesday 20 April 2022

at 6.30 pm

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

The live stream can be viewed here:

Main

<https://youtu.be/9qhUkszcW3s>

Backup

https://youtu.be/6ChjWyf_bZY

Members of the Committee:

**Cllr Nick Sharman (Chair), Cllr Michelle Gregory (Vice-Chair)
Cllr Ajay Chauhan, Cllr Harvey Odze, Cllr Anthony McMahon, Cllr Ian
Rathbone, Cllr Sophie Conway, Cllr Margaret Gordon, Cllr Gilbert Smyth, Cllr
Anna Lynch**

**Mark Carroll
Chief Executive
Wednesday 13 April 2022
www.hackney.gov.uk**

**Contact:
Peter Gray
Governance Officer
Peter.Gray@Hackney.gov.uk**

Audit Committee

Wednesday 20 April 2022

Agenda

1 Apologies for absence

2 Declarations of Interests

A Member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

must disclose the interest at the start of the meeting or when or when the interest becomes apparent, and may not participate in any discussion or vote on the matter and must withdraw from the meeting proceedings in person or virtually.

A Member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at paragraphs 8.1 - 15.2 of Section 2 of Part 5 of the constitution and Appendix A of the Members' Code of Conduct.

3 Non-confidential minutes of the previous meeting on 5 January 2022
(Pages 9 - 26)

4 Annual Accounts 2020/21 (To Follow)

5 External Auditors Report (To Follow)

6 Performance Report (Pages 27 - 60)

7 Treasury Management Activity Report - 2022 (Pages 61 - 68)

8 Directorate Risk Register - Children and Education (Pages 69 - 100)

9 Directorate Risk Register- Adults, Health and Integration (Pages 101 - 122)

10 Internal Audit Plan - 2022/23 (Pages 123 - 140)

11 Audit and Anti-Fraud Quarterly Progress Report (Pages 141 - 162)

12 Whistleblowing - Progress Report (Pages 163 - 168)

13 Whistleblowing Policy Update - 2022 (Pages 169 - 182)

- 14 Annual Report of the Audit Committee 2021/22** (Pages 183 - 200)
- 15 Net Zero - Deep Dive Report**
- 16 Work Programme** (Pages 201 - 204)
- 17 Any other non-confidential business that the Chair considers urgent**
- 18 Exclusion of Press and Public**

Proposed resolution:

THAT the press and public be excluded from the proceedings of the Audit Committee during consideration of Exempt Item 20 on the agenda on the grounds that it is likely, in view of the nature of the business to be transacted, that were members of the public to be present, there would be a disclosure of exempt business as defined in paragraph 7 of Part 1 of schedule 12A of the Local Government Act 1972, as amended.

- 19 Confidential minutes of the previous meeting on 5 January 2022**
(Pages 205 - 208)
- 20 Any other confidential business that the Chair considers urgent**

Public Attendance

The Town Hall is not presently open to the general public, and there is limited capacity within the meeting rooms. However, the High Court has ruled that where meetings are required to be 'open to the public' or 'held in public' then members of the public are entitled to have access by way of physical attendance at the meeting. The Council will need to ensure that access by the public is in line with any Covid-19 restrictions that may be in force from time to time and also in line with public health advice.

Those members of the public who wish to observe a meeting are still encouraged to make use of the live-stream facility in the first instance. You can find the link on the agenda front sheet.

Members of the public who would ordinarily attend a meeting to ask a question, make a deputation or present a petition will be able to attend if they wish. They may also let the relevant committee support officer know that they would like the Chair of the meeting to ask the question, make the deputation or present the petition on their behalf (in line with current Constitutional arrangements).

In the case of the Planning Sub-Committee, those wishing to make representations at the meeting should attend in person where possible.

Regardless of why a member of the public wishes to attend a meeting, they will need to advise the relevant committee support officer of their intention in advance of the meeting date. You can find contact details for the committee support officer on the agenda front page. This is to support track and trace. The committee support officer will be able to confirm whether the proposed attendance can be accommodated with the room capacities that exist to ensure that the meeting is covid-secure.

As there will be a maximum capacity in each meeting room, priority will be given to those who are attending to participate in a meeting rather than observe.

Members of the public who are attending a meeting for a specific purpose, rather than general observation, are encouraged to leave the meeting at the end of the item for which they are present. This is particularly important in the case of the Planning Sub-Committee, as it may have a number of items on the agenda involving public representation.

Before attending the meeting

The public, staff and councillors are asked to review the information below as this is important in minimising the risk for everyone.

If you are experiencing covid symptoms, you should follow government guidance. Under no circumstances should you attend a meeting if you are experiencing covid symptoms.

Anyone experiencing symptoms of Coronavirus is eligible to book a swab test to find out if they have the virus. You can register for a test after checking your symptoms through the NHS website. If you do not have access to the internet, or have difficulty with the digital portals, you are able to call the 119 service to book a test.

If you're an essential worker and you are experiencing Coronavirus symptoms, you can apply for priority testing through GOV.UK by following the guidance for essential workers. You can also get tested through this route if you have symptoms of coronavirus and live with an essential worker.

Availability of home testing in the case of people with symptoms is limited, so please use testing centres where you can.

Even if you are not experiencing covid symptoms, you are requested to take an asymptomatic test (lateral flow test) in the 24 hours before attending the meeting.

You can do so by visiting any lateral flow test centre; details of the rapid testing sites in Hackney can be found here. Alternatively, you can obtain home testing kits from pharmacies or order them here.

You must not attend a lateral flow test site if you have Coronavirus symptoms; rather you must book a test appointment at your nearest walk-through or drive-through centre.

Lateral flow tests take around 30 minutes to deliver a result, so please factor the time it will take to administer the test and then wait for the result when deciding when to take the test.

If your lateral flow test returns a positive result then you must follow Government guidance; self-isolate and make arrangements for a PCR test. Under no circumstances should you attend the meeting.

Attending the Town Hall for meetings

To make our buildings Covid-safe, it is very important that you observe the rules and guidance on social distancing, one-way systems, hand washing, and the wearing of masks (unless you are exempt from doing so). You must follow all the signage and measures that have been put in place. They are there to keep you and others safe.

To minimise risk, we ask that Councillors arrive fifteen minutes before the meeting starts and leave the meeting room immediately after the meeting has concluded. The public will be invited into the room five minutes before the meeting starts.

Members of the public will be permitted to enter the building via the front entrance of the Town Hall no earlier than ten minutes before the meeting is scheduled to start. They will be required to sign in and have their temperature checked as they enter the building. Security will direct them to the Chamber or Committee Room as appropriate.

Seats will be allocated, and people must remain in the seat that has been allocated to them.

Refreshments will not be provided, so it is recommended that you bring a bottle of water with you.

RIGHTS OF PRESS AND PUBLIC TO REPORT ON MEETINGS

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

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

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

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

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting.

Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

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

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting. 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:

- Director of Legal, Democratic and Electoral Services
- 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.

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

- i. 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;
- ii. 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
- iii. 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.

If you have a disclosable 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 (subject to the rules regarding sensitive interests).
- ii. You must leave the meeting when the item in which you have an interest is being discussed. You cannot stay in the meeting 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.
- iii. If you have, however, obtained dispensation from the Monitoring Officer or Standards Committee you may remain in the meeting 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.

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.

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 meeting, 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 meeting unless you have obtained a dispensation from the Monitoring Officer or Standards Committee. You cannot stay in the meeting 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 meeting. Once you have finished making your representation, you must leave the meeting 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 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 non pecuniary interest.

Further Information

Advice can be obtained from Dawn Carter-McDonald, Director of Legal, Democratic and Electoral Services via email dawn.carter-mcdonald@hackney.gov.uk



**DRAFT MINUTES OF THE AUDIT COMMITTEE
HELD ON
WEDNESDAY, 5 JANUARY 2022**

**THIS MEETING WAS LIVE STREAMED AND CAN BE VIEWED HERE:
<https://youtu.be/73eBk0CTIn4>**

- Chair:** In Person: Councillor Nick Sharman
- Councillors in Attendance:** In Person: Councillor Margaret Gordon,
Councillor Harvey Odze, Councillor Ian Rathbone
- Virtually: Councillor Ajay Chauhan, Councillor
Michelle Gregory, Councillor Anna Lynch,
Councillor Gilbert Smyth
- Also in attendance:** Councillor Robert Chapman
- Apologies:** Councillor Sophie Conway and Councillor
Anthony McMahon
- Officers in Attendance:** Ajman Ali (Group Director, Neighbourhoods
and Housing)
Dawn Carter-McDonald (Director of Legal and
Governance Services)
Bruce Devile (Head of Business Intelligence,
Elections and Member Services)
Peter Gray (Governance Services Officer)
Jackie Moylan (Director of Financial
Management),
Rob Miller (Strategic Director - Customers and
Workspace)
Michael Sheffield (Head of Audit and
Investigations)
Matthew Powell (Corporate Risk Adviser)
Pradeep Waddon (Head of Treasury and
Banking)
Steve Waddington (Strategic Director -
Housing Services)
Ian Williams (Group Director, Finance and

Resources)

Martin Baird, Stuart Firth and Suresh Patel (Mazars)

1.1 Apologies for Absence

1.2 Apologies were submitted on behalf of Councillor Sophie Conway and Councillor Anthony McMahon.

2. Declarations of Interest - Members to declare as appropriate

2.1 Councillor Ian Rathbone declared that he was a member of the Council's Pension Scheme.

3. Minutes of the Previous Meeting

RESOLVED:

- That the minutes of the meeting held on 13 October 2021 be agreed as a true and accurate record of proceedings, subject to the inclusion of Councillor Anna Lynch in apologies.

3.1 The Committee noted the update on the actions from the previous meeting. An update on action 8.6 remained outstanding. The Governance Services Officer indicated that he would seek an update on this matter.

Action: Governance Services Officer

3.2 Councillor Smyth told the Committee that the Audit Section had confirmed that they would arrange a session for Members of the Committee on how risks are assessed. This was confirmed by the Corporate Head of Audit and Anti-Fraud.

Action: Corporate Head of Audit and Anti-Fraud

4. Finance Presentation Update

4.1 The Group Director of Finance and Corporate Resources presented the update on the Council's overall financial position, highlighting the following:

- **Improvement in the position of the General Fund Forecast 2021/2022**
- **2020/21 Forecast General Fund Financial Position:**
- The forecast as of the end of October 2021 showed that the Council

- was forecast to have an overspend of £4.5m;
 - COVID-19 and the Cyber attack remained significant drivers at £7m and £6m respectively and were in excess of sums set aside;
 - Risk remained that social care costs will increase before the end of the financial year;
 - Neighbourhoods and Housing were also forecasting a significant overspend of £2.5m of which £1.7m was COVID-19 related;
 - **2021/22 Housing Revenue Account Position**
 - Loss of rental income - £2.4m;
 - £1m loss on repairs by the Direct Labour Organisation in the 1st quarter/ increase in demand for repairs as restrictions are lifted;
 - Loss on non dwelling rental income - £0.2;
 - **2022/23 Housing Revenue Account budget proposals;**
 - Proposed rent increase of 4.1 %
 - Hackney had the 7th lowest rent in London ;
 - **Provisional local government settlement;**
 - Uncertainty beyond 2022/23;
 - One year Settlement for 2022/23 in line with 2021 SR;
 - New one off Services Grant worth 822m for 2022/23 only;
 - **Accounts Update;**
 - **2019/20:**
 - Accounts signed off on 21 October 2021;
 - Work was completed by Mazars on the report into the cyber attack;
 - Positive value for money conclusion reached;
 - **2021/22:**
 - Draft accounts were published;
 - External audit was underway;
 - The aim was to report to the Audit Committee in April 2022;
- 4.2 Councillor Smyth asked how the projected £2m shortfall referred to in the presentation would affect service provision and how any negatives could be mitigated.
- 4.3 The Group Director of Finance and Corporate Resources told the Committee that a provision was in place allowing Councils to carry forward a deficit in relation to SEN. He confirmed that the Council would look to mitigate any deficit arising as far as possible. Further, where possible, the teams are looking at cost reduction measures going forward. .
- 4.4 Councillor Rathbone asked for an update on cost pressures in adult social care. He stressed the need to make representations in this regard.
- 4.5 The Group Director of Finance and Corporate Resources told the Committee that the cost pressures in adult social care continued to rise. This was not met by the additional government grants announced and was covered by the Council's own resources, with savings in other areas of the Council's activities. The importance of funding for adult social care was made clear in the Council's response to the Government's Local Government settlement

statement. Councillor Chapman confirmed that representations would be made to the Government on this matter.

4.6 Councillor Gregory asked for an update on what percentage of the Hardship Fund had been spent. She expressed concern at the ongoing underspend on the fund. She asked for clarification on the recent Government announcement in relation to hardship funding to Local Authorities.

4.7 The Group Director of Finance and Corporate Resources told the Committee that in the financial year 2020/21 the Council had spent approximately £104,000 from the hardship fund, with a spend of £123,000 in the current financial year. It was expected that this expenditure would continue to rise in the future. Work was ongoing with members of Council on how to maximise this expenditure. He clarified that the scheme that had been announced nationally had a particular framework building on current schemes in place for the past 18 months. A cross Council Working Group was working to ensure that monies could be spent on, for example, food vouchers for young people on school holidays. In terms of the Council's own resource the Council was on target to spend between 30 and 40 percent. The re-purpose of the scheme monies was currently being considered to ensure more targeted support. He stressed the need to have the maximum outcome from the resources available. He agreed to provide the Committee with more detailed information on hardship fund expenditure.

Action: Group Director of Finance and Corporate Resources

4.8 Councillor Odze asked for clarification on the proportion of the additional £600m Government funding for Council's hardship funds that would be allocated to Hackney Council and how these monies would be spent. The Group Director of Finance and Corporate Resources agreed to consider this matter and circulate relevant information to the Committee.

Action: The Group Director of Finance and Corporate Resources

5. Performance Report

5.1 The Head of Business Intelligence, Elections and Members Services introduced the report providing an updated set of key performance indicators, together with an update on risk management with a Corporate Scorecard and accompanying commentary on the Council's risk approach. The report also set out the latest capital programme monitoring data and, as was requested at the previous Audit Committee meeting, an additional analysis of forecast spend on the original and revised budgets. He told the Committee that there had been little change since the previous quarter. He highlighted the following:

- High staff sickness;
- High levels of rent arrears;

- Improvement on voids but levels remained high;
- Slight reduction in numbers in temporary accommodation;
- Increased levels of recycling;

5.2 The Chair expressed concern at the increase in rent arrears, debt and levels of sickness, particularly in light of the impact of Omicron on Council's services.

5.3 Councillor Odze asked for the separation of sickness figures directly as a result of COVID-19 and those due to other reasons

5.4 The Group Director of Finance and Corporate Resources reported that the changes in the 12 month rolling average had been previously circulated. At the end of November 2019 the rolling average was 9.1 days and at the end of November 2021 the average was 10.9 days. Hackney Management Team would be taking action to address the increase in sickness levels. Analysis would be carried out to distinguish how much of the sickness levels related to COVID-19 with consideration being given to other categories of sickness. It was noted that terminal illnesses also had an impact on sickness figures. Ian Williams agreed to provide an update to the April Committee meeting on this matter

Action: Group Director of Finance and Corporate Resources

5.5 Councillor Lynch stated that within the National Health Service, temporary amendments had been made to some national and local sickness policies in the light of COVID-19. She expressed concern that the Council did not have a workforce strategy and that there was a need to consider weaknesses in the workforce. She asked if the Council was performance-managing staff with COVID-19 related illnesses and whether they were treated as a separate staff group.

5.6 The Group Director of Finance and Corporate Resources reported that the Council had introduced flexibilities in light of COVID-19, with changes of approach to absence management, dependency leave, and a range of other factors. Details of these changes would be circulated to members with the update referred to in paragraph 5.5.

Action: Group Director of Finance and Corporate Resources

5.7 Councillor Smyth asked if information on recycling had been circulated as requested by the previous meeting. Bruce Devile agreed to investigate this.

Action: Head of Business Intelligence, Elections and Member Services

5.8 The Director of Financial Management introduced the report on capital expenditure. £170m spend was forecast against the original estimate in February 2021 of £236m. The main drivers centred around housing schemes,

housing regeneration supply and mixed use schemes. It was confirmed that COVID-19 impacted on slippage in capital schemes. Given that tender prices had increased in estate regeneration and housing supply, it would be necessary to ensure that these schemes were now viable to take forward. The Chair confirmed that the variance in expenditure was approximately 25 percent and expressed the hope that there would not be any significant slippage in capital schemes in the last two quarters. He acknowledged the impact on COVID-19 and the Cyber attack. He asked for reassurance that the additional controls on capital estimations were having a positive impact. He stressed that expenditure on capital was a key part of the Council's performance, together with a key risk area in terms of services and the financial position of the Council.

- 5.9 The Director of Financial Management told the Committee that there were variations in regard to the impact of the controls in place. It was expected that the Capital Programme for 2022/23 would be set at a more realistic level taking into account slippage and what could realistically be delivered during that period.
- 5.10 Councillor Smyth stated that the report outlined that the Council was moving from a debt free position to an external borrowing position and that borrowing was forecast to increase over the coming years as plans come forward on the next phases of the Britannia Scheme and the Council's regeneration programme. He asked for clarification on the levels of borrowing.
- 5.11 The Director of Financial Management told the Committee that the Council had a large capital programme including an element of forward funding schemes such as for Social Housing and the Britannia Leisure Centre. There would be a need to borrow to forward fund schemes. Ultimately, the schemes would be funded primarily by the sale of private units. Work was currently being undertaken into the scale of borrowing for the 2022/23 budget report. It was not anticipated that there would be a significant increase in the level of borrowing in the next financial year. Ian Williams confirmed that borrowing levels also depended on the Council's capital ambitions. Some of the schemes were funded by sales but if schemes were not coming forward that contained properties for sale, schemes would need to be financed through rent income. He reported that this would not reach the high cost of building properties.

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.

6. Treasury Management Update

- 6.1 The Head of Treasury and Banking introduced the report outlining the half year treasury activity for 2021/22 together with the Q3 treasury activity update for the period. He confirmed that there had been no significant change since the last meeting.

RESOLVED:

- To note the report

7. Review of the Treasury Management Strategy - 2022/23

- 7.1 The Head of Treasury and Banking introduced the draft Treasury Management Strategy for 2022/23, setting out the expected treasury operations for the 2022/23 financial year, prior to submission to Cabinet and Council for adoption as part of the annual budget setting process.
- 7.2 The Head of Treasury and Financial Management told the Committee that following a number of meetings with the Council's treasury advisers, it was concluded that there would not be a need to change the Council's investment strategy. He confirmed that the investment levels had not changed significantly from the previous year.
- 7.3 The Chair referred to the increase in the gross capital financing requirement from £450m to £740m for the coming years and stressed the importance of how this was financed, in particular because of uncertain markets. He stated that financial difficulties in a number of Councils had their origins in capital spending and over-exposure to investments. He stated that as Public Works Loan Board monies became more expensive it may be necessary to consider more diverse sources of funding, particularly the issuing of bonds. He commended the current prudent approach of the Council in regard to investment. He stressed that the Council would be exposed to increased risk in this area in the coming years.
- 7.4 Councillor Smyth stated that there was a need for training and guidance in the area of treasury management and its scrutiny.
- 7.5 The Group Director of Finance and Corporate Resources confirmed that he would arrange this training in the new administration.

Action: Group Director of Finance and and Corporate Resources

- 7.6 Councillor Gordon asked for further information on the Council's investment strategy and how decisions are made in relation to the investment portfolio, how investments are chosen and how this is consistent with the Council's broader strategies, in particular in relation to divesting from fossil fuels and ethical investment generally. She stated that the net zero strategy crossed all

the activities of the Council and asked what the intersection was in relation to the investment strategy.

- 7.7 The Group Director of Finance and Corporate Resources confirmed that the investments were in line with the treasury management strategy. The treasury management report set out the establishments, such as banks with which the Council invested cash sums which were similar to those invested in as part of the Pension Fund. Amounts invested in each establishment were limited to reduce any risk. Pradeep Waddon told the Committee that the Council worked closely with its advisers in choosing where to invest, the limits to be put in place and ratings. Ian Williams confirmed that these matters could form part of the training session with members.
- 7.8 Councillor Gregory asked whether the politics of organisations invested in were challenged. She stated that ethical funds were currently performing better than mainstream funds.
- 7.9 The Group Director of Finance and Corporate Resources stressed that it was necessary not to conflate day to day management of cash balances with long term investments and that the investment referred to was short term where liquidity was the principal purpose.

RESOLVED:

- To approve the draft Treasury Management Strategy - 2022/23 to 2024/25 for submission to Council, subject to the Capital programme that was being finalised ahead of budget setting;
- That powers be delegated to the Group Director of Finance and Resources to approve the final Treasury Management Strategy for submission to Council.

8. Update on the Housing Revenue Account

- 8.1 The Strategic Director of Housing presented to the Committee, highlighting the following:
- The backlog of reactive repairs was approximately 7000 jobs;
 - An action plan had been implemented to improve service delivery;
 - Additional repairs staff had had been approved;
 - A new mobile repairs app had been introduced;
 - Plans to treat all reports of leaks as high priority, with a 24hr callout;
 - A review of those properties that generate disproportionate numbers of repairs;
 - Repairs performance at Quarter 2;
 - Tenants ratings had increased at the end of November to 57 %;
 - Voids Performance - turnaround time has reduced to 93 days as at the end of November 2021;

- Re-established use of the manage arrears tool/ A tool called rentsense to be introduced;
- In regard to rent arrears, work was ongoing with benefits and housing needs, recognising the priorities that had been put in place - impact was being tracked;
- No new tenants since August 2021 had their benefits assessed with initiatives put in place to track impact;
- **Housing Revenue Account Budget:**
- Current rent arrears - £14.8m;
- Approximately £2m - £2.5m outstanding benefit;
- The Housing Revenue Account was projecting a balanced budget for 2021/22;
- Savings of £2m have been identified for 2022/23 which will be presented to Cabinet later in the month;
- Housing Revenue Account reserves stand at £11.4 m;
- £2.5m bad debt provision was built into the annual budget profiles.

8.2 The Chair asked that the presentation be circulated to members of the Committee and that such presentations be circulated prior to the meeting in the future.

Action: Strategic Director of Housing/ Governance Officer

8.3 Councillor Gregory asked how many tenants will not be able to pay off their arrears or pay their rent and what impact this will have for these tenants in being able to keep up to date with payments. She referred to the high bad debt provision of £5m and asked what the purpose of the provision was.

8.4 The Strategic Director of Housing confirmed that the proposed rent increase was 4.1 percent. 60 percent of Council tenants were in receipt of housing benefits or universal credit. He confirmed that housing benefit increases will reflect any rent increase. The Council recognised that many people in the Borough were in financial difficulty. The Council's Sustainment and Financial Inclusion teams worked alongside recovery staff to support residents to ensure that they are managing as effectively as possible, offering support on debt. Steve Waddington confirmed that the bad debt provision related to the write off of bad debt when it was not economical to pursue this debt.

8.5 Councillor Smyth asked the following questions:

- If there was a completion date for the outstanding 7000 repairs?
- Could members have access to their specific cases through the Mobile app?
- How much did the 8292 in arrears in the 0-1000 band amount to?
- How did COVID-19 impact on their's housing strategy?

8.6 The Strategic Director of Housing confirmed that 70000 repairs were carried out each year. The 7000 repairs referred to were over and above work in

progress with some of these repairs being outstanding for 3-4 months. He considered that it was critical to reduce the number of outstanding repairs. The rollout of the mobile apps was for the use of operatives in the allocation of work for any follow-on repairs. In the longer term it was proposed to have an online repairs reporting tool, allowing residents to order a repair and book an appointment. He stated that it may be possible to create access for members. The total amount relating to the 8292 in arrears amounted to £2.6m.

- 8.7 Councillor Gordon referred to the good progress in relation to voids turnaround. She said that significant delay remained, impacting on the rehousing of families and individuals. She referred to the delays in the allocation of housing benefit. She asked when the service would be in an improved position and what other measures could be used to ensure improvement. She asked if it would be necessary to make additional savings in the following year.
- 8.8 The Strategic Director of Housing confirmed the challenges around voids turnaround with loss of income and families not having the opportunity to be rehoused. He considered that in the coming year progress would have been made to a position where the Council had been before the Pandemic. Rent arrears were expected to be in an improving position. He confirmed that savings proposals would be included in the budget report to Cabinet in the current month, facilitating a balanced budget for 2022/23. A fundamental review of the Housing Revenue Account business plan would be carried out in the following year. There would be a need to implement ongoing efficiency savings, recognising upcoming pressures. He confirmed that there were significant increases in materials and contractor costs. In the longer term the Council's aspirations to move to carbon net zero with significant costs attached would have an impact on the Housing Revenue Account.
- 8.9 Councillor Odze referred to the fact that the energy cap was going to increase by approximately 51 percent in April 2022, impacting those with low budgets in paying their rent with a consequent impact on the Housing Revenue Account.
- 8.10 The Chair referred to the pressures and risks to the Housing Revenue Account in relation to long term capital reductions with an increase in the repairs budget in the long term. He referred to associated pressure on incomes and therefore on rent repayments. Further, the Housing Revenue Account was ringfenced. He stressed the need to closely monitor how the Housing Revenue Account is managed.
- 8.11 Deirdre Worrell reported to the Committee on the sustainability of the Housing Revenue Account and increasing rent arrears and pressure on tenants to pay rents. She said that as part of the setting of the budget for the current and previous years, careful consideration had been given to the contribution to the provision of bad debt. She confirmed that there was a healthy provision

for bad debt and £2.5m had been built in to cater for any rent increases. However, it was expected that the level of increase in rent arrears will plateau and reduce over time. In terms of financial sustainability, a sufficient budget existed to manage that risk. Rent arrears levels and collection rates were continually monitored on a weekly basis and the bad debt provision would be fully assessed. The Financial Inclusion Team supported families in financial difficulty in paying rents. She confirmed that the Pandemic had an impact in relation to the ability to pay rent.

8.12 Councillor Rathbone asked for an update to be circulated on the following:

- The current use of algorithms;
- How the Council was assisting individuals in coping with arrears;
- How much the percentage of arrears was to the entire budget;
- What measures were in place in relation to the increase in energy costs.

Action: Strategic Director of Housing

9. Directorate Risk Register - Neighbourhoods and Housing

9.1 The Group Director of Neighbourhoods and Housing introduced the report updating the Committee on the current Risk Register for the Neighbourhoods and Housing Directorate as at December 2021. The report identified how risks within the directorate are identified and managed throughout the financial year together with the Council's approach to embedding risk management.

9.2 The Group Director Director of Housing and Neighbourhoods highlighted the following:

- 13 risks with 1 additional risk relating to the repairs backlog;
- Repairs backlog to be addressed over the coming months;
- Impact of the Pandemic on neighbourhoods and housing in terms of service delivery and impact on income and costs;
- The Housing Revenue Account had not received Government funding to deal with budget pressures;
- Customer satisfaction was consequently a further risk area if services are not provided as expected;
- The Cyber attack has had a large impact on services, particularly, planning, business and regulatory services and housing services;
- Work was ongoing with ICT to develop new systems;
- Delivery of the capital programme had been impacted;
- Many mitigations were in place;
- Support was provided to residents but if residents did not engage it was necessary to robustly pursue arrears.

- 9.3 Councillor Odze stated that there was a need for a risk category in relation to the likelihood of an increase in the level of rent arrears and that this was not specifically referred to in the risk register. He reiterated the difficulties around the increase in energy costs and individuals' ability to make payments. Ajman Ali confirmed that provisions had been made in this regard. He considered that when the IT systems were in place the current performance trajectory would be reversed.
- 9.4 The Group Director of Finance and Corporate Resources confirmed the difficulties around energy price increases and other inflationary pressures. These factors were recognised by the Council's finance team in assessing assumptions and modelling going forward in addition to how hardship schemes can be dispensed. However, there were limits to what the Council could undertake in these circumstances.
- 9.5 The Chair stressed the need to closely monitor housing debt and repairs to reassure that there were financial strategies by which the Council could mitigate the current risks in these areas.
- 9.6 Councillor Smyth considered that there was Council commitment to addressing the climate emergency and that this was not reflected in the narrative of the report. He referred to the need to factor in the recent environmental bill into projections. He asked for an update on the Council's response to the flooding in the Homerton area through rainfall.
- 9.7 The Group Director of Neighbourhoods and Housing stated that the delivery of the climate change agenda would be a corporate approach. He undertook to amend the wording of the text in relation to commitment to climate change action.

Action: Group Director, Neighbourhoods and Housing

- 9.8 The Group Director of Neighbourhoods and Housing referred to the high costs of retrofitting of all stock. However, there was a London-wide action plan in this regard. Existing capital investment could be considered to ensure there is a fabric-first approach with research ongoing on how to deal most appropriately with the issue. The Council was looking to identify pilots in the borough over the next year to ascertain the most appropriate approach to take to address this issue. The Group Director confirmed that work was ongoing on how the Council could better manage and mitigate rainfall flooding in the Borough.

RESOLVED:

- To note the report and the risk register and controls in place.

10. Corporate Risk Register

- 10.1 Matthew Powell introduced the report updating the Committee on the current Corporate Risk Register as at January 2022. The report also outlined how risks within the Council are identified and managed throughout the financial year and the Council's approach to embedding risk management.
- 10.2 The Council's Risk Advisor highlighted the following:
- Dominant themes remained broadly the same as when the risk register was reviewed in October 2021;
 - Ongoing impact of the Pandemic and Cyber attack with compounding effects on other risks, impacting on service delivery;
 - No significant changes in scores since October 2021;
 - Reduction in the risk in relation to the pensions fund and poor membership data;
 - The housing repairs risk was likely to be escalated.
- 10.3 The Chair asked that the current framework emerging in relation to the preparation of risk registers be followed in all risk reports with a common approach to how risks are assessed and set out. He considered that the pressures on the workforce were underestimated in light of the Omicron outbreak
- 10.4 The Group Director of Finance and Corporate Resources told the Committee that workforce was continuously monitored and that while there was an increase in numbers of staff affected by Omicron, Hackney Council was not reporting any of the issues being experienced by other Councils outside London with staff continuing to provide effective services.

RESOLVED

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

11. Audit and Anti Fraud Quarterly Progress Report

- 11.1 The Corporate Head of Audit and Anti-Fraud introduced the report outlining the performance of the Audit & Anti-Fraud Service, the areas of work undertaken, and information on current developments in the Internal Audit and Anti-Fraud services, together with statistical information about the work of the investigation teams. He highlighted the following:
- Performance trends continued in the same direction;
 - A number of audits had been postponed because of the Cyber attack and the Pandemic;
 - All staff were available for audit work at present;
 - There was a need to identify key audits in the 2022/23 audit plan;
 - The outcomes from investigations were continuing in a positive direction;

- The standard value used to quantify the fraud loss from subletting activity has increased following benchmarking work with Hackney and multiple other social housing providers. The benchmarking activity resulted in an upshift in the financial value attributed to tenancy fraud from £18,000 to £42,000 per confirmed instance.

11.2 The Chair commended the internal audit service for continuing with delivery during many staffing pressures. He stressed the need to retain audit resources with the audit function in future and referred to the actual negative consequences of moving resources from the service to deal with the Pandemic, notwithstanding the need to be flexible in the earlier stages of the pandemic.

RESOLVED:

- To note the progress and performance of the Audit and Anti-Fraud Service to 30 November 2012

12. External Audit Appointment - 2023/24 - 2027/28

12.1 Jackie Moylan introduced the report, referring to the recommendation to accept the Public Sector Audit Appointments (PSAA) arrangements. The recommendation would be in the budget report to be submitted to Council in March 2022. It was necessary to delegate to the Group Director, Finance and Corporate Resources to respond to the invitation and take the necessary steps to finalise the appointment itself following the PSAA procurement process.

RESOLVED:

- To note the Officers' recommendation to accept the Public Sector Audit Appointments invitation to 'opt into the sector-led option for the appointment of external auditors for five financial years commencing 1 April 2023 and propose that recommendation to Full Council.
- To note that the Audit Committee's recommendation will be included in the Council's Annual Budget report to Full Council in March 2022;
- To recommend that Council delegate authority to the Group Director of Finance & Corporate Resources to respond to the invitation and take the necessary steps to finalise the appointment itself following the PSAA procurement process;

13. External Audit Plan Programme - 2020/21

13.1 Jackie Moylan introduced the report on the 2020/21 Audit Strategy Memorandums from Mazars, the Council's external auditors, in respect of both the Council's Accounts and the Pension Fund Accounts.

- 13.2 The Chair expressed concern at the delayed production of the statement of accounts and the impact on public accountability.
- 13.3 Stuart Firth highlighted that significant risks were identified, in part because of prior issues particularly around valuation of property and equipment, including investment properties. There were particular issues arising from the Cyber attack and the level of estimates and judgements that management have had to apply in preparing the statement of accounts. There were also issues around estimates relating to the Housing Revenue Account as a result of the Cyber attack and impact on the Universal Housing System. He referred the Committee to section 5 of the report, setting out the updated Value for Money requirements for the 2020/21 audit in line with PSAA issued guidance.
- 13.4 Suresh Patel highlighted the following:
- There was now more transparency in relation to audit fees;
 - PSAA had published additional fee ranges and a change in the auditing standard for audited estimates.
- 13.5 The Chair stressed that the fuller value for money estimate was welcome. He asked that the new audit team work to improve on the timetable for the production of the accounts in future and stressed the need for accountability in relation to the production of accounts.

RESOLVED:

- To note the report from Mazars, the Council's external auditors.

14. External Auditors Annual Letter

- 14.1 The Director of Financial Management introduced the 2019/20 Annual Audit Letter from Mazars, following the completion of the 2019/20 audit. The opinion on the Council's financial statements was given on 21 October 2021. The additional work that was required to be undertaken by Mazars as a result of the Cyber attack, to reach a conclusion on the Council's Value for Money arrangements was now complete and there was no adverse impact.

RESOLVED

- To note the report from Mazars.

15. COVID-19 Recovery Deep Dive

- 15.1 The Director of Financial Management introduced the final report on the COVID-19 Deep Dive, focusing on the responses to the crisis and what action was being taken in relation to this.
- 15.2 The Chair stated that the report was a summary of the deep dive sessions on the Council's response to COVID-19. The broad conclusion was that the Council had reacted well to the first lockdown and the response had been very encouraging with staff commitment and flexibility. It was necessary to ensure that business planning was now in place to react effectively to future threats in a well planned way. The Committee was reassured that both the business planning for the various services and the overall strategic planning had been improved to reflect this. This had been tested over the recent weeks and was encouraging. There had been helpful discussion in the November workshop where consideration was given to the long-term threats and opportunities. The Chair confirmed that the way in which the Council was planning to work with communities and other organisations and parallel services was very encouraging. There was recognition that there was a need to ensure that Council staff are equipped with appropriate skills for the new forms of working. There was a need to ensure that those plans and support for the workforce and the investment that was needed would be sustained and form part of the Council's corporate planning. The change programmes required strong coordinated leadership and investment. The Chair suggested that this challenge be brought to the attention of the executive. The Chair thanked officers for their helpful feedback during the course of the exercise.

RESOLVED:

- To note the report

16. Audit Committee - Work Programme

RESOLVED:

- To note the Audit Committee Work Plan and that the full dates of meeting be included in the plan.

17. Any other business that the chairs consider urgent - Housing Issues/ Climate Change

- 17.1 The Chair stressed the need for an inquiry mechanism over the coming months, monitoring issues around housing, including repairs and the impact of debt and addressing some of the risks around climate change. He asked for a report back on the housing issues outlined. He asked for a review of the climate emergency and the associated risks and the resources that will be required.

Chair/ Group Director of Finance and Corporate Resources

17.2 Councillor Odze stressed in relation to Council rents and affordability that there was a need to carry on scrutiny into the following year because of the large increase in energy costs in April 2022. The Chair agreed that the work should be built on and carried forward. Councillor Gregory also expressed her concerns around rents and affordability.

18. Exclusion of Press and Public

RESOLVED:

THAT the press and public be excluded from the proceedings of the Audit Committee during consideration of Exempt Items 19 and 20 on the agenda on the grounds that it is likely, in view of the nature of the business to be transacted, that were members of the public to be present, there would be a disclosure of exempt business as defined in paragraph 7 of Part 1 of schedule 12A of the Local Government Act 1972, as amended.

End of non-confidential section of the meeting.

Duration of the meeting: 6:30 - 8:45pm

Chairperson: Councillor Nick Sharman

Contact:

Peter Gray - Governance Services

020 8356 3326

peter.gray@hackney.gov.uk

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PERFORMANCE OVERVIEW

AUDIT COMMITTEE MEETING DATE	CLASSIFICATION:
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2022/23

CLASSIFICATION:

20 April 2022

Open

WARD(S) AFFECTED

All Wards

Ian Williams, Group Director Finance and Corporate Resources
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1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This overview provides an updated set of reports that were selected to be reviewed by the Audit Committee on a regular basis as part of the Committee's overview of the Council's performance. It provides an updated set of key performance indicators along with an update on risk management with a Corporate Scorecard (summarising the highest risks to the organisation as a whole), and some accompanying commentary on the Council's risk approach.
- 1.2. The report also sets out the latest capital programme monitoring and, as was requested at the last Audit Committee, an additional analysis of forecast spend to the original and revised budgets is included along with explanations where there are significant variances.

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 has 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 the Committee. The attached report (Appendix 1) is a summary of the Indicators which were agreed. Consideration of these will help to strengthen the governance role of the Committee in its wider sense.

4.7 CAPITAL PROGRAMME MONITORING

4.7.1 As part of the regular review of treasury management activity and approval of the annual Treasury Management Strategy, the Audit Committee has 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 an 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. Borrowing is forecast to increase further over the next few years as plans include bringing forward the next phases of both the Britannia scheme and our Regeneration programme.

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.

4.7.4 This report includes a detailed update on the capital programme at **Appendix 3**. Following the Audit Committee's deep dive in this area this sets out performance at a more granular level than previously reported. It is noted that, despite the additional challenge of capital forecasting along with a target set of 80% spend against the original budget, the forecast capital outturn is significantly lower. This is largely driven by three main factors:

- construction industry inflation resulting in tender prices being above cost estimates and further work required on viability of schemes (e.g CCG Primary Care Project, Estate Regeneration & Housing Supply programme)
- the ongoing impact of Covid-19, which has resulted in both slower starts on site and reduced activity overall (e.g solar panel installation programme, Shoreditch Park improvements, Housing asset management programme)
- external factors determining programme or requiring scheme review and re-profiling (Britannia Project, S106 highways works, Disabled Facilities Grant)

4.7.5 Clearly some of these issues remain in 2022/23 and are likely to continue to affect capital delivery and spend forecasts. The corporate finance team works closely with the Head of Treasury to ensure that the impacts of these circumstances are mitigated as far as possible.

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. The full version of the Corporate risk register is presented to the Audit Committee every six months.

