



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

Wednesday, 19 April 2023, at 6.30 pm

The Council Chamber

Hackney Town Hall

E8 1EA

The live stream can be viewed here:

<https://youtu.be/BJuEbT7zrul>

Backup - <https://youtu.be/123e8kbQclg>

Members of the Committee:

Councillor Anna Lynch (Chair)

Councillor Lynne Troughton (Vice-Chair)

Councillor Frank Baffour

Councillor Polly Billington

Councillor Zoe Garbett

Councillor Margaret Gordon

Councillor Shaul Krautwirt

Councillor Caroline Selman

Councillor Gilbert Smyth

Councillor Sarah Young

Mark Carroll
Chief Executive
Tuesday 11 April 2023
www.hackney.gov.uk

Contact: Mark Agnew
Governance Officer
governance@hackney.gov.uk

Audit Committee

Wednesday, 19 April 2023

Order of Business

1 Apologies for Absence

2 Declarations of Interest

Members are invited to consider the guidance which accompanies this agenda and make declarations as appropriate.

3 Minutes of the Previous Meeting (Pages 9 - 20)

To consider the minutes of the previous meeting held on 18 January 2023

4 Finance Update

Presentation by the Group Director of Finance and Corporate Resources

5 Performance Update (Pages 21 - 56)

6 External Audit Report - To Follow

At the time of the agenda publication, Officers were still awaiting information from external auditors.

7 Directorate Risk Review: Climate, Home and Economy (Pages 57 - 104)

8 Deep Dive - Council Reserves (Pages 105 - 154)

9 Treasury Management Update Report (Pages 155 - 162)

10 Internal Audit Annual Plan 2023/24 (Pages 163 - 180)

11 Audit & Anti-fraud Quarterly Progress Report (Pages 181 - 204)

12 Whistleblowing Annual Report 2022/23 (Pages 205 - 210)

13 Audit Committee Annual Report (Pages 211 - 224)

14 Work Programme (Pages 225 - 226)

15 Any Other Business that the Chair Considers Urgent

Public Attendance

Following the lifting of all Covid-19 restrictions by the Government and the Council updating its assessment of access to its buildings, the Town Hall is now open to the public and members of the public may attend meetings of the Council.

We recognise, however, that you may find it more convenient to observe the meeting via the live-stream facility, the link for which appears on the agenda front sheet.

We would ask that if you have either tested positive for Covid-19 or have any symptoms that you do not attend the meeting, but rather use the livestream facility. If this applies and you are attending the meeting to ask a question, make a deputation or present a petition then you may contact the Officer named at the beginning of the Agenda and they will be able to make arrangements for the Chair of the meeting to ask the question, make the deputation or present the petition on your behalf.

The Council will continue to ensure that access to our meetings 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. The latest general advice can be found here - <https://hackney.gov.uk/coronavirus-support>

Rights of Press and Public to Report on Meetings

The Openness of Local Government Bodies Regulations 2014 give the public the right to film, record audio, take photographs, and use social media and the internet at meetings to report on any meetings that are open to the public.

By attending a public meeting of the Council, Executive, any committee or sub-committee, any Panel or Commission, or any Board you are agreeing to these guidelines as a whole and in particular the stipulations listed below:

- Anyone planning to record meetings of the Council and its public meetings through any audio, visual or written methods they find appropriate can do so providing they do not disturb the conduct of the meeting;
- You are welcome to attend a public meeting to report proceedings, either in 'real time' or after conclusion of the meeting, on a blog, social networking site, news forum or other online media;
- You may use a laptop, tablet device, smartphone or portable camera to record a written or audio transcript of proceedings during the meeting;
- Facilities within the Town Hall and Council Chamber are limited and recording equipment must be of a reasonable size and nature to be easily accommodated.
- You are asked to contact the Officer whose name appears at the beginning of this Agenda if you have any large or complex recording equipment to see whether this can be accommodated within the existing facilities;
- You must not interrupt proceedings and digital equipment must be set to 'silent' mode;
- You should focus any recording equipment on 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 to respect the wishes of those who do not want to be filmed and photographed may result in the Chair instructing you to cease reporting or recording and you may potentially be excluded from the meeting if you fail to comply;

- Any person whose behaviour threatens to disrupt orderly conduct will be asked to leave;
- Be aware that libellous comments against the council, individual Councillors or officers could result in legal action being taken against you;
- The recorded images must not be edited in a way in which there is a clear aim to distort the truth or misrepresent those taking part in the proceedings;
- Personal attacks of any kind or offensive comments that target or disparage any ethnic, racial, age, religion, gender, sexual orientation or disability status could also result in legal action being taken against you.

Failure to comply with the above requirements may result in the support and assistance of the Council in the recording of proceedings being withdrawn. The Council regards violation of any of the points above as a risk to the orderly conduct of a meeting. The Council therefore reserves the right to exclude any person from the current meeting and refuse entry to any further council meetings, where a breach of these requirements occurs. The Chair of the meeting will ensure that the meeting runs in an effective manner and has the power to ensure that the meeting is not disturbed through the use of flash photography, intrusive camera equipment or the person recording the meeting moving around the room.

Advice to Members on Declaring Interests

If you require advice on declarations of interests, this can be obtained from:

- The Monitoring Officer;
- The Deputy Monitoring Officer; or
- The legal adviser to the meeting.

It is recommended that any advice be sought in advance of, rather than at, the meeting.

Disclosable Pecuniary Interests (DPIs)

You will have a Disclosable Pecuniary Interest (*DPI) if it:

- Relates to your employment, sponsorship, contracts as well as wider financial interests and assets including land, property, licenses and corporate tenancies.
- Relates to an interest which you have registered in that part of the Register of Interests form relating to DPIs as being an interest of you, your spouse or civil partner, or anyone living with you as if they were your spouse or civil partner.
- Relates to an interest which should be registered in that part of the Register of Interests form relating to DPIs, but you have not yet done so.

If you are present at any meeting of the Council and you have a DPI relating to any business that will be considered at the meeting, you **must**:

- Not seek to improperly influence decision-making on that matter;
- Make a verbal declaration of the existence and nature of the DPI at or before the consideration of the item of business or as soon as the interest becomes apparent; and
- Leave the room whilst the matter is under consideration

You **must not**:

- Participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business; or
- Participate in any vote or further vote taken on the matter at the meeting.

If you have obtained a dispensation from the Monitoring Officer or Standards Committee prior to the matter being considered, then you should make a verbal declaration of the existence and nature of the DPI and that you have obtained a dispensation. The dispensation granted will explain the extent to which you are able to participate.

Other Registrable Interests

You will have an 'Other Registrable Interest' (ORI) in a matter if it

- Relates to appointments made by the authority to any outside bodies, membership of: charities, trade unions,, lobbying or campaign groups,

voluntary organisations in the borough or governorships at any educational institution within the borough.

- Relates to an interest which you have registered in that part of the Register of Interests form relating to ORIs as being an interest of you, your spouse or civil partner, or anyone living with you as if they were your spouse or civil partner; or
- Relates to an interest which should be registered in that part of the Register of Interests form relating to ORIs, but you have not yet done so.

Where a matter arises at any meeting of the Council which affects a body or organisation you have named in that part of the Register of Interests Form relating to ORIs, **you must** make a verbal declaration of the existence and nature of the DPI at or before the consideration of the item of business or as soon as the interest becomes apparent. **You may** speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

Disclosure of Other Interests

Where a matter arises at any meeting of the Council which **directly relates** to your financial interest or well-being or a financial interest or well-being of a relative or close associate, you **must** disclose the interest. **You may** speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

Where a matter arises at any meeting of the Council which **affects** your financial interest or well-being, or a financial interest or well-being of a relative or close associate to a greater extent than it affects the financial interest or wellbeing of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest, you **must** declare the interest. **You may** only speak on the matter if members of the public are able to speak. Otherwise you must not take part in any discussion or voting on the matter and must not remain in the room unless you have been granted a dispensation.

In all cases, where the Monitoring Officer has agreed that the interest in question is a **sensitive interest**, you do not have to disclose the nature of the interest itself.

**DRAFT MINUTES OF THE AUDIT COMMITTEE
HELD ON
WEDNESDAY 18 JANUARY 2023 AT 6:30PM**

THE COUNCIL CHAMBER, HACKNEY TOWN HALL

THIS MEETING WAS LIVE STREAMED AND CAN BE VIEWED HERE:

<https://youtu.be/73eBk0CTIn4>

- Chair:** Cllr Anna Lynch in the Chair
- Councillors in attendance in person:** Cllr Zoe Garbett, Cllr Gilbert Smyth, Cllr Shaul Krautwirt
- Councillors in attendance virtually:** Cllr Frank Baffour, Cllr Margaret Gordon, Cllr Lynne Troughton
- Apologies:** Cllr Polly Billington, Cllr Caroline Selman
- Officers in attendance in person:** Dawn Carter-McDonald (Director of Legal, Democratic and Electoral Services), Bruce Devile (Head of Performance, Member and Electoral Services), Peter Gray (Governance Officer), Jackie Moylan (Director of Financial Management), Michael Sheffield (Corporate Head of Audit, Anti-Fraud and Risk Management), Mizanur Rahman (Chief Accountant), Matthew Powell (Corporate Risk Adviser), Ian Williams (Group Director of Finance and Corporate Resources)
- Officers in attendance virtually:** Steve Waddington (Strategic Director of Housing)
- Others in Attendance:** Stuart Frith (Mazars)

1. Apologies for Absence

- 1.1 Apologies for absence/lateness were received from and/or on behalf of Cllr Polly Billington, Cllr Caroline Selman (for lateness)

1.2 Cllrs Frank Baffour, Cllr Margaret Gordon, Cllr Lynne Troughton joined the meeting remotely.

2. **Declarations of Interest - Members to declare as appropriate**

2.1 There were no declarations of interest.

3. **Minutes of the Previous Meeting**

3.1 **RESOLVED:**

- That the minutes of the meeting held on 20 October 2022 be agreed as a true and accurate record of proceedings subject to the addition of Chippo Grace Tete in the list of attendees

4. **Overall Financial Position - Update**

4.1 The Group Director of Finance and Corporate Resources presented to the Committee, highlighting the following:

- General Fund Forecast 2022/23 - forecast overspend of £8.409m;
- Financial pressures driven by high inflation, pay award, demand in services such as social care;
- Housing Revenue Account (HRA) position 2022/23 - forecast overspend in net operating expenditure of £10.728m. This could be brought into balance by a reduction in revenue contributions to capital;
- The cost of borrowing had increased;
- The current energy price guarantee to be removed from April 2023;
- Provisional local government settlement in 2023-24 was set out;
- The Revenue Support Grant will rise in line with the CPI;
- The Services Grant had been cut;
- The New Homes Grant had been reduced;
- Summary of consultation responses - key points set out;
- 2023/24 budget journey;
- Gap for 2023/24 had increased to £28.8m as a result of the staff pay award. A review of budget assumptions had reduced the amount to £13m;
- What the Local Government Funding Settlement means for the Council's 2023/24 budget - provides the ability to consider raising Council Tax by 5 percent/additional social care monies/provides the capacity to deal in part with rising costs in this area; also able to set aside a bit more for inflationary pressures, such as energy
- 2023/24 Council Tax and Budget will be proposed at Cabinet on 27 February and Full Council on 1 March 2023
- The HRA continues to be under considerable pressure with the need for savings of £15m over the next 3 years;
- Forecast spend on the capital programme was £165m;
- Cost of living crisis response was set out in the context of the Poverty Reduction Framework;

- Accounts Update - Opinion on the 2020/21 accounts remained outstanding as a result of the moratorium that Mazars had placed on audit opinions. The 2021/22 draft statement of accounts had been published in July
 - The terms of reference of the Reserves Deep Dive had been agreed.
- 4.2 The Chair commended officers on the production of the Help at Hand booklet and welcomed the news that there would be no new Council borrowing.
- 4.3 Cllr Chapman told the Committee that the level of the Government settlement was below what was required, with concerns that a 1 year settlement left little scope for planning. There continued to be a forecast £40m deficit for 2 years hence, and considerable financial pressures would continue for some years.
- 4.4 Cllr Gordon asked for clarification with regard to the Special Educational Needs deficit and other pressures on education and children services.
- 4.5 Cllr Garbatt asked for clarification on the Council's level of financial risk.
- 4.6 Cllr Smyth asked how much reliance the Council would place on borrowing to ensure the maintenance of the Capital Programme.
- 4.7 The Group Director of Finance and Corporate Resources highlighted:
- That there had been a statutory override around how Local Authorities accounted for schools deficit around Special Education Needs (SEN) and that this would be extended for a further 3 years. Work was ongoing to address the SEN funding difficulties. An update on this matter would be made to the Audit Committee in April 2023;

Action: The Group Director of Finance and Corporate Resources

- Schools were facing considerable cost pressures and work was ongoing to support schools;
 - There was concern that the financial settlement was only for one year as this did not allow for time to plan in the medium term;
 - Each capital scheme was funded differently. Consideration was given to the viability and affordability of schemes with the need to recognise the likelihood that some schemes would not produce the income for the cost of building. There was a need to be clear about specifications, economies of scale, and the approach to procurement. The Council would need to be agile in its approach to procurement.
- 5. Statement of Accounts - 2021/22**
- 5.1 The Director of Financial Management introduced the report.
- 5.2 Cllr Garbatt asked for clarification on the following:

- The reference to 'adequate' at page 53;
- The reference to 'not fully compliant' at page 56;
- Hackney Walk at page 95;

5.3 It was confirmed that the reference to adequate was positive. The Group Director of Finance and Corporate Resources would liaise with Cllr Garbett outside of the meeting in regard to Hackney Walks.

Action: The Group Director of Finance and Corporate Resources

5.4 The Head of Audit and Anti Fraud told the Committee that the Audit Service was not fully compliant with the Public Sector Internal Audit Standards, solely due to the fact that an external review of the service has not been possible recently due to the impacts of the pandemic and the cyber attack - this was currently a common position across local government.

5.5 Cllr Smyth asked:

- If the overspend on the HRA and the fact that the collection level of business rates was not as expected were matters of concern;
- What impact a reduction in the Community Infrastructure Levy (CIL) would have on transport, flood defence, etc.

5.6 The Group Director of Finance and Corporate Resources highlighted that:

- That CIL accrued from developments that took place. This source of funding had less conditions attached to it but there was a need to specify the types of areas of expenditure that it was allocated to. No capital project would result in no levy being generated. There were other sources of funding for capital programmes such as the council's own resources and Government grants, etc. Prioritisation of capital programmes was essential. Based on forecasts there was a relative steadiness to CILs;
- In regard to business rates the accounts were historical. The Council Tax base rate and business rate collection report would be submitted to the next meeting of Council. Work was ongoing within the revenue team on collection figures around which there was confidence. The Government had announced relief that mitigated the collection risk.

5.7 The Director of Financial Management confirmed that the HRA was in a deficit position of over £1m. It was clarified that repairs and maintenance were funded from sources other than the HRA.

RESOLVED:

- To approve the Council's 2021/22 Statement of Accounts subject to the finalisation of audit processes and resolution of the infrastructure asset Issue

- That the Group Director of Finance and Corporate Resources be authorised to agree and approve the final Statement of Accounts for 2021/22, subject to the finalisation of the external auditor's outstanding work as set out in their Audit Progress Report and the resolution of the issue in relation to infrastructure assets.
- To approve, in its own right, the Annual Governance Statement contained within the Statement of Accounts.

6. Audit 2020/21 and 2021/22 Progress Report

6.1 The Director of Financial Management introduced the report, highlighting the following:

- The Chartered Institute for of Public Finance and Accountancy guidance on infrastructure assets had now been received;
- The opinion on the 2021 accounts was still awaited, particularly because of the current issues around the infrastructure assets;
- Mazars had produced a positive value for money conclusion;
- The 2021/22 audit was well underway

6.2 Stuart Frith (Mazars) highlighted that:

- The audit for 2021/22 was progressing well with the exception of valuation of investment properties;
- It was hoped to complete audits for 2020/21 and 2021/22 by April 2023;
- A response to the objection in the 2021/22 accounts was being reviewed by the auditors. It was hoped to conclude the matter by March/April 2023;
- The value for money commentary final version would be issued as part of the completion work for the 2021/22 audit.

6.3 Cllr Garbett asked for clarification on how the effectiveness of the sustainable procurement strategy would be evaluated.

6.4 Stuart Frith confirmed that in terms of audit the auditors assessed the existing arrangements put in place by the Council relating to the year of account.

RESOLVED:

- To note the report and the value for money commentary.

7. Treasury Management Update

7.1 The Head of Treasury introduced the report covering both the half year treasury activity for 2022/23, the detailed update on the treasury activity for the first six months of the financial year, and the Q3 treasury activity update for the period October 2022 to December 2022.

RESOLVED:

- To note the report.

8. Treasury Management Strategy

- 8.1 The Head of Treasury introduced the draft Treasury Management Strategy for 2023/24. The report set out the expected treasury operations for the 2023/24 financial year in advance of submission to Cabinet and Council as part of the annual budget setting process, for formal adoption. It was confirmed that no changes had been made to the strategy since the previous year.
- 8.2 Cllr Garbett asked for clarification on when the Environmental Social Governance (ESG) would form part of the Council's investment process.
- 8.3 Cllr Gordon asked what the potential impact of inflation would be on investments in terms of risks and benefits. She asked for clarification on the plans in relation to borrowing from the PWLB within the HRA and any risks associated with repayment.
- 8.4 Cllr Smyth asked for clarification on how the Council was managing the challenges around cashflow. He asked for clarification on the regeneration schemes funded by the Energy Efficient Fund loan from the European Investment Bank to fund housing regeneration.
- 8.4 The Head of Treasury confirmed that the investment process and Money Market Funds followed the ESG rules and Article 6. For other remaining investments with banks, work would be carried out with the Council's advisers on any ESG issues when making investments.
- 8.5 The Group Director of Finance and Corporate Resources highlighted:
- Confirmation that there were higher levels of inflation and increasing returns from interest rates, mitigating in part the erosion of value for money through the receipt of investment income;
 - Investments were made with institutions that had the systems in place to ensure the proper protection of the Council's monies;
 - In terms of the HRA, this related to monies that had already been borrowed and deployed to finance previous expenditure, predominantly in relation to housing regeneration schemes. The exception was that some of the schemes built, or being built, would see significant elements of the debt repaid when sales on the cross subsidy model came through. Future house building would require further borrowing, financing this through the revenue contributions to capital costs and any sales from investment income.
- 8.6 The Director of Financial Management confirmed that the Council had a cash flow forecast for the year, monitored on a daily basis, with regular meetings with treasury advisers to ensure that best practice was followed.

RESOLVED:

- To approve the draft Treasury Management Strategy 2023/24 to 2025/26 for submission to Council, subject to Capital programme that is being finalised ahead of budget report, with delegation to the Group Director of Finance and Resources to approve the final Treasury Management Strategy for submission to Council.

9. Performance Update

- 9.1 The Head of Business Intelligence, Elections and Member Services introduced the report setting out 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. The report provided 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. The report also set 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 was included along with explanations where there are significant variances.
- 9.2 The Head of Business Intelligence, Elections and Member Services told the Committee that there had been little change to performance since the previous update to the Committee. Work was ongoing with the Senior Management Team on the development of new indicators to better reflect the Council's priorities with plans for future consultation with members of the Audit Committee on these indicators.
- 9.3 Cllr Garbatt highlighted:
- That the 1st indicator was not measured quarterly;
 - The increased reporting of uncleanliness;
 - The increase in the score relating to people suffering harm and injury.
- 9.4 Cllr Shaul Krautwirt highlighted the lengthy time taken to progress new housing benefits claims, and the delay in reinstating functionality from January to March 2023.
- 9.5 Cllr Smyth referred to the many challenges associated with temporary accommodation.
- 9.6 Cllr Troughton asked for clarification on whether the reference to Penalty Charge Notices (PCNs) referred to all PCNs, or those that were unpaid.
- 9.7 Cllr Garbatt asked if the actions relating to Voids were new actions.
- 9.8 The Group Director of Finance and Corporate Resources highlighted:

- That the time taken to process new claims was now in line with pre-pandemic levels, with some claims remaining in the system because of their complexity;
- Challenges remained in restoring all functionality;
- There were challenges around temporary accommodation and work was ongoing on this, including on insourcing hostels;
- The reference to PCNs related to all PCNs, on and off estates;
- That a range of actions were carried out to address issues around voids and that there was a real focus on the need to improve the levels of turn around.

RESOLVED:

- To note the performance indicators presented, the Risk Management Scorecard and the current capital monitoring update

10. Corporate Risk Register

10.1 The report was introduced by the Corporate Risk Manager. It updated members on the current Corporate Risk Register of the Council as at January 2023. It also identified how risks within the Council were identified and managed throughout the financial year, and the approach to embedding risk management.

10.2 The Risk Manager highlighted:

- That the Cost of Living crisis and the current economic climate dominated the Risk Register, impacting on budgets, residents, services, and staff;
- In relation to temporary accommodation, demand for property exceeded supply;
- There were two new corporate risks - power outage (low likelihood, but high impact), and pressure on residential placements reflecting financial pressures with an impact on vulnerable children;

10.3 Cllr Smyth asked for clarification on the Cyber Information Security Risk in regard to the possibility of achievement of the 9 rating and the timescales involved.

10.4 Cllr Gordon referred to the fact that climate change had escalated from 10 to 15 and asked for information on the breakdown of this scoring.

10.5 Cllr Garbatt made reference to the finding that a London Local Authority did not use their grant appropriately and sought an assurance that this did not occur in Hackney Council. She asked for clarification on offers to Council staff to mitigate the current inflationary pressures.

10.4 The Group Director of Finance and Corporate Resources highlighted:

- The Council put a strong focus on ensuring that all protections were in place in relation to Cyber Security and that it was agile to developments. It was confirmed that the Council could aspire to the 9 rating in this regard;
- The progress in regard to climate change was critical. A breakdown of how the risk rating of 15 would be circulated to members of the Committee.

Action: Corporate Risk Manager

- The current inflationary pressures impacted on residents and suppliers to the Council;
- There was a strong focus any issues facing the supply chain for social care;
- Staff were supported in regard to inflationary pressures with schemes made available, such as access to retail offers. Consideration was also being given to working practices;
- In regard to Housing Companies, when public interest reports are issued steps are taken to ensure that lessons are reflected on.

RESOLVED:

- To note the report and the attached risk register.

11. Audit and Anti-Fraud Progress Report of December 2022

11.1 The Head of Audit and Anti Fraud introduced the report on the performance of the Audit & Anti-Fraud Service, the areas of work undertaken, and information on current developments in Internal Audit and Anti-Fraud, together with statistical information about the work of the investigation teams.

11.2 The Head of Audit and Anti-Fraud highlighted the following;

- Many more audits were in progress than in the previous year;
- The percentage of the plan completed was smaller than in the previous year but within the boundaries of expectation for the time of year;
- The climate change audit had been deferred to the 1st quarter of 2023/24;
- Many of the other deleted audits were scheduled to take place in the next financial year with some preparation work was in progress;
- The number of limited no assurances reports was lower than in pre-Covid years, with one report so far;
- Implementation of audit recommendations and those on the way to being implemented was above 90 percent;
- The overall financial benefits arising for the last 3 months of investigation work was estimated at £1.1m;
- Referrals to the teams were considerably up on where they were at the same point in the previous year;
- By the end of January 2023 the Council would receive the new results from the National Fraud Initiative;

- There continued to be positive outcomes from work in tenancy fraud with 38 recoveries for the year to date compared to 34 for previous year.
- 11.3 The Chair referred to the fact that the reporting on these matters aided governance and transparency.
- 11.4 Cllr Smyth asked for clarification on why accounting systems received a scoring of reasonable rather than significant.
- 11.5 Cllr Garbatt referred to the fact that the rent arrears audit was deferred to 2023/24 and asked for assurance that this would occur early in 2023/24. She asked for more detail on the drop in fraud inquiries.
- 11.6 The Head of Audit and Anti-Fraud clarified that:
- That the accounting system was rated as reasonable as there were 8 medium recommendations. In 2014 the Council was responsible for investigating fraud concerns in relation to benefits claims before becoming the responsibility of the Department for Work and Pensions (DWP). However, access to Hackney information had not been resolved. An interim solution was to employ an individual to facilitate the provision of that information, employed by the Council. Arrangements had now been put in place to allow the DWP to access Hackney information directly, with all necessary safeguards;
 - Details of when the rent arrears audit would be carried out would be circulated.

Action: Head of Audit and Anti-Fraud

12. Audit Committee Action Plan

- 12.1 Cllr Garbett asked if the deep dive into reserves would be submitted to the Audit Committee
- 12.2 The Group Director of Finance and Corporate Resources told the Committee that a report of the deep dive would be produced in the name of the Chair and submitted to the Committee.
- 12.3 The Director of Financial Management told the Committee that the report on the Annual Accounts audit would be submitted to the April meeting of the Committee and would be circulated for discussion in advance of that meeting.

Action: Director of Financial Management

RESOLVED:

- To note the Action Plan.

End of meeting

Duration of Meeting: 6.30pm - 8:30 pm

Chair: Councillor Anna Lynch

Contact: governance@hackney.gov.uk

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Title of Report	PERFORMANCE UPDATE - COVERING REPORT
For Consideration By	Audit Committee
Meeting Date	April 19th 2023
Classification	Open
<u>Ward(s) Affected</u>	All Wards
<u>Group Director</u>	Ian Williams, Group Director Finance and Corporate Resources

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This overview provides an updated set of reports that were selected to be reviewed by the Audit Committee on a regular basis as part of the Committee's overview of the Council's performance. It provides an updated set of key performance indicators along with an update on risk management with a Corporate Scorecard (summarising the highest risks to the organisation as a whole), and some accompanying commentary on the Council's risk approach.
- 1.2. The report also sets out the latest capital programme monitoring 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 delay in the procurement of a main planned maintenance contractor for Housing Asset Management works.
- 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 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

None

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Comments of the Group Director, Finance and Corporate Resources	Jackie Moylan ☎020-8356 3332 jackie.moylan@hackney.gov.uk

Comments of Director, Legal

Dawn Carter-McDonald ☎020-8356 4817



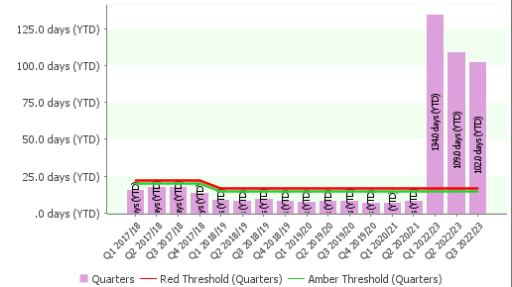

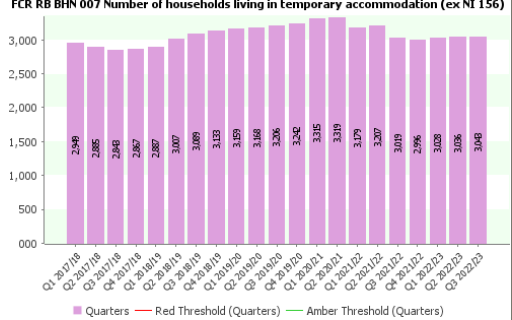
dawn.carter-mcdonald@hackney.gov.uk

Q3 Audit Committee Report

PI Code	Short Name	2020/21	2021/22	Q1 2022/23	Q2 2022/23	Q3 2022/23	Note	Q3 2022/23	Short Trend	Performance Data Trend Chart																																																						
		Value	Value	Value	Value	Value		Status																																																								
FC 010	Percentage of child protection cases which were reviewed within required timescales (ex NI 67)	N/A	91.0%	Not measured for Quarters				N/A	↓	<p>ChEd CSC 010 Percentage of child protection cases which were reviewed within required timescales (ex NI 67)</p> <table border="1"> <tr><th>Year</th><th>Percentage</th></tr> <tr><td>2018/19</td><td>~95%</td></tr> <tr><td>2019/20</td><td>~95%</td></tr> <tr><td>2020/21</td><td>~95%</td></tr> <tr><td>2021/22</td><td>~90%</td></tr> </table>	Year	Percentage	2018/19	~95%	2019/20	~95%	2020/21	~95%	2021/22	~90%																																												
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2021/22	~90%																																																															
FCR HROD 001	Sickness 12 month rolling average	9.59	12.12	12.45	11.58	12.18	There was a slight increase in sickness absence in Q3, which is usual for the start of the winter period. This was due to the short term sickness absence that has started to increase. The average days sickness absence has stabilised between 11.50 and 12.50 days per year. Long term sickness absence cases are being targeted in particular service areas and this should start to reduce the sickness figure over the next six months.	⬮	↓	<p>FCR HROD 001 Sickness 12 month rolling average</p> <table border="1"> <tr><th>Quarter</th><th>Average Days</th></tr> <tr><td>Q1 2017/18</td><td>6.5</td></tr> <tr><td>Q2 2017/18</td><td>6.6</td></tr> <tr><td>Q3 2017/18</td><td>6.8</td></tr> <tr><td>Q4 2017/18</td><td>7.0</td></tr> <tr><td>Q1 2018/19</td><td>7.2</td></tr> <tr><td>Q2 2018/19</td><td>7.5</td></tr> <tr><td>Q3 2018/19</td><td>8.0</td></tr> <tr><td>Q4 2018/19</td><td>8.5</td></tr> <tr><td>Q1 2019/20</td><td>8.8</td></tr> <tr><td>Q2 2019/20</td><td>9.1</td></tr> <tr><td>Q3 2019/20</td><td>9.4</td></tr> <tr><td>Q4 2019/20</td><td>9.6</td></tr> <tr><td>Q1 2020/21</td><td>9.7</td></tr> <tr><td>Q2 2020/21</td><td>9.8</td></tr> <tr><td>Q3 2020/21</td><td>10.0</td></tr> <tr><td>Q4 2020/21</td><td>10.2</td></tr> <tr><td>Q1 2021/22</td><td>10.3</td></tr> <tr><td>Q2 2021/22</td><td>9.7</td></tr> <tr><td>Q3 2021/22</td><td>9.6</td></tr> <tr><td>Q4 2021/22</td><td>9.6</td></tr> <tr><td>Q1 2022/23</td><td>10.5</td></tr> <tr><td>Q2 2022/23</td><td>11.3</td></tr> <tr><td>Q3 2022/23</td><td>12.1</td></tr> <tr><td>Q4 2022/23</td><td>12.4</td></tr> <tr><td>Q1 2023/23</td><td>11.8</td></tr> <tr><td>Q2 2023/23</td><td>12.1</td></tr> </table>	Quarter	Average Days	Q1 2017/18	6.5	Q2 2017/18	6.6	Q3 2017/18	6.8	Q4 2017/18	7.0	Q1 2018/19	7.2	Q2 2018/19	7.5	Q3 2018/19	8.0	Q4 2018/19	8.5	Q1 2019/20	8.8	Q2 2019/20	9.1	Q3 2019/20	9.4	Q4 2019/20	9.6	Q1 2020/21	9.7	Q2 2020/21	9.8	Q3 2020/21	10.0	Q4 2020/21	10.2	Q1 2021/22	10.3	Q2 2021/22	9.7	Q3 2021/22	9.6	Q4 2021/22	9.6	Q1 2022/23	10.5	Q2 2022/23	11.3	Q3 2022/23	12.1	Q4 2022/23	12.4	Q1 2023/23	11.8	Q2 2023/23	12.1
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Page 15 FCR HROD 029a	Top 5% of earners: Ethnic minorities (ex BV11b)	31.37%	34.63%	36.54%	36.54%	36.54%		✔	<p>FCR HROD 029a Top 5% of earners: Ethnic minorities (ex BV11b)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>26.46%</td></tr> <tr><td>Q2 2017/18</td><td>25.73%</td></tr> <tr><td>Q3 2017/18</td><td>25.46%</td></tr> <tr><td>Q4 2017/18</td><td>27.01%</td></tr> <tr><td>Q1 2018/19</td><td>25.28%</td></tr> <tr><td>Q2 2018/19</td><td>25.55%</td></tr> <tr><td>Q3 2018/19</td><td>26.19%</td></tr> <tr><td>Q4 2018/19</td><td>26.82%</td></tr> <tr><td>Q1 2019/20</td><td>26.82%</td></tr> <tr><td>Q2 2019/20</td><td>28.16%</td></tr> <tr><td>Q3 2019/20</td><td>28.57%</td></tr> <tr><td>Q4 2019/20</td><td>27.91%</td></tr> <tr><td>Q1 2020/21</td><td>29.7%</td></tr> <tr><td>Q2 2020/21</td><td>30.0%</td></tr> <tr><td>Q3 2020/21</td><td>31.17%</td></tr> <tr><td>Q4 2020/21</td><td>30.72%</td></tr> <tr><td>Q1 2021/22</td><td>31.07%</td></tr> <tr><td>Q2 2021/22</td><td>30.82%</td></tr> <tr><td>Q3 2021/22</td><td>34.63%</td></tr> <tr><td>Q4 2021/22</td><td>36.54%</td></tr> <tr><td>Q1 2022/23</td><td>36.54%</td></tr> <tr><td>Q2 2022/23</td><td>36.64%</td></tr> </tbody> </table>	Quarter	Value (%)	Q1 2017/18	26.46%	Q2 2017/18	25.73%	Q3 2017/18	25.46%	Q4 2017/18	27.01%	Q1 2018/19	25.28%	Q2 2018/19	25.55%	Q3 2018/19	26.19%	Q4 2018/19	26.82%	Q1 2019/20	26.82%	Q2 2019/20	28.16%	Q3 2019/20	28.57%	Q4 2019/20	27.91%	Q1 2020/21	29.7%	Q2 2020/21	30.0%	Q3 2020/21	31.17%	Q4 2020/21	30.72%	Q1 2021/22	31.07%	Q2 2021/22	30.82%	Q3 2021/22	34.63%	Q4 2021/22	36.54%	Q1 2022/23	36.54%	Q2 2022/23	36.64%
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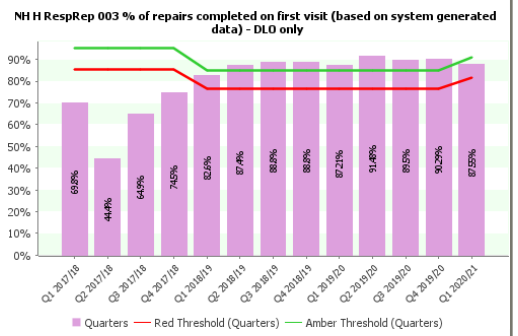
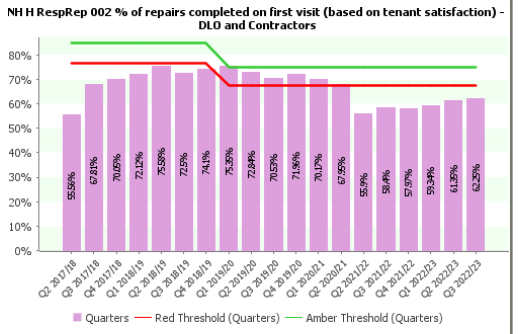
	Number of Stage 1 complaints received by the Council	2485	3863	1169	1255	1483	<p>Q3 has seen the volume of stage 1 complaints rise for the tenth consecutive quarter and a sixth consecutive quarter of record high levels. 1483 stage 1 complaints equates to an increase of 130% on average levels seen between 2018/19 and 2020/21.</p> <p>The increase in numbers compared to quarter 2 relates to a similar rise in numbers within the Housing Repairs service during Q3</p> <p>Housing stage 1 complaints are just over 40% of all volumes. Of non housing cases; complaints to the Benefits & Housing Needs service are the biggest volumes. At stage 2, Housing is 63% of cases, a significant shift from stage 1 proportions, with the difficulty of getting repairs completed the biggest cause of the increase.</p> <p>The large volumes of casework are placing considerable pressures on casework teams/officers. This in turn is affecting response times and quality of some investigations. Benchmarking of complaints data with a neighbouring borough has shown historically similar case numbers, but Hackney has seen a sharper increase in complaints post Covid.</p>	Data Only	<p>CE PPD 021 Number of Stage 1 complaints received by the Council</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Number of Complaints</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>758</td></tr> <tr><td>Q2 2017/18</td><td>765</td></tr> <tr><td>Q3 2017/18</td><td>730</td></tr> <tr><td>Q4 2017/18</td><td>744</td></tr> <tr><td>Q1 2018/19</td><td>744</td></tr> <tr><td>Q2 2018/19</td><td>779</td></tr> <tr><td>Q3 2018/19</td><td>695</td></tr> <tr><td>Q4 2018/19</td><td>598</td></tr> <tr><td>Q1 2019/20</td><td>662</td></tr> <tr><td>Q2 2019/20</td><td>651</td></tr> <tr><td>Q3 2019/20</td><td>570</td></tr> <tr><td>Q4 2019/20</td><td>549</td></tr> <tr><td>Q1 2020/21</td><td>421</td></tr> <tr><td>Q2 2020/21</td><td>630</td></tr> <tr><td>Q3 2020/21</td><td>639</td></tr> <tr><td>Q4 2020/21</td><td>885</td></tr> <tr><td>Q1 2021/22</td><td>803</td></tr> <tr><td>Q2 2021/22</td><td>966</td></tr> <tr><td>Q3 2021/22</td><td>1016</td></tr> <tr><td>Q4 2021/22</td><td>1068</td></tr> <tr><td>Q1 2022/23</td><td>1199</td></tr> <tr><td>Q2 2022/23</td><td>1295</td></tr> <tr><td>Q3 2022/23</td><td>1483</td></tr> </tbody> </table>	Quarter	Number of Complaints	Q1 2017/18	758	Q2 2017/18	765	Q3 2017/18	730	Q4 2017/18	744	Q1 2018/19	744	Q2 2018/19	779	Q3 2018/19	695	Q4 2018/19	598	Q1 2019/20	662	Q2 2019/20	651	Q3 2019/20	570	Q4 2019/20	549	Q1 2020/21	421	Q2 2020/21	630	Q3 2020/21	639	Q4 2020/21	885	Q1 2021/22	803	Q2 2021/22	966	Q3 2021/22	1016	Q4 2021/22	1068	Q1 2022/23	1199	Q2 2022/23	1295	Q3 2022/23	1483
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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	N/A	N/A	134.0 days (YTD)	109.0 days (YTD)	102.0 days (YTD)	<p>The speed of processing for Housing Benefit claims continues to improve as the software systems impacted by the cyber attack are repaired. Backlogs of work are now cleared. It is hoped that the remaining system repairs will be completed in the next financial year to enable a return to the top quartile within London.</p>	 	<p>FCR RB BHN 002 Time taken to process Housing Benefit new claims and change events (ex NI 181) - reported as YTD figure</p> 
Page 28 FCR RB BHN 007	Number of households living in temporary accommodation (ex NI 156)	N/A		3,028	3,036	3,050	<p>Numbers of households placed within temporary accommodation have remained broadly stable. This is predominantly because there is no available family sized temporary accommodation in London or the South East any longer. Placements are increasingly made for Peterborough and the surrounding area with many families refusing this offer. This means the risk of legal challenge and reputational damage is increased. Large families are increasingly affected. Children in homeless families in temporary accommodation now account for 1.5% of Hackney's population, containing enough children to fill 8 primary schools. A temporary accommodation delivery group has been created to identify any possible approaches that haven't been previously looked at such as purchasing blocks outside of London and office to residential conversion, as well as the possibility of investment by the Council's pension fund.</p>	<p>Data Only</p> 	<p>FCR RB BHN 007 Number of households living in temporary accommodation (ex NI 156)</p> 