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 OF LEGAL, DEMOCRATIC AND ELECTORAL SERVICES

- 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 - Capital monitoring report

BACKGROUND PAPERS


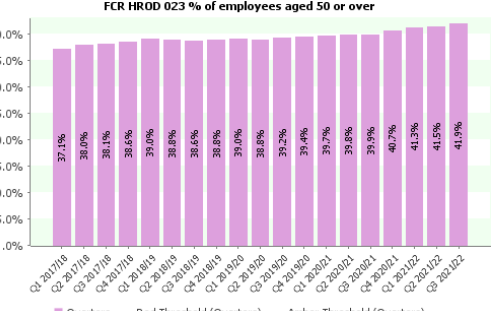


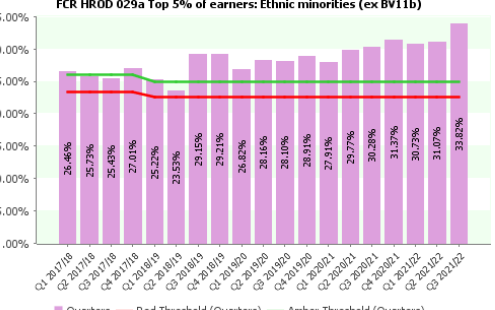


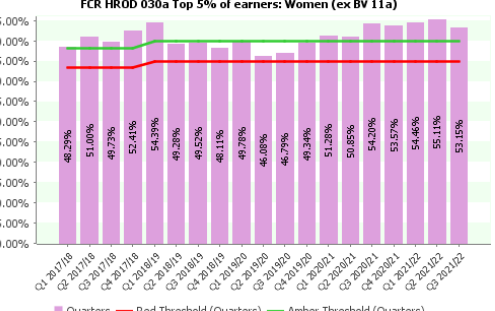
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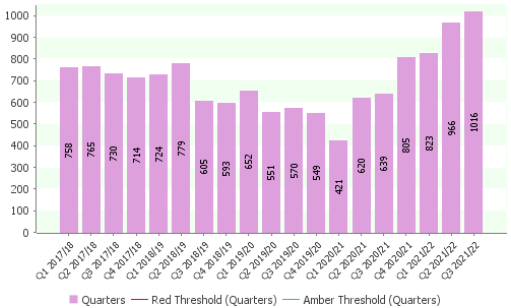
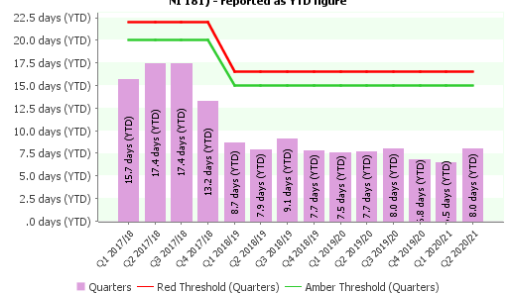


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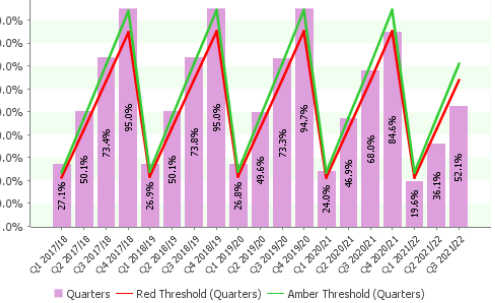


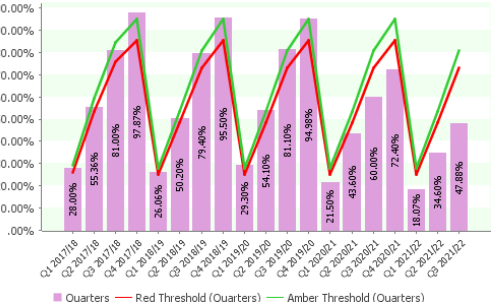


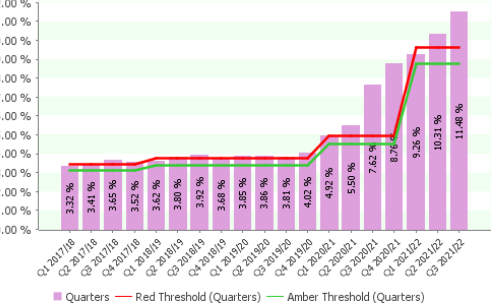
Q3 Audit Committee Report


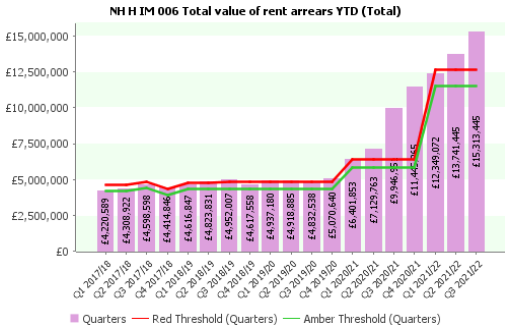




PI Code	Short Name	2019/20	2020/21	Q1 2021/22	Q2 2021/22	Q3 2021/22	Note	Traffic Light	DoT	Performance Data Trend Chart																																								
		Value	Value	Value	Value	Value																																												
PS010 033	Percentage of child protection cases which were reviewed within required timescales (ex NI 67)	97.0%	N/A	Not measured for Quarters			2020/21 data is not available for this indicator as the service did not submit Children in Need census for 2020-21	N/A	N/A	<p>CACH CSC 010 Percentage of child protection cases which were reviewed within required timescales (ex NI 67)</p> <table border="1"> <caption>CACH CSC 010 Data</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2016/17</td> <td>97.0%</td> </tr> <tr> <td>2017/18</td> <td>97.0%</td> </tr> <tr> <td>2018/19</td> <td>97.0%</td> </tr> <tr> <td>2019/20</td> <td>97.0%</td> </tr> </tbody> </table>	Year	Percentage	2016/17	97.0%	2017/18	97.0%	2018/19	97.0%	2019/20	97.0%																														
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FCR HROD 001	Sickness 12 month rolling average	10.29	9.59	9.68	10.51	11.37	Sickness rates continue to increase across the Council. There are various reasons for this including COVID sickness, stress and anxiety and staff being sick pending NHS intervention, i.e. surgery, physio etc.	🔴	⬇️	<p>FCR HROD 001 Sickness 12 month rolling average</p> <table border="1"> <caption>FCR HROD 001 Sickness 12 month rolling average Data</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>6.53</td></tr> <tr><td>Q2 2017/18</td><td>6.63</td></tr> <tr><td>Q3 2017/18</td><td>6.94</td></tr> <tr><td>Q4 2017/18</td><td>7.82</td></tr> <tr><td>Q1 2018/19</td><td>7.79</td></tr> <tr><td>Q2 2018/19</td><td>8.87</td></tr> <tr><td>Q3 2018/19</td><td>8.8</td></tr> <tr><td>Q4 2018/19</td><td>8.39</td></tr> <tr><td>Q1 2019/20</td><td>9.17</td></tr> <tr><td>Q2 2019/20</td><td>9.63</td></tr> <tr><td>Q3 2019/20</td><td>9.71</td></tr> <tr><td>Q4 2019/20</td><td>10.29</td></tr> <tr><td>Q1 2020/21</td><td>10.77</td></tr> <tr><td>Q2 2020/21</td><td>10.3</td></tr> <tr><td>Q3 2020/21</td><td>9.74</td></tr> <tr><td>Q4 2020/21</td><td>9.59</td></tr> <tr><td>Q1 2021/22</td><td>9.66</td></tr> <tr><td>Q2 2021/22</td><td>10.51</td></tr> <tr><td>Q3 2021/22</td><td>11.37</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	6.53	Q2 2017/18	6.63	Q3 2017/18	6.94	Q4 2017/18	7.82	Q1 2018/19	7.79	Q2 2018/19	8.87	Q3 2018/19	8.8	Q4 2018/19	8.39	Q1 2019/20	9.17	Q2 2019/20	9.63	Q3 2019/20	9.71	Q4 2019/20	10.29	Q1 2020/21	10.77	Q2 2020/21	10.3	Q3 2020/21	9.74	Q4 2020/21	9.59	Q1 2021/22	9.66	Q2 2021/22	10.51	Q3 2021/22	11.37
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FCR HROD 023	% of employees aged 50 or over	39.4%	40.7%	41.3%	41.5%	41.9%	Number of employees aged 50 or over is continuing to increase		-	
FCR HROD 029a	Top 5% of earners: Ethnic minorities (ex BV11b)	28.91%	31.37%	30.73%	31.07%	33.82%	There continues to be an increase of ethnic minority employees in the top 5% of earners.			
FCR HROD 030a	Top 5% of earners: Women (ex BV 11a)	49.34%	53.57%	54.46%	55.11%	53.15%				



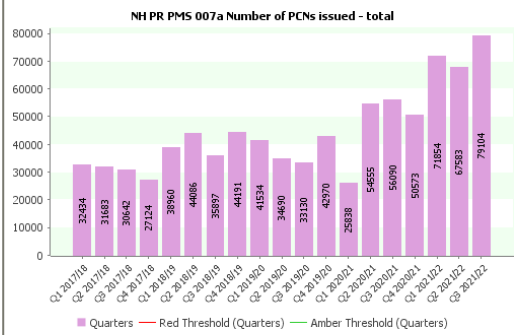
CE PPD 021	Number of Stage 1 complaints received by the Council	2322	2485	823	966	1016				<p>CE PPD 021 Number of Stage 1 complaints received by the Council</p>  <table border="1"> <thead> <tr> <th>Quarter</th> <th>Complaints</th> </tr> </thead> <tbody> <tr><td>Q1-2017/18</td><td>758</td></tr> <tr><td>Q2-2017/18</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>652</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>548</td></tr> <tr><td>Q1-2020/21</td><td>421</td></tr> <tr><td>Q2-2020/21</td><td>620</td></tr> <tr><td>Q3-2020/21</td><td>639</td></tr> <tr><td>Q4-2020/21</td><td>805</td></tr> <tr><td>Q1-2021/22</td><td>823</td></tr> <tr><td>Q2-2021/22</td><td>966</td></tr> <tr><td>Q3-2021/22</td><td>1016</td></tr> </tbody> </table>	Quarter	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	652	Q2-2019/20	551	Q3-2019/20	570	Q4-2019/20	548	Q1-2020/21	421	Q2-2020/21	620	Q3-2020/21	639	Q4-2020/21	805	Q1-2021/22	823	Q2-2021/22	966	Q3-2021/22	1016
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FCR RB BHN 002	Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure	6.8 days (YTD)	N/A	N/A	N/A	N/A	Following the cyber attack and the resulting processing restrictions and backlog of work it was agreed with the DWP that we would not be publishing or collating the speed of processing data for 2021/22. In agreement with the DWP, we will start collating and reporting the HB speed of processing data from April 1 April 2022.	N/A	N/A	<p>FCR RB BHN 002 Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure</p>  <table border="1"> <thead> <tr> <th>Quarter</th> <th>Days (YTD)</th> </tr> </thead> <tbody> <tr><td>Q1-2017/18</td><td>15.7</td></tr> <tr><td>Q2-2017/18</td><td>17.4</td></tr> <tr><td>Q3-2017/18</td><td>17.4</td></tr> <tr><td>Q4-2017/18</td><td>13.2</td></tr> <tr><td>Q1-2018/19</td><td>8.7</td></tr> <tr><td>Q2-2018/19</td><td>7.9</td></tr> <tr><td>Q3-2018/19</td><td>9.1</td></tr> <tr><td>Q4-2018/19</td><td>7.7</td></tr> <tr><td>Q1-2019/20</td><td>7.5</td></tr> <tr><td>Q2-2019/20</td><td>7.7</td></tr> <tr><td>Q3-2019/20</td><td>8.0</td></tr> <tr><td>Q4-2019/20</td><td>7.8</td></tr> <tr><td>Q1-2020/21</td><td>7.5</td></tr> <tr><td>Q2-2020/21</td><td>8.0</td></tr> </tbody> </table>	Quarter	Days (YTD)	Q1-2017/18	15.7	Q2-2017/18	17.4	Q3-2017/18	17.4	Q4-2017/18	13.2	Q1-2018/19	8.7	Q2-2018/19	7.9	Q3-2018/19	9.1	Q4-2018/19	7.7	Q1-2019/20	7.5	Q2-2019/20	7.7	Q3-2019/20	8.0	Q4-2019/20	7.8	Q1-2020/21	7.5	Q2-2020/21	8.0										
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FCR RB BHN 007	Number of households living in temporary accommodation (ex NI 156)	3,242	N/A	3,179	3,207	3,019			N/A	<p>FCR RB BHN 007 Number of households living in temporary accommodation (ex NI 156)</p>  <table border="1"> <thead> <tr> <th>Quarter</th> <th>Households</th> </tr> </thead> <tbody> <tr><td>Q1-2017/18</td><td>2,949</td></tr> <tr><td>Q2-2017/18</td><td>2,885</td></tr> <tr><td>Q3-2017/18</td><td>2,845</td></tr> <tr><td>Q4-2017/18</td><td>2,827</td></tr> <tr><td>Q1-2018/19</td><td>2,897</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>3,129</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> <tr><td>Q1-2020/21</td><td>3,315</td></tr> <tr><td>Q2-2020/21</td><td>3,319</td></tr> <tr><td>Q3-2020/21</td><td>3,179</td></tr> <tr><td>Q4-2020/21</td><td>3,207</td></tr> <tr><td>Q1-2021/22</td><td>3,019</td></tr> </tbody> </table>	Quarter	Households	Q1-2017/18	2,949	Q2-2017/18	2,885	Q3-2017/18	2,845	Q4-2017/18	2,827	Q1-2018/19	2,897	Q2-2018/19	3,007	Q3-2018/19	3,089	Q4-2018/19	3,129	Q1-2019/20	3,159	Q2-2019/20	3,168	Q3-2019/20	3,206	Q4-2019/20	3,242	Q1-2020/21	3,315	Q2-2020/21	3,319	Q3-2020/21	3,179	Q4-2020/21	3,207	Q1-2021/22	3,019				
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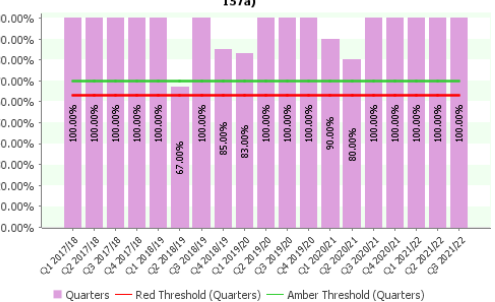


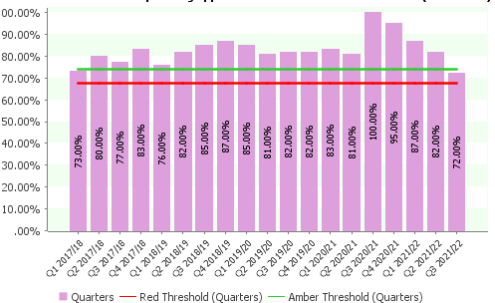
FCR RB REV 003	% of current year Council Tax collected (QRC basis)	94.7%	84.6%	19.6%	36.1%	52.1%	Collection of council tax remains impacted by the cyber attack. The Council Tax Team is currently working through the backlog of resident contacts and updates. This backlog clearance is scheduled to be concluded in the summer of 2022. This work and also commencement of recovery action when appropriate will increase collection levels, although it will take time to return towards pre cyber levels			<p>FCR RB REV 003 % of current year Council Tax collected (QRC basis)</p>  <table border="1"> <thead> <tr> <th>Quarter</th> <th>Quarters</th> <th>Red Threshold (Quarters)</th> <th>Amber Threshold (Quarters)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>27.1%</td><td></td><td></td></tr> <tr><td>Q2 2017/18</td><td>50.1%</td><td></td><td></td></tr> <tr><td>Q3 2017/18</td><td>73.4%</td><td></td><td></td></tr> <tr><td>Q4 2017/18</td><td>95.0%</td><td></td><td></td></tr> <tr><td>Q1 2018/19</td><td>26.9%</td><td></td><td></td></tr> <tr><td>Q2 2018/19</td><td>50.1%</td><td></td><td></td></tr> <tr><td>Q3 2018/19</td><td>73.8%</td><td></td><td></td></tr> <tr><td>Q4 2018/19</td><td>95.0%</td><td></td><td></td></tr> <tr><td>Q1 2019/20</td><td>26.8%</td><td></td><td></td></tr> <tr><td>Q2 2019/20</td><td>49.6%</td><td></td><td></td></tr> <tr><td>Q3 2019/20</td><td>73.3%</td><td></td><td></td></tr> <tr><td>Q4 2019/20</td><td>94.7%</td><td></td><td></td></tr> <tr><td>Q1 2020/21</td><td>24.0%</td><td></td><td></td></tr> <tr><td>Q2 2020/21</td><td>46.3%</td><td></td><td></td></tr> <tr><td>Q3 2020/21</td><td>68.0%</td><td></td><td></td></tr> <tr><td>Q4 2020/21</td><td>84.6%</td><td></td><td></td></tr> <tr><td>Q1 2021/22</td><td>19.6%</td><td></td><td></td></tr> <tr><td>Q2 2021/22</td><td>36.1%</td><td></td><td></td></tr> </tbody> </table>	Quarter	Quarters	Red Threshold (Quarters)	Amber Threshold (Quarters)	Q1 2017/18	27.1%			Q2 2017/18	50.1%			Q3 2017/18	73.4%			Q4 2017/18	95.0%			Q1 2018/19	26.9%			Q2 2018/19	50.1%			Q3 2018/19	73.8%			Q4 2018/19	95.0%			Q1 2019/20	26.8%			Q2 2019/20	49.6%			Q3 2019/20	73.3%			Q4 2019/20	94.7%			Q1 2020/21	24.0%			Q2 2020/21	46.3%			Q3 2020/21	68.0%			Q4 2020/21	84.6%			Q1 2021/22	19.6%			Q2 2021/22	36.1%						
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FCR RB REV 005	Percentage of non-domestic rates collected	94.98%	72.40%	18.07%	34.60%	47.88%	Collection of NNDR remains impacted by the cyber attack. The NNDR Team are currently working through the backlog of resident contacts and updates. This backlog clearance is scheduled to be concluded in the spring of 2022. This work and also commencement of recovery action when appropriate will increase collection levels, although it will take time to return towards pre cyber levels			<p>FCR RB REV 005 Percentage of non-domestic rates collected</p>  <table border="1"> <thead> <tr> <th>Quarter</th> <th>Quarters</th> <th>Red Threshold (Quarters)</th> <th>Amber Threshold (Quarters)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>26.00%</td><td></td><td></td></tr> <tr><td>Q2 2017/18</td><td>55.36%</td><td></td><td></td></tr> <tr><td>Q3 2017/18</td><td>81.00%</td><td></td><td></td></tr> <tr><td>Q4 2017/18</td><td>97.07%</td><td></td><td></td></tr> <tr><td>Q1 2018/19</td><td>26.06%</td><td></td><td></td></tr> <tr><td>Q2 2018/19</td><td>50.00%</td><td></td><td></td></tr> <tr><td>Q3 2018/19</td><td>79.40%</td><td></td><td></td></tr> <tr><td>Q4 2018/19</td><td>95.50%</td><td></td><td></td></tr> <tr><td>Q1 2019/20</td><td>29.30%</td><td></td><td></td></tr> <tr><td>Q2 2019/20</td><td>54.10%</td><td></td><td></td></tr> <tr><td>Q3 2019/20</td><td>81.10%</td><td></td><td></td></tr> <tr><td>Q4 2019/20</td><td>94.88%</td><td></td><td></td></tr> <tr><td>Q1 2020/21</td><td>21.50%</td><td></td><td></td></tr> <tr><td>Q2 2020/21</td><td>43.60%</td><td></td><td></td></tr> <tr><td>Q3 2020/21</td><td>60.00%</td><td></td><td></td></tr> <tr><td>Q4 2020/21</td><td>72.40%</td><td></td><td></td></tr> <tr><td>Q1 2021/22</td><td>18.07%</td><td></td><td></td></tr> <tr><td>Q2 2021/22</td><td>34.60%</td><td></td><td></td></tr> </tbody> </table>	Quarter	Quarters	Red Threshold (Quarters)	Amber Threshold (Quarters)	Q1 2017/18	26.00%			Q2 2017/18	55.36%			Q3 2017/18	81.00%			Q4 2017/18	97.07%			Q1 2018/19	26.06%			Q2 2018/19	50.00%			Q3 2018/19	79.40%			Q4 2018/19	95.50%			Q1 2019/20	29.30%			Q2 2019/20	54.10%			Q3 2019/20	81.10%			Q4 2019/20	94.88%			Q1 2020/21	21.50%			Q2 2020/21	43.60%			Q3 2020/21	60.00%			Q4 2020/21	72.40%			Q1 2021/22	18.07%			Q2 2021/22	34.60%						
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NH H IM 005	Rent Arrears as a % of rent debt	4.02 %	8.76 %	9.26 %	10.31 %	11.48 %	The annual debit is approximately £133.3m. As the rent arrears are at £15,313,445, this means that the Rent Arrears as a % of Rent Debt is calculated to be 11.48%. This is a 1.17% increase on the Q2 2021/22 outturn of 10.31%.			<p>NH H IM 005 Rent Arrears as a % of rent debt</p>  <table border="1"> <thead> <tr> <th>Quarter</th> <th>Quarters</th> <th>Red Threshold (Quarters)</th> <th>Amber Threshold (Quarters)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>3.32 %</td><td></td><td></td></tr> <tr><td>Q2 2017/18</td><td>3.41 %</td><td></td><td></td></tr> <tr><td>Q3 2017/18</td><td>3.45 %</td><td></td><td></td></tr> <tr><td>Q4 2017/18</td><td>3.52 %</td><td></td><td></td></tr> <tr><td>Q1 2018/19</td><td>3.62 %</td><td></td><td></td></tr> <tr><td>Q2 2018/19</td><td>3.60 %</td><td></td><td></td></tr> <tr><td>Q3 2018/19</td><td>3.92 %</td><td></td><td></td></tr> <tr><td>Q4 2018/19</td><td>3.68 %</td><td></td><td></td></tr> <tr><td>Q1 2019/20</td><td>3.85 %</td><td></td><td></td></tr> <tr><td>Q2 2019/20</td><td>3.66 %</td><td></td><td></td></tr> <tr><td>Q3 2019/20</td><td>3.81 %</td><td></td><td></td></tr> <tr><td>Q4 2019/20</td><td>4.02 %</td><td></td><td></td></tr> <tr><td>Q1 2020/21</td><td>4.92 %</td><td></td><td></td></tr> <tr><td>Q2 2020/21</td><td>5.50 %</td><td></td><td></td></tr> <tr><td>Q3 2020/21</td><td>7.62 %</td><td></td><td></td></tr> <tr><td>Q4 2020/21</td><td>8.76 %</td><td></td><td></td></tr> <tr><td>Q1 2021/22</td><td>9.26 %</td><td></td><td></td></tr> <tr><td>Q2 2021/22</td><td>10.31 %</td><td></td><td></td></tr> <tr><td>Q3 2021/22</td><td>11.48 %</td><td></td><td></td></tr> </tbody> </table>	Quarter	Quarters	Red Threshold (Quarters)	Amber Threshold (Quarters)	Q1 2017/18	3.32 %			Q2 2017/18	3.41 %			Q3 2017/18	3.45 %			Q4 2017/18	3.52 %			Q1 2018/19	3.62 %			Q2 2018/19	3.60 %			Q3 2018/19	3.92 %			Q4 2018/19	3.68 %			Q1 2019/20	3.85 %			Q2 2019/20	3.66 %			Q3 2019/20	3.81 %			Q4 2019/20	4.02 %			Q1 2020/21	4.92 %			Q2 2020/21	5.50 %			Q3 2020/21	7.62 %			Q4 2020/21	8.76 %			Q1 2021/22	9.26 %			Q2 2021/22	10.31 %			Q3 2021/22	11.48 %		
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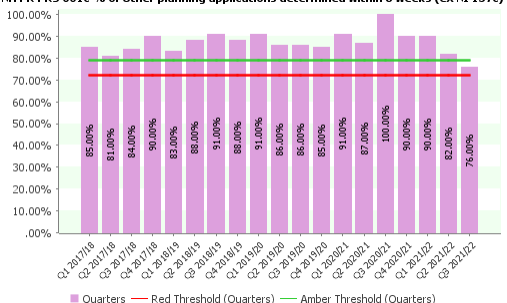



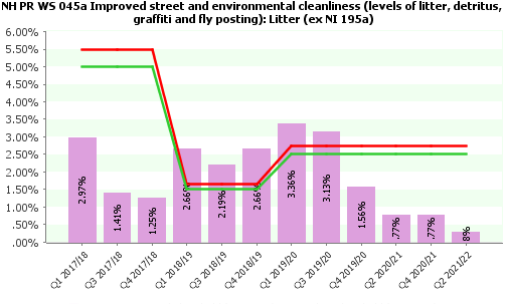
<p>H IM</p>	<p>Total value of rent arrears YTD (Total)</p>	<p>£5,070,640</p>	<p>£11,445,265</p>	<p>£12,349,072</p>	<p>£13,741,445</p>	<p>£15,313,445</p>	<p>As at the end of Q3 2021/22, the rent arrears were £15,313,445 - an increase of £495k in the last month.</p> <p>At the end of Q3 2021/22, 5,082 tenants had made a claim for Universal Credit (UC). However, some of these 5,082 may no longer be on UC, as this information is not provided to the Council. Of these 5,082 UC claimants, 3,433 of them are in arrears - totalling £6,932,671. Currently, 1,497 UC claimants have direct payments to Hackney from the DWP.</p> <p>There are a significant number of cases with the Benefits Team that are waiting on Housing Benefit (HB) to be assessed due to having to work on these manually in the absence of lost data. There are also a high number of cases that were processed during the 26 July 2020 to 12 October 2020 period - where data was lost - that have not yet been resolved.</p> <p>A new Manage Arrears (MAA) system is in the process of being rolled out, which will allow us to fully implement our arrears escalation policy. However, 15 eviction cases that were in the pipeline in March 2020 - before lockdown - are to be given the go ahead for warrants to be applied for.</p> <p>In addition to this, the Income Services team have been establishing a series of other initiatives to help bring down rent arrears. These include:</p>		
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						<ul style="list-style-type: none"> • Making more applications for direct payment/APA from the DWP in relation to tenants on UC. • Home visits have now been stepped up and Officers are now required to visit tenants a minimum of two days a week. • We have been working with the Benefit & Housing Needs Team in identifying tenants that can be assisted financially from the Homeless Prevention Fund. • Officer activity levels are now being reported from the MAA system, and are provided to the Head of Income Services and Team Leaders on a weekly basis. These provide a breakdown for each patch in the key areas of home visits and phone contacts, to assist with monitoring and managing staff. 																																		
<p>NH H RespRep 002</p>	<p>% of repairs completed on first visit (based on tenant satisfaction) - DLO and Contractors</p>	<p>72.64%</p>	<p>71.44%</p>	<p>N/A</p>	<p>55.9%</p>	<p>58.4%</p> <p>In Q3 2021/22, 719 responses were received to the repairs satisfaction surveys that we are sending out to those residents who have had repair jobs completed. Of these, 420 (58.4%) of residents said that the repair was completed on the first visit. This is an improvement on the 55.9% reported in Q2.</p> <p>The fact that the levels of satisfaction for 2021/22 are significantly below the corresponding levels for 2019/20 and 2020/21 is a reflection of the ongoing work that we are undertaking to set up the new Repairs Hub system, including the</p>	 	<p>NH H RespRep 002 % of repairs completed on first visit (based on tenant satisfaction) - DLO and Contractors</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>% of repairs completed on first visit</th> </tr> </thead> <tbody> <tr><td>Q2 2017/18</td><td>55.56%</td></tr> <tr><td>Q2 2017/18</td><td>67.81%</td></tr> <tr><td>Q4 2017/18</td><td>70.05%</td></tr> <tr><td>Q1 2018/19</td><td>72.12%</td></tr> <tr><td>Q2 2018/19</td><td>75.58%</td></tr> <tr><td>Q3 2018/19</td><td>72.5%</td></tr> <tr><td>Q4 2018/19</td><td>74.1%</td></tr> <tr><td>Q1 2019/20</td><td>75.35%</td></tr> <tr><td>Q2 2019/20</td><td>72.84%</td></tr> <tr><td>Q3 2019/20</td><td>70.53%</td></tr> <tr><td>Q4 2019/20</td><td>71.8%</td></tr> <tr><td>Q1 2020/21</td><td>70.17%</td></tr> <tr><td>Q2 2020/21</td><td>67.55%</td></tr> <tr><td>Q3 2021/22</td><td>55.9%</td></tr> <tr><td>Q4 2021/22</td><td>58.4%</td></tr> </tbody> </table>	Quarter	% of repairs completed on first visit	Q2 2017/18	55.56%	Q2 2017/18	67.81%	Q4 2017/18	70.05%	Q1 2018/19	72.12%	Q2 2018/19	75.58%	Q3 2018/19	72.5%	Q4 2018/19	74.1%	Q1 2019/20	75.35%	Q2 2019/20	72.84%	Q3 2019/20	70.53%	Q4 2019/20	71.8%	Q1 2020/21	70.17%	Q2 2020/21	67.55%	Q3 2021/22	55.9%	Q4 2021/22	58.4%
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							roll out of a new mobile working system. Since the resumption of satisfaction surveying following the cyber attack, we have only been able to send out surveys for all completed repairs, regardless of whether follow on works or additional materials are required. Under the old mobile working system, we were able to only survey those jobs where the system was showing that they had been completed on first visit. Once the new mobile system is up and running we will be able to survey RFT jobs only.																																											
Page 39 NH H RespRep	% of repairs completed on first visit (based on system generated data) - DLO only	88.7%	87.54%	N/A	N/A	N/A	No system data is available to demonstrate whether repairs were completed the first time. The follow-on function is being developed as part of the current statement of work for the Repairs Hub team, and is expected to be implemented during Q1 of 2022/23	N/A	N/A	<p>NH H RespRep 003 % of repairs completed on first visit (based on system generated data) - DLO only</p> <table border="1"> <caption>NH H RespRep 003 % of repairs completed on first visit</caption> <thead> <tr> <th>Quarter</th> <th>% of repairs completed on first visit</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>69.8%</td></tr> <tr><td>Q2 2017/18</td><td>44.4%</td></tr> <tr><td>Q3 2017/18</td><td>64.5%</td></tr> <tr><td>Q4 2017/18</td><td>74.5%</td></tr> <tr><td>Q1 2018/19</td><td>82.6%</td></tr> <tr><td>Q2 2018/19</td><td>87.4%</td></tr> <tr><td>Q3 2018/19</td><td>88.8%</td></tr> <tr><td>Q4 2018/19</td><td>88.8%</td></tr> <tr><td>Q1 2019/20</td><td>87.21%</td></tr> <tr><td>Q2 2019/20</td><td>91.46%</td></tr> <tr><td>Q3 2019/20</td><td>89.5%</td></tr> <tr><td>Q4 2019/20</td><td>90.29%</td></tr> <tr><td>Q1 2020/21</td><td>87.55%</td></tr> </tbody> </table>	Quarter	% of repairs completed on first visit	Q1 2017/18	69.8%	Q2 2017/18	44.4%	Q3 2017/18	64.5%	Q4 2017/18	74.5%	Q1 2018/19	82.6%	Q2 2018/19	87.4%	Q3 2018/19	88.8%	Q4 2018/19	88.8%	Q1 2019/20	87.21%	Q2 2019/20	91.46%	Q3 2019/20	89.5%	Q4 2019/20	90.29%	Q1 2020/21	87.55%												
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NH H Voids 001	Average time taken to re-let local authority housing (all voids including major & minor voids) - calendar days	55	95	113	97	93	In Q3, the average void turnaround time was 93.21 days, with an average work period of 74.12 days. This compares to Q2, when the average void turnaround was 98.2 days and the average works period 74.41 days. This means that the void turnaround time fell by 4.99 days on average, or 5.08%. Some of the reduction in turnaround time was driven by a decrease in the 'Lettings Period' -the time between the works ending and the property being	🛑	⬆️	<p>NH H Voids 001 Average time taken to re-let local authority housing (all voids including major & minor voids) - calendar days</p> <table border="1"> <caption>NH H Voids 001 Average time taken to re-let local authority housing</caption> <thead> <tr> <th>Quarter</th> <th>Average time taken to re-let (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>46</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> <tr><td>Q1 2020/21</td><td>94</td></tr> <tr><td>Q2 2020/21</td><td>85</td></tr> <tr><td>Q3 2020/21</td><td>108</td></tr> <tr><td>Q4 2020/21</td><td>98</td></tr> <tr><td>Q1 2021/22</td><td>113</td></tr> <tr><td>Q2 2021/22</td><td>97</td></tr> <tr><td>Q3 2021/22</td><td>93</td></tr> </tbody> </table>	Quarter	Average time taken to re-let (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	46	Q4 2018/19	57	Q1 2019/20	56	Q2 2019/20	53	Q3 2019/20	52	Q4 2019/20	67	Q1 2020/21	94	Q2 2020/21	85	Q3 2020/21	108	Q4 2020/21	98	Q1 2021/22	113	Q2 2021/22	97	Q3 2021/22	93
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							<p>relet- which fell by 0.84 days in Q3. The work period, described above, also fell by 0.29 days. Combined, this explains 1.13 days of the overall 4.99 days decrease. This suggests that the rest of the time savings were made near the beginning of the process. However, due to data issues, it has not been possible to confirm where this time saving came from. The Housing Transformation Team is currently looking at ways to improve the data captured on the early part of the voids process, in order to improve performance and provide more in depth reporting</p> <p>With the exception of outlying months such as July and October, the general trajectory of void turnaround time has been downward, with the 82.45 days in December being the lowest this FY, and substantially lower than the 115.61 observed in April.</p>		
NH PR PMS 007a	Number of PCNs issued - total	152324	187056	71854	67583	79104	<p>Growth in PCN numbers in Q3 was primarily driven by the introduction of the Stoke Newington LTN, which commenced live enforcement on 25 October 2021.</p>  		

NH PR PMS 010a	PCN recovery rate – including estates	73.3%	76.5%	73.1%	76.2%	74.5%				<p>NH PR PMS 010a PCN recovery rate – including estates</p>  <table border="1"> <caption>NH PR PMS 010a PCN recovery rate – including estates</caption> <thead> <tr> <th>Quarter</th> <th>Recovery Rate (%)</th> </tr> </thead> <tbody> <tr><td>Q1-2017/18</td><td>70.7%</td></tr> <tr><td>Q2-2017/18</td><td>60.3%</td></tr> <tr><td>Q3-2017/18</td><td>65.8%</td></tr> <tr><td>Q4-2017/18</td><td>63.4%</td></tr> <tr><td>Q1-2018/19</td><td>64.4%</td></tr> <tr><td>Q2-2018/19</td><td>65.4%</td></tr> <tr><td>Q3-2018/19</td><td>71.0%</td></tr> <tr><td>Q4-2018/19</td><td>71.5%</td></tr> <tr><td>Q1-2019/20</td><td>75.9%</td></tr> <tr><td>Q2-2019/20</td><td>81.4%</td></tr> <tr><td>Q3-2019/20</td><td>80.6%</td></tr> <tr><td>Q4-2019/20</td><td>74.9%</td></tr> <tr><td>Q1-2020/21</td><td>73.5%</td></tr> <tr><td>Q2-2020/21</td><td>75.2%</td></tr> <tr><td>Q3-2020/21</td><td>75.7%</td></tr> <tr><td>Q4-2020/21</td><td>73.1%</td></tr> <tr><td>Q1-2021/22</td><td>76.3%</td></tr> <tr><td>Q2-2021/22</td><td>74.5%</td></tr> </tbody> </table>	Quarter	Recovery Rate (%)	Q1-2017/18	70.7%	Q2-2017/18	60.3%	Q3-2017/18	65.8%	Q4-2017/18	63.4%	Q1-2018/19	64.4%	Q2-2018/19	65.4%	Q3-2018/19	71.0%	Q4-2018/19	71.5%	Q1-2019/20	75.9%	Q2-2019/20	81.4%	Q3-2019/20	80.6%	Q4-2019/20	74.9%	Q1-2020/21	73.5%	Q2-2020/21	75.2%	Q3-2020/21	75.7%	Q4-2020/21	73.1%	Q1-2021/22	76.3%	Q2-2021/22	74.5%				
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NH PR PRS 1a Page 41	% of Major planning applications determined within 13 weeks (ex NI 157a)	95.00%	92.00%	100%	100%	100%				<p>NH PR PRS 001a % of Major planning applications determined within 13 weeks (ex NI 157a)</p>  <table border="1"> <caption>NH PR PRS 001a % of Major planning applications determined within 13 weeks (ex NI 157a)</caption> <thead> <tr> <th>Quarter</th> <th>%</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>100.00%</td></tr> <tr><td>Q3-2018/19</td><td>67.00%</td></tr> <tr><td>Q4-2018/19</td><td>100.00%</td></tr> <tr><td>Q1-2019/20</td><td>85.00%</td></tr> <tr><td>Q2-2019/20</td><td>83.00%</td></tr> <tr><td>Q3-2019/20</td><td>100.00%</td></tr> <tr><td>Q4-2019/20</td><td>100.00%</td></tr> <tr><td>Q1-2020/21</td><td>100.00%</td></tr> <tr><td>Q2-2020/21</td><td>80.00%</td></tr> <tr><td>Q3-2020/21</td><td>80.00%</td></tr> <tr><td>Q4-2020/21</td><td>100.00%</td></tr> <tr><td>Q1-2021/22</td><td>100.00%</td></tr> <tr><td>Q2-2021/22</td><td>100.00%</td></tr> <tr><td>Q3-2021/22</td><td>100.00%</td></tr> <tr><td>Q4-2021/22</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	100.00%	Q3-2018/19	67.00%	Q4-2018/19	100.00%	Q1-2019/20	85.00%	Q2-2019/20	83.00%	Q3-2019/20	100.00%	Q4-2019/20	100.00%	Q1-2020/21	100.00%	Q2-2020/21	80.00%	Q3-2020/21	80.00%	Q4-2020/21	100.00%	Q1-2021/22	100.00%	Q2-2021/22	100.00%	Q3-2021/22	100.00%	Q4-2021/22	100.00%
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NH PR PRS 001b	% of Minor planning applications determined within 8 weeks (ex NI 157b)	82.00%	90.00%	87.00%	82.00%	72.00%	<p>There is a downward trend in performance due to severe staff shortages but the Service is still on track to meet our statutory targets to 22/23</p> <p>The Planning Service has a number of recruitment initiatives underway to address the underlying cause and measures are in place to monitor performance and prioritise cases.</p>			<p>NH PR PRS 001b % of Minor planning applications determined within 8 weeks (ex NI 157b)</p>  <table border="1"> <caption>NH PR PRS 001b % of Minor planning applications determined within 8 weeks (ex NI 157b)</caption> <thead> <tr> <th>Quarter</th> <th>%</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>82.00%</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>83.00%</td></tr> <tr><td>Q1-2020/21</td><td>83.00%</td></tr> <tr><td>Q2-2020/21</td><td>81.00%</td></tr> <tr><td>Q3-2020/21</td><td>100.00%</td></tr> <tr><td>Q4-2020/21</td><td>95.00%</td></tr> <tr><td>Q1-2021/22</td><td>87.00%</td></tr> <tr><td>Q2-2021/22</td><td>82.00%</td></tr> <tr><td>Q3-2021/22</td><td>82.00%</td></tr> <tr><td>Q4-2021/22</td><td>72.00%</td></tr> </tbody> </table>	Quarter	%	Q1-2017/18	73.00%	Q2-2017/18	80.00%	Q3-2017/18	77.00%	Q4-2017/18	82.00%	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	83.00%	Q1-2020/21	83.00%	Q2-2020/21	81.00%	Q3-2020/21	100.00%	Q4-2020/21	95.00%	Q1-2021/22	87.00%	Q2-2021/22	82.00%	Q3-2021/22	82.00%	Q4-2021/22	72.00%
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Q4-2020/21	95.00%																																																			
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NH PR PRS 001c	% of Other planning applications determined within 8 weeks (ex NI 157c)	87.00%	90.00%	90.00%	82.00%	76.00%	<p>There is a downward trend in performance due to severe staff shortages but the Service still on track to meet our statutory targets to 22/23</p> <p>The Planning Service has a number of recruitment initiatives underway to address the underlying cause and measures are in place to monitor performance and prioritise cases.</p>			<p>NH PR PRS 001c % of Other planning applications determined within 8 weeks (ex NI 157c)</p>  <table border="1"> <thead> <tr> <th>Quarter</th> <th>%</th> </tr> </thead> <tbody> <tr><td>Q1-2017/18</td><td>85.00%</td></tr> <tr><td>Q2-2017/18</td><td>81.00%</td></tr> <tr><td>Q3-2017/18</td><td>84.00%</td></tr> <tr><td>Q4-2017/18</td><td>90.00%</td></tr> <tr><td>Q1-2018/19</td><td>83.00%</td></tr> <tr><td>Q2-2018/19</td><td>88.00%</td></tr> <tr><td>Q3-2018/19</td><td>91.00%</td></tr> <tr><td>Q4-2018/19</td><td>88.00%</td></tr> <tr><td>Q1-2019/20</td><td>91.00%</td></tr> <tr><td>Q2-2019/20</td><td>86.00%</td></tr> <tr><td>Q3-2019/20</td><td>85.00%</td></tr> <tr><td>Q4-2019/20</td><td>85.00%</td></tr> <tr><td>Q1-2020/21</td><td>87.00%</td></tr> <tr><td>Q2-2020/21</td><td>100.00%</td></tr> <tr><td>Q3-2020/21</td><td>90.00%</td></tr> <tr><td>Q4-2020/21</td><td>90.00%</td></tr> <tr><td>Q1-2021/22</td><td>82.00%</td></tr> <tr><td>Q2-2021/22</td><td>76.00%</td></tr> </tbody> </table>	Quarter	%	Q1-2017/18	85.00%	Q2-2017/18	81.00%	Q3-2017/18	84.00%	Q4-2017/18	90.00%	Q1-2018/19	83.00%	Q2-2018/19	88.00%	Q3-2018/19	91.00%	Q4-2018/19	88.00%	Q1-2019/20	91.00%	Q2-2019/20	86.00%	Q3-2019/20	85.00%	Q4-2019/20	85.00%	Q1-2020/21	87.00%	Q2-2020/21	100.00%	Q3-2020/21	90.00%	Q4-2020/21	90.00%	Q1-2021/22	82.00%	Q2-2021/22	76.00%
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NH PR PRS 009 Page 42	% of open planning enforcement cases less than 4 years old	62.0%	71.0%	77.0%	79.0%	81.0%				<p>NH PR PRS 009 % of open planning enforcement cases less than 4 years old</p>  <table border="1"> <thead> <tr> <th>Quarter</th> <th>%</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>60.1%</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>60.1%</td></tr> <tr><td>Q4-2019/20</td><td>66.0%</td></tr> <tr><td>Q1-2020/21</td><td>68.0%</td></tr> <tr><td>Q2-2020/21</td><td>72.0%</td></tr> <tr><td>Q3-2020/21</td><td>73.0%</td></tr> <tr><td>Q4-2020/21</td><td>77.0%</td></tr> <tr><td>Q1-2021/22</td><td>79.0%</td></tr> <tr><td>Q2-2021/22</td><td>81.0%</td></tr> </tbody> </table>	Quarter	%	Q1-2017/18	70.0%	Q2-2017/18	67.0%	Q3-2017/18	60.0%	Q4-2017/18	60.1%	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	60.1%	Q4-2019/20	66.0%	Q1-2020/21	68.0%	Q2-2020/21	72.0%	Q3-2020/21	73.0%	Q4-2020/21	77.0%	Q1-2021/22	79.0%	Q2-2021/22	81.0%
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NH PR WS 045a	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)	2.66%	0.77%	N/A	0.28%		<p>Under normal circumstances reporting of this indicator usually takes place three times during the course of the year. However, this year only two tranches have taken place and results of the second tranche will be reported in the Q4 report.</p>			<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"> <thead> <tr> <th>Quarter</th> <th>%</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>1.35%</td></tr> <tr><td>Q4-2017/18</td><td>2.46%</td></tr> <tr><td>Q1-2018/19</td><td>2.19%</td></tr> <tr><td>Q2-2018/19</td><td>2.45%</td></tr> <tr><td>Q3-2018/19</td><td>3.38%</td></tr> <tr><td>Q4-2018/19</td><td>3.13%</td></tr> <tr><td>Q1-2019/20</td><td>1.56%</td></tr> <tr><td>Q2-2019/20</td><td>0.77%</td></tr> <tr><td>Q3-2019/20</td><td>0.77%</td></tr> <tr><td>Q4-2019/20</td><td>0.8%</td></tr> </tbody> </table>	Quarter	%	Q1-2017/18	2.97%	Q2-2017/18	1.41%	Q3-2017/18	1.35%	Q4-2017/18	2.46%	Q1-2018/19	2.19%	Q2-2018/19	2.45%	Q3-2018/19	3.38%	Q4-2018/19	3.13%	Q1-2019/20	1.56%	Q2-2019/20	0.77%	Q3-2019/20	0.77%	Q4-2019/20	0.8%												
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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)	1.64%	0.48%	N/A	1.25%			<p>NH PR WS 045b Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)</p>
NH PR WS 045c Page 43	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Graffiti (ex NI 195c)	3.02%	2.02%	N/A	0.42%	As above.	?	<p>NH PR WS 045c Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Graffiti (ex NI 195c)</p>
NH PR WS 045d	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Fly-posting (ex NI 195d)	0.26%	0.96%	N/A	0.00%	As above.	?	<p>NH PR WS 045d Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Fly-posting (ex NI 195d)</p>

NH PR WS 047	Residual household waste per household (ex NI 191)	514.4	548.4	128.1	130.4	128	Following the Covid pandemic, NI191 figures are now comparable to pre-pandemic 2019/20 figures, despite more people now working from home (and therefore producing waste in the home rather than in the workplace). Further, in the past two years an additional 2500 new flats have come online, which historically perform poorly in terms of NI191.	✔	↓	<p>NH PR WS 047 Residual household waste per household (ex NI 191)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>146.4</td></tr> <tr><td>Q2 2017/18</td><td>139.5</td></tr> <tr><td>Q3 2017/18</td><td>134.8</td></tr> <tr><td>Q4 2017/18</td><td>127.5</td></tr> <tr><td>Q1 2018/19</td><td>134.7</td></tr> <tr><td>Q2 2018/19</td><td>128.6</td></tr> <tr><td>Q3 2018/19</td><td>138.9</td></tr> <tr><td>Q4 2018/19</td><td>126.5</td></tr> <tr><td>Q1 2019/20</td><td>132.3</td></tr> <tr><td>Q2 2019/20</td><td>127.7</td></tr> <tr><td>Q3 2019/20</td><td>137.5</td></tr> <tr><td>Q4 2019/20</td><td>121.4</td></tr> <tr><td>Q1 2020/21</td><td>150.0</td></tr> <tr><td>Q2 2020/21</td><td>133.9</td></tr> <tr><td>Q3 2020/21</td><td>140.1</td></tr> <tr><td>Q4 2020/21</td><td>124.5</td></tr> <tr><td>Q1 2021/22</td><td>124.6</td></tr> <tr><td>Q2 2021/22</td><td>122.3</td></tr> <tr><td>Q3 2021/22</td><td>130.0</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	146.4	Q2 2017/18	139.5	Q3 2017/18	134.8	Q4 2017/18	127.5	Q1 2018/19	134.7	Q2 2018/19	128.6	Q3 2018/19	138.9	Q4 2018/19	126.5	Q1 2019/20	132.3	Q2 2019/20	127.7	Q3 2019/20	137.5	Q4 2019/20	121.4	Q1 2020/21	150.0	Q2 2020/21	133.9	Q3 2020/21	140.1	Q4 2020/21	124.5	Q1 2021/22	124.6	Q2 2021/22	122.3	Q3 2021/22	130.0
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NH PR WS 048 Page 44	Percentage of household waste sent for reuse, recycling and composting (ex NI 192)	28.00%	27.44%	30.4%	28.3%	28%	NI192 figures for Q3 have been hampered by lower recycling across the board, including less tonnage through the civic amenity sites and less recycled waste through the waste transfer station. Implementation of fortnightly collections however, has seen street level recycling rates increase and this will be reported in Q4.	✔	↓	<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>Value</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>27.49%</td></tr> <tr><td>Q2 2017/18</td><td>27.45%</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>27.51%</td></tr> <tr><td>Q4 2019/20</td><td>27.72%</td></tr> <tr><td>Q1 2020/21</td><td>27.55%</td></tr> <tr><td>Q2 2020/21</td><td>26.44%</td></tr> <tr><td>Q3 2020/21</td><td>26.28%</td></tr> <tr><td>Q4 2020/21</td><td>28.89%</td></tr> <tr><td>Q1 2021/22</td><td>30.35%</td></tr> <tr><td>Q2 2021/22</td><td>28.69%</td></tr> <tr><td>Q3 2021/22</td><td>28.53%</td></tr> </tbody> </table>	Quarter	Value	Q1 2017/18	27.49%	Q2 2017/18	27.45%	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	27.51%	Q4 2019/20	27.72%	Q1 2020/21	27.55%	Q2 2020/21	26.44%	Q3 2020/21	26.28%	Q4 2020/21	28.89%	Q1 2021/22	30.35%	Q2 2021/22	28.69%	Q3 2021/22	28.53%
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PI Status		Long Term Trends		Short Term Trends	
🚨	Alert	↑	Improving	↑	Improving
⚠️	Warning	-	No Change	-	No Change
✔️	OK	↓	Getting Worse	↓	Getting Worse
❓	Unknown				
📊	Data Only				



Corporate Risk Management Performance Overview April 2022 (Appendix 2)

1. INTRODUCTION

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

2. CORPORATE RISK REGISTER

- 2.1 The table below is a scorecard of the Council's Corporate Risks, as ratified by the Hackney Management Team in December 2021, and subsequently reviewed:

	Corporate	Current Risk	Direction of Travel	Previous Score	Target Risk
1	Pandemic - further waves / negative impacts (COVID-19)	16	↓	20	12
2	Cyberattack (aftermath)	15	↔	15	10
3	National / International Economic Downturn (SRCR001)	25	↔	25	12
4	Management of Major Capital Programmes (SRCR002)	15	↔	15	9
5	Pension fund (SRCR 0010)	15	↔	15	12
6	Impact of New Legislation / Welfare reform (SRCR 0013)	12	↔	12	12
7	Workforce (SRCR 0018)	12	↔	12	9
8	Information Assets (SRCR 0020)	16	↔	16	9
9	Corporate Resilience (SRCR 0020B)	15	↔	15	12
10	Cyber / Information Security (encompassing fall out from the Cyberattack)	20	↔	20	9
11	Person suffers significant harm, injury or death (SRCR 0023)	15	↔	15	12
12	Risks posed by unregistered schools and settings (SRCR 0027b)	16	↔	16	12
13	Serious Safeguarding failure in regard to pupils not in school (SRCR 0029)	16	↔	16	12
14	SEND funding (SRCR 0028)	25	↔	25	12
15	Pressures on Temporary Accommodation (SRCR31)	16	↔	16	12
16	Inaccurate or late pay information supplied to LGPS (SRCR 0033)	12	↓	20	12
17	Setting up Council owned companies (SRCR 0035)	12	↔	12	9
18	Insourcing (SRCR 0036)	12	↔	12	9
19	Universal Credit (SRCR 0037)	20	↔	20	12
20	Climate Change/Climate Emergency (SRCR 0039)	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 14 red risks and 6 amber risks. Clearly, numerous external events and influences are having a considerable impact on the Council's objectives, notably the continuing impact of the Coronavirus pandemic and the effects it is having in multiple areas, along with the Cyberattack which occurred in October 2020. Areas like finances (with budget cuts, and especially current challenges like the volatile energy market and rapid increases in cost of living) were already problematic before the pandemic, and they have intensified now, and the Cyberattack has severely affected the effective operation of some Services. The current international instability following Russia's invasion of Ukraine has increased financial pressures, with multiple new risks being posed in the future regarding food, energy, supply chain and overall peace.

The finalising of a Brexit deal at the end of 2020 meant that the previously high risk of there being 'no deal' has dissipated, but supply chain risks related to this are still a problem. The latest COVID-19 risk relates to the possibility of further waves occurring (following on from Omicron) and ensuring that the Council is well positioned to manage these. There also remain concerns about local uptake of the vaccines, which remains amongst the lowest in the country. 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 continuing case of closures of offices and potential absences of staff, services can still continue to operate as effectively as possible.

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 economic uncertainty, 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 June 2022, so the full details on all risks will be provided then.

CAPITAL

This paper updates the Audit Committee following the fourth OFP Capital Programme monitoring exercise for the financial year 2021/22.

The actual year to date capital expenditure for the eleven months April 2021 to February 2022 is £100.2m and the forecast is currently **£156.8m, £9.6m** below the revised budget of **£166.4m**. This represents a forecast of 94% of the current revised budget position at February 2022. It also represents 67% of the budget of £236.4m, approved by Cabinet in February 2021 (Council's Budget Report).

The relatively low level of spend against the original budget is largely driven by three main factors:

- construction industry inflation resulting in tender prices being above cost estimates and further work required on viability of schemes (e.g CCG Primary Care Project, Estate Regeneration & Housing Supply programme)
- the ongoing impact of Covid-19, which has resulted in both slower starts on site and reduced activity overall (e.g solar panel installation programme, Shoreditch Park improvements, Housing asset management programme)
- external factors determining programme or requiring scheme review and re-profiling (Britannia Project, S106 highways works, Disabled Facilities Grant)

A summary of the forecast by the directorate is shown in table one. Brief details of the reasons for the major variances are included in the following tables.

Table 1 Summary of the Capital

Capital Programme Q3 2021-22	Budget Set at Feb Cab 2021	Forecast (as of Q4 return)	Forecast v Budget at Feb 2021 (Under/Over)	Revised Budget Position at Feb 2022	Forecast (as of Q4 return)	Forecast v Budget at Feb 2022 (Under/Over)
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's (Non-Housing)	3,047	1,944	(1,103)	2,279	1,944	(335)
Adults, Health & Integration	39	0	(39)	0	0	0
Children & Education	15,858	10,965	(4,893)	11,422	10,965	(456)
Finance & Corporate Resources	15,292	10,204	(5,088)	8,597	10,204	1,607
Mixed Use Development	34,315	10,386	(23,929)	13,332	10,386	(2,946)
Neighbourhood & Housing (Non)	26,974	20,805	(6,169)	24,278	20,805	(3,473)
Total Non-Housing	95,525	54,304	(41,221)	59,908	54,304	(5,604)
AMP Housing Schemes HRA	64,175	43,142	(21,033)	43,281	43,142	(138)
Council Schemes GF	11,273	25,008	13,735	22,183	25,008	2,825
Private Sector Housing	2,122	800	(1,322)	1,580	800	(780)
Estate Regeneration	38,394	18,970	(19,424)	20,736	18,970	(1,766)
Housing Supply Programme	18,638	10,879	(7,759)	11,909	10,879	(1,030)
Woodberry Down Regeneration	6,263	4,255	(2,008)	6,782	4,255	(2,528)
Total Housing	140,864	103,054	(37,810)	106,471	103,054	(3,417)
Total Capital Budget	236,389	157,358	(79,031)	166,380	157,358	(9,021)

CHIEF EXECUTIVE'S (NON-HOUSING)

The overall forecast is £1.94m, £0.34m below the revised budget of £2.28m.

CX Directorate Capital Forecast	Budget Set at Feb Cab 2021	Forecast (as of Q4 return)	Forecast v Budget at Feb 2021 (Under/Over)	Revised Budget Position at Feb 2022	Forecast (as of Q4 return)	Forecast v Budget at Feb 2022 (Under/Over)	Explanation
	£'000	£'000	£'000	£'000	£'000	£'000	
Employment, Skills & Adult Learning	0	13	13	13	13	(0)	ICT equipment for Adult learning GLA grant funded to be spent this year.
Libraries and Archives	1,753	126	(1,627)	269	126	(143)	The majority of the Libraries capital programme has been pushed back to 2022/23 to reflect the phasing of the works for the Stoke Newington library project and the slippage in the general planned maintenance and improvement budgets due to the desire to link the investment in our facilities to the developing Library Strategy.
Area Regeneration	1,294	1,805	510	1,997	1,805	(192)	The main variance against the revised budget relates to Plough Yard Fit Out which is due to a delay in signing the lease agreement with Plexal, the affordable workspace provider for the Council. This means the fit out and ventilation works have been delayed until 2022/23. Works are progressing at Ridley Road and Ashwin Street and are due to complete in early 2022/23. The procurement for an Architect for the development plans for the Dalston & Hackney Town Centre is in process with a contract award likely in spring 2022.
Total Non-Housing	3,047	1,944	(1,104)	2,279	1,944	(335)	

ADULTS, HEALTH AND INTEGRATION

AHI Directorate Capital Forecast	Budget Set at Feb Cab 2021	Forecast (as of Q4 return)	Forecast v Budget at Feb 2021 (Under/Over)	Revised Budget Position at Feb 2022	Forecast (as of Q4 return)	Variance	Explanation
	£'000	£'000	£'0000	£'000	£'000	£'000	
Adults, Health and Integration	39	0	(39)	0	0	0	The budget was re-profiled in Q2 from 2021/22 to future years to be reviewed and to determine if it is still required.
TOTAL	39	0	(39)	0	0	0	

CHILDREN AND EDUCATION

The overall forecast is £10.4m, £1.1m below the revised budget of £11.4m.

C&E Directorate Capital Forecast	Budget Set at Feb Cab 2021	Forecast (as of Q4 return)	Forecast v Budget at Feb 2021 (Under/Over)	Revised Budget Position at Feb 2022	Forecast (as of Q4 return)	Variance	Explanation
	£'000	£'000	£'000	£'000	£'000	£'000	
Children & Family Services	0	409	409	572	409	(163)	The variance against the revised budget relates to the scheme to convert Lofts to three Council Foster Homes. As a result of the ongoing Covid-19 pandemic, these projects have not progressed as expected. The original project was for three loft conversions with the aim to enable foster carers to offer increased capacity for ongoing placements to young people. One of the three projects is now unlikely to go ahead. However, costs for the other two renovations have increased and the intention is for some of the overall budget to be used to meet these additional costs. Finance is working closely with the service to monitor costs for the renovations and to ensure that evidence is provided to support all expenditure.

Education Asset Management Plan	3,484	2,200	(1,284)	2,233	2,200	(33)	The overall scheme is on track to spend the revised in-year budget of £2.2m with minor underspend. The works included boiler replacements including radiators and pipework, ceilings and lighting. Other works include: additional works to support the boundary walls at Shoreditch Park, an emergency water pump replacement at Sir Thomas Abney and the comfort cooling upgrade at Berger School which is on track to complete this financial year.
Building Schools for the Future	0	302	302	302	302	0	Ickburghs SEN works are progressing and on-target.
Other Education & Children's Services	1,937	2,353	415	2,460	2,353	(107)	The main u/spend against the revised budget relates to Gainsborough School which is at the defect period stage relating to fencing in the reception play area with retention due next year. The other variance relates to Garden School. The delays were due to unidentified asbestos at the school site which has now been removed. The construction work is now progressing and due to complete this financial year. Further works will be undertaken in 2022/23 such as landscaping, furniture and equipment provision..
Primary School Programmes	6,548	2,442	(4,107)	2,406	2,442	36	Facades Programme: Various reasons for u/spend against the original budget. Largely 5 schemes are currently at initial stages and awaiting the contractors to provide updates on the surveys taken at the schools by the end of Autumn. The next phase is likely to start in 2022-23 therefore the budget was re-profiled in Q3. The Millfields School work is ahead of schedule and the variations have been approved for the works, causing the increase in forecast. The other significant variance is at Rushmore School which is higher due to a minor variation caused by the work to the boundary wall affecting the final completion.

Secondary School Programmes	3,889	3,260	(628)	3,449	3,260	(188)	The cost of hiring a modular building for 5 years at The Urswick School was below that estimated, causing the underspend. Haggerston School tenders for the roofing works have been returned and the team are working on the detailed budget forecast. But unfortunately, there has been a delay with procurement due to shortage of staffing resources, therefore, it is highly unlikely that any expenditure would be incurred this financial year.
TOTAL	15,858	10,965	(4,893)	11,422	10,965	(456)	

FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £20.6m, £1.3m over the revised budget of £21.9m.

F&CR Directorate Capital Forecast	Budget Set at Feb Cab 2021	Forecast (as of Q4 return)	Forecast v Budget at Feb 2021 (Under/Over)	Revised Budget Position at Feb 2022	Forecast (as of Q4 return)	Variance	Explanation
	£'000	£'000	£'000	£'000	£'000	£'000	
Property Services	11,022	3,861	(7,161)	3,979	3,861	(118)	The CCG Primary Care Project is the main variance against the original budget, forecasting £3.7m u/spend. The variance was re-profiled in Q3 to future years. The forecast for 2021/22 includes only feasibility and project management costs. The tenders for the construction works have been returned and are higher than expected. As it stands the programme is currently behind by 6-9 months, driven by delays in securing planning and procurement. The Stoke Newington Assembly Room work is the other significant variance against the original budget, forecasting £200k u/spend. The initial works to repair the ceiling have started with the remaining programme of works to continue in 2022/23.

ICT	3,518	6,046	2,528	3,861	6,046	2,185	The most significant variance in ICT relates to cyber recovery and the acceleration of upgrades due to the loss of data. The main reason for the increase in forecast since last quarter is further costs coming through being identified as 'capital' costs together with other increasing project costs. The full extent of Cyber capital costs are not known at this stage, however any overspend will be funded from future years budgets.
Other Schemes	752	298	(454)	757	298	(460)	Due to Covid-19, there were major delays with the Solar Panel Installation project, as they were unable to access the building to install the solar panels. But the buildings have been identified and are hoping to resume normally in 2022/23.
Total	15,292	10,204	(5,088)	8,597	10,204	1,607	
Mixed Use Development	34,315	10,386	(23,929)	13,332	10,386	(2,946)	<p>The majority of this underspend against the original budget relates to the Britannia Phase 2a project which received a rejection of its Section 77 application in July 2021. This meant the construction project for 81 affordable and 12 private units which was due to start in July 2021 was put on hold while the Council considered its options. Following further discussions it was decided to re-phase the project and further detail is given below.</p> <p>Additional variances relate to Phase 1 and Phase 2b of the Britannia Site, which is forecasting an underspend of £3.4m against the in-year respective budget of £13.2m due to:</p> <ul style="list-style-type: none"> • Some of the provisional sums which formed part of the phase 1 contractors contracts were not required. • Contingency spend for phase 1 has come in under budget; and • Due to the refusal of the Section 77 application for phase 2a site the programme for phase 2b has been delayed slightly which in turn delayed the phase 2b spend. <p>The refusal by the Secretary of State of the Section 77 application</p>

							for part of the Shoreditch Park Primary School Playground on which Phase 2a of the scheme (81 affordable and 12 private units) was to be delivered prompted a feasibility exercise to consider how the affordable housing could be delivered on the phase 2b site. Following this, a revised tenure and unit mix for Phase 2b to include the 81 affordable units along with 314 private residential units was presented to March Cabinet.
TOTAL	49,607	20,590	(29,017)	21,930	20,590	(1,340)	

NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The overall forecast in Neighbourhoods and Housing (Non) is £20.8m, £3.5m under the revised budget of £24.3m.

N&H – Non Housing Capital Forecast	Budget Set at Feb Cab 2021	Forecast (as of Q4 return)	Forecast v Budget at Feb 2021 (Under/Over)	Revised Budget Position at Feb 2022	Forecast (as of Q4 return)	Variance	Explanation
	£'000	£'000	£'000	£'000	£'000	£'000	
Leisure, Parks & Green Spaces	13,566	3,961	(9,606)	5,446	3,961	(1,485)	The main variance against the original budget relates to Kings Hall Leisure Centre, forecasting £3.1m u/spend, and the essential maintenance budget for Leisure Centres forecasting £1.4m u/spend. The feasibility and design for the refurbishment of Kings Hall will commence in April 2022. The budget was re-profiled to future years in Q3. The main underspend against the current budget relates to the installation of the new Clissold Park Paddling Pool. The contractors have been appointed and the works start March 2022 with completion due in June 2022. The other significant underspend relates to the Shoreditch Park improvements which was due to delays with contractors. Planning approval was granted in July 2021 and, whilst work to improve the Park has been delayed by the coronavirus pandemic,

							the contractors started on site in February 2022 with completion due in September 2022. The team are progressing with the upgrade of parks equipment and machinery but there are currently supplier issues resulting in underspends this quarter as the team are dependent on current availability.
Streetscene	11,856	11,721	(136)	13,298	11,721	(1,577)	The main underspend against the revised budget relates to S106-funded programmes for Highway works. With these schemes, the service does not have control over when work may begin because they must wait for the developers to finish their work.
Environmental Operations & Other	626	317	(309)	601	317	(284)	This is the earmarked budget for fleet. But it is unlikely there will be any further purchases this financial year. The budget will be reviewed at year end.
Public Realms TfL Funded Schemes	0	3,702	3,702	3,880	3,702	(178)	The variance against the revised budget is relatively minor (less than 5 per cent). In terms of delivery, the service area is concentrating its efforts this financial year on completing the public realm Transport for London (TfL) projects since grant-related work and expenditures are time-sensitive. Some of the projects that come under the Local Implementation Plans (LIP) include the roll out programme of cycle parking, parklets and pocket parks, school streets, cycle permeability, low traffic neighbourhoods, air quality monitoring in the borough as well as the quietways cycle route, Central London bus grid and the streetspace programme. Funding is provided for these schemes to improve the transport network in a way that is consistent with and supports the Mayor's Transport Strategy.
Parking & Market Schemes	358	110	(248)	50	110	60	
Community Safety, Enforcement & Business Regulations	567	994	427	1,003	994	(9)	Minor variance.
Total	26,974	20,805	(6,168)	24,278	20,805	(3,473)	

HOUSING

The overall forecast in Housing is £103.0m, £3.4m below the revised budget of £106.5m.

Housing Capital Forecast	Budget Set at Feb Cab 2021	Forecast (as of Q4 return)	Forecast v Budget at Feb 2021 (Under/Over)	Revised Budget Position at Feb 2022	Forecast (as of Q4 return)	Variance	Explanation
	£'000	£'000	£'000	£'000	£'000	£'000	
AMP Housing Schemes HRA	64,175	43,142	(21,033)	43,281	43,142	(138)	<p>The Housing AMP is under spent this year because the main contract (£40-50m p.a.) ended on 31 August 2021 and no more works could be issued under that contract. The expectation when the budget was set was to deliver the programme using the alternative arrangements approved by CPIC in May and June 2020 however this has not been possible. As reported to Cabinet in OFP reports there has been a slowdown in the delivery of the Housing AMP due to the impact of the lockdown throughout 2020/21 and the first quarter of 2021/22 which limited our capacity to issue works in the period up to August 2021. This slowdown in the capital programme delivery has enabled the HRA to mitigate the costs of Covid-19 over the last 20 months as the reduction to RCCOs has kept the HRA in a break-even position. It should be noted that the work and the budget are required when the new contracts are awarded later in the year, but work and spending will not commence until 2022-23. £27m was re-profiled in Q1 and a further £7m in Q2. The delivery programme for Bridport has been revised with works being pushed back into next year following protracted negotiations with the contractor Wilmot Dixon. Bannister House is expected to be completed by the end of the year subject to snaggings and final accounts; certifications have quickened at Regent Estates and works are well under way at Fermain Court having previously been deferred to next year. The rapid rise in expenditure on the</p>

							Integrated Housing Management System has been a response to the Cyber attack.
Council Schemes GF	11,273	25,008	13,735	22,183	25,008	2,825	The majority of the expenditure (£23.1m) relates to Leaseholder Buybacks, including bulk purchases from Local Space (24 units) and L&Q (15 units), alongside 17 individual buybacks. These purchases will be funded in part from RTB receipts. There continues to also be significant spend on Regeneration voids which are to be used as Temporary Accommodation properties, including 5 units to be allocated to Afghanistan refugee families.
Private Sector Housing	2,122	800	(1,322)	1,580	800	(780)	This underspend is based on the activity levels to date and an estimate of new grants to be awarded within the final quarter. Any unspent Disabled Facilities Grants will be utilised by Adult Services.
Estate Regeneration	38,394	18,970	(19,423)	20,736	18,970	(1,766)	This explanation covers both ERP and HSP. Both schemes (ERP and HSP) are underspent due to slippage in the programme. Due to the high price inflation currently being experienced within the construction market, more work is being done before tendering to ensure financial viability of these sites is maintained. Therefore the start on site will be delayed in some circumstances. There are 2 construction contracts due to be signed imminently and due to start on site prior to 31/03/2022. There are 4 schemes at the procurement stage and 3 other sites going out to tender in the new financial year. The Mayor of Hackney's Housing Challenge is expecting only £3.2m to be paid out to Housing Associations rather than £6m that was forecasted earlier in the year. This spend will help increase the supply of Affordable Housing in the borough, with more sites to go ahead during 22/23. This will all be funded from surplus Right to Buy receipts. The estimated buyback of units is also slightly less than the quarter 3 forecast and these will now complete during 2022/23.
Housing Supply Programme	18,638	10,879	(7,759)	11,909	10,879	(1,030)	As above.

Woodberry Down Regeneration	6,263	4,255	(2,008)	6,782	4,255	(2,528)	The forecast fluctuates depending on the number of buybacks due within the financial year. This Q4 forecast is based on 7 buybacks due this financial year. 8 other units which were previously allowed for in the forecast are now expected to complete during 2022 and this explains the reduction in spend since last quarter.
Total Housing	140,864	103,054	(37,810)	106,471	103,054	(3,417)	



<p>TREASURY MANAGEMENT ACTIVITY REPORT 2020/21 (1st Jan 2022 – 31st March 2022)</p> <p>20th April 2022</p> <p>AUDIT COMMITTEE</p>	<p>Classification:</p> <p>Public</p>
<p>Ward(s) affected None</p>	
<p>Group Director</p> <p>Ian Williams, Group Director Finance & Corporate Resources</p>	

1. Introduction

This report provides Members of the Audit Committee with an update on treasury management activities over the period January to March 2022.

2. Recommendation(s)

There are no specific recommendations arising out of the report and the committee should note the contents.

3. Background

This report is the fourth of the treasury reports relating to the financial year 2021/22 for the Audit Committee. It sets out the background for treasury management activity from January 2022 to March 2022 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 January to March 2022. Whilst investment interest is not currently used to underpin the Council's base revenue budget, as in some other authorities, it does 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 continue to pay close attention to cash flow given the current ongoing situation relating to Covid-19 and the impact of the cyber attack making sure there is enough liquid cash in order to cover the inevitable impact of additional expenditure and loss of income in the short to medium term.

In light of Russia's invasion of Ukraine, no direct exposure to Russian or Belarusian assets has been identified within the MMFs and cash plus funds.

6. Comments of the Director of Legal, Democratic and Electoral 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:** There were a number of revisions in the finalised Quarterly National Accounts, the overall growth in output in Q4 2021 was 1.3% which is higher than the initial expected level of 1%. Services and construction output both experienced increases in the quarter while production output contracted slightly.
- **Inflation:** CPI inflation exceeded forecasts again at 6.2% for February. The data will reinforce policymakers' concerns about both the short term price shocks changing long term expectations and fears about the impact on household confidence, spending and ultimately growth. These intertwined risks were displayed in the MPC's musings at the March meeting, but with inflation again beating forecasts (and projected to spike in April), it is unlikely policymakers will be swayed from the present tightening course at the next policy meeting.
- **Monetary Policy:** At its meeting ending on 16th March 2022 the MPC voted by a majority of 8-1 to increase the Bank Rate by 0.25 percentage points, to 0.75%. One member preferred to maintain the Bank Rate at 0.5%. The MPC's remit was clear that the inflation target applies at all times, reflecting the primacy of price stability in the UK monetary policy framework. The framework also recognises that there will be occasions when inflation will depart from the target as a result of shocks and disturbances. The UK economy has recently been subject to a succession of very large shocks. Russia's invasion of Ukraine is a prime example of this. Should recent movements prove persistent, the elevated levels of global energy and tradable goods prices, of which the UK is a net importer, will necessarily weigh further on UK real aggregate income and spending. Based on its current assessment of the economic situation, the Committee judges that some further modest tightening in monetary policy may be appropriate in the coming months, but there are risks on both sides of that judgement depending on how medium-term prospects for inflation evolve. The MPC will review developments in the light of recent geopolitical events and other incoming data, alongside their implications for medium-term inflation as part of its forthcoming forecast round ahead of the May 2022 Monetary Policy Report.

8. Borrowing & Debt Activity

- 8.1 The Authority currently has £72.1m in external borrowing. This is made up of a single £1.6m London Energy Efficiency Fund (LEEF) loan from the European Investment Bank to fund housing regeneration, alongside £70.5m 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 going forward, 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.

9. Investment Policy and Activity

- 9.1 The Council held average cash balances of £90 million during the reported period January 2022 to March 2022, compared to an average £95 million for the same period January 2021 to March 2021 last financial year.

Movement in Investment Balances 01/01/22 to 31/03/22

	Balance as at 01/01/2022 £'000	Average Rate of Interest %	Balance as at 31/03/2022 £'000	Average Rate of Interest %
Short term Investments	15,047	-	15,047	
Long term Investments	200	-	200	
AAA-rated Stable Net Asset Value Money Market Funds	14,850	-	77,500	
AAA rated Cash enhanced Variable Net Asset Value Money Market Funds	17,500		17,500	
Housing Associations	15,000		15,000	
	62,597	0.6	125,247	0.8

- 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 placed two long-term 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 Following Russia's invasion of Ukraine, our treasury advisors have examined some of the credit-related issues and factors. Despite the strong financial market reaction seen since the start of the conflict, our treasury advisors do not believe they are likely to have a material impact on the creditworthiness of the institutions and funds that

form part of our creditworthiness advice and will therefore not be making any changes to either the banks/institutions on our list or the recommended maximum duration.

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

Credit Score Analysis

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating Score	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating Score
31/01/2022	5.4	A+	6.2	A
28/02/2022	5.4	A+	6.3	A
31/03/2022	5.3	A+	6.0	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

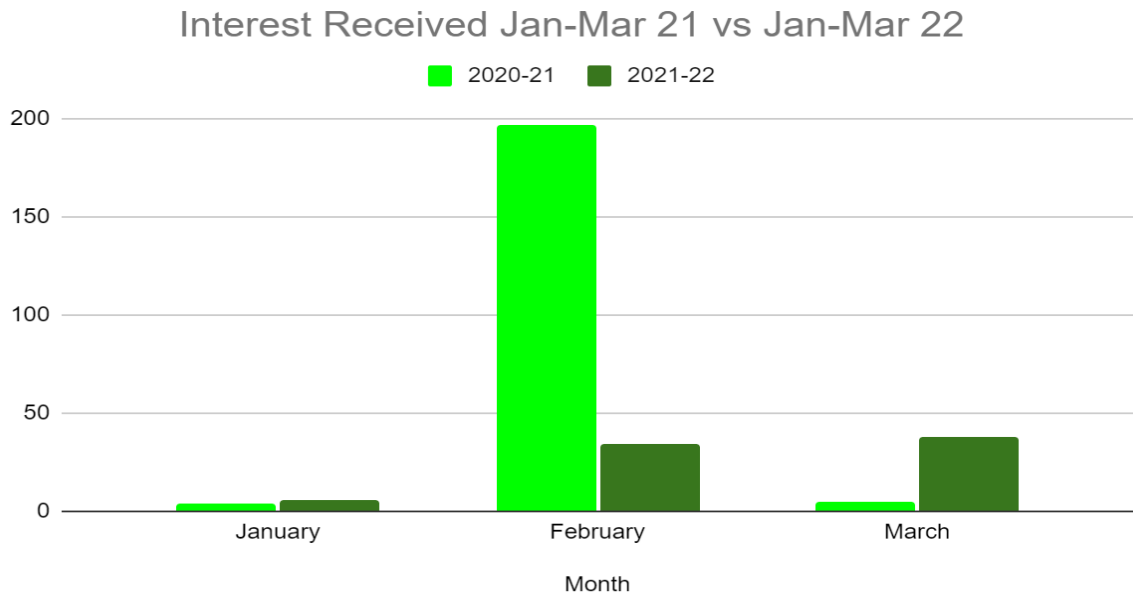
- 10.3 The Council continues to utilise AAmmf/Aaa/AAAm rated Money Market Funds for its very short, liquidity-related surplus balances. This type of investment vehicle has continued to provide very good security and liquidity, although yield suffers as a result.

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

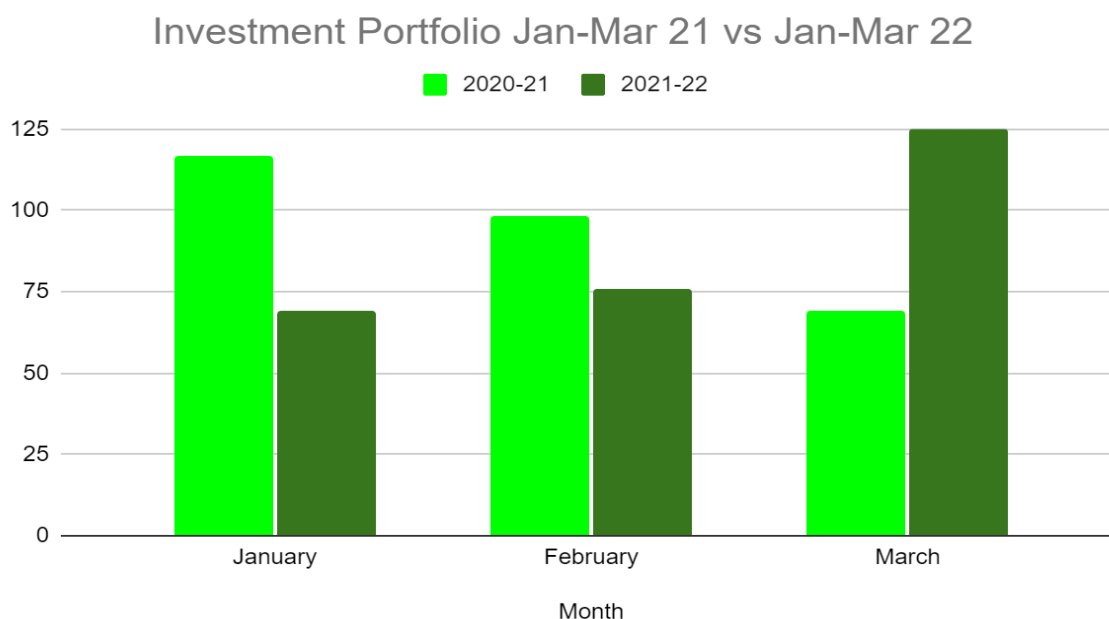
institutions, thus ensuring creditworthiness whilst increasing yield's through the duration of the deposits.

11.2 The graph below provides a comparison of average interest earnings for 2021/22 against the same period for 2020/21. Average interest received for the period January to March 2022 was £26k compared to £69k for the same period last financial year. Decrease in average interest is mainly due to change in the maturity date for one of the investments.



12. Movement in Investment Portfolio

12.1 Investment levels have increased to £125 million at the end of March in comparison to the end of March last year of £69 million. Over the period January 2022 to March 2022 balances have increased due to capital receipts, receipts from Government in respect of the energy rebate scheme and NHS funding receipts.



13. Summary

13.1 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the last quarter of the financial year 2021/22. As indicated in this report, a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

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CORPORATE STRATEGIC RISK REGISTER FOR THE CHILDREN AND EDUCATION DIRECTORATE

**AUDIT COMMITTEE
MEETING DATE 2021/22**

20th April 2022

CLASSIFICATION:

Open

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

WARD(S) AFFECTED

All Wards

Group Director

Jacquie Burke, Group Director of Children and Education Services

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1 This report updates members on the corporate risks for the Children and Education Directorate as at March 2022. It also identifies how risks within the Directorate are identified and managed throughout the year and our approach to embedding risk management.

2. RECOMMENDATION

- 2.1 There are no specific recommendations from this report. The Audit Committee is asked to note the contents of this report and the attached risk registers and controls in place.

3. REASONS FOR DECISION

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

4. BACKGROUND

- 4.1 The current Directorate risk profile was reviewed by the Directorate of Children and Education Services Management Team in March 2022. Detailed risk registers for Children's Services and Hackney Education have been prepared and were reviewed by the Management Team and the high-level Directorate risks highlighted and included at Appendix one.

4.2 Policy Context

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

4.3 Equality Impact Assessment

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

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

4.4 **Sustainability**

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

4.5 **Consultations**

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

4.6 **Risk Assessment**

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

5. **DIRECTORATE RISK REVIEW**

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

Children and Education Risks

5.2 Further to the publication of the Local Child Safeguarding Practice Review relating to Child Q, there is a new directorate-wide risk that has been added to the risk register. This has been added under the *management of partnership agencies in ensuring the well-being of children*. A range of controls in place include taking a safeguarding first approach - with clear anti-racism values and identification training and a 'my child' mindset.

Children and Family Risks

5.3 There has been no overall change to the profile of most risks for Children and Families compared to those set out in the report to Audit Committee last year. One risk (CYP DR 001 Service demands exceed available resources) has reduced slightly in response to lower referral numbers.

Ongoing risks:

- **Child or young person suffers significant harm, injury or death:** The impact of the Covid-19 pandemic, alongside the cyber attack has

meant that changes have taken place to systems and processes that affect children, for example with changes to visits, attendance of partners at key meetings, CFS recording and reporting. A range of measures have been put in place to ensure that there is strong partnership working and strong oversight of practice, including three-weekly Contingency Oversight Groups held by the CHSCP, supervision training for all professional managers in CFS and swift solutions for CFS recording and reporting. The Children and Families Service returned to a new version of Mosaic on 4th April 2022.

- **Cyber attack:** The cyber attack in October 2020 has meant that there are significant challenges for the Children and Families Service in terms of accessing historical information about children. The attack meant that CFS lost access to Mosaic, the social care database which holds all records about children and families. A significant amount of resources has been directed at mitigating this risk, working with partner agencies and staff to develop interim solutions to capturing existing knowledge about children and families, reporting and monitoring information. The Children and Families Service returned to a new version of Mosaic on 4th April 2022. Risk score remains the same until the success of the move back to Mosaic is fully understood.
- **No Recourse to Public Funds:** Hackney, like many local authorities, has a number of individuals living within its boundaries who are subject to immigration controls as defined by the Immigration & Asylum Act 1999. Such individuals are excluded from access to welfare benefits, public housing and Home Office asylum support and are collectively known as having No Recourse to Public Funds (NRPF). This group includes individuals who have overstayed their visa entitlement in the UK, and those who have leave to remain without recourse including EU Nationals. Hackney's approach is effective in protecting resources and avoiding costs. In order to ensure the service is able to undertake comprehensive assessments of children's needs in a complex environment of law relating to housing, immigration, human rights and child safeguarding, the service works closely with other services including the UKBA, legal services, government embassies and anti-fraud to ensure that services are appropriately provided to those that are entitled to them and need them. This joined-up approach robustly mitigates against the risk of children in Hackney being exploited or trafficked for services.
- **Demand exceeding resources:** The number of looked after children has consistently increased over recent years, and the profile of looked after children has also changed significantly over the past five years with more adolescents presenting complex behaviours and needs entering the care system and subsequently receiving support as care leavers. The change in profile of looked after children is placing increased pressure on the placement budget with a need for more

specialised placements and is also making placement stability more difficult to achieve. Young people aged 16+ will have additional needs that correspond to the associated risks for their age group, including exploitation. The shortage of in-house foster carers for these older young people adds to the cost pressure and the numbers of young people requiring more expensive residential placement has increased. There has been a slight decrease in the number of looked after children per 10,000 during 2021/22, bringing Hackney in line with 2021 statistical neighbours and below the national average.

Hackney Education Risks

5.7 Key on-going risks to Hackney Education

5.7.1 Outlined below are the risks identified that continue to present a particular challenge to Hackney Education's continued effectiveness and are reported on the attached register:

- **SEND** - The 3 risks relating to SEND remain high: meeting the statutory requirements of the Children & Families Act; escalating budget pressures; and insufficient provision to meet growing demand for SEND services. Mitigations include
 - Positive improvements to meet the statutory 20 week EHCP needs assessment deadline;
 - Restructure of the SEND service; implementation of the recent SEND review to create an integrated SEND service is underway and expected to be in place by September 2022. This aims to ensure more coordinated, timely and robust discharge of statutory duties outlined in the Children and Families Act 2014 and SEND Code of Practice
 - Ongoing work to develop plans/strategies to address the significant overspend; SEND trends are monitored by the Corporate Leadership Team, to ensure cross council support. Additionally, the Education Estates Strategy and review of the SEND Transport service are 2 workstreams focused on creating more in-borough provision and relieving the budget pressures across the service.
 - Implementation of a SEND Provision Plan, to address rising demand for SEND services.
 - The SEND Improvement Plan is in place, focusing on the 7 specific priorities underpinning the SEND Strategy and aiming to make continued efficiency improvements.

- **Traded Services** - The long term viability of trading continues to be a risk, particularly throughout what has been a challenging period due to the Covid pandemic; however, a review of the

Education Operations service is currently underway and will look at the economic viability of the service. Recommendations from this review will be considered, to inform future risk judgement. Hackney Education will consider the implications of the Education White paper published in March 2022 which will lead to a review of the status of schools over the coming decade, and some shifts in the structure of Hackney Education over the same period. The planning for this will commence in 2022-23.

- **Serious Safeguarding failure in regard to pupils not in school and those attending unregistered settings** - Safeguarding considerations for those pupils who are not registered at a school, including 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. The risks associated in these areas continue to carry a very high reputational risk for the borough, with limited options to mitigate this risk. There are effective processes in place, which enable HEd to effectively carry out duties in relation to EHE, CME and pupils attending UES. However, these processes are less effective for safeguarding Charedi pupils attending a UES, as the ambiguous legal status of these settings means the LA is unable to oversee and carry out duties in relation to safeguarding arrangements; there are on-going conversations with Ofsted to address this.
- **Exclusion from school** - This remains a high profile area where rates of exclusion from schools continue to be relatively high when compared nationally. The Reducing Exclusions Executive Board leads on a number of initiatives designed to support schools to reduce their exclusions; one of these initiatives include the new Education Early Help system, which aims to increase the use of managed moves, avoiding the need for exclusion; this will be implemented in the next academic year. Following an in-depth review of the position for young people on the verge of permanent exclusion and provision for them following permanent exclusion, the CYP Scrutiny published a report setting out key recommendations; the service responded to the review and the response was approved by Cabinet. The Action Plan is now being updated accordingly and there is on-going work in line with this, to support continued reduction of exclusions across Hackney.

5.8. School Performance (4 Ofsted judgements)

5.8.1 School Standards and Improvement manages the following risks:

- Performance and/or quality of provision in nursery and primary school
- Performance and/or quality of provision in secondary schools
- Performance and/or quality of provision in special schools
- Performance and/or quality of provision in Pupil Referral Units

5.8.2 School Performance and Improvement teams continue to provide support to schools. The current controls in place remain appropriate and the risk rating remains unchanged.

5.9 School Place Planning

- **Primary Surplus places** - Primary school roll projections based on the October 2021 census show a continued projected surplus of reception places, currently 584 (22.5%). This substantial number of projected surplus places is a growing risk and although PAN reductions have been made for several schools, this issue is currently threatening the long-term viability of many other primary schools, which have an increasing number of applications well below their PANs. The reduction of places is being addressed via the School Place Planning Group and is also reflected in the work of the Education Estates and Sufficiency Strategy. From October 2022, 135 places will be removed from a number of schools, reducing the surplus to 8% (220 places); it is intended for further reductions to be made in 2023 and 2024.
- **Projected surplus secondary school places** - The risk associated with primary surplus places, will inevitably impact secondary schools in the next 4 years. This will result in financial pressure on secondary schools and threaten their long-term viability. The School Place Planning Group and Senior Leadership team continue to review data and monitor this risk.

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

- 6.1 Effective risk management is a key requirement for good financial management and stability. This becomes more significant as funds available to the Council are reduced and budget reductions are made.
- 6.2 The Directorate seeks to mitigate risks as they are identified. In some instances, where there are volatile external factors and uncertainty, this will be through seeking access to reserves maintained by the Group Director of Finance and Corporate Resources.

6.3 There are no direct costs arising from this report.

7. COMMENTS OF THE DIRECTOR OF LEGAL, DEMOCRATIC AND ELECTORAL SERVICES

7.1 This report recommends that the Audit Committee note the contents of this report with the attached appendices. In accordance with Article 9.1.2 of the Council's constitution, the Audit Committee is responsible for assisting the Council in discharging its functions in relation to its risk management framework. The Accounts and Audit Regulations 2011 also require the Council to have a sound system of control which includes arrangements for the management of risk. This report is part of those arrangements and is designed to ensure that the appropriate controls are effective.

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

APPENDICES

Appendix one – Children & Education risk register.

BACKGROUND PAPERS

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

None

Report Author	Naeem Ahmed
Comments on behalf of the Group Director of Finance and Corporate Resources	Jackie Moylan
Comments of the Director of Legal, Democratic and Electoral Services	Juliet Babb

CHILDREN & EDUCATION DIRECTORATE RISK REGISTER



1. CHILDREN'S SERVICES RISKS

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CYDR 005 Management of Partnership Agencies in ensuring the wellbeing of children	Potential problems in the management, communication, delivery and shared objectives of different partners which could then negatively impact on a child's wellbeing as well as the Council's reputation.	Children & Education		Joint risk between Children and Families Service and Hackney Education: Publication of the Child Safeguarding Practice Review (CSPR) on 14th March in relation to the experience of Child Q - recommendations and response by Children and Education Directorate. This publication analyses the impact for child Q, her family, staff impact, and wider partnership response.

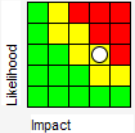
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CYDR 005a	Children and Education take a safeguarding first approach - with clear anti-racism values and identification training and a 'my child' mindset.	Jacquie Burke	Annie Gammon and Diane Benjamin	Ongoing	Partnership response - The Mayor, Deputy Mayor Bramble, Cllr Fajana-Thomas and Chief Executive wrote to the Metropolitan Police about the treatment of Child Q and the need to tackle institutional racism. The most senior officers in the Met Police have been involved in developing their actions and they say they are committed to becoming an anti-racist organisation. The CSRP detailed actions needed by all partner agencies in response to the incident and the Children and Education leadership team are working closely with the Group Director to develop a comprehensive plan that involves support to the family, support to our children in schools, support for staff and the wider community engagement around recovery and impetus for change.