FCR RB REV 003	% of current year Council Tax collected (QRC basis)	84.6%	66.3%	18.3%	37.6%	58.2%	<p>Collection levels are increasing and are above the 2021/22 levels but remain below the 2019/20 levels (last year not impacted by COVID or cyber). We are now issuing reminder notices and working with residents to establish sustainable payment plans. The impact of up to date billing and issuing reminders has increased 2022/23 collection and we remain on track to achieve a rate of 80% in year</p>			<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>94.5%</td><td></td><td></td></tr> <tr><td>Q1 2020/21</td><td>50.0%</td><td></td><td></td></tr> <tr><td>Q2 2020/21</td><td>46.0%</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>84.4%</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> <tr><td>Q3 2021/22</td><td>51.1%</td><td></td><td></td></tr> <tr><td>Q4 2021/22</td><td>66.2%</td><td></td><td></td></tr> <tr><td>Q1 2022/23</td><td>18.2%</td><td></td><td></td></tr> <tr><td>Q2 2022/23</td><td>37.6%</td><td></td><td></td></tr> <tr><td>Q3 2022/23</td><td>58.2%</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	94.5%			Q1 2020/21	50.0%			Q2 2020/21	46.0%			Q3 2020/21	68.0%			Q4 2020/21	84.4%			Q1 2021/22	19.6%			Q2 2021/22	36.1%			Q3 2021/22	51.1%			Q4 2021/22	66.2%			Q1 2022/23	18.2%			Q2 2022/23	37.6%			Q3 2022/23	58.2%		
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Page 29 FCR RB REV 005	Percentage of non-domestic rates collected	72.40%	66.56%	17.57%	37.34%	57.69%	<p>Collection levels are increasing and are above the 2021/22 levels but remain below the 2019/20 levels (last year not impacted by COVID or cyber). We are now issuing reminder notices and working with businesses to establish sustainable payment plans. The impact of up to date billing and issuing reminders has increased 2022/23 collection and we remain on track to increase collection to 78% to 80%</p>			<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>97.20%</td><td></td><td></td></tr> <tr><td>Q1 2018/19</td><td>26.00%</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>74.40%</td><td></td><td></td></tr> <tr><td>Q4 2018/19</td><td>95.90%</td><td></td><td></td></tr> <tr><td>Q1 2019/20</td><td>28.30%</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>81.00%</td><td></td><td></td></tr> <tr><td>Q4 2019/20</td><td>94.80%</td><td></td><td></td></tr> <tr><td>Q1 2020/21</td><td>21.80%</td><td></td><td></td></tr> <tr><td>Q2 2020/21</td><td>48.00%</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>18.00%</td><td></td><td></td></tr> <tr><td>Q2 2021/22</td><td>34.00%</td><td></td><td></td></tr> <tr><td>Q3 2021/22</td><td>47.80%</td><td></td><td></td></tr> <tr><td>Q4 2021/22</td><td>66.50%</td><td></td><td></td></tr> <tr><td>Q1 2022/23</td><td>15.50%</td><td></td><td></td></tr> <tr><td>Q2 2022/23</td><td>37.34%</td><td></td><td></td></tr> <tr><td>Q3 2022/23</td><td>57.69%</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	97.20%			Q1 2018/19	26.00%			Q2 2018/19	50.00%			Q3 2018/19	74.40%			Q4 2018/19	95.90%			Q1 2019/20	28.30%			Q2 2019/20	54.10%			Q3 2019/20	81.00%			Q4 2019/20	94.80%			Q1 2020/21	21.80%			Q2 2020/21	48.00%			Q3 2020/21	60.00%			Q4 2020/21	72.40%			Q1 2021/22	18.00%			Q2 2021/22	34.00%			Q3 2021/22	47.80%			Q4 2021/22	66.50%			Q1 2022/23	15.50%			Q2 2022/23	37.34%			Q3 2022/23	57.69%		
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NH H IM 005	Rent Arrears as a % of rent debt	8.76 %	11.99 %	11.66 %	11.39 %	11.36 %	<p>The annual debit is approximately £127m. As the rent arrears are at £14,432,159, this means that the Rent Arrears as a % of Rent Debt is calculated to be 11.36%.</p> <p>This is a very slight decrease on the Q2 2022/23 outturn of 11.39%.</p>			<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 2020/21</td><td>4.83%</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>7.6%</td><td></td><td></td></tr> <tr><td>Q4 2020/21</td><td>8%</td><td></td><td></td></tr> <tr><td>Q1 2021/22</td><td>9.7%</td><td></td><td></td></tr> <tr><td>Q2 2021/22</td><td>10.82%</td><td></td><td></td></tr> <tr><td>Q3 2021/22</td><td>12.06%</td><td></td><td></td></tr> <tr><td>Q4 2021/22</td><td>11.89%</td><td></td><td></td></tr> <tr><td>Q1 2022/23</td><td>11.66%</td><td></td><td></td></tr> <tr><td>Q2 2022/23</td><td>11.39%</td><td></td><td></td></tr> <tr><td>Q3 2022/23</td><td>11.36%</td><td></td><td></td></tr> </tbody> </table>	Quarter	Quarters	Red Threshold (Quarters)	Amber Threshold (Quarters)	Q1 2020/21	4.83%			Q2 2020/21	5.50%			Q3 2020/21	7.6%			Q4 2020/21	8%			Q1 2021/22	9.7%			Q2 2021/22	10.82%			Q3 2021/22	12.06%			Q4 2021/22	11.89%			Q1 2022/23	11.66%			Q2 2022/23	11.39%			Q3 2022/23	11.36%																																																		
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<p>NH IM</p>	<p>Total value of rent arrears YTD (Total)</p>	<p>£11,445,265</p>	<p>£15,226,618</p>	<p>£14,810,363</p>	<p>£14,465,887</p>	<p>£14,432,159</p>	<p>As at the end of Q3 2022/23, the rent arrears are £14,432,159 - this is a decrease of £33,728 in the last quarter. The arrears at the end of Q2 2022/23 were £14,465,887.</p> <p>£14,432,159 includes TMO arrears of £1,508,942. The TMO's arrears have increased by £13,245 in the last quarter - their arrears at the end of Q2 2022/23 were £1,495,697.</p> <p>In 2022/23, total cash received - including DWP payments - is £57,998,369. This is £5.98m higher than at the same stage last year - £52,019,912 as at Q3 2021/22.</p> <p>65.5% of Universal Credit claimants in arrears now have their rent directly paid to Hackney - a total of 2,182 tenants with direct payments. This is a 8.1% increase in the quarter - the Q2 2022/23 position was 57.4%.</p> <p>As expected, the Christmas and New Year period had a big impact on rent collection - cash and Housing Benefit income is always much reduced at this time of year, which meant that the improvement at the end of Q3 2022/23 was approximately £200k lower than it might have been.</p> <p>In the summer, Income Services submitted eviction reports for authorisation for those tenants with arrears of £5k and above. The</p>		<p>NH IM 006 Total value of rent arrears YTD (Total)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Total Value (£)</th> </tr> </thead> <tbody> <tr><td>Q1 2020/21</td><td>£6,401,083</td></tr> <tr><td>Q2 2020/21</td><td>£7,126,713</td></tr> <tr><td>Q3 2020/21</td><td>£9,946,356</td></tr> <tr><td>Q4 2020/21</td><td>£11,439,115</td></tr> <tr><td>Q1 2021/22</td><td>£13,961,073</td></tr> <tr><td>Q2 2021/22</td><td>£13,741,446</td></tr> <tr><td>Q3 2021/22</td><td>£13,131,948</td></tr> <tr><td>Q4 2021/22</td><td>£15,205,618</td></tr> <tr><td>Q1 2022/23</td><td>£14,810,363</td></tr> <tr><td>Q2 2022/23</td><td>£14,465,887</td></tr> <tr><td>Q3 2022/23</td><td>£14,432,159</td></tr> </tbody> </table>	Quarter	Total Value (£)	Q1 2020/21	£6,401,083	Q2 2020/21	£7,126,713	Q3 2020/21	£9,946,356	Q4 2020/21	£11,439,115	Q1 2021/22	£13,961,073	Q2 2021/22	£13,741,446	Q3 2021/22	£13,131,948	Q4 2021/22	£15,205,618	Q1 2022/23	£14,810,363	Q2 2022/23	£14,465,887	Q3 2022/23	£14,432,159
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Q3 2022/23	£14,432,159																																

							eviction dates are now slowly coming through, so despite the improvement being checked due to the Christmas and New Year period, the end of year target of £14.0m is still achievable.		
NH H RespRep 002	% of repairs completed on first visit (based on tenant satisfaction) - DLO and Contractors	71.44%	57.57%	59.34%	61.35%	62.25%	<p>In Q3, 62.25% (348/559) of residents surveyed reported that their repair was complete on the first visit. This was the third consecutive quarter that this PI has improved however there was a downward trend for the 3 months within the quarter.</p> <p>Oct - 65.77% (146/222) Noc - 60.58% (126/208) Dec - 58.74% (84/143)</p>		
NH H RespRep 003	% of repairs completed on first visit (based on system generated data) - DLO only	87.54%	N/A	N/A	N/A	N/A	<p>We cannot report this KPI until additional functionality is added to the Repairs Hub. However, a meeting is scheduled with the ICT Repairs Hub developers on 6th April 2023 to start this piece of work.</p>	N/A	N/A



Average time taken to re-let local authority housing (all voids including major & minor voids) - calendar days

95

102

145

143

140

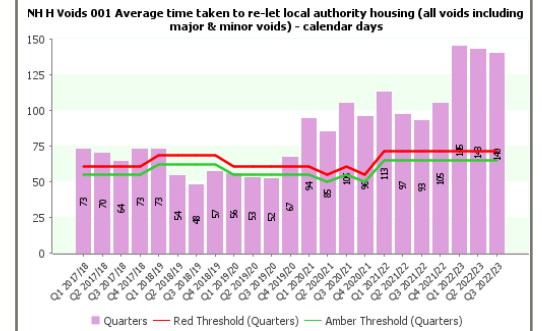
During Quarter 3, there were 81 re-lets, with an average turnaround time of 139.7 days. This is a slight decrease compared to the 143.4 days seen in Quarter 2, but remains a long way from the target of 65 days. The limiting factor with regards to turnaround time is the work period, which actually rose to 123 days in Quarter 3, compared to 118.2 days in Quarter 2. This increase, against a decrease in overall turnaround time, suggests marginal improvements were made in non-works related stages of the process. In addition to this, there were decreases in the days spent in several stages, such as the handover to the voids supervisors, initial inspections, asbestos survey being returned to the clearance started, the last trade being completed to the post inspection. These stages are scrutinised at bi-weekly operational meetings, with the aim of consistently hitting the individual targets moving forwards.

Although there were some small improvements observed in areas such as metalwork, lock changes, plumbing and valeting, larger increases were seen in gas and glazing works.

The below steps have been taken to improve performance:

- Alterations to contracts used with external contractors, including financial penalties where expected completion dates are not met.

Additional contractors are being



						<p>signed up, and less work allocated to those that have performed poorly historically.</p> <ul style="list-style-type: none">• Expansion of internal resource• Expansion of the recording of the process, to allow further scrutiny of problem areas. For example, a form has been launched so that Housing Officers record when keys are handed in to the council, and then to the Voids team.• There are a number of long term voids currently live, which will negatively impact the turnaround time when they are re-let. These will be prioritised over the next few months, to allow the turnaround time to fall in the medium/long term.• Investigation into any day tenancies, which may help to save several days of void turnaround time. <p>The team expect that these changes will lead to a strong improvement in performance over the coming months</p>			
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NH PR PMS 007a	Number of PCNs issued - total	187056	286471	67124	70298	70876	Data Only	<p>NH PR PMS 007a Number of PCNs issued - total</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Number of PCNs issued</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>3564</td></tr> <tr><td>Q2 2017/18</td><td>3663</td></tr> <tr><td>Q3 2017/18</td><td>3642</td></tr> <tr><td>Q4 2017/18</td><td>2724</td></tr> <tr><td>Q1 2018/19</td><td>3860</td></tr> <tr><td>Q2 2018/19</td><td>4488</td></tr> <tr><td>Q3 2018/19</td><td>3597</td></tr> <tr><td>Q4 2018/19</td><td>4491</td></tr> <tr><td>Q1 2019/20</td><td>4654</td></tr> <tr><td>Q2 2019/20</td><td>3490</td></tr> <tr><td>Q3 2019/20</td><td>3130</td></tr> <tr><td>Q4 2019/20</td><td>4270</td></tr> <tr><td>Q1 2020/21</td><td>25838</td></tr> <tr><td>Q2 2020/21</td><td>5453</td></tr> <tr><td>Q3 2020/21</td><td>5690</td></tr> <tr><td>Q4 2020/21</td><td>5073</td></tr> <tr><td>Q1 2021/22</td><td>7184</td></tr> <tr><td>Q2 2021/22</td><td>6769</td></tr> <tr><td>Q3 2021/22</td><td>7904</td></tr> <tr><td>Q4 2021/22</td><td>6754</td></tr> <tr><td>Q1 2022/23</td><td>6724</td></tr> <tr><td>Q2 2022/23</td><td>7098</td></tr> <tr><td>Q3 2022/23</td><td>7006</td></tr> </tbody> </table>	Quarter	Number of PCNs issued	Q1 2017/18	3564	Q2 2017/18	3663	Q3 2017/18	3642	Q4 2017/18	2724	Q1 2018/19	3860	Q2 2018/19	4488	Q3 2018/19	3597	Q4 2018/19	4491	Q1 2019/20	4654	Q2 2019/20	3490	Q3 2019/20	3130	Q4 2019/20	4270	Q1 2020/21	25838	Q2 2020/21	5453	Q3 2020/21	5690	Q4 2020/21	5073	Q1 2021/22	7184	Q2 2021/22	6769	Q3 2021/22	7904	Q4 2021/22	6754	Q1 2022/23	6724	Q2 2022/23	7098	Q3 2022/23	7006
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NH PR PMS 010a	PCN recovery rate - including estates	76.5%	74.6%	72.8%	68.9%	73.6%	Data Only	<p>NH PR PMS 010a PCN recovery rate - including estates</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Recovery Rate (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>70.2%</td></tr> <tr><td>Q2 2017/18</td><td>60.9%</td></tr> <tr><td>Q3 2017/18</td><td>65.8%</td></tr> <tr><td>Q4 2017/18</td><td>63.4%</td></tr> <tr><td>Q1 2018/19</td><td>64.4%</td></tr> <tr><td>Q2 2018/19</td><td>65.4%</td></tr> <tr><td>Q3 2018/19</td><td>71.0%</td></tr> <tr><td>Q4 2018/19</td><td>71.8%</td></tr> <tr><td>Q1 2019/20</td><td>79.9%</td></tr> <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>79.5%</td></tr> <tr><td>Q2 2020/21</td><td>75.2%</td></tr> <tr><td>Q3 2020/21</td><td>75.2%</td></tr> <tr><td>Q4 2020/21</td><td>75.1%</td></tr> <tr><td>Q1 2021/22</td><td>75.1%</td></tr> <tr><td>Q2 2021/22</td><td>76.2%</td></tr> <tr><td>Q3 2021/22</td><td>74.5%</td></tr> <tr><td>Q4 2021/22</td><td>74.6%</td></tr> <tr><td>Q1 2022/23</td><td>72.8%</td></tr> <tr><td>Q2 2022/23</td><td>68.9%</td></tr> <tr><td>Q3 2022/23</td><td>73.6%</td></tr> </tbody> </table>	Quarter	Recovery Rate (%)	Q1 2017/18	70.2%	Q2 2017/18	60.9%	Q3 2017/18	65.8%	Q4 2017/18	63.4%	Q1 2018/19	64.4%	Q2 2018/19	65.4%	Q3 2018/19	71.0%	Q4 2018/19	71.8%	Q1 2019/20	79.9%	Q2 2019/20	81.4%	Q3 2019/20	80.6%	Q4 2019/20	74.9%	Q1 2020/21	79.5%	Q2 2020/21	75.2%	Q3 2020/21	75.2%	Q4 2020/21	75.1%	Q1 2021/22	75.1%	Q2 2021/22	76.2%	Q3 2021/22	74.5%	Q4 2021/22	74.6%	Q1 2022/23	72.8%	Q2 2022/23	68.9%	Q3 2022/23	73.6%
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NH PR PRS 001a	% of Major planning applications determined within 13 weeks (ex NI 157a)	92.00%	100.00%	93.00%	100.00%	100.00%		<p>NH PR PRS 001a % of Major planning applications determined within 13 weeks (ex NI 157a)</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>100.00%</td></tr> <tr><td>Q2 2017/18</td><td>100.00%</td></tr> <tr><td>Q3 2017/18</td><td>100.00%</td></tr> <tr><td>Q4 2017/18</td><td>100.00%</td></tr> <tr><td>Q1 2018/19</td><td>100.00%</td></tr> <tr><td>Q2 2018/19</td><td>67.00%</td></tr> <tr><td>Q3 2018/19</td><td>100.00%</td></tr> <tr><td>Q4 2018/19</td><td>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>100.00%</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> <tr><td>Q1 2022/23</td><td>80.00%</td></tr> <tr><td>Q2 2022/23</td><td>100.00%</td></tr> <tr><td>Q3 2022/23</td><td>100.00%</td></tr> </tbody> </table>	Quarter	Percentage (%)	Q1 2017/18	100.00%	Q2 2017/18	100.00%	Q3 2017/18	100.00%	Q4 2017/18	100.00%	Q1 2018/19	100.00%	Q2 2018/19	67.00%	Q3 2018/19	100.00%	Q4 2018/19	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	100.00%	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%	Q1 2022/23	80.00%	Q2 2022/23	100.00%	Q3 2022/23	100.00%
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NH PR PRS 001b	% of Minor planning applications determined within 8 weeks (ex NI 157b)	90.00%	78.00%	84.00%	82.00%	82.00%				<p>NH PR PRS 001b % of Minor planning applications determined within 8 weeks (ex NI 157b)</p> <table border="1"> <caption>NH PR PRS 001b % of Minor planning applications determined within 8 weeks (ex NI 157b)</caption> <thead> <tr> <th>Quarter</th> <th>%</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>73.00%</td></tr> <tr><td>Q2 2017/18</td><td>80.00%</td></tr> <tr><td>Q3 2017/18</td><td>77.00%</td></tr> <tr><td>Q4 2017/18</td><td>83.00%</td></tr> <tr><td>Q1 2018/19</td><td>76.00%</td></tr> <tr><td>Q2 2018/19</td><td>82.00%</td></tr> <tr><td>Q3 2018/19</td><td>85.00%</td></tr> <tr><td>Q4 2018/19</td><td>87.00%</td></tr> <tr><td>Q1 2019/20</td><td>85.00%</td></tr> <tr><td>Q2 2019/20</td><td>81.00%</td></tr> <tr><td>Q3 2019/20</td><td>82.00%</td></tr> <tr><td>Q4 2019/20</td><td>82.00%</td></tr> <tr><td>Q1 2020/21</td><td>82.00%</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>73.00%</td></tr> <tr><td>Q4 2021/22</td><td>84.00%</td></tr> <tr><td>Q1 2022/23</td><td>82.00%</td></tr> <tr><td>Q2 2022/23</td><td>82.00%</td></tr> </tbody> </table>	Quarter	%	Q1 2017/18	73.00%	Q2 2017/18	80.00%	Q3 2017/18	77.00%	Q4 2017/18	83.00%	Q1 2018/19	76.00%	Q2 2018/19	82.00%	Q3 2018/19	85.00%	Q4 2018/19	87.00%	Q1 2019/20	85.00%	Q2 2019/20	81.00%	Q3 2019/20	82.00%	Q4 2019/20	82.00%	Q1 2020/21	82.00%	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	73.00%	Q4 2021/22	84.00%	Q1 2022/23	82.00%	Q2 2022/23	82.00%
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Paper PRS 001c	% of Other planning applications determined within 8 weeks (ex NI 157c)	90.00%	81.00%	86.00%	85.00%	80.00%				<p>NH PR PRS 001c % of Other planning applications determined within 8 weeks (ex NI 157c)</p> <table border="1"> <caption>NH PR PRS 001c % of Other planning applications determined within 8 weeks (ex NI 157c)</caption> <thead> <tr> <th>Quarter</th> <th>%</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>80.00%</td></tr> <tr><td>Q2 2018/19</td><td>91.00%</td></tr> <tr><td>Q3 2018/19</td><td>88.00%</td></tr> <tr><td>Q4 2018/19</td><td>91.00%</td></tr> <tr><td>Q1 2019/20</td><td>86.00%</td></tr> <tr><td>Q2 2019/20</td><td>85.00%</td></tr> <tr><td>Q3 2019/20</td><td>85.00%</td></tr> <tr><td>Q4 2019/20</td><td>91.00%</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>82.00%</td></tr> <tr><td>Q1 2021/22</td><td>76.00%</td></tr> <tr><td>Q2 2021/22</td><td>75.00%</td></tr> <tr><td>Q3 2021/22</td><td>86.00%</td></tr> <tr><td>Q4 2021/22</td><td>80.00%</td></tr> <tr><td>Q1 2022/23</td><td>80.00%</td></tr> <tr><td>Q2 2022/23</td><td>80.00%</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	80.00%	Q2 2018/19	91.00%	Q3 2018/19	88.00%	Q4 2018/19	91.00%	Q1 2019/20	86.00%	Q2 2019/20	85.00%	Q3 2019/20	85.00%	Q4 2019/20	91.00%	Q1 2020/21	87.00%	Q2 2020/21	100.00%	Q3 2020/21	90.00%	Q4 2020/21	82.00%	Q1 2021/22	76.00%	Q2 2021/22	75.00%	Q3 2021/22	86.00%	Q4 2021/22	80.00%	Q1 2022/23	80.00%	Q2 2022/23	80.00%
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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)	N/A	N/A	N/A	N/A	2.38%	Litter: Using Defra's Code of Practice on Litter & Refuse four grades of levels of street cleanliness, the score for litter is 2.38%, being the percentage of streets classified as Grade C or below.			<p>NH PR WS 045a Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)</p> <table border="1"> <caption>NH PR WS 045a Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Litter (ex NI 195a)</caption> <thead> <tr> <th>Quarter</th> <th>%</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>2.90%</td></tr> <tr><td>Q2 2017/18</td><td>1.40%</td></tr> <tr><td>Q3 2017/18</td><td>1.20%</td></tr> <tr><td>Q4 2017/18</td><td>2.60%</td></tr> <tr><td>Q1 2018/19</td><td>2.10%</td></tr> <tr><td>Q2 2018/19</td><td>2.60%</td></tr> <tr><td>Q3 2018/19</td><td>3.30%</td></tr> <tr><td>Q4 2018/19</td><td>3.10%</td></tr> <tr><td>Q1 2019/20</td><td>1.90%</td></tr> <tr><td>Q2 2019/20</td><td>7.00%</td></tr> <tr><td>Q3 2019/20</td><td>7.00%</td></tr> <tr><td>Q4 2019/20</td><td>0.00%</td></tr> <tr><td>Q1 2020/21</td><td>6.80%</td></tr> <tr><td>Q2 2020/21</td><td>2.38%</td></tr> </tbody> </table>	Quarter	%	Q1 2017/18	2.90%	Q2 2017/18	1.40%	Q3 2017/18	1.20%	Q4 2017/18	2.60%	Q1 2018/19	2.10%	Q2 2018/19	2.60%	Q3 2018/19	3.30%	Q4 2018/19	3.10%	Q1 2019/20	1.90%	Q2 2019/20	7.00%	Q3 2019/20	7.00%	Q4 2019/20	0.00%	Q1 2020/21	6.80%	Q2 2020/21	2.38%																
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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)	N/A	N/A	N/A	N/A	2.76%	Detritus: Using Defra's Code of Practice on Litter & Refuse four grades of levels of street cleanliness, the score for detritus is 2.76%, being the percentage of streets classified as Grade C or below.			<p>NH PR WS 045b Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Detritus (ex NI 195b)</p> <table border="1"> <caption>Detritus Levels (ex NI 195b)</caption> <thead> <tr> <th>Quarter</th> <th>Detritus (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>4.2%</td></tr> <tr><td>Q2 2017/18</td><td>1.8%</td></tr> <tr><td>Q3 2017/18</td><td>2.0%</td></tr> <tr><td>Q4 2017/18</td><td>4.8%</td></tr> <tr><td>Q1 2018/19</td><td>5.7%</td></tr> <tr><td>Q2 2018/19</td><td>5.0%</td></tr> <tr><td>Q3 2018/19</td><td>2.2%</td></tr> <tr><td>Q4 2018/19</td><td>2%</td></tr> <tr><td>Q1 2019/20</td><td>1.5%</td></tr> <tr><td>Q2 2019/20</td><td>1%</td></tr> <tr><td>Q3 2019/20</td><td>1%</td></tr> <tr><td>Q4 2019/20</td><td>1.5%</td></tr> <tr><td>Q1 2020/21</td><td>1%</td></tr> <tr><td>Q2 2020/21</td><td>1%</td></tr> <tr><td>Q3 2020/21</td><td>1.5%</td></tr> <tr><td>Q4 2020/21</td><td>7.6%</td></tr> <tr><td>Q1 2021/22</td><td>2.7%</td></tr> <tr><td>Q2 2021/22</td><td>2.7%</td></tr> <tr><td>Q3 2021/22</td><td>2.7%</td></tr> <tr><td>Q4 2021/22</td><td>2.7%</td></tr> <tr><td>Q1 2022/23</td><td>2.7%</td></tr> <tr><td>Q2 2022/23</td><td>2.7%</td></tr> <tr><td>Q3 2022/23</td><td>2.7%</td></tr> </tbody> </table>	Quarter	Detritus (%)	Q1 2017/18	4.2%	Q2 2017/18	1.8%	Q3 2017/18	2.0%	Q4 2017/18	4.8%	Q1 2018/19	5.7%	Q2 2018/19	5.0%	Q3 2018/19	2.2%	Q4 2018/19	2%	Q1 2019/20	1.5%	Q2 2019/20	1%	Q3 2019/20	1%	Q4 2019/20	1.5%	Q1 2020/21	1%	Q2 2020/21	1%	Q3 2020/21	1.5%	Q4 2020/21	7.6%	Q1 2021/22	2.7%	Q2 2021/22	2.7%	Q3 2021/22	2.7%	Q4 2021/22	2.7%	Q1 2022/23	2.7%	Q2 2022/23	2.7%	Q3 2022/23	2.7%
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Page 36 NH PR WS 045c	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Graffiti (ex NI 195c)	N/A	N/A	N/A	N/A	16.96%	Graffiti: Using Defra's Code of Practice on Litter & Refuse four grades of levels of street cleanliness, the score for graffiti is 16.96%, being the percentage of streets classified as Grade C or below. Levels of graffiti are high particularly in the areas of Hackney Wick, Dalston, Shoreditch and Hoxton.			<p>NH PR WS 045c Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Graffiti (ex NI 195c)</p> <table border="1"> <caption>Graffiti Levels (ex NI 195c)</caption> <thead> <tr> <th>Quarter</th> <th>Graffiti (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>2.6%</td></tr> <tr><td>Q2 2017/18</td><td>2%</td></tr> <tr><td>Q3 2017/18</td><td>2.6%</td></tr> <tr><td>Q4 2017/18</td><td>4.1%</td></tr> <tr><td>Q1 2018/19</td><td>4.4%</td></tr> <tr><td>Q2 2018/19</td><td>4.4%</td></tr> <tr><td>Q3 2018/19</td><td>2.6%</td></tr> <tr><td>Q4 2018/19</td><td>2.5%</td></tr> <tr><td>Q1 2019/20</td><td>4.0%</td></tr> <tr><td>Q2 2019/20</td><td>1.0%</td></tr> <tr><td>Q3 2019/20</td><td>1.0%</td></tr> <tr><td>Q4 2019/20</td><td>1%</td></tr> <tr><td>Q1 2020/21</td><td>13.9%</td></tr> <tr><td>Q2 2020/21</td><td>16.9%</td></tr> <tr><td>Q3 2020/21</td><td>16.9%</td></tr> <tr><td>Q4 2020/21</td><td>16.9%</td></tr> <tr><td>Q1 2021/22</td><td>16.9%</td></tr> <tr><td>Q2 2021/22</td><td>16.9%</td></tr> <tr><td>Q3 2021/22</td><td>16.9%</td></tr> <tr><td>Q4 2021/22</td><td>16.9%</td></tr> <tr><td>Q1 2022/23</td><td>16.9%</td></tr> <tr><td>Q2 2022/23</td><td>16.9%</td></tr> <tr><td>Q3 2022/23</td><td>16.9%</td></tr> </tbody> </table>	Quarter	Graffiti (%)	Q1 2017/18	2.6%	Q2 2017/18	2%	Q3 2017/18	2.6%	Q4 2017/18	4.1%	Q1 2018/19	4.4%	Q2 2018/19	4.4%	Q3 2018/19	2.6%	Q4 2018/19	2.5%	Q1 2019/20	4.0%	Q2 2019/20	1.0%	Q3 2019/20	1.0%	Q4 2019/20	1%	Q1 2020/21	13.9%	Q2 2020/21	16.9%	Q3 2020/21	16.9%	Q4 2020/21	16.9%	Q1 2021/22	16.9%	Q2 2021/22	16.9%	Q3 2021/22	16.9%	Q4 2021/22	16.9%	Q1 2022/23	16.9%	Q2 2022/23	16.9%	Q3 2022/23	16.9%
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NH PR WS 045d	Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Fly-posting (ex NI 195d)	N/A	N/A	N/A	N/A	1.19%	Fly posting: Using Defra's Code of Practice on Litter & Refuse four grades of levels of street cleanliness, the score for fly posting is 1.19%, being the percentage of streets classified as Grade C or below.			<p>NH PR WS 045d Improved street and environmental cleanliness (levels of litter, detritus, graffiti and fly posting): Fly-posting (ex NI 195d)</p> <table border="1"> <caption>Fly-posting Levels (ex NI 195d)</caption> <thead> <tr> <th>Quarter</th> <th>Fly-posting (%)</th> </tr> </thead> <tbody> <tr><td>Q1 2017/18</td><td>0%</td></tr> <tr><td>Q2 2017/18</td><td>1.5%</td></tr> <tr><td>Q3 2017/18</td><td>0%</td></tr> <tr><td>Q4 2017/18</td><td>1.3%</td></tr> <tr><td>Q1 2018/19</td><td>5.9%</td></tr> <tr><td>Q2 2018/19</td><td>1.8%</td></tr> <tr><td>Q3 2018/19</td><td>1%</td></tr> <tr><td>Q4 2018/19</td><td>1%</td></tr> <tr><td>Q1 2019/20</td><td>0.8%</td></tr> <tr><td>Q2 2019/20</td><td>0.8%</td></tr> <tr><td>Q3 2019/20</td><td>0%</td></tr> <tr><td>Q4 2019/20</td><td>0.8%</td></tr> <tr><td>Q1 2020/21</td><td>0.8%</td></tr> <tr><td>Q2 2020/21</td><td>0%</td></tr> <tr><td>Q3 2020/21</td><td>2.6%</td></tr> <tr><td>Q4 2020/21</td><td>1.1%</td></tr> <tr><td>Q1 2021/22</td><td>1.1%</td></tr> <tr><td>Q2 2021/22</td><td>1.1%</td></tr> <tr><td>Q3 2021/22</td><td>1.1%</td></tr> <tr><td>Q4 2021/22</td><td>1.1%</td></tr> <tr><td>Q1 2022/23</td><td>1.1%</td></tr> <tr><td>Q2 2022/23</td><td>1.1%</td></tr> <tr><td>Q3 2022/23</td><td>1.1%</td></tr> </tbody> </table>	Quarter	Fly-posting (%)	Q1 2017/18	0%	Q2 2017/18	1.5%	Q3 2017/18	0%	Q4 2017/18	1.3%	Q1 2018/19	5.9%	Q2 2018/19	1.8%	Q3 2018/19	1%	Q4 2018/19	1%	Q1 2019/20	0.8%	Q2 2019/20	0.8%	Q3 2019/20	0%	Q4 2019/20	0.8%	Q1 2020/21	0.8%	Q2 2020/21	0%	Q3 2020/21	2.6%	Q4 2020/21	1.1%	Q1 2021/22	1.1%	Q2 2021/22	1.1%	Q3 2021/22	1.1%	Q4 2021/22	1.1%	Q1 2022/23	1.1%	Q2 2022/23	1.1%	Q3 2022/23	1.1%
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<p>NH PR WS 047</p>	<p>Residual household waste per household (ex NI 191)</p>	<p>548.4</p>	<p>508.5</p>	<p>125.5</p>	<p>120.27</p>	<p>125.33</p>	<p>Increased levels of waste captured through some of the waste streams that are included in this indicator, in particular non-recyclable bulky waste, has contributed to an increase from Qtr 2. However, the total residual waste per household figure for Q1-Q3 is 15.4kg lower than for the same period in 2021/22, and reflects considerable falls in volumes of waste captured through our regular collections from street and estate properties.</p>			
<p>Page 37</p> <p>NH PR WS 048</p>	<p>Percentage of household waste sent for reuse, recycling and composting (ex NI 192)</p>	<p>27.44%</p>	<p>28.70%</p>	<p>26.60%</p>	<p>26.29%</p>	<p>25.61%</p>	<p>Changes in behaviour are affecting waste tonnages and recycling rate. Consumer behaviour could be influenced by the cost of living crisis with people ensuring food waste is reduced and possibly consuming less in general. Others in Hackney may be adopting more sustainable behaviours, like reusing and refilling instead of purchasing items in glass or plastic packaging and using plastic film recycling points in supermarkets. Meanwhile, manufacturers are changing packaging types and switching to lighter weight materials. Most of these measures target the materials that can be recycled rather than materials in the general waste stream, contributing to recycling rates.</p> <p>As well as falls in volumes of commingled and organic recycling, we have also seen declines in the volumes of recycled materials allocated to Hackney from partner</p>			

							Reuse & Recycling Centres (RRC), which will affect the overall recycling rate.			
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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 2023 (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 Corporate Leadership Team (CLT) Team in December 2022:

Corporate	Current Risk	Direction of Travel	Previous Score	Target Risk
1 Cost of living crisis COUNCIL / SERVICE IMPACT - financial deficits & arrears/pressure on resources/threats to effective service delivery RESIDENT IMPACT - poverty, homelessness BUSINESS IMPACT -closures / inability to pay bills / loss of staff STAFF IMPACT - increased travel / energy costs. Anxiety about cost of living.	25	↔	25	15
2 Cyberattack (aftermath)	12	↓	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 SEND funding (SRCR 0028)	25	↔	25	12
14 Pressures on Temporary Accommodation (SRCR31)	20	↑	16	12
15 Setting up Council owned companies (SRCR 0035)	12	↔	12	9
16 Insourcing (SRCR 0036)	12	↔	12	9
17 Universal Credit (SRCR 0037)	20	↔	20	12
18 Climate Change/Climate Emergency (SRCR 0039)	15	↑	10	8
19 Recruitment pressures (re-escalated)	16	↔	16	12
20 Major Power Outage - (SRCR44)	10	NEW(Jan)	-	8
21 Reduction in the use of residential placements. (SRCR45)	16	NEW(Jan)	-	12
22 Surplus school places (SRCR46)	16	NEW(April)	-	12

- 2.2 The Scorecard provides a quarterly overview of the Council's Corporate risks. These are assessed in advance of each Audit Committee meeting and after being ratified by CLT, 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 17 red risks and 5 amber risks. Clearly, numerous external events and influences are having a considerable impact on the Council's objectives, notably the fragile economy and accompanying cost of living crisis, the continuing impact of the Coronavirus pandemic, along with the Cyberattack which although it occurred in October 2020, had a massive impact on Services. 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.

CLT have found it beneficial to look at some of the major, overarching risks (the primary example being the current cost of living crisis) from the perspective of not only Services in the Council and residents, but also businesses in the Borough as well as Council staff. The cost of living crisis can be clearly seen to be posing direct risks to all four of these categories. The Council's services themselves are handling a dramatic upsurge of work required to support the Borough in these challenging times whether in providing direct / advisory support, handling increased rent arrears, more vulnerable children in care, increased packages of care for adults or increasing homelessness. All these pressures on resources threaten effective service delivery. For residents, the risk of poverty leading to an array of problems (relating to physical and mental health, care, facilities) is very high. There are concerns from the internal perspective of staff encountering higher cost pressures from living in or travelling to London and this in turn may lead to future wage inflation pressures. For businesses, there are already examples of this crisis forcing companies to fold, with others demanding urgent support. This threatens the stability and cohesion of the wider community.

Two new risks appeared in January's iteration and remain in this version. The first relates to the potential of a power outage. The likelihood of this remains low however it has been on the radar of both central and local government, and some planning and preparation has occurred (even amidst the low likelihood.). The impact of this outage (more likely for a planned 3 hour regional outage, then a major failure) would be undoubtedly high for the community however. The risk relating to residential placements has been raised by Children's services and reflects the current financial pressures causing the numbers of residential placements having to be reduced. This ultimately impacts on vulnerable children and could challenge effective service delivery. A further risk has just been escalated in April 2023 by Hackney Education. This relates to the increasing risk of surplus school places and

the impact on the overall Estate Strategy of HE. The Education Sufficiency and Estate Strategy is clearly an important document in outlining the medium term approach to this.

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. 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. It is thought appropriate that the Pandemic risk now drops off the Corporate register. Clearly further associated risks and controls remain, but in the main, business has returned to usual, as it was operating pre-March 2020. 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.

3. FUTURE REPORTING TO AUDIT COMMITTEE

- 3.1 The reporting of the Corporate risks to the 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 2023, so the full details on all risks will be provided then.

CAPITAL MONITORING - QUARTER 3

1. This is the third OFP Capital Programme monitoring report for the financial year 2022/23. The actual year to date capital expenditure for the four months April 2022 to December 2022 is £49.1m and the forecast is currently £150m, £17.5m below the revised budget of £167.5m. This represents a forecast of 61% of the budget of £244.3m, approved by Cabinet in February 2022 (Council's Budget Report). The main reasons for this variance are:
 - 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 delay in the procurement of a main planned maintenance contractor for Housing Asset Management works.
 - external factors determining programme or requiring scheme review and re-profiling (Britannia Project, S106 highways works, Disabled Facilities Grant)
2. Officers are also undertaking a further line by line analysis of variances at project level. A summary of the forecast by the directorate is shown in the table below along with brief details of the reasons for the major variances.

Table 1 Summary of the Capital Programme

Capital Programme 2022/23	Budget Set at Feb Cab 2022	Budget Position at Dec 2022	Spend	Forecast	Variance (Under/Over)	Capital Adjustments	Updated Budget Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's	4,035	408	56	228	(180)	0	408
Adults, Health & Integration	30	0	0	0	0	0	0
Children & Education	14,862	16,388	5,909	17,825	1,438	(0)	16,388
Finance & Corporate Resources	28,668	21,666	4,351	16,112	(5,554)	0	21,666
Mixed Use Development	32,382	8,707	2,028	6,722	(1,985)	0	8,707
Climate, Homes & Economy	40,318	24,851	9,339	21,629	(3,222)	0	24,851
Total Non-Housing	120,297	72,020	21,683	62,516	(9,504)	(0)	72,020
AMP Housing Schemes HRA	43,886	42,689	16,321	41,189	(1,500)	0	42,689
Council Schemes GF	6,999	4,426	1,848	4,481	56	0	4,426
Private Sector Housing	2,164	1,210	626	960	(250)	0	1,210
Estate Regeneration	30,003	12,928	2,982	10,817	(2,111)	0	12,928
Housing Supply Programme	33,406	24,923	4,723	21,506	(3,416)	0	24,923
Woodberry Down Regeneration	7,595	9,294	889	8,571	(723)	0	9,294
Total Housing	124,052	95,469	27,389	87,524	(7,945)	0	95,469
Total Capital Budget	244,349	167,489	49,071	150,040	(17,448)	(0)	167,489

CHIEF EXECUTIVE

3. The current forecast for the overall Chief Executive's is £228k, £180k below the revised budget of £408k. Below is a brief update on the main variance:

CX Directorate Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Dec 2022	Spend	Forecast	Variance
	£000	£000	£000	£000	£000

Libraries and Archives	4,035	408	56	228	(180)
Total Non-Housing	4,035	408	56	228	(180)

Libraries and Archives is the only area with capital work in the Chief Executives. The most significant variance relates to the Library Capital Works. The forecast is £50k, £101k below the in-year respective budget of £152k. This forecast is the expected emergency capital works due in the Council's Library buildings for quarter 3. Any surplus budget will be utilised in the next financial year.

CHILDREN AND EDUCATION

4. The current forecast for the overall Children and Education is £17.8m, £1.4m above the revised budget of £16.4m. More detailed commentary is outlined below.

C&E Directorate Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Dec 2022	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Children & Family Services	0	477	72	477	0
Education Asset Management Plan	4,095	2,547	973	2,199	(348)
Building Schools for the Future	38	91	29	80	(11)
Other Education & Children's Services	1,328	1,651	(132)	1,198	(453)
Primary School Programmes	6,368	8,393	3,664	10,641	2,248
Secondary School Programmes	3,033	3,228	1,303	3,230	1
TOTAL	14,862	16,388	5,909	17,825	1,438

Children and Family Services

5. There is no material variances to the budget.

Education Asset Management Plan

6. The forecast for the overall Education Asset Management Plan is £2.2m, £0.3m below the in-year respective budget of £2.5m. Most of the AMP programme works are near completion for this financial year. Below is a brief update on the main variance:
7. *Shoreditch Park AMP (Art Block snagging, main roof and partial soft play)* - The forecast is nil spend against the in-year respective budget of £123k. The scheme is complete so any underspend will cover any overspends at year end.

Other Education & Children's Services

8. The forecast for the overall Other Education and Children's Services is £1.2m, £0.5m below the in-year respective budget of £1.7m. Below is brief update on the main variance:
9. *The Garden School (Expansion and Provision of Sixth Form (SEND) inc Roof and Pipework and asbestos)* - The forecast is nil spend against the in-year respective budget of £440k. The project is complete. The variance is due to a delay in the receipt of the final account. The Project Manager is chasing the quantity surveyor. It is unlikely that we will have an agreed position until the new year. Hence the variance.

Primary School Programmes

10. The forecast for the overall Primary School Programme is £10.6m, £2.4m above the in-year respective budget of £8.4m. Below is a brief update on the main variance:
11. *Woodberry Down Children Centre - Relocation* - The forecast is £2.5m, £2.4m above the in-year respective budget of £2.5m. The variance relates to the procurement delays which impacted the project starting on time and £2.4m was re-profiled to future years in the previous quarter. The scheme was 8 weeks behind due to undiscovered underground items on site with trenches full of asbestos. Now the contractors have started on site and the works have accelerated therefore the Project Manager is now forecasting an overspend on the in-year budget. All the foundation works and external walls are completed. This variance will be slipped at year end and the 2023/24 budget will cover any overspend.

Secondary School Programmes

12. There is no material variances to the budget.

FINANCE AND CORPORATE RESOURCES

13. The forecast for the overall Finance and Corporate Resources is £22.8m, £7.6m below the in-year respective budget of £30.4m. Below is a brief update on the main variances:

F&CR Directorate Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Dec 2022	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Property Services	23,772	16,126	2,647	11,693	(4,433)
ICT	4,243	4,143	1,604	3,972	(171)
Other Schemes	654	1,398	99	448	(950)
Total	28,668	21,666	4,351	16,112	(5,554)

Mixed Use Development	32,382	8,707	2,028	6,722	(1,985)
TOTAL	61,051	30,373	6,378	22,834	(7,539)

Strategic Properties Services - Strategy & Projects

14. The forecast for the overall Strategic Properties Services is £11.7m, £4.4m below the in-year respective budget of £16.1m. Below is a brief update on the main variances:

- *Stoke Newington Assembly Hall* - The forecast is £1.2m, £0.5m below the in-year respective budget of £1.7m. The phase 1 of the project is replacing the ceiling of the Assembly Hall but asbestos was discovered resulting in an additional quotation. The team are considering purchasing the scaffold that they are currently hiring which would be a lump sum cost of circa £200k. The team are also procuring a new fire alarm system which would primarily be equipment at £300k. However what is unlikely is the undertaking of the main contract of works to the ceiling which made up the majority of the forecast. The team will review and update by the next quarter.
- *The City & Hackney Clinical Commissioning Group (CCG) Primary Care Project* - The forecast is £4m, £2m below the in-year respective budget of £6m. The CPRP bid for the rest of the funds needed for the project has now been approved. The Portico (repair and refurbishment of existing Grade II listed building and new build extension) - the Contractors started on site on 1 August 2022. The site is progressing well. The cutting down of the piles, pile caps, and ground beams has started. The below ground drainage to start in the next quarter. The Belfast Road (new build) - the Contractors started on site on 30 August 2022. The archaeological borehole investigation has been completed. The demolition to the main structure has started. Tree pruning is completed. The party wall notices have been served. The Network Rail Basic Asset Protection approvals are in place for demolition, treeworks and Japanese knotweed removal. The construction will start in 2023/24. Any surplus budget from this year will be utilised in 2023/24.
- *Asbestos Surveys* - The forecast is £0.5m, £0.3m below the in-year respective budget of £0.8m. This forecast reflects the number of surveys and emergency asbestos removal works expected for this quarter.
- *Landlord Works at 12-14 Englefield Rd (South East and East Asian Centre)* - The forecast is £0.4m, £0.5m below the in-year respective budget of £0.9m. The variance was due to the delay to appointing the contractor. The Contract is now awarded and the contractor is expected to be on site in January 2023.
- *Vehicle Maintenance Workshop* - The forecast is £22k, £409k below the in-year budget of £431k. The new reception is in the initial stages of design. The Project Manager is unable to progress purchasing the items for the workshop until the new reception building is built. The underspend will be utilised in the next financial year.

- *Kings Hall Leisure Centre* - The forecast is £0.9m, £0.7m above the in-year budget of £0.2m. This project is at the initial feasibility and design stage. The Design Team was appointed in October 2022. The Contractors will be appointed in 2023/24. The variance will be funded from the 2023/24 budget.

Corporate Resources Other Schemes

15. The forecast for the overall Corporate Resources Other Schemes is £0.4m, £1m below the in-year respective budget of £1.4m. Below is a brief update on the main variances:

- *Solar Project (Commercial)* - The forecast is £0.1m, £0.5m below the in-year respective budget of £0.6m. The works are progressing and solar installations at Wrens Park Community Hall, Hackney Marshes and Concorde Centre will be completed by mid January 2023. Solar installation at the following sites are due to start in January 2023: Webb Estate Community Hall, Queensbridge Leisure, Gascoyne House and Rose Lipman Community Hall.
- *Green Homes Fund (Government Grant for insulating Private Sector Housing)* - The forecast is £72k, £293k below the in-year respective budget of £365k. This spend forecast is based on the number of bid applications accepted and awarded for this grant, with the release of the expected funds due by March 2023.

Mixed Use Developments

16. The forecast for the overall Mixed Use Developments is £6.7m, £2m below the in-year respective budget of £8.7m. This forecast largely relates to the Britannia site as Tiger Way and Nile Street are now complete with only retention and final payments due.

- *Tiger Way* - All units have been sold and the development is fully occupied. The final account for the Design and Build element of the project remains in draft agreement as anticipated. The final account value includes adjustments for variations and value engineering. This has resulted in a lower final account value than the original contracted sum. No edits or adjustments to values are expected.
- *Nile Street* - The Nightingale Primary school is completed and occupied. There is a higher than anticipated void costs due to slower than anticipated sales rate as a result of the current market conditions. The sales strategy is being reviewed quarterly. Currently, 124 apartments out of the 175 units have been sold. This represents 70.8% of the total residential units. The final account for the Design and Build element of the project has been agreed.
- *Britannia Site* - Phase 1a (new Leisure centre) and Phase 1b (CoLASP) are now in the defects period with agreed defects being rectified and end of defects certificates likely to be issued in December for Phase 1b and January for Phase 1a. Phase 2b (Residential) is in the initial stages. The Stage 4 design letter has now been signed off and issued to the design team. The

initial tenders were received on 9 November for the design and build contractor. The cabinet date of January 2023 has now been put back to March 2023. This in turn leads to a new start 'on site date' of April/May 2023. The forecast of construction spend has therefore moved to next financial year. The Employers Agent and Clerk of works are out to tender.

CLIMATE, HOMES & ECONOMY

17. The overall forecast in Climate, Homes & Economy is £21.6m, £3.2m under the revised budget of £24.9m. More detailed commentary is outlined below.

Climate, Homes & Economy Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Dec 2022	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Leisure, Parks & Green Spaces	22,934	12,639	4,617	10,610	(2,029)
Streetscene	12,765	10,056	2,691	9,350	(706)
Environmental Operations & Other	734	500	0	500	0
Public Realms TfL Funded Schemes	0	0	1,746	0	0
Parking & Market Schemes	308	70	0	70	0
Community Safety, Enforcement & Business Regulations	493	188	5	124	(64)
Area Regeneration	3,084	1,399	279	975	(423)
Total	40,318	24,851	9,339	21,629	(3,222)

Leisure, Parks and Green Spaces

18. The forecast for the overall Leisure, Parks and Green Spaces is £10.6m, £2m below the in-year respective budget of £12.6m. Below is the brief update on the main variances.
- *Essential Maintenance of Leisure Centres* - The forecast is £0.8m, £0.5m below the in-year budget of £1.3m. This budget is to cover reactive works and repairs that may occur at any time in the Leisure Centres across the borough. The spend forecast is based on the work expected to be completed by the end of quarter 3. Any surplus budget from this year will be utilised in 2023/24.
 - *Parks Strategy and Infrastructure* - The forecast is £0.7m, £1m below the in-year budget of £4.5m. This budget is to cover both reactive and planned works in quarter 3. The majority of work usually takes place in quarter 4 which is the quieter period of the year. The team are progressing with the upgrade of parks equipment and machinery but are still experiencing supplier issues resulting in an underspend this quarter.

- *Abney Park* - The forecast is £3.3m, £0.5m below the in-year respective budget of £3.7m. Despite the snow, work is continuing on the Abney Park Restoration Project and much of the work on site has moved inside the buildings now. The contractor has completed all of the external stonework repairs to the Chapel and the 4 new stained glass windows have been installed. The window openings have been boarded up to keep the building weather tight to protect the internal repairs that are in progress while we wait for the new windows to arrive. The Church Street entrance improvements are almost complete and the entrance has been reopened to the public. The new railings are currently in fabrication and the original Listed gate is being refurbished. Both will be installed in the new year. The entrance will need to close again for a week to allow for the installation of the gate and railings.
- Works to the Lodges and new workshops are progressing well. The Lodges roofs have been repaired, the new workshop roofs completed and the first fix wiring and plumbing has been installed. The exterior blockwork and brickwork of the new building which will house the Cafe and Education/Community Space is completed. The windows and doors have been installed, the first fix wiring and plumbing is completed and the Ground Source Heat Pump ground works are completed. The team have experienced delays due to unexpected additional underpinning works being required to the Chapel causing the variance. The current expected completion is now quarter 2 of 2023/24.

Streetscene

19. The forecast for the overall Streetscene is £9.3m, £0.7m below the in-year respective budget of £10m. The estimated underspend is largely due to new S106 schemes that will begin in the new year, as work can only be done once the developer's work is completed. Other schemes have been delayed due to lengthy consultations and the prioritisation of larger grant-funded schemes.

Area Regeneration

20. The overall forecast for Area Regeneration is £1m, £0.4m below the in-year respective budget of £1.4m. Below is a brief update on the main variance:
 - *Hoxton Public Realm* - The forecast is nil spend against the in-year respective budget of £232k. The project implementation date is pushed back to align with the UK Shared Prosperity Fund (UKSPF) timeframe, which is the Government's domestic replacement for the European Structural and Investment Programme (ESIF) which the UK continues to participate in until 2023. There is an estimation of 5 months from appointment of contractor to completion of works. The appointment of contractor and purchase of materials is likely to happen in June 2023. The budget will therefore be utilised next financial year.

HOUSING

21. The overall forecast in Housing is £87.5m, £7.9m below the revised budget of £95.5m. More detailed commentary is outlined below.

Housing Capital Forecast	Budget Set at Feb Cab 2022	Budget Position at Dec 2022	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
AMP Housing Schemes HRA	43,886	42,689	16,321	41,189	(1,500)
Council Schemes GF	6,999	4,426	1,848	4,481	56
Private Sector Housing	2,164	1,210	626	960	(250)
Estate Regeneration	30,003	12,928	2,982	10,817	(2,111)
Housing Supply Programme	33,406	24,923	4,723	21,506	(3,416)
Woodberry Down Regeneration	7,595	9,294	889	8,571	(723)
Total Housing	124,052	95,469	27,389	87,524	(7,945)

AMP Capital Schemes HRA

22. The overall forecast is £41.2m, £1.5m below the in-year respective budget of £42.7m. Below is a brief update on the main variances:
- *Mulalley - HiPs South West* - The forecast is £1.7m, £0.4m below the in-year respective budget of £2.1m. Negotiations are continuing with the contractor to progress works at Purcell which now seems likely to slip into next year. The underspend will cover overspends across the overall programme.
 - *Street Lighting SLA* - The forecast is £0.7m, £0.6m below the in-year respective budget of £1.3m. The programme has been rescheduled due to supply chain shortages. The underspend will cover overspends across the overall programme.
 - *Disabled Adaptation* - The forecast is £1.5m, £0.5m above the in-year respective budget of £1m. There has been a higher volume of children's adaptations and an increase in the team to manage down the back-log of assessments. The overspend will be covered by underspends across the overall programme.
 - *Integrated Housing Management Systems* - The forecast is £2.7m, £0.4m above the in-year respective budget of £2.3m. A contract extension has been granted to a supplier who is providing additional staff to augment the Hackney ICT development teams working on the 'Modern Tools for Housing'

Programme. The overspend will be covered by underspends across the overall programme.

- *Fire Risk Assessments* - The forecast is £1.3m, £0.9m below the in-year respective budget of £2.2m. Fire safety works that were scheduled for Fellows Court are on hold due to a review of the gas supply network by Cadent; there is also the aim to bring Fellows Court onto an overall 'Front Entrance Doors' contract next year. The underspend will be carried forward at year-end as the works will start early in the new financial year.
- *High Value Repairs* - The forecast is £2.7m, £0.7m above the in-year respective budget of £2m. During the first half of the year there has been a higher volume of repairs and a contingency is being held to cover the recharges due at the end of the year. The overspend will be covered by underspends across the overall programme.
- *Capitalised Salaries* - The forecast is £5.5m, £0.2m above the in-year respective budget of £5.3M. The upward revision reflects the full effect of this year's pay award. The overspend will be covered by underspends across the overall programme.
- *Green Initiatives* - The forecast is £3k, £297k below the in-year respective budget of £300k. Installation of the prepayment metres is awaiting procurement of a contractor for communal boilers. The award of the new contract is anticipated in the new year but mobilisation will not impact until the next financial year.
- *Cycle Facilities* - The forecast is £200k, £179k above the in-year respective budget of £21k. There has been a concerted effort to complete a backlog of orders issued in 2019/20 prior to lock down causing the variance. The overspend will be covered by underspends across the overall programme.
- *Bridport* - The forecast is £3.3m, £1.2m below the in-year respective budget of £4.6m. Costs of repairing further defects are continuing to emerge and the timeline for completion has now been pushed back to mid 2024/25. The total capital spend estimate is now £10.6m (of which contract sum of works is £8.25m). The current spend this year is £1.7m with a further spend of £1.4m to the end of year. The expectation for next year is a spend of £5.8m.

Council Schemes GF

23. There is no material variances to the budget.

Private Sector Housing Schemes

24. The forecast for the overall Private Sector Housing Schemes is £1.0m, £0.2m below the in year respective budget of £1.2m. Below is a brief update on the main variance:

- *Disabled facilities Grant* - The forecast is £0.8m, £0.2m below the in year respective budget of £1m. The spend forecast is based on applications received so far in the year and the works expected to complete in the last quarter of 2022/23. All of the spend is externally funded by the Disabled Facilities Grant, with any underspend being utilised by Adult Social Care.

Estate Regeneration Programme (ERP)

25. The overall forecast for the Estate Regeneration Programme is £10.8m, £2.1m below the in year respective budget of £12.9m. Below is a brief update on the main variances:

- *Estate Renewal Implementation* - The forecast is £3.4m, £1.2m below the in-year respective budget of £4.6m. The main reason for the variance in the quarter is due to one of the Mayor of Hackney's Housing Challenge site payments now not likely to take place until 2023/24. The budget will therefore be utilised next financial year.
- *Tower Court* - The forecast is £2.0m, £0.1m above the in-year respective budget of £1.9m. The project is nearing completion. Final handover of the expected units is expected to take place in March 2023. Discussions are still ongoing about how to best utilise the commercial space moving forwards, but this will likely have cost and time implications.
- *Kings Crescent 3&4* - The forecast is £0.5m, £0.3m below the in-year respective budget of £0.8m. The project is due to go into a cost optimisation period with the preferred contractor in early 2023, with a view to reducing costs and improving viability of the project. The cost optimisation period is likely to take around 90 weeks and is due to start slightly later than expected last quarter. This is the reason for the reduction in forecast compared to quarter 2.
- *Colville Phase 2C* - The forecast is £1.0m, £0.5m below the in-year respective budget of £1.5m. A PCSA contract is due to be signed imminently, with spend relating to this likely to start in January 2023. This is slightly later than previous expectations and explains the reduction in forecast from quarter 2.

Housing Supply Programme

26. The overall forecast for the Housing Supply Programme is £21.5m, £3.4m below the in-year respective budget of £24.9m.

- *Wimbourne Street and Buckland Street* - The forecast is £16.3m, £3.5m below the in-year respective budget of £19.8m. The sites are now under contract and works have started, with an estimated completion date of June 2024. The reduction in spend compared to the last quarter is due to updated cashflow forecasts being received from the contractor, which more accurately phase the spend over the construction period. Any surplus budget from this year will be utilised in 2023/24.
- *Murray Grove* - The forecast is £0.1m, £0.1m below the in-year respective budget of £0.2m. The slight reduction in spend since last quarter is due to a reduction in estimated spend on project fees. Options are currently being considered for this site after tender returns were significantly higher than our cost consultants had estimated.

Woodberry Down Regeneration

27. The overall forecast for the Woodberry Down Regeneration is £8.6m, £0.7m below the in-year respective budget of £9.3m. The reduction in spend is due to a lower number of Buybacks now expected to complete by 31 March 2023. Last quarter 11 Buybacks were forecast, but this has been reduced to 7 based on current activity levels and sales to date. Early indications suggest that there appears to have been a slow down in sales, as Leaseholders stay put for longer due to the current uncertain financial climate and high mortgage rates.



CLIMATE, HOMES AND ECONOMY DIRECTORATE RISK REGISTER

AUDIT COMMITTEE MEETING DATE 2023/24	CLASSIFICATION: Open
WARD(S) AFFECTED All Wards	
Rickardo Hyatt, Group Director Climate, Homes and Economy	

1. INTRODUCTION AND PURPOSE

- 1.1 This report updates Members on the current Risk Register for the Climate, Homes and Economy Directorate as at April 2023 (attached at Appendix 1). It also identifies how risks within the directorate are identified and managed throughout the financial year and our approach to embedding risk management.
- 1.2 This report assists the Committee in its role of overseeing corporate governance and is presented for information and comment.
- 1.3 This report reflects for the first time the risk register for the Climate, Homes and Economy Directorate which was created in the early part of 2022. Economy, Policy and New Homes (EPNH) incorporating the Council's Regeneration responsibilities, moved to become part of Climate, Homes and the Economy and risks relating to this service are now included in this risk register.

2. RECOMMENDATION(S)

The Audit Committee is recommended to note the contents of this report and the attached risk register 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 Directorate. Officers and Members are then able to consider the potential impact of such risks and take appropriate actions to mitigate these as far as possible.
- 3.2 Some risks are beyond the control of the Council but we nevertheless need to manage the potential impact or likelihood to ensure we deliver our key objectives to the best of our ability. For other risks, we might decide to accept that we are exposed to a small level of risk because to reduce that risk to nil is either impossible or too expensive. The risk management process helps us to make such judgements, and as such it is important that Audit Committee is aware of this.

4. BACKGROUND

- 4.1 The directorate risk profile is reviewed and ratified by the Directorate Leadership Team (DLT) on a regular basis throughout the year; the current risk register was last reviewed by DLT in December 2022. The report is presented as a high level risk management report for the Directorate.

4.2 Policy Context

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

4.3 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 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 in Appendix one.

5 DIRECTORATE APPROACH TO THE MANAGEMENT OF RISK

- 5.1 To ensure that the management of risk within the Directorate is effective, our risks are aligned to our Directorate aims and objectives, which reflect corporate and the Council's priorities. The Directorate approach to embedding risk management at all levels of management is to create a culture that spreads best practice, identifies and communicates lessons learnt from both internal and external experiences. This approach runs through all levels of management from the Directorate Risk Register, monitored and managed by DLT, through the divisional risk registers, managed and monitored by the Divisional Management Teams through to team and project risk registers.
- 5.2 Effective risk management anticipates and avoids risks where possible rather than dealing with the consequences of events happening. However, not all risks can be managed, particularly those that are caused by external factors over which the Council has no control e.g. the Pandemic, nationwide austerity measures and introduction of new legislation. These are the risks that are likely to be rated high, and will require constant monitoring by senior management and escalation to the Corporate Leadership Team (CLT) for inclusion on the Corporate Risk Register.
- 5.3 The Directorate Risk Register, attached at Appendix 1, comprises risks that cut across the Directorate's business and those which have potentially the greatest impact on service delivery, the performance of the Directorate and therefore the

Council as a whole. It is informed by the divisional and service risk registers and is maintained at Directorate level to ensure that risks are managed and monitored at senior management level.

- 5.4 The risks contained in the Directorate Risk Register assesses risk in light of the controls already in place so that the register is focused on those key risks that could prevent the Directorate from achieving its objectives. Any risk that DLT consider significant enough will be escalated to the status of a Corporate Strategic Risk as per the Council's risk impact guidelines. All other risks will remain as Directorate risks.

6 DIRECTORATE RISK REVIEW

- 6.1 The Directorate Risk Register consists of risks that cut across the numerous services of Climate, Homes and Economy and represent the most significant risks faced by the directorate.

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

- 6.3 Regarding the contents of this latest Directorate register, important areas to note are:

New Risks added to Register

- **CH&E 001 - Cost of living crisis on CH&E** - the cost of living crisis is having a dramatic effect on so much of the Council's work and objective, overarching strategic risks on this are covered within the Corporate risk register. The cost of living crisis continues to present risks which impact on the Directorate in multiple ways, whether from the perspective of residents, services, businesses or partners. All of these could ultimately affect the overall cohesion and stability of the Borough. Individual services within CH&E will have to respond in different ways, which will be reflected in their individual service registers.
- **CHE ERNH - 009 - Damp and Mould** - This new risk relates to the potential extent and prevalence of damp and mould throughout the housing stock in Hackney, private and socially rented, in terms of risk to residents and to building fabric. Damp and mould constitutes a wide range of risk from threat to life to minor effect and intervention. Different landlords, residents and stock

typology will require different treatment and responses. Underlying data is fragmented and with gaps in key areas. A timely response to any problems here will be critical to the Council's reputation. An initial Hackney Damp and Mould plan is under development and the Council has invested in the Private Sector Housing Services and the Housing Repairs service as part of the 2023/24 budget to mitigate the risks associated with our response.

Updates on existing risks

- **CHE ERNH 002 - London Legacy Development Corporation (LLDC)** - The risk level on this risk has increased which reflect the issues regarding the resources and budget needed to ensure the transfer back of planning powers from the LLDC reflects our future plans for Hackney Wick and maximises social and economic opportunities from development.
- **CHE ERNH 005 - Building Safety** - This risk is red rated and whilst the risk is stable it is at the highest red rating. The risk relates to new and emerging building safety legislation which place additional responsibilities on the Council including enforcing fire safety measures in the private rented sector, as well as ensuring the 'golden thread' of building information is passed from Regeneration to Housing Services for new council homes. The risk remains at this high level due to emerging legislation yet to be fully embedded into working practices.
- **NH001 - Customer Services Satisfaction** - This risk has increased over the last year for a number of issues in the year. A recent EPA prosecution will have a significant impact on the Council's reputation. ICT development in Housing Services has not progressed at the pace expected. The lack of an integrated system will negatively impact on staff morale, our ability to deliver effective services and meet KPIs. In order to make progress in this area an option to move away from building our own ICT housing system to purchasing an off the shelf system is currently being considered. Due to the backlog of housing repairs and increase in disrepair issues as a result of the impact of the pandemic the Housing Regulator investigated whether the Council is in breach of the consumer standards, and found we were not in breach in November 2022. However, we must maintain focus in this area and ensure we maintain a responsive repairs service. As we enter the recovery phase from the pandemic and the cyberattack there is a renewed focus on improving customer service in Housing Services. A recent management conference theme was about excellence in customer focused service delivery and how we can achieve that given where we have come from. This work has been incorporated into our Service Planning for 2023.
- **NH012 - Contract Procurement and Management** - This risk has increased over the last year in light of the delay to the Housing Planned Maintenance contracts. The COVID-19 pandemic and now the cost of living crisis also increased the likelihood of problems for suppliers and contractors who may be dependent on financial variables outside the control of the Council. There is also a resourcing requirement to progress the procurement work which as at

March was not in place. A resolution to this is under development and once in place, the work will be able to properly progress.

- **NH 013 Council property repairs** - During the COVID crisis, Council workers have had limited access to residents' homes, and this has resulted in numerous instances of long waits for fixes, and occasionally the repairs not being up to expected standards. The Pandemic created a backlog of around 7,000 repairs. Significant steps have been made to reduce the responsive repairs backlog, with all the 7,088 repairs that were overdue in Dec 2021 now completed. We do have some newly arising backlog of repairs, but this is in the main all within one month of the expected date. The Improvement Board is still in place and chaired by the Strategic Director.
- **NH 004 Budget pressures / insufficient budgets to deliver our service plan** - Due to the financial challenges facing the Council and the expectations of our residents there is a risk that the directorate is unable to deliver services within the budget available. This is especially critical where services are dependent on income streams such as, housing rents, parking income, planning application income. The HRA Rent Cap for 2023/24 will result in a reduction of income to the HRA which means that we have insufficient resources to meet the inflationary pressures of delivering the service. This means that savings of £13.5m were required to set a balanced budget. In addition, this real term reduction of income in 2023/24 will compound and have a detrimental impact on the HRA business plan going forward which will reduce our ability to deliver core housing management services and maintain investment in our homes.
- **NH 008 Failure of ICT Infrastructure** - In October 2020 the Council's ICT systems suffered a serious cyberattack. This impacted the directorate's key systems, Universal Housing, Planning and land charges. In the years following the attack, managers have worked closely with ICT colleagues to assist in the recovery of services and alternative methods of delivering services - such as more cloud based hosting, helping to minimise future risks. We continue to use alternatives such as Google workplace as we work with ICT to progress procurement of cloud based systems to replace legacy systems.

Risk removed

- **NH 009 Pandemic (COVID-19)** This risk has been removed from the risk register. Whilst there are still some legacy impacts from the pandemic for the directorate, such as repairs backlog, income recovery in some services and impact on procurement, these are being managed as business and usual within services.

6.4 There are a number of risks on the directorate risk register that have been escalated and included in the strategic risks within the Corporate Risk Register, most notably relating to the North London Waste Authority. This reflects the need for these risks to be managed at a strategic and operational level and management focus is needed at all levels in order to respond to these unprecedented challenges.

6.5 The Climate Change Emergency risk (SRCR 0039) remains in its entirety on the Corporate Risk Register which, though managed within the directorate, continues to represent a significant risk to the Council and Hackney Management Team wish to maintain a close oversight of the management of this risk. The Council has developed a Hackney Climate Action Plan (CAP) which was approved at Cabinet to go out to public consultation and is due to be formally adopted in May 2023. The CAP provides the strategic framework to work through a number of key issues and challenges, utilising recently completed evidence assessments to underpin a more strategic approach for future delivery and integrate better with external stakeholders.

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

7.1 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 within services are made as a result.

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

8. COMMENTS OF THE DIRECTOR FOR LEGAL AND GOVERNANCE SERVICES

8.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of internal control which includes effective arrangements for the management of risk. This Report is part of those arrangements and is designed to ensure that the appropriate controls are effective.

8.2 Continuous review of the Risk Register and impending legislation referred to is key to ensuring that the Council remains in control of the management of risk.

APPENDICES

Appendix one - Climate, Homes and Economy Directorate Risk Register.

 **Climate, Homes and Economy - Directorate risk register April 2023**

BACKGROUND PAPERS

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

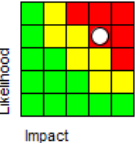
None

Report Author	Deirdre Worrell	☐ 020 8356 7350
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Comments of the Group Director of Finance and Corporate Resources	Deirdre Worrell ☐ 020 8356 7350 Director, Climate, Homes and Economy Finance Deirdre.worrell@hackney.gov.uk
Comments of the Director of Legal and Governance Services	Dawn Carter-McDonald 020-8356 6234 Director for Legal & Governance Services dawn.carter-mcdonald@hackney.gov.uk



Climate, Homes and Economy - Directorate risk register.

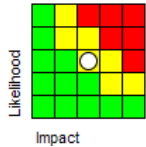

Risk Title *	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>CH&E 001 - Cost of living crisis on CH&E</p>	<p>The current cost of living crisis continues to present risks which could impact on the Directorate in multiple ways, whether from the perspective of residents, services, businesses or partners. All of these could ultimately affect the overall cohesion and stability of the Borough.</p> <p>There is a risk of tenants/ leaseholders struggling to pay their rent/service charges/ heat charges. There could also be increased pressures on private rented sector tenants which could see increased demands on LBH services such as Housing Advice and adult social care teams. This would strain resources and possibly affect the quality of service delivery. This may also create an impact and ripple effect through to key partners such as housing associations, charities and independent sector organisations.</p> <p>Risks are also posed to Registered Provider (housing association) residents on heat networks as it is not clear how it will be covered by cap. Residents are covered within the cap for electricity but not for their heat charges but these charges currently are significantly lower than the capped gas rate. Civil unrest and increased crime within the Borough is also a possibility, and could challenge the Council's resources to deal with it.</p> <p>Residents employed by local businesses/SMEs may be at higher risk of reduced working hours and reduced hours contracts and/or redundancy if local businesses are struggling.</p>	<p>Climate, Homes and Economy.</p>		<p>NEW - January 2023 - There is an overarching Corporate risk on the cost of living crisis, but this version focuses specifically on the challenges concerning the Climate, Homes and Economy Directorate. The impacts here are particularly severe within the Homes and Economy divisions.</p> <p>So many other related/sub risks could also be fitted into the description from the perspective of the CHE Directorate. Problems for residents in the Borough will result in an increased demand for advice, health and care interventions. There is also likely to be an increased demand/enquiries into the Area Regeneration and Economic Development Service for business support and advice.</p> <p>There could also be opposition to low carbon energy systems in new build and retrofit, which can be more expensive to operate.</p> <p>In the longer term, this environment may make it more difficult to increase charges to social housing tenants on heat networks which are currently well below market rate.</p> <p>There will be a wider economic impact if businesses close i.e higher unemployment, less</p>

	<p>There is a strong likelihood of Increased Rent Arrears for the Council and an impact on the ability to increase rents. Also in a time of cutbacks and impending recession there is likely to be reduced commercial waste income, and reduced parking income if people stop using cars due to fuel cost concerns. Increased risk of damp and mould if people do not heat their homes. Again, obligations could fall back on the Council, placing more pressure on resources and service delivery outcomes.</p> <p>Rent Increase and Inflation Briefing</p> <p>Risks increase of businesses being unable to pay bills, or losing premises (due to rent pressures), reduced trading hours, cutting staff (likely to be local residents), going out of business etc. Business may be unable to plan for the future, scaling back growth or expansion plans. This will all prove very damaging to the local economy.</p>			<p>spend in borough, loss of business rates receipts etc. Increased risk of poor mental health in local business owners/staff employed by SMEs.</p> <p>The financial pressures of this crisis are unfolding and evolving on a daily basis, and will continue to pose increasing pressures on services within this Directorate.</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CH&E 001a Support for residents	<p>Clear information and advice for private sector housing tenants and landlords on LBH website. Specific messaging through the Landlord Forum. Set up a new PRS Tenant Forum for information and feedback. Potential for warm hubs in community halls.</p> <p>Energy Price Cap v Cost of Heat (overview of the CAP, the current charges for heat and how the Council energy purchasing affects heat and compares it with the CAP).</p>	Rickardo Hyatt	Steve Waddington	Ongoing	<p>January 2023 These are a new range of controls being developed to tackle this assortment of financial problems. Responsibility for these lies amongst the various divisions of Climate, Homes and Economy. Clearly this risk spreads across the whole Council, but these actions focus on what lies under the CHE's control.</p> <p>March 2023 Residents living in council owned block on heat networks will see significant increases in cost for 2023/24. Heat charges have not increased for a number of years but given the increase in energy costs the council is having to pass these onto residents. To ease the impact of the rise it has been agreed to phase the increase over 2 years, 85% in 2023/24 and then 15% in 2024/25 The shortfall as a result of the phasing will not be recovered.</p>

CH&E 001b Business support	<p>Support for businesses being rolled out by the Economic Development team with information set out and being updated on the LBH website and Hackney Business Network webpage:</p> <p>https://hackney.gov.uk/support-for-business#cost</p> <p>https://www.hackneybusinessnetwork.co.uk/here-to-help</p> <p>The Council's business support grant programme is currently live and being delivered (not specifically related to the cost of living crisis but providing financial support to some local business currently).</p> <p>Virtual business forums were arranged in Winter 2022 (5th December forum arranged) offering businesses targeted advice and support on how to cope with the cost of living crisis.</p> <p>The Love Hackney, Shop Local campaign is also being rolled out encouraging people to shop and spend locally.</p> <p>Discussions are being arranged with the East End Trades Guild and Federation of Small Businesses to gauge local and national issues and join up on support offer</p>	Rickardo Hyatt / Stephen Haynes	Suzanne Johnson	Ongoing	<p>January 2023: Existing business forums and groups (e.g. pubwatch meetings, Stoke Newington Business Association, Hackney Wick Cultural Interest Group etc) are being utilised to provide advice and support to businesses.</p> <p>The Council will receive £440k of UK Shared Prosperity Funding (UKSPF) for Supporting Local Businesses. Proposals on how this will be spent to support businesses have been agreed in LBH and submitted to the GLA. £60k of this funding will be spent in 2022/23 but the rest will be spent in 2023/24 and 2024/25 in accordance with the profile of funding spend per year stipulated by the GLA. More details are in the following UKSPF briefing note: https://docs.google.com/document/d/1qFHERYzbui6qANgZxeqR4FZuhbpUoDaQNfCYheUDAW4/e/dit</p>
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ECONOMY, REGENERATION AND NEW HOMES (ERNH)

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CH&E ERNH 001 Employment, Skills and Adult Learning- External risks	Local/regional employers are increasingly demanding around skills levels of employees, this is related to pressures on improving productivity and decreased investment in workplace training. The increased divergence of skill levels of Hackney residents may result in a lack of access to opportunity for certain cohorts. This is compounded by ongoing cuts to Further Education and Adult and Community Learning budgets.	ERNH		 Risk reviewed January 2023

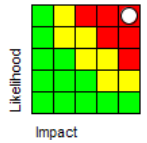

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CH&E ERNH 001a Employment & Skills - External risks	<ul style="list-style-type: none"> • Meeting inclusive economy related training and green skills priorities - Organisational capacity of Functional Skills & Vocational team will limit progress on delivering against key local priorities. Funding for proposed vocation green skills officer is yet to be confirmed in order to proceed with delivery against the green manifesto commitment without a further review of the team structure. • Ofsted - Meeting Ofsted standards as part of continuous quality improvement process. The previous Ofsted inspection took place in 2018, which brings the service in scope for an inspection in 2023. The service is currently self-assessing as a grade 3 - requires improvement. There is a Quality Improvement Plan in place which details specific measures required to address areas for development which are monitored on an ongoing basis. • Hackney Apprenticeship Levy Transfer & Network - The economic situation / cost of living crisis has made it more difficult for employers and maintained schools to commit to taking on apprenticeships. Levy Transfer is supported for new hires paid at NLW (£9.50 as a minimum) and a Hackney link (Resident or Educated) exists. Maintained schools should take on new apprentices to bridge recruitment gaps. Failure to increase support for external business and Schools to employ new apprentices increases the risk of expired funds being returned to HMRC. • Supported Internships - Placements quality and delivery risks 	Stephen Haynes	Dujon Harvey	Ongoing	January 2023 - control updated.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CH&E ERNH 002 LLDC Transition Risk	<p>Since the start of the transition process amongst Growth Boroughs in 2020, the GBP (Growth Borough Partnership) have made good progress in re-aligning the relationship with London Legacy Development Corporation (LLDC) from stakeholder to partner. An MoU was recently signed between the GBP, LLDC and the GLA to set out what the organisations have agreed to date and how they will work on transition in the coming years.</p> <p>The risks concerning transition are split between those focused on LLDC and those associated with the Growth Borough Partnership (GBP).</p>	ERNH		<p>Control reviewed January 2023.</p> <p style="text-align: center;"></p> <p>Risks are currently high in relation to resources and budget.</p>

	<p>LLDC</p> <ul style="list-style-type: none"> • LLDC have not yet released their financial plan for transition and resource requirement for the reset MDC post 2025. There is a risk that Boroughs are asked to contribute. • No information on the reset board or commercial subsidiary has been provided yet. This could impact the future of the park as the commercial subsidiary is likely to control assets and their future income, which would be a risk to delivery of Boroughs' inclusive economy aspirations. • Lack of sustainable long-term funding associated with current LLDC inclusive economy programmes. <p>GBP</p> <ul style="list-style-type: none"> • The Growth Borough Partnership Manager will soon leave the Council and there is no budget agreed for the continuation of this role post May 2023 (when the current 2 year fixed term contract comes to an end). Discussions are underway with all GBP members to agreed funding for a two year extension to the post until May 2025 as without this role there is a risk that transition will stall and key areas of work won't be managed. In the interim a short term secondment/FTC within LBH is being advertised up to May 2023. LBH will also need to agree additional budget internally to continue to fund our role in transition. • Lack of available resources within boroughs to develop and deliver inclusive economy programmes - agreed as a key priority for reset MDC; Discussions are underway with GBP members and the LLDC on how to manage this risk, there is the potential for an additional officer resource to work between the LLDC and GBP to do this but this will require resources. • Change of leadership within boroughs could alter the current relationship. • Scale of work involved in the transfer of planning powers back to the borough including governance and approvals (transfer of planning powers back to boroughs requires a GLA Mayoral Decision and approval by all the boroughs Cabinets by the end of 2023), IT, resources etc. 			
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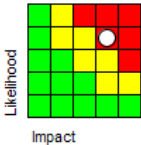