CHILDREN & EDUCATION DIRECTORATE RISKS

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 78</p>					<p>Anti racist Action Plan and Diversion and Inclusion Lead: In July 2020, Children and Families Services committed to create and implement our anti-racist action plan. Our Anti-Racist Position Statement makes clear the journey we need to take as a service to improve the experience of the children and families of Hackney who are disproportionately affected by racism, as well as the experience and progression of staff. A new Diversity and Inclusion Lead started in role in the Children and Families Service in June 2021, and this role will steer and champion the work of the anti-racist action plan.</p> <p>Learning response to police in schools - when a child is arrested at school, or police are called out to a school - a rapid learning session will be held, including Education, Police and Safeguarding colleagues at a minimum. Review of how schools work with police to be initiated. The Met Police promised a review in April 2020 of safer schools - we need a local review and a local response. Also need a rapid learning system for whenever BCU police arrest a child on school premises or attend a school following a call out - this may need to operate for a 12 month period.</p> <p>Headteachers have agreed a safeguarding and anti-racist statement which will act as a starting point for work across all schools, particularly secondary schools.</p>
<p>CYDR 005b</p>	<p>Communication strategy following publication of Child Q Cspr and response by national media.</p>	<p>Jacque Burke</p>	<p>Annie Gammon Diane Benjamin And Jennifer Riley-Harrison</p>	<p>Ongoing</p>	<p>Drop-in sessions for staff and staff peer support sessions have been held following the publication of the Cspr.</p> <p>Staff comms and engagement plan</p> <p>Fortnightly all staff briefings until July Further funding being sought to provide more racialised trauma peer support/manager support</p>

CHILDREN & EDUCATION DIRECTORATE RISKS

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 79</p> <p>P DR 001 Service demands exceed available resources</p>	<p>The directorate needs to manage demand within an ongoing climate of reducing resources. If demand is not managed, this could compromise service delivery. The department's services continue to experience fluctuating demand, which can add to resource pressures. In addition, services need to be able to respond to new and emerging priorities.</p>	<p>Children's Services</p>		<p>March 2022 - The number of looked after children has consistently increased over recent years, and the profile of looked after children has also changed significantly over the past five years with more adolescents presenting complex behaviours and needs entering the care system and subsequently receiving support as care leavers. The change in profile of looked after children is placing increased pressure on the placement budget with a need for more specialised placements and is also making placement stability more difficult to achieve. Young people aged 16+ will have additional needs that correspond to the associated risks for their age group, including exploitation. The shortage of in-house foster carers for these older young people adds to the cost pressure and the numbers of young people requiring more expensive residential placement has increased. There has been a slight decrease in the number of looked after children per 10,000 during 2021/22, bringing Hackney in line with 2021 statistical neighbours and below the national average. This explains a slight drop in the risk score.</p> <p>The No Recourse to Public Funds Team (NRPF) continues to carefully manage the demand for high cost NRPF cases. Southwark Judgement, LAPSO and UASC continue to bear cost pressures for 16/17 year olds who are afforded Looked After Children status by virtue of homelessness, remand or asylum claim. Hackney is now caring for approximately 30 UASC as at March 2022.</p> <p>The legislative changes that provide care leaver support to age 25 (from April 2018) came with insufficient additional funding from the Government.</p> <p>While demand for statutory children's social care in Hackney has increased in the last 5 years, there was a 42% decrease in referrals received in 2020/21, compared to 2019-20. This is partly linked to a decrease in referrals seen nationally during the pandemic. This is also linked to the changes driven by the Front Door Review, including improved early help pathways through the successful piloting of an embedded 'Early Help Hub' within the Multi Agency Safeguarding Hub, ensuring children, young people and families are able to get the right support for them, as quickly as possible. Children in need of help and protection receive a timely response from the MASH. Referral rates have increased over 2021-222, with Hackney's referral rate as at February 2022 is slightly above statistical neighbour authorities, although still significantly lower than rates for 2019/20. The rate of assessments completed continues to be lower than in 2019/20, with 2021-22 rates likely to be lower than 2020-21 and more in line with statistical and national averages.</p> <p>Adding to the overall risk of demand exceeding resources is the impact of the changes at leadership level, with the Chief Executive, the Group Director and the Head of Corporate</p>

CHILDREN & EDUCATION DIRECTORATE RISKS

				Parenting leaving in May 2021. This follows the departure of the Director of Children and Families at the end of October 2020. A stable senior management team is now in place: the new permanent Director of Children's Social Care started in June 2021, with the new Group Director for Children and Education starting in August 2021 and a new Chief Executive starting in October 2021. Within the Children and Families Service, a new permanent Head of Corporate Parenting was appointed in October 2021.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>Page 80</p> <p>CYP DR 001 A Clearly defined protocols for referral to services.</p>	Written protocol for referral to services agreed with all partner agencies. Review of FAST to further strengthen multi-agency decision-making and effective hand-off to early help services	Jacque Burke	Diane Benjamin	Ongoing	<p>Our Multi-Agency Safeguarding Hub operates as a single point of contact for members of the public and professionals who are seeking advice and information, and/or who want to make a request for support for a child or young person in Hackney who may be in need of help or protection. Referrals are screened for a next step decision within 24 hours. MASH considers the information available across a range of co-located agencies to make timely and safe decisions about which agency is best placed to access and/or meet the needs of children and young people. This function is supported by the Hackney Child Wellbeing Framework and the Local Assessment Protocol.</p> <p>In February 2020 a review of Hackney's children's social care 'front door', the First Access and Screening Team (FAST) began. The review was initiated as the 'front door' of children's services had seen a steadily increasing level of contact, referral and assessment rates, particularly when compared to comparator boroughs, and in turn a higher proportion of social work assessments that ended in no further action. Quality assurance activity also demonstrated some confusion over the application of thresholds amongst partner agencies, the seeking of consent when making a referral to statutory social work services and an over reliance on social work assessment by partners, particularly within educational settings.</p> <p>Activity on the Front Door Review accelerated in 2021, and in February 2021 FAST launched a professional consultation line for designated leads to seek advice and guidance. The Hackney Multi Agency Safeguarding Hub (MASH) was launched from 1st July 2021, bringing Hackney in line with other authorities across London. The development of the MASH is focused on better informed multi-agency decision making so that children and families get the right service at the right time, with a joint mission across the partnership to reinforce the respectful and consistent application of seeking consent from children and families, and a focus on proportionate assessment with a clear commitment and emphasis on clear and streamlined pathways to services. The MASH now includes an Education representative as well as an Early Help hub.</p>

CHILDREN & EDUCATION DIRECTORATE RISKS

<p>P 001 001</p> <p>CP DR 001 B Children's social care services assess risk to differentiate and prioritise need and refer appropriately</p>	<p>All referrals to Children's Social Care need to be appropriately assessed to ensure that the child and their family receive the most appropriate service.</p>	<p>Jacquie Burke</p>	<p>Diane Benjamin</p>	<p>Ongoing</p> <p>In February 2020 a review of Hackney's children's social care 'front door', the First Access and Screening Team (FAST) began. The review was initiated as the 'front door' of children's services had seen a steadily increasing level of contact, referral and assessment rates, particularly when compared to comparator boroughs, and in turn a higher proportion of social work assessments that ended in no further action. Quality assurance activity also demonstrated some confusion over the application of thresholds amongst partner agencies, the seeking of consent when making a referral to statutory social work services and an over reliance on social work assessment by partners, particularly within educational settings.</p> <p>Activity on the Front Door Review accelerated in 2021, and in February 2021 FAST launched a professional consultation line for designated leads to seek advice and guidance. The Hackney Multi Agency Safeguarding Hub (MASH) was launched from 1st July 2021, bringing Hackney in line with other authorities across London. The development of the MASH is focused on better informed multi-agency decision making so that children and families get the right service at the right time, with a joint mission across the partnership to reinforce the respectful and consistent application of seeking consent from children and families, and a focus on proportionate assessment with a clear commitment and emphasis on clear and streamlined pathways to services. The MASH now includes an Education representative as well as an Early Help hub.</p> <p>Our Multi-Agency Safeguarding Hub operates as a single point of contact for members of the public and professionals who are seeking advice and information, and/or who want to make a request for support for a child or young person in Hackney who may be in need of help or protection. Referrals are screened for a next step decision within 24 hours. MASH considers the information available across a range of co-located agencies to make timely and safe decisions about which agency is best placed to access and/or meet the needs of children and young people. This function is supported by the Hackney Child Wellbeing Framework and the Local Assessment Protocol.</p> <p>A multi-agency Daily Risk Meeting was implemented in early October 2021. This meeting is well attended by agency colleagues including Adult Services, Probation, Police, Health and Housing. Our work on consent / reinforcing partnership responsibility and the consultation line is also impacting on improving the quality and reducing the volume of contacts / referrals. The ongoing development of the Early Help hub will help ensure that families are able to access the right service at the earliest possible opportunity and a consistency of approach across the Council (in terms of access to targeted Early Help support).</p> <p>Children's social care undertakes all statutory assessments for children and young people in relation to need, harm and risk and produce clear plans for protection and support in partnership with a wide range of agencies.</p> <p>The cyber attack in October 2020 meant that CFS lost access to Mosaic, the social care database which holds all records about children and families. A significant amount of</p>
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CHILDREN & EDUCATION DIRECTORATE RISKS

					resources has been directed at mitigating this risk, working with partner agencies and staff to develop interim solutions to capturing existing knowledge about children and families, reporting and monitoring information. An interim social care database was established, with reporting capability, and a read-only version of Mosaic has been put in place to ensure that staff can view previous Mosaic records, although this does not represent the entirety of lost information and there remain significant challenges for children's social care given the impact of the cyber attack. The Children and Families Service will return to a new version of Mosaic on 4th April 2022.
Page 82 CYP DR 001P Identify contingency funding	Additional funding to be identified to ensure Directorate can respond quickly to increased demand for services	Jacquie Burke	Naeem Ahmed/ Diane Benjamin	Ongoing	<p>Budget pressures in relation to looked after children placements remain despite further allocation of growth in 2021/22 for LAC placement costs. This reflects an increase in numbers and a change in profile of need, associated with a greater number of adolescents with high levels of need and a change in the profile of placements (more independent fostering agency fostering placements, less in-house, as well as increased use of residential placements). The additional and complex needs of some children with autism and other associated disorders can result in high-cost placements. Locally, the service is focused on increasing the number of in-house foster carers which will reduce the average unit cost of LAC placements.</p> <p>Looked after children numbers have fallen slightly over the past year, from 431 at March 2021, compared to 401 at March 2022. This is being monitored by leaders. The decrease in the number of looked after children since November 2020 is linked to a number of factors including a focus within the service on edge of care work to support young people where there is a risk of family breakdown as well as changes to the Children's Resource Panel where there is senior management oversight of decisions for children to enter care. The Panel has been refreshed to offer a higher level of respectful challenge and high support, with a focus on mobilising resources to step in to a family and reduce harm, keeping children at home where possible, enabling us to be more confident that we have the right children in our care.</p> <p>The service has also introduced a clinical Edge of Care pilot from November 2021 to support young people to remain at home safely where this is possible. The impact of this pilot is being closely monitored.</p> <p>The Fostering Service launched the first hub home for the Mockingbird Model family project in August 2019, and launched the third home in December 2021. This Model provides a network of support to carers and the children they look after to promote resilience in placements.</p> <p>The Fostering Service is also a partner in the North East London Residential Commissioning Group – looking to improve the quality and reduce the cost of residential placements to meet young people's needs. Hackney is part of a group of local authorities in North East London, with Havering Council as the lead borough, working on a project</p>

CHILDREN & EDUCATION DIRECTORATE RISKS

Page 83					<p>to develop a sub-regional approach to commissioning children's homes. There are currently 3 children placed in children's homes run by the Group (as at March 2022).</p> <p>Actions are also being taken to ensure our leaving care cohort are placed in appropriate and cost-effective settings, through, for example, recommissioning of the Young People's Housing Pathway.</p> <p>The NRPF team has made effective use of both Home Office and legal advice through an independent provider to assist families to achieve settled status in a timely way, reducing the burden on public funding.</p> <p>In addition to increases to the LAC budgets referred to above, each year the Finance Team works with the Service to identify significant financial risks and seek agreement from the Group Director of Finance and Resources to access reserve funding should risks materialise. In 2021/22, demands in both LAC numbers and activity across the Service led to these reserves being fully utilised and an overspend is forecast in the service. For the coming year these increased demands will be mitigated in part by the additional social care funding announced in the Budget, however, it is still anticipated that access to reserve funding will be required for 2022/23.</p>
	<p>CYP DR 001Q Minimise impact of efficiency savings on frontline services</p>	<p>To ensure we can respond to any increases in demand, we aim to manage efficiency savings to ensure minimal impact on frontline services</p>	<p>Jacque Burke</p>	<p>Naeem Ahmed/ Diane Benjamin</p>	<p>Ongoing</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>CYP DR002 Cyber attack impact on CFS Service Delivery</p>	<p>The cyber attack has meant that CFS has lost access to case recording and document storage systems which hold historical information about families. Lack of access to this data could mean that decisions are made about children without their full history being known.</p>	<p>Children & Families Service</p>		<p style="text-align: center;"></p> <p>The cyber attack on 12th October 2020 means that there are significant challenges for the Children and Families Service in terms of accessing historical information about children. The attack meant that CFS lost access to Mosaic, the social care</p>

CHILDREN & EDUCATION DIRECTORATE RISKS

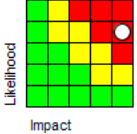

Page 84				<p>database which holds all records about children and families. A significant amount of resources has been directed at mitigating this risk, working with partner agencies and staff to develop interim solutions to capturing existing knowledge about children and families, reporting and monitoring information.</p> <p>Services affected:</p> <ul style="list-style-type: none"> • Referrals to Children and Families Service • Ongoing work with children and families receiving statutory and universal services • Court work in relation to children and families • Referrals to the Domestic Abuse Intervention Service • Ongoing and new complaints investigations • Payments to Foster carers • Payments to some of our suppliers • <p>Systems affected:</p> <ul style="list-style-type: none"> • Mosaic (Children and Families case recording database) • Childview (Youth Justice database) - this is still available as a stand alone system, but does have some links to Mosaic which have been affected • EdoCFS - the document storage system which links to both our social care and Youth Justice databases, as well as a number of other systems. • The IKEN case management system used by our Legal Service colleagues is also inaccessible <p>The Children and Families Service will be moving to a new Mosaic recording system on 4th April 2022. Risk score remains the same until the success of the move back to Mosaic is fully understood.</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
	Creation of interim social care database to ensure that referrals, assessments and	Jacquie Burke	Diane Benjamin	Ongoing	All of CFS partner agencies, including statutory regulators and voluntary organisations, were contacted to inform

CHILDREN & EDUCATION DIRECTORATE RISKS

<p>CYP DR 002a Mitigation of the loss of the social care database and supporting systems</p>	<p>interventions for children and families can proceed without interruption</p>				<p>them about the problems and how services might be affected.</p> <p>CFS had available to us a current case allocations list that enabled each service to identify all their open cases. This was cross-referenced with the performance data reports that CFS had available to pull together as much information as possible on families we are supporting.</p> <p>CFS contacted all foster carers during the first week following the attack to inform them of the problems and advised that there could be delays in receiving payments. CFS were able to make ad hoc payments to families and young people using payment cards. Systems are now in place to make all payments.</p> <p>A range of google forms and guidance on how to use them was developed for staff to be able to record data with key forms issued initially on 13th October 2020 and more developed in the first few weeks after the attack.</p> <p>An interim alternative recording system which contains all of the information on these forms has been created; this was piloted over the December closedown period, and was rolled out across CFS on 26th January 2021. An interim live reporting system was created alongside the interim social care system, and rolled out in early February that is allowing managers to track performance in the service areas. This recording system also allows CFS to track major performance indicators, though not all are available, such as those dependent on historical information.</p> <p>All information recorded on this interim system will be transferred to the Mosaic recording system when this is ready to go live on 4th April 2022.</p>
<p>CYP DR 002b Restoration of historical social care information</p>	<p>Restoration of historical social care information to ensure children's histories are understood</p>	<p>Jacque Burke</p>	<p>Diane Benjamin</p>	<p>Ongoing</p>	<p>On 26th March 2021, historic case notes (from the period pre-cyber attack in October 2020) recovered from our Mosaic system became visible on the Interim Social Care Database. This development marked a major step in the CFS systems recovery journey. These will be transferred to the new Mosaic recording system when this goes live on 4th April 2022.</p>

CHILDREN & EDUCATION DIRECTORATE RISKS

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CYP DR 003 Child or young person suffers significant harm, injury or death	Children and young people who use our services are at higher than usual risk of harm, injury or death. If risks are not adequately assessed and protected, a child or young person could suffer significant injury or death attributable to the Directorate's failure to take appropriate safeguarding and risk management measures.	Children & Families Service		 Update March 2022- This remains a high risk, and controls are in place to manage this.

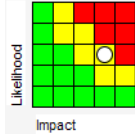

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CYP DR 003 B Local Safeguarding Children Partnership (LSCP) reviewed and operating as an effective multi-agency forum.	The City & Hackney Safeguarding Children Partnership (LSCP) has a remit to monitor safeguarding across all partner agencies, including the local authority.	Jacquie Burke	Rory McCallum	Ongoing	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 Hackney-specific 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.
CYP DR 003 D Ensure staff have the necessary skills to ensure risk and needs are properly assessed	The Directorate as a whole understands areas of high risk and works together to mitigate risk in relation to individual children by joint training and development and joint monitoring of practices across the services.	Jacquie Burke	Diane Benjamin	Ongoing	<p>A series of professional supervision workshops were rolled out in February and March 2021 to all practitioner managers in CFS so that they are clear about supervision standards and are able to identify training needs for their staff. This will ensure that plans are progressing for children in timescales that meet their needs. Supervision timescales are monitored as a key deliverable by senior leaders in regular data reports.</p> <p>A workforce hub has been established in the Safeguarding and Quality Assurance service to ensure that staff training needs are met and prioritised in terms of urgency.</p>

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CYP DR 003 E Child Protection procedures in place	Children subject to Child Protection Plans and Looked After Children are visited in line with statutory guidance & care plans are monitored, updated and amended as appropriate. Children are to be seen alone.	Jacquie Burke	Diane Benjamin	Ongoing	<p>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>While the cyber attack in October 2020 has had a significant impact on reporting capabilities, visits and plans have been monitored through manual monitoring and close management oversight. A new interim social care database was introduced in January 2021, and reporting capabilities brought back online in February 2021. The Children and Families Service will be moving back to the Mosaic recording system in April 2022, which will further support data monitoring.</p>
Page 87 CYP DR 003 F Risk assessing activities for young people	All activities directly provided and commissioned by the directorate must be subject to rigorous risk assessments.	Jacquie Burke	Diane Benjamin	Ongoing	<p>All providers of proposed activities, including the local authority, are required to submit a written risk assessment which is scrutinised and approved / not approved by the service area. Where a risk assessment is not approved, the activity is not able to proceed. Minimum ratios of adults to young people are required.</p> <p>Our external commissioned providers are also expected to demonstrate that they meet health and safety standards as part of their contract including systems and processes for conducting risk assessments of premises and activities.</p> <p>As a result of the pandemic - in-person activities have been subject to risk assessment to ensure that they can be delivered safely, with mitigating actions in place to minimise risk to children and staff such as changing venue, capping numbers and ensuring hygiene measures are in place. Other activities have been provided virtually and we remain responsive to Government guidance in relation to the fluctuating rates of Covid/changes in requirements.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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CHILDREN & EDUCATION DIRECTORATE RISKS

<p>CYP DR 004 Increased call on resources in respect of No Recourse to Public Funds (NRPF) cases</p>	<p>The Council might be unable to handle the increased call in NRPF cases. Children's Social Care has a duty to assess children's needs under section 17 of the Children Act 1989 if they are at risk of homelessness or destitution, even if their parent has no legal entitlement for services in the UK.</p>	<p>Children & Families Service</p>		 <p>Hackney, like many local authorities, has a number of individuals living within its boundaries who are subject to immigration controls as defined by the Immigration & Asylum Act 1999. Such individuals are excluded from access to welfare benefits, public housing and Home Office asylum support and are collectively known as having No Recourse to Public Funds (NRPF). This group includes individuals who have overstayed their visa entitlement in the UK, and those who have leave to remain without recourse including EU Nationals. Hackney's approach is effective in protecting resources and avoiding costs.</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>CYP DR 004a Robust assessment process in place.</p>	<p>To provide a comprehensive assessment and safeguarding service to this vulnerable group of children, additional resources were established in Children's Social Care to assess the specific needs of families with no recourse to public funds. The No Recourse to Public Funds Team was formed in 2012 as a pilot service but has now been embedded alongside the Access & Assessment Service in Children's Social Care.</p>	<p>Jacque Burke</p>	<p>Diane Benjamin</p>	<p>Ongoing</p>	<p>The issues relating to NRPF families presenting as destitute are often complex and the service recognises that there are many reasons why families may find it difficult to share information. Migrant children may be at risk of child trafficking, exploitation and fraudulent activities.</p> <p>In order to ensure the service is able to undertake comprehensive assessments of children's needs in a complex environment of law relating to housing, immigration, human rights and child safeguarding, the service works closely with other services including the UKBA, legal services, government embassies and anti-fraud to ensure that services are appropriately provided to those that are entitled to them and need them. This joined up approach robustly mitigates against the risk of children in Hackney being exploited or trafficked for services.</p>

CHILDREN & EDUCATION DIRECTORATE RISKS

<p>CYP DR 004b Cross-London management arrangements for unaccompanied asylum seeking children.</p> <p>Page 89</p>	<p>The Pan London unaccompanied asylum seeking children (UASC) dispersal rota is a voluntary arrangement that is supposed to operate in equal distribution order. There has been a recent drive across all London authorities to ensure that each borough takes their turn on the rota in the wake of a number of authorities having withdrawn over the past year. The withdrawal from some authorities had, had a negative impact of increasing the numbers of UASC being dispersed to Hackney. The government have introduced a National Transfer Scheme under which authorities will be expected to accept UASC up to the equivalent of 0.07% of their child population, after which they will be able refer young people to the NTS</p>	<p>Jacque Burke</p>	<p>Diane Benjamin</p>	<p>Ongoing</p>	<p>The rota is managed by L.B. Croydon and monitored by the London ADs Group. The National Transfer Protocol set the maximum UASC population of each local authority at 0.08% of their child population. The number of UASC in Hackney has decreased, with 29 UASC as at 1st March 2022. The impact of the recent conflict in the Ukraine on UASC numbers in Hackney is unknown at this stage.</p> <p>Hackney was successful in applying for additional funding from the Government to provide additional support to our UASC through the Controlling Migration Fund in 2019 and set up a specialist UASC unit to better support young people's needs in this area. Following the ending of the funding at March 2021, CFS have maintained the Personal Advisor recruited through this project within the UASC team; the Personal Advisor works with young people who were unaccompanied minors who have not yet gained leave to remain in the UK.</p> <p>In August 2020, the Home Office commissioned beds at the Old Street Holiday Inn to disperse asylum seekers, some of whom applied to be age assessed as children. Due to their location the duty to assess falls on Hackney.</p> <p>In response to the increased costs of supporting UASC through Covid-19, the Department for Education invited local authorities to bid for funding to meet the additional needs of UASC through the pandemic, including the need to isolate new arrivals. CFS were awarded approx £150k as a result of the pandemic by the DfE (as at 1st March 2021).</p>
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CHILDREN & EDUCATION DIRECTORATE RISKS

Hackney Education Risks

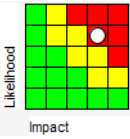
Reviewed by the Risk Review Group on 3 February 2022

Approved by SLT on 4 March 2022

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<p>EDS 1415 0001: Long term viability of trading of HE services not assured</p>	<p>The viability of traded services is at risk due to a number of factors that have become more acute or are expected to in the coming year(s). This includes a reduction in funding to schools which may result in lower orders, potential reductions in staffing at HE due to budget cuts which may impact on capacity.</p>		<p>January 2022: The Risk Review Group (RRG) noted that a review is underway to look at the economic viability of traded services. Recommendations from this review will be considered and will inform future risk judgement.</p> <p>Risk rating remains unchanged.</p>
Control Title	Control Description	Service Manager	Control - Latest Note
<p>LT1920 Risk 01 - Ensuring there is a continued focus on the importance of trading and development of HE's traded offer.</p>	<p>Planned messages from senior leadership.</p> <p>Performance monitoring reports & termly meetings with key service managers to ensure development of their traded offer.</p>	<p>Jayne Banks/ Paul Foster</p>	<p>January 2022: Each service area has had their termly meeting with Traded Services at which sales figures and product offer were reviewed and price increases were discussed. Sales figures have been strong apart from some clear areas of concern e.g. IT and Tomlinson Centre.</p>
<p>LT1920 Risk 02 - An effective learning & development plan for traded services in place</p>	<p>This is to enable officers to undertake necessary tasks which ultimately retains existing clients and attempts to acquire new clients</p> <p>Continue to identify commercial skills required by staff to promote a commercial structure.</p> <p>Organise professional training to address any skills gaps</p>	<p>Tatiana Pavlovsky</p>	<p>January 2022: It was agreed in November 2021 that OD would provide ad hoc services to support Marketing and Sales initiatives such as the Social Media campaign. Once a refreshed Marketing and Sales strategy is defined, a more focused approach will be explored.</p>

CHILDREN & EDUCATION DIRECTORATE RISKS

<p>LT1920 Risk 03 - Inducting new headteachers and business managers</p>	<p>Ensuring that headteachers & business managers are aware of HE's offer and do not automatically lean towards engaging suppliers they are aware of from their previous LA's.</p> <ul style="list-style-type: none"> I. Prepare an induction plan that promotes HE products. II. Ensure traded services are included in headteacher inductions. III. Traded Services offer Business Manager Inductions. 	<p>Jayne Banks/ Paul Foster</p>	<p>January 2022: School improvement lead has confirmed that all new Heads are taken through a presentation which covers the Traded offer.</p> <p>New BMs are not always formally notified but Traded Services keeps a note of new staff, often in discussion with Schools Finance. New meetings are offered at which a summary of the traded offer and support that can be provided is delivered.</p>
<p>LT1920 Risk 04 -Developing effective trading partnerships with external organisations</p>	<p>Identify potential for trading partnerships with other providers and develop where possible, maximising trading opportunities.</p>	<p>Jayne Banks/ Paul Foster</p>	<p>January 2022: an existing partnership with the English and Media Centre regarding the Diverse Shorts Anthology resulted in a final pay out of £20k. Existing partnerships with Shard and Education Mutual have resulted in an ongoing revenue stream - recently joint marketing webinars were undertaken.</p> <p>An exploratory meeting has taken place with Authors Allowed regarding a revenue share but as yet has not moved forward.</p>
<p>LT1920 Risk 05 - Ongoing & creative product development & renewal of service offer</p>	<p>Identify and invest in the development of existing and new products.</p>	<p>Jayne Banks/ Paul Foster</p>	<p>January 2022: ongoing challenges existing in the ability to invest in new products as this may require staff to be taken away or consultants bought in - this is particularly the case for the development of a new reading product which could be developed. However, despite this, work is currently underway to develop a new product for Diverse Curriculum which builds on the work on the free resources already distributed to over 2.200 schools. Additionally some new leadership and management services have been developed - Whole school curriculum review, Deep Dive Audits and SEF in a day.</p>

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<p>LT EDS 1415 0004 –The statutory requirements of the SEND aspects of the Children & Families Act are not met.</p>	<p>The Children & Families Act places a statutory requirement to implement Education Health & Care Plans, provide support for SEND up to 25 years old, joint commissioning, implementation of a local offer and person-centred approaches to planning. Process and resources to support these changes must be implemented to ensure HE meets its statutory requirements.</p> <p>In addition to the impact on vulnerable children and young people, any failure to meet their statutory responsibilities would result in significant reputational damage to HE and LBH, leaving them open to challenge through SEND tribunals, the Local Government Ombudsman and</p>		<p>January 2022: RRG noted that the whole service reorganisation had started, with full implementation pending.</p> <p>Risk judgement remains unchanged at this point.</p>

CHILDREN & EDUCATION DIRECTORATE RISKS

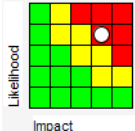
	possible Judicial Review.		
Control Title	Control Description	Service Manager	Control - Latest Note
LT 1920 Risk 01 – Robust monitoring and challenge of arrangements in place with regular reporting process via SLT	<p>Head of Service is responsible for implementing a comprehensive programme to ensure all statutory responsibilities are fully understood and met, including meeting the statutory 20 week deadline for completing an Education & Health Care Plan (EHCP). In order to achieve this the following will be undertaken:</p> <ul style="list-style-type: none"> • Develop robust quality assurance of case management with external moderation; • Implement action plan based on self-evaluation/annual report and points identified in SEND inspection; • Develop viable business case to increase capacity of Education Psychology team; • Review SEND staffing levels to ensure sufficient capacity in face of increased demand • Improve the quality and timeliness of advice from partner agencies; and • Ensuring robust Post-16 Commissioning 	Joe Wilson	<p>January 2022: Performance on the 20 weeks for the previous year was 56%</p> <p>SEND improvement plan with 7 specific priorities is now in action which underpin the SEND draft strategy.</p> <p>Service redesign is now in progress with implementation by the summer term.</p>
POST EDU 2122 Risk 02 - Restructure of service area to manage resources more efficiently, in line with statutory duties with implementation by Easter 2022.	A redesign to an integrated SEND Service has been agreed. This will ensure a timely and robust discharge of the LA's statutory duties outlined in the CFA 2014 and SEND Code of practice.	Joe Wilson Annie Gammon	<p>January 2022: A restructure of SEND Services is currently taking place with consultation due to end in Feb 2022 with implementation in the summer term.</p> <p>An external review of the work of the local SEND partnership has been commissioned and organised for June 2022.</p>

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1617 01 C&E : SEND funding – Escalating SEND spend has an adverse impact on HE and Council budgets.	The number of pupils eligible for EHC Plans continues to increase at a significant rate exceeding the population growth in the Borough, the effect of which is to place the SEND budget in deficit.	<p>Likelihood</p> <p>Impact</p>	<p>January 2022: Actions continue to be appropriate, however, risk rating remains unchanged for the time being. Impact may reduce over time as control measures take effect. This is a national issue with other LAs experiencing similar funding challenges.</p>

Control Title	Control Description	Service	Control - Latest Note
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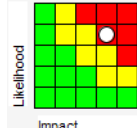
CHILDREN & EDUCATION DIRECTORATE RISKS

		Manager	
LT 1617 02 Ongoing work to develop plans/strategies to control/manage SEND spending.	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. The cost management plan is regularly reviewed by STAG and via the Better Value DfE programme.	Fran Cox/Nick Wilson	January 2022: Invest to save business case has been written by HE and finance to start to address the overspend in the SEND provision budget. SEND Trends are now being monitored at HMT to ensure there is cross council support to address this issue. Risk remains the same.
LT 1617 06 - Forecasting of financial impact of SEND budget pressures.	Rapid, significant short term reductions in SEND costs and outlays will be difficult to achieve. Ensuring that the policy changes in the action plan result in medium term cost savings that relieve the pressures on the SEND budget, whilst ensuring the operational effectiveness of HE is not detrimentally affected by the overspend, is imperative.	Sajeed Patni	January 2022: Finance along with the service continue to monitor this on a monthly basis. The service is developing a cost reduction plan. However, this will take significant time to develop. There is currently work on two areas to avoid cost 1. SEND estate strategy to have more in brough provisions 2. Review SEND transport to ensure we are getting value for money and promoting independence
LT 1617 07 - Changing the culture of SEND in schools and HE to implement the action plan.	If the action plan is to control expenditure and distribute resources fairly, changes in the existing culture in HE 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.	Fran Cox/Nick Wilson	January 2022: It is proposed to set up a Schools Forum Sub-group to address this issue alongside schools. Risk remains high
LT 1617 Risk 08 – The initiation of EHCP assessments is rigorously reviewed	The decision to initiate assessments needs to be rigorously reviewed to ensure the level of support is appropriate and sustainable. This may include senior managers signing off decisions, or refusing to do so.	Fran Cox/Nick Wilson	January 2022: This is starting to have an impact with Joe Wilson chairing the weekly decision panel. Risk however remains high.
LT1617 Risk 09 – The costs of providing ECHPs is born equitably across agencies	All agencies need to contribute to the costs of the Education & Health Care Plans through the joint commissioning budget.	Fran Cox/Nick Wilson	January 2022: JAP now in place and making good progress. It is too early in the day for this to have made an impact on budgets but good progress in the last quarter.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1920 0001 – Insufficient provision to meet growing demand for SEND services.	Lack of resources to meet the growing demand for SEND support services means that HE is unable to meet its statutory responsibilities under the Children & Families Act.		January 2022: Control measures remain relevant. In-borough provision remains promising with work ongoing to improve this in line with the Estates Strategy.

CHILDREN & EDUCATION DIRECTORATE RISKS

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1920 Risk 02: Implementation of a SEND Provision Plan	An HE SEND provision plan is developed and implemented to address rising demand for SEND services. This will be monitored and updated on an annual basis.	Fran Cox /Nick Wilson	January 2022: Education Estates strategy is being taken to cabinet in February. This will include requests to progress with 4 schemes to achieve additional places asap. Risk remains high.
LT EDU 2122 Risk 03: Use of capacity in existing school building sites for falling rolls, to create more resource provision.	Ensuring an overview of additional surplus capacity is factored into SEND place planning over the coming 2 years.	Fran Cox /Nick Wilson	January 2022: Education Estates strategy is being taken to cabinet in February. This will include requests to progress with 4 schemes to achieve additional places asap. Risk remains high.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Note
TSCH 1617 001 C&E : Serious Safeguarding failure regard to pupils not in school	<p>Safeguarding considerations for those pupils who are not registered at a school – Electively Home Educated pupils, children missing from education, children attending unregistered settings, children who are yet to be allocated a school place etc is increasing in importance.</p> <p>This is the particular focus for current Local Authority Safeguarding Inspection frameworks, and there is an expectation that HE 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>		January 2022: The Government is consulting on a requirement for LAs to keep a register of EHE young people. Risks and controls remain relevant.

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1617 Risk 03: Ongoing dialogue between HE, DfE and Ofsted around necessary legislation to ensure safeguarding duties can be effectively carried out.	Currently, the roles and responsibilities of LAs, DfE and Ofsted are not clearly defined with regard to safeguarding duties.	Chris Roberts	January 2022: Effective processes are in place in respect of EHE, CME and pupils attending UES. Whilst these are effective for safeguarding non-Charedi pupils they are less effective in safeguarding Charadi pupils who attend UES. The current legal status of those settings means the LA is unable to assure itself regarding safeguarding arrangements. The UES protocol provides a multi-agency response to settings; however the ambiguous legal status of UES means progress is limited. HED met with Ofsted to discuss UES before Christmas and the dialogue is on going
LT 1617 Risk 04: Continuing attempts at engagement with unregistered settings are made by HE to reduce the likelihood of pupils being put at risk.	In the absence of clearly defined statutory responsibility and given the numbers of CYP in such settings, the LA is seeking to raise awareness of safeguarding with all community groups through regular dialogue.	Chris Roberts	January 2022: A safeguarding offer has been developed and remains available, though a willingness on the part of UES to engage with that remains frustratingly non-existent.

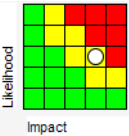
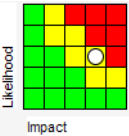
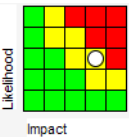
CHILDREN & EDUCATION DIRECTORATE RISKS

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT SCH 1415 0007 C&E: Risks posed by unregistered schools and settings	<p>Unregistered centres are neither known to, nor inspected by Ofsted, raising potential issues relating to the wellbeing and safeguarding of children and young people in the borough. HE 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 HE in this area. Despite the fact that HE 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>		January 2022: Risks and controls remain relevant.

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1415 Risk 18: Coordinating multi-agency responses, HE escalates any issues relating to the safeguarding of children or young people attending unregistered schools or settings.	HE are aware of unregistered schools and settings within the borough, we are escalating to the appropriate authorities Children and Social Care any issues of concern reported to them. HE co-ordinates multi-agency responses in regard to those settings that do not comply with Ofsted registration requirements.	Chris Roberts	January 2022: The UES Protocol is in place, which brings together various agencies to coordinate our response to new settings or incidents in settings. Meetings have been held over the last quarter, which have led to Ofsted inspections. Consideration is given to how we can utilise our full range of legal powers in respect of UES.
LT 1617 Risk 04: Continuing attempts at engagement with unregistered settings are made by HE to reduce the likelihood of pupils being put at risk.	In the absence of clearly defined statutory responsibility and given the numbers of CYP in such settings, the LA is seeking to raise awareness of safeguarding with all community groups through regular dialogue and the systems developed through the Out of School setting project which has now ceased, and the unregistered educational settings group.	Chris Roberts	January 2022: The safeguarding portal is under development to provide access to safeguarding information for OOSS. This is due to launch in the Spring term and is likely to be hosted on the CHSCP website.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT SCH 1112 0008 C&E Performance and/or quality of provision in nursery and primary schools or settings declines, stagnates or fails and goes into special measures	<p>The overall effectiveness of schools or settings, or the:</p> <ol style="list-style-type: none"> proportion of pupils attending good or better schools) reduces, leading the Trust to engage with Ofsted to challenge schools under the Good to great policy. Achievement in schools or settings fails to improve, leading to gaps not being narrowed from year to year at borough level and/or relevant to other LAs. The overall quality of provision in schools or settings fails to 		<p>January 2022: Risk Review Group notes that Ofsted inspection grades for primary and nursery schools in Hackney in February 2022 are as follows:</p> <ul style="list-style-type: none"> Outstanding – 24 schools (41.4%) Good – 31 schools (55.2%) Requires improvement – 2 schools (3.4%) Inadequate – 0 schools (0%) <p>Risk Review Group recommends no change to the risk rating.</p>

CHILDREN & EDUCATION DIRECTORATE RISKS

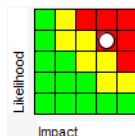
<p>LT SCH 1112 0009 C&E Performance and/or quality of provision in secondary schools or settings declines, stagnates or fails and goes into special measures</p>	<p>improve, leading to plateau and coasting year to year at borough level.</p> <p>d. From October 2012, poor performing schools will be subject to more regular inspections. Schools identified as 'Requiring Improvement' will receive two opportunities to remove themselves from the category before being placed in special measures.</p>		<p>January 2022: Risk Review Group notes that Ofsted inspection grades for secondary schools in Hackney in February 2022 are as follows:</p> <ul style="list-style-type: none"> Outstanding – 3 schools (21.4%) Good – 10 schools (71.4%) Requires Improvement – 1 schools (7.1%) Inadequate – 0 school (0) <p>Risk Review Group recommends no change to the risk rating.</p>
<p>LT SCH 1415 0001 C&E Performance and/or quality of provision in special schools or settings declines, stagnates or fails and goes into special measures</p>			<p>January 2022: Risk Review Group notes that Ofsted inspection grades for special schools in Hackney in January 2022 are as follows:</p> <ul style="list-style-type: none"> Outstanding – 2 schools (66.6%) Good – 1 school (33.3%) Requires Improvement – 0 school (0%) Inadequate – 0 schools (0%) <p>Risk Review Group recommends no change to the risk rating.</p>
<p>LT SCH 1415 0002 C&E Performance and/or quality of provision in Pupil Referral Unit declines, stagnates or fails and goes into special measures</p>	<p>PRUs are now self-governing, which may mean that inspection / greater scrutiny is imminent, which could lead to negative inspection outcomes</p>		<p>January 2022: Hackney's PRU provision has been judged by Ofsted as good. In addition, The Boxing Academy (Free School, Alternative Provision) has been judged as Outstanding.</p> <p>Risk Review Group recommends no change to the risk rating.</p>

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Control Title	Control Description	Service Manager	Control - Latest Note
<p>LT 1112 Risk 17 Quality of provision of support by traded services offer</p>	<p>Quality of provision (particularly teaching, learning & assessment) and leadership and management (with a particular focus on sustained capacity for improvement) will be key aspects of the support provided.</p> <p>Increasing the levels of buy in from schools in Hackney and out-borough will increase the capacity for a viable school improvement service.</p>	<p>Jason Marantz- Primary</p> <p>Anton Francic - Secondary</p>	<p>January 2022: No change. Primary and Secondary improvement teams are trading with an increasing number of schools. Primary support is being offered through the supported schools process. A series of one day reviews have been undertaken. Marketing support remains an area for development. Primary reading programme subscriptions are up yet new sales are not growing as rapidly, making this an area of focus. Leadership programmes are being remodelled to compete against NPQs, offer a wider range of locally relevant current themes and ensure take up.</p>
<p>LT 1112 Risk 02 Supported Schools</p>	<p>Good to Great Policy is enacted to identify and support schools who are at risk of failing to provide a good quality of education.</p>	<p>Stephen Hall</p>	<p>January 2022: No change. School Action Group meetings have continued this academic year and schools have been identified for support. One day reviews have taken place of intensively supported</p>

CHILDREN & EDUCATION DIRECTORATE RISKS

approach continually reviewed			schools. There has been an increase in the % of schools that are good or better.
LT 1112 Risk 14 Pupil support	Pupil outcomes/underachieving pupils will be an aspect of the package of support provided through traded provision & School Improvement Partners.	Stephen Hall	January 2022: No change. A focus on underachieving groups continues through SIP reporting and utilisation of the underperforming group funding to provide training and strategies. There has been an expanded package of strategies this academic year. Impact outcomes will be reported in Summer 2022.
LT 1112 Risk 15 Increased CPD and capacity	Seek to increase levels of professional development and capacity in schools.	Stephen Hall	January 2022: No change. Professional Development continues to be a focus in SIP visits. The amount of traded support provided to schools has increased this year. A Governor training programme including bespoke support has been implemented successfully. Governor and Headteacher briefings have increased and these have been well attended.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT SCH 1112 0011 CYPS surplus school places (Primary)	Surplus primary school places result in financial pressure on schools and threatens their long-term viability.		January 2022: Concern about long term viability of a growing number of primary schools is already emerging. Likelihood is increasing, but agreed to keep at current level pending review in Q4.

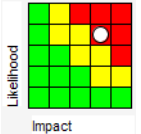
Control Title	Control Description	Service Manager	Control - Latest Note
LT 1112 Risk 23 Regular review & oversight of various pupil demand data	<p>Regular review of GLA school roll projections data allows oversight and summary of changes to the potential pupil cohort and ultimately potential future demand for places.</p> <p>School roll projections from GLA (for primary) and internally (for secondary) provide a good indication of future demand.</p>	Fran Cox / Nick Wilson	January 2022: Governance arrangements for the Education Estates Strategy will include a School Place Planning working group who will meet half termly to regularly monitor the borough wide and London wide picture. Latest data from census suggest the downward trend is as predicted.

CHILDREN & EDUCATION DIRECTORATE RISKS

<p>LT 1112 Risk 25 Regular monitoring of reception & secondary transfer applications</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 98</p>	<p>Whilst primary applications can be volatile in nature, secondary applications are more predictable. Regular monitoring of numbers of applications received compared to numbers expected allows the Admissions Team to identify and respond to any perceived under-submission. This also gives confidence in the projections being collated.</p>	<p>David Court</p>	<p>January 2022: For admission to Reception in September 2022 2211 applications were received to 18 January 2022 compared with 2226 in 2020 and 2850 in 2019 continuing the trend of falling applicant numbers.</p> <p>For admission to Year 7 in September 2022 2387 on-time applications were received until 20 January 2022 compared with 2425 in 2020 and 2402 in 2019.</p> <p>Primary projections: As reported in the previous register, Primary projections based on the January 2021 census indicated a high level of surplus places - 505 (16%).</p> <p>An updated set of primary projections based on the January 2022 census will be received in the Spring of this year. However data from the October 2021 census shows a continuing fall in demand for reception places, with fewer children on roll in Reception (2400), when compared to the census taken a year earlier- October 2020 (2504); a decrease of 104 pupils or 4%.</p> <p>PAN reductions of 135 places from September 2022 and a further 120 places from September 2023 is projected to reduce the surplus to circa 7%.</p>
<p>LT EDU 2122 Risk 26 Regular monitoring by School Place Planning Group & SLT</p>	<p>Review data and make recommendations for SLT decision regarding proposals to manage surplus places</p>	<p>Fran Cox</p>	<p>January 2022: This system is now in place alongside member working group to determine options in the next 6 months.</p>

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
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CHILDREN & EDUCATION DIRECTORATE RISKS

<p>LT SCH 1314 0001 High levels of pupil exclusion</p>	<p>An increase in exclusions would affect HE reputation and the organisation's financial position, as HE is responsible for provision for permanently excluded pupils (cost implications of permanent exclusions). In addition to the financial and reputational risk to schools, there is also an increased risk of OFSTED focussing on Hackney schools for inspection.</p> <p>HE cannot intervene in school decision making, but should seek to influence school policy and practice through existing and novel mechanisms, including Supported Schools secondary B&A, fair access. Strategies for an effective approach to exclusions must draw on the expertise of partner agencies such as Young Hackney.</p>		<p>January 2022: Risk Review Group noted that the CYP Scrutiny report has been published setting out key recommendations to support ongoing reduction of exclusion in the borough.</p> <p>Risk judgement and controls remain valid.</p>
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Control Title	Control Description	Service Manager	Control - Latest Note
<p>LT 1112 Risk 20 Monitoring & sharing of exclusions, attendance and related data</p>	<p>Monitoring & sharing of exclusions, attendance and related data between schools and at Behaviour and Attendance (B&A) Partnerships to inform practice and develop strategies.</p> <p>Exclusions Executive Group monitors the exclusions strategy and regular reports based on Census Data and reports to the Exclusion Board.</p> <p>Monitoring of equalities data with regard to proportionality of exclusions.</p>	<p>Chris Roberts</p>	<p>January 2022: Exclusion information continues to be shared regularly with SLT; head teachers, deputy head teachers and the reducing exclusion executive. This includes disproportionality information.</p> <p>February 2022: The reducing exclusions strategy has been expanded to take account of the recommendations of the scrutiny report on exclusion.</p>
<p>LT 1213 Risk 35 Alternative provision in place</p>	<p>HE uses its commissioning role to work to ensure there is an adequate high quality alternative provision offer in place to meet statutory responsibilities and to minimise the potential impact on individual pupils following exclusion.</p>	<p>Fran Cox</p>	<p>January 2022: NRC SLA review has been undertaken and SLT decision has been made in terms of proposed changes. Consultation with schools being undertaken in Q4 to agree the best way forward. New SLA with NRC will be confirmed in Q1</p>
<p>LT1112 Risk 21 Use of Local Partnerships</p>	<p>The Behaviour Partnership provides a forum for challenge, strategic planning and consultation for all secondary schools & academies and now primary schools. Partnership working with Young Hackney is encouraged to ensure a whole family approach to behaviour management.</p>	<p>Helena Burke</p>	<p>January 2022: The partnership group continues to meet and is very well attended. Schools regularly lead in sharing good practice, as do other partners</p>
<p>LT1516 Risk 07 - Development & implementation of work to reduce exclusions</p>	<p>HE encourages engagement with schools and other partner agencies to ensure awareness and engagement with initiatives and interventions with the aim of reducing exclusions</p>	<p>Chris Roberts</p>	<p>January 2022: Through the Reducing Exclusion executive group HEd leads on a range of initiatives designed to support schools to reduce their use of exclusion. The new education early help system will help in this area as will work to increase the use of managed moves.</p>
<p>LT EDU 2122 Risk 08 - Monitoring of SEND pupils to intervene early to reduce exclusion risk</p>	<p>Use of Annual / early reviews to pre-empt exclusions of pupils with EHCPs. These reviews are undertaken to evaluate the exclusions of pupils with EHCPs to:</p> <ul style="list-style-type: none"> • Ensure alternative provision is provided, and • Remind schools of the exclusion process. 	<p>Fran Cox/ Chris Roberts</p>	<p>January 2022: New Education Early Help system will target this area. This is being brought to SLT in Q4 for approval and implementation next year</p>



CORPORATE STRATEGIC RISK REGISTER FOR ADULTS, HEALTH AND INTEGRATION DIRECTORATE

**AUDIT COMMITTEE
MEETING DATE 2021/22**

20th April 2022

CLASSIFICATION:

Open

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

WARD(S) AFFECTED

All Wards

Group Director

Helen Woodland, Group Director of Adults, Health and Integration

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1 This report updates members on the corporate risks for the Adults, Health and Integration Directorate as at March 2022. It also identifies how risks within the Directorate are identified and managed throughout the year and our approach to embedding risk management.