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>CH&E ERNH 002a</p> <p>LLDC Transition Risk</p>	<p>Risks associated with LLDC are centred around the need for information to be shared between themselves and the GBP. Steps taken to ensure this are:-</p> <ul style="list-style-type: none"> • Recording instances of where information requested has not been provided. • Discussing with LLDC colleagues at the formal BTG regarding these issues. If requests are still not provided then the issue is escalated 	<p>Stephen Haynes/ Suzanne Johnson</p>	<p>Michael Toyer</p>		<p>Control reviewed January 2023.</p> <p>Risks are currently high in relation to</p>

	<p>to a political level, where formal representations are made via the GBP to the Chief Exec of LLDC.</p> <ul style="list-style-type: none"> • Informal meetings between officers have also been organised to ensure that dialogue can be achieved prior to escalating issues. • A notable success of this is LLDC now sharing transition related papers prior to other parties so that we can steer on particular issues. <p>For risks associated with the BTG, the following controls have been devised:-</p> <ul style="list-style-type: none"> • Ensuring that any potential changes in leadership have been highlighted so that existing GBP members can provide a steer to new members. • A review of the GBP has been completed and the review paper has been distributed to the GBP members for review and approval of actions going forward to successfully manage and govern the programme. 				resources and budget.
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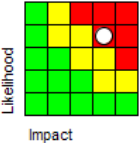

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CH&E ERNH 005 Building Safety (DPO 03, 05 ERP&HSP 12, HS&P 06)	New building safety legislation places additional responsibilities on services and will have a significant impact on the design, specification, cost and timescale for new homes delivered by the Council. This creates additional pressures to enforce fire safety measures in the private rented sector, as well as ensuring the 'golden thread' of building information is passed from Regeneration to Housing Services for new council homes. This will require additional officer training	CHE		 Control reviewed January 2023 This continues to be a risk with emerging legislation yet to be fully embedded into working practices.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CH&E ERNH 005a Building Safety	Establishing a Hackney New Build standardised brief and building information/quality assurance systems. Incorporating Fire Safety Strategies and guidance issued by the central government. Clerk of Works employed as part of ongoing governance.	Stephen Haynes/Chris Trowell/James Goddard	Diana Hall Rachel Bagenal	Ongoing	Utilising BIM as 'Golden Thread' of information from Regeneration through to Housing Services. Futureproof buildings: modifying mid-design or re-briefing early stage projects to meet requirements. Revise specifications: V5 spec included early Grenfell

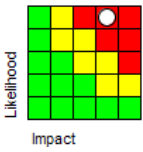

					findings, V6 includes complete recommendations. Quality: Only brick facades, cladding issues generally avoided. Key stakeholder engagement including DLUHC and GLA.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CH&E ERNH 006 Recruitment and Retention (AR02, DPO 12&20, ERP/HSP 06, HS&P 04, PSH 09)	If the Regeneration function is unable to recruit and retain sufficient appropriately skilled staff this will adversely affect the delivery of new affordable housing, as well as area regeneration and economic development in the borough. This will also compromise our ability to deliver key strategic policy objectives and improve the quality of the private rented sector.	Climate, Homes and Economy		 Risk reviewed January 2023 This continues to be a risk until the Regeneration Service Review has completed and a new structure put in place for new homes delivery.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CH&E ERNH 006a Recruitment and Retention	HR specialist recruited to support Regeneration's recruitment and retention. Inhouse development programme for staff to develop greater leadership skills and technical knowledge. Regeneration Service Review undertaken by Campbell Tickell, and recommendations being followed up.	Stephen Haynes/Chris Trowell/James Goddard	Diana Hall	Ongoing	HR/OD specialist role is currently vacant and will need to be recruited, therefore the in house development programme is on hold. Final DPR for the ERNH service review was published on 18/11/22, and new senior management posts due to be appointed in Dec 22. Individual service area reviews will then commence, and fixed term contracts will be extended in the meantime. Inner Circle Consulting has provided additional recommendations on new homes delivery.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CH&E ERNH 007 Covid impacts on regeneration.	Long term and wider impacts of Covid 19 may mean that we need to change what and how we deliver in terms of future regeneration projects, for example to accommodate shifts in the function and use of workspaces, as well as demographic and lifestyle changes in the local population. Increased build costs may also reduce our ability to deliver new homes.	Climate, Homes and Economy		 Control reviewed January 2023 This continues to be a risk as we follow government guidelines.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CH&E ERNH 007a Covid (AR 05, HS&P 01)	<p>Continued business engagement helps to understand business concerns and respond to these. Adapting existing programmes to respond to changing priorities. Programmes at the feasibility stage will explore broader questions about the function of high streets, how we travel to work and what our work spaces look like.</p> <p>Adapting existing programmes to respond to changing priorities. Programmes at feasibility stage will explore broader questions about the function of the house building/affordable housing sector in Hackney.</p> <p>Uncertainty and impact on supply chain (both labour and materials) resulting in higher tenders than estimated leading to unviability.</p>	Stephen Haynes/Chris Trowell/James Goddard/Suzanne Johnson	Jane Havemann Rachel Bagenal	Ongoing	<p>January 2023 - Area Regeneration Managers to engage stakeholders at design development stage to ensure projects meet future needs and changing priorities. To review and re-evaluate project deliverables throughout the process.</p> <p>Continued engagement helps to understand real time business concerns, adapting programmes to respond to changing priorities.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CH&E ERNH 008 Funding and Financial Viability (AR 01, DPO 23 ERP/HSP 02, 13 & 15, WD 01 & 02)	If stagnant/falling house prices continue to be compounded by increasing build costs due to labour/materials shortages following Covid/Brexit, this will have a significant impact on the financial viability of the Council's house building programmes and the quantum of new affordable homes that can be delivered. These adverse market factors may also result in reduced external funding for area regeneration projects.	ERNH		 Risk reviewed January 2023 This continues to be a risk with falling house prices and increased build costs.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CH&E ERNH 008a Funding and Financial Viability	<p>Planning and delivering projects in phases. Considering options/scenarios for delivery which include a scenario with a reduced scope. Improving the quality of bid submissions.</p> <p>Homes could be rented (as a build to rent, market rent product) with an option for some to be rented out at Hackney Living Rent if viable.</p> <p>The legal agreement for Woodberry Down provides for the Council and its partners to work together to address viability on each phase, and it provides for mechanisms (e.g. the use of overage, tenure mix, mix of uses) to address challenges to viability.</p>	Stephen Haynes /Suzanne Johnson	Jane Havemann Rachel Bagenal	Ongoing	<p>New economic development function and changes to team revenue budget will help develop the evidence base to improve quality of external grant bid submissions.</p> <p>Ongoing monitoring of the housing market and impact of Brexit on supply chains (labour and materials).</p> <p>Overage is now being generated from Phase 2 of Woodberry Down, and will enable Phase 4 to be delivered.</p>

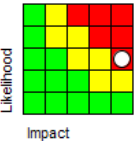
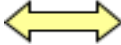
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CH&E ERNH 009 Damp and Mould	The potential extent and prevalence of damp and mould throughout the housing stock in Hackney, private and socially rented, in terms of risk to residents and to building fabric. Damp and mould constitutes a wide range of risk from threat to life to minor effect and intervention. Different landlords, residents and stock typology will require different treatment and responses. Underlying data is fragmented and with gaps in key areas. A timely response to any problems here will be critical to the Council's reputation.	Climate, Homes and the Economy		<p>New risk escalated December 2022</p> <p>Likely to remain a medium to long term risk.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CH&E ERNH 009a Damp and Mould	An initial Hackney Damp and Mould Plan is being developed for early in 2023. The plan is designed to cover all tenures in Hackney. Work is ongoing.	Stephen Haynes/Steve Waddington	Heads of Service	Ongoing	<p>Letter to Secretary of State sent on 30 November 2022 outlining initial damp and mould response from Hackney.</p> <p>March 2023 Responses sent to SoS and the Social Housing Regulator Dec 22 / Jan 23. Work is ongoing on developing the action plan, for LBH Stock a new leaks policy has been introduced which will see all reports of leaks prioritised and responded to by the end of the following working day. All reports of damp and mould will be inspected rather than sent to a painter to treat the mould so that the route cause can be identified. To help respond to the significant increase in legal disrepair claims, often which are damp related, a new Alternative Disputes</p>

					Resolution process is being developed.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
NH 001 Customers Services Satisfaction INTERNAL RISK FUTURE RISK	Failure to deliver good customer service either through poor performance by staff or as ageing assets, facilities or infrastructure deteriorates. This will impact negatively on service delivery and the overall satisfaction of stakeholders. Possible consequences could be <ul style="list-style-type: none"> • Reputational damage • Negligence and liability claims • Increase in number of complaints • Poor service performance against KPI measures • Deterioration in staff morale • Increase in compensation claims from dissatisfied customers • Litigation • Failure to meet our statutory responsibilities 	Climate, Homes and Economy			
				January 2023 - Recent EPA prosecution will have a significant impact on the council's reputation. ICT development has not progressed at the pace expected. In some areas we have no ICT platform to work on and in others it can only be classed as a Minimum Viable Product (MVP). Lack of an integrated system will negatively impact on staff morale, our ability to deliver effective services and meet KPIs. Until recently, the impact of the pandemic was a key contributor to the backlog of repairs and increase in disrepair issues. The Housing Regulator is investigating whether the Council is in breach of the consumer standards. (Nov 22 - Regulator found we were not in breach) As we enter the recovery phase from the pandemic and the cyberattack there is a renewed focus on improving customer service. A recent management conference theme was about excellence in customer focused service delivery and how we can achieve that given where we have come from. This work has been incorporated into our Service Planning for 2023.	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH 001a Maintaining assets	Service Managers actively maintain assets and ensure that maintenance of buildings and infrastructure is undertaken through	Rickardo Hyatt	Directors	30 June 2023	January 2023 - Delays in the procurement of framework contractors to

	<ul style="list-style-type: none"> • Asset management plans • Capital investment plans and new facility provision being progressed • Regular monitoring of the buildings and sites (including sonic testing of the play equipment) • Planned preventative maintenance programme which informs the Councils capital strategy • Regular maintenance undertaken by partners / contractors per contract obligations • Proactive / planned approach to Planned Preventative Maintenance in partnership with Property Management colleagues. 				undertake improvement works will impact on the condition of the stock and result in increased complaints and customer dissatisfaction.
NH 001b Staff performance	<p>Robust Performance management framework in place to monitor service performance. Services are managed as part of the Council's performance management framework through the Directorate Leadership Team, divisional and operational management teams and supervision. There is a regular reporting framework to highlight areas of underperformance with follow-up management action taken as required. There are also a range of Quality Assurance systems in place to ensure service standards are monitored and maintained.</p> <p>Relevant policies and procedures include:</p> <ul style="list-style-type: none"> • Customer Management Framework • Regular reviews of performance data • Robust systems in place to manage performance in gas servicing & complaints • Monthly Service Improvement Groups • Robust Challenge of under performance & staff • Use of Housemark and other benchmarking clubs • Regular check ins -this will be measured in the employee survey • Materials and installations are specified to meet relevant standards • Monitoring of workmanship by DLO and contractors • Procedures in place & regular audits carried out with trails in place • Customer satisfaction surveys in place 	Rickardo Hyatt	Directors	30 June 2023	<p>January 2023 - DLT reviews service performance quarterly and initiates management actions to improve performance.</p> <p>In response to the staff survey DLT are developing action plans to respond to the issues raised by staff.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>SRCR 0039 Climate Change / Climate Emergency EXTERNAL RISK CURRENT & FUTURE RISK</p>	<p>The Council fails to meet its own commitments to take constructive steps to tackle the climate emergency. The expectation of change required (conducting extensive work on decarbonisation) may not be matched by the available capital. This could be as a result of overly ambitious targets, a lack of overall awareness or 'buy in' to the concept or a lack of resources to proactively bring about change. Without a coordinated response, the task will be more difficult. Failure to achieve positive change would have reputational impacts but most importantly would contribute negatively to the continued emergency in climate matters, both within our local community and the world at large. With the likelihood of even more ambitious targets set by the Environment Bill 2021, this risk will continue to grow and increase in importance.</p>	<p>Climate, Homes and Economy leading (but applying to all Directorates)</p>		<p>March 2023 </p> <p>The impact is categorised as 5, as despite having our net zero targets, which are clear, the consequences of not achieving them (both operationally and reputationally) would be severe. The likelihood remains at level 3. The Climate Action Plan (CAP) is yet to be approved, scheduled for May 2023. The Council's actions for the next three years are set out in the Implementation Plan and this will go to Full Council in July. There is still a significant amount of cross organisational work to be undertaken to embed climate action, and whilst the funding and resourcing strategy identifies those actions that have planned spend, and those that have a sound business case, funding for decarbonisation on some other more ambitious actions remains a key issue.</p> <p>In light of the clear evidence of climate change only progressing ever more rapidly, along with time moving closer towards the 2040 target (2030 for net zero across key functions), it seemed reasonable to raise the likelihood from a 2 to a 3 at the end of last year (the score remains the same a few months into 2023) - the impact necessarily remains at the maximum score.</p> <p>The CAP provides the strategic framework to work through a number of key issues and challenges, utilising recently completed evidence assessments to underpin a more strategic approach for future delivery and integrate better with external stakeholders. The plan is for everyone - and, through our consultation and the ongoing actions in the plan, the CAP intention is that we want to make sure that everyone knows how they can influence and benefit from a greener Hackney.</p> <p>The CAP is set out under five key themes - consumption, buildings, transport, adaptation and environmental quality - it sets out how residents, businesses and institutions, community groups and organisations and the Council could work together to tackle the climate and ecological crisis.</p> <p>Alongside this plan is the Council's draft three year Implementation Plan (IP) that sets out the key actions that the Council will progress in the period of the CAP, considering where the Council has direct control and most influence to maintain momentum with its own climate response. The IP will be reviewed annually and form part of the current annual reporting</p>

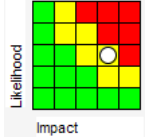
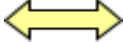
				<p>commitments, detailed service delivery plans for the specific projects will sit underneath</p> <p>Further, whilst the Council's own emissions only contribute to 5% of the Borough's emissions. However, the Council must continue to lead by example, and is therefore rejoining the UK100 network of Councils, committing us to reaching net zero emissions by 2030 across key functions.</p> <p>The Council's ability to deliver capital and resource intensive actions within the implementation plan is largely contingent on the impact of recent economic shocks in the UK and beyond. These are likely to have a bearing on the capacity of the Council to deliver our climate responses in the short and medium term; particularly if there is a reinvigorated period of public sector austerity.</p>	
Control Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note
<p>SRCR 0039a Councillors have approved motion committing to a series of actions</p>	<p>Council commitment:</p> <ul style="list-style-type: none"> - To tell the truth about the climate emergency we face, and pursue its declaration of a climate emergency with the utmost seriousness and urgency. - Pledge to do everything within the Council's power to deliver against the stretching targets set by the IPCC'S October 2018 1.50C Report, across the local authority's full range of functions, including a 45% reduction in emissions against 2010 levels by 2030 and net zero emissions by 2040, and seeking opportunities to make a greater contribution. - Call on the UK Government to provide powers and resources to make the 2030 and 2040 targets possible. - Actively campaign to change national policy where failure to tackle the challenge of heating our homes without fossil fuels, fossil fuel subsidies, insufficient carbon taxation, road-building, and airports expansion, for example, has actively undermined decarbonisation and promoted unsustainable growth. - Support the campaign to create a just transition for workers and users and be part of the creation nationally of a million public sector climate jobs with particular reference to extending sustainable 	<p>Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland; Rickardo Hyatt</p>	<p>Aled Richards</p>	<p>Ongoing</p>	<p>March 2023 -these are ongoing commitments but essential to adhere to in order to comply with ambitious targets. The Council are resolved to follow this. From a political level, these actions are being strongly supported by Members. An annual report on the progress on decarbonisation was considered by Council in July.</p> <p>The CAP is scheduled to be approved in May 2023, having been out for consultation for the previous six months.</p>

	<p>accessible and integrated public transport, retrofitting housing stock, energy democracy, heating and cooling from renewable energy and eco build, food and waste.</p> <ul style="list-style-type: none"> - Involve, support and enable residents, businesses and community groups to accelerate the shift to a zero carbon world, working closely with them to establish and implement successful policies, approaches and technologies that reduce emissions across our economy while also improving the health and wellbeing of our citizens. - Produce an annual update to Full Council on the progress made against the Council's decarbonisation commitments, and conduct an annual Citizens Assembly comprised of a representative group of local residents to allow for effective public scrutiny the Council's progress and to explore solutions to the challenges posed by global warming. - Work with other local governments (both within the UK and internationally) to determine and implement best practice methods to limit Global Warming to less 				
<p>SRCR 0039b Hackney Light and Power.</p>	<p>Hackney Light and Power has been created to support the Council to meet declared target and become zero-net carbon borough by 2040. HLP is an energy services arm of the Council which is still looking at options for operating as a separate entity.</p> <p>To maximise carbon emission reduction the energy services arm will:</p> <ul style="list-style-type: none"> deliver the Green Homes Program – the first borough wide thermal efficiency housing program in London support the installation of innovating renewable heating measure support the rolling out of electric vehicle charging points supply the grid with green energy reduce fuel poverty improve residents' health and well being promote an inclusive economy and contribute to the nationwide green agenda help make Hackney a sustainable, green borough 	<p>Corporate Directors</p>		<p>Ongoing</p>	<p>Hackney Light and Power was officially unveiled as a publicly-owned energy services arm of the Council on November 1st (2019).</p> <p>From the off, the primary objective of the energy arm is to help deliver the ambitious decarbonisation pledges included in its climate emergency motion.</p> <p>At the launch of this, HLP confirmed it had already delivered 50% renewable electricity for the Council and many local schools' needs on 1 April, and would switch to 100% in 2020. The clear aim was to establish a publicly-owned clean energy company that will turn Hackney into a renewables power station; rapidly decarbonising the Council fleet of vehicles and addressing land transport sector emissions and decarbonising the built environment through changes to the planning system.</p> <p>The Council is investing extensively in green infrastructure to derive a wide variety of environmental benefits, from cooler streets</p>

					to enhanced biodiversity; creating a model for drastically limiting the use of petrochemical plastics; and investing heavily in waste service to reduce resource consumption and increase recycling.
SRCR 0039c Communication	Communication is key, with the Council getting the correct message out both internally and externally	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland; Rickardo Hyatt	Comms		March 2023 - There has already been lots of coverage in local papers and online about Hackney's progress. During the pandemic, there was the opportunity to close roads and convert more space for cyclists and pedestrians. There has also been an increase in school streets and lower traffic neighbourhoods.
SRCR 0039d Cross Council involvement at all levels	Across all Divisions / services, any service plans or overall strategic documents need to pick up on this ongoing challenge and commitment. Any new projects / directives / initiatives need to consider climate change and our approach to it, in determining how to carry out work. Evidence of this happened can be seen within the Fleet services and the ongoing work with the NLWA.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland; Rickardo Hyatt	Aled Richards	Ongoing	March 2023 - This will become embedded as part of standard processes in the future. The Environmental Sustainability Board is meeting regularly to support the Council's approach here.
SRCR 0039e North London Waste Authority (NLWA) Partnership	<p>Hackney is a part of a seven borough partnership with the NLWA, who are currently procuring a large infrastructure project (North London Heat & Power Project) to deliver new facilities to manage waste and recycling from the constituent boroughs.</p> <p>An experienced Programme Director has been appointed by NLWA. Also, lead Member and Key Officer Groups, continue to manage Hackney's engagement with NLWA on the development of new facilities, recycling performance, waste prevention and operations' matters.</p> <p>A Programme Committee made up of members of each of the boroughs has been established to focus on the implementation of the North London Heat & Power Project. This is a decision-making Committee and is in addition to the various Steering Groups and Partnership Boards which Lead Members and Key Officers attend.</p> <p>The Vice Chair of the NLWA is Hackney's current Cabinet Member for Finance and Housing Needs,</p>	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland; Rickardo Hyatt	Aled Richards; Sam Kirk	Ongoing	March 2023 - control in place and ongoing, and Lead Member for Environment and Transport now the Vice Chair of NLWA.

	<p>which ensures the Borough is directly involved in the leadership of the partnership.</p> <p>NLWA, with the boroughs, is undertaking a piece of work to produce a best estimated long term levy tonnage forecast, to establish likely levy costs for boroughs.</p> <p>Officers will review the current recycling service to ensure that it provides the best solution on the basis of technical, economic, environmental and practical factors</p> <p>Hackney's partners in NLWA (Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest) work together to deliver services for over two million residents that live in the NLWA area. NLWA is responsible for helping the seven north London boroughs dispose of the 850,000 tonnes of waste they collect every year.</p>				
<p>SRCR 0039f Restricting residual waste</p>	<p>In May 2020 Cabinet agreed to introduce fortnightly collections for residual waste for Hackney street properties. The drivers for this are not only to improve recycling performance and reduce the amount of residual waste being incinerated. This will help insulate the Council against the expected rise in residual waste disposal costs in the medium to long term. Further, and most importantly, by structurally reducing the amount of black bag waste sent for incineration we can eliminate the associated carbon dioxide emissions, reducing the carbon intensity of Hackney's waste system.</p> <p>Residual waste restriction will play an important role in helping the Council achieve the highly ambitious decarbonisation targets set out in the climate emergency motion passed at Full Council, June 2019.</p> <p>The expected outcomes of introducing fortnightly collections of residual waste include:</p> <ul style="list-style-type: none"> Reduction of approx. 4,400 tonnes of street level black bag waste being incinerated against current levels by 2022, which is a 21% reduction of waste per household; 	<p>Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland; Rickardo Hyatt</p>	<p>Aled Richards; Sam Kirk</p>	<p>30 June 2023</p>	<p>March 2023 This service is now business as usual.</p> <p>The recycling rate improved last year after the introduction of fortnightly waste collections, and reached a high of 31% but the end of year out turn was 29%. Reductions in recycling rates have been seen across North London boroughs, likely reasons due to light weighting of packaging, consumer choices, in part due to the cost of living crisis, and the impact of a very dry summer.</p> <p>The Reduction & Recycling Plan has been sent to GLA for approval, it contains recycling rate forecasts and a list of actions to reduce waste and increase recycling in the borough for the next three years</p>

	<ul style="list-style-type: none"> Reduction in disposal costs of £246k per annum (based on current tonnage and levy charges) by 2022. The scope to increase disposal savings will increase proportionately with the levy charge; Increase in recycling rate to 31% by 2022/23. This will see Hackney move from position 8 of 13 inner London borough's recycling rates to 4th (based on current data); Reduction in emissions associated with incinerating black bag waste, contributing to achieving the 45% reduction in emissions against 2010 levels by 2030 and net zero by 2040. Using Zero Waste Scotland's Carbon Metric Publications, directing 4,400 tonnes of black bag waste to recycling/composting, shows a benefit of -661 to -610kg CO2eq per tonne of material recycled/composted. This would indicate a potential benefit of around 2,910 to 2,680tonnes CO2eq savings. 				
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>NH 003 Delivery of Capital Projects</p> <p>EXTERNAL and INTERNAL RISK FUTURE RISK</p>	<p>Major Capital Schemes, including the Major planned maintenance programmes, may not be managed or targeted effectively to maximise use of resources available and ensure delivery according to expectations. This poses a risk to the successful completion of such schemes, incurring financial losses and dissatisfied stakeholders.</p>	<p>Climate, Homes and Economy</p>		<p style="text-align: center;"></p> <p>March 2023 - The pandemic and the cyber attack are no longer affecting the delivery of schemes any more - certainly not to the extent of a year ago. The main issue now relates to the delays to procurement, which means the Council cannot commission the necessary capital works.</p>

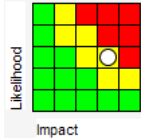

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH 003a Communications and Consultation Arrangements	Communications and Consultation managed in partnership with the Council's communications teams through Heads of Services and Directors. Communications and Consultation plans are discussed and considered in partnership with Lead Members on a regular basis.	Rickardo Hyatt	All Directors	Ongoing	March 2023 –Control established and continuing.
NH 003b Programme Management and Governance	Robust programme management and governance procedures in place for major programmes which include consultation and engagement requirements. Project Sponsor to produce a communications plan for each key project and programme to ensure effective stakeholder engagement.	Rickardo Hyatt	All Directors	Ongoing	March 2023 – Control established and continuing.
NH 003c Programme Management and Governance – Capital Projects	Robust programme management and governance procedures in place for key capital projects and programmes with project sponsorship at Director/Head of Service Level. Major schemes are managed via project boards to ensure reputational issues managed and project/programme outcomes delivered to required standard, on time and within budget	Rickardo Hyatt	All Directors	Ongoing	March 2023 –Control established and continuing
NH 003d Performance Management Framework	Robust Performance management framework in place to monitor service performance. Services are managed as part of the Council's performance management framework through the Directorate Leadership Team, divisional and operational management teams and supervision. There is a regular reporting framework to highlight areas of underperformance with follow-up management action taken as required. There are also a range of Quality Assurance systems in place to ensure service standards are monitored and maintained.	Rickardo Hyatt	All Directors	Ongoing	March 2023 – Whilst the delivery of the capital programme this year (and last few years) has been adversely impacted by some recent external factors, the performance management framework is maintained to ensure quality outcomes from the investment.
NH 003e Improvements in Housing Property and Asset Management	Improvements to project management operations in Housing Services to <ul style="list-style-type: none"> ● Deliver Asset Management Strategy ● good business plan and procurement strategy ● Move away from annual budget to medium term business planning ● agree service level/demand expectation ● manage demand/service, and ● re-prioritise service delivery. 	Steve Waddington	Sinead Burke	Ongoing	March 2023 - Delays in the procurement of framework contractors to undertake improvement works will impact on the condition of the stock and result in increased complaints and customer dissatisfaction. Limited investment has taken place in 2022/23 and the

					delay will also impact on the level of investment in 2023/24.
NH 003f Oversight of Housing Capital Monitoring Board	<p>Housing Investment Board has been established to:</p> <ul style="list-style-type: none"> maintain an overview of the Asset Management Plan element of the Housing Capital Programme approved by Cabinet; make decisions on the progression of Housing Capital schemes using the Gateway process. approve Sectional Commencement Agreements (SCA) with the Council's contractors, ensure that each capital scheme has a robust communications plan linked to each Gateway point to ensure residents are consulted and engaged in capital investment in their homes, monitor delivery against the programme, and make decisions on the reprioritisation of capital resources within the capital limits approved by Cabinet as part of the annual budgeting process. <p>The Board is responsible for ensuring that the schemes undertaken through the Housing Capital programme have a communications plan that joins up with other initiatives and projects affecting a locality so that communications with residents on estates where works are taking place are holistic.</p> <p>This board approves all Sectional Commencement Agreements (SCA) for issue to contractors. A checklist is presented on each project which outlines how pre-contract procedures have been completed. A full list of all SCAs (issued and in development) is now available.</p>	Rickardo Hyatt	Steve Waddington/ Sinead Burke	Ongoing	March 2023 - This was originally called the Housing Capital Monitoring Board - and was not operating for most of 2022 but is now back up and running, and has been renamed the Housing Investment Board. Responsibilities remain the same - the ToR were reviewed and remain largely unchanged.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
NH 004 Budget pressures / insufficient budgets to deliver our service plan EXTERNAL RISK FUTURE RISK	<p>Due to the financial challenges facing the Council and the expectations of our residents there is a risk that the directorate is unable to deliver services within the budget available. This is especially critical where services are dependent on income streams such as, housing rents, parking income, planning application income.</p> <p>This then results in a budget overspend or an unacceptable call on reserves. The Coronavirus pandemic has significantly impacted income collections in the directorate with income streams reducing and services still to be delivered.</p>	Climate, Homes and Economy		<p style="text-align: center;"></p> <p>January 2023 - The financial challenge for the Council and directorate continues. The current cost of living crisis is placing intense pressures on budgets. Additionally, the pandemic created impacts not just in short-term budget setting, but over years to come. The damaged income streams may not recover for some time.</p>

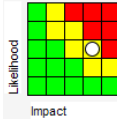

				<p>The main risk for the directorate is that this results in a greater loss to funding than anticipated which may have a severe impact on overall service delivery and strategic objectives of the directorate..</p> <p>The HRA Rent Cap will result in a real terms reduction of income to the HRA of £13.5m which will have a significant impact on our ability to deliver services. The first year approach to managing this is to reduce the RCCO which will reduce the available spend for capital works by just under £11m</p>	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH 004a Service and Financial Planning	<p>Service planning is linked to the Corporate Planning Process and aligned to corporate objectives and budget planning cycle - over the medium term.</p> <p>Senior financial managers ensure they are well informed on changes which have key financial implications.</p>	Rickardo Hyatt	All Directors	31 Mar- 2023	January 2023 – Control established and continuing.
NH 004b Housing Revenue Account Business Plan	The Housing Revenue Account Business Plan is reviewed and maintained to accurately reflect best estimates of future income and expenditure levels. Financial planning for the Housing Revenue Account will be constantly diligent and reflect the changing circumstances of resources, day to day expenditure, investments needs and changing legislation.	Rickardo Hyatt	Deirdre Worrell	30 Sep 2023	January 2023 – Control established and continuing.
NH 004c Savings Strategy and Budget Development	Savings proposals are developed and agreed with members in order to support the delivery of the Council's budget strategy. Financial updates on the Council's medium term financial plan are considered by the Directorate Leadership Team throughout the year and the directorate budget strategy is developed to support the Council's need for savings. In addition, the directorate reviews the directorate capital plans to inform the Council's Capital Strategy.	Rickardo Hyatt	Deirdre Worrell	Ongoing	January 2023 – Control established and continuing.

NH 004d Budget Monitoring	The Directorate Leadership Team receives budget monitoring reports on a monthly basis which highlights areas of overspend, non delivery of savings plans and use of reserves. Action Plans are put in place where services are overspending budgets.	Rickardo Hyatt	Deirdre Worrell	Ongoing	January 2023 – Control established and continuing.
NH 004e Performance Monitoring and financial framework	Provision of services is subject to constant monitoring and review using the budget and performance framework to ensure that the most efficient methods of service delivery are employed. Monthly review of budgets, expenditure, income and activity data and forecasting - Identify issues, risks and opportunities and take appropriate action and inform monthly reporting to DLT.	DLT	Directors	Ongoing	January 2023 – Control established and continuing.
NH 004f Budget responsibility	Managers assigned to each budgetary service area – Budget setting facilitated, costs and expenditure controlled. Continue with Finance for Non Financial Managers Training.	Rickardo Hyatt	Deirdre Worrell	Ongoing	January 2023 – Control established and continuing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
NH 005 Impact of New Legislation EXTERNAL RISK FUTURE RISK	<p>Changes in law (or legal challenges) resulting in increased capital and revenue costs beyond current financial planning. Examples of these changes in law could include the removal of local planning decision making or legal challenges against the implementation of parking zones. These would all be likely to result in financial cost pressure for the Council.</p> <p>The directorate may not be able to respond effectively to new legislation and updated policies, thus risking the efficiency and effectiveness of service provision. In addition, if requirements of any new legislation are not met, this could impact the Council's reputation. , there would be an adverse impact on the Council's legal and reputational standing.</p> <p>Further effects of new legislation could be financial, legislative (with a failure to understand the breadth of responsibility) and reputational, directly affecting the local community.</p>	Climate, Homes and Economy		<p style="text-align: center;"></p> <p>January 2023 -The Housing and Planning Act 2016 and the current Environment Bill (2021) are all examples of recent legislation having a significant impact on the demands to the services of the directorate.</p> <p>Regarding the Housing and Planning Act (2016), the HRA debt cap has now been lifted, the forced sale of council houses removed. The lifting of the debt cap coupled with the Government rent policy up to 2025 will give – therefore having increased flexibility for investment decisions in respect of the Council's housing stock. However, there are pressures on investment in existing stock arising from changes to Building Control, fire safety, and the need to reduce carbon emissions.</p>

				There are other forthcoming examples of proposed legislation that could impact on the carrying out of Directorate functions, and the risk that needs to be managed is the implementation process and the financial resources that may be required. This needs to be kept under review as each legislation is passed and implemented.	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH 005a Impact of New Legislation	<p>Directors and Heads of Services continue to monitor and respond to consultations regarding their service areas delivery and other innovations to ensure that they are fully aware of new and changed initiatives and can react accordingly.</p> <p>All managers keep up to date with external developments which may impact on their work. Careful project and programme management is undertaken to deal with any serious reforms and their implementation</p>	Directorate Leadership Team	Directors and Heads of Service	Ongoing	January 2023 - control in place and continuing
NH 005b New Policies affecting Housing	<p>Detailed analysis is being carried out regarding the likely impact of new policies, both internally and with other boroughs and representative organisations. Individually and with other boroughs, the Council continues to respond to policies in order to mitigate the adverse effects of these policies.</p> <p>Once the detailed Statutory Instruments have been published , the likely impacts of the various policies can be more accurately be assessed and work can continue on preparations to implement the measures in a way that best mitigates the impacts on the Council and residents. The Building Safety Bill (issued 20/7/20) and new energy regulations will both constitute new legislation to get to grips with.</p> <p>The current HRA savings plan delivers a fully resourced HRA and keeps HRA borrowing at a sustainable level now that the HRA debt cap has been removed. The HRA business plan is monitored annually as part of the budget setting process, taking into account arising cost pressures, changes in government policy and legislation, and any service changes.</p>	Steve Waddington	Heads of Service	30 June 2022	<p>March 2023 Control in place and continuing.</p> <p>The Regulator for Social Housing has published (Jan 23) their proposals for reshaping consumer standards setting out their proposed implementation plan. This is being considered by HSMT and will form a critical part of our action plan to respond to the Social Housing White Paper.</p>

<p>NH 005c New policies affecting public realm services</p>	<p>The management team in Public Realm divisions are taking the following action to respond to changes in legislation affecting service delivery</p> <ul style="list-style-type: none"> • Responding to the changes in regulations arising from Brexit • Risk sharing the impact with contractors • Regular reviews of new legislation • Detailed business case for projects based on predicted capital costs in year of construction to reflect latest requirements • Up to date planning policies in place, alongside a 5 year housing supply with 20% buffer, as well as Housing Delivery Test Action Plan. • Implementation of a Staff Development & Retention Strategy to enable staff resource in place to ensure performance of Planning Service continues to exceed statutory levels of plan and decision making. • Ensuring that the Parking Enforcement Plan is up to date on how Parking Zones are implemented. • Ensuring that the relevant legislation is adhered to. • Carrying out full Equality Impact Assessments for areas where a parking zone is being introduced. • Ensure that we remain abreast of any new legislation or policies introduced by Central Government. 	Aled Richards	Heads of Service	30 June 2022	January 2023 - control in place and continuing
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>NH 006 Response to Civil Emergencies</p> <p>INTERNAL RISK FUTURE RISK</p>	<p>Risk that the Council is unable to respond effectively to civil emergencies and does not have an updated, robust and tested corporate resilience plan in the light of a major incident affecting its business. This could impact severely on service delivery throughout the organisation.</p> <p>For example as a result of a burst water main (or excessive rain) parts of the Borough suffer severe flooding, and the Council is unable to provide sufficient help and support to residents.</p> <p>Also, more broadly, an 'Act of God' or 'force majeure' event like a terrorist event could occur affecting a facility or service.</p> <p>There is also a risk that Business Continuity Plans across the Council's services do not accurately reflect the disaster recovery provision that</p>	Climate, Homes and Economy		<p style="text-align: center;"></p> <p>January 2023 - This risk is stable and continuing. The Council's business continuity arrangements are kept under regular review and reported to the Council's Business Continuity Management Group which meets quarterly. Also, the corporate review of Business Continuity Plans has been completed.</p>

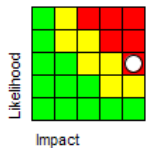
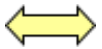
	is available. This could result in services not being able to invoke their continuity plans effectively due to incorrect assumptions.			
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH 006a Effective Plans in place	<p>Emergency Planning have highly sophisticated plans to deal with events of this nature, and annual exercises to ensure officers are equipped to deal with such situations.</p> <ul style="list-style-type: none"> • Regular communication with Thames Water to ensure any news / works are fully notified. • Business Continuity Plans reviewed and updated • Business Continuity Insurance (events) • Corporate Business Continuity Plans (for park events to link into) • Event Management Plans • Emergency Actions Plans • Regular engagement with emergency services 	Aled Richards	Andy Wells	30 June 2022	January 2023: Plans have been rigorously tested throughout the crises of this year and have been found to be robust and effective.
NH 006b Sufficiently Trained Loggists	<p>Need to ensure that there are sufficient appropriate and trained persons in place who can perform the role of Gold Decision loggist during an emergency. Very few executive support officers have taken up the opportunity to be trained and act in the role, in addition those who are trained are operationally minded and not necessarily in tune with how strategic operators behave and think.</p> <p>From the community risk register and national risk register, we are likely to have a need to use Gold decision loggists within the next 5 years. A lack of sufficient and trained decision loggists will leave strategic decision makers exposed during an incident. Key details may not be recorded to the correct legal standard and leave the decision maker and organisation at risk.</p>	Aled Richards	Andy Wells	Ongoing	January 2023 -The Council has decided to stand down its internal COVID Gold group Recruitment will continue to ensure trained loggists are available to support Gold.
NH 006c Corporate Resilience Group	A Corporate Resilience Group (CRG) has been established and will take overall strategic lead reporting to CLT. It is supported by the emergency planning team.	Aled Richards	Andy Wells	Ongoing	January 2023 - CRF meeting regularly and supporting the

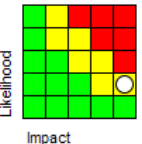

	<p>The CRG oversees the development of all systems and processes for Emergency Planning, Business Continuity Pandemic Planning and Resilience within Hackney Council. 1:2 This group will also ensure that appropriate links are made to other stakeholders in relation to Emergency Planning and Resilience such as NHS, LFB, MPS, EA AND VCS.</p> <p>The CRG is supported by the Emergency Planning service within Public Realm</p>				response to crises facing the organisation.
<p>NH006d Review of Business Continuity Plans</p>	<p>The Corporate Business Continuity Manager is supporting service managers across the Council in carrying out a review of their Business Continuity Plans. This is designed to identify critical services and their continuity requirements, and will help ensure that their plans are based on accurate expectations of the provision available.</p> <p>It is planned to implement a rolling 18 month schedule of review for all the council's BCPs. This will be in place following the current review of BCPs across all services, which has pretty much been completed within the last six months.</p>	Aled Richards	James Groom	01-Dec-2022	<p>January 2023 - The Council's business continuity arrangements are kept under regular review and reported to the Corporate Resilience Group which meets quarterly. Business Continuity Plan training programme is being finalised for rollout to Heads of Services early 2023</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>NH 007 Staff Retention and Recruitment</p> <p>INTERNAL RISK FUTURE RISK</p>	<p>Services across the directorate struggle to effectively and successfully recruit for certain positions, leading to a negative impact on service delivery.</p> <p>Also, with the directorate needing an increasingly agile workforce (not constrained by traditional customs and practises), it may struggle to compete with other organisations to get the best candidates.</p> <p>The directorate may struggle to retain good staff and experiences high attrition rate, a demotivated workforce and an increase in sickness levels</p>	CHE	<p>Likelihood Impact</p>	<p style="text-align: center;"></p> <p>January 2023 - In a competitive market for skills the Directorate has experienced difficulties recruiting to a range of roles essential to delivery of services and planned service improvements such as Quantity Surveyors and Highway Engineers and Enforcement Officers. This could seriously impact on the ability to develop and maintain effective service delivery due to difficulties with recruitment and retention.</p> <p>Covid had also introduced challenges with initial freezes on recruitment, but this has now finished.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH 007a Recruitment and retention	<p>Heads of Services are continuing to work with HR / OD to carry out the following suggested mitigations:</p> <ul style="list-style-type: none"> review recruitment strategy and identify other measures which can be taken to promote Hackney Council as a great place to work in technology and attract high quality candidates review salary supplements to ensure that these are providing market competitive salaries and are also fair and transparent review career development paths within the service and also ensure that apprenticeships / graduate trainee opportunities are being used effectively to develop internal talent. 	Rickardo Hyatt	Directors	31 Mar- 2022	December 2022 – these controls are in place and continuing
NH 007b Training and Development	<p>Directors consider workforce issues as part of business planning and HR provides a framework of processes and procedures which will support both the Directorate and its staff through a significant period of transition.</p> <p>Established a resilient system of identifying workforce training needs using Business Partnering arrangements (whereby each Head of Service links with the Organisational Development Team) across the Directorate</p>	Directors	Heads of Service	30 Jun 2022	December 2022 – these controls are in place and continuing
NH 007c Staff development	<p>Two staff development training programs in place. The Customer Service Excellence training is aimed at establishing a corporate standard in the delivery of customer service for all frontline staff within Housing Services.</p> <p>Being Exceptional training is aimed at all staff within Housing Services. It builds on the Being Exceptional housing values that were introduced a couple of years ago</p> <p>We are rolling out a number of initiatives to promote staff development and encourage staff retention. These include a job shadowing scheme which permits staff to shadow a manager; encouraging networking, greater understanding about other roles, sharing learning and experiences.</p> <p>We are also establishing a number of secondment opportunities within Housing Services which include elements of leadership training and qualifications.</p>	Rickardo Hyatt	Directors	31 Mar- 2022	December 2022 – these controls are in place and continuing

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
NH 008 Failure of ICT Infrastructure INTERNAL RISK FUTURE RISK	The directorate is reliant on the ICT infrastructure to deliver its services effectively. There is a risk that there is a mismatch between required needs and ICT capacity to deliver. If there is a failure in ICT services, a likely consequence would be serious disruption and potential service failure.	Climate, Homes and Economy		 January 2023 - In October 2020 the Council's ICT systems suffered a serious cyberattack. This impacted the directorate's key systems, Universal Housing, Planning and land charges. In the years following the attack, managers have worked closely with ICT colleagues to assist in the recovery of services and alternative methods of delivering services - such as more cloud based hosting, helping to minimise future risks.	
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH 008a Governance arrangement for ICT Projects	Robust Governance arrangements are in place to manage ICT transformation projects with ICT expertise on project and programme boards	Rickardo Hyatt	All Directors	Ongoing	January 2023 – these controls are in place and continuing.
NH 008b Partnership Approach with ICT colleagues	Service managers liaise regularly with ICT colleagues to resolve system issues and introduce service improvements.	Rickardo Hyatt	All Directors	Ongoing	January 2023 – these controls are in place and continuing.
NH 008c Support Systems	Support systems are all in place to provide advice and back up when required for all service critical systems. This includes FAQs for customer services to enable them to support customers when the ICT systems fail.	All Directors	Heads of Service	Ongoing	January 2023 – these controls are in place and continuing.
NH 008d Supplier Management	Service and Contract reviews are regularly held and documented with all major suppliers. Business Analysts/Project Managers assigned to projects from business case development onwards. Legal services engaged during the procurement process.	Directors in partnership with Rob Miller, Strategic Director Customer and Workplace	Heads of Service with ICT	Ongoing	January 2023 – these controls are in place and continuing.

NH 008e Maximising existing tools	<p>While primary services systems are unavailable it is essential to explore alternative interim tools that can be made available to support service continuity arrangements. The Council has a number of tools it can deploy to provide this, including tools developed using the Amazon Web Services cloud platform and Google Workplace.</p> <p>Service Managers are working ICT colleagues to make use of these tools and re-establish services</p>	Directors with ICT	Heads of Service with ICT	31 Mar 2023	January 2023 We continue to use alternatives such as Google workplace as we work with ICT to progress procurement of cloud based systems to replace legacy systems.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
NH 010 Fire Safety INTERNAL RISK FUTURE RISK	<p>As a result of inadequate fire safety measures or defective workmanship (on cladding installation for example), death and serious injury occur from fire in LBH managed properties.</p> <p>In the light of the Grenfell tragedy and the increased focus on materials / workmanship on Council properties nationally, this risk remains on the Directorate and Corporate risk register. As a result of the tragedy, extra focus and scrutiny continues to be applied to all elements of fire safety in residential rented properties in the Borough.</p> <p>This risk focuses solely on risks of an incident in blocks managed by the Council. However, the Council also has limited responsibilities in relation to housing associations and privately owned blocks in the borough. An incident in one of these blocks is also a risk to the Council, though obviously we have in place measures to meet the Council's responsibilities. The MHCLG is currently trying to add new burdens on LAs in relation to privately owned blocks.</p>	Climate, Homes and Economy		 March 2023 - Risk Stable

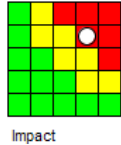

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH 011a Fire Risk Assessments	Ongoing review of all Fire Risk Assessments (circa 1,800) for all of our stock in order to provide reassurance to residents.	Steve Waddington	Michal Jankowski	Ongoing	March 2023 – The fire risk assessment schedule is still on track with a three year programme of fire risk assessments. We have had a backlog of FRAs due to staffing / capacity issues

	<p>Ensure that these new Fire Risk Assessments (FRA) are undertaken by suitably qualified assessors and that the assessments they produce meet strict quality standards.</p> <p>All Fire Risk Assessments are published on the Council's website. This enables residents to track progress of the recommendations.</p>				<p>but new working arrangements have been put in place to clear the backlog and ensure we meet our timescales. All blocks identified as high or medium risk will be subject to a type 3 risk assessment.</p> <p>All the fire risk assessors are now on the fire risk assessors register as part of the Institute of Fire engineers and this will enable the Council to have assurance that they are suitably qualified and regularly being assessed.</p>
<p>NH 011c Fire Safety – high risk blocks</p>	<p>Ongoing implementation of the key findings and recommendations from the new FRAs that have been/will be undertaken across all of our high rise blocks. Blocks to be assessed in priority based on a risk-based Forward Plan.</p> <p>Carry out additional non-FRA inspections across our high rise blocks in order to provide a visible presence across the Borough. Carry out any other ad hoc fire safety inspections that are required.</p> <p>A proactive approach to fire safety with a number of initiatives in places which includes:</p> <ul style="list-style-type: none"> • Installing new fire signage across the borough • Surveying and installing new premises information boxes and ensuring relevant information is contained with the box • Ensuring we have up to date plans of our blocks which highlight any fire safety equipment • Resident insight project to identify our vulnerable residents and offer them support • Installation of floor level indicators • Fire safety contingency plans 	Steve Waddington	Michal Jankowski	Ongoing	<p>March 2023 Arrangements are being put in place to ensure that we can comply with the new requirement to inspect all Front Entrance fire doors on an annual basis in blocks above 11m. This will need additional staffing capacity to both inspect and undertake any identified repairs.</p> <p>A new FED capital contract is now in place which will see approx 2000+ front entrance doors replaced each year for the next 3 / 4 years.</p> <p>Housing Officers and Health and Safety Advisers carry out regular checks of our buildings to identify fire safety hazards.</p> <p>A programme of post inspection of all fire safety related works has been implemented in co-operation with Planned Asset Management.</p> <p>A new Building Safety Portal is being developed which will be part of the councils website where residents will be able to see all relevant building safety information for their block. See outline here</p>

<p>NH 011e Fire Safety – everyone’s responsibility</p>	<p>Develop and implement a communications strategy that, amongst other things, (a) communicates the need for residents to take responsibility for fire safety in their area and also that we have taken all necessary action to keep them safe from the risk of fire, (b) ensure effective communication and engagement with tenant representatives, (c) manage communications with Members so that they are engaged and up to speed with the work that we are doing but we are not distracted from the work that we are doing, (d) keep staff up to speed with developments, (e) respond quickly to press enquiries.</p> <p>The website is regularly updated to provide fire safety advice to residents</p> <p>We send out regular communication with residents to ensure they are aware of their responsibilities in relation to fire safety</p> <p>All sites have been accessed for accessibility and LFB are still carrying out regular inspections of blocks and providing advice.</p> <p>Regular briefings to members and to tenant and resident associations are provided.</p> <p>Regular internal bulletins on fire safety are sent out to all Housing Services teams via the google community which gives us an opportunity to share good practice.</p> <p>We are working collaboratively with the Housing Officers to implement a constant approach to fire safety within the blocks including joint procedures.</p> <p>Training has been provided to TMO’s and Housing Officers on fire safety.</p>	<p>Steve Waddington</p>	<p>Michal Jankowski / Terry Edwards</p>	<p>Ongoing</p>	<p>March 2023 - Communications strategy in place and the Resident Safety team carry out regular outreach meetings in co-operation with the Building maintenance team.</p>

<p>NH 011f LFB meetings</p>	<p>Develop robust arrangements for meeting regularly with the London Fire Brigade (LFB) to consider fire risk assessments and safety on our estates.</p>	<p>Steve Waddington</p>	<p>Michal Jankowski</p>	<p>30 June 2022</p>	<p>March 2023 We continue to have regular meetings with the LFB and we are working closely with LFB on ensuring we have contingency plans in all our premises information boxes and also working with them on identifying our vulnerable residents who would need help in the event of an emergency.</p> <p>We continue to carry out joint visits wherever possible with the LFB.</p>
<p>NH 011g Fire safety policy</p>	<p>Based on the lessons learnt from the fire safety response work undertaken since Grenfell, undertake a series of policy reviews and develop a set of proposal papers that will enhance the way that the Council undertakes fire safety management across the Borough. This will include:</p> <ul style="list-style-type: none"> • Agreement on the new corporate Fire Safety Policy and the development of a new fire strategy with Council professionals, residents and industry experts. • Leaseholder Obligations/Requirements: This will cover a number of areas, including (a) ensuring that leaseholders are providing evidence that they are meeting their fire safety obligations, (b) developing a policy on how we ensure that all leaseholder front doors are 30 minute fire resistant, (c) developing a policy on allowing or requiring leaseholders to be included in communal safety works and inspections, e.g. gas safety or sprinkler or alarm installation; at their cost. • Our current policy and procedures for dealing with fire risks in communal areas (e.g. storage of combustible materials, blocking of escape routes. • Enhanced parking enforcement on our estates. • Responding to any recommendations coming from the Grenfell enquiry. <p>Budget Management: Ensure that the necessary resources are in place to undertake all of the work coming out of the new FRAs.</p>	<p>Steve Waddington</p>	<p>Michal Jankowski</p>	<p>30 June 2022</p>	<p>March 2023 Risk control in place and continuing</p>

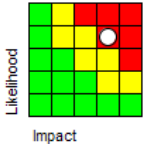

	<p>Fire Safety policy reviewed regularly to ensure it is still fit for purpose and the legislation is still correct.</p> <p>FRA budgets are monitored via the fire safety programme board and via the Capital monitoring board.</p> <p>Fire safety has been incorporated into the Asset Management Strategy to ensure that fire safety is at the heart of our capital works programme.</p> <p>New guidance has been issued in relation to fire risks in communal areas so we have a consistent approach within council managed blocks and TMO's</p> <p>We continue to lobby the Government alongside other London Boroughs with respect to resourcing the additional fire safety works and related costs arising from the Hackitt and the Grenfell review reports.</p> <p>Working party in place across Neighbourhood and Housing and Regeneration to ensure implementation of the new building safety regulations is managed in a timely and efficient manner.</p>				
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
<p>NH 012 Contract Procurement and Management INTERNAL RISK CURRENT RISK</p>	<p>As a result of Contract Management not being carried out properly or with regard to agreed parameters, revenue is lost or charges are levied which are not justified, leading to a poor level of resident's satisfaction (and general negative reputational impacts), unjustified cost and time overruns. Poor procurement decisions could result in non-viable contracts being awarded to non-viable contractors.</p>	<p>Climate, Homes and Economy</p>		<p style="text-align: center;"></p> <p>March 2023 – Risk continues in light of the delay to the Housing Planned Maintenance contracts.</p> <p>The COVID-19 pandemic and now the cost of living crisis also increased the likelihood of problems for suppliers and contractors who may be dependent on financial variables outside the control of the Council.</p>	

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
NH 012a Contract Specification in place	Contracts clearly define the requirements of the business. Also, regular liaison meetings with contractors.	Sinead Burke	Each Contract Manager	Ongoing	March 2023 – these controls are in place and continuing and KPIs are regularly reviewed along with monitoring of spend pattern / profile. The Council is onboarding new contractors and starting to take over more direct control of KPI management than was provided for in previous contracts.
NH 012b Tender Stage process followed	Robust tender process in line with EU procurement law and council standing orders. Internal procedures reinforced via regular Planned Asset Management/Procurement meetings, establishment of contract management board, and current recruitment to additional housing procurement resource.	Rotimi Ajilore	Each Contract Manager	Ongoing	March 2023 – Resourcing for this is currently not in place, with a decision being awaited. Once in place, the work will be able to properly progress.
NH 012c Contract Monitoring and Fraud Prevention	Restructure of the Asset Management Team is based around the new contracts and clarity of responsibility for the contract managers in line with the contract manual. Key performance indicators are in place and used to assess the performance of the contracts. Where these show poor performance, corrective action is taken in line with contract procedures; recent examples include reallocation of work away from poorly performing contractors or raising Early Warning Notices. Final accounts prepared in a timely manner. A cross-working team has been established with Leasehold Services to ensure final accounts are prepared in line with leasehold recharge requirements as well as contract procedures. Governance arrangements have been established in Building Maintenance services to manage the reactive repairs and supply contracts. Regular contract audit.	Steve Waddington Sinead Burke Sinead Burke	Sinead Burke Contract Managers Contract Managers Kain Roach	Ongoing	March 2023 – these controls are in place and continuing.

		Steve Waddington Michael Sheffield	Fraud Investigation Officers		
NH 012d Review of form of Contract	The Contract options are being reconsidered to ensure that the contract form is fit for Hackney's purpose.	Steve Waddington/ Rotimi Ajilore	Sinead Burke	Ongoing	March 2023 – There has been a lot of review of the contract forms, work is ongoing to procure the new framework and lift contract, but there are significant delays.
NH 012e Detailed Council guidance in place for Procurement, Partnership and overall Contract Management	There is detailed supporting guidance available for all elements of the procurement process, including detailed Risk Assessment tools and specialised Partnership guidance.	Rotimi Ajilore	Contract Managers	Ongoing	March 2023 – these controls are in place and continuing.
NH 012f Establishment of Housing Capital Monitoring Board	<p>The Group Director Neighbourhoods and Housing (now Group Director Climate, Homes and Economy) established a Housing Investment Board to:</p> <ul style="list-style-type: none"> • maintain an overview of the Asset Management Plan element of the Housing Capital Programme approved by Cabinet; • make decisions on the progression of Housing Capital schemes using the Gateway process. • approve Sectional Commencement Agreements (SCA) with the Council's contractors, • ensure that each capital scheme has a robust communications plan linked to each Gateway point to ensure residents are consulted and engaged in capital investment in their homes, • monitor delivery against the programme, and • make decisions on the reprioritisation of capital resources within the capital limits approved by Cabinet as part of the annual budgeting process. <p>The Board is responsible for ensuring that the schemes undertaken through the Housing Capital programme have a</p>	Rickardo Hyatt/Deirdre Worrell	Sinead Burke	Ongoing	March 2023 – This was originally called the Housing Capital Monitoring Board - and was not operating for most of 2022 but is now back up and running, and has been renamed the Housing Investment Board. Responsibilities remain the same - the ToR were reviewed and remain largely unchanged.

	<p>communications plan that joins up with other initiatives and projects affecting a locality so that communications with residents on estates where works are taking place are holistic.</p> <p>This board approves all Sectional Commencement Agreements (SCA) for issue to contractors. A checklist is presented on each project which outlines how pre-contract procedures have been completed. A full list of all SCAs (issued and in development) is now available.</p>				
<p>NH 012g - Asset Management Strategy</p>	<p>A new asset management strategy went to March Cabinet for approval, and was fully ratified at the meeting on March 25th 2019.</p> <p>This sets out the decision making framework for all capital projects and will ensure that a consistent rationale is in place for all capital expenditure. It identifies an action plan of supporting processes to be developed to implement the strategy (e.g. procurement strategy, staff resources, IT systems) and timeframes for identifying these.</p>	<p>Rickardo Hyatt/Deirdre Worrell</p>	<p>Sinead Burke</p>	<p>31-Dec-2023</p>	<p>March 2023 - The AMS sets out the long-term objectives for investing in Hackney homes to ensure that the Council builds on recent successes, demonstrates continuous improvement and achieves the ambition of becoming the leading social housing provider.</p> <p>As a result of the pandemic and the delays in replacing the capital framework contracts there has been limited capital investment over the last 2 years. We are undertaking a sample stock condition to understand the impact of this which may result in a refresh of the 7 year programme.</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>NH 013 Council property repairs</p> <p>INTERNAL RISK CURRENT RISK</p>	<p>Council repair services continue to fail to reach expected standards, with difficulties for tenants / leaseholders in effectively reporting their problems, and then long waits for satisfactory fixes to actually occur.</p>	<p>Climate, Homes and Economy</p>		<p></p> <p>March 2023 - Significant steps have been made to reduce the responsive repairs backlog, with all the 7088 repairs that were overdue in Dec 2021 now completed. We do have some newly</p>

	<p>The risk remains not meeting the expectation of tenants / leaseholders and not providing the service which residents feel they are entitled to.</p>			<p>arising backlog of repairs, but this is in the main all within one month of the expected date.</p> <p>The approach to managing Legal Disrepair works is still a concern and whilst some activities are having a positive impact, we are not seeing the overall improvements expected within the system which will mean works get addressed as quickly as possible.</p> <p>This risk really intensified and was escalated during the COVID crisis. At this time, Council workers have had limited access to residents' homes, and this resulted in numerous instances of long waits for fixes, and occasionally the repairs not being up to expected standards. There were also been incidents (as reported in the media), where tenants had been living in completely unsatisfactory conditions with properties in serious states of disrepair, and this is continuing to be investigated along with TMOs and questions relating to Adult Safeguarding. The Pandemic has created a backlog of around 7000 repairs which was urgently tackled.</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>NH 0013a Housing Repairs Improvement Board</p>	<p>The establishment of the Housing Repairs Improvement Board to oversee the reduction of the backlog of outstanding repairs and improvement of the repairs service experienced by tenants and leaseholders from the point of contact with the Council to the completion of the repair. The Board will</p> <ul style="list-style-type: none"> • To ensure culture change and accountability within the service to provide high quality services that meets residents expectations • To receive regular progress reports on outstanding responsive repairs cases that are overdue and review corrective action where necessary • To approve the tenants service plan that sets out how the customer journey will be improved • To receive progress reports on the performance of the customer contact centre (housing) • To review customer complaints in connection with the repairs service 	Rickardo Hyatt	Steve Waddington	June 2023	<p>March 2023 Improvement board is still in place and chaired by the Strategic Director.</p>

	<ul style="list-style-type: none"> To identify appropriate measures to be taken in the event of failure to deliver against key actions and targets Establish a task and finish group to review the councils approach to dealing with damp, mould and leaks To receive key performance information for repairs from the TMO's 				
NH 0013b Targeted Funding	<p>An extra £1million is being injected into Hackney Council's repairs service, following a backlog of around 7,000 repairs due to the coronavirus pandemic. Having only been able to provide emergency repairs across council properties during the Covid crisis, the relevant teams are committing to improve this service, with the support and guidance of the Cabinet Member for Housing Service and other Directors. The Council is also recruiting more than 30 extra staff to ensure leaks, electrical problems and other housing issues are fixed more quickly.</p>	Rickardo Hyatt	Steve Waddington	June 2023	<p>March 2023</p> <p>The backlog built up as a result of the pandemic and cyber attack has now been cleared.</p> <p>Additional trade operatives have been recruited, but the construction market is challenging at the moment and we are not seeing the level of quality candidates as we would have hoped. 26 additional operatives were approved and 14 are in place.</p> <p>Additional resources have been put into the repairs contact centre which alongside improvements in working practices has seen improvements in performance. Figures for Feb 23 so a reduction in calls of 2.252 calls compared to Feb 22. Performance over the same period has also improved with general repairs enquiries being answered on average in 11m 42 sec compared to 32m 27 sec in Feb 22. The maximum wait time (including call backs) has also improved to 2hr 39 minutes from 5hr29m.</p>
NH013c Improvement Action Plan	<p>An Improvement Action plan has been put in place with a performance tracker which will be monitored by the Repairs Improvement Board.</p> <p>As part of this we will publicly report against this action plan to enable residents to hold the Council to account</p>	Rickardo Hyatt	Steve Waddington	June 2023	<p>Mach 2023 ongoing</p> <p>A dashboard for RLG is being developed which will include the indicators that residents feel are important to them. It is proposed to order this information in line with the proposed new consumer</p>

	with KPIs and objectives against it. Performance Indicators will be published				standards published by the RSH in Jan 2023.
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Title of Report	Deep Dive - Council Reserves
For Consideration By	Audit Committee
Meeting Date	19th April 2023
Classification	Open
<u>Ward(s) Affected</u>	ALL
<u>Group Director</u>	Ian Williams

1. **Introduction**

- 1.1 Over a period of several years the Audit Committee has undertaken deep dive reviews into specific areas of Council business which has a direct impact on the remit of the Committee's terms of reference. Examples of deep dives in the past include SEN expenditure, capital spend, the pandemic response and most recently Net Zero.
- 2.2 As part of their work programme for the 2022/23 municipal year, the Audit Committee agreed to undertake a deep dive review of the Council's reserves. The terms of reference of the review are attached at Appendix one. These were drafted in Autumn 2022 and finalised following feedback from Committee members. The objective of the review was to ensure full transparency over the Council's finances and to provide context to the financial updates received from the Group Director of Finance and Corporate Resources and the Committee's role in the approval of the Council's financial statements.
- 2.3 The review consisted of a detailed briefing on the Council's reserve position, followed by a meeting with Audit Committee members, and other councillors in February at which the Group Director of Finance and Corporate Resources presented the position and answered questions. This report provides a summary of the work undertaken and includes a high-level analysis of the reserves position.

2 **Recommendations**

- 2.1 **The Committee is asked to note the contents of this report.**

2.2 The Committee are asked to comment on the following possible topics for Audit Committee deep dive reviews in the coming year:

- **Public Interest Reports (a review of recent reports and their implications)**
- **School Budgets and financial sustainability**
- **Cost of capital and borrowing.**

3. Reason for decision

3.1 To ensure full transparency over the Council's finances and to provide context to the financial updates received from the Group Director of Finance and Corporate Resources and the Committee's role in the approval of the Council's financial statements.

4. Background

4.1 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. This is part of a range of safeguards in place that help to prevent local authorities over-committing themselves financially which also includes Section 25 of the Local Government Act 2003 which requires the Council's Chief Finance Officer (the Group Director, Finance & Corporate Resources) to report on the robustness of the estimates and the adequacy of the proposed financial reserves. The GDF&CR reports on this duty in the Annual Budget Report (see section 19 of 2023/24 budget report).

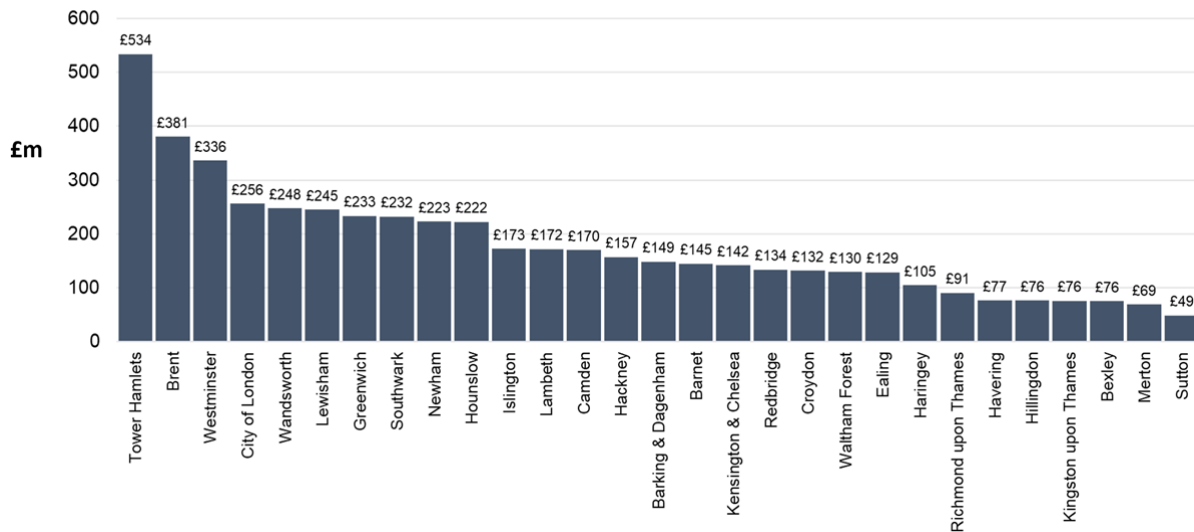
4.2 In Hackney the making of arrangements for the keeping and administering of the Council's General Fund, HRA, Collection Fund and other funds and reserves in accordance with statutory and professional requirements and specific approvals on the use of such funds and reserves is delegated to the Group Director, Finance & Corporate Resources and the Director of Financial Management.

4.3 The use of these reserves is routinely reported through to Cabinet in the monthly Budget Monitoring Report ('the OFP').

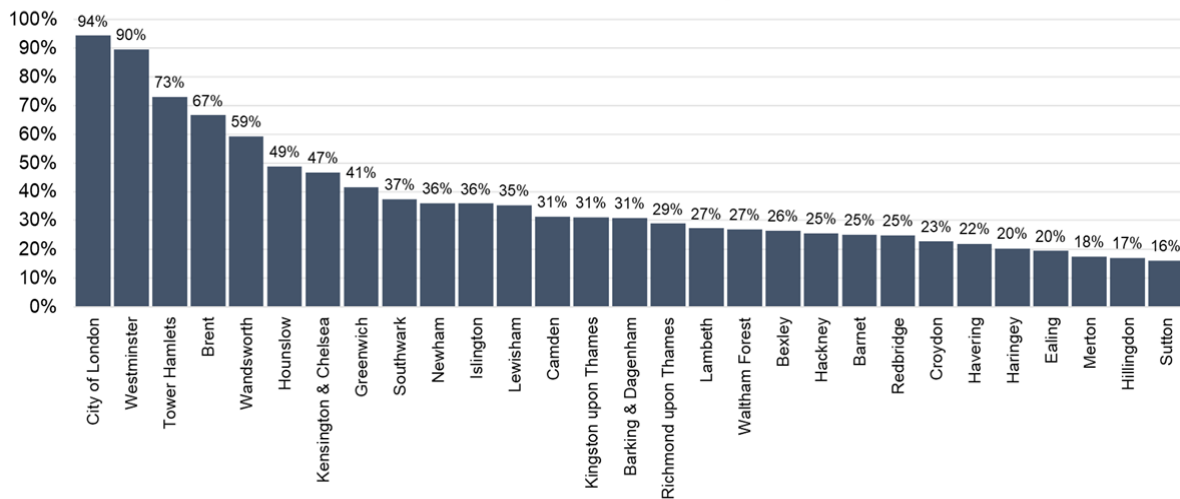
5. Benchmarking

5.1 When compared to other London boroughs, as at 31st March 2022 General Fund reserves were at the median although most boroughs above Hackney have reserves more than 50 per cent greater. Hackney is in the lower third of boroughs when considered in relation to net relevant expenditure. Westminster, Tower Hamlets and Brent are boroughs with higher reserves in absolute and relative terms.

Total reserves (£m) - 1 April 2022

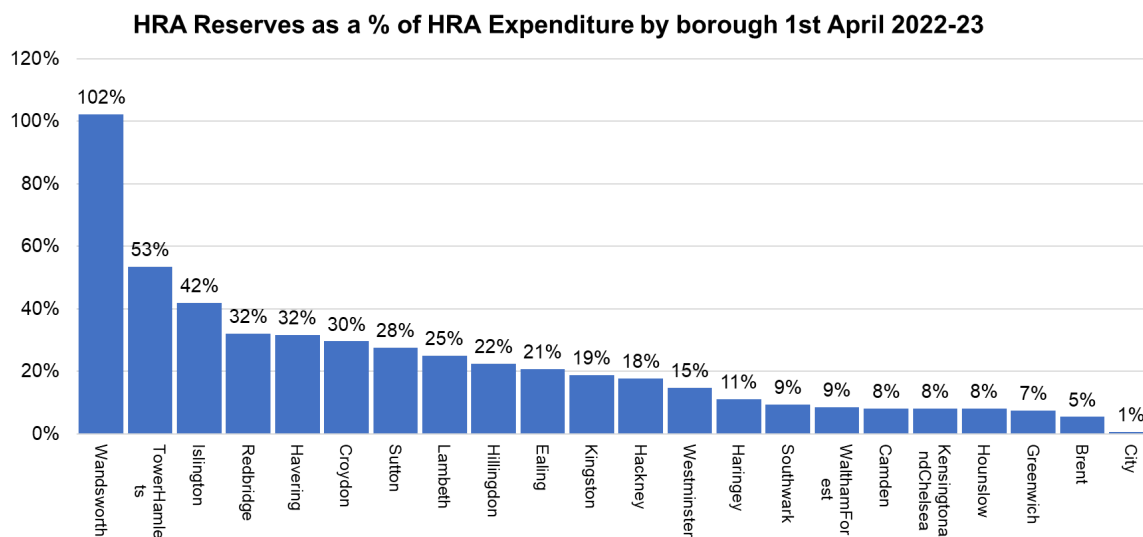
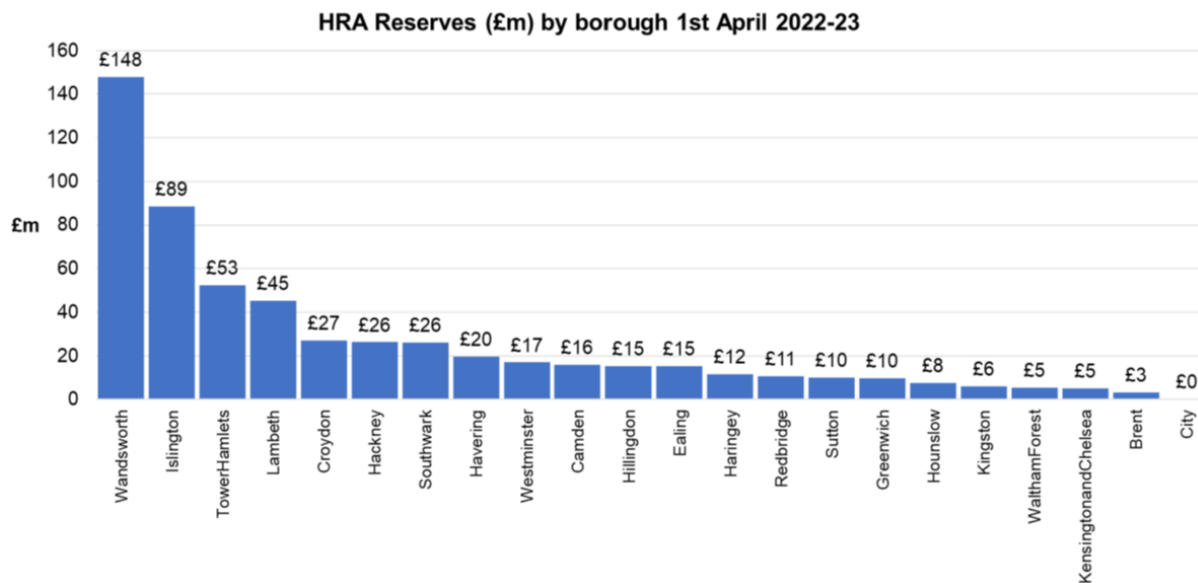


Total reserves as % NRE - 1 April 2022



NRE - Net Relevant Expenditure

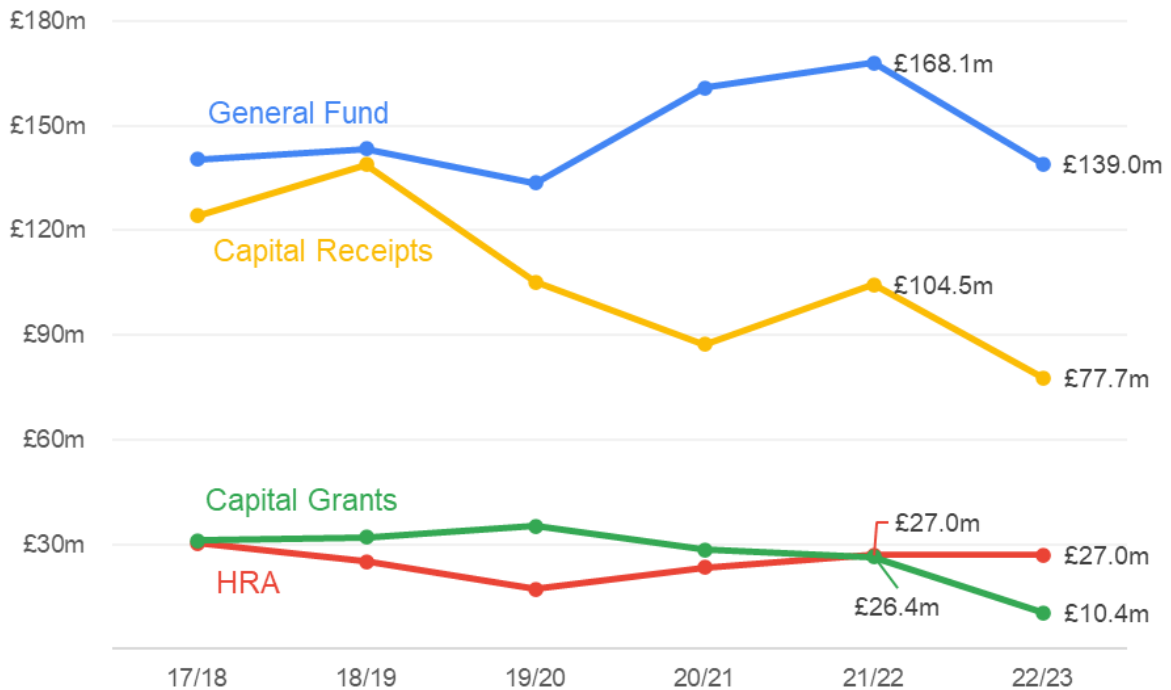
5.2 HRA balances are at the higher end of the scale compared to other London boroughs as at 31st March 2022 in absolute terms but with four of the boroughs above us reporting nearly double or more reserves. Balances are towards the median (lower end) when considered in relation to HRA expenditure. Wandsworth, Tower Hamlets and Islington are boroughs with higher HRA reserves in absolute and relative terms.



6. Trends in reserves

6.1 General Fund reserves were relatively steady until 2020/21 when they increased by an overall £35m over 2020/21 & 2021/22. This was a direct result of the accounting treatment of deficits which arose on the Collection Fund due to additional Business Rates reliefs granted over the Covid years. These deficits are required to be paid off via contributions from the Council's budget in subsequent years. Local authorities were granted additional S31 grants to fund these budget deficits and it is these balances which drove the short-term increase in reserves. Schools balances, over which the Council has very little influence, also increased by £3.7m during this period.

6.2 Based on latest forecasts it is estimated that General Fund reserves will decrease from £168m at the end of March 2022 to £139m at the end of March 2023. The main reasons for this decrease includes budgeted use of reserves to fund collection fund deficits, commissioning pressures in children’s services, pay award for 2022/23 over and above that budgeted, the ongoing impact of the cyber attack and the use of specific grants.



7. Analysis of reserves

General Fund

7.1 A full analysis of reserves is in the public domain at note 8 to the accounts. The appended slide pack analyses General Fund reserves across directorate and by purpose. The main elements as at 31st March 2022 are:

- Capital (£24m) - set aside for capital schemes or lifecycle works
- Demand pressures (£8m) - primarily children’s placements and mainly drawn down in 2022/23
- Technical (i.e. council tax etc) (£15m) - remaining S31 grant for Collection Fund deficits.
- School balances (£16m) - schools surpluses ring-fenced to individual schools.
- Balances with health (£18m) - to be used in agreement with health partners.

- Grant balances (£20m) - grant balances include Homelessness & HB, Public Health, Disabled Facilities Grant, Independent Living Fund and Tackling Troubled Families. We anticipate significant draw down from the former (circa £5-6m as reported through the OFP) in respect of the increased cost of net cost of benefits driven by the impact of the cyber attack.
- Insurance reserve (£6m).
- General Balance (£15m) - general fund ring-fenced balance as agreed by S151 officer.
- Legal (£3m) - for legal claims.
- Parking (£6m) - ring-fenced reserve, used for capital schemes including for net zero projects.
- PFI (£4m) - ring-fenced for remaining term of the PFI contract, annual draw down.
- Cyber (£4.4m) - recovery from the cyber attack, will be mainly drawn down this year.
- Funding Risk & Transformation Capacity (£7.6m) - Capacity for transformation and to manage risk. There is a significant draw down forecast in the current year (circa £5m) and a requirement to build this up again through a review of historical balances.
- DSG risk reserve (£5.8m) - We have held this to partly offset the risk around the DSG deficit, we are not required to hold this and given the pressures coming through in relation to social care in particular this may need to be repurposed.

7.2 The appended presentation sets out a number of immediate risks faced by the Council not least of which is the ongoing increases in social care spend year on year, cost of temporary accommodation and general inflationary pressures.

7.3 Although we have budgeted for increase in spend in these areas and in the case of social care have increased grants available, it is highly likely (and recent trends evidence this) that spend will exceed these sums and the GD, F&CR is carrying out an ongoing review of historic reserve balances to both mitigate against this risk and also build further transformation capacity to support the considerable programme of change planned.

7.4 The GD, F&CR is also increasing the level of General Balances from £15m to £20m over a three year period (from a review of existing earmarked reserves) as set out in the budget report given the economic context, the high levels of uncertainty and the increasing demands on our services.