2. RECOMMENDATION

- 2.1 There are no specific recommendations from this report. The Audit Committee is asked to note the contents of this report and the attached risk registers and controls in place.

3. REASONS FOR DECISION

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

4. BACKGROUND

- 4.1 The current Directorate risk profile was reviewed by the Directorate of Adult, Health and Integration Services Management Team in April 2022. Detailed risk registers for Adults Services and Public Health have been prepared and were reviewed by the Management Team and the high-level Directorate risks highlighted and included in Appendix 1.
- 4.2 **Policy Context**
All risk related reporting is in line with the Council's Risk Policy, ratified biennially by the Audit Committee, and also fully supports the framework and ideology set out in the Risk Strategy.
- 4.3 **Equality Impact Assessment**
For the purposes of this report, an Equality Impact Assessment is not applicable, although in the course of Risk Management (and

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

4.4 **Sustainability**

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

4.5 **Consultations**

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

4.6 **Risk Assessment**

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

5. DIRECTORATE RISK REVIEW

- 5.1. The Directorate Risk Register comprises those that represent the most significant risks faced by the Directorate.

Public Health

- 5.2. The COVID-19 pandemic has led to significant changes in how sexual health clinics are provided over the past year and a half as more STI activity has moved online including contraceptive services. Risks detailed in 'AH&I PH 007' such as increased spending on e-services were offset by reduced activity in clinical based services. Providers such as Homerton moved to a block contract for 2020/21, 2021/22 and discussions are underway to agree payment structures for 2022/23.
- 5.3. Testing for sexually transmitted disease is a demand-led service, delivered mainly by NHS providers in locations across London and beyond. The Council has limited control over that demand and the clinical imperative is for as many high risk, asymptomatic residents as possible to undertake regular tests. Activity in this area may increase in 2022/23 due to unmet need in since early 2020 and an increase in sexual risk taking behaviours.
- 5.4. The requirement to respond to the COVID pandemic has reduced the amount of time that Public Health officers can spend on recommissioning and budget management tasks. Multiple, pandemic-related, short term grant streams in 2021/22 (Contain

Outbreak Management Fund (COMF), Test and Trace Funding, Community Testing Funds), have increased the complexities around the management of Hackney funds, increasing the risk of failure to utilise available funds or report spend to agreed deadlines. Controls detailed in 'AH&I PH 009' are being employed to actively manage this area of risk. An SLA confirming the City of London annual contribution to the core costs of the joint service has been legally ratified and a process for regular review will be established in 22/23.

- 5.5. Significant improvement has been made around risk 'AH&I PH 001', with identified COVID-19 staffing needs filled by late summer 2021 and ongoing resource and workstream reviews by the Public Health Senior Management Team. Developmental team awaydays take place every 3-4 months online and full service meetings continue weekly.

Adult Services

- 5.6. The core Adult Services risks remain consistent with the risks highlighted to the Audit Committee last year. Whilst risks related to the cyber attack remain significant, work to mitigate these, establish interim solutions and work towards permanent solutions has meant the overall risk has reduced. Financial risks continue to increase, as demand for and cost of care has continued to increase, and the funding settlement outlined in the Government White paper 'People at the Heart of Care' is widely thought to be insufficient to meet the current or future demands on social care. A new risk to highlight is the additional pressures of preparing for the social care reforms coming in from October 2023, and risks to the organisation and residents if we do not prepare sufficiently for these substantial changes.
- 5.7. Within the service there remains a risk about the resilience and sustainability of the social care provider market in the context of rising demand and increased complexity and acuity of need for service users. This risk is compounded by the challenges that Covid-19 has presented, both operationally and financially. Whilst we have received a number of non-recurrent grants, which we have passported to our providers, ongoing sustainability continues to pose a risk. In 2017 the Government set expectations of a Green Paper on future long-term funding for social care but this has not yet been forthcoming. In March 2020 the Government announced that it would be consulting widely on ideas for future funding arrangements. The focus of previous announcements to date has focused on support and funding for older adults and so far makes little mention of working age adults which is a concern as this represents a large proportion of people

currently supported by Adult Services in Hackney. The White Paper published in February 2021 'Integration and Innovation: Working Together to Improve Health and Social Care for All' affirms that proposals to reform social care funding will be published later this year. Sustainable funding arrangements are critical for Adult Services and pose a significant risk which will continue to be monitored through monthly financial reporting.

- 5.8. There continues to be national concern about the sustainability of the provider market, including an increasing number of providers who are returning contracts to local authorities, and falling into administration. Work is continuing to support a healthy local provider market, as reflected in the risk register. This includes paying a fair but affordable rate to provide quality care, and a check of the financial health of organisations through the procurement process alongside robust, regular contract management and market development through provider networks.
- 5.9. Safeguarding remains an ongoing priority for Adult Social Care and managing the risks around safeguarding are part of the day to day work of Adult Social Care. The risk register highlights the specific safeguarding risks presented by the cyber attack, which has meant some personal and identifiable data for some service users has been made available on the "dark web". To safeguard service users who are affected by the cyber attack, cases have been risk assessed and in accordance with that assessment some individuals have received personalised notification and ongoing support from ASC. Notifications were completed in 2021, and to date, no risks related to the cyber attacks have been realised.
- 5.10. Due to the impact on Mosaic following the cyber attack, ASC is using an interim social care database, with limited historical service user data. This provides a risk to Adult Services as monitoring service user risk over time is more difficult in the interim system, oversight of the department's performance is incomplete, as well as posing a financial risk as payments are being made manually introducing a greater risk of error. However, the interim tools in place are significantly improved compared to the last year, and a plan is in place to recover mosaic in 2022, therefore overall the risk has reduced.
- 5.11. Recruitment and retention of social workers remains a pan-London issue. In Hackney we have some vacancies within operational teams, but levels are lower than they were. A greater issue is the retention of

staff. Work to develop an improved career development and learning offer for staff is underway, as is work to improve the day to day working culture. A Principal Social Worker has also been appointed who will work closely to improve staff retention and embed strengths-based practice.

- 5.12. Reforms to social care including the lifetime cap on care costs, changes to the upper and lower capital limits for means tested care and support, and fair cost of care are being introduced from October 2023. Work to prepare for these changes is substantial, and will involve all areas of the department. If these changes are not implemented appropriately or in time, there are significant risks to reputation, quality of service, waiting times for residents and complaints. It is important that implementation of these changes are resourced adequately, whilst not negatively impacting delivery of statutory services and other key priorities. A working group has been established to oversee the process, agree required resources including recruiting a dedicated Project manager, to reduce this risk and ensure the Council is prepared for the changes.

Integrated Commissioning

- 5.13. This approach will develop in the new financial year as we transition from the Integrated Commissioning Board to the Integrated Care Partnership Board (ICPB) which will have updated terms of reference, governance and risk management structures to enable the delivery of integrated health and care services for the system. A joint Director of Delivery has been appointed to establish governance.

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

- 6.1 Effective risk management is a key requirement for good financial management and stability. This becomes more significant as funds available to the Council are reduced and budget reductions are made.
- 6.2 The Directorate seeks to mitigate risks as they are identified. In some instances, where there are volatile external factors and uncertainty, this will be through seeking access to reserves maintained by the Group Director of Finance and Corporate Resources.
- 6.3 There are no direct costs arising from this report, however risks linked to the ongoing Covid-19 pandemic and the Cyber Attack will continue to be monitored through the monthly Overall Financial Report (OFP).

7. COMMENTS OF THE DIRECTOR OF LEGAL, DEMOCRATIC AND ELECTORAL SERVICES

- 7.1 This report recommends that the Audit Committee note the contents of this report with the attached appendices. In accordance with Article 9.1.2 of the Council's constitution, the Audit Committee is responsible for assisting the Council in discharging its functions in relation to its risk management framework. The Accounts and Audit Regulations 2011 also requires the Council to have a sound system of control which includes arrangements for the management of risk. This report is part of those arrangements and is designed to ensure that the appropriate controls are effective.
- 7.2 There are no immediate legal implications arising from this report.

APPENDICES

Appendix one – Adults, Health and Integration risk register.

BACKGROUND PAPERS

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

None

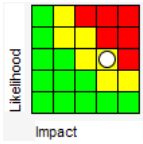

Report Author	Naeem Ahmed
Comments on behalf of the Group Director of Finance and Corporate Resources	Jackie Moylan
Comments of the Director of Legal, Democratic and Electoral Services	Juliet Babb

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ADULTS, HEALTH & INTEGRATION DIRECTORATE RISKS

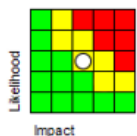



1. PUBLIC HEALTH DIVISION RISKS

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 109</p> <p>PH&I PH 01 - Public Health Workforce</p>	<p>Failure to achieve effective staff capacity to deliver Covid pandemic response and recovery of Public Health business as usual functions.</p> <p>IMPACT – reduced capacity to deliver Covid-related workstreams along with existing, essential public health programmes effectively.</p> <p>The team are unable to develop new ways of working post-2019 restructure due to Covid focus from early 2020.</p> <p>Existing staff are burnt out due to the relentlessness of the crisis response, with the risk that some may become sick or leave</p> <p>Insufficient capacity to develop effective stakeholder relationships; support health in all policy areas; develop and deliver population health hub commitments; recommission public health services; ensure workforce wellbeing and deliver new public health strategies.</p>	<p>Adults, Health & Integration</p>		<p style="text-align: center;"></p> <p>Updated March 2022. Risk was previously adapted to remove reference to recruitment post restructure which is now complete, and to reflect workforce risks associated with covid workloads.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
AH&I PH - 001A	<p>Recruitment and Team development</p> <p>The testing sites have been closed as per government guidance from 1st April 2022 and the staff have been redeployed for the remainder of their contract</p>	Sandra Husbands	Anthea Henry	May 2021	<p>Roles have been allocated to the few remaining staff. Many staff have left as their contracts are now over.</p> <p>All equipment has been stored, together with the remaining lateral flow tests. Lateral flow tests will be prioritised for adult social care, depending on need/updated guidance SOPs will be updated to reflect latest guidance</p>

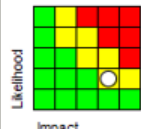
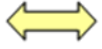
Page 110

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
AH&I PH 007 Sexual Health	<p>Sexual health services (GUM/ ISHT), make up the most significant area of spend on sexual health spend, and are paid for using an activity based tariff and whilst there are caps and collars, activity baselines are usually reset with providers on an annual basis.</p> <p><u>Impact</u> The London Sexual Health e-service (SHL) was part of a modernisation programme and to improve efficiency, no saving targets were stated. The pandemic has meant a large shift in activity to online services. Risks include:</p> <ol style="list-style-type: none"> 1. Uncontrolled increases in sexual health activity spend 2. Sexual Health providers, including Homerton, not receiving payment. 3. Negative working relationships with other London commissioners and sexual health providers 4. Uneven access to services for residents across London. 	Adults, Health & Integration		<p style="text-align: center;"></p> <p>COVID has led to significant changes in how sexual health clinics are provided and more STI activity has moved online. Online Contraception services are now provided. Homerton moved to a block contract for 2020/21, 2021/22 and discussions started for 2022/23. Increased spend on e-service offset by reduced activity in clinical based services.</p> <p>Activity may increase in 2022/23 due to unmet need and increase in sexual risk taking behaviours. In addition, reciprocal block payment arrangements as a % of pre-pandemic baselines have been in place since March 2020 with</p>

	The contract for the e-service has been extended from August 2022 for a further three years until August 2025.			some of the most significant non-Homerton providers of GUM to City & Hackney residents.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
AH&I PH 007 Sexual Health	<p>Active participation of Deputy Director of Public Health leadership role in sexual health.</p> <p>Monitoring and supporting implementation of the pan-London e-testing service hosted by the City of London Corporation.</p> <p>A two year extension of the contract with Homerton to deliver the SH clinics and additional services has been agreed by the Director of Public Health and Homerton (from August 2022 to August 2024), and the terms of this extension are being negotiated.</p> <p>Ongoing services provided that target high risk communities with a range of support and advice.</p>	Sandra Husbands	Xenia Koumi, Chris Lovitt	Aug 2022	<p>Sub-regional service implementation complete and clinical leadership from strategic board continues at a pan-London level.</p> <p>Additional online services provided as part of COVID contingency, discussions taking place about whether to continue with COVID contingencies in Eservice, to ensure ongoing access to STI testing and contraception provision</p>

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
AH&I PH 009 Budget	<p>The requirement to respond to the COVID pandemic has reduced the amount of time that Public Health officers can spend on recommissioning and budget management tasks.</p> <p>Multiple, pandemic-related, short term grant streams in 2021/22 (Containment Outbreak Management Fund (COMF), Test and Trace Funding, Community Testing Funds), have increased the complexities around the management of</p>	Adults, Health & Integration		<p style="text-align: center;"></p> <p>Risk updated April 2022 Risks monitoring through monthly financial reporting through the OFF report.</p>

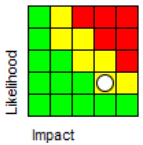
	<p>Hackney funds, increasing the risk of failure to utilise available funds or report spend to agreed deadlines.</p> <p>The contribution of the City of London PH grant to the core costs of the PH service has been agreed, and plans are in place for joint service provision across the two organisations.</p> <p>Impact</p> <ol style="list-style-type: none"> 1. Spend not effectively controlled, creating overspends. 2. Failure to deliver a variance to be used in related local authority services. 			
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>Page 112</p> <p>AH&I PH 009 Budget</p>	<ol style="list-style-type: none"> 1. Quarterly reports produced for the management team on performance and spend for each contract across the service. Options for future budget reductions across Public Health continue to be considered pending potential reduction to the ring-fenced grant. 2. Maintain governance processes to ensure appropriate spend of public health grant expenditure and appropriate reporting. Ensure that grant conditions are discussed at SMT so senior staff are aware of the grant conditions for the short term grant streams (COMF, Test and Trace) 3. Monitor changes to wider context of public health funding and implications for the budget plan, including: proposed removal of the ring-fence (no date confirmed, yet) and for public health services to be funded through retained local business rates; ; plus impact of changes to national public health services and possible retention of additional local responsibilities post pandemic. 4. SLA agreed with the City of London to be agreed for a multi year period with appropriate core funding and joint commissioning of services agreed. 5. Clear process around spending and reporting of spend on each short-term grant, including decision making around grant spend at weekly Covid Operational Management working group and weekly Health Protection Board (HPB) and monthly reporting to the Local Outbreak Control Board (LOCB). 6. Maintaining close links with City Finance colleagues to ensure reporting is consistent and accurate. 	Sandra Husbands	Anthea Henry	31 May 2022 Ongoing, with monthly reporting.	<p>Updated Feb 2022, Contain Outbreak Management fund terms were extended to include the 22/23 finance year, reducing the identified risk.</p> <p>Funding requests are reviewed by the Living with Covid Operational Group and the Covid-19 Health Protection Board and forecast spend is monitored closely by PH and Finance.</p> <p>Finance updates provided to PH SMT on a quarterly basis highlighting any key risks/issues.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
AH&I PH 010 Covid	<p>Failure to vaccinate the majority of the population and the lack of regular testing of individuals.</p> <p>Impact</p> <ol style="list-style-type: none"> Without wide scale uptake of COVID 19 vaccination, there will be ongoing outbreaks of COVID 19. Cooperation of the entire population is required to reduce the risk of further outbreaks. Widening health inequalities as a result of inequitable uptake of COVID vaccine and/or inequitable access to testing 	Adults, Health & Integration		<p style="text-align: center;"></p> <p>Risk updated April 2022 . There is also a separate Health Protection Board risk register providing even greater detail into the COVID response.</p>

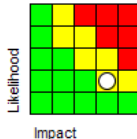

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
AH&I PH 010A Covid	<ol style="list-style-type: none"> Engagement with communities and staff groups who have been vaccine hesitant. Production of Q&As for lay audiences Direct work with the Charedi community to encourage behaviour change and vaccine uptake Risk assessments of staff and access to vaccination for those with occupational risk. Regular targeted comms to manage individual behaviours Support for adherence to local/national guidelines for self isolation Strengthening intelligence and capacity to respond to outbreak threats and variants of concern. Agreeing new ways of working with UKHSA to respond to outbreaks, as COVID emergency infrastructure is dismantled 	Sandra Husbands	Nicole Klynman	31 April 2022	<p>Adults who are symptomatic should stay at home for 5 days, children for 3 days. Testing does not form a key part in the new guidance.</p> <p>The testing requirement for NHS staff remains the same, as well as for the majority of patients.</p> <p>Regular asymptomatic testing is no longer recommended in any education or childcare setting so LFTs will no longer be available - though further guidance might come from the Department of Education. Guidance is awaited from the Department of Education on what to do with the excess kits</p> <p>CQC registered care homes will have access to test kits. Guidance is awaited for the rest of adult social care.</p>

					<p>Vaccination work is being prioritised with priority groups and children</p> <p>The test sites are all closing from 1st April but lateral flow kits will be used for adult social care staff, prioritising home care.</p> <p>All furniture etc will be stored if needed again.</p>
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 11 AH&I PH 011 Cyber attack	<p>Disruption to current service delivery, loss of data to ensure continuity of services.</p> <p>Impact</p> <ol style="list-style-type: none"> Sensitive, special or patient/ resident level data is compromised and placed into the public domain Reputational damage prevents data sharing due to perception that data is insecure 	Adults, Health & Integration		<p style="text-align: center;">↔</p> <p>Risk updated April 2022</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
AH&I PH 011A Cyber attack	<ol style="list-style-type: none"> Data retention policy implemented for PH and pop health hub All data held by PH is known, secure and kept according to best practice requirements Health intelligence strategy developed which includes ensuring best practice data management DSAs put in place to cover data sharing with partners Anonymisation policy developed and implemented 	Sandra Husbands	Diana Divajeva, Chris Lovitt	30 April 2021	Data held by PH reviewed and retention policy implemented. Population Health strategy agreed across partnership. DSA for new birth data developed and sign off pending with Homerton, additional DSA for health and social care data in development. Anonymisation policy draft in production. Links being

					established with work programme on recovery from corporate cyber attack Feb 2022, no change
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 15 AH&I PH 012 Joint Service	<p>Hackney or the City of London do not feel that they are getting suitable PH services as part of joint service and seek to withdraw from joint service causing disruption to PH service provision</p> <p>Impact</p> <ol style="list-style-type: none"> 1. Reputational damage 2. Insufficient capacity to separate the staff into two services to meet the needs of both organisations 3. Disgruntled staff 4. Financial risk 	Adults, Health & Integration		 Risk updated April 2022

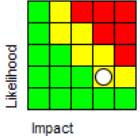

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Page 15 AH&I PH 012A Joint Service	<ol style="list-style-type: none"> 1. Clear PH service identity as a joint service and work plan communicated 2. All commissioned contracts report against Hackney and CoL resident activity/ outcome and ensure summary of activity is communicated to relevant stakeholders 3. Ensure SLA annual review meeting undertaken with outcomes report produced & agreement on recharge for forthcoming financial year 4. Provide updates to CoL and Hackney lead members on joint service provision 	Sandra Husbands	Chris Lovitt, Anthea Henry	31st April 2022	<p>DSA agreed that covers joint PH service, joint privacy notice agreed.</p> <p>SLA signed with CoL for implementation from 1st April 2021 for 2-3 years.</p> <p>SLA review meetings pending</p>

2. ADULT SERVICES

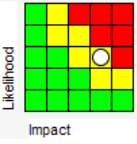

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
AH&I AS 001 Existing budget and resources are not sufficient to meet demand (Financial, reputational and poor service user outcomes and experience)	<p>Demographic pressures and lack of in-Borough provision causing increased demand on budget.</p> <p>Pressure on the provider market and social care workforce may mean insufficient resources to meet demand.</p> <p>Covid-19 and cyber recovery costs have added cost pressures across the system.</p>	Adults Health and Integration		<p>Reviewed March 2022</p> <p style="text-align: center;"></p> <p>Risk has increased</p> <ul style="list-style-type: none"> • Demand for ASC continues to rise. Costs of providing care are also rising. • The cyber attack further added to these pressures as resources were diverted to work on the recovery. Payment processes were severely impacted - we were unable to complete financial assessments for new service users for ~18 months, resulting in a significant loss of care-charging income. • The cost of the pandemic for the directorate significantly exceeded amounts provided by grants or corporate funding in 2021/22. • The funding settlement outlined in the Government White paper 'People at the Heart of Care' is widely thought to be insufficient to meet the current or future demands on social care. • These risks continue to be monitored and reported through the monthly OFP report and through monthly updates at AH&I SMT.

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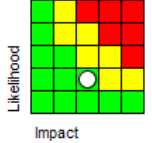

Control Title	Control Description	Responsible Officer	Service Manager
AH&I AS 001A Financial Controls	<ol style="list-style-type: none"> 1. A department savings tracker has been implemented and is coordinated by the Transformation team, Finance and relevant officers, and reported to AH&I SMT monthly. 2. Mosaic recovery is being planned to restore the payments process, and an interim process has been set up (Feb 2022) to restart financial assessments and care charging. 3. Tracking of Covid-related expenditure 4. Tracking Cyber related expenditure 5. Tracking delivery of the 6 week Scheme 2 Assessments, and closely monitoring future funding arrangements for hospital discharge pathway. This will cease at the end of March 2022, and we will work closely across the health and social care system to agree processes for 2022/23. 	Ann McGale	Heads of Service

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
AH&I AS 002 – Provider Failure and local market sustainability	<p>Within the continuing challenging financial climate, the ability of Social Care providers to continue to deliver high quality, cost effective services is at risk.</p> <p>There are risks regarding sustainability of the market, and financial viability of providers.</p>	Adults, Health and Integration	 <p>Likelihood</p> <p>Impact</p>	<p>Reviewed March 22</p> <p style="text-align: center;"></p> <p>This risk has increased.</p> <ul style="list-style-type: none"> • Covid-19 has placed additional pressures on providers. • There continues to be instability in the homecare market nationally. Cost models developed with ADASS London and NICE indicate that no boroughs are currently meeting the true cost of homecare according to our own criteria (e.g. London Living Wage and the Ethical Care Charter). • Local impact - two of the 10 framework home care providers have exited the contract due to economic reasons. • Recent inflationary growth and issues in the supply market (e.g. fuel, utilities) add extra concern.

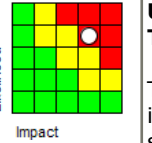
Control Title	Control Description	Responsible Officer	Service Manager
AH&I AS 002A Provider Failure	<ul style="list-style-type: none"> • Ongoing quality assurance of providers delivering care and supported living service • Distribution of extra funds through a number of Covid related grants • Ongoing conversations with providers re: sustainability • Uplifts for 2021, with a review of uplifts procedure for commencing in 2022 • Continued use of Care-Cubed to understand the market and prices - considering expansion to Care Analytics to look at older people's care • New workstream on Costs of Care / Fair funding to support ambition to introduce financially sustainable rate across care markets. 	Zainab Jalil	Commissioners

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>AH&I AS 003 - Inability to attract and retain a stable, high calibre workforce for key roles within Adult Services</p> <p>(Financial and reputational risk, poor service user experience and outcomes)</p>	<p>Increase of staff turnover leading to instability and loss of continuity in service delivery. Risk that recruitment becomes increasingly difficult due to market pressures and reputational damage to LBH caused by cyber attack/impact on social care systems.</p>	<p>Adults, Health and Integration</p>		<div style="text-align: center;">  </div> <p>Reviewed: March 2022</p> <p>This risk has decreased.</p> <ul style="list-style-type: none"> • Some posts remained unfilled, and Managers have reported challenges in attracting high quality candidates, as well as retaining staff. However, across Adult Services, the number of vacancies is not significant, though turnover continues to be a challenge. • Recent LGA Health Check survey 'The Standards for Employers of Social Workers' found that in Hackney, Continuous Professional Development was the area that scored lowest, therefore may be a contributing factor to increased staff turnover. • Housing with Care has a high reliance on agency staff use. Whilst use of agency staff allows us to be flexible and will always be required, levels remain higher than is ideal. Recruiting permanent staff into this service remains a challenge.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>AH&I AS 003 A</p> <p>Inability to attract and retain a stable, high calibre workforce for key roles within Adult Services</p>	<ol style="list-style-type: none"> 1. Ongoing recruitment 2. Redesign and relaunch of improved L&D offer and career pathway progression routes 3. Implementation of a Strengths Based Approach to practice 4. Recruitment to vacant Principal Social Worker post 	<p>Ann McGale</p>	<p>AD - Safeguarding, Quality Assurance and Workforce</p>	<p>Ongoing</p>	<ul style="list-style-type: none"> • Transformation team working with Workforce Development team to redesign and launch an improved and more cohesive L&D offer • Launched a workstream to embed a more positive working culture - led by transformation programme and codesigned with staff • Moving to a rolling recruitment approach and embedding recruitment best practice across the service • Review of Housing with Care being planned

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 004 - Increased risk to data relating to vulnerable adults due to cyber attack	<p>Following the cyber attack, some data including ASC complaints data was published on the dark web.</p> <p>Identifiable and personal information has been published, putting some service users data at increased risk.</p>	Adults, Health and Integration		<p>Reviewed March 2022</p> <p style="text-align: center;"></p> <p>This risk has decreased</p> <ul style="list-style-type: none"> Risks to individuals have been assessed, and any high risk cases have been notified, including discussing how they can mitigate and reduce risk to themselves and who to contact if they have further concerns.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
AS&I AS 004 A Increased risk to data relating to vulnerable adults due to cyber attack	<p>1. Risk assessment, mitigations and notifications strategy in place and in progress to mitigate against any potential risks. Personalised approach adopted due to level of risk associated.</p>	Ann McGale	John Binding - Head of Adults Safeguarding	Mid April 2021	All notifications carried out and no risks realised to date.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 005 Insufficient information and systems to safely run the service	<p>Due to the loss of Mosaic in the cyber attack, ASC is using an interim social care database, with limited historical service user data. This provides a significant risk to Adult Services - both ensuring safety of service users and to staff.</p> <p>Risk of judicial review or legal challenge if we are unable to complete statutory returns or provide relevant information needed.</p>	Adults, Health and Integration		<p>Updated March 2022</p> <p>This risk has decreased</p> <p>The Cyber attack continues to add significant risks to adult services, including our ability to monitor risks, manage waitlists, store and safely share service user data, and process and make payments.</p> <p>Whilst oversight of client data has improved with interim systems, it is still incomplete, and prone to human error due to manual processes.</p>

Control Title	Control Description	Responsible Group Director / Officer	Service Manager	Due Date	Control - Latest Note
AH&I AS 005 A Insufficient information and systems to safely run the service	<ol style="list-style-type: none"> 1. Development of an interim social care database will support social workers to access current data/information about residents, and to manage casework. 2. Development of interim payments processes to manage payments to providers 3. Development of an interim brokerage system. 4. Mosaic recovery programme to begin in April 2022, aiming to restore Mosaic by the end of 2022. 	Ann McGale / Rob Miller	ICT / Heads of Service	Nov 2022	<p>All staff have access to interim google forms. A 'core pathway' has been developed, which significantly improves the practitioner experience, increases efficiency and reduces risks. All ASC staff will be able to use the core pathway by the end of March 2022, reducing risks and improving efficiency.</p> <p>These tools will be used until Mosaic is recovered. The recovery programme for ASC kicks off in April 2022 and is estimated it will take about six months to launch.</p> <p>Once Mosaic is recovered and data successfully migrated, full service oversight and statutory reporting can resume.</p>

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
AHI AS 006 Insufficient capacity to implement charging reforms	<p>As part of the reforms to Adult Social Care, lifetime caps to care costs are being introduced from Oct 2023, as well as introduction of fair costs of care. Planning and preparation for these changes needs to take place throughout 2022/23, as these changes require significant capacity and demand modelling, systems preparation, communications etc.</p> <p>Significant involvement from key teams across the department is required, in addition to project management. Work to prepare systems is also required, which is an additional challenge for Hackney given we are still in the process of recovering our systems following the cyber attack.</p> <p>There is a risk we may not be prepared for these changes by the implementation deadline, or that preparation may divert resources from statutory service provision.</p>	Adults, Health and Integration		New risk added March 2022.

Control Title	Control Description	Responsible Group Director / Officer	Service Manager	Due Date	Control - Latest Note
AH&I AAS 006 Insufficient capacity to implement charging reforms	<ul style="list-style-type: none"> • Working Groups are being established • Some funding will be made available to Local Authorities to implement changes • A Project Manager will be recruited to coordinate the required activity • Modelling to understand likely demand and impact on residents will be undertaken 	Helen Woodland	Zainab Jalil/Jenny Murphy Reza Paruk	Ongoing	New - March 2022

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REPORT OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

INTERNAL AUDIT ANNUAL PLAN 2022/23 COVERING REPORT Audit Committee 20 April 2022	Classification Public	Enclosures Appendix 1 AGENDA ITEM No
	Ward(s) affected All	

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This report enables the Audit Committee to consider and approve the proposed Internal Audit Annual Plan and resources for 2022/23 as part of its role in overseeing corporate governance.

2. RECOMMENDATION

- 2.1 The Audit Committee is recommended to:

Consider and approve the proposed Internal Audit Annual Plan 2022/23 and key performance measures (attached as Appendix 1).

3. REASONS FOR DECISION

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

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

- 3.2 The Public Sector Internal Audit Standards 2017 (PSIAS) set out what is meant by 'proper internal audit practices'. The PSIAS requires a risk-based plan that sets out how the internal audit service will be provided and developed in accordance with the Charter and how it will link to the Council's objectives and priorities. They

also require that the appropriate 'Board' approves the plan. The London Borough of Hackney has designated the Audit Committee as the 'Board' for this purpose.

4. BACKGROUND

The operational plan for the Internal Audit Service is provided in Appendix 1 and sets out the division of responsibilities between the Internal Audit Service and managers. It presents the Annual Internal Audit Plan and Key Performance Measures for 2022/23 and is submitted to Members for approval.

4.1 Policy Context

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

4.2 Equality Impact Assessment

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

4.3 Sustainability

Not Applicable.

4.4 Consultations

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

4.5 Risk Assessment

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

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

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

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

6. COMMENTS OF THE DIRECTOR OF LEGAL, DEMOCRATIC AND ELECTORAL SERVICES

6.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a

sound system of internal control which includes arrangements for management of risk. The Internal Audit Annual Plan together with the recommendation in this report facilitates the Council in discharging the obligation.

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

APPENDICES

Appendix 1 - Internal Audit Annual Plan 2022/23

BACKGROUND PAPERS

None

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Comments of the Group Director, Finance and Corporate Resources	Jackie Moylan ☎020-8356 3032 Jackie.moylan@hackney.gov.uk
Comments of the Director of Legal, Democratic & Electoral Services	Dawn Carter-McDonald ☎020-8356 4817 Dawn.carter-mcdonald@hackney.gov.uk

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London Borough of Hackney

Internal Audit Annual Plan 2022/23

1. Introduction

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

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

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

1.3 This document sets out the division of responsibilities between the Internal Audit Service and managers, and presents the Annual Internal Audit Plan and Key Performance Measures for 2022/23.

2. Statutory Requirements

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

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

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

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

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

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

3. Main Objectives

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

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

3.2 Internal Audit's key objectives are to:

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

4. Division of Responsibilities

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

ensuring that risks are properly managed. Their responsibility involves: -

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

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

5. Audit Resources

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

5.2 Audit Establishment

The Corporate Head of Audit, Anti-Fraud & Risk Management oversees the work of the Division. The Audit and Anti-Fraud Service consists of two distinct functions, a restructure of the service expected to be undertaken during the reporting year has been delayed due to the corporate need to focus on providing key support services during the Covid-19 pandemic. While the resources reported below have taken account of the reduction in staffing levels following the corporate redundancy scheme in 2020 further changes to the structure may occur during 2022/23 following a management review.

Internal Audit Team

An in-house team is responsible for the delivery of the Annual Audit Plan. The team currently comprises the Head of Internal Audit and Corporate Risk Management, four auditors and a corporate risk advisor. The Council also has a three year contract in place with an independent company which provides specialist IT audit skills to perform the technical aspects of ICT audits within the plan.

Anti-Fraud Teams

The anti-fraud service currently consists of the Audit Investigation Team (AIT) and Proactive Anti-Fraud Teams (PAFT) who are responsible for carrying out anti-fraud work and investigations into fraud and irregularity across all Council directorates. The teams comprise two investigation managers and 14.6 investigators. The PAFT manager post remains vacant pending a proposed restructure. The service also has responsibility for overseeing a number of

corporate functions [i.e. Regulation of Investigatory Powers Act (RIPA), Proceeds of Crime Act (POCA), Whistleblowing and Money Laundering].

The AIT deals with anti-fraud work and investigations across directorates, including any allegations of breaches to the code of conduct involving irregularity or fraud. Dedicated personnel are in place within this team to deal with the following specific fraud threats: -

- One dedicated full time investigator supporting the No Recourse to Public Funds team (NRPF). This post is funded by the Children's & Education Directorate.
- The equivalent of one full time investigator from the team is dedicated to undertaking investigations into parking related abuse.
- One part time investigator (0.6 FTE) acting as a liaison officer between the DWP and the Housing Benefit service.

The PAFT also incorporates the Tenancy Fraud Team (TFT) which comprises five investigation officers. There was a reduction of one investigator on this team as a result of the voluntary redundancy scheme in 2020.

5.3 Analysis of Operational Time

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

5.4 Available Audit Time

During 2022/23 it is estimated that operational time available, taking account of a possible vacancy drag lasting up to 12 weeks, for internal audit work will be 818 days, and operational time available for anti-fraud activity is estimated to be 2024 days. The division also supports the development of the Council's Chartered Institute of Public Finance & Accountancy (CIPFA) graduate trainees, no allowance has been made in the figures as it is unclear what resources might be assigned to the division during the financial year.

Table 1: Operational Days Available 2022/23

	Internal Audit Service	Investigation Service	Total Days	Percentage %
Gross Days Available	1506	3654	5160	100%
<u>Less Indirect Time:</u>				
Management/Advice*	-267	-593	-860	17%
Leave, training, etc.	-209	-675	-884	17%
Vacancy drag	-112	-362	-474	9%
Less contingency allowance for disruption to services from Covid-19/Cyber attack	-100		-100	2%
Operational Days Available	818	2024	2,842	55%

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

6. The Audit Approach

- 6.1 Internal Audit is responsible for providing independent assurance on the adequacy of the Council's internal control framework. This is delivered through an opinion included as part of the Annual Audit Report. The opinion is derived from the results of audit activity as set out in the Annual Audit Plan, which focuses on areas of highest risk. Following each audit a report is produced for management with recommendations (categorised as High, Medium or Low) for improvement.
- 6.2 Each report contains an opinion on the level of internal control operating within the area being audited, ranging from Significant to No Assurance. The annual assessment of the Council's overall internal control environment is based on an overview of the level of assurance applied to each area audited. The annual opinion then forms part of the review of the effectiveness of the Council's governance framework and is included in the Annual Governance Statement.
- 6.3 The Audit Plan is a flexible and dynamic resource planning tool which, in order to remain relevant, may be revised and adjusted during the year in response to a constantly changing environment and the need to reflect changes in the Council's risks, operations, systems and controls. Where such changes are required, details will be reported to management and the Audit Committee as part of the regular progress reports.
- 6.4 The Audit Plan is prepared based upon a risk assessment methodology which takes into account the size of the risk or exposure, the likelihood that the risk will materialise, any mitigating controls in place. Known areas of change within the Council and externally (e.g. legislation) are also considered. The main factors taken into account in compiling the Audit Plan consist of: -
- Materiality and significance based upon budgets and volumes of transactions.
 - Consideration of the Council's strategic risk register, directorate/service level risk registers and corporate objectives.
 - Changes to the control environment and significant legislative changes.
 - Key governance issues as identified during the previous year's AGS process.
 - Concerns and emerging risks as identified through consultation with management teams, external audit and other relevant bodies.
 - National and London wide horizon scanning which identifies public sector emerging risks and themes for consideration as part of audit planning.
 - Cross fertilisation of risks and themes with Counter fraud work, to ensure that significant fraud risks are managed.
 - The need to comply with the PSIAS.
 - Previous audit history and assurance level in specific areas including follow up work.
 - Other sources of assurance.
- 6.5 Wherever possible, Internal Audit will take assurance from management's oversight of the control framework, and the results of the inspections performed by any other review bodies, for example Care Quality Commission and Ofsted.

- 6.6 The service places great emphasis on an integrated approach to its work that links systems, regularity and computer reviews for specific areas to the service's work on anti-fraud initiatives in what are considered key risk areas.
- 6.7 The approach outlined above ensures that the Audit Plan is supportive of Directors and Senior Management in delivering the strategic priorities and corporate improvement priorities of the Council, provides an opinion on the overall internal control environment and gives assurance that all directorates/services are covered in a given period and that the approach is consistent throughout the Council. All of which are key to good corporate governance.
- 6.8 Individual risk assessments on project work are also undertaken and audit reports provide management with advice on risk issues as part of the scope developed for each audit review.
- 6.9 In addition to ensuring that audit resources are directed to those areas of greatest risk to the Council achieving its objectives, audit activity will also include the following strands:
- Coverage of the Council's key financial systems on a regular basis, to ensure that core assurance is provided.
 - Compliance reviews in certain areas, such as the Borough's schools to ensure that every school receives a review at least once every 4 years, but more frequently where a risk assessment indicates that the risk landscape has changed (such as a change in school leadership, impending academisation, discussions with HLT). In appropriate circumstances school reviews will be undertaken through the use of Internal Control Questionnaires.
 - Follow up audit work to ensure that recommendations are addressed within the agreed timescales and that where audits received no or limited assurance, a subsequent visit can provide assurance that control weaknesses have been addressed.
 - Unforeseen work can arise due to new areas of service provision, management requests or emerging risks which are appropriate to audit within the year. In order to allow some flexibility, a contingency allowance is included to enable such work to be undertaken without adversely affecting delivery of the planned audit work.
 - Whilst the majority of audit work can be planned ahead, there are occasions when audits cannot be undertaken (for example, significant change takes place in the audit area). In these circumstances, the audit may need to be deferred, or may be replaced in agreement with the relevant manager.
- 6.10 Details of the projects included in the Annual Audit Plan for 2022/23 are attached as Annex 1. Key areas of activity that in the past were reviewed annually will in future be reviewed as indicated by a risk assessment, other audits are included which reflect key risks identified through the risk management process and which were considered by the Audit Committee during the year.

7. Audit Anti Fraud Work

- 7.1 Reactive counter-fraud referrals are received regularly. These invariably require urgent priority attention and sometimes develop into more wide-ranging projects which might encompass entire systems or business areas.
- 7.2 Resources from the investigation teams will be used to carry out proactive reviews. During the year the team will target a variety of areas within the services run by the Council and will carry out anti-fraud initiatives utilising a variety of techniques, linking this with the work of Internal Audit.
- 7.3 As in previous years, the service will be involved in the National Fraud Initiative (NFI). This is an ongoing exercise which involves a national computer data match of information held by all local authorities, the NHS and other public sector bodies in order to detect potential fraud and irregularity. The latest datasets were provided to councils at the end of 2020/21. The service continues to work on these matches.
- 7.4 The Public Interest Disclosure Act 1998 requires all public bodies to put in place a system for dealing with anonymous allegations against members of staff within the organisation. The Council has in place an independent 'Whistleblowing' telephone hotline in order to meet its obligations under this Act. The Audit Investigation Team is responsible for investigating any issues of potential fraud and irregularity that arise through this facility.
- 7.5 The Corporate Head of Audit, Anti-Fraud & Risk Management is responsible for overseeing the Council's activities under the Regulation of Investigatory Powers Act (RIPA). One officer on the Audit Investigation Team has specific responsibilities for maintaining the corporate records and ensuring compliance.
- 7.6 The Corporate Head of Audit, Anti-Fraud & Risk Management has corporate responsibility for activities under the Proceeds of Crime Act (POCA). The powers enable accredited officers to apply to the courts to confiscate funds in criminal cases. One member of the team has been accredited as a Financial Investigator under the powers of POCA and is also responsible for overseeing the administration of the Council-wide use of the powers. Officers in other departments such as Trading Standards are also accredited to undertake this work. This was an expanding area of activity for the Council as its successful use can bring financial benefits to the Council for use in future investigation initiatives however in the past year AAF lost one accredited officer and Trading Standards also lost accredited officers. Trading Standards are currently supporting officers in their service to obtain accreditation, additional resources in AAF have not been identified as this is pending the outcome of the restructuring of this service.
- 7.7 Members of the team continue to represent the Council in corporate initiatives both internally and on London-wide steering groups (e.g. London Public Sector Counter Fraud Partnership and London Boroughs Fraud Investigators Group). Representation on these groups ensures the service remains at the forefront of investigations work across London.

8. Performance Management

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

8.2 Client Liaison

The Internal Audit Service issues satisfaction surveys to auditees at the end of each review. Responses received are used to assess any areas for improvement and enable action to be taken to rectify matters.

8.3 Key Performance Indicators (KPIs)

The objectives of the service for 2022/23 and the KPIs which will be used to measure cost and efficiency, quality, client satisfaction and continuous improvement throughout the year are shown in Annex 2.