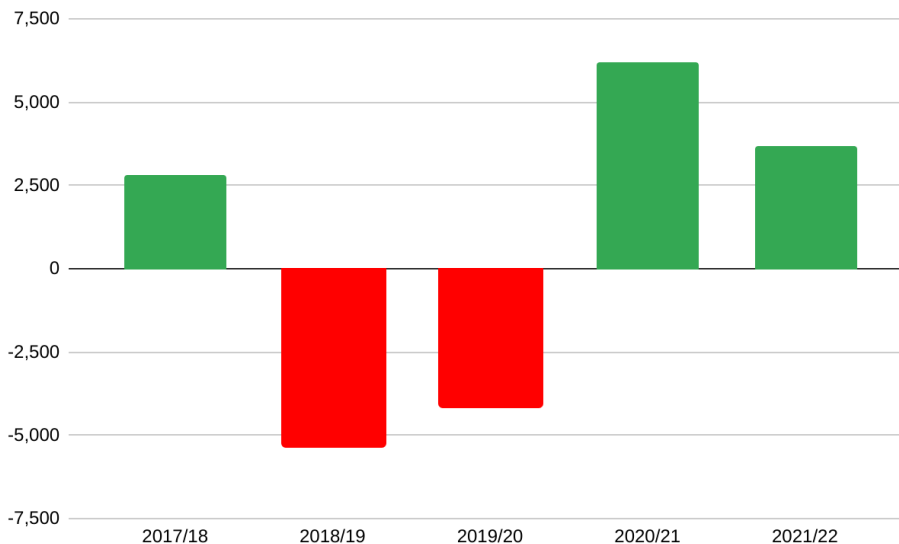
HRA

7.5 HRA Reserves are ring fenced to the Housing, they have been built up on the whole from tenants rents and other charges and cannot be used to fund General Fund Services. HRA reserves as at 31 March 2022 are analysed as follows:

- HRA working balance (£13.7m) - the equivalent of the £15m on the GF balance, held to mitigate against significant financial issues.
- Aerial mast income (£1.97m) earmarked for resident led improvements on estates
- Utilities (£2.76m) to smooth the impact of volatility in the energy markets.
- Resilience reserve (£7.65m) earmarked for capital expenditure purposes.
- Insurance reserve (£0.55m) for insurance claims
- Tenant levy (£0.41m) earmarked for resident led improvements on estates

7.6 The chart below shows the usage of reserves over the past four years.

Change in HRA reserve levels since 2017/18



7.7 For **2018/19** and **2019/20** the budget was set using £1m of reserves and for those years there were year end costs and charges that resulted in additional use of reserves. Charges were as follows:

- £3.2m Additional Pension charge (historic undercharge and under-budget provision)
- £2.0m Estate Cleaning overspend (due to additional services)
- £1.4m Repairs & Maintenance overspend in 18/19 (savings delivered for 19/20)
- £0.4m Backdated maintenance charges for Commercial Property
- £0.3m Reduction in Interest (due to repayment of Right to Buy funding to DLUHC/GLA)
- £0.4m Bad Debt Provision (BDP) as a result of Covid 19

7.8 For **2020/21** and **2021/22** we took the opportunity of the slowdown in capital delivery to build reserves back up.

7.9 In addition, akin to the General Balance on the GF there is an HRA working balance that could be used at very short notice in the event of a major financial issue. The working balance as at the 1st April 2022 was £13.7m

Capital Receipts & Capital Grants

7.10 As at the 31st March 2022 the Council had £104.5m of capital receipts on the balance sheet all of which are ring-fenced to either housing projects or Britannia. There was also £26.4m of capital grants on the balance sheet which are ring-fenced either to Education schemes (predominantly SEN expansion, but some AMP works) and Housing.

School Balances

7.11 The Council held school balances on the balance sheet totalling £16.2m as at 31st March 2022. This is a small decline from the previous year, following an increase in the Covid years and it is noted there is a slight increase in the number of schools in deficit. Schools are required to provide deficit recovery or surplus spend plans and the Council will provide support in doing this. There is a framework in place for clawing back excess surplus balances from schools. This is used infrequently and monies clawed back are ring-fenced for specific purposes.

Levels of ring-fenced School Balances



8 Conclusions

- 8.1 General Fund reserves are forecast to fall in the current year after an upturn experienced as a result of Covid grants and reliefs. Comparisons with other London boroughs show Hackney in the bottom third when comparing reserves as a proportion of net relevant expenditure. HRA reserves are comparable to other London boroughs and in recent years have seen some significant movements as we have been required to fund pressures such as increases in the bad debt provisions over and above that budgeted and additional pension charges.
- 8.2 Going forward there are a number of identified financial risks in relation to areas such as social care, inflation (including energy), temporary accommodation and pay awards which necessitate continuing to hold earmarked reserves to mitigate financial impacts in both the General Fund and the HRA. Mindful of these risks and the significant transformation agenda the Council faces, the GDF&CR is carrying out an ongoing review of historic reserve balances to both mitigate against this risk and also build further transformation capacity to support the considerable programme of change.
- 8.3 As the past few years has taught us with Covid and the Cyber Attack there are also other external factors which can significantly impact our finances, noting that the Council received zero Government funding to support us to recover from the Cyber Attack and in terms of the HRA there was no support for the impact of Covid 19.
- 8.4 Furthermore falling rolls and inflation will continue to impact our schools and the levels of their balances will need to continue to be monitored with appropriate financial planning support provided where appropriate.
- 8.5 Mindful of the issues set out in this report and the pressures faced by the Council, areas which Audit Committee following discussion between the Chair of Audit, the Cabinet Member for Finance, Insourcing and Customer Services and the Group Director of Finance and Corporate Resources may consider for further deep dive sessions are:
- Public Interest Reports (a review of recent reports and their implications).
 - School Budgets and financial sustainability.
 - Cost of capital and borrowing.

9. Comments of the Group Director of Finance and Corporate Resources.

- 9.1 The comments of the Group Director of Finance and Corporate Resources are set out in the main body of this report.

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 The Group Director, Finance and Corporate Resources is the officer designated by the Council as having the statutory responsibility set out in section 151 of the Local Government Act 1972. The section 151 officer is responsible for the proper administration of the Council's financial affairs.

10.3 In order to fulfil these statutory duties and legislative requirements, the Section 151 Officer:

- (i) Sets appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices and monitor compliance with them.
- (ii) Determines the accounting records to be kept by the Council.
- (iii) Ensures there is an appropriate framework of budgetary management and control.
- (iv) Monitors performance against the Council's budget and advises upon the corporate financial position.

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

Appendices

Appendix 1 - AUDIT COMMITTEE TERMS OF REFERENCE: Reserves & Balances

Background documents

Reserves presentation.

Report Author	Name: Jackie Moylan Title: Director, Financial Management Email: jackie.moylan@hackney.gov.uk Tel: 020 8356 3032
Comments for the Group Director of Finance and Corporate Resources prepared by	Name: Ian Williams Title: Group Director, Finance & Corporate Resources Email: ian.williams@hackney.gov.uk Tel

**Comments for the Director
of Legal, Democratic and
Electoral Services
prepared by**

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Title: Head of Legal and Governance
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**AUDIT COMMITTEE
TERMS OF REFERENCE**

Reserves & Balances

Objective

The Audit Committee has requested a deep-dive review of Council's reserves and balances to ensure full transparency over the Council's finances and to provide context to the financial updates received from the Group Director of Finance and Corporate Resources and the Committee's role in the approval of the Council's financial statements.

Scope of work

1. Identify each category of reserves and amounts available, showing a comparison between the 31/03/2022 balance for each and the forecast balance for 31/03/2023.
2. Attention will be focussed on the **General Fund Balance** reserves that will be analysed by the following categories with explanations for significant movements:
 - (a) Ring Fenced
 - (b) Earmarked reserves which cannot be used for other purposes without reducing or deleting the spending programme they are supporting. Each main reserve or grouping will be analysed to set out what programmes they will be supporting.
 - (c) Reserves set up to mitigate budgetary risks. Each reserve created to mitigate risk will be listed and the risk it is covering explained.
 - (d) That element of the General Fund Balance, quoted in our annual budget reports, which represents a working balance of resources that could be used at very short notice in the event of a major financial issue, will be discussed.
 - (e) The legal framework around Council's reserves and minimum levels of reserves.
3. The **Housing Revenue Account (HRA)** Reserve is ring fenced to the HRA. An analysis will be made of what the reserves are used for and what the impact will be of using them for other purposes. Also that element of the HRA Reserve quoted in our annual budget reports, which represents a working balance of resources that could be used at very short notice in the event of a major financial issue, will be discussed.

4. An analysis of **Capital Receipts Reserve and Unapplied Capital Receipts** with links to the capital programme where appropriate.
5. A review of **school balances** over time and explanation of the framework around the Local Management of Schools that govern school balances.
6. Comparison of LBH's reserves total with other boroughs and comparative movements overtime
7. Overview of delegations in relation to the use of reserves including live examples.

Methodology

1-2 closed deep dive sessions with Committee members with report back to the Audit Committee in 2023.

Reserves Analysis

Audit Committee - Deep Dive

Ian Williams

Group Director, Finance & Corporate Resources

Contents Page

Introduction	3
Legal framework	4
Scheme of delegation	5
Cross-London benchmarking	6
Disposable revenue reserves - trend	11
General Fund reserves - analysis	12
General Fund reserves - 21/22 vs 22/23	15
2022/23 Reserve usage forecast	16
Risks 2023/24 and beyond	17
Directorate GF reserves analysis	18
HRA	28
Capital receipts	30
Schools	31
Summary	33

Page 1 of 8

Introduction

The aim of this presentation is to:

- Set out the legal framework and Scheme of Delegation in relation to reserves.
- Show how the level of the reserves held by the Council compare to other London boroughs.
- Provide a trend analysis of overall reserves and by category (General Fund, HRA, Capital & capital grants)
- Set out in more detail the purpose of the reserves held alongside the risks identified.
- Set out the position in relation to schools balances.

Legal framework

The requirement for financial reserves is acknowledged in statute. Sections 31A, 32 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

Section 25 of the Local Government Act 2003 requires the Council's Chief Finance Officer (The Group Director, Finance & Corporate Resources) to report on the following matters; the robustness of the estimates and the adequacy of the proposed financial reserves.

The GDF&CR reports on this duty in the Annual Budget Report, the 2023/24 budget report notes:

The clear advice of the Group Director, Finance and Corporate Resources is that the current level of General Balances should be held at the existing position of £15m which is in line with our current policy to not allow the general balance to drop below £15m. Cognisant of the uncertainty in which this budget is set and the ongoing nature of some of the risks set out the aim is to increase these to £20m over the medium term period to 2026/27 from a review of current earmarked reserves.

Scheme of delegation - Reserves

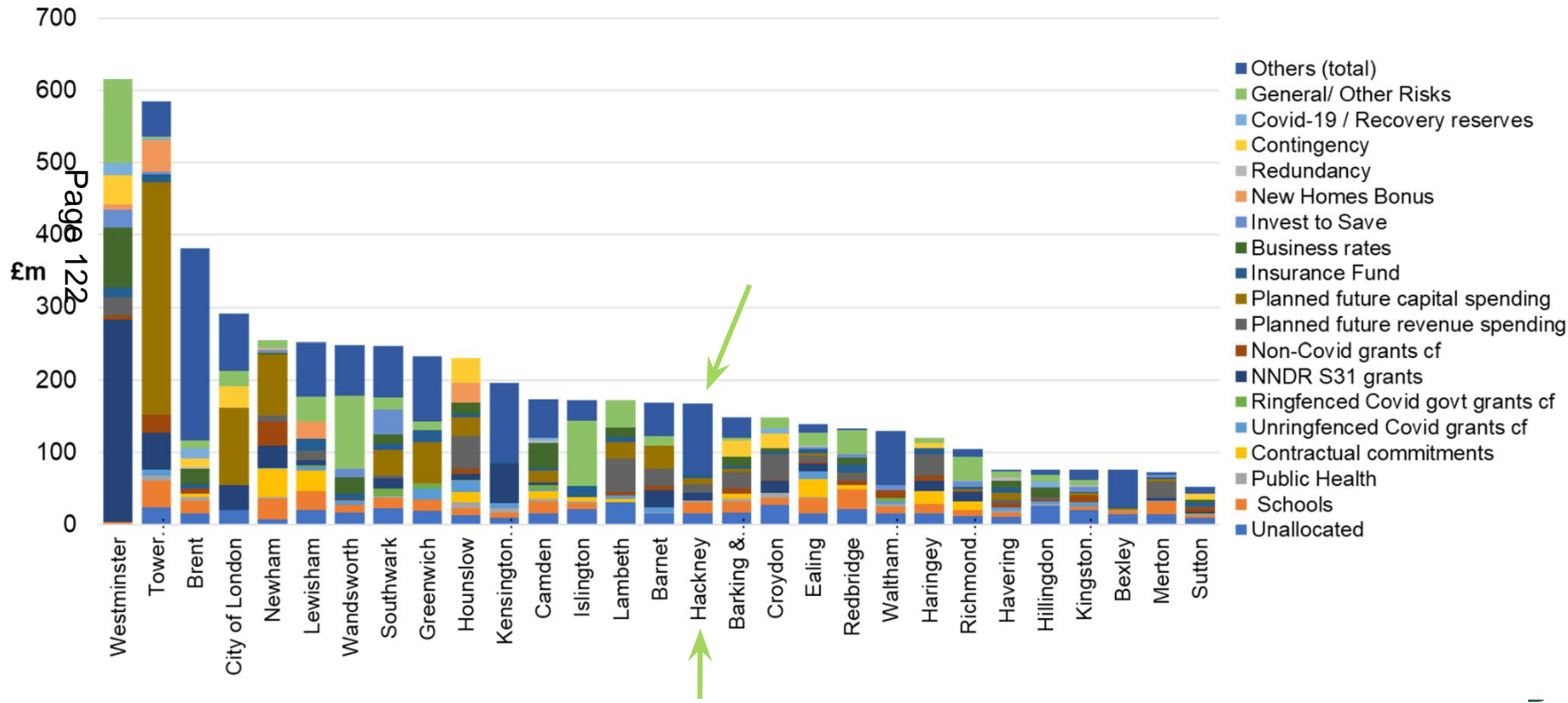
Description of function/delegation

The making of arrangements for the keeping and administering of the Council's General Fund, HRA, Collection Fund and other funds and reserves in accordance with statutory and professional requirements and specific approvals on the use of such funds and reserves.

Who may exercise function/delegation

Group Director of Finance & Corporate Resources, Director, Financial Management

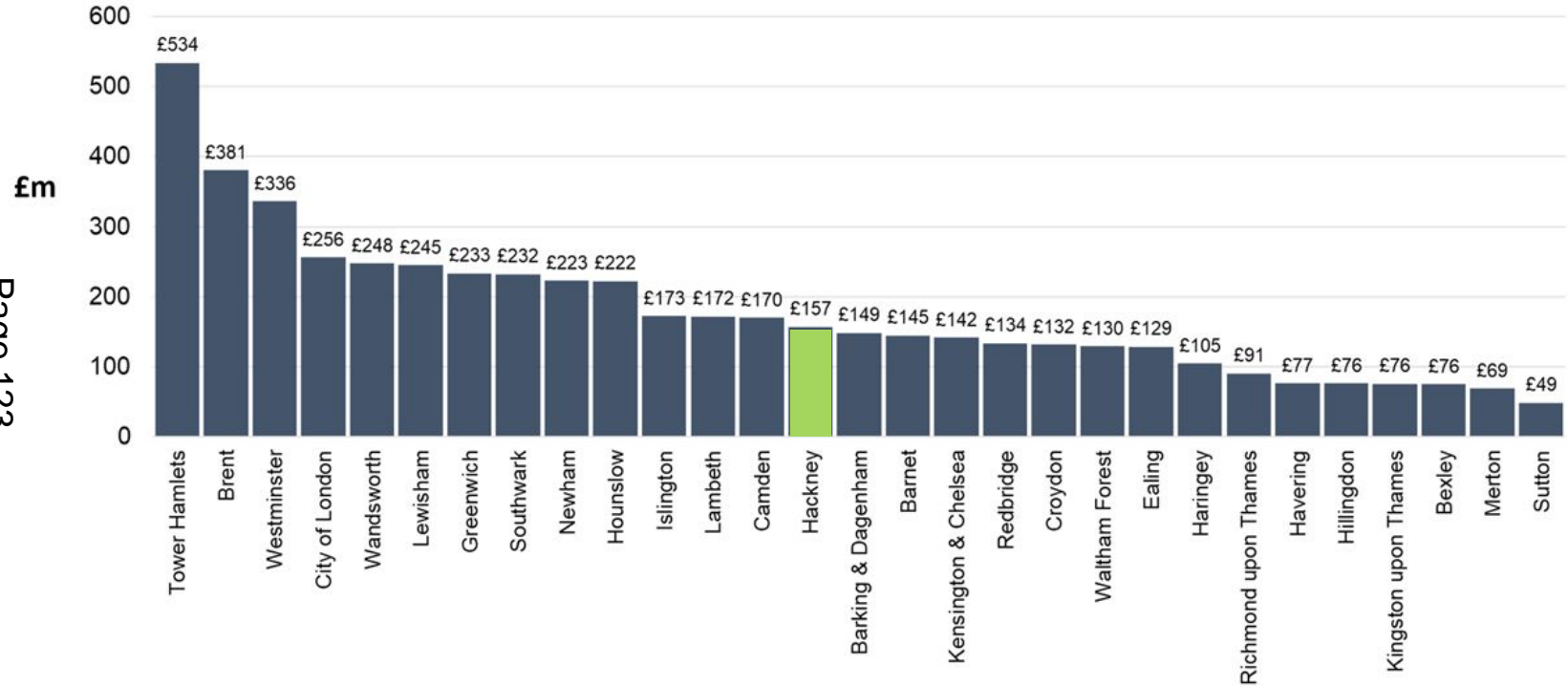
Total reserves ranged from £615m to £52m across 29 London boroughs on 1 April 2022 (source: London Councils MTFP survey)



Page 122

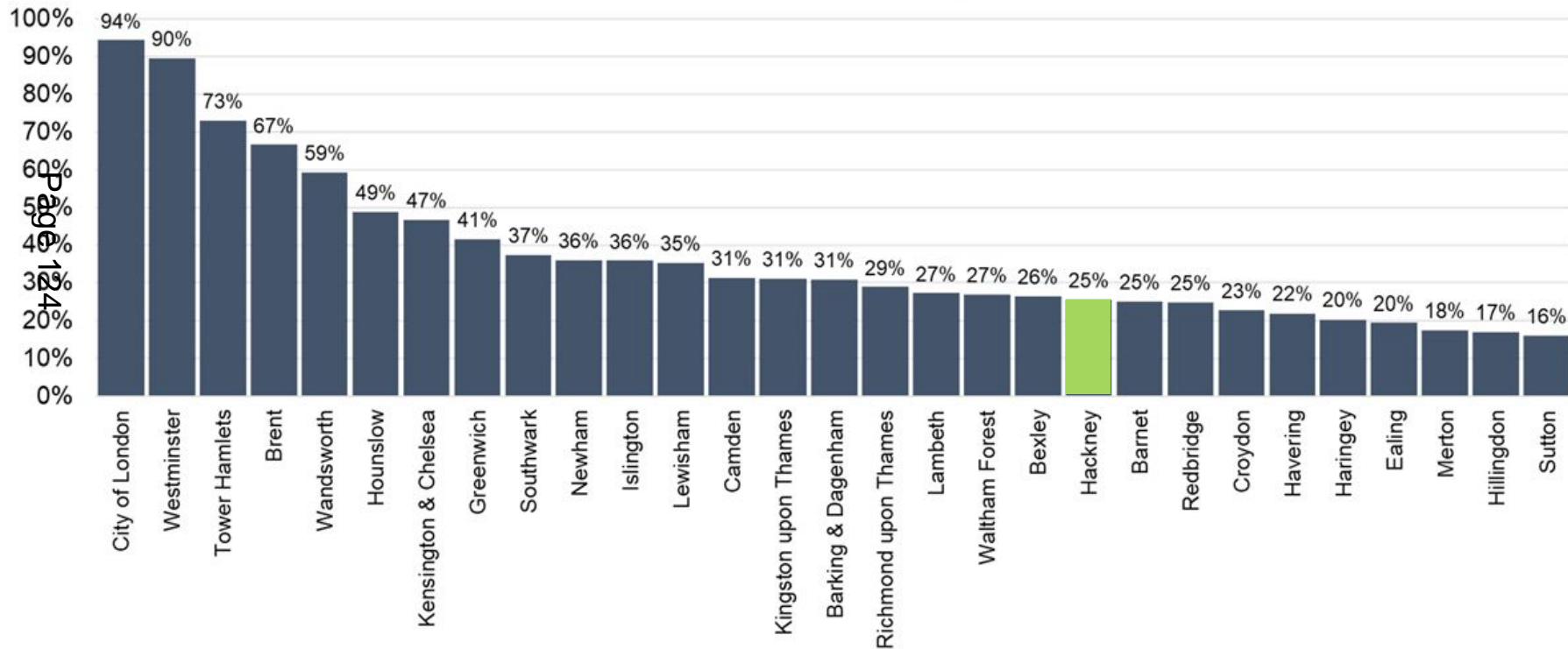
Total reserves (excl. NNDR S31 grants) ranged from £534m to £49m
(29 boroughs)

Total reserves (£m)- 1 April 2022



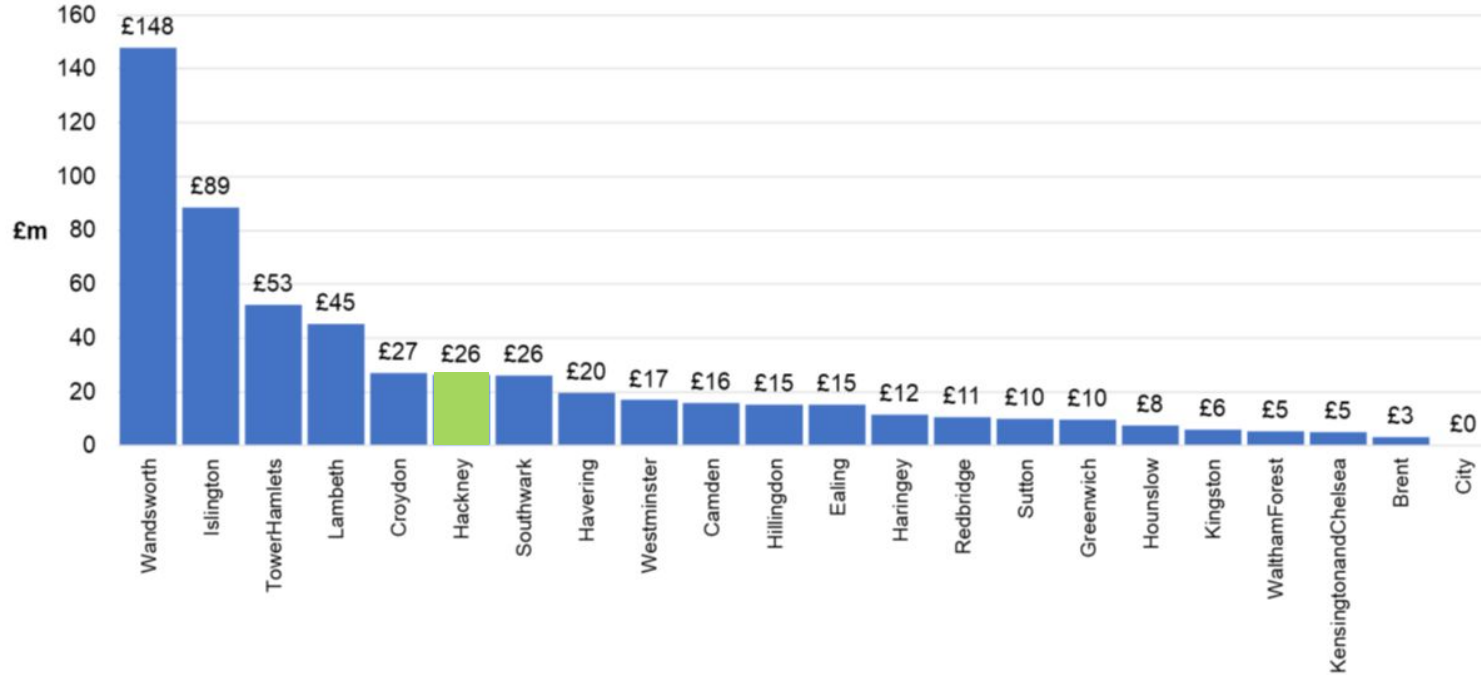
Total reserves (excl. NNDR S31 grants) ranged from 94% to 16% of Net Revenue Expenditure

Total reserves as % NRE - 1 April 2022



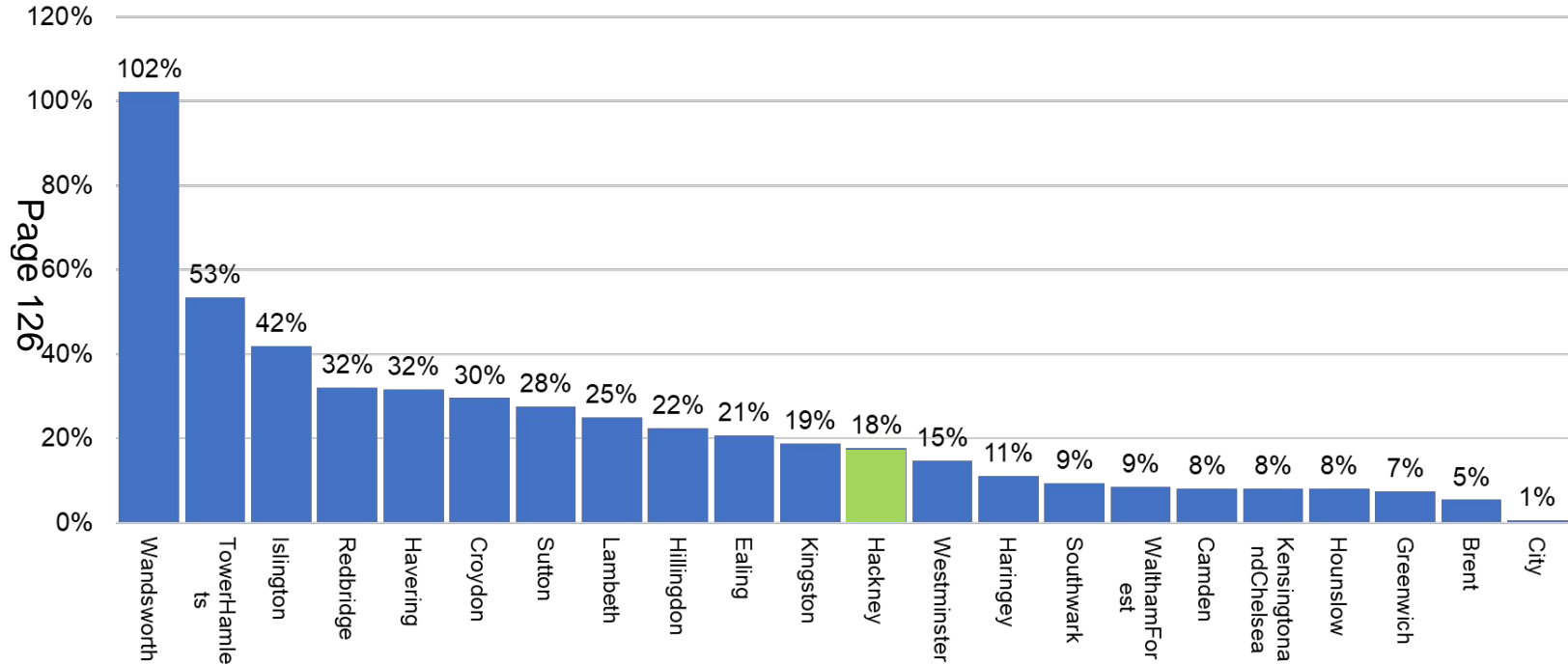
HRA reserves vary from £148m to £0.1m (median £15m)

HRA Reserves (£m) by borough 1st April 2022-23

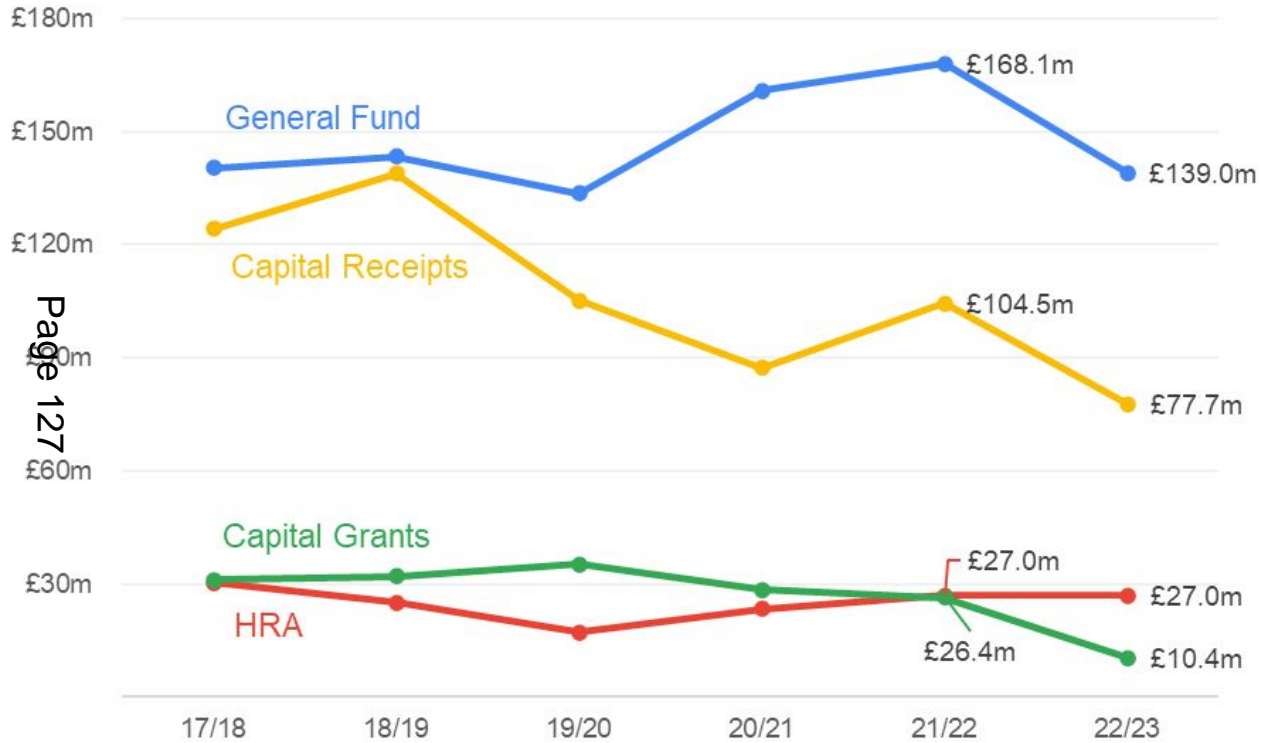


HRA reserves vary from 102% of HRA expenditure to 1% (median 18.5%)

HRA Reserves as a % of HRA Expenditure by borough 1st April 2022-23



Usable Reserves 5-year trend



GF net reserve usage

Change in reserve balances over the last 5 years



Page 128

2020/21 a particular outlier. Transfers into reserves included:

- S31 to fund future collection fund deficits (£20m) brought about by Covid reliefs.
- Revenue grants received in advance of expenditure incurred (£4.3m)
- Schools Balances increased (£3.7m)

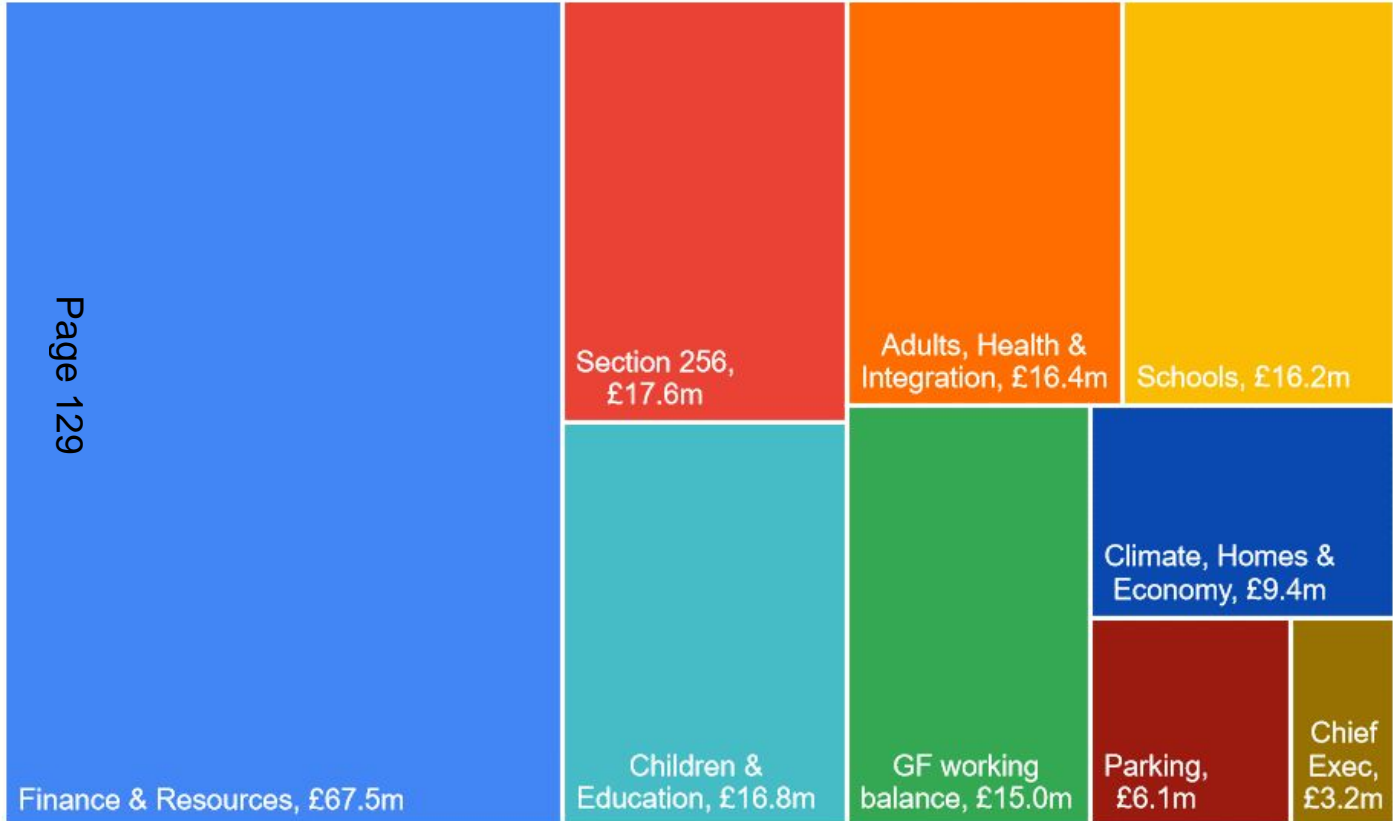
2021/22 transfers into reserves included:

- S31 to fund future collection fund deficits (£11m) again brought about by Covid reliefs.
- Drawdown of £3.7m to fund CYP commissioning pressures

There are various other significant movements in and out as set out in note 8 to the accounts.

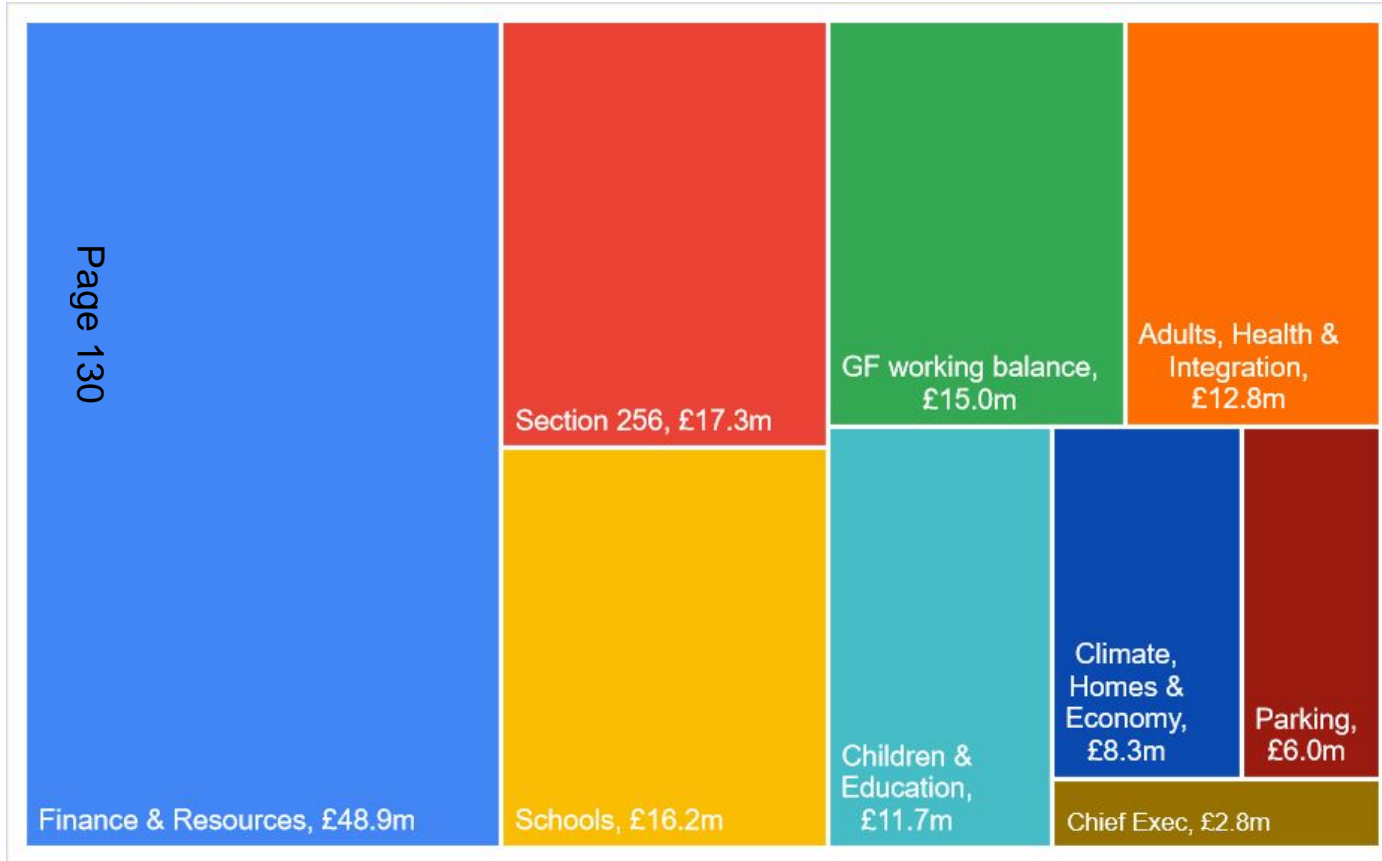
General Fund reserve breakdown as at 31/3/22 (£168m)

Page 129



General Fund reserve breakdown - forecast 31/3/23

(£139m)



Page 130

General Fund 21/22 vs 22/23 (forecast) comparison



2022/23 Reserve usage latest forecast - main items (subject to change)

Page 132

- £2.6m Children's placements
- £500k Disabled Children packages of care
- £900k Children in Need (S17)
- £7.1m BCR/ Funding Risk & Transformation (includes £4m re the pay award)
- £2m Taxation Income Grant reserve (budgeted) - to fund the 'deficit' spread on the Collection Fund (Covid)
- £2.3m cyber attack (in addition to the £2m set aside in the budget)

- £500k invest to save (interim funding for specific posts)
- £650k Children and Education transformation capacity, and the creation of a new Outcomes, Business Intelligence and Strategy department to bring together services across the directorate. Posts are funded for a year with the expectation that ongoing funding will need to be met from within existing directorate resources.
- £1.5m unplanned care (agreed with health)
- £592k PH licensing income
- £2.5m from grants
- Still need to factor in some one-off pay award (possible around £2m) & overall net overspend
- Net cost of benefit drawdown factored into historic grants balances - subject to change.

Risks 2023/24 and beyond

- Social care (reserve request and usage)
- Cyber (Net Cost of Benefits etc)
- Temporary Accommodation
- CT & NNDR collection as a result of cyber & Covid
- Commercial income
- Inflationary pressures including energy
- Increased cost of borrowing
- DSG deficit reserve
- Pay award 2023/24 & beyond exceeds assumptions

Finance & Corporate Resources reserves breakdown as at 31/03/22 (£67.5m)

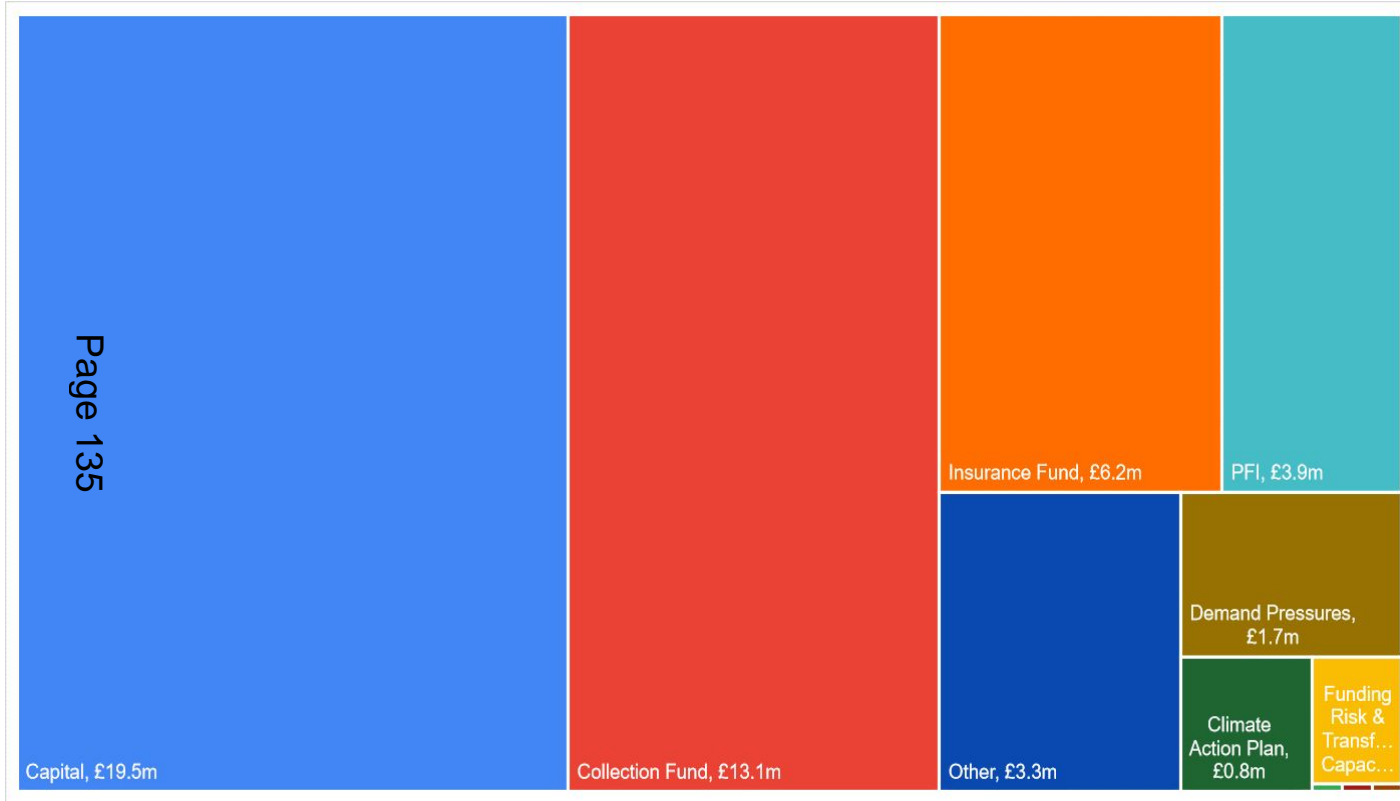
Page 134



Other:

General Legal Costs and other reserves
£3.3m

Finance & Corporate Resources reserves breakdown est at 31/03/23 (£48.9m)



Page 135

Other:

General Legal Costs and other reserves
£3.3m

Adults, Health & Integration reserves breakdown as at 31/03/22 (£34m)

Page 136

Section 256, £17.6m

Grants, £7.2m

Other, £4.7m

Cyber, £1.9m

Capital, £1.5m

Transfor...
£1.1m

Other:

Unplanned Care Integrated
Discharge Hub Scheme
£2m

CAMHS Workstream
£1.1m

Sleep In
£0.5m

Demand Pressures
£0.1m

Adults, Health & Integration reserves breakdown est at 31/03/23 (£30m)

Page 137

Section 256, £17.3m

Grants, £4.9m

Other, £3.9m

Capital, £1.6m

Cyber,
£1.2m

Transfor...
£1.1m

Other:

Unplanned Care Integrated
Discharge Hub Scheme
£1.2m

CAMHS Workstream
£1.1m

Sleep In
£0.5m

Demand Pressures
£0.1m

Chief Executives reserves breakdown as at 31/03/22 (£3.2m)

Page 138

Other, £2.0m

Grants, £1.1m

Other:

Election Costs Reserve
(including boundary changes,
impact of Localism Bill &
referenda)
£0.6m

Community Grant Review/ 1314
- 1415 grants
£0.4m

Electoral Registration
£0.4m

Chief Executives reserves breakdown est at 31/03/23 (£2.7m)

Page 139

Other, £1.6m

Grants, £1.1m

Other:

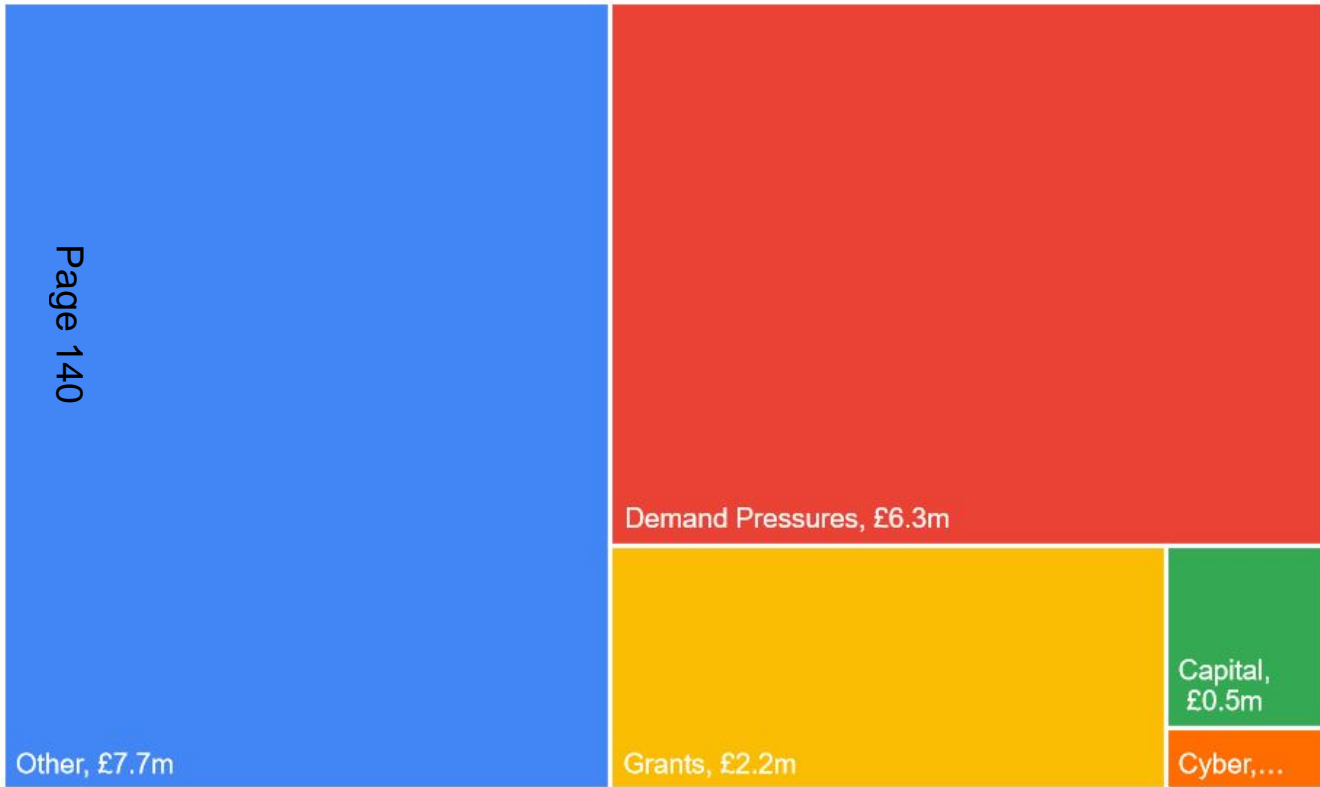
Election Costs Reserve
(including boundary changes,
impact of Localism Bill &
referenda)
£0.6m

Community Grant Review/ 1314
- 1415 grants
£0.4m

Olympic 5 Borough Unit
£0.2m

Childrens & Education reserves breakdown as at 31/03/22 (£16.8m)

Page 140



Other:

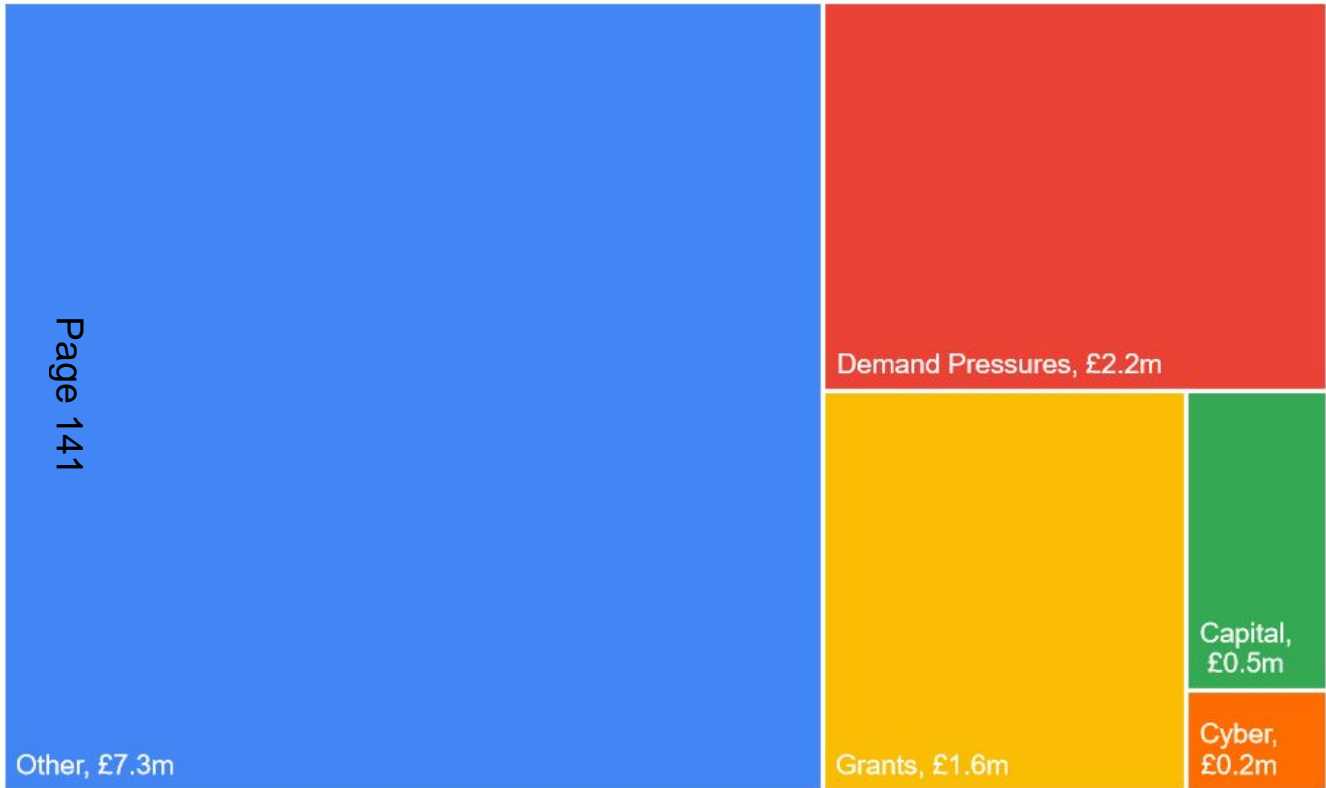
DSG Reverse Deficit Financing
£5.8m

Young Hackney
£0.4m

My Place whole Life Costing
£0.3m

Childrens & Education reserves breakdown est at 31/03/23 (£11.7m)

Page 141



Other:

DSG Reverse Deficit Financing
£5.8m

Young Hackney
£0.4m

My Place whole Life Costing
£0.3m

Climate, Homes & Economy reserves breakdown as at 31/03/22 (£15.6m)

Page 142



Other:

Private Sector Housing -
Licensing income
£0.9m

Strategic Transport
Development
£0.5m

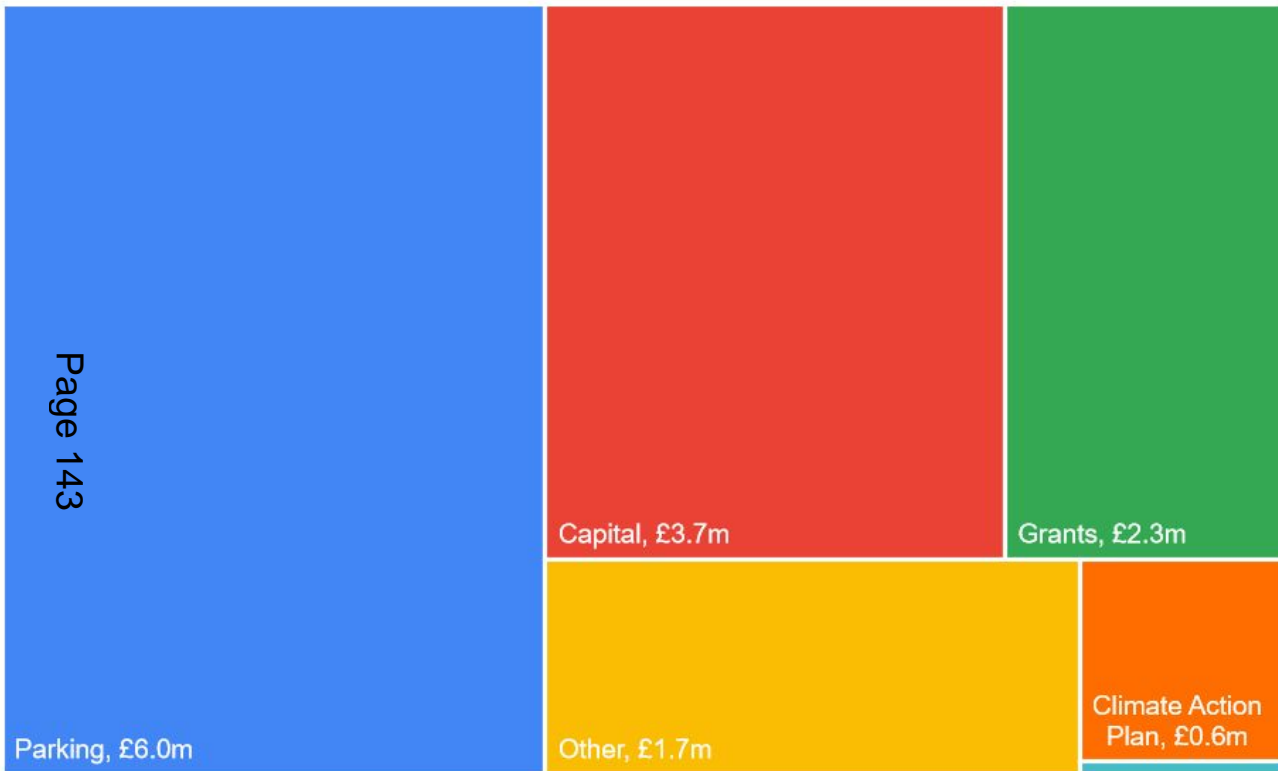
Libraries - Building
Improvements & ICT Upgrades
£0.5m

Transformation
£0.04m

Parking: Earmarked to fund capital projects over the next 3 years (inc Cycle Hangers, LTN's and EV Charging Points)

Climate, Homes & Economy reserves breakdown est at 31/03/23 (£14.3m)

Page 143



Other:

Private Sector Housing -
Licensing income
£0.3m

Strategic Transport
Development
£0.5m

Libraries - Building
Improvements & ICT Upgrades
£0.5m

Transformation
£0.04m

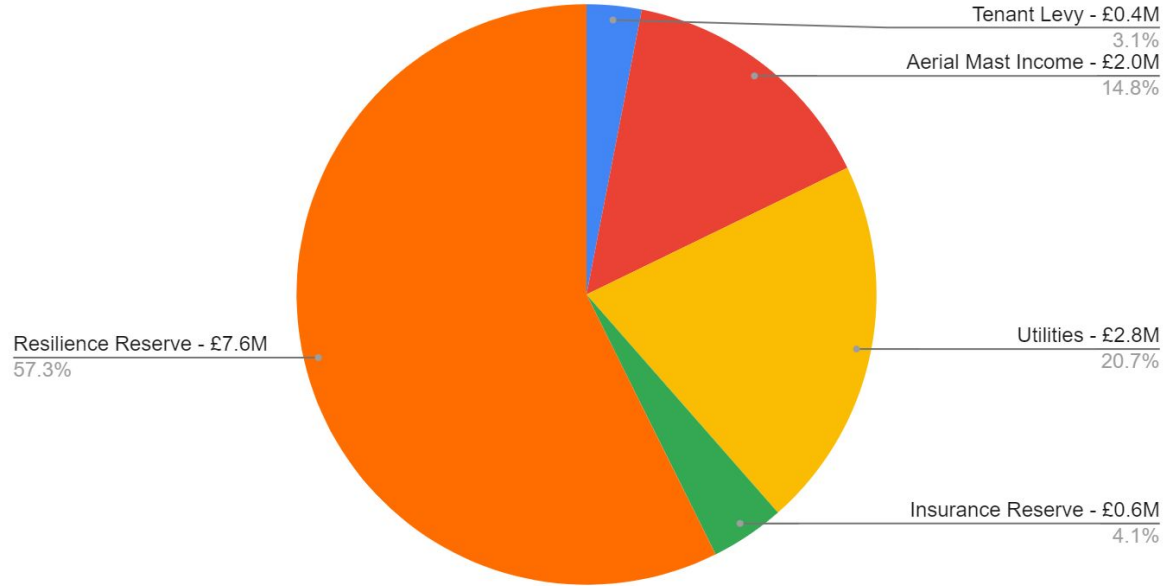
Parking: Earmarked to fund capital projects over the next 3 years (inc Cycle Hangers, LTN's and EV Charging Points)

Housing Revenue Account

The **HRA** Reserves are ring fenced to the Housing they have been built up on the whole from tenants rents and other charges and cannot be used to fund General Fund Services. All but one of the reserves have been set up for specific purposes;

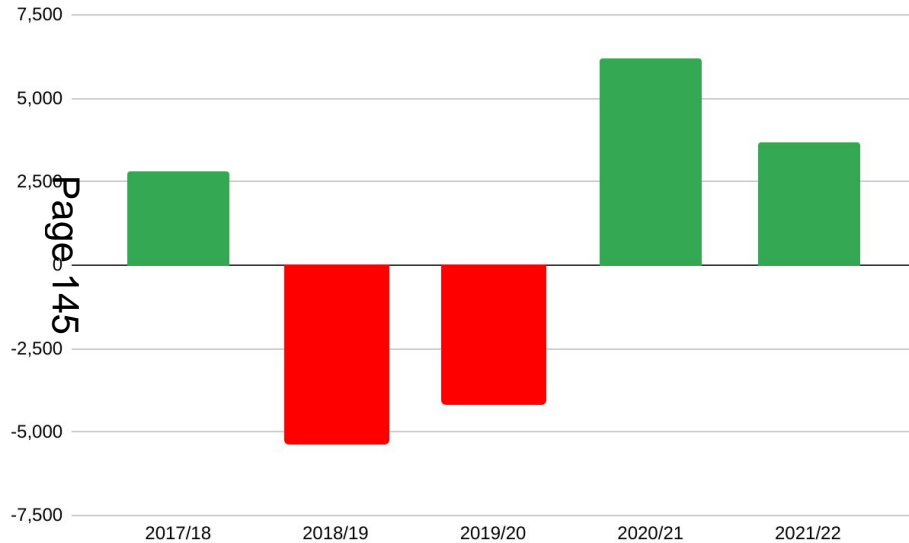
- The tenant levy and aerial mast reserves are earmarked for resident led improvements on estates
- The insurance reserve is set aside for insurance claims
- The utilities reserve was set up some time ago to smooth the impact of volatility in the energy markets.
- The resilience reserve was set up many years ago and it is earmarked for capital expenditure purposes.

In addition there is an HRA working balance that could be used at very short notice in the event of a major financial issue. The working balance as at the 1st April was £13.7m



HRA Reserve usage

Change in reserve balances over the last 5 years



For **2018/19** and **2019/20** the budget was set using £1m of reserves and for those years there were year end costs and charges that resulted in additional use of reserves.

Charges were as follows

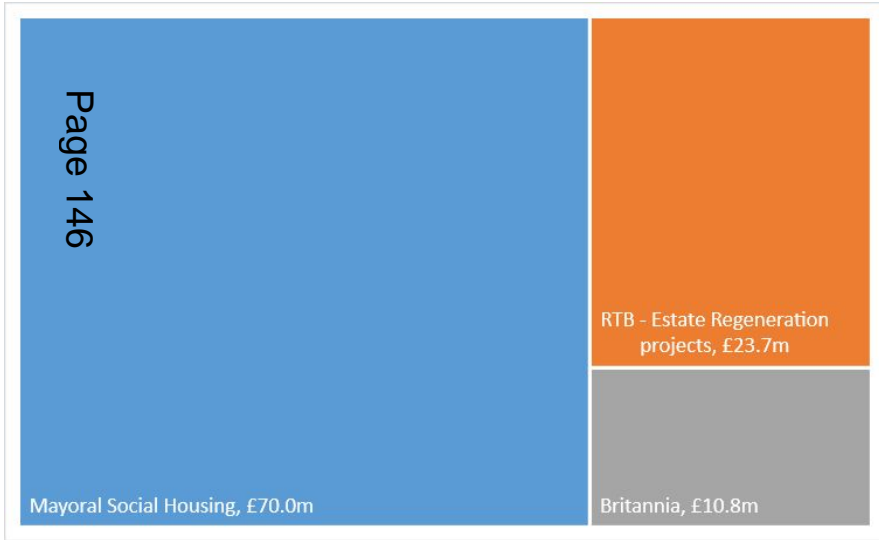
- £3.2m Additional Pension charge (historic undercharge and under-budget provision)
- £2.0m Estate Cleaning overspend (due to additional services)
- £1.4m R&M Overspend in 18/19 (savings delivered for 19/20)
- £0.4m Backdated maintenance charges for Commercial Property
- £0.3m Reduction in Interest (due to repayment of RtB funding to DLUHC/GLA)
- £0.4m Bad Debt Provision (BDP) as a result of Covid 19

For **2020/21** and **2021/22** we have taken the opportunity of the slowdown in capital delivery to build reserves back up.

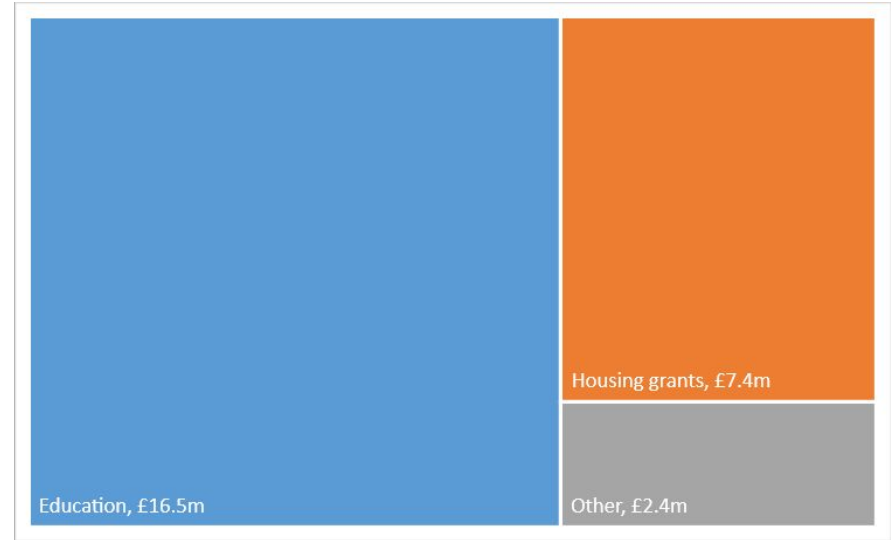
Capital reserves

An analysis of **Capital Receipts Reserve** and **Capital Grants Unapplied** with links to the capital programme where appropriate.

Capital Receipts Reserve (£104.5m)



Capital Grants Unapplied (£26.4m)



Page 146

School Reserves 5-year trend



Framework and governance of school balances

- Governing bodies of all schools are required to report to the Local Authority on their intentions for the use of surplus balances in excess of 5% (Secondary) or 8% (Primary, Special and PRU).
- The Local Authority needs to be assured that, as part of its budget planning process, the surplus balance plan is robust, viable and being managed effectively.
- Surpluses should be earmarked for specific future needs and should be clearly linked to the School Development Plan or to cover possible pupil roll adjustments.
- The Local Authority can apply a clawback on surplus balances where a school has had a combined revenue and capital surplus balance of 12% or more for three successive years (the excess above 12% being the amount clawed back).
- Deficit recovery plans are required for all schools in deficit at the year end.

School deficits and support available

The table below shows the deficit position of schools and how deficits have gradually increased year on year:

Financial Year	Type of School			Total deficit
	Secondary	Primary	Special	
2021/22	1	10	0	(£2.25m)
2020/21	1	9	0	(£2.50m)
2019/20	1	8	1	(£1.96m)
2018/19	0	7	0	(£0.96m)

Page 149

- Deficit recovery plans are agreed with schools and support is provided by the LA to complete a realistic plan to recover the deficit as soon as possible.
- Schools are also able to access the help of a School Resource Management Adviser (SRMA) who is an independent expert with significant experience of the education sector for tailored advice on resource planning, including curriculum financial planning, and recommendations for implementing efficiencies across the school.
- The SRMA works with the school and the LA and is a free resource provided by the Department for Education.

Summary

General Fund

- GF reserves increased in 2020/21 after a dip in the previous year, this is mainly due to Government grant for NNDR reliefs which are utilised to fund Collection Fund deficits which accrued because of reliefs to businesses.
 - GF reserves as a %age of Net Relevant Expenditure (NRE) are in the lower third compared to other London boroughs.
- We are forecasting a significant reduction in GF by the end of this year as a result of demand pressures, cyber, the 2022/23 pay award, budgeted use of reserves (including for Collection Fund deficit) and grants.
- An exercise has been undertaken to review historic reserves with the aim of building up a 'risk & transformation' reserve which will inevitably be needed as we look to make significant savings going forward and in light of the significant financial risk the Council faces. Part of this will be utilised to fund the balance required on the pay award for 2022/23 and partly to fund an increase in General Balances from £15m to £17m in 2023/24 (to £20m by 2026/27).

Summary

HRA

- HRA reserves are set up to fund future expenditure in connection with the Council's landlord function and has been built up from tenant rents and charges.
- Of the earmarked reserves £6m are revenue reserves; £7.6m are earmarked for capital purposes.

Capital reserves & grants

Page 15
15

Circa £130m of capital reserves are committed in our capital programme (which totals £1.1bn 2022/23 to 2025/26), particularly the manifesto commitment on social housing.

Schools

- Although school balances overall are in surplus, and at higher level than pre-Covid there is a gradual increase of primary schools in deficit.
- Falling rolls and inflation is placing further pressure on our schools.
- Deficit recovery plans are agreed with schools and support is provided by the Council through advice from a School Resource Management Adviser (SRMA).



Title of Report	Treasury Management Update Report
For Consideration By	Audit Committee
Meeting Date	19th April 2023
Classification	Open
<u>Ward(s) Affected</u>	All Wards
<u>Group Director</u>	Ian Williams, Group Director Finance and Corporate Resources

1. Introduction

- 1.1. This report provides Members of the Audit Committee with an update on treasury management activities over the period January to March 2023.

2. Recommendations

- 2.1. There are no immediate recommendations arising from this report as the purpose is to update the Audit Committee on past events.

3. Reason(s) for decision

- 3.1. This report is an update on the past events.

4. Background

Policy Context

- 4.1. To help ensure that the treasury management function is governed effectively it is essential for those charged with governance to review the operations of treasury management on a regular basis. This report is the fourth of the treasury reports relating to the financial year 2022/23 for the Audit Committee. It sets out the background for treasury management activity from January 2023 to March 2023 and the action taken during this period.

Equality impact assessment

- 4.2. There are no equality impact issues arising from this report.

Sustainability and climate change

- 4.3. There are no sustainability and climate changes issues arising from this report.

Consultations

- 4.4. No consultations are required in respect of this report.

Risk assessment

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

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

- 5.1. There are no direct financial consequences arising from this report as it reflects the performance from January 2023 to March 2023. 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 the council cashflow making sure there is enough liquid cash to meet any unexpected situation as a result of a highly volatile economy at present. Since the last update, short term borrowing has been undertaken for the purpose of managing cash flow.
- 5.2. The Committee is requested to note this report.

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. 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 sets out the work that Treasury Management is undertaking to ensure that it is meeting these requirements and adapting to changes as they arise.
- 6.2. There are no immediate legal implications arising from the report.

Appendices

None

Background documents

None

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Treasury Management Update Report

Treasury Management Activities from January 2023 to March 2024

1. Economic Highlights

- 1.1 Growth:** UK gross domestic product (GDP) is estimated to have increased by 0.1% in the fourth Quarter of 2022. This was an upward revision on the first estimate of flat growth. The level of household savings ratio increased from 8.9% in Q3 to 9.3% in Q4 while real incomes increased by 1.3%.
- 1.2 Inflation:** The year-on-year CPI rate was 10.4% for the 12 months to February 2023. The core CPI rate rose 9.2%. Both rates exceeded expectations of a further decline in inflation rates.
- 1.3 Labour Market:** The UK employment rate reached 75.7%, which was 0.1% higher compared to the previous three-month period. The rise in employment was mainly due to an increase in part-time employees and self-employed workers. Additionally, in February 2023, the estimate of pay-rolled employees showed a monthly increase of 98,000, totalling 30 million.
- 1.4 Monetary Policy Committee:** The Bank of England's Monetary Policy Committee on the 23rd March 2023 voted by a majority of 7-2 to increase the official Bank Rate by 0.25 percentage points to 4.25%. Two members preferred to maintain the Bank Rate at 4.0%. The MPC would adjust Bank Rate as necessary to return inflation to the 2% target sustainably in the medium term, in line with its remit.

2. Borrowing & Debt Activity

- 2.1** The Authority currently has £77.6m in external borrowing. This is made up as a single LEEF loan of £1.2m from the European Investment Bank to fund housing regeneration, £66.4m borrowed from Public Work Loan Board for housing capital programme, particularly in respect of housing regeneration and £10m short term borrowing for the purpose of managing cashflow.

3. Investment Policy and Activity

- 3.1** The Council held average cash balances of £62 million during the reported period, compared to an average £90 million for the same period last financial year. Decrease in cash balance is generally due to higher year end bacs, sec 31 payments.

Movement in Investment Balances 01/01/23 to 31/03/23

	Balance as at 01/01/2023 £'000	Average Rate of Interest %	Balance as at 31/03/2023 £'000	Average Rate of Interest %
Short Term Investments	20,049	-	5,059	-
Long Term Investments	290	-	200	-
Housing Associations	15,000	-	15,000	-
Money Market Funds	47,800	-	24,900	-
	83,139	1.75	45,159	2.73

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

4. Counterparty Update

4.1 Fitch has upgraded the long-term ratings of Transport for London to AA- from A+ and its outlook was revised to Negative. Fitch has upgraded the long-term rating of The Co-operative Bank plc to BB. The short-term rating has been affirmed at B and the outlook has been affirmed at Stable. Moody's has affirmed the Baa1 long-term deposit rating and baa2 baseline credit assessment of TSB Bank plc. The outlook has been revised to positive from stable.

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

5. Credit Score Analysis

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
31/01/2023	A+	4.9	A	6.6
28/02/2023	A	5.6	A-	6.8
31/03/2023	A	5.7	A-	6.9

5.1 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.

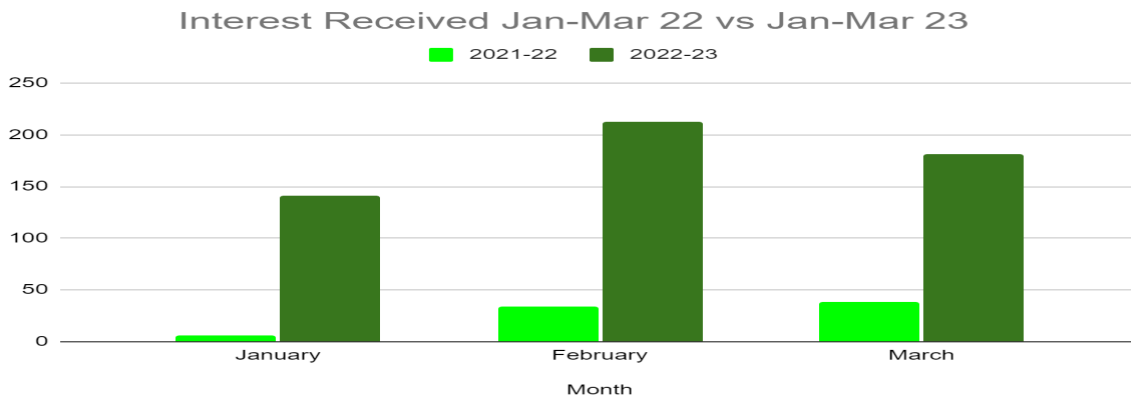
5.2 Council continues to invest in highly rated UK Government institutions, Building Society and Housing Associations. These investment vehicles offer a good level of security and increases diversification for the Council's portfolio whilst achieving a reasonable yield.

6. Comparison of Interest Earnings

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

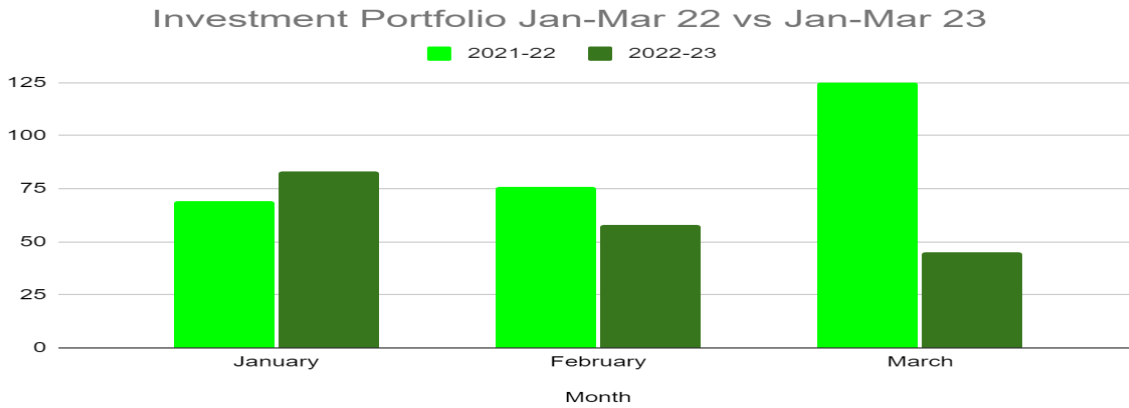
6.2 The graph below provides a comparison of interest earnings for Jan 2023 to March 2023 against the same period for 2021/22.

6.3 Average interest received for the period Jan 2023 to March 2023 was £178k compared to £26k for the same period last financial year. Increased interest received this year is due to increase in interest rates.



7. Movement in Investment Portfolio

7.1 Investment levels have decreased to £45 million at the end of March 2023 in comparison to the end of March 2022 last year of £125 million. It is anticipated that overall levels of investment balance will reduce as the capital programme continues to be delivered, although we need to maintain liquidity for day-to-day operational purposes.



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Title of Report	INTERNAL AUDIT ANNUAL PLAN 2023/24 COVERING REPORT
For Consideration By	Audit Committee
Meeting Date	19 April 2023
Classification	Open
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Ian Williams Group Director of Finance & Corporate Resources

1. Introduction

- 1.1. This report enables the Audit Committee to consider and approve the proposed Internal Audit Annual Plan and resources for 2023/24 as part of its role in overseeing corporate governance.

2. Recommendations

- 2.1. The Audit Committee is recommended to:

Consider and approve the proposed Internal Audit Annual Plan 2023/24 and key performance measures (attached as Appendix 1).

3. Reason(s) 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 2023/24 and is submitted to Members for approval.

Policy Context

- 4.1. 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.

Equality impact assessment

- 4.2. 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.

Sustainability and climate change

- 4.3. Not Applicable.

Consultations

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

Risk assessment

- 4.5. 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 of 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 2023/24

Background documents

None

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London Borough of Hackney

Internal Audit Annual Plan 2023/24

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 2023/24.

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.
 - Provide an annual audit opinion based on the work of internal audit together with other sources of assurance.
 - Ensure that the statutory requirements of the Accounts and Audit Regulations 2015 in relation to a published Annual Governance Statement (AGS) are met.
 - Provide a comprehensive service to management in the specialist areas of computer audit and investigations.
 - Ensure a planned approach to anti-fraud initiatives and develop this function as an expanded initiative in the work of the Anti-Fraud Service.
 - Undertake work in developing our partnership working arrangements with external agencies, including External Audit.

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 three distinct functions, a restructure of the service was completed during 2022/23 and operational internal audit capacity remains unchanged following this.

Internal Audit Team

An in-house team is responsible for the delivery of the Annual Audit Plan. The team comprises the Corporate Head of Internal Audit, Anti-Fraud and Corporate Risk Management, the Internal Audit Manager and four audit staff.

IT Audit resource

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.

5.3 Analysis of Operational Time

An analysis of operational time has been performed to calculate the resource available for audit activity. This analysis makes allowance for 'non-available' time (corporate management, external audit liaison, staff meetings/briefings, training, etc) and non-operational time such as annual leave. 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 2023/24 it is estimated that operational time available for delivery of the 2023/24 internal audit plan will be 723 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 2023/24

	Internal Audit Service	Percentage %
Gross Days Available	1390	100%
<u>Less Indirect Time:</u>		
Management/Advice*	-306	22%
Leave, training, etc.	-234	17%
Vacancy drag	-31	2%
Contingency allowance for completion of 2022/23 audit plan and capacity to review areas identified for audit in-year	66	5%
Operational Days Available for delivery of the 2023/24 plan	753	54%

*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 and 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 2023/24 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 The assurance work that Internal Audit undertakes is supplemented by the Division's counter-fraud and risk management activity. 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 are also used to carry out proactive reviews. During the year the team will focus on 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. Details of the 2023/24 Proactive Counter-Fraud plan are set out in the April Progress Report (Appendix 4).