9. Audit Skills and Experience

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

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

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

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

- Continuous personal development opportunities
- Refresher training relating to RIPA & Money Laundering as relevant
- Training/accreditation for relevant officers in respect of POCA
- Membership benefits of CIPFA's Better Governance Forum include an annual programme of events designed to ensure that audit and anti-fraud staff keep abreast of current developments
- London Audit Group participation to keep abreast of pan London initiatives

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

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

INTERNAL AUDIT PLAN 2022/23			
Assignment	Days	High Level Scope/Coverage	Reason for Audit
CORPORATE - CROSS CUTTING			
AGS co-ordination 2020/21 & 2021/22	25	Information gathering from across the organisation to support the production of the Council's AGS.	Core Compliance
Climate Change/Zero Tolerance	15	Corporate review of the Climate Action Plan	Assurance - Deferred from 2021/22
Equal Pay	15	Compliance with legislation/regulations	Regulatory compliance Originally deferred from 2019/2020 due to Covid. Further deferred until 2021/22 due to Cyber attack
Organisational Culture	15	Significant changes to senior management team	Organisational Risk
SUB TOTAL CROSS CUTTING	70		
CHIEF EXECUTIVE'S			
Legal, Democratic & Electoral Services			
Council Meetings - Governance	15	Council, ctees, officers	Hybrid/in person - what are the risks? How are these mitigated
SUB TOTAL CHIEF EXEC'S	15		
CHILDREN & EDUCATION			
Children & Families			
LAC Incidentals	15	Consistency, decision making process, (process for placement, allocation & 3 month review), verifying payments are valid and monitored, overspends	Limited assurance in Nov 2018, to include follow up. Deferred from previous year due to change of management
Local Safeguarding Children's Partnership	15	Compliance with legislation/regulations	Risk Register
NRPF	15	Compliance with legislation/regulations	Increasing risk due to number of claimants (resources, reputation, costs)
Development of Children & Family Hubs	15	Significant government funding & joint working, setting up new governance arrangements. IA representation on Transformation Board.	Advisory role
Joint Agency Funding - Children with Complex Needs	15	Efficient and effective use of funding	Assurance, financial and reputational risks
Education & Schools			

Schools overview report 2019/20	5	Summary of previous year's audits detailing key themes.	Annual Summary
Compliance review for schools based upon a risk assessment & cyclical review, 10 this year.	30	All schools receive an audit at least every 4 years. To be done with internal control questionnaires unless specific concerns have been raised.	Compliance
Cost of Children in Alternative Provision	15	Costs incurred as a result of Exclusions	Financial and reputational risks
SUB TOTAL C&E	125		
ADULTS, HEALTH & INTEGRATION			
Adult Services/Public Health			
Mortuary	15	Statutory Review	Annual Audit
Integrated Learning Disabilities Service (ILDS)	15	Cyclical review, not audited for at least 5 years	Audit Planning Cycle Deferred from 2019/20 & again from 2020/21 & 2021/22 due to Covid & Cyber.
Commissioned Services	15	Management request	Assurance
Safeguarding Adults	15	CQC inspection planned for next year	Assurance
Procurement of Homecare	15	Procurement exercise - has this been done in line with procedures, effectively, etc	Assurance
Public Health	15	Finance controls in place for appropriate authorisation and administration of payments	Risk Assessment
SUB TOTAL AHI	90		
FINANCE & CORPORATE RESOURCES			
Financial Management			
Banking Team - Refunds of Income	15	New process	Assurance
Treasury Management	15	Cyclical review - not reviewed in past 2 years due to Covid/Cyber attack	Core Financial System
Main Accounting System	15	Cyclical review - not reviewed in past 2 years due to Covid/Cyber attack	Core Financial System
Accounts Receivable	15	Cyclical review - not reviewed in past 2 years due to Covid/Cyber attack	Core Financial System
Pensions	15	Cyclical review - not reviewed in past 2 years due to Covid/Cyber attack	Core Financial System
Procurement			
Supplier Set-up on Cedar	15	Cyclical review - not reviewed in past 2 years due to Covid/Cyber attack	Assurance

IR35 Follow up	5	Previous review was 'Limited' assurance	Assurance
Human Resources			
Matrix ICT Contract (Digital market place)	15	Checks and balances in the system that is used for procurement by ICT. Spend has increased significantly with them since 2017.	Compliance with corporate processes
Strategic Property			
Commercial Property Income	15	Increased risk to income due to pandemic.	Risk register
Rev's & Ben's			
Council Tax	15	Council Tax Collection/Enforcement of Arrears	Core Financial System
NNDR/Business Rates	15	Key controls over registration, billing, arrears, discounts, voids, inspections, appeals, refunds, MIS/PIs.	Core Financial System Deferred from 2020/21 due to Covid and 2021/22 due to cyber attack
SUB TOTAL FCR (EXCL ICT)	155		
ICT			
3 year ANA	7	Preparing 3 year Audit Needs Assessment to focus resources on areas of highest risk	Audit Planning
ICT governance	12	Focusing on the governance of technical design, change management and information security	Reputational risk and compliance
ICT security	12	Reviewing other aspects of security arrangements	Risk Assessment
Home working support	10	Looking at the provision that has been made for home workers, the arrangements when people join and leave, and the management of assets provided to home workers	Risk assessment - Reputational risk and compliance
Cloud platform	15	Reviewing the design, implementation and roadmap for our cloud platform	Audit Planning cycle & risk assessment
Follow up of recommendations	4		
SUB TOTAL ICT	60		
CLIMATE, HOMES & ECONOMY			
Housing			
TMOs - risk assessed coverage 2 x TMO per year	30	Cyclical review of Council TMOs	Risk Assessment
Streetscene	15	Contract performance management	Audit planning cycle
Fire Safety Risks	15	Large back log due to Covid	Reputational Risk & Compliance

Rent arrears - Incl. Effect of UC on tenant arrears	15		Financial Risk
Repairs Backlog	15	Review of improvement plan and outcomes	High political profile, Reputational Risk
Assurance on new systems? Repairs, Asset mgmt & Community Safety	15	New systems - are they meeting expectations	Assurance
LTN Process	15	Process & governance arrangements - several judicial reviews of scheme	Assurance
Public Realm			
Use of Infrastructure Levy/section 106	15	Use of receipts, Article in Property Weekly suggested LBH had 2nd highest discrepancy between receipts and expenditure	Audit Planning Cycle
Regeneration			
Housing Supply Programme	15	Key controls	Audit Plan Cycle
Area Regeneration	15	Key controls, allocation/decisions around improvement grants	Audit Plan Cycle
Processes & Procedures	15	How effectively are the processes/procedures working	Assurance
SUB TOTAL CHE	180		
ALL DIRECTORATES TOTAL	695		
Contingencies	123	Follow up work & completion of 2021/22 audits, contingency for emerging risks. Allowance for impact of Covid-19 / Cyber Attack	
TOTAL AUDIT DAYS	818		

Objectives, Key Performance Indicators (KPI's) and Targets for 2022/23		
Objectives	KPI's	Targets
<p>Cost & Efficiency</p> <p>1) To ensure the service provides Value for Money</p>	<p>1) Percentage of annual plan completed by 31 March</p> <p>2) Average number of days between end of fieldwork to issue of draft report</p>	<p>1) 90%</p> <p>2) Less than 15 working days</p>
<p>Quality</p> <p>1) To maintain an effective system of Quality Assurance ensure recommendations made by Internal Audit are agreed and implemented</p>	<p>1) Percentage of agreed significant recommendations which are implemented in agreed timescales</p>	<p>1) 100%</p>
<p>Client Satisfaction</p> <p>1) To ensure that clients are satisfied with the service and consider it to be good quality</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) Average score of satisfactory and above</p> <p>2) Satisfactory results</p> <p>3) No target – actual numbers will be reported</p>
<p>Continuous Improvement</p> <p>1) To ensure that the service develops in line with modern thinking and practice on Internal Auditing</p>	<p>1) Internal/External assessment under the Public Sector Internal Audit Standards</p>	<p>1) Internal Audit team conforms with the PSIAS</p>



AUDIT AND ANTI-FRAUD PROGRESS REPORT TO MARCH 2022

<p>AUDIT COMMITTEE MEETING DATE</p> <p>20 April 2022</p>	<p>CLASSIFICATION:</p> <p>Open</p> <p>If exempt, the reason will be listed in the main body of this report.</p>
<p>WARD(S) AFFECTED</p> <p>All Wards</p>	
<p>GROUP DIRECTOR</p> <p>Ian Williams, Group Director of Finance & Corporate Resources</p>	

1. INTRODUCTION AND PURPOSE

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

2. RECOMMENDATION

- 2.1 The Audit Committee is asked to consider and note the progress and performance of the Audit & Anti Fraud Service to 31 March 2022 (Appendices 1 - 4).

3. REASONS FOR DECISION

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

4. BACKGROUND

- 4.1 The Audit Committee approved the 2021/22 Annual Audit Plan on 21 April 2021 and this report notes the progress against that plan and progress against high and medium priority recommendations.
- 4.2 The 2021/22 Annual Audit Plan focuses resources on the areas that will provide the necessary evidence to support the Head of Internal Audit & Risk Management's annual assurance statement.
- 4.3 The Progress Report of the Internal Audit Service is provided in Appendix 1 and includes a summary of: -
 - Performance against key performance indicator targets
 - Internal Audit work carried out up to the end of November 2021
 - Implementation of high and medium audit recommendations
 - School audits

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

- 4.4 A statistical summary of the work undertaken by the Audit Investigation Service for the period April 2021 to March 2022 is provided in Appendix 4. In summary, the key financial benefits to arise from selected key areas of enquiry are as follows: -

Investigation area	Estimated saving arising from enquiries £
Tenancy Fraud	695,600
No Recourse to Public Funds	363,227
Blue Badge/Parking	11,975
All other investigations	591,101
Total	1,661,903

4.4 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.

4.5 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.

4.6 Sustainability

Not applicable

4.7 Consultations

Consultation on the proposed changes to the internal audit plan have taken place with senior management, the Council's external auditors and the Audit Committee.

4.8 Risk Assessment

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

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

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

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

6. COMMENTS OF THE DIRECTOR OF LEGAL, DEMOCRATIC AND ELECTORAL SERVICES

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 and Anti Fraud's performance and opinion. There are no immediate legal implications arising from the report.

Appendices

Appendix 1 - Internal Audit Progress Report to 31 March 2022

Appendix 2 - Progress with planned audits 2021/22

Appendix 3 - Definitions of audit assurance levels

Appendix 4 - Audit Investigation Service statistics to 31 March 2022

BACKGROUND PAPERS

None

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Audit & Anti-Fraud Progress Report

1 April 2021 - 31 March 2022

1. INTRODUCTION

- 1.1 The purpose of this report is to present the performance of the Audit & Anti-Fraud Service for the period January - March 2022. It covers the areas of work undertaken, progress with implementing audit recommendations and information on current developments in the service area.
- 1.2 Internal Audit provides an independent continuous review of key and high-risk activities across the Council. It is important that the effectiveness of the work of Internal Audit is monitored and reported in order to comply with the requirements of the Accounts & Audit Regulations 2015 and to provide the necessary assurance on the adequacy of the Internal Audit service. This report, in part, meets these requirements.

2. INTERNAL AUDIT RESOURCES AVAILABLE

- 2.1 The Internal Audit function is an in-house service consisting of two Principal Auditors and two Auditors, supplemented by specialist IT skills from an external provider. Internal Audit also supports the Council's CIPFA trainee programme. Audit work has been disrupted as a result of the cyber attack in October which resulted in a lack of access to many of the Council IT systems and data. Completion of planned work has continued to be hampered by the inability of services to facilitate audit reviews whilst the Council focussed resources on responding to the pandemic and the recovery from the cyber attack.
- 2.2 The 2021/22 Audit Plan consisted of 50 audits (of which 13 are schools/children's centres), 22 audits were postponed or cancelled and 2 were added since the plan was agreed. Proposed changes to the plan have been discussed and agreed with directorate management teams. These changes are reflected in the Audit Plan at Appendix 2.

3. INTERNAL AUDIT KEY PERFORMANCE INDICATORS

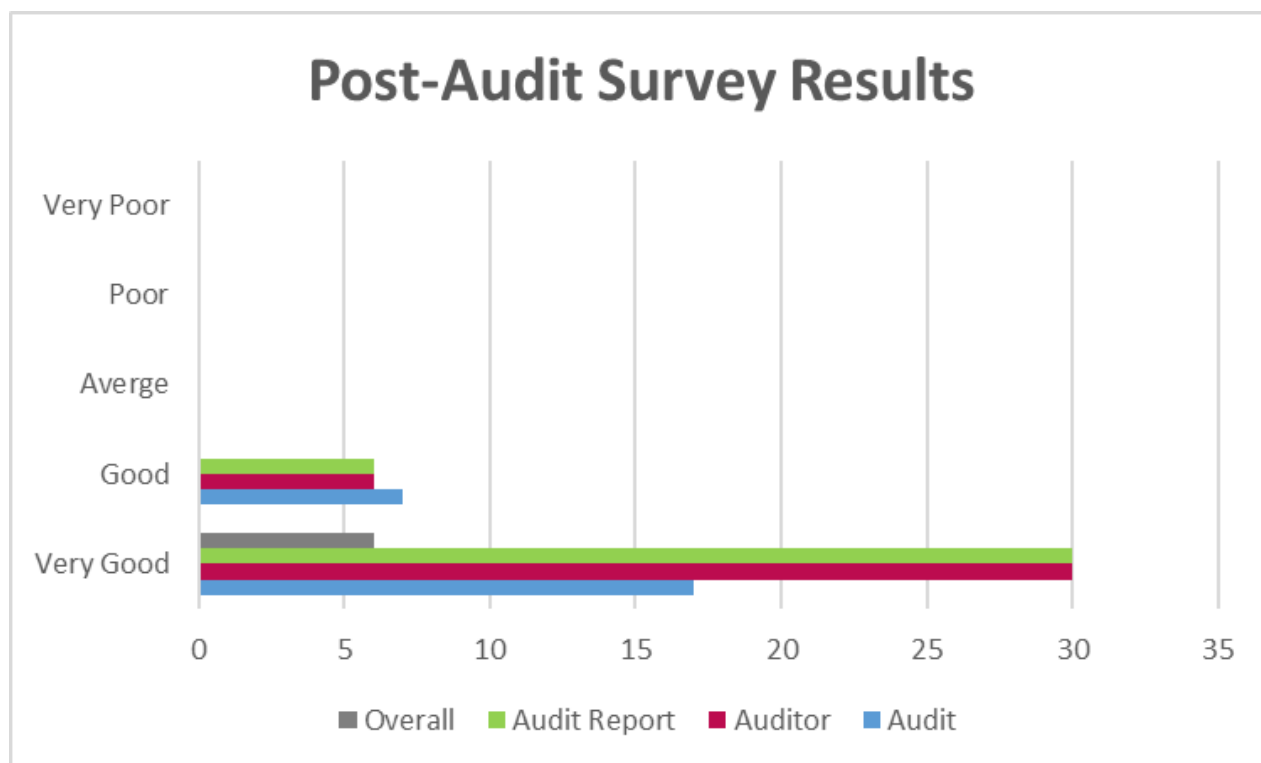
- 3.1 Internal Audit's performance for 2021/22 against key indicators is shown in Table 1. Post audit survey results are summarised in paragraphs 3.2 – 3.4.

Objective	KPIs	Targets	Actual
Cost & Efficiency <i>To ensure the service provides Value for Money</i>	1) Percentage of planned audits completed to final/draft report stage 2) Average days between the end of fieldwork & issue of the draft report.	1) 90% by year end 2) Less than 15 working days	1) 93% complete or in progress by 31 March 2022 2) 5 days
Quality <i>To ensure recommendations made by the service are agreed and implemented</i>	1) Percentage of significant recommendations made which are agreed 2) Percentage of agreed high priority recommendations which are implemented	1) 100% 2) 90%	1) 87% fully implemented** 8% - partially implemented 2) 88% - fully implemented** 10% - partially implemented
Client Satisfaction <i>To ensure that clients are satisfied with the service and consider it to be good quality</i>	1) Results of Post Audit Questionnaires 2) Results of other Questionnaires 3) No. of Complaints / Compliments	1) Responses meeting or exceeding expectations 2) Satisfactory 3) Actual numbers reported	1) 100% (81% exceeded expectations or excellent) 2) N/A 3) None

** See paragraph 6.2 for explanation

Table 1

- 3.2 As at 31 March 2022 a total of 28 internal audit reviews have been started from the 2021/22 Plan, 12 have been completed and a further two are at draft report stage. In addition 10 reviews carried forward from the 2020/21 annual plan were finalised and three are at draft report stage.
- 3.3 Post-Audit Survey results continue to show that overall expectations of auditees are met or exceeded with 81% responding that expectations were exceeded, see bar chart below.



4. SUMMARY OF INTERNAL AUDIT WORK

- 4.1 Progress with 2021/22 planned audits is summarised in Table 2 below and detailed in Appendix 2.

2021/22 Audit Plan Stage of Audit Activity	Number of assignments	% of revised plan
Scoping/TOR agreed	4	13
Fieldwork in progress	10	33
Draft report issued	2	7
Completed	12	40
Total work completed and in progress	28	93%
Original Plan	50	
Additional requests	2	
Cancelled or Postponed	22	
Total Revised Plan	30	

Table 2

- 4.2 The table shows 93% of the planned assignments have been completed or are in progress.
- 4.3 Audit reviews into the Housing Supply Programme and Area Regeneration were added to the plan however due to difficulties as a result of the cyber attack these have had to be

deferred until 2022/23. In addition, following discussions with senior managers changes have been made to some planned audits which could not progress as originally planned due to the lack of access to systems following the cyber attack.

4.4 Details of cancelled/postponed audits are shown in Table 3 below.

Review	Reason for Deferral
Public Health Information Governance	Deferred due to cyber attack
Public Health Financial Control	Deferred due to cyber attack
Direct Payments	Deferred due to cyber attack
Integrated Learning Disabilities Service (ILDS)	Deferred due to cyber attack
Residential Care	Deferred due to cyber attack
Adults Homecare Procurement	Deferred due to cyber attack
Council Tax	Deferred due to cyber attack
NNDR/Business Rates	Deferred due to cyber attack
Equal Pay	Deferred due to cyber attack
Housing Supply Programme	Deferred due to cyber attack
Area Regeneration	Deferred due to cyber attack
Programme & Projects (ICT)	Deferred due to cyber attack
ICT Risk Management	Deferred due to cyber attack
FOI	Deferred due to cyber attack
Main Financial System Upgrade	Deferred due to cyber attack
Streetscene	Deferred due to cyber attack
Tenant Arrears - effect of changes to UC	Deferred due to cyber attack
Pension Fund	Deferred due to cyber attack
Commercial Property Income	Deferred due to cyber attack
Mortuary	Deferred due to pandemic
LAC Incidentals	Deferred due to cyber attack
Matrix ICT Contract	Deferred at management request

Table 3

4.5 Each completed audit is given an overall assurance grading. These are categorised as 'Significant', 'Reasonable', 'Limited' or 'No' assurance. The assurances given this year are included in Appendix 3. For those audits finalised this year, including 10 carried forward from the 2020/21 plan, the assurance levels are set out in Table 4.

Assurance Level	2021/22	2020/21
No	0	0
Limited	0	2
Reasonable	7	4
Significant	4	3
Not Applicable	1	1
Total	12	10

Table 4

4.6 Where Internal Audit work identifies areas for improvement, recommendations are made to manage the level of risk. These are categorised as 'High', 'Medium' or 'Low' priority. The numbers of High and Medium recommendations issued up to 30 November 2021 are shown in Table 5.

Categorisation of Risk	Definition	Number 2021/22 Plan	Number 2020/21 Plan not previously reported
High	Major issues that we consider need to be brought to the attention of senior management.	3	0
Medium	Important issues which should be addressed by management in their areas of responsibility.	41	2
Total		44	3

Table 5

5. SCHOOLS

- 5.1 The results of schools' audits are reported to the Hackney Education (HE) within the Children's, Adults and Community Health Directorate. In addition, progress with the implementation of agreed recommendations from 2016/17 to the current date are regularly followed up and reported.
- 5.2 As a result of schools being closed as part of the national lockdown and the stresses placed on school management a decision was taken to defer all audits until after October half term. Following the successful pilot of Internal Control Questionnaires (ICQs) in 2019/20 this approach will be used for future reviews. This approach allows for the necessary assurances to be given whilst reducing the resources necessary to complete the audits, both for the school and the audit service. The audits focus on the existence and compliance with key financial controls and the adequacy of governance arrangements.
- 5.3 As at 31 March 2022, five school and children centre audits ongoing from the 2020/2021 audit plan and eight schools from the 2021/22 audit plan have been finalised.

6. IMPLEMENTATION OF RECOMMENDATIONS

- 6.1 In order to track the Council's response to improving the control environment, progress with implementation of agreed internal audit recommendations is tracked. The results of this work for the 'High' priority recommendations from audits undertaken from 2017/18 that were due to be implemented by 31 March 2022 are presented in Table 6.

Directorate	Implemented /No longer relevant	Partially Implemented	Not implemented /No response	Not Yet Due	Total*
AHI	7	2	1	0	10
Children & Education	4	0	0	0	4
N&H	52	4	1	0	57
F&CR	17	2	0	0	19
Chief Executive's	1	0	0	0	1
Corporate	0	1	0	0	1
Total number	81	9	2	0	92
Percentage (%)*	88%	10%	2%	n/a	100%

* Does not include "Not Yet Due"

** There are no recommendations for the newly formed directorates at the time of reporting

Table 6

- 6.2 The Council's target for 2021/22 is 90% of 'High' priority recommendations should be implemented in accordance with agreed timescale. Audit followed up 92 'High' priority recommendations, the implementation rate currently stands at 88% fully implemented, with a further 10% partially implemented.
- 6.3 Of the 340 'Medium' priority recommendations followed up 87% were assessed as implemented and 8% partially implemented. Details are shown in Table 7.

Directorate	Implemented /No longer relevant	Partially Implemented	Not implemented /No Response	Not yet due	Total*
Adults, Health & Integration	34	4	3	0	41
Children & Education	25	3	0	0	28
Neighbourhoods and Housing	108	4	9	3	121
Finance & Corporate Resources	97	5	4	2	106
Chief Executive's	15	6	2	2	23
Corporate	15	6	0	2	21
Total number	294	28	18	9	340
Percentage (%)	87%	8%	5%	n/a	100%

* Does not include "Not Yet Due"

Table 7

** There are no recommendations for the newly formed directorates at the time of reporting

6.4 SCHOOLS

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

Recommendation Priority	Implemented/ No longer relevant	Partially Implemented	Not implemented/ No Response	Not yet due	Total*
High	38	1	0	0	39
Medium	178	6	19	1	203
Total Number	216	7	19	1	242
Percentage (%)	89%	3%	8%	n/a	100%

* Does not include "Not Yet Due"

Table 8

7. DEVELOPMENTS WITHIN INTERNAL AUDIT

- 7.1 The Head of Internal Audit & Risk Management remains vacant, covered by an interim, in addition there is a vacant internal auditor post following the resignation of one member of the team in September 2021. The planned review of the division's management and resources, resulting from the reduction in resources following the voluntary redundancy scheme in 2020, was deferred as a result of the Covid-19 pandemic.

- 7.2 The completion of ICT audits were significantly hampered by both the service's response to the Covid-19 pandemic and the cyber attack in October 2020. Focus of planned audits in this service area were reconsidered with management to try to ensure planned reviews could be undertaken given the strain on the division's resources and the ongoing lack of access to IT systems. Unfortunately despite revising the planned audits it was not possible to complete most of the audits in this area.

8. ANTI FRAUD SERVICE

- 8.1 The Anti-Fraud Service consists of three distinct teams; the Audit Investigation Team (AIT), the Tenancy Fraud Team (TFT) and the Pro-Active Fraud Team (PAFT). The planned review of structures and resources following the outcomes of the Council's voluntary redundancy scheme 2020 has been delayed as a result of the Covid-19 pandemic.
- 8.2 Some investigative activities have not been possible for much of the financial year, although these are being carefully reintroduced with additional safeguards in place. Despite these difficulties, financial benefits continue to arise from these enquiries albeit that they are impacted by the pandemic at Hackney and within the criminal justice system generally, and the cyber attack.
- 8.3 Statistical information relating to the work of the Anti-Fraud Teams is shown at Appendix 4.

9. CONCLUSIONS

- 9.1 This report provides details of the performance of the Council's Internal Audit and Anti Fraud Services. It provides assurance that the service is being delivered to meet statutory responsibilities and is continually seeking to improve the standard of its service.
- 9.2 During the 2021/22 financial year, in addition to the Covid-19 pandemic continuing to impact upon the ability of the Audit & Anti Fraud Service to carry out its work, including the completion of internal audit reviews and investigations as was the case in all London Boroughs, like all services in Hackney it had to contend with the criminal cyber attack. The service demonstrated its agility, creativity and resilience to continue to undertake much of its core work, whilst also being deployed to support key council services delivering the wide range of new business grants and support that had to be stepped up at pace with the necessary assurance requirements of these grants being met. Inevitably, some work had to be deferred but this now beginning to restart. Resources have been focussed on reviews that provide evidence to support the Head of Internal Audit & Risk Management's annual assurance statement.
- 9.3 The loss of data and access to systems as a result of the cyber attack and the challenges this posed when undertaking audit reviews has understandably impacted upon the level of assurance that can be given under what are extraordinary circumstances. The Council moved to put in place alternative working practises to ensure essential services continued to be provided to our residents. It was recognised that the use of interim measures involved accepting a greater level of risk than under normal circumstances but these were unprecedented times and the risks needed to be accepted in order for the Council to deliver essential services. This was also recognised in the establishment of 'Gold' Emergency arrangements in relation to cyber as well as the pandemic. Using the cumulative knowledge and experience from the audit review of the systems and controls in place over many years, including the results of previous audit work and the work undertaken to date, it is considered that overall, throughout the Council there is an adequate internal control environment. The roll-out of new systems to replace legacy systems, designed to take account of current service requirements, emerging risks and new working arrangements, will considerably enhance the internal control systems of the Council.

Internal Audit Annual Plan					
Progress to 30 November 2021 (including 2020/21 audits completed in the year)					
Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
2020/21 Audits					
2021LBH01	AGS co-ordination 2020/21	N/A	N/A	Adequate	N/A
2021LBH08	Corporate Response to Covid 19 - PPE - Business Continuity	N/A 0	N/A 6	N/A Reasonable	Final
2021CACH12	Schools overview report 2020/21				Cancelled due to Covid
2021CACH08	Safeguarding - Children Missing from School - F/up	0	0	Significant	Final
2021FCR09	Anti-Fraud				Draft
New review	Consultants role in Procurement	1	9	Limited	Final
2021CE04	Establishment	0	2	Significant	Final
2021ICT03	Mobile Device Management & End to End Security				Draft
2021ICT04	Move to support homeworking during pandemic				WIP
2021ICT05	GDPR - Privacy by Design				WIP
2021NH01	Suffolk TMO	2	7	Limited	Final
2021NH02	Wyke TMO				WIP
2021NH03	C/Tax & Housing - Cautionary Contact				Draft
2021SCH01	Gainsborough School & CC	0	3	Reasonable	Final
2021SCH03	Queensbridge School & Mapledene CC	0	3	Significant	Final
2021SCH04	Berger Primary School	0	5	Reasonable	Final
2021SCH07	St. John the Baptist CE Primary School	0	3	Reasonable	Final
2021SCH08	St. Matthias CE Primary School	0	3	Reasonable	Final

Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
2021/22 Audits					
Corporate / Cross Cutting					
2122LBH01	AGS co-ordination 2021/22				ToR
2122LBH02	Co Management/ Governance (e.g. Hackney Light & Power)				WiP
2122LBH03	Equal Pay				Deferred due to Cyber attack
Chief Executive's					
2122CEX01	Electoral Services				Draft
2122CEX02	Grants				WiP
2122CEX03	Film Office Charges	0	3	Reasonable	Final
2122CEX04	Private Sector Hsg	1	7	Reasonable	Final
Regeneration					
2122CE05	Housing Supply Programme				Deferred at Mgmt Request - due to cyber attack
2122CE06	Area Regeneration				Deferred to 2022/23
Children, Adults & Community Health					
Adult Services/Public Health					
2122AHI01	Mortuary Statutory Review				On hold due to pandemic
2122AHI02	Integrated Learning Disabilities Service				Deferred at Mgmt Request
2122AHI03	Direct Payments				Deferred at Mgmt Request
2122AHI04	Residential Care				Deferred at Mgmt Request
2122AHI05	Adults Homecare Procurement				Deferred at Mgmt Request
2122AHI06	Housing with Care	1	3	Reasonable	Final
Children & Families					
Education					
2122GE01	LAC Incidentals				Deferred at Mgmt Request - due to cyber attack

Appendix 2

2122CE02	Unregistered Settings				Draft
2122CE03	Schools overview report 2021/22				
2122CE04	Early Years Setting -15 hours free for 2 year olds				WiP
Public Health					
2122AH07	Information Governance				Cancelled at Mgmt Request
2122AH08	Financial Controls				Cancelled at Mgmt Request
FINANCE & CORPORATE RESOURCES					
Strategic Property					
2122FCR01	Commercial Property Income				Deferred to 2022/23
Financial Management					
2122FCR02	Pension Fund				Deferred at Mgmt Request
Procurement					
2122FCR03	Matrix ICT Contract				Deferred to 2022/23
Customer Services					
2122FCR04	Council Tax				Deferred at Mgmt Request - due to cyber attack
2122FCR05	NNDR/Business Rates				Deferred at Mgmt Request - due to cyber attack
2122FCR06	Searchlight System Review - Data security				WiP
2122FCR07	Procurement of Homelessness Provision				WiP
ICT					
2122ICT01	Programmes & Projects/Project Benefit Appraisal				Cancelled due to cyber attack
2122ICT02	ICT Risk Management, sources of assurance				Cancelled due to cyber attack
2122ICT03	Freedom of Information				Deferred at Mgmt Request - due to cyber attack
2122ICT04	Main financial system upgrade				Cancelled due to cyber attack

Neighbourhoods & Housing					
Housing					
2122NH01	Clapton Park TMO				ToR
2122NH02	Wyke TMO				WiP
2122NH03	Streetscene				Cancelled due to cyber attack
2122NH04	Implementation of new rent account system	N/A	N/A	N/A	Advisory
2122NH05	Effect of UC on tenant arrears				Cancelled due to cyber attack
Public Realm					
2122NH06	Use of Infrastructure Levy/section 106				ToR
Schools					
Primary Schools					
2122SCH01	Colvestone				WiP
2122SCH02	Grasmere	0	6	Reasonable	Final
2122SCH03	Parkwood	1	4	Reasonable	Final
2122SCH04	Rushmore	0	1	Significant	Final
2122SCH05	St Dominic's				WiP
2122SCH06	St John of Jerusalem				WiP
2122SCH07	St Mary's CoE	0	1	Significant	Final
2122SCH08	The Garden School	0	6	Reasonable	Final
2122SCH09	Thomas Fairchild				Draft
2122SCH10	William Patten	0	2	Significant	Final
Secondary Schools					
2122SCH11	Clapton Girls Academy Scrutiny	0	3	Significant	Final
2122SCH12	New Regent's College				WiP
2122SCH13	Our Lady's	0	5	Reasonable	Final
2122SCH14	Yesodey Hatorah Senior Girls School				ToR

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

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

Anti-Fraud Service:

Statistical Information 1 April 2021 to 31 March 2022

1. Investigations Referred

The Anti-Fraud service received 455 referrals during 2021/22, which represents an increase on the 362 cases received in 2020/21, although it is less than the 617 cases received pre-pandemic in 2019/20.

Group	Department	Number of Cases Referred in Period	Number of Cases Closed in Period	Cases Currently Under Investigation	Referrals 2021/22	Referrals 2020/21
Neighbourhoods & Housing (N&H)	Neighbourhoods & Housing	6	0	9	12	11
	Hackney Homes	0	1	3	0	0
	Tenancy Fraud	81	103	309	232	120
	Parking	53	37	62	157	119
Children, Adults & Community Health (CACH)	Children, Adults & Community Health	0	6	2	3	1
	No Recourse to Public Funds (NRPF)	12	0	67	44	66
	Hackney Education	0	9	0	0	3
Finance & Corporate Resources (F&CR)	Finance & Resources	4	9	2	6	1
	Covid19 Business Grants	0	9	8	0	40
Chief Executive Directorate	Chief Executive Directorate	0	1	0	1	1
Total		156	175	462	455	362

Table 1

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

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

2. Fraud Enquiries

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

Source	Number of Cases Referred in period	Number of Cases Closed in period	Cases Currently Under Investigation	2021/22	2020/21
Internal	33	32	1	92	83
Other Local Authorities	64	64	0	95	22
HMRC	1	1	0	3	5
Police	7	8	0	17	35
Immigration	0	0	0	1	1
DWP	117	117	0	230	203
Other	16	15	1	54	16
Total	279	278	2	492	365

Table 2

3. National Fraud Initiative (NFI) Matches

The NFI is a biennial data matching exercise; the majority of datasets were most recently received in January 2021. Matches are investigated by various LBH teams over the 2 year cycle, AAF investigates some matches and coordinates the Council's overall response. The total number of matches includes a number of recommended cases that are identified as high priority, participants are expected to further risk assess the results to determine which are followed up.

Type of Match	Number of Matches	Cases Under Investigation	Number Matches Cleared NFI2020/21	Number Matches Cleared NFI2018/19
Payroll	69	2	20	82
Housing Benefit	1303	17	14	128
Housing Tenants	831	15	47	73
Right to Buy	28	0	0	10
Housing Waiting List	n/a	n/a	n/a	120
Concessionary travel / parking	987	278	132	187
Creditors	7098	0	0	sample
Pensions	220	124	1	208
Council Tax	n/a	n/a	n/a	9,628
Council Tax Reduction Scheme	n/a	n/a	n/a	185
Covid19 business grants	126	79	26	714
Other	n/a	n/a	n/a	15
Total	10662	515	240	11,350

Table 3

Hackney participation in the 2020/21 NFI was limited because of the timing of the cyber attack. Information that was in the process of being collated in October 2020 was not available for matching, hence the absence of some match categories from the table above. Match outcomes are being reviewed although alternative methodologies are being followed in some cases.

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

Hackney has agreed to provide DWP officers with direct access to our Housing Benefit records, although the timescale for doing this has been adversely impacted by Covid-19. When this trial is able to proceed it is expected that this will reduce the financial burden in providing support to Housing Benefit investigations undertaken by the DWP.

4. Analysis of Outcomes

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

Outcome	Reporting Period	2021/22	2020/21
Disciplinary action	0	2	2
Resigned as a result of the investigation	1	2	2
Referred to Police or other external body	0	7	3
Prosecution	0	0	6
Referred to Legal Services	0	0	0
Investigation Report/ Management Letter issued	8	9	5
Council service or discount cancelled	18	37	71
Covid business grants cancelled	1	4	26
Blue Badges recovered	34	97	47
Other fraudulent parking permit recovered	3	4	7
Parking misuse warnings issued	1	23	20
Penalty Charge Notice (PCN) issued	35	108	46
Vehicle removed for parking fraud	30	82	31
Recovery of tenancy	11	34	11
Housing application cancelled or downgraded	2	5	94
Right to Buy application withdrawn or cancelled	2	3	n/a

Table 4

Prosecutions and dismissals

As a result of the investigations conducted by the Audit Investigation Team (AIT), one employee went absent without leave and did not attend a disciplinary process following an investigation which identified concerns about their immigration status.

5. Financial Losses as a Result of Fraud

The most apparent consequence of many frauds is a financial loss, however, it needs to be noted that it is not always possible to put a value in monetary terms. In many cases the direct financial loss accounts for only a small amount of the total cost of the fraud, with the additional amount comprising intangibles such as reputational damage, the cost of the investigation and prosecution, additional workplace controls, replacing staff involved and management time taken to deal with the event and its' aftermath.

The following are estimates of the monetary cost for some of Hackney's priority investigation areas based (where relevant) upon external benchmarking data to provide a realistic estimation of the cost of the irregularity:

5.1 Tenancy Fraud Team (TFT)

During the period January to March 2021 a total of 11 tenancies have been recovered by the TFT. Using the Audit Commission figure for the estimated cost of temporary accommodation of 42,000 pa, this equates to a saving of £462,000.

In the same period 2 housing applications have been cancelled following a TFT review. These investigations help to ensure that Hackney's social housing is only allocated to those in genuine need. The Audit Commission had variously reported the potential benefit to the public purse of each cancelled application as between £4,000 and £18,000, so the value of this work represents a potential saving of between £8,000 and £36,000.

During this period two Right to Buy (RTB) applications were cancelled following investigation. Each RTB represents a discount of £112,800 on the sale of a Council asset, so the value of this work is a saving of £225,600 to the public purse.

5.2 No Recourse to Public Funds Team (NRPF)

An average weekly support package valued at c£387 is paid to each family supported (applicable to the 'service cancelled' category in Table 4). In the period January to March 2022, 18 support packages were cancelled or refused following AAF investigations. This equates to a saving in the region of £6,966 per week, if these had been paid for the full financial year it would have cost Hackney approximately £363,227.

It is expected that more packages will be cancelled as a result of investigations carried out during this reporting period, but it is taking longer than usual to update systems and confirm outcomes.

5.3 Parking Concessions

The Audit Commission estimated the cost of each fraudulently used Blue Badge to be £100 (equivalent to on-street parking costs in the Hackney Central parking zone for less than 39 hours). Fees of £65 are also payable where a Penalty Charge Notice is issued as part of the enforcement process, or £265 if the vehicle is removed. In this period AIT recovered 37 Blue Badges or other parking permits, which equates to £3,700, and enforcement charges of £8,275 also arose.

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

5.4 Covid19 Business Grants

The investigations team has worked closely with the grant administration teams since March 2020 to assist with the grant verification process. This has identified multiple grant applications which were inaccurate, resulting in payment being withheld, and further cases where action is underway to recover payments that have already been made. One grant overpayment of £10,000 was resolved during this reporting period. Concerns are being reported to the Police where this is appropriate.

6. **Matters Referred from the Whistleblowing Hotline**

All Hackney staff (including Hackney Homes and Hackney Education) can report concerns about suspected fraud and other serious matters in confidence to a third party whistleblowing hotline. Other referral methods are available (and may indeed be preferable from an investigatory perspective), however, the hotline allows officers to

raise a concern that they might not otherwise feel able to report. No referrals were received via the hotline in the reporting period.

7. Regulation of Investigatory Powers Act (RIPA) Authorisations

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

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

8. Proceeds of Crime Act (POCA) Investigations

POCA investigations can only be undertaken by accredited officers, as are currently employed by AAF. The Council is able to benefit financially from the use of POCA investigation powers. The amount awarded to the Council is greater in instances where the Council is both the investigating and prosecuting authority. The Council's investigation processes are supported by POCA in four principal ways: -

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

Type of Order	Authorised in period	2021/22	2020/21
Production	2	4	0
Restraint	0	0	0
Compensation	0	0	0
Confiscation	0	0	0
Total	2	4	0

Table 5

During this reporting period the Council received £1,023.75 from payments made in respect of POCA orders. The POCA incentivisation scheme splits the proceeds from orders between investigation, prosecution and judicial authorities, and the HM Treasury - so the amount reported here represents a part of the total benefit to the public purse arising from this work. It should be noted that funds awarded from successful POCA investigations can often be received some time after the investigation is reported.

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REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

WHISTLE-BLOWING PROGRESS REPORT AUDIT COMMITTEE - 20 April 2022	Classification Public	Enclosures AGENDA ITEM No
	Ward(s) affected ALL	

1. INTRODUCTION

- 1.1 This report summarises the Council's corporate arrangements for Whistleblowing and provides members with an update of the cases received in 2021/22.
- 1.2 An effective whistleblowing hotline procedure is an essential part of the Council's corporate governance arrangements. It helps promote an open, honest and accountable culture amongst all workers where they can express their concerns without fear of victimisation or termination of employment.
- 1.3 The Audit Committee receives regular updates relating to whistle-blowing at its quarterly meetings as part of the Internal Audit Quarterly Update Report. This report is produced to provide members with an annual overview of whistleblowing arrangements within Hackney.
- 1.4 As part of the Council's whistle-blowing arrangements, a telephone hotline service is managed by the external provider Navex, who operate a 24 hour, 7 day a week reporting service. This facility is advertised throughout Council buildings on staff notice boards as well as on the intranet. Details are also provided to all new recruits as part of their induction process.

2. SUMMARY

- 2.1 In keeping with previous years, the level of whistleblowing referrals remains a low percentage of overall referrals to the Audit Investigation Team. Nevertheless, whistleblowing is an important component in the Council's reporting arrangements because it provides those who might otherwise be reluctant to do so with a process to raise their concerns.
- 2.2 A considerable number of referrals to Audit & Anti Fraud could fit the criteria for whistleblowing but in general, managers and staff tend to refer matters of concern under the requirements of the Council's Financial Procedure Rule 4.9 which states: -

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

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

3. RECOMMENDATIONS

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

4. RELATED DECISIONS

None

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

There are no financial implications arising from this report.

6. COMMENTS OF THE DIRECTOR, LEGAL

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

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

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

- 6.3 The Council must satisfy itself that:-

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

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

6.4 Consideration of this Report is within the role of the Audit Committee to monitor the Council's policies on 'Raising Concerns at Work' in respect of the Anti-Fraud and Anti-Corruption Strategy.

7. BACKGROUND

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

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

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

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

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

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

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

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

8. REFERRALS FOR THE PERIOD APRIL 2021 TO MARCH 2022

8.1 Whistleblowing reports to Navex are reported as part of the quarterly Audit & Anti-Fraud Progress Reports. A specific summary of all whistleblowing activity was last reported to Members in April 2021. Table 1 below summarises Navex activity in recent years.

	2017/18	2018/19	2019/20	2020/21	2021/22
Fraud & Corruption referrals	2	1	4	2	1
Other referrals	3	2	5	1	1
Total referrals	5	3	9	3	2

Table 1

8.2 The Navex Fraud and Corruption concern that was reported during the last 12 months related to one allegation of corruption.

8.3 Concerns of fraud or corruption can be reported in a number of ways. In addition to the matters raised through the Navex telephone hotline (see section 1.4), workers may raise whistleblowing concerns through alternative channels and still be entitled to the same degree of protection that would be afforded if they had used the telephone hotline. Of the 22 internal investigations undertaken in 2021/22, six have been raised in this way (i.e. one via Navex, six by other whistleblowing routes). The following table shows all referrals by department and fraud type, with whistleblowing cases identified in brackets (where N = Navex, W = other whistleblower):

Referral category	Neighbourhoods & Housing	Adults, Health & Integration	Children & Education	Finance & Resources	Chief Executive's	Total
Employee	6 (1W + 1N)		1	2	1	10 (1W + 1N)
Payment, Contracts, Procurement	5 (2W)	1 (1W)		1		7 (3W)
Theft		1		1		1
Housing Irregularity						0
Staff parking	1					1
Other				2 (2W)		1 (2W)
Total	12 (3W + 1N)	2 (1W)	1	6 (2W)	1	22 (6W + 1N)

Table 2

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

action wherever more significant problems are identified. If concerns are more appropriately dealt with by another service (e.g. Human Resources) a referral is made. The current status of the 7 whistleblowing cases identified at section 8.3 (Table 2) are as follows:

- Four cases remain under investigation;
- One case has concluded, the concern that was raised was not substantiated but other matters were reported upon;
- Two cases were closed with no further action following an investigation.

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

9. FUTURE DEVELOPMENTS

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

9.2 Contact details for Navex will continue to be advertised to staff.

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

IAN WILLIAMS

Group Director of Finance and Corporate Resources

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Whistleblowing Policy update 2022

<p>Audit Committee</p> <p>20 April 2022</p>	<p>CLASSIFICATION:</p> <p>Open</p> <p>If exempt, the reason will be listed in the main body of this report.</p>
<p>WARD(S) AFFECTED</p> <p>All</p>	
<p>CORPORATE DIRECTOR</p> <p>Ian Williams, Group Director - Finance and Corporate Resources</p>	

1. GROUP DIRECTOR'S INTRODUCTION

The purpose of this report is to present the revised Whistleblowing Policy to the Audit Committee (the Committee) for review and approval. The Policy sets out the process under which staff and others can raise whistleblowing concerns and how they will be dealt with.

2. RECOMMENDATION(S)

To approve the revised Whistleblowing Policy dated 1 April 2022 which is set out in Appendix 1.

3. SUMMARY

- 3.1 Whistleblowing is an important part of the Council's governance arrangements. It provides a mechanism for concerns about wrongdoing and dangers in the workplace to be raised either directly to the Council or to a confidential, independent whistleblowing hotline. This provides an opportunity for Hackney to investigate and to put matters right if appropriate, even when individuals might feel unable to report their concerns through regular reporting channels.

The Policy was last reviewed by the Committee in 2018. There have not been any significant changes to the legislative environment as it relates to whistleblowers in this time, although the whistleblowing hotline provider and other contact points have changed in the interim, and this is reflected in the new Policy. Additional content is highlighted at Appendix 1.

4. BACKGROUND

- 4.1 The Whistleblowing Policy sets the reporting processes that are in place and who can use these, along with providing details of the types of concern that are within the scope of the whistleblowing legislation. Advice is also provided on other reporting channels that may be more appropriate in some circumstances, for example, the Council's Grievance Procedure.
- 4.2 The Policy also sets out how concerns can be raised, how these will be investigated, the protection that is in place for whistleblowers and the confidentiality provisions that anyone using the procedures can expect.
- 4.3 Up to date contact points (both internal and external) are provided at section 11 of the Policy. The renewed Policy will be available via the intranet and staff will be notified of the update, subject to approval by the Committee.

4.4 Policy Context

The Whistleblowing Policy is a corporate document that forms part of the Council's guidance to staff about how we receive and respond to reports of irregularity, fraud and other concerns.

4.5 Equality Impact Assessment

For the purposes of this report, an Equality Impact Assessment is not applicable, although whistleblowing arrangements and investigations are carried out in adherence to the Council's Equality policies.

4.6 Sustainability

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

4.7 Consultations

This Policy has been reviewed in consultation with Human Resources and Procurement services.

4.8 Risk Assessment

This report sets out the Policy and Strategy for the management of risks throughout the Council.

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

5.1 There are no financial implications arising from this report.

6. COMMENTS OF THE DIRECTOR, LEGAL SERVICES

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

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

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

6.3 The Council must satisfy itself that:-

- (i) matters raised under the whistleblowing procedures are being properly dealt with and within reasonable timescales;
- (ii) persons using the procedures are not in any way subject to reprisals for raising matters;
- (iii) where complaints are substantiated that prompt and effective action is taken including the application of the Council's disciplinary procedures and any others of relevance;
- (iv) where financial and other irregularities are uncovered that a prompt and robust review of systems and processes takes place to mitigate the risk or opportunities for recurrence;
- (v) any compliance lessons for the Council from the reported cases are being captured, disseminated and implemented.

6.4 Consideration of this Report is within the role of the Audit Committee to monitor the Council's policies on 'Raising Concerns at Work' in respect of the Anti-Fraud and Anti-Corruption Strategy.

Ian Williams

CORPORATE DIRECTOR OF FINANCE & RESOURCES

Report Originating Officer:	Michael Sheffield	☎020 8356 2505
Financial considerations:	Jackie Moylan	☎020 8356 3032
Legal comments:	Dawn Carter-McDonald	☎020 8356 4817

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Appendix 1 Whistleblowing Policy April 2022



LONDON BOROUGH OF HACKNEY

WHISTLEBLOWING POLICY

Dated
1 April 2022

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1. POLICY STATEMENT

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

2. WHO IS COVERED BY THIS POLICY?

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

3. WHAT IS WHISTLEBLOWING?

- 3.1 **Whistleblowing** is the disclosure of information which relates to suspected wrongdoing or dangers at work. This may include:
- (a) criminal activity;
 - (b) miscarriages of justice;
 - (c) danger to health and safety;
 - (d) damage to the environment;

- (e) failure to comply with any legal or professional obligation or regulatory requirements;
- (f) bribery;
- (g) financial fraud or mismanagement;
- (h) negligence;
- (i) breach of our internal policies and procedures (including the Council's Codes of Conduct for Employees and Members, Standing Orders, Regulatory Framework, Financial Regulations);
- (j) unauthorised disclosure of confidential information;
- (k) the deliberate concealment of any of the above matters; or
- (l) with regard to schools, the systematic failure to prioritise safeguarding where the appropriate procedures have not been followed.

- 3.2 A whistleblower is a person who raises a genuine concern relating to any of the above. If you have any genuine concerns related to suspected wrongdoing or danger affecting any of our activities (a **whistleblowing concern**) you should report it under this policy.
- 3.3 The decision to report a concern can be a difficult one to make. If what you are saying is true, you should have nothing to fear because you will be doing a service to the public and to the Council.
- 3.4 The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in good faith. Any investigation into allegations of potential malpractice or wrong doing will not influence or be influenced by any disciplinary, capability, redeployment or redundancy procedures that apply to you.
- 3.5 We will maintain a 'Whistleblowers' Hotline for staff provided by Navex Global. To report a concern via the Whistleblowing Hotline please use the contact details provided at Section 11 of this policy. Details of this number are also available from the Whistleblowing page on the Council's Intranet.
- 3.6 This policy should not be used for complaints relating to your own personal circumstances, such as the way you have been treated at work. In these cases you should use the appropriate HR policy, such as the Grievance Procedure or the Anti-Harassment and Bullying Policy.
- 3.7 Reporting safeguarding concerns, in relation to schools, should be dealt with under the London Child Protection Procedures and the 'Working Together 2015' guidance. This policy may, however, be used for reporting alleged systematic failures to prioritise safeguarding where the appropriate procedures have not been followed.

3.8 If you are uncertain whether something is within the scope of this policy you should seek advice from the Audit and Anti Fraud Service of the Council (contact details are provided at Section 11).

4. RAISING A WHISTLEBLOWING CONCERN

4.1 Concerns that are expressed anonymously will be considered, however, in our experience there is a greater likelihood of a successful investigation if we are able to communicate directly with those who raise a concern.

4.2 It is hoped that in most cases you will be able to raise any concerns in the first instance with your line manager. You may tell them in person or put the matter in writing if you prefer. They may be able to agree a way of resolving your concern quickly and effectively. In some cases they may refer the matter to the Audit Investigations Team Manager who is the Council's designated Whistleblowing Officer (see Section 11).

4.3 However, where the matter is more serious, or you feel that your line manager has not addressed your concern, or you feel unable to raise it with them for any reason, you should contact one of the following: -

(a) The Audit Investigations Team Manager

(b) Navex Global (our confidential external telephone hotline)

Contact details are set out at the end of this policy (see Section 11)

4.4 Please note that under the Council's Code of Conduct, elected members should not be approached directly. Furthermore, concerns should not be reported to the press under any circumstances.

4.5 We may arrange a meeting with you to gain a thorough understanding of your concern. We will also aim to give you an indication of how we propose to deal with the matter.

4.6 School staff may choose to raise their concerns directly with the school – e.g., a member of the school's leadership team, the chair of governors or another appropriate/named governor. Where a school receives a direct whistleblowing referral (e.g., via the Headteacher or Chair of Governors), the school must inform Hackney Education's "Responsible Officer for Schools" (contact details at Section 11). This allows LBH to provide the school with any support as required as well as to maintain corporate oversight of the concern raised.

5. CONFIDENTIALITY AND ANONYMOUS COMPLAINTS

5.5 We hope that staff will feel able to voice whistleblowing concerns openly under this policy. If you want to raise your concern confidentially, we will make every effort to keep your identity secret. You can contact the Audit and Anti-Fraud Division and appropriate measures can then be taken to preserve your confidentiality. However, there are limited circumstances when your

identity may have to be revealed, for example, if the investigation results in legal proceedings.

- 5.6 Experience has shown that concerns are more likely to be resolved where a whistleblower is prepared to provide their identity to the investigating party, and for this reason we do not encourage staff to make disclosures anonymously. It is more difficult to establish whether allegations are credible and it may be more difficult to deter any malpractice. Proper investigation may be more difficult or impossible if we cannot obtain further information from you, and we will be less able to provide assurance and feedback.
- 5.7 However, we do understand that whistleblowers may be concerned about possible repercussions if their identity is revealed and we would prefer that you report your concern anonymously rather than say nothing. If you are in any doubt you can seek advice from our confidential third-party hotline, Navex Global. Contact details are included in Section 11.
- 5.8 In relation to determining whether an anonymous allegation will be taken forward, the following factors will be taken into account:
- (a) The seriousness of the issue raised;
 - (b) The credibility of the concern;
 - (c) The likelihood of confirming the allegation from attributable sources, and obtaining necessary information.

6. EXTERNAL DISCLOSURES

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

7. INVESTIGATION AND OUTCOME

- 7.5 Once you have raised a concern, we will carry out an initial assessment to determine the scope of any investigation. We will inform you of the outcome of our assessment. You may be required to provide further information as part of this process.
- 7.6 In some cases we may appoint an investigator or team of investigators including staff with specialist knowledge of the subject matter. In the case of school based staff, it may be appropriate for the investigation to be conducted by school governors. The investigation may make recommendations for change to enable us to minimise the risk of future wrongdoing.
- 7.7 We will aim to keep you informed of the progress of the investigation and its likely timescale. However, sometimes the need for confidentiality may prevent us giving you specific details of the investigation or any disciplinary action taken as a result. You should treat any information about the investigation as confidential.
- 7.8 If we conclude that a whistleblower has made false allegations and that these have been raised in bad faith (e.g. frivolously, maliciously, with a view to personal gain or for an ulterior motive) the whistleblower may be subject to disciplinary action. Furthermore, becoming a whistleblower does not guarantee immunity for any person who raises concerns about malpractice that they have been substantively involved in.
- 7.9 The Council has in place a number of rules, code of conducts and policies to ensure that procedures are properly controlled. These may be relevant to how we respond to some concerns that are raised through the whistleblowing reporting lines, including: -
- Code of Conduct for Council Employees
 - Gifts & Hospitality Procedure
 - Anti-Fraud & Corruption Policy
 - Anti-Money Laundering Policy
 - Anti-Bribery Policy
 - Grievance Procedure
 - Anti-Harassment & Anti-Bullying Policy
 - Modern Slavery Statement

8. IF YOU ARE NOT SATISFIED

- 8.5 While we cannot always guarantee the outcome you are seeking, we will try to deal with your concern fairly and in an appropriate way. By using this policy you can help us to achieve this.
- 8.6 If you are not happy with the way in which your concern has been handled, you can raise it with the Corporate Head of Audit, Anti-Fraud & Risk Management.

9. PROTECTION AND SUPPORT FOR WHISTLEBLOWERS

- 9.5 It is understandable that whistleblowers are sometimes worried about possible repercussions. We aim to encourage openness and will support staff who raise genuine concerns under this policy, even if they turn out to be mistaken.
- 9.6 Staff must not suffer any detrimental treatment as a result of raising a genuine concern. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the Whistleblowing Officer immediately. If the matter is not remedied you should raise it formally using our Grievance Procedure.
- 9.7 Staff must not threaten or retaliate against whistleblowers in any way. If you are involved in such conduct you may be subject to disciplinary action. In some cases the whistleblower could have a right to sue you personally for compensation in an employment tribunal.

10. RESPONSIBILITY FOR THE SUCCESS OF THIS POLICY

- 10.5 The Council's Corporate Head of Audit, Anti-Fraud & Risk Management has overall responsibility for this policy, and for reviewing the effectiveness of actions taken in response to concerns raised under this policy.
- 10.6 The Audit Investigation Team Manager is the Council's designated Whistleblowing Officer and has day-to-day operational responsibility for this policy, and must ensure that all managers and other staff who may deal with concerns or investigations under this policy receive regular and appropriate training.
- 10.7 All staff are responsible for the success of this policy and should ensure that they use it to disclose any suspected danger or wrongdoing. Staff are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Corporate Head of Audit, Anti-Fraud & Risk Management.

11. CONTACTS

Whistleblowing Officer (Audit Investigation Team Manager)	Vinny Walsh Tel. 0208 356 2536 Email Vinny.walsh@hackney.gov.uk
Corporate Head of Audit, Anti-Fraud & Risk Management	Michael Sheffield Tel. 020 8356 2505 Email Michael.sheffield@hackney.gov.uk

Hackney Education – Responsible Officer for Schools	Monica Imbert Tel. 020-8820-7076 Email Monica.imbert@hackney.gov.uk
Whistleblowing Hotline (24 hour hotline)	Navex Global Tel. 0800 890011, then at the prompt, dial 833 558 1923
Protect (Independent whistleblowing charity)	Helpline: 020 3117 2520 Website: https://protect-advice.org.uk/

12. Document & Version Control

12.1 Document and version control

Document and version control	
Title of document	London Borough of Hackney Records Management Policy
Owner	Michael Sheffield
Job title of owner	Corporate Head of Audit, Anti-Fraud & Risk Management
Directorate	Finance and Corporate Resources
Approved by	Audit Committee
Publication date	tbc
For use by	All staff
Why issued	Corporate Policy
Review date	April 2024 (normal review will be biennial as minimum, with ad hoc review as necessary)

Version control details				
Version No.	Author / editor	Version date	Approval date	Overview of changes
V1.0	Michael Sheffield	April 2018	April 2018	Initial 2018 version
V2.0	Michael Sheffield	1 April 2022		2021 version incorporating revised contact details, HR comments and minor amendments

12.2 Publication

This policy will be published on the Council's intranet, and made available to members of the public on request.

12.3 Review

This policy will be reviewed biennially, and at shorter intervals in line with any significant developments that may affect its relevance - for example, new legislation or technology



ANNUAL REPORT OF THE AUDIT COMMITTEE

<p>Audit Committee</p> <p>20 April 2022</p>	<p>CLASSIFICATION:</p> <p>Open</p> <p>If exempt, the reason will be listed in the main body of this report.</p>
<p>WARD(S) AFFECTED</p> <p>All</p>	
<p>CORPORATE DIRECTOR</p> <p>Ian Williams, Group Director - Finance and Corporate Resources</p>	

1. GROUP DIRECTOR'S INTRODUCTION

The purpose of this report is to detail the role of the Audit Committee (the Committee) and summarise the key activities and achievements in 2021/22 that demonstrate how the Committee has fulfilled this role effectively and to measure consistency with the guidance issued by the Public Sector Internal Audit Standards (PSIAS) and other statutory requirements.

2. RECOMMENDATION(S)

There are no recommendations arising from this report, the Council is asked to note the Annual Report of the Audit Committee set out in Appendix 1.

3. SUMMARY

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

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

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

3.4 The report is a self-assessment of the activities of the Audit Committee during 2021/22.

4. OVERALL CONCLUSION

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

4.2 Where opportunities for further strengthening the performance and effectiveness of the Audit Committee are identified, development sessions and deep dive reviews are utilised to assist with this.

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

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

6. COMMENTS OF THE DIRECTOR, LEGAL SERVICES

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

Ian Williams

CORPORATE DIRECTOR OF FINANCE & RESOURCES

Report Originating Officer:	Michael Sheffield	☎020 8356 2505
Financial considerations:	Jackie Moylan	☎020 8356 3032
Legal comments:	Dawn Carter-McDonald	☎020 8356 4817

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Appendix 1 Annual Report of the Audit Committee 2021/22

Appendix 1 - ANNUAL REPORT OF THE AUDIT COMMITTEE 2021/22

1. CHAIR'S INTRODUCTION

Background. The Audit Committee is a vital means for Members and residents to hold the Executive to account for their management of the Council's resources, human and financial. It does this in three ways: first, by ensuring past financial performance is fully audited, second, by scrutinising the Council's current financial performance and ensuring all departments have fully assessed the risks they face; and thirdly, it assesses whether the Council has credible plans in place to achieve its policy objectives over future years. As well as the Committee's regular meetings which are fully accessible to the public, the Council receives this annual report on the Audit Committee's work, a report that is expected to be a legal requirement shortly.

- 1.1 **Audit Committee Performance in 2021.** Despite the continuing challenges of Covid and the cyberattack the Audit Committee has successfully achieved its central responsibility of overseeing the Council's management of its performance, risk and finances. Through the year we had regular reports on the Corporate and Departmental Risks, the Performance of key services, Treasury Management and our Internal Audit service. This close scrutiny has enabled us to be confident in our judgement that the Council has maintained the integrity of its financial and compliance systems despite the intense pressures the Council has faced at all levels of the organisation. This assessment was confirmed with the external auditor's clean bill of health for our Annual Governance Statement, a crucial test of good governance as recent reviews of financially failing Councils have shown.

In addition to fulfilling its responsibility for ensuring the soundness of the Council's general resource management, the Committee has focussed on four significant issues:

- 1.2 **Covid-19** has had far-reaching effects on the Council's services and systems. Our regular reports from front line services, supported by full and regular internal audit reviews, shows that we have successfully embedded new ways of operating in both front line and backroom services. This has been particularly reassuring given that many staff worked from home for most of the last year. We were especially pleased that the new systems of procurement, cost and contract management and performance management introduced at the beginning of the pandemic, have proved to be robust.

Our concern about the wider and long-term impacts of the pandemic led us to launch an extensive 'deep dive' investigation of the Council's responses. This involved a two-stage process that looked first at how the Council reacted to new service needs created by the pandemic and how it adapted delivery of its existing services. The second stage of the inquiry then looked at the longer-term plans that the Council is developing to 'build back better' in the wake of the pandemic.

I'm pleased to report that the Committee's conclusions about both the short- and long-term responses by the Council were very positive. From the start, the Council leadership and departments had taken the initiative, from enabling many staff to

work from home to developing new methods of community-based service delivery (especially in delivering food and medicine to vulnerable residents) and setting up financial support for local businesses. We were also reassured that protocols to deal with pandemics had been updated to reflect our learning and that these had proven to be robust as the Omicron variant took hold in the Borough in December.

We were also pleased with the Council's ambitious longer-term plans to embed the learning from the pandemic, especially in terms of hybrid working and in the need for new community-based models of service delivery. The 'bottom-up' approach to defining and delivering service need proved to be most effective at identifying and reaching vulnerable residents through the community mobilisation of voluntary support. We were also reassured to hear from senior management that there was a real understanding of the depth of change involved in moving from 'top-down' forms of delivery, especially the need for staff training and support from the voluntary sector.

- 1.3 **Budget management** has continued to be extraordinarily difficult with great uncertainty over both income and costs. Government has continued with a pattern of last-minute announcements of short term, piecemeal support for services. However, thanks to regular and full reports from the Group Director, Finance & Corporate Resources and his colleagues we were able to reassure ourselves that the Council retained strong control over its costs and budgets. The oversight of the Council's financial state and its projected income and expenditure throughout the year was greatly helped by the regular joint briefings of representatives of the Executive, the Scrutiny Chairs and Audit Committee. Importantly, his oversight committee has brought external scrutiny to these key processes, before rather than after the event. We recommend this approach is carried forward in the new Administration as a matter of good practice, especially as the inexorable pressures of reduced resources and increased needs will create very difficult choices over the next few years. We were also particularly pleased to see the Executive Member for Finance's leadership in launching an exercise to define the Council's corporate priorities and match these against the resources. Despite the Government's consistent failure to give local government any medium-term financial commitments, the Council will need to project forward its medium-term resource requirements as far as possible to allow it to make informed decisions in prioritising its policy objectives.
- 1.4 **Cyberattack** the Audit Committee has continued to be deeply involved in overseeing the Council's response to the criminal cyberattack on the Council's IT systems. We received a series of updates throughout the year which reassured us that all feasible measures had been taken to protect the Council from future attacks. Given the enormous problems that had been created for residents reliant on information provided by our IT systems, especially housing benefits, rents, Council tax and land searches, we were also particularly concerned that these services were restored as fast as possible and that those affected were kept informed of developments and supported where necessary. Throughout we have recognised the valiant efforts the IT team and the departments affected have made over the last fifteen months. We were pleased that the recent Council-commissioned external audit of these protection and recovery measures showed that the measures we have taken over the last year have been comprehensive and professional, though everyone while recognising there is

further to go. In light of the sacrifices many have made, we are anxious to share the conclusions of this audit with residents, within legal constraints.

1.5 **External audit.** Although our draft statements were prepared in a timely manner, we were disappointed that our external auditors were unable to complete their audit of our 2019/20 accounts in line with the Government's extended deadline. We were only able to sign off these accounts on 21 October 2021, some twenty months after the end of the end of the 2019/20 financial year. Although the cyberattack and pandemic certainly made the process more difficult, the external auditor has acknowledged the need to improve their own management of the audit process. One positive outcome however is that the learning from last year's audit exercise should allow us to conclude the 2020/21 Audit much more quickly. We hope to sign off these accounts at our last meeting in this municipal year, on 20 April. These have been unacceptable delays especially in light of the importance of external audit in reassuring Members and residents about the robustness of the Council's financial and risk management. We are planning to resume our usual commitment to the rapid turnaround of external audit for the 2021/22 financial year. Given the continuing pressures on local government and evidence of the increasing financial fragility of the sector, this is an important objective. Despite the problems we have had with the current external audit contract, we have decided to join the collective local government procurement of external audit services through the Local Government Association, the PSAA (Public Sector Audit Appointments). Given the crisis within the supply market it was clear that the alternative (to procure ourselves or with a group of local authorities) would be riskier and more costly. There is clearly now a case for the local government sector to press for the creation of an alternative public sector auditor.

1.6 **Future Challenges for the Audit Committee.** This is my last annual report after five years chairing the Committee. It's been a great experience that has allowed me to appreciate the extraordinary range of local government responsibilities and the knowledge and professionalism of our staff and partners. First, I'd like once again to thank all my fellow Committee Members for their enthusiastic support, in both the main meetings and our deep dive investigations. As always, we owe so much of the Committee's success to the keen and supportive team of officers especially in the different parts of the Finance & Corporate Resources Directorate. I'd also like to thank the Mayor, Phil Glanville and his Executive Team for their unstinting support for the Audit function. Despite its role in challenging the Council's management they have rightly seen a strong Audit Committee as an essential part of good governance.

Looking to the future, I strongly recommend the next Administration builds on and develops the active role for the Committee we have developed over the last few years. For too long, local government has undervalued the audit function, often seeing it no more than as a routine and backward-looking check on the integrity of Councils' financial management. In fact, the potential scope of the Committee is extraordinarily broad. It is responsible for overseeing all aspects of the Council's past and current performance. It also has to assure itself that the Council has credible plans and financial resources to achieve the policy objectives it has set itself. Hackney has gone a long way in setting clear corporate policies. However, these need to be supported by a medium-term corporate plan that matches its ambitious policy objectives to the necessary resources, human and financial, to

achieve them. A good start has been made on this exercise with the aim of completing the process over the first year of the new administration. The Audit Committee will have an important role in overseeing this vitally important task and monitoring the result.

Our work has highlighted some organisational challenges if the Council is to achieve its ambitious corporate aims:

First, the management and leadership structures need to be strengthened to support forms of cooperative working across traditional departments. Some welcome moves have been made in the fields of health and social services, regeneration and climate change. However, these need to be reinforced and extended, especially in areas demanding liaison with external organisations. Hackney, like much of local government, is largely based on traditional professional departmental structures. It is important the deep professional experience and knowledge of departmental specialisms are retained as the Council develops new forms of cooperative work effectively across these traditional boundaries.

Second, as we have noted our deep dive review of the Council's response to the covid pandemic, the Audit Committee fully supported the Council's vision for a new community-based model of service delivery. A focussed programme of change to develop this approach will need building new relationships and expertise. As with any major organisational change, this in turn will need resources and the focussed leadership and commitment at all levels. The Mayor has rightly said, we must build back better after Covid. Here will be an early test of the new Administration.

Third, the Council has set ambitious policy targets to deliver its strategically and politically crucial services using inhouse staff. Our deep dive review of the Council's approach to insourcing was generally very positive about the procurement and contracting processes the Council has in place. However, our report also highlighted the need to strengthen the performance oversight of insourced services to ensure their effectiveness is maintained.

There are many challenges ahead, but I firmly believe Hackney has the people, commitment and experience to make a real impact on the big local challenges we face in the next decade of climate change, community-based service delivery, regeneration, health and welfare. The Audit Committee can and should have a vitally important role in helping to ensure the organisation matches its human and financial resources to the ambitious policies in these key areas.

2. COMMITTEE MEMBERSHIP & ATTENDANCE

2.1 The composition of the committee has been largely stable during the year. The following Councillors were members of the Audit Committee during the 2021/22 municipal year:

Cllr Nick Sharman (Chair)	Cllr Anthony McMahon
Cllr Michelle Gregory (Vice Chair)	Cllr Harvey Odze
Cllr Brian Bell	Cllr Clare Potter
Cllr Ajay Chauhan	Cllr Ian Rathbone
Cllr Sophie Conway	Cllr Gilbert Smyth

Cllr Anna Lynch

Cllr Patrick Spence

It should be noted that both Cllr Nick Sharman (Chair) and Cllr Michelle Gregory (Vice Chair) will be standing down from their roles in the next municipal year. The Committee expresses particular thanks to Cllr Gregory for her twelve years of service.

- 2.2 The table below outlines members' attendance at committee meetings during the 2021/22 municipal year. As ever, members had a significant number of alternative commitments such as other public meetings and ward commitments and surgeries, and were therefore not always available to attend meetings.

Members	Meeting dates			
	21/04/2021	09/06/2021	13/10/2021	05/01/2022
Cllr Nick Sharman	P	P	P	P
Cllr Michelle Gregory	A	A	P	P
Cllr Brian Bell	P	N/a	N/a	N/a
Cllr Ajay Chauhan	P	P	P	P
Cllr Sophie Conway	N/a	P	P	A
Cllr Margarey Gordon	N/a	P	P	P
Cllr Anna Lynch	P	P	A	P
Cllr Anthony McMahon	N/a	P	P	A
Cllr Harvey Odze	P	A	P	P
Cllr Clare Potter	P	N/a	N/a	N/a
Cllr Ian Rathbone	N/a	P	P	P
Cllr Gilbert Smyth	N/a	P	P	P
Cllr Patrick Spence	P	N/a	N/a	N/a

Key: P = Present A = Absent L = Late

- 2.3 Training opportunities concerning local government finance and key Audit Committee skills and requirements were provided to new committee members during the year.

3. WORK UNDERTAKEN IN THE 2021/22 MUNICIPAL YEAR

- 3.1 The Audit Committee operates in accordance with the CIPFA publication *Audit Committees, Practical Guidance for Local Authorities and Police*, 2018 Edition. The guidance defines the purpose of an Audit Committee as follows:

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

The Committee’s terms of reference were most recently reviewed at the June 2021 meeting to ensure that they continue to meet the best practise as set out by CIPFA.

3.2 Internal Control

- 3.2.1 The Committee plays a key role in developing and improving the Council’s internal control and assurance framework.
- 3.2.2 The Accounts and Audit Regulations 2015 require the Council to conduct annual reviews of the system of internal control and publish an Annual Governance Statement (AGS) within its annual financial statements.
- 3.2.3 The AGS process in 2020/21 continued to reflect the current requirements as set out in the Framework/Guidance issued by CIPFA/SOLACE in 2016 and a revised Hackney Code of Governance. Each department produces a local statement which is used to support the corporate AGS. As part of the assurance process, Internal Audit reviews the local statements and verifies that any actions identified in the previous year’s AGS have been actioned. The 2020/21 corporate AGS will be included as part of the final accounts that the Audit Committee will review, but which have been delayed due to factors entirely outside of the Council’s control. The AGS has become increasingly important in recent years as the challenges faced by all local authorities have escalated. The statement includes a summary of key issues facing the Council, and also an account of the progress in tackling the key issues reported in the previous year. As such it reflects issues that the Committee has considered through the reporting year and is a document worthy of the Audit Committee’s continuing attention.
- 3.2.4 The Committee contributed to the process of providing assurance of the Council’s internal control and governance framework by receiving and reviewing regular progress reports on Internal Audit and Risk Management including service performance information.
- 3.2.5 The cyber attack has had a significant impact on the Council, our residents, businesses and staff. Our external auditors, Mazars, reported to us in late 2020 that in order to reach a conclusion on the Council’s value for money arrangements for 2019/20 they would need to carry out a review of the cyber attack that occurred in October 2020 as this was a material event that would be relevant to the arrangements that the Council had in place during the 2019/20 financial year. Subsequently Mazars’ specialist auditors carried out a Cyber Impact Audit which explored the following questions:

- Did the Council have sufficient “arrangements” in place to either prevent or reduce the likelihood of a cyber security breach?
- Has the Council taken efficient and effective steps in recovering services as a result of the cyber security breach?
- Has the Council taken efficient and effective steps in implementing further controls to reduce the likelihood and impact of a future cyber security breach?

This work, as it related to the 2019/20 value for money conclusion, was reflected in [Mazar’s Annual Audit Letter for 2019/20](#) also presented to the January Committee, in which Mazars concluded that:

“Work performed by our IT audit and Cyber specialists has confirmed that the Council had appropriate arrangements in place to either prevent or reduce the likelihood of a cyber security breach. A separate report, identifying potential improvements to the arrangements in place has been agreed with the Council and is being implemented.”

The separate detailed report on the findings of the audit was presented as an exempt item to the January 2022 Audit Committee which was reviewed in private due to the report being exempt. The Committee noted that Mazars had identified that the Council had implemented security arrangements that were in line with what would be expected from a local authority and noted Mazars’ recommendations for future improvements. The Committee also noted that Mazars had found that the Council had made good efforts to respond to the attack using the resources at their disposal and support from external agencies. The Committee was also encouraged that the Council’s work to recover its systems and data was found to be systematic and is contributing to a stronger cyber security posture and reducing the risk of another attack.

The Audit Committee is mindful of the need for transparency in relation to its work in discharging its functions and sought further clarification regarding the reasons for the Mazars report being exempt. The Chair met with Chief Officers, including the Director of Legal and Governance, regarding the exemption and was advised that the report is exempt on the grounds of “Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.” In addition to the ongoing criminal investigation into the attack of October 2020 there is also a public interest in ensuring that the Council does not disclose information that could assist potential attackers in understanding the Council’s arrangements for security of its systems, and assist them in future attacks or cause potential harm to people whose data the Council holds.

3.3 Internal Audit

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

- Review and approval of the Internal Audit Annual Plan 2021/22 which includes Internal Audit's key performance measures and outlines audit work for the Council and Associated Bodies for which the Council has a lead responsibility.
- Revisions to the Internal Audit Plan are reported to the Committee during the year, this recognises the reality of auditees facing additional operational pressures from the Council's Covid response and the impact of the cyber attack, and also the fact that audit and investigation staff were redeployed to other key services to assist with the pandemic response at times during the year.
- Review of quarterly progress reports of the Head of Audit & Corporate Risk Management detailing the performance and progress of the Internal Audit Service against the Internal Audit Plan and performance targets.
- Review of the Internal Audit Service Annual Report.

3.3.2 The Committee noted that the Internal Audit Service expects to meet its other key performance measures again this year despite the exceptional circumstances of the last twelve months.

3.3.3 The Audit Committee continues to play a vital role in supporting the work of Internal Audit by ensuring that identified control weaknesses are properly addressed by services. It is noteworthy that other authorities that have recently experienced financial difficulties have received warning signs in advance but these were not always acted upon. I am pleased to say that Hackney management does take the implementation of recommendations arising from audit work seriously with the result that we only rarely need to pursue managers for non-compliance. It is important that the Committee remains vigilant as significant issues of concern might be identified and provides both challenge and support to ensure that these are resolved.

3.4 Risk Management

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

- Reviewing and endorsing the Risk Management Annual Report 2020/21 detailing arrangements for the management of risk in place during 2021/22.
- Proposing measures for developing the Council's approach to managing its risks to assist future improvement.
- During the reporting year the Committee reviewed the risk registers for each of the Council Directorates (Finance and Corporate Resources, Neighbourhoods and Housing, Children and Education, Adults, Health and Integration, and Chief Executives), as well as fully reviewing the corporate risk register on two occasions. This top-level review helps to ensure that risk management remains a meaningful and on-going activity across all service areas.
- Reviewing a summary of the corporate risk register on a quarterly basis as part of the Performance Management report that was introduced in 2017/18.

3.5 Treasury Management

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

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

- Reviewed a draft Treasury Management Strategy for 2021/22.
- Review of quarterly and half-yearly updates on treasury management detailing performance.

3.6 External Audit

3.6.1 The Council's external auditor, Mazars, attended the Committee's meetings at which they presented external audit progress reports for review and comment. There has been one additional review undertaken by the external auditors in relation to the cyber attack in order for a conclusion to be reached on the Council's value for money arrangements.

3.6.2 The external auditors attended the January 2022 committee meeting to present a report setting out the 2019/20 Audit Letter; this was significantly later in the review cycle than usual because of the issues set out in more detail in section 3.9 of this report. The Audit Letter concludes that the financial statements give a true and fair view of the Council's financial position.

3.7 Anti-Fraud and Corruption Arrangements

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

3.7.2 During the period 1 April to 30 November 2021 the following savings were made as a direct result of the work of the anti-fraud teams:

Outcome	Outcomes 2020/21 to 30/11/21	Savings Realised
Council service or discount cancelled	37	(1) £746,633
Blue Badges recovered	97	(2) £9,700
Other fraudulent parking permits recovered	4	(2) £400
Parking misuse warnings issued	23	n/a
Penalty Charge Notice (PCN) issued	108	(3) £7,020
Vehicle removed for parking fraud	82	(4) £16,400
Recovery of tenancy	34	(5) £1,428,000
Right to Buy cancelled	3	(6) £338,400
Housing application cancelled/downgraded	5	(7) £20,000
Covid business grants cancelled	4	£40,000
Total		£2,606,553

1. No Recourse to Public Funds Team (NRPF) savings – 37 support packages cancelled, average saving £387 per week and assuming saving of one year support
2. Calculated using Audit Commission figure of £100 per badge recovered
3. 108 x £65 PCN charge
4. £200 per removal in addition to the PCN charge
5. Calculated using Tenancy Fraud Forum figure of £42,000
6. Calculated using London RTB discount entitlement of £112,800
7. Calculated using minimum value from Audit Commission of £4,000

3.7.2 The Committee noted that revised investigation priorities were set through the year to respond to limitations to regular activity arising from the pandemic and the cyber attack. New emphasis was placed on pre- and post-verification of Covid business grant applications while other work has at times been interrupted.

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

3.8 Whistleblowing Arrangements

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

3.9 Financial Reporting

3.9.1 Reports were received from our external auditors, Mazars, during the year. The Financial Update report that officers have presented to each Committee meeting also provided an update on the problems in completing the 2019/20 Statement of Accounts together with the actions that Hackney has taken to facilitate the additional work that Mazars have needed to undertake.

The delays in relation to the financial statements were initially due to Mazars awaiting assurances around the LPFA audit alongside clarification required on dedicated schools funds deficits. However, once these items were resolved it transpired that Mazars needed to undertake further specific testing on ICT controls which had been missed as part of the initial audit. During this period whilst the financial statements remained open officers identified an anomaly regarding fixed assets which needed investigation and clearance before an opinion could be given. This work has now been concluded.

- 3.9.2 The conclusion in relation to the value for money statement has proved to be more problematic in that it was delayed due to the cyber attack. During the 2019/20 external audit work was completed by the external auditor in support of the value for money conclusion. No issues came to light during this work that would indicate that the Council did not have appropriate arrangements in place to secure value for money. However, due to the cyber attack in October 2020, the external auditor was required to perform audit work to give assurance over the recovery arrangements in place at the Council.

That review has now concluded resulting in the Mazars report for the 2019/20 accounts being received at the Audit Committee meeting of 5 January 2022. The external auditor has concluded that the financial statements do give a true and fair opinion given of the Council's financial position, and also that the arrangements that the Council has put in place generally, and in response to the cyber attack in October 2020, do secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

- 3.9.3 The Audit Committee has continued to support Council officers in their efforts to allow the external audit process to conclude throughout the reporting year.

3.10 Performance Reporting

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

3.11 Audit Committee Deep Dive Reviews

The Chair has initiated and led a series of 'deep dives' into areas of activity that are particularly topical or which have been considered by the Committee previously and it was felt that a more forensic understanding of the issue was needed. In doing so, more detailed assurance has been provided over areas of greater concern. Reports arose from this work during 2021/22 concerning the

Council's arrangements to respond to and learn from the pandemic and an update report on the management of capital spend forecasting.

A review of the strategic response to the pandemic and specific key impacts on the Hackney community concluded that the Council response had been timely, innovative and flexible. It also concluded that ongoing planning for the post-pandemic recovery needs to continue to give particular consideration to the needs of vulnerable groups.

4. PROPOSED WORK PROGRAMME FOR 2022/23

- 4.1 The Committee will continue to receive and examine the Council's Statement of Accounts and Annual Governance Statement and approve these if it is appropriate to do so in order that the accounts are ready for audit at the earliest reasonable opportunity within the constraints of the cyber attack and the ongoing pandemic response.
- 4.2 The Committee will continue to receive regular performance reports from the Internal Audit Service, Anti-Fraud Teams, Treasury Management, directorate and corporate risk registers. As well as reviewing corporate policies and strategies relating to these services.
- 4.3 The Chair will continue to act as Risk Management Champion taking responsibility for advocating the embedding of risk management throughout the Council. The Committee is keen to take a proactive approach to overseeing the Council's management of risks and will work closely with the Corporate Risk Advisor and senior managers for continual improvement in our corporate risk management processes.
- 4.4 The Committee will continue to focus attention on the high risk areas which are identified from the risk management framework.
- 4.5 The Committee will receive and approve the Internal Audit annual plan to ensure that audit work provides appropriate coverage during the year.
- 4.6 The Committee will continue to improve its assessment of current performance by receiving regular reports on a small range of key performance indicators of selected Council services and financial performance, and obtaining further explanation where appropriate. This will help provide both Councillors and the public with a sense of how the Council is performing overall and give an early warning of any potential problems. Another initiative to reassure the Council about its ability to cope with current threats and opportunities is the quarterly review of corporate risks to ensure that emerging issues are properly considered in service reviews.
- 4.7 The Council's whistleblowing arrangements and performance will be reviewed annually and as part of the quarterly reporting process.
- 4.8 The Committee will continue to be proactive and engage wherever necessary to further strengthen the Council's assurance processes. In particular, there will be

focus on areas highlighted through the risk management process as presenting a concern at the corporate level.

- 4.9 The programme of deep dive reviews will continue to focus on areas of specific concern.

5. SUMMARY OF THE ACHIEVEMENTS OF THE AUDIT COMMITTEE

- 5.1 The Audit Committee has contributed to the Council's overall internal control process in 2021/22 through the challenge and monitoring it has performed on governance, internal audit, anti-fraud, risk management, treasury and financial management processes.
- 5.2 Risk management at corporate and strategic service levels continues to support business processes.
- 5.3 Internal Audit has continued to develop and strengthen with support from the Committee.
- 5.4 The Committee has played a significant role in highlighting the importance of implementing Internal Audit recommendations to agreed timeframes.
- 5.5 The deepdive review of the Council's response to the pandemic was carried out and an update to the earlier review of capital spend forecasting was also reviewed.
- 5.6 The Committee worked alongside the Executive Member for Finance and the Chair of the Scrutiny Commissions as part of the Budget Scrutiny Group to keep the state of the Council's finances under close review throughout the crisis.
- 5.7 The Committee also undertook the role of oversight of the Council's use of Regulation of Investigatory Powers Act (RIPA).

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Net Zero Deep Dive Review

**AUDIT COMMITTEE MEETING
DATE 2021/22**

20th April 2022

CLASSIFICATION:

Open

WARD(S) AFFECTED

All Wards

Ian Williams, Group Director Finance and Corporate Resources

1. INTRODUCTION AND PURPOSE

- 1.1 The Council recognises that it has a major role to play in shaping the Green agenda within the Borough, not just with its own Net Zero targets, but in driving behavioural change from its residents and businesses. Stretching reduction targets have been set, which require funding beyond that which would ordinarily be available to the Council, meaning that we must be proactive and creative in seeking out new funding and financing mechanisms. A copy of the terms of reference of this deep dive is attached at Appendix 1.

2 CONTEXT

- 2.1 Looking at wider plans for decarbonisation across our estate, major investment will be needed in the short/medium term to retrofit Council buildings, including social housing stock, to improve insulation and energy systems, even if there may be savings to be derived in the long term from reduced waste collections, energy efficiency and energy generation activities.
- 2.2 Government announcements to date to financially support this work are woefully inadequate, neither responding to the scale of the task nor acknowledging the rapidly narrowing window of opportunity. The Council's ambitions for decarbonisation will require substantial mobilisation and leadership across the organisation and involve transformational work across almost all functions, rethinking how we work. This coupled with a desire to extend this activity by using the role of the Council in leading, shaping and influencing decarbonisation of the Borough will place added requirements that will need to be effectively targeted, managed and resourced.
- 2.3 The Council also recognises the importance of the here and now in tackling the Climate Emergency and has allocated a total of £25.1m to green initiatives in the period 2022/23 - 2024/25, with proposals for further green projects being worked up. Many of these projects are contributing to mitigating or adapting to the impacts of the climate crisis. Projects will be added to this capital programme as funding is confirmed. However, it should be noted that as a result of the pandemic, some major funders such as Transport for London (TfL) are facing uncertainty with their finances and hence it is not possible to state what level of funding will be granted for future years, but we continue to work closely with TfL and are ready to respond as new funding initiatives are announced to ensure we can deliver green initiatives across the borough. We completed an external funding assessment before the summer that was presented to the Environmental Sustainability Board for comment and will act as a backdrop to the proposed Financial Strategy work above.
- 2.4 A link to the workshop presentation can be found [here](#). A summary of the discussions is set out in Appendix 2.

FINDINGS

3 Thematic Action Plans

- 3.1 The seven thematic plans detail the key strategic actions that will need to be made by the authority over the next three years and will form the basis of the content of the Climate Action Plan (CAP) to be formally consulted with the public later this year.
- 3.2 They will be underpinned by a set of thematic implementation plans which provide detailed actions and timescales. Their focus is on where we either have direct control or strategic influence as these present the most likely opportunities to make a difference.
- 3.3 The implementation plans will build on the independent assessment (review of target areas for activity, implementation levers, Net Zero impact amongst others), but also recognise where the wider benefits will be a driver for action. Examples include the Resilient and Green thematic action plan where the principal focus is on addressing adaptation needs rather than solely carbon emission reductions. Actions around buildings retrofit in the short to medium term will be influenced by the need to reduce fuel poverty alongside Net Zero.
- 3.4 The plans will also focus on a wider range of drivers/changes needed so as to better enable the Council to scale delivery for the subsequent period of the CAP that will follow, most likely for a period of five years to 2030.
- 3.5 Recognition of the key synergies between plans is being robustly assessed and prioritised. Examples include the economic benefits - skills and employment to wider society of delivering retrofit at scale, as well as how we transition in a just way for those whose current employment is likely to decline over the longer term.
- 3.6 A summary of the key focus of the CAPs is summarised below:
 - actions where we either have direct control or influence;
 - developing robust funding models and funding bids to meet future delivery requirements;
 - resolving or reducing technical and legal constraints: eg understanding our own building stock better, delivering pilots, reviewing leaseholder charging models for social housing;
 - getting the organisation into the best place to meet the challenge: reskilling and carbon literacy, tailored additional staff resources as well as making better use of resources already in place, embedding accountability for Net Zero more widely;

- joining up the work more effectively both internally and with others: consolidating partnerships to accelerate delivery - London Councils, Local Government Association, Mayor of London, Local Authorities;
- focusing our lobbying better around high impact regulatory changes: eg Minimum Energy Enforcement Standards etc, and switching levies to gas;
- putting in place the right local policy and guidelines to aid delivery: informing future Local Plan review, new Sustainable Construction SPD, homeowner guidance for retrofit; and
- scaling quickly areas of high impact that we know how to do already: 'No regrets' actions such as Low Traffic Neighbourhoods (LTN) and active transport.