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 2023/24 and the KPIs which will be used to measure cost and efficiency, quality and client satisfaction 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 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.

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 including: -

- Continuous personal development opportunities
- 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 2023/24			
Assignment	Days	High Level Scope/Coverage	Reason for Audit
CORPORATE - CROSS CUTTING			
AGS co-ordination 2022/223 & 2023/24	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 Deferred from 2022/23.
Culture - Officer/Member working relationships	15	Focus on the suitability of the policies and procedures that are in place to guide officers and members	Organisational Risk
Gifts and Hospitality	15	Compliance with revised policy and promptness of management review when declarations are made	Compliance
Public Interest Reports, PIRs - Lessons Learnt	15	Implementation of issues raised in PIRs	Organisational Risk
SUB TOTAL CROSS CUTTING	100		
CHIEF EXECUTIVE'S			
Legal, Democratic & Electoral Services			
Voter ID and Election Act 2022	10	New ID requirement for voting. Risk of LBH not complying with new legislation in time for an election.	Regulatory compliance Organisational Risk
Internal Communications - Google Contacts	15	Review of the arrangements that are in place to facilitate internal communications, including Google contacts, and the supporting policies and procedures	Assurance, Organisational Risk
SUB TOTAL CHIEF EXEC'S	25		
CHILDREN & EDUCATION			
Children & Families			
Development of Children & Family Hubs	10	Significant government funding & joint working, setting up new governance arrangements. IA representation on Transformation Board.	Advisory role

INTERNAL AUDIT PLAN 2023/24

Assignment	Days	High Level Scope/Coverage	Reason for Audit
Joint Agency Funding - Children with Complex Needs	15	Efficient and effective use of funding	Deferred from 2022/23. Assurance, financial and reputational risks
Cost of Children in Alternative Provision	15	Costs incurred as a result of Exclusions	Deferred from 2022/23. Financial and reputational risks
Foster Care Payments	15	Not recently reviewed; assurance review of payments that carers are entitled to	Management Request. Reputational Risk
CFS Residential Placements - LAC	15	Added pressure on the service due to increasing placement costs due to care providers being faced with the challenges of rising inflation and the cost of living crisis.	Financial Risks. The risk relates to the increasing financial pressures this is placing on the Council.
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, 11 this year.	58	All schools receive an audit at least every 4 years.	Compliance
Falling School Roll Numbers / Surplus Primary School Places	15	Surplus primary school places result in financial pressure on schools and threatens their long-term viability. Projected figures suggest this risk will intensify and increasingly affect secondary schools as the years pass. This places a serious financial burden on HE, and the Council	Management Request. Assurance, financial and reputational risks
Traded Services	10	This is on a not for profit traded basis whereby the activity is required to generate sufficient income to cover total costs of trading.	Assurance, Financial risk
Unregistered Settings	15	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.	Management Request
SUB TOTAL C&E	173		
ADULTS, HEALTH & INTEGRATION			
Adult Services/Public Health			

INTERNAL AUDIT PLAN 2023/24

Assignment	Days	High Level Scope/Coverage	Reason for Audit
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.
Public Health Commissioned Services - Substance Abuse	15	Management request	Management Request. Assurance
Residential Care	15	CQC inspection planned for next year	Assurance
Procurement of Homecare	15	Procurement exercise - compliance with procedures and operation of the arrangements in practice	Assurance
AH&I - Direct Payments Financial Assessment Process	15	Management Request - Focus on the overall governance including supporting systems.	Deferred from 2020/21 as a result of Cyber Attack
Supporting Families Programme Grant	12	Quarterly Review	Dfe Compliance, Assurance
SUB TOTAL AHI	102		
FINANCE & CORPORATE RESOURCES			
Financial Management			
Main Accounting System	15	Cyclical review	Core Financial System
Accounts Payable	15	Cyclical review	Core Financial System
Pensions	15	Cyclical review	Core Financial System
VAT compliance on income	15	Review the categorisation of income to provide assurance over the consistent application of VAT to maximise income due and ensure compliance with HMRC requirements.	Management Request. Compliance
Fleet management - Maintenance of Fleet	10	The recent incident SEND transport bus fire. 20 Jan 2022. Fleet Maintenance contract was brought back in house in April 2021	Assurance. Reputation Risk
Risk Management	10	Governance, Processes & Procedures	Cyclical Review
Procurement			
Reprocurement of expiring contracts	15	Some contracts may not be renewed in good time - this could lead to more lax procurement standards by	Management Request

INTERNAL AUDIT PLAN 2023/24

Assignment	Days	High Level Scope/Coverage	Reason for Audit
		purchasing services, poor vfm or more requests for STAs	
Energy & Carbon Management - Hackney Schools	15	A review of the Council's Energy team to ascertain current arrangements /contracts for schools. Schools are currently facing an increase in energy bills in light of the cost of living crisis.	Assurance. Financial Risks
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
Service Payroll	15	The service payroll is being used for situations that were not originally envisaged, assurance over governance and operations.	Compliance. Assurance
Strategic Property			
Commercial Property Income	15	Increased risk to income due to pandemic.	Risk register
Rev's & Ben's			
Money Hub	15	Processes and procedures, possibly look at the rationale for other support being outside Money Hub	Management Request
SUB TOTAL FCR (EXCL ICT)	170		
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 Asset Management	10	Processes to record and manage ICT assets	Risk assessment - Reputational risk and compliance
Cloud platform	15	Reviewing the design, implementation and roadmap for our cloud platform	Audit Planning cycle & risk assessment
Freedom of Information, FOI	10	Application processes, response times, record keeping	Deferred from 2022/23
Assurance on New Systems, Repairs, Asset Management & Community Safety	15	New systems - are they meeting expectations	Deferred from 2022/23

INTERNAL AUDIT PLAN 2023/24			
Assignment	Days	High Level Scope/Coverage	Reason for Audit
Follow up of recommendations	4		Deferred from 2022/23
SUB TOTAL ICT	73		
CLIMATE, HOMES & ECONOMY			
Housing			
TMOs - risk assessed coverage 2 x TMO per year	20	Cyclical review of Council TMOs	Risk Assessment
Right to Buy Scheme	15	Not reviewed since 2016/17	Management Request
Rent arrears - Incl. Effect of UC on tenant arrears	15	Management request to defer to Q1 2023/24	Financial Risk. Deferred from 2022/23
Complaints Handling - Housing	15	Concerns raised by the Housing Ombudsman about handling complaints.	Assurance , Reputational Risk
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. Deferred from 2022/23
Regeneration			
Planning Enforcement	15	Nearly nine in 10 local planning authorities are struggling with a backlog of planning enforcement cases as "unmanageable workloads" mean many councils cannot meet demand, a report by the Royal Town Planning Institute	Assurance, Reputational Risk
Leasehold Major Works- Debt Recovery	15	Debt recovery work may be adversely affected by system issues and a wait to appoint new contractors.	Assurance, Financial Risks
SUB TOTAL CHE	110		
ALL DIRECTORATES TOTAL	753		
Contingencies	66	Follow up work & completion of 2022/23 audits, contingency for emerging risks.	
TOTAL AUDIT DAYS	819		

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 to ensure recommendations made by Internal Audit are agreed and implemented</p>	<p>1) Percentage of high and medium recommendations made which are agreed</p> <p>2) Percentage of agreed high and medium recommendations which are implemented in agreed timescales</p>	<p>1) 100%</p> <p>2) 90%</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>



Title of Report	AUDIT AND ANTI-FRAUD PROGRESS REPORT TO MARCH 2023
For Consideration By	Audit Committee
Meeting Date	19 April 2023
Classification	Open
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Ian Williams Group Director of Finance & Corporate Resources

1. INTRODUCTION

- 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 2023 (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 2022/23 Annual Audit Plan on 20 April 2022 and this report notes the progress against that plan and progress against high and medium priority recommendations.
- 4.2 The 2022/23 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 March 2023
 - 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 January 2023 to March 2023 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	£694,400
No Recourse to Public Funds	£363,227
Blue Badge/Parking	£6,865
Other investigations	£10,394
Total	£1,074,886

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 impact on the Council's finances.

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 2023

Appendix 2 - Progress with planned audits 2022/23

Appendix 3 - Definitions of audit assurance levels

Appendix 4 - Audit Investigation Service statistics to 31 March 2023

BACKGROUND DOCUMENTS

None

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Comments for the Group Director of Finance and Corporate Resources prepared by	Jackie Moylan Director, Financial Management Jackie.moylan@hackney.gov.uk 0208 356 3032
Comments for the Director of Legal, Democratic and Electoral Services prepared by	Dawn Carter-McDonald Director, Legal & Governance Dawn.carter-mcDonald@hackney.gov.uk 0208 356 4817

Audit & Anti-Fraud Progress Report

1 April 2022 - 31 March 2023

1. INTRODUCTION

- 1.1 The purpose of this report is to present the performance of the Audit & Anti-Fraud Service for the period April 2022 to March 2023. 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 contributes toward meeting these requirements.

2. INTERNAL AUDIT RESOURCES AVAILABLE

- 2.1 The Internal Audit function is an in-house service supplemented by specialist IT skills from an external provider. Internal Audit also supports the Council's CIPFA trainee programme. Internal Audit relies upon the co-operation of directorates and service level management to enable us to undertake the planned reviews. As a result of the ongoing lack of access to some systems and accurate data there have been various reviews across the Council that have needed to be deferred for another year.
- 2.2 The Internal Audit Team is fully staffed, including one post that is being covered by an agency worker. Permanent staffing arrangements are being introduced following the recent restructure. We are focusing our resources on the areas that management has agreed can take place and will provide the necessary evidence to support the Corporate Head of Audit, Anti-Fraud & Risk Management's annual assurance statement.
- 2.3 The 2022/23 Audit Plan consisted of 59 audits (of which 11 are schools/children's centres), 22 audits have been postponed, cancelled or combined, and four have been added since the plan was agreed.

3. INTERNAL AUDIT KEY PERFORMANCE INDICATORS

- 3.1 Internal Audit's performance for 2022/23 against key indicators is shown in Table 1. Post audit survey results are summarised in paragraph 3.3.

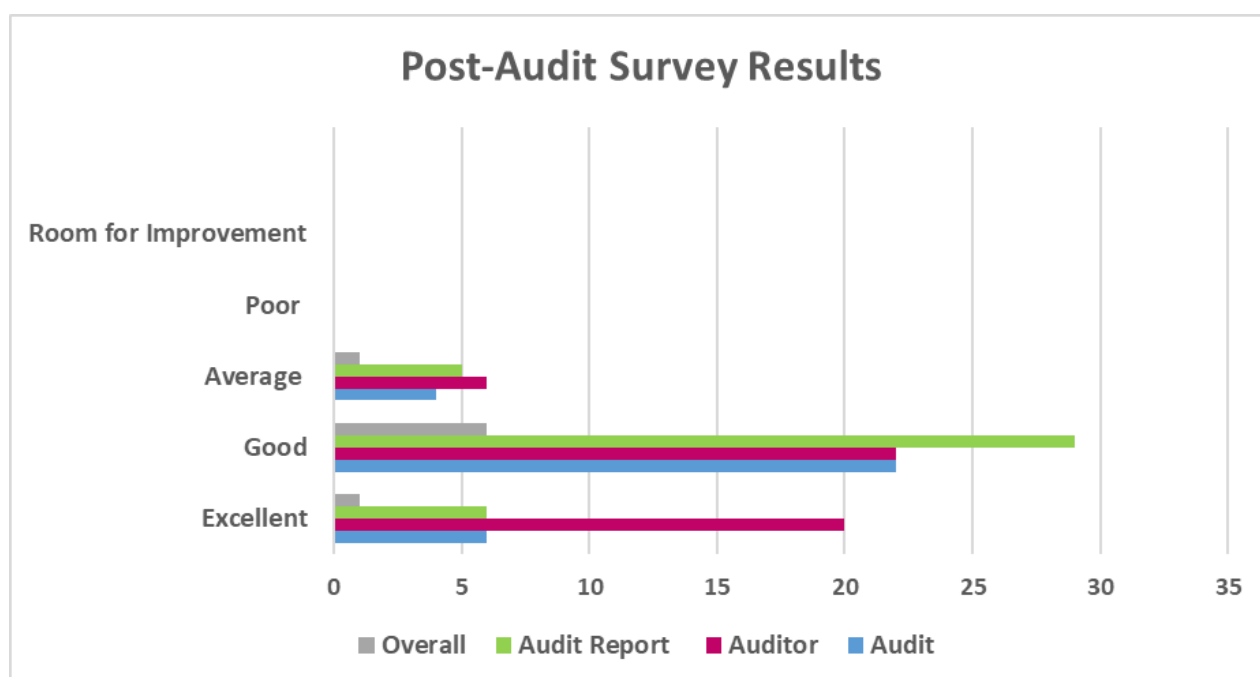
Objective	KPIs	Targets	Actual
Cost & Efficiency <i>To ensure the service provides Value for Money</i>	1) Percentage of planned audits completed to final/draft report stage 2) Average days between the end of fieldwork & issue of the draft report.	1) 90% by year end 2) Less than 15 working days	1) 90% complete or in progress by 31 March 2023 2) 4 days
Quality <i>To ensure recommendations made by the service are agreed and implemented</i>	1) Percentage of medium recommendations made which are agreed 2) Percentage of agreed high priority recommendations which are implemented	1) 100% 2) 90%	1) 100% 2) 87% - fully implemented** 9% - partially implemented
Client Satisfaction <i>To ensure that clients are satisfied with the</i>	1) Results of Post Audit Questionnaires	1) Responses meeting or exceeding expectations	1) 74% (26% exceeded expectations or excellent)

<i>service and consider it to be good quality</i>	2) Results of other Questionnaires 3) No. of Complaints / Compliments	2) Satisfactory 3) Actual numbers reported	2) N/A 3) None
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** See paragraph 6.2 for explanation

Table 1

- 3.2 As at 31 March 2023 a total of 38 internal audit reviews have been started from the 2022/23 Plan, 24 have been completed and a further six are at draft report stage. In addition 14 reviews carried forward from the 2021/22 annual plan were finalised.
- 3.3 Post-Audit Survey results from 1 April 2022 to 31 March 2023 continue to show that overall expectations of auditees are met or exceeded with 26% responding that expectations were exceeded, see bar chart below.



4. SUMMARY OF INTERNAL AUDIT WORK

- 4.1 Progress with 2022/23 planned audits is summarised in Table 2 below and detailed in Appendix 2.

2022/23 Audit Plan Stage of Audit Activity	Number of assignments	Percentage of revised plan
Scoping/TOR agreed	0	0
Fieldwork in progress	8	19
Draft report issued	6	14
Completed	24	58
Total work completed and in progress	38	91%
Original Plan	59	
Additional requests	4	
Cancelled or Postponed	22	
Total Revised Plan	41	

Table 2

- 4.2 The table shows 91% of the planned assignments have been completed or are in progress.

4.3 Details of changes to the original audit plan are shown in Table 3 below.

Cancelled or postponed reviews	Reason for Deferral
Climate Change/Zero Tolerance	Management request
Equal Pay	Management request
Organisational Culture	Management request
Council Meetings - Governance	Audit resource capacity
Integrated Learning Disabilities Service, ILDS	Management request
Procurement of Homecare	Management request - Delay in procurement process
Joint Agency Funding - Complex Children	Management request due to capacity
Cost of Children in Alternative provision	IA deferred to April 2023
Matrix ICT Contract	Management request - Restructure in service area
Streetscene	Other AAF work ongoing in service area
Public Health CYP Commissioning	Management Request due to resource capacity
Schools overview report 2019/20	Management Request/Team Restructure
Freedom of Information	Management Request/Team Restructure
Use of Infrastructure Levy/Section 106	IA deferred to April 2023
Rent Arrears - Incl. Effect of UC on Tenant Arrears	Management Request
Commercial Property Income	Management Request
Regeneration Processes & Procedures	Cancelled - Scope covered in two other audits.
3 year ANA	Management Request
ICT Governance	Management Request
Cloud Platform	Management Request
Follow up of Recommendations	Management Request
Assurance on New System, Repairs, Asset Management, & Community Safety	Management Request
Additional reviews	Reason for Addition
Accounts Payable	Management request - efficient to review at the same time as another audit
Betty Layward school	Management Request
Clapton Girls Academy	Management Request
Public Health CYP Commissioning	Management Request

Table 3

4.4 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 14 carried forward from the 2021/22 plan, the assurance levels are set out in Table 4.

Assurance Level	2022/23	2021/22
No	0	1
Limited	0	0
Reasonable	7	8
Significant	17	5
Not Applicable	0	0
Total	24	14

Table 4

- 4.5 Where Internal Audit work identifies areas for improvement, recommendations are made to manage the level of risk. These are categorised as ‘High’, ‘Medium’ or ‘Low’ priority. The numbers of High and Medium recommendations issued up to 31 March 2023 are shown in Table 5.

Categorisation of Risk	Definition	Number 2022/23 Plan	Number 2021/22 Plan not previously reported
High	Major issues that we consider need to be brought to the attention of senior management.	0	8
Medium	Important issues which should be addressed by management in their areas of responsibility.	86	48
Total		86	56

Table 5

5. SCHOOLS

- 5.1 The results of schools’ audits are reported to Hackney Education (HE) within the Children’s and Education Directorate. In addition, progress with the implementation of agreed recommendations from 2017/18 to the current date are regularly followed up and reported.
- 5.2 Following the successful pilot of Internal Control Questionnaires (ICQs) in 2019/20 this approach is now part of our standard operating practice. 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 2023, four school audits ongoing 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 2023 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
Climate, Homes & Economy	57	5	3	0	65
Finance & Corporate Resources	18	1	0	0	19
Chief Executive's	1	0	0	0	1
Corporate	2	1	0	0	3
Total number	89	9	4	0	102
Percentage (%)*	87%	9%	4%	n/a	100%

* Does not include "Not Yet Due"

Table 6

- 6.2 The Council's target for 2022/23 is 90% of 'High' priority recommendations should be implemented in accordance with agreed timescale. Audit followed up 102 'High' priority recommendations, the implementation rate currently stands at 87% fully implemented, with a further 9% partially implemented.
- 6.3 Of the 412 'Medium' priority recommendations followed up 87% were assessed as implemented and 4% partially implemented. Details are shown in Table 7.

Directorate	Implemented /No longer relevant	Partially Implemente d	Not implemented /No Response	Not yet due	Total*
Adults, Health & Integration	41	1	1	0	43
Children & Education	28	2	1	0	31
Climate, Homes & Economy	126	4	19	3	149
Finance & Corporate Resources	124	6	10	6	140
Chief Executive's	21	0	0	0	21
Corporate	17	6	5	0	28
Total number	357	19	36	9	412
Percentage (%)	87%	4%	9%	n/a	100%

* Does not include "Not Yet Due"

Table 7

- 6.4 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	1	0	40
Medium	198	5	29	6	232
Total Number	236	6	30	0	272
Percentage (%)	87%	2%	11%	n/a	100%

* Does not include "Not Yet Due"

Table 8

7. DEVELOPMENTS WITHIN INTERNAL AUDIT

7.1 The Audit & Anti Fraud Service has substantially recovered from the cyber attack and the Covid-19 pandemic. Internal Audit relies upon the co-operation of directorates and service level management to enable us to undertake the planned reviews. As a result of the ongoing lack of access to some systems and accurate data, in addition to a lack of resources in some service areas due to organisational restructures, there have been various reviews across the Council that have needed to be deferred.

The Audit & Anti Fraud Service was recently restructured which has resulted in development opportunities for staff. Following this process one post remains vacant but is being covered by agency staff after an unsuccessful external recruitment campaign. Our resources are focussing on the areas necessary to provide evidence to support the Head of Internal Audit's annual assurance statement.

7.2 The delivery of the planned ICT audits continues to be significantly hindered by the response to the cyber attack in October 2020. We are continuously in discussions with senior management to facilitate these reviews and several audits have now started to progress since the last Committee update was provided, albeit that these remain at an early stage.

7.3 Internal Audit activity must be carried out in accordance with the Public Sector Internal Audit Standards (PSIAS). These include a requirement to undertake a regular internal assessment of the service, and a periodic external assessment (at least every 5 years). An external assessment has not taken place since 2016 due to the pandemic and then the cyber attack, it is now scheduled for summer 2023. It should be noted that the delay to external assessments caused by the pandemic has resulted in many audit services achieving only partial compliance with PSIAS.

The internal assessment was most recently completed in March 2023, it has identified the following main areas for improvement, all of which are in progress:

- The need to complete the external assessment;
- Updates to a small number of team documents to reflect changes arising from the recent restructure, and to replace information that was lost due to the cyber attack;
- To review the competencies for different staff grades to determine if current methods of identifying training can be enhanced, and ensure that CPD requirements are delivered;
- Ensuring that the outcome of current activity to review organisational fraud risks is available to inform future audit planning.

The review did identify that the Internal Audit service complies with all of the key assessment criteria (a properly defined Internal Audit mission, core principles, code of ethics, and attribute standards), but because the external assessment is outstanding the service does not fully conform at this time.

8. ANTI FRAUD SERVICE

- 8.1 The restructure of the AAF service also resulted in changes within the Anti-Fraud Service. The Audit Investigation Manager is now responsible for all investigations, including Tenancy Fraud enquiries. They are supported by two Team Leaders with particular responsibilities for Housing and Proactive investigations. The new structure was implemented on 7 November 2022.
- 8.2 Investigation activity has been fully resumed following the disruption caused by the pandemic, which severely curtailed some areas of work. Some impacts continue to be felt following the cyber attack and, more significantly, from backlogs that have built up in the criminal justice system since early 2020.
- 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 A greater level of audit resource than usual continues to be focussed on reviews that have been deferred from previous years due to the cyber attack and the pandemic, and those that will provide evidence to support the Corporate Head of Audit, Anti-Fraud & Risk Management's annual assurance statement.

Internal Audit Annual Plan Progress to 31 March 2023 (including 2021/22 audits completed in the current year)					
Code	Description	High Priority	Medium Priority	Audit Assurance	Status
2021/22 Audits					
Corporate / Cross Cutting					
2122LBH01	AGS co-ordination 2021/22	N/A	N/A	Reasonable	Final
2122LBH02	Co Management/ Governance	0	3	Significant	Final
Chief Executive's					
2122CEX01	Electoral Services	0	4	Reasonable	Final
2122CEX02	Grants	0	1	Significant	Final
FINANCE & CORPORATE RESOURCES					
Customer Services					
2122FCR06	Searchlight System Review - Data security	0	2	Significant	Final
2122FCR07	Procurement of Homelessness Provision	0	2	Significant	Final
ICT					
2021ICT03	Mobile Device Management	0	4	Reasonable	Final
Neighbourhoods & Housing					
Housing					
2122NH01	Clapton Park TMO	4	11	No	Final
2122NH02	Wyke TMO	1	2	Reasonable	Final
Schools					
Primary Schools					
2122SCH01	Colvestone	1	2	Reasonable	Draft
2122SCH03	Parkwood	1	4	Reasonable	Final
2122SCH05	St Dominic's	0	6	Reasonable	Final
Secondary Schools					
2122SCH12	New Regent's College	0	0	Significant	Final
2122SCH14	Yesodey Hatorah Senior Girls School	1	7	Reasonable	Final

Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
2022/23 Audits					
Corporate / Cross Cutting					
2223LBH01	AGS co-ordination 2022/23				WiP
2223LBH02	Climate Change/Zero Tolerance				Deferred to 2023/24
2223LBH03	Equal Pay				Deferred to 2023/24
2223LBH04	Organisational Culture				Deferred to 2023/24
Adults, Health & Integration					
Adult Services/Public Health					
2223AHI01	Mortuary	0	0	Significant	Final
2223AHI02	Integrated Learning Disabilities Service (ILDS)				Deferred to 2023/24
2223AHI03	Commissioned Services - Sexual Health Services	0	2	Significant	Final
2223AHI04	Safeguarding Adults				WiP
2223AHI05	Procurement of Homecare				Deferred to 2023/24
Children & Education					
Children & Families					
2223CE01	LAC Incidentals				WiP
2223CE02	Local Safeguarding Children's Partnership	0	1	Significant	Final
2223CE03	NRPF				Draft
2223CE04	Development of Children & Family Hubs (Advisory)				WiP
2223CE05	Joint Agency Funding - Children with Complex Needs				Deferred to 2023/24

2223CE06	Schools overview report 2019/20				Deferred to 2023/24
2223CE07	Cost of Children in Alternative Provision				Deferred to April 2023
2223CE08	Public Health CYP Commissioning				Deferred to 2023/24
Schools					
Children's Centres					
Primary Schools					
2223SCH01	Harrington Hill Primary	0	2	Significant	Final
2223SCH02	Holmleigh Primary	0	5	Reasonable	Draft
2223SCH03	London Fields Primary	0	3	Significant	Final
2223SCH04	Millfields Primary	0	3	Significant	Final
2223SCH05	Nightingale Primary	0	3	Significant	Final
2223SCH10	Betty Layward	0	6	Reasonable	Final
2223SCH11	Oldhill Primary	0	6	Reasonable	Final
Secondary Schools					
2223SCH06	Stoke Newington Secondary	0	1	Significant	Final
2223SCH07	Haggerston Secondary	0	6	Reasonable	Draft
2223SCH08	Stormont House	0	1	Significant	Final
2223SCH09	Clapton Girls Academy	0	3	Significant	Final
FINANCE & CORPORATE RESOURCES					
Financial Management					
2223FCR01	Banking Team - Refunds of Income	0	3	Significant	Final
2223FCR02	Treasury Management	0	3	Significant	Final
2223FCR03	Main Accounting System	0	8	Reasonable	Final
2223FCR04	Accounts Receivable	0	5	Reasonable	Final
2223FCR05	Pensions				WiP
2223FCR12	Accounts Payable	0	3	Significant	Final
Human Resources					

2223FCR06	Matrix ICT Contract (Digital market place)	n/a	n/a	n/a	Deferred to 2023/24 - mgmt request
Procurement					
2223FCR07	Supplier Set-up on Cedar	0	3	Significant	Final
2223FCR08	IR35 Follow up	0	0	Significant	Final
Revenues & Benefits					
2223FCR09	Council Tax	0	4	Reasonable	Final
2223FCR10	NNDR/Business Rates				WiP
Strategic Property					
2223FCR11	Commercial Property Income				Deferred to 2023/24
ICT					
2223ICT01	3 year ANA				Deferred to 2023/24
2223ICT02	ICT Governance				Deferred to 2023/24
2223ICT03	ICT Security				WiP
2223ICT04	Home Working Support				Draft
2223ICT05	Cloud Platform				Deferred to 2023/24
2223ICT06	FOI				Deferred to 2023/24
2223ICT07	Follow-up of Recommendations				Deferred to 2023/24
Climate, Homes & Economy					
Housing					
2223CHE01	Cranston TMO				WiP
2223CHE02	Clapton Park TMO - Follow Up				Draft
2223CHE03	Streetscene				Deferred to 2023/24
2223CHE04	Fire Safety Risks	0	4	Reasonable	Final
2223CHE05	Rent Arrears - Incl. Effect of UC on Tenant Arrears				Deferred to 2023/24
2223CHE06	Repairs Blacklog				Draft
2223CHE07	Assurance on New Systems, Repairs, Asset Management &				Deferred to 2023/24

	Community Safety				
2223CHE08	Use of Infrastructure Levy/Section 106				Deferred
2223CHE09	LTN Process	0	2	Significant	Final
Regeneration					
2223CHE10	Housing Supply Programme	0	8	Reasonable	Final
2223CHE11	Area Regeneration	0	1	Significant	Final
2223CHE12	Processes & Procedures				Cancelled - Covered by 2223CHE11

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 2022 to 31 March 2023

1. Investigations Referred

The Anti-Fraud service has received 527 referrals during 2022/23, which represents a 15% increase on the rate of referrals in 2021/22.

Group	Department	Number of Cases Referred in Period	Number of Cases Closed in Period	Cases Currently Under Investigation	Referrals 2022/23	Referrals 2021/22
Climate, Homes & Economy (CHE)	Climate, Homes & Economy	2	1	11	23	12
	Tenancy Fraud	65	73	380	278	232
	Parking	43	46	56	142	157
Children's & Education	Children's	0	2	0	5	0
	No Recourse to Public Funds (NRPF)	42	45	31	64	44
	Hackney Education	2	0	4	2	0
Adults, Health & Integration	Adults, Health & Integration	0	0	2	4	3
Finance & Corporate Resources (F&CR)	Finance & Resources	1	1	5	5	6
	Covid19 Business Grants	0	2	0	2	0
Chief Executive's Directorate	Chief Executive's Directorate	1	1	0	2	1
Total		156	171	489	527	455

Table 1

Note 1: Fraud reporting is provided at Group Directorate level, with additional detail being provided for areas that have been the subject of a dedicated counter-fraud response (Tenancy, Parking, Covid grants 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. AAF no longer provides a dedicated service to DWP to support their investigations, but an alternative mechanism has been made available to DWP which does not have a resource cost for Hackney.

Source	Number of Cases Referred in period	Number of Cases Closed in period	Cases Currently Under Investigation	2022/23	2021/22
Internal	6	5	1	19	92
Other Local Authority / Housing Association	37	35	2	65	95
HMRC	4	3	1	6	3
Police	11	9	2	21	17
Immigration	0	0	0	2	1
DWP	1	1	0	4	230
Other	2	1	1	5	54
Total	61	54	7	122	492

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 2023 (with the Council Tax matches being received a little later). 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 NFI2022/23	Number Matches Cleared NFI2020/21
Payroll	67	16	15	22
Housing Benefit	1000	0	644	32
Housing Tenants	1142	51	504	79
Right to Buy	506	0	65	0
Housing Waiting List	n/a	n/a	n/a	n/a
Concessionary travel / parking	801	3	507	292
Creditors	7180	0	1	8
Pensions	266	14	18	220
Council Tax	6782	0	0	n/a
Council Tax Reduction Scheme	n/a	n/a	n/a	n/a
Covid19 business grants	n/a	n/a	n/a	105
Other	26	0	15	n/a
Total	17770	84	1769	758

Table 3

Hackney has been able to participate more fully in the 2022/23 NFI matching than was possible in 2020/21 following recovery from the cyber attack in October 2020, although a lower level of disruption has persisted (hence the absence of some match categories from the table above).

Responsibility for investigating Housing Benefit matches passed to the DWP in 2014, Hackney has enabled DWP officers to directly access our Housing Benefit records, this has reduced the financial and resource burden on the Council.

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	2022/23	2021/22
Disciplinary action	0	1	2
Resigned as a result of the investigation	0	2	2
Referred to Police or other external body	0	3	7
Prosecution	0	3	0
Referred to Legal Services	2	8	0
Investigation Report/ Management Letter issued	1	7	9
Council service or discount cancelled	18	75	37
Covid business grants cancelled	1	3	4
Blue Badges recovered	10	66	97
Other fraudulent parking permit recovered	11	18	4
Parking misuse warnings issued	13	61	23
Penalty Charge Notice (PCN) issued	21	91	108
Vehicle removed for parking fraud	17	56	82
Recovery of tenancy	11	49	34
Housing application cancelled or downgraded	0	2	5
Right to Buy application withdrawn or cancelled	2	11	3

Table 4

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 October to December 2022 a total of 11 tenancies have been recovered by the TFT. Using the recognised measure for the estimated cost of each misused tenancy of £42,000 pa, this equates to a value of £462,000.

During this period two Right to Buy (RTB) applications were cancelled following investigation. Each RTB represents a discount of £116,200 on the sale of a Council asset, so the value of this work is a saving of £232,400 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 2023, 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, once cases have been thoroughly evaluated.

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 21 Blue Badges or other parking permits, which equates to £2,100, and enforcement charges of £4,765 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.

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 fraud 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	2022/23	2021/22
Production	0	3	4
Restraint	0	0	0
Compensation	0	0	0
Confiscation	0	0	0
Total	0	3	4

Table 5

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.

9. Proactive counter-fraud plan for 2023/24

A proactive counter fraud plan has been developed for delivery in 2023/24. This comprises activity to support the control environment generally and also targeted review areas. The following activity will take place, this may be revised during the year depending on the level of reactive investigatory work that is received and any unforeseen changes to team capacity.

Fraud awareness training	Training will be provided to other Council services (housing, parking and NRPF) to enhance fraud detection, ensure that quality fraud referrals result from these concerns, and ensure that all staff are aware of processes and what help is available.
National Fraud Initiative	Existing matches will continue to be reviewed and investigated where appropriate. We will also explore additional data matching options, and if these are viable we will use them to target new areas of concern.
Targeted reviews	Reviews will focus on the following areas: <ol style="list-style-type: none"> 1. Entitlements to specific new grant programmes; 2. The allocation of certain parking permits; 3. Compliance with leave arrangements; 4. Action to update specific housing records; and 5. Verification work to confirm that service users who are placed out of Borough continue to meet the requirements for Council support.

Table 6

The resources available to deliver the proactive counter-fraud plan are as follows:

	Audit Investigation Team	Tenancy Fraud Team	Total Days	Percentage %
Gross Days Available	2259	1255	3514	100
<u>Less Indirect Time:</u>				
Management/Advice	274	152	426	12
Leave, training, etc.	674	215	889	25
Vacancy drag	303	21	324	9
Operational Days Available - Reactive investigations	762	822	1584	45
Operational Days Available - Proactive Counter-fraud Plan	246	45	291	8

Table 7



Title of Report	WHISTLE-BLOWING ANNUAL REPORT 2022/23
For Consideration By	Audit Committee
Meeting Date	19 April 2023
Classification	Open
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Ian Williams Group Director of Finance & Corporate Resources

1. INTRODUCTION

This report summarises the Council's corporate arrangements for Whistleblowing and provides members with a statistical update of the cases received in 2022/23.

2. RECOMMENDATION

The Audit Committee is recommended to note the Whistleblowing Annual Report.

3. REASONS FOR DECISION

3.1 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.

3.2 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.

4. BACKGROUND

4.1 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.

- 4.2 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 2022.
- 4.3 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.
- 4.4 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.
- 4.5 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.

4.6 Policy Context

The Council encourages workers to raise concerns so that they can be investigated and, where appropriate, resolved. Legal protections are available to workers where they make a protected disclosure under the Public Interest Disclosure Act (see section 6 below), the arrangements set out in the Whistleblowing Policy support these objectives and entitlements.

4.7 Equality Impact Assessment

This report does not require an equality impact assessment. 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.

4.8 Sustainability

Not applicable

4.9 Consultations

Not applicable.

4.10 Risk Assessment

Whistle-blowing arrangements are an important element of the council's governance arrangements because they provide an alternative route for concerns to be raised that might otherwise go unreported.

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

5.1 There are no financial implications arising from this report.

6. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE 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.

APPENDICES

Appendix 1 Statistical information concerning Whistle-Blowing activity in 2022/23

BACKGROUND PAPERS (as defined by Local Government (Access to Information) Act 1985)

None

Report Author	Michael Sheffield Corporate Head of Audit, Anti-fraud & Risk michael.sheffield@hackney.gov.uk 0208 356 2505
Comments for the Group Director of Finance and Corporate Resources	Jackie Moylan Director, Financial Management jackie.moylan@hackney.gov.uk 0208 356 3032
Comments for the Director of Legal and Governance Services	Dawn Carter-McDonald Director, Legal and Governance dawn.carter-mcdonald@hackney.gov.uk 0208 356 4817

Appendix 1 Statistical information concerning Whistle-Blowing activity in 2022/23

1. OVERVIEW

1.1 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.

1.2 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.”

1.3 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.

2. REFERRALS FOR THE PERIOD APRIL 2022 TO MARCH 2023

2.1 Whistleblowing reports to the whistle-blowing hotline provider (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 2022. Table 1 below summarises Navex activity in recent years.

	2018/19	2019/20	2020/21	2021/22	2022/23
Fraud & Corruption referrals	1	4	2	1	0
Other referrals	2	5	1	1	4
Total referrals	3	9	3	2	4

Table 1

2.2 The four non-fraud concerns that were reported via Navex during the last 12 months all related to human resources issues.

2.3 Concerns of fraud or corruption can be reported in a number of ways. In addition to the matters raised through the Navex telephone hotline, 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 37 internal investigations undertaken in 2022/23, five have been raised in this way (i.e. none via Navex, five 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 whistleblowing route):

Referral category	Climate, Homes & Economy	Adults, Health & Integration	Children & Education	Finance & Resources	Chief Executive's	Total
Employee	8 (2W)	2 (1W)	3	4 (1W)	1	18
Payment, Contracts, Procurement	3 (1W)		2	3		8
Housing Irregularity	2		1			3
Staff parking	4		4			8
Total	17 (3W)	2 (1W)	10	7 (1W)	1	37 (5W)

Table 2

2.4 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 systemic 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 5 whistleblowing cases identified at section 2.3 (Table 2) are as follows:

- Two cases were investigated but resulted in no further action being taken;
- Three cases remain under investigation.

2.5 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.



Title of Report	ANNUAL REPORT OF THE AUDIT COMMITTEE 2022/23
For Consideration By	Audit Committee
Meeting Date	19 April 2023
Classification	Open
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Ian Williams Group Director of Finance & Corporate Resources

1. 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 2022/23 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

To note the Annual Report of the Audit Committee set out in Appendix 1. There are no recommendations arising from this report.

3. REASONS FOR DECISION

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 2022/23.

4. BACKGROUND

- 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.

4.3 Policy Context

The work of the Committee is to provide oversight of the arrangements in place to promote governance, risk and control and ensure that these are effective.

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 Committee business.

4.6 Sustainability

Not applicable

4.7 Consultations

Not applicable.

4.8 Risk Assessment

The Audit Committee receives detailed reports at each meeting setting out the arrangements in place at directorate and/or corporate level for the effective management of risk. The Committee regularly provides challenge to those tasked with managing risk to ensure that the Council's arrangements are robust and that objectives will continue to be met.

5. COMMENTS OF THE GROUP DIRECTOR, 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 OF LEGAL AND GOVERNANCE 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.

APPENDICES

Appendix 1 Annual Report of the Audit Committee 2021/22

BACKGROUND PAPERS (as defined by Local Government (Access to Information) Act 1985)

None

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Comments for the Group Director of Finance and Corporate Resources	Jackie Moylan Director, Financial Management jackie.moylan@hackney.gov.uk 0208 356 3032

**Comments for the
Director of Legal and
Governance Services**

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Appendix 1 - ANNUAL REPORT OF THE AUDIT COMMITTEE 2022/23

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 2022.** 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 three significant issues:

- 1.2 **Budget management** has continued to be extraordinarily difficult with great uncertainty over income and rising costs both as a result of inflation and demand for services. Government has continued with a pattern of last-minute announcements of short term, piecemeal support for services, particularly in relation to social care. 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 remained in a sound financial position notwithstanding significant forecast overspends for 2022/23 that highlight the need to contain demand, where possible, if this position is to remain. . 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 Chairs of Scrutiny and Audit Committee. Importantly, this oversight arrangement has brought external scrutiny to these key processes, before rather than after the event. We recommend this approach is carried forward in the new municipal year as a matter of good practice, especially as the inexorable pressures