4 Management Arrangements

- 4.1 The changes in internal governance implemented over the last year or so have sought to broaden participation and accountability across the authority to deliver Net Zero. It is recognised that there are a small number of current gaps which have principally been as a result of the strain on the organisation to deliver its substantial Covid response - education and schools/adult social care. Engagement of these key departments in the future must be purposeful and aligned around both specific practical aspects with clear outcomes, as well as organisation wide activities such as embedding Net Zero into our procurement and commissioning to maximise impact.
- 4.2 The current membership of the executive structure (Environmental Sustainability Board) for oversight of our response to Net Zero includes the following services at senior level: finance, procurement, area regeneration, public health, new homes, corporate property, corporate policy and strategy, public realm, social housing, housing strategy, public affairs, communications and engagement. Three key lead member portfolio holders are also formal members of the Board.
- 4.3 These wider cross Council groupings are reflected as part of the thematic CAP working groups and Strategic Officer Climate Group (SOCG) and Finance and Resources Group. The purpose of the Climate Action Plan Working Groups (CAPWG), each driven by an accountable lead, is to develop the individual thematic CAPs. These will then be incorporated into one Hackney CAP, planned to go out for formal consultation later this year.
- 4.4 Seven CAPWGs have been established to align with London Councils Climate Change Programme. The CAPs will also need to assess the impact of external policy and strategy related to the individual work streams where applicable, ensure that the resourcing and funding requirements are identified and show pathways to meeting our targets.

- 4.5 In addition to this, working groups will be established to provide direction and support of the CAP development, and will, as a minimum, include the Finance and Resources Group and a Communications & Engagement Group. Where required, the Strategic Officer Climate Group (SOCG) will also establish task and finish groups to address specific challenges and work streams that may arise e.g. a Consultation Task & Finish Group.
- 4.6 To provide the necessary independent assurance of our draft plans, Buro Happold have been appointed to further support the detailed development of the thematic CAPs by working directly with the Retrofit, Renewable Power, Low Carbon Development, Low Carbon Transport, Consumption Based Emissions and Resilient & Green Groups. They have:
- Prepared an independent draft set of high-level actions for the next 3 years, aligned with the assumptions and themes of the Net Zero pathways
 - Facilitated a meeting with each group to discuss the BH independent actions and compare with the officer-recommended actions
 - Circulated workshop to staff to incorporate into updates as appropriate
 - Consolidated the workstreams' high-level suggested actions post staff engagement
 - Assessed alignment of high-level suggested actions with pathways modelling, with high level assessment of relative emissions impacts for each action
 - Identified synergies between high-level suggested actions
 - Issued a covering note summarising outcomes, and tracker of comments on the CAP thematic plans
- 4.7 Burro Happold have recently completed all of the meetings, and will be in a position to collate all of the CAPs, to include further discussions with theme leads, especially around the synergies and links across the themes and resourcing requirements in April.

5 Consultation and Engagement

- 5.1 Although community and public involvement was not a specific focus of the 'deep dive', Members have rightly drawn attention to the need for a coherent and thoughtful approach.
- 5.2 Hackney Council has an ambitious vision to rebuild a greener Hackney in the wake of the coronavirus pandemic, and has led some of the UK's most innovative interventions to improve air quality, reduce motor vehicle traffic and emissions and encourage its residents to change their behaviour to tackle climate change.
- 5.3 In the last 18 months, the Council has led a mix of project-based statutory consultations and broader digital and place-based resident engagement on its

LTNS, School Streets, Parking Enforcement Plan and other walking and cycling proposals. This work has seen thousands of specific responses to consultations, broader feedback about our ambitions and genuine conversations between councillors, council officers, residents, businesses and activists. In particular, the Council used an online platform (Commonplace) to seek broad resident feedback, and has heavily promoted this throughout all of its communications since 2020.

- 5.4 In addition to these projects, the Council has worked with already-engaged residents, external stakeholders and experts and local groups on its Air Quality Action Plan, Local Nature Recovery Plan and other climate-specific strategies in the last two years.
- 5.5 However, the length of the pandemic has hampered the degree of direct engagement undertaken to date, although we still held two large scale public events, the first for voluntary and community organisations to start building a consensus about a greener recovery from the pandemic (this was co-designed with community groups), and a second that reflects political commitments for a resident facing Citizens Assembly. The latter was held on 3rd March 2022 where a demographically representative group of residents were able to debate and explore the Council's Net Zero ambitions and emerging Climate Action Plan. A retrospective by the Mayor and Cllr Coban regarding that event can be viewed [here](#).
- 5.6 We do however recognise the need for a more structured long term response to engagement of residents and other key stakeholders. Key components have been outlined in more detail in earlier annual reports on progress with decarbonisation commitments, tabled at Full Council in July 2020 and 2021. As we emerge from the pandemic we are now better placed to take this forward and the development of our CAP provides a good opportunity to anchor it to practically shaping action rather than higher level debates regarding the climate and nature crisis.
- 5.7 To this end, we applied to the [Local Climate Engagement \(LCE\) programme](#) which supports local authorities to engage communities in their climate decision-making helping to build a deeper understanding of local preferences, aspirations and needs - reaching beyond those they most often hear from, and enabling the development of policy that is more likely to achieve public buy-in and trust. It also supports local authorities to tackle the risks and challenges they can experience around public engagement, obtain wider participation in climate action, and achieve a fair transition to Net Zero.
- 5.8 Some of our local policies – while popular and supported in consultation work – have created division within our community. As the Council seeks to explain its Net Zero vision to residents and engage them on the action that will need to be taken to meet it, it will do so in a challenging public environment. Participating in the LCE

programme will help support the Council in developing a new approach to public engagement on climate action, and bring together elected councillors, senior officers and communications and engagement officers on how to do this. It will help train a broader range of staff in the authority to take shared ownership of how good public engagement works, and build multi-disciplinary teams to deliver it. It will also give the authority expert opinion on the external governance needed to provide meaningful scrutiny on its work, working collaboratively with residents and co-producing approaches wherever possible. By bringing together many suggested ways of engaging residents – ranging from citizens assemblies to statutory consultations – into a more coherent programme, we seek to avoid the risk that approaches would be more conventional and only hear from already engaged citizens generally on either side, for example, of the LTN debate.

- 5.9 Excellent and genuine public engagement is in Hackney Council's DNA, and we want to ensure that as we move on from LTNs and emergency measures, and onto a shared vision to meet Net Zero with a practical action plan, we will engage residents at an early stage about the scale of the climate crisis and the policies that should tackle it.
- 5.10 Our CAP is not yet fully developed and our ambition is that the practical action needed to meet Net Zero is a shared vision amongst everyone in our borough – rather than a Council strategy we're simply consulting residents on.
- 5.11 A more detailed community engagement plan will be developed as the CAP moves to the consultation stage and will be reported to Council as part of the Annual Update and further set out in the Cabinet report to approve the CAP for external consultation.

6 Financing

- 6.1 Whilst this is a huge financial challenge to meet Net Zero ambitions Hackney is not starting from scratch, as part of setting the 2022/23 budget Council approved £25m for green initiatives in the 2022/23 - 2024/25 capital programme. The table below summarises the programme.

Green Initiatives included within the Council's Capital Programme

£000	2022/23	2023/24	2024/25	Total
CO2 Reduction	3,776	7,814	3,637	15,227
Energy Efficiency	2,994	2,608	100	5,702
Recycling	1,573	600	0	2,173
Other	1,280	332	335	1,948

£000	2022/23	2023/24	2024/25	Total
Total	9,624	11,354	4,072	25,050

Delivery against the projects within the capital programme will be monitored through the Council's budget monitoring framework and form part of the quarterly performance reporting to Audit Committee.

- 6.2 Developing a fuller understanding of the finance and resourcing needs is being completed by assessment of strategic actions on an ongoing basis and to date has consisted of two discrete assessments, one at an early stage using the initial outputs from the thematic working groups and a second one post the completion of external assurance is currently underway. The approach is broad and encompasses estimated capital delivery costs, as well as the adequacy of existing staff resources and skills. This initial assessment is very much a first broad estimate of the high level actions coming through from the theme groups. More work is ongoing to develop accurate costings which will enable Members to make decisions.
- 6.3 The further iteration of estimated costs is being undertaken using the independently assured strategic actions. The key elements of the assessment are outlined below
- review of pipeline projects where budgets haven't been approved but project activities are being worked on and/or you have some estimates;
 - estimates of costs for projects that will need to be developed within the next three years;
 - review of existing annually approved budgets for green initiatives;
 - review of latest iteration of High Level Strategic Actions and include a provisional annual funding allocation for wider consultancy support where required to develop the thematic plans further (retrofit may have a significant proportion of this type of activity, there are also similar items in a number of the thematic plans);
 - review of High Level Strategic Actions to identify where additional staff resources or reskilling costs may be needed for the delivery of the three year thematic plans and whether new roles would be permanent roles or fixed term; and
 - identification of likely funding sources.
- 6.4 The Finance Task and Finish Group are working closely with theme leads to further develop cost estimates and identify external funding opportunities. As part of the development of the funding strategy for this work we are not looking at the themes in isolation but all together so we can cost up the whole plan for delivering Net Zero targets.

- 6.5 There is a need to be proactive and creative in order to find new funding and a recognition that the Council will need to lobby the Government to get external funding for this agenda. As a Council we want to retrofit our properties but it is accepted that the funding is not available for this work. The Council's housing asset management plan on Council homes allows for circa £14,000 every 7 years to invest in the maintenance of our housing stock. The initial estimated cost of retrofit to get to Efficiency rating B is approximately £50,000 a property - indications from the pilot project under development indicate that the cost could be even more. There is a huge gap in funding and innovative funding solutions need to be explored as well as leveraging in funding from the Government.
- 6.6 The actions emerging from plans will align with the capital programmes but require more detailed work to be done. It is recognised that there will also be a revenue impact which will be built into the medium term planning and the HRA business plan finance model.
- 6.7 The sheer size of investment and pace of delivery needed and the lack of long term funding from the Government are the most significant challenges facing the council. We are now going into a period of increased austerity and we have a number of priorities and the need to invest in this space, particularly retrofit, is key. Government funding is required to fund the domestic retrofit of Hackney's properties including the ones we own as well as the community as a whole.
- 6.8 The speed of technological advances is also a challenge as the cost of new technologies are very expensive at the initial stages - the Council will want to make sure that we are not buying at the top of the market. This means running a pilot study for retrofit is challenging because of the impact on leaseholders on the scheme at the beginning of the retrofit journey, when the cost of retrofit will be significantly higher than in future years. Options to mitigate this will need to be considered.
- 6.9 Business investment cases are marginal. Investing in certain things can take a very long time to repay. Therefore, these will have to be supplemented with other funding. Also the principal agent issue in social housing and private rented needs to be considered. If investing in retrofit to save energy costs, the benefit goes to the tenant not to the person making the investment. This impacts on the ability to attract investment in this area - investors will want to see a return. Solutions to this issue will need to be found.
- 6.10 The strategic objectives of the CAP are linked to an evidence base and, as part of the second wave of assessment of costs, the required investment will be matched against the expected outcomes to ensure the Council is getting the most from the resources we have. The Finance group will also develop a prioritisation model which takes into account the cost of the investment, the impact in relation to

delivering Net Zero and also the deliverability of the action. An assessment of the resource needs encompassing the technical, financial and programme management requirement will also form part of this work.

- 6.11 This largest cost to deliver our Net Zero ambitions is in relation to retrofit. There is a London working group on this with involvement from many London Boroughs as well and other organisations. There is a need to be realistic on the Government's ability to give funding and start to explore how the private sector can help with this and lever these opportunities into the development of the Council's CAP funding Strategy. Hackney is also engaging extensively across London to make sure we are on the front foot on this.

7 CHAIR'S CONCLUSIONS

- 7.1 The presentations made to the Committee's Net Zero Deep Dive impressed Members in their range and depth. It was clear that a significant number of the necessary steps have already been taken in building a credible Climate Action Strategy for the Borough. However, from the subsequent discussion, it was equally clear that the Council faces enormous challenges in turning its good intentions into effective action like all local authorities and governments.

- 7.2 Although the organisation of activities within the Council appeared to us to be robust, the programme would be further enhanced through a further strengthening of the central direction and oversight of Net Zero ambitions across the organisation. We also heard from officers that tasks in drawing up the Climate Action Strategy are still in development in accordance with the agreed timelines. This, in turn means the timetable for getting the Climate Action Strategy formally approved by the Council at the end of this year is understandably challenging.

- 7.3 As well as these general issues, we identified four other areas where we felt current activities and plans need to be developed.

7.3.1 The seven **Thematic Action Plans** are the key link between Hackney's overall Climate Action Plan and its achievement on the ground. We heard that work is going well in all the thematic groups and that the results are being independently assessed. These seven plans are the crucial driver for change. These plans are vital to establish a credible relationship between each proposed action and its impact on the net zero target, to set specific targets and timetables and to demonstrate how and what the key stakeholders will need to contribute. We were able to see the substantial progress being made on these plans. There are comprehensive reviews of actions, priorities and interconnections between the themes.

It is recognised that more modelling on the actions needs to be undertaken and it is noted that a key focus of the next phase of development work will include more detailed financial modelling which will assess the costs and expected impact. The development of such a model will enable decision makers to say that a £ invested in a particular range of activities within each thematic climate action plan will have a particular quantitative impact on carbon reduction. This work is essential to inform the prioritisation and allocation of resources to achieve the greatest impact. One of our members highlighted a particular example of the need for comparative measures in the field of investment in energy saving to give a basis for allocating funds and setting appropriate standards.

- 7.3.2 **Management arrangements:** there was impressive evidence that there is good coordination between the various streams of activity involving a wide range of officers. We wanted assurance on the contribution that key service departments will need to make to the Climate Action Strategy. There was good evidence of the integration of housing services, corporate services and public realm services with the programme but we want to see more evidence that other services were similarly involved. It would be good to understand how the main service departments are integrated with management and budgeting for the Climate Action Strategy. We suggest the next stage of the planning process should demonstrate how the service departments are committed in concrete terms (actions and budget spend) to implement the aspects of the overall Climate Action Strategy that fall within their scope.

We believe it will be vital that the Executive Member in charge of the Net Zero target in the next Administration has sufficient authority, supported by the Mayor, to ensure other departments give priority to this overriding task of achieving net zero.

- 7.3.3 **Community / public involvement and support.** The Climate Action Strategy will acknowledge the key role that the public needs to play in achieving net zero. This suggests there will need to be a strong community dimension in the consultation exercise ahead of the Plan's approval. However, Members felt that neither of these issues has yet been given sufficient attention. The important role that community leadership might play in understanding the issues and helping to win support for their implementation has not been addressed. Yet without general public support, net zero will be little more than vague aspiration. As the presentation underlined, the Council has little influence over the majority of carbon emitters. We suggest there should be a separate strand of work on community and public that informs both the general strategy and its detailed implementation at community level.

7.3.4 **Financing.** In many ways this is the most challenging area for the Council given the need to mobilise very substantial investment from a wide range of organisations outside the Council's direct influence. We were reassured there is a clear recognition of the scale of investment needed and that some work has been done to identify possible partners and sources of funds. There is a commitment to producing a three-year medium term investment plan as part of the Climate Action Strategy and this is welcome. However, there remains understandably further work to do in planning for the period from 2025 to 2030 (2030 is when some of the first key substantive reduction targets will need to be achieved). There is a commitment to setting out the scope and possible sources of funds for this crucial period and again, this is welcome. However, we would emphasise the need to prioritise this work given the time it will take to identify the financial options at scale that will be necessary.

7.4 Finally, we suggest the Audit Committee under the next Administration retains a close interest in the oversight of the implementation of the Climate Action Strategy. Not only is the issue acknowledged to be a national and local emergency, but the work done so far by the Council shows what a pivotal influence it can play in the local community's response. Too often climate change has been an issue where good intentions have not been followed up in practice. All our futures depend on the effectiveness of the actions we take over the rest of this decade and beyond.

8 RECOMMENDATIONS

8.1 Consideration should be given to a robust performance monitoring reporting framework against the CAP once it has been approved for delivery. Key performance information should be built into the regular performance monitoring to Audit Committee.

8.2 It is essential that purposeful and meaningful engagement of all departments of the Council is built into the delivery of the CAP. Officers should develop a framework for this engagement to ensure the whole organisation is contributing to the delivery of Net Zero.

8.3 Obtaining trust and buy-in from our stakeholders and communities for our CAP is key. Further, with only 5% emissions being in the Council's direct control, engagement with our communities and key stakeholders is essential to us delivering on our net zero targets. Building on the recent green recovery event and Citizen's Assembly, a comprehensive communication and engagement strategy needs to be developed and delivered to sit alongside the CAP.

8.4 We endorse the commitment for the development of a longer term Capital Investment Strategy that the CAP will be a significant element and welcome the aspiration to

develop financial planning for capital over a longer time period, up to at least 2030. It is accepted that this will be challenging and require the inclusion of assumptions given the lack of certainty that exists for longer term financial planning at Government level but commend the Group Director of Finance and Corporate Resources ambition to strive for this and his intention to move to longer term capital financial planning for the whole of the Council's capital programme over the medium term.

9 COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

9.1 There are no direct financial consequences arising from this report. Resources to deliver the Council's CAP will be considered as part of the Council Medium Term Financial Planning and budget development framework.

10. COMMENTS OF THE DIRECTOR OF LEGAL, DEMOCRATIC AND ELECTORAL SERVICES

10.1 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.

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

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Terms of Reference

Audit Committee Net Zero Deep Dive

Introduction

The Council recognises that it has a major role to play in shaping the Green agenda within the borough, not just with its own Net Zero targets, but in driving behavioural change from its residents and businesses. Stretching reduction targets have been set, which require funding beyond that which would ordinarily be available to the Council, meaning that we must be proactive and creative in seeking out new funding and financing mechanisms.

Looking at wider plans for decarbonisation across our estate, major investment will be needed in the short/medium term to retrofit Council buildings, including social housing stock, to improve insulation and energy systems, even if there may be savings to be derived in the long term from reduced waste collections, energy efficiency and energy generation activities.

Government announcements to date to financially support this work are woefully inadequate, neither responding to the scale of the task nor acknowledging the rapidly narrowing window of opportunity. The Council must work alongside others to maximise the collective pressure on Government for transformational change, securing the funding that is urgently needed to achieve it. The Committee on Climate Change is estimating that the UK will need to spend circa £33 billion a year on decarbonisation every year to 2050 in order to reach Net Zero emissions by that date.

The Council's ambitions for decarbonisation will require substantial mobilisation and leadership across the organisation and involve transformational work across almost all functions, rethinking how we work. This coupled with a desire to extend this activity by using the role of the Council in leading, shaping and influencing decarbonisation of the Borough will place added requirements that will need to be effectively targeted, managed and resourced.

The Council also recognises the importance of the here and now in tackling the Climate Emergency and has allocated a total of £26.1m to green initiatives in the period 2021/22 - 2023/24, with proposals for further green projects being worked up. Many of these projects are contributing to mitigating or adapting to the impacts of the climate crisis. Projects will be added to this capital programme as funding is confirmed. However, it should be noted that as a result of the pandemic, some major funders such as Transport for London (TfL) are facing uncertainty with their finances and hence it is not possible to state what level of funding will be granted for future

years, but we continue to work closely with TfL and are ready to respond as new funding initiatives are announced to ensure we can deliver green initiatives across the borough. We completed an external funding assessment before the Summer that was presented to the Environmental Sustainability Board for comment and will act as a backdrop to the proposed Financial Strategy work above.

Purpose of Deep Dive

As set out above, the organisational response to the Climate Emergency and delivering our Net Zero ambitions is a significant challenge for the Council. This deep dive seeks to provide assurance that:

- internal governance arrangements established to deliver this corporate priority are robust;
- the development and approval of the Climate Action Plan will underpin progress against our Net Zero targets; and
- the future delivery programme is aligned with the Council's capital programme.

The approach to this review is to:

- Consider the internal governance arrangements put in place following the review in 2021. Are these suitable and sufficient to meet requirements both now and in the future?
- Consider the timelines for publishing an approved Climate Action Plan (CAP) which will cover a period of three years. How will the focus of the initial CAP support the longer term commitments to deliver on Council and boroughwide Net Zero commitments?
- Consider the future delivery programme's relationship to the Council's Medium Term Financial Plan (MTFP). How will the projects to deliver the CAP be approved and aligned to the MTFP and in particular capital planning?
- In particular, consider the issue of resources and target outcomes against the timings set out in the emerging CAP and in the context of the Council's overall 2040 Net Zero strategy.

Participants/Contributors

The intention will be to invite contributors to a workshop session to present to Audit Committee and respond to questions, as follows:

- Group Director Finance and Corporate Resources - Ian Williams
- Strategic Director Sustainability and Public Realm- Aled Richards
- Director, Neighbourhood and Housing Finance - Deirdre Worrell
- Head of Sustainability & Environment - Sam Kirk

- Strategic Delivery Manager - Matthew Carrington
- Cllr Mete Coban - Lead Cabinet Member for Energy, waste, transport and public realm

CAP Theme leads may also be asked to attend.

Timescales

Week commencing 14th February	Agree brief and ToR
Week commencing 14th March	Workshop with Audit Committee Members
April	Findings to April Audit Committee meeting

Summary of Deep Dive Workshop Discussions - 17th March 2022

1 Where we are now

- 1.1 Going through a pandemic has meant there has been a massive financial challenge for Hackney but one thing Hackney has found during COVID19 when talking to residents and community organisations, is the pandemic has resulted in a greater appreciation of the environment and health within the community. There is now more focus on wanting to improve air quality and traffic issues and the wider climate issues which was clear during the Climate Summit held with residents earlier in March.
- 1.2 It was noted that the Council's response to the CLimate Emergency is not just one directorates' responsibility and it has been realised that the responsibility needs to be cross-cutting across the whole of the organisation. This will require a diverse range of contributors and leaders at all levels not just in the council but also in the community.
- 1.3 The time in which work needs to be done to meet the climate crisis needs to be undertaken in a narrowing window with Net Zero being met by 2040. Over the last 3 - 4 years Hackney has been focusing on delivery and strategy and have rolled out major initiatives especially those in relation to sustainable transport to reduce car travel, improve air quality and road safety. The Council has also planted more trees within the borough than any other London Borough and this has been reflected in being recognised at the LGC awards and have been shortlisted for an award across the UK in Hackney's efforts to tackle climate change. This shows good nationwide understanding that Hackney is leading the way on tackling the climate crisis and have delivered ambitious programmes in comparison to other councils.
- 1.4 Hackney Council's target in relation to climate change is to get a 45% reduction in CO2 equivalent emissions against 2010 levels by 2030 and Net Zero emissions by 2040, across the Council's full range of functions. Hackney is currently at 29% reduction of these targets due to the work which has already been undertaken but there is a lot more work to be done to meet the targets.
- 1.5 As the climate crisis is now one of Hackney's biggest priorities a number of changes have been made in the organisation's structure which reflects a more systematic approach to the climate crisis. The Chief Executive has expanded the neighbourhoods and Housing directorate to Climate, Homes and Economy Directorate in order to maximise the synergies of inclusive economy, growth, green skills, housing, regeneration and climate change, public realm, transport and environment services to bring everything together to get a coordinated response to the climate agenda.

1.6 It was noted that the Council can directly control about 5% of the borough emissions but it does have a strong influence on a further 25% of carbon emissions. Strong influence means that Hackney can implement policy, strategy and service changes to influence and change people's behaviour. Examples of this are setting out strategy for a modal shift into sustainable transport or changing the waste collection service (fortnightly collections) to reduce the amount of waste residents produce. These behaviour changes have been done not by forcing or imposing change on people but have behaviour change officers to engage with residents to try and find out how the service change can be adapted to meet their particular needs to bring the residents on side of making the changes.

1.7 Remaining 70% of emissions is where Hackney has a lot less influence on these emissions. For example, this may include the food residents choose to consume, if they choose to travel by plane etc. Therefore, behaviour change is key for us to reduce emissions and reduce the impacts of climate change.

1.8 **Discussion point - Does the Council have an understanding on the carbon reduction we can get from influencing in these areas**

Committee was advised that baseline assessment and modelling is currently being undertaken by our climate change consultants which is looking at what our high impact actions are on carbon reduction and therefore where we need to focus and act. This work will also inform the development of the strategic actions to ensure that they align with the emission pathway modelling and that the actions we propose within the CAP will reduce the amount of emissions required to reach our target. All this work is coming from a critical thinking and evidence approach.

2 **Developing and publishing the CAP**

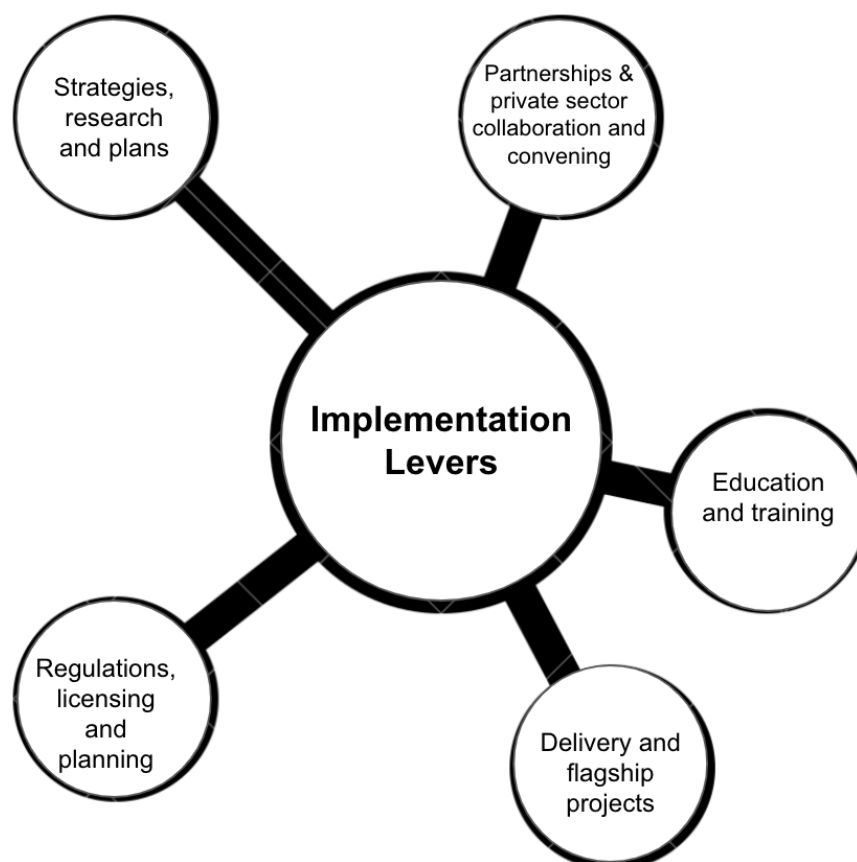
2.1 It was noted that Hackney is not starting from scratch in its work to meet the boroughwide Net Zero commitments. The presentation set out the roadmap in which Hackney is on in reaching Net Zero targets. Certain aspects of the work to reach Net Zero are at earlier stages than others due there being less knowledge and experience in some areas and with some areas also being very costly in comparison to other areas of work.

2.2 The CAP will be published in Winter 2022 but the work to get to publication is very complex. Hackney has adopted the London Council CAP themes as these themes have been based on evidence from the review of other Council CAPs. The themes are:

1. Retrofit Hackney
2. Low Carbon Development
3. Renewable Power for Hackney
4. Low Carbon Transport
5. Consumption Emissions

6. Green Economy
7. Resilient and Green

- 2.3 The plan has been developed for the next three years and ultimately will be succeeded by a 5 year plan. The reason for these timelines is it maintains momentum in work as well as acknowledging there will be a lot of change in plans as technology and costs associated with climate work are constantly changing.
- 2.4 The CAP development is exploring ways Hackney can adapt to climate change as well as reduce emissions. Key areas have been selected where the Council knows it has control and can make substantial and impactful progress. Although following the London Council themes Hackney's CAP will be nuanced and streamlined to ensure work in different topic areas can come together. Each theme is currently being developed by a thematic CAP lead and experienced working group. Once developed, actions from thematic CAPs will go into one consolidated CAP. Some CAP topics also look at implementing wider benefits including socioeconomic benefits.
- 2.5 The actions of the thematic CAPs are being developed using the implementation levers set out in the diagram below.



Taking a systematic approach to using these levers will support the development of an evidence based CAP which will have the best possible impact on achieving the Council's targets for emission reduction.

- 2.6 Key focus areas, which have the greatest impact are the areas where the development work on the CAP is ongoing. However, these key areas will need to be better prioritised as we need to realise that we can't do everything and therefore need to look at where we can influence the most and make the most impact. This means that the CAP needs to be focused. The CAP should not be simply a list of actions which are unworkable or will have minimal impact. Having more focus also enables us to step back and see where the wider system needs to be changed; the climate emergency is a systems based problem which requires a systems based solution.
- 2.7 **Discussion points:** Credibility and resilience of the CAP process is at the heart of the matter and therefore prioritising and monitoring is key. The aspirations are great but have we a feel on where the process has got to?
- 2.8 Officers have undertaken a lot of baseline work and have set up the Strategic Officer Climate Group (SOCG) which is made up of thematic CAP leads to drive the development of the CAP. Our consultants, Buro Happold are supporting this work and have also done a lot of work including the borough wide modelling of emissions which can aid in what we need to do to get the required emission reduction.
- 2.9 It was noted that there was a need to develop in-house expertise in this area to ensure we can challenge the work of our consultants. It is also essential that we undertake cost benefit analysis work and we will explore all avenues for expertise in this area including, working collaboratively with partners, other local authorities etc., and researching what Government has in this area.
- 2.10 It was noted that a Finance task and finish group which sits alongside the SOCG has been established and will make recommendations to inform the CAP development to ensure investment is targeted to achieve the greatest impact and deliver Value for Money for the Council.

3 Internal Governance Arrangements

- 3.1 The timeline outlines the stages of the CAP development, however, it is an iterative process and more stages have been added since the Annual Decarbonisation Report to Council in September. This is because as we do more work on the development of the CAP we realise there is more to be done to deliver a successful CAP and therefore the timelines change.

- 3.2 Currently we are consolidating our strategic actions for each thematic CAP, carrying out an independent review and challenge of the actions and assessing the financial cost. Once complete, the work will be considered by the Environmental Sustainability Board (ESB) and the Corporate Leadership Team. Once all themes are finalised and consolidated into one CAP it will go to Cabinet for approval to go out for consultation in the Autumn 2022.
- 3.3 In the early part of 2021 an internal governance review was carried out and a revised governance structure put in place so that it is fit for purpose to deliver the CAP. The new governance structure has 3 distinct tiers:
- Environmental Sustainability Board (ESB): Refreshed membership, senior officers and Cabinet members, with a clear 12 month work plan - Chair Ian Williams meets every 2 months
 - Strategic Officer Climate Group (SOCG) : Key tool for delivery of the Board's work plan including overseeing the Climate Action Plan working groups - Co-Chairs Matthew Carrington and Sam Kirk meets every six weeks
 - Climate Action Plan working groups: Develop the seven draft Climate Action Plans broadly in alignment with the themes identified by London Councils - accountable leads confirmed - meeting monthly
- 3.4 There are also task and finish groups which sit alongside such as one for finance and as we progress along the timeline there will be one for consultation and engagement.
- 3.5 There has already been some external scrutiny on the work done so far with feedback collected from residents at the Green Recovery Event held in late 2021 and the Climate Summit held earlier in March.
- 3.6 Hackney realises that for the effective implementation of the CAP there needs to be organisational development. Work on this has been initiated through the development of a carbon literacy training programme which will be available to all staff and lead members. It is also realised that the council will need to reskill its workforce in good time to meet the demand to get to Net Zero and adapt to climate change.
- 3.7 It has also been realised that once the CAP has been published there will have to be a review and refocus of CAP working groups and that there will need to be a robust and transparent monitoring framework in place to track progress of actions and achievement against the target.

- 3.8 **Discussion points** There is a need to develop climate change skills across the Council, Kensington and Chelsea have created a Green Skills toolkit. Do we plans to do anything similar? We have engaged training specialists to develop a carbon literacy programme which includes an e-learning module and then workshops to help teams upskill and increase knowledge on the topic. We are also exploring London wide resources such as the Mayor of London's Green Skills academy. We will also need to look at reskilling current staff and then also bringing in more technical people into the workforce to help on the required work. This isn't immediate but will look at this on horizon scanning and match to the timing of the actions with the CAP.
- 3.9 There was also a recognition that we need to develop skills externally across the borough and within the council as well as developing partnerships between the Council and the community and the theme lead for inclusive economy is already looking into this. We have also started to build an evidence base on what skills will be required of our workforce to take this agenda forward.
- 3.10 It was noted that the first target is only 7 years away and we do not have a workforce ready for this - it is difficult to see how our workforce will be ready in time.
- 3.11 It was also noted that whilst it was welcomed that governance arrangements were sound and focused on climate in the Public Realm, it is also important to get all services across the council involved and on board. Need to make sure all departments play a full role and know how this will be done. The revised governance arrangements set out the framework to fully involve the whole Council in this area. Discussions are being held with those areas of the Council not yet fully engaged. Need to balance replicating the Corporate Leadership Team (CLT) at ESB meetings. As the CAP develops and regular updates are taken to CLT engagement and participation in this area will increase.
- 3.12 Community and public involvement is central to this agenda and we need to make sure the public are part of this. At present it is not clear how we are getting their engagement and commitment to the climate emergency action or how we are accountable to them. on delivery.
- 3.13 In relation to public engagement, this work has begun - there was the green recovery event and, just recently, the climate summit. There will be more engagement and we develop projects to deliver the CAP and will be a major community engagement piece when the CAP goes to consultation. We also want a strategy to ensure that we hear the views of the hard to reach communities. This will be a key focus of the community engagement strategy..

3.14 It was noted that local communities are very focused on Low Traffic Neighbourhoods (LTNs) and there is a need to broaden the focus on the wider issue of climate change and the possible solutions.

4 Financial Impact and alignment with the Council Medium Term Financial Planning

4.1 There is a huge financial challenge to meet Net Zero ambitions although, as mentioned above, Hackney is not starting from scratch with £25 million allocated to green initiatives the 2022/23 - 2024/25 capital programme approved by Council as part of setting the 2022/23 budget. This is likely to increase over time.

4.2 The funding for this agenda is far beyond what is available to the Council and a blended approach to financing the CAP will be required. A working group has been set up to identify external funding opportunities.

4.3 Theme leads have identified 75 strategic actions within the thematic CAPs to be delivered over the next three years to five years. A cost categorisation model has been used to provide broad cost estimates of the actions. Some actions will be able to be undertaken with current funding in place and the rest require funding to be taken forward.

4.4 It is recognised that there will be external grant funding opportunities as well as income sources for some of the actions and these need to be robustly worked through with finance and the CAP teams. Therefore, this initial costing is very much a first broad estimate of costs and more work needed on costing for members to make decisions on where to invest money.

4.5 Work is being done to look at where the most impact can be made. So not just looking at how much it costs but where to prioritise investment through developing an impact piece which looks at the actions and which ones will deliver the most benefits. We are exploring synergies where the theme leads can better work together for example, renewable energy and retrofit.

4.6 Once the actions and detailed projects are further developed and scoped the finance task group will cost the plans, explore funding opportunities and align this work to medium term financial planning and capital programme development. Each project within the CAP which requires additional funding will be supported by a business case taking into account green book methodologies and expected impact and be considered by Members for inclusion in the CAP. This will then feed into the financial planning of the Council.

4.7 The Finance Task and Finish Group are working closely with theme leads to develop cost estimates and identify external funding. As part of the development of

the funding strategy for this work we are not looking at the themes in isolation but all together so we can cost up the whole plan of delivering Net Zero. The financial information will enable resource prioritisation to be carried out.

- 4.8 We need to be proactive and creative to find new funding and also realise we will need to lobby the Government to get external funding on this. As a Council we want to retrofit our properties but we need to realise we don't have the funding for this at the moment. Our asset management plan on council homes allows for £14 thousand every 7 years to invest in housing stock. The initial estimated cost of retrofit to get to Efficiency rating B is approximately £50,000 a property - indications from the pilot project under development indicate that the cost could be even more. There is a huge gap in funding and we need to come up with innovative ways to fund and lever in funding from the government.
- 4.9 The actions emerging from plans will align with the capital programmes but require more detailed work to be done. It is recognised that there will also be a revenue impact which will be built into the medium term planning and the HRA business plan finance model.
- 4.10 The sheer size of investment and pace of delivery needed and the lack of long term funding from the Government are the most significant challenges facing the council. We are now going into a period of increased austerity and we have a number of priorities and the need to invest in this space, particularly retrofit, is key. Government funding is required to fund the domestic retrofit of Hackney's properties including the ones we own and the community as a whole.
- 4.11 The speed of technological advances is also a challenge. We want to make sure we are not buying at the top of the market. This means running a pilot study for retrofit is challenging as how do you treat the lease holders on the scheme at the beginning of the retrofit roll out when the cost of retrofit will be significantly higher at the start than in future years. This needs to be considered.
- 4.12 Business investment cases are marginal. Investing in certain things can take a very long time to repay. Therefore, these will have to be supplemented with other funding. Also need to consider the principal agent issue in social housing and private rented. If investing in retrofit to save energy costs, the benefit goes to the tenant not to the person making the investment. Need to find a way to attract investment in this when investors want to see a return.
- 4.13 The biggest issue with the financial challenge facing us, is there are issues on resources we have and what we want to achieve. There is mismatch and we do not have sufficient funding to do everything that we need to do so we need to be creative

and flexible, working with the wider local government to challenge the Government to fund parts of this Net Zero work.

- 4.14 What we have done is made sure that the strategic objectives of the CAP are linked to an evidence base and we will concentrate on linking the investment to the required outcomes so we are making the most of the resources we have. We will identify key synergies as part of the next development phase of the strategic objectives. We are also developing a prioritisation model which takes into account the cost of the investment and the impact in relation to delivering Net Zero and also the deliverability of the action such as do we have the skills and other resources to deliver the action. We are also identifying resource needs both technical, financial and programme management. We plan to do this over three years to develop learning for longer term plans.
- 4.15 **Discussion points:** It was noted that there are still a lot of unknowns on plans and financing - how far are the Council in identifying the most impactful actions? In relation to assessing the impact of actions, the strategic actions were derived in December and currently we are undertaking an independent review on them to assess which will provide the greatest impacts and understand the costs to deliver these actions. A consideration of the steps that needs to be taken to deliver these high impact actions and exploring the Key synergies will be undertaken too. This work is on track to be completed by June.
- 4.16 It was appreciated that the Council needs to think creatively to raise funding to deliver the CAP. The UK infrastructure bank is now lending money and we should also consider community municipal bonds.
- 4.17 The development of Funding Strategy for the CAP is a key objective for the Finance Task and Finish Group - as part of this work will explore all options for funding this work.
- 4.18 In respect of retrofit and the huge cost of this work it was recognised that considering the massive funding required to deliver this is so daunting that it becomes a block to progressing with other more deliverable actions. Need to consider where the quick wins are.
- 4.19 It was noted that there was a need for action from the Government. Local Authorities are making the case to the Government, as are private sector bodies such as landlords etc which are impacted by the costs of getting to Net Zero. Lobbying, national change and regulatory levers are all required to deliver this change.
- 4.20 In relation to retrofit there is a London working group on this and has input from London organisations. Also need to be realistic on the Government's ability to give

funding but start looking at how the private sector can help with this and lever these opportunities into the development of the Council's CAP funding Strategy. Bankers without Boundaries are doing a lot of work on this and looking at ways across the country to lever significant sums of money. Hackney is also engaging extensively across London to make sure we are on the front foot on this. Medium term financial plan usually looks at 3 years but is effectively a 1 year rolling plan due to a lack of longer term planning at Government level. There are still many uncertainties on what funding will come forward due to impacts such as rising inflation on energy and other supplies, the cost of living crisis and the impact on income levels as well as the continuing impact of COVID. One ambition for the Council is that if we do get certainty on funding, we will start mapping out our financial programme, particularly capital, over a ten year period.

- 4.21 There was a recognition that there was a gap between the financing framework of 3 years for the CAP and the need to be Net Zero in 2040 and that we will not be able to achieve our target without a good financial case.

AUDIT COMMITTEE WORK PROGRAMME 2022/23

	8 June 2022	Decision	Group Director & Lead Officer
1.	FINANCE UPDATE	For information and comment	Ian Williams
2.	PERFORMANCE REVIEW REPORT	For information and comment	Bruce Devile Matthew Powell
3.	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Pradeep Waddon)
4.	CORPORATE RISK REGISTER	For information and comment	Matthew Powell
6.	FRAUD AND IRREGULARITY ANNUAL REPORT 2021/22	For information and comment	Ian Williams (Michael Sheffield)
9..	AUDIT COMMITTEE WORK PROGRAMME 2021/22	For information	All

	20 October 2022	Decision	Group Director & Lead Officer
1.	FINANCE UPDATE	For information and comment	Ian Williams
2.	PERFORMANCE REPORT	For information and comment	Matthew Powell Bruce Devile
3.	DIRECTORATE RISK REGISTER REVIEW – CHIEF EXECUTIVE	For information and comment	Chief Executive
4.	DIRECTORATE RISK REGISTER REVIEW- FINANCE AND RESOURCES	For information and comments	Ian Williams (Matthew Powell)
5.	AUDIT AND ANTI-FRAUD PROGRESS REPORT TO SEPTEMBER 2021	For information and comment	(Ian Williams) Michael Sheffield
6.	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Pradeep Waddon)
7.	AUDIT COMMITTEE WORK PROGRAMME 2021/22	For information	All

	17 November 2022 (Special)	Decision	Group Director & Lead Officer
1.	Annual Accounts 2021/22	For information and comment	Ian Williams (Jackie Moylan)

	18 January 2023	Decision	Group Director & Lead Officer
1.	FINANCE UPDATE	For information and comment	Ian Williams
2.	PERFORMANCE REVIEW REPORT	For information and comment	Bruce Devile Matthew Powell
3.	DIRECTORATE RISK REGISTER REVIEW – NEIGHBOURHOODS & HOUSING	For information and comment	Ajman Ali
4.	CORPORATE RISK REGISTER	For information and comment	Chief Executive (Matthew Powell)
5.	TREASURY MANAGEMENT UPDATE REPORT 2021/22	For information and comment	Ian Williams (Pradeep Waddon)
6.	REVIEW OF TREASURY MANAGEMENT STRATEGY 2022/23	To approve	Ian Williams (Pradeep Waddon)
7.	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield)
8.	CERTIFICATION OF GRANTS & RETURNS 2022/23	For information and comment	Ian Williams (Jackie Moylan)
9.	EXTERNAL AUDIT PLAN PROGRAMME 2022/23	For information and approval	Ian Williams (Michael Sheffield)
10.	AUDIT COMMITTEE WORK PROGRAMME 2022/23	For information	All

	19 April 2023	Decision	Group Director and Lead Officer
1.	FINANCE UPDATE	For information and comment	Ian Williams
2.	PERFORMANCE REVIEW REPORT	For information and comment	Bruce Devile Matthew Powell
3.	DIRECTORATE RISK REGISTER REVIEW - CHILDREN AND FAMILIES	For information and comment	Jacqui Burke
4.	DIRECTORATE RISK REGISTER REVIEW - ADULTS, HEALTH AND INTEGRATION	For information and comment	Helen Woodland

5.	TREASURY MANAGEMENT UPDATE REPORT 2022/23	For information and comment	Ian Williams (Pradeep Waddon)
6.	INTERNAL AUDIT ANNUAL PLAN	To approve	Ian Williams (Michael Sheffield)
7.	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield)
8.	REVIEW OF WHISTLEBLOWING	For information and comment	Ian Williams (Michael Sheffield)
9.	AUDIT COMMITTEE – ANNUAL REPORT	For information and comment	CIlr Nick Sharman (Chair)/ Michael Sheffield
10.	AUDIT COMMITTEE WORK PROGRAMME 2022/23	For Information	All

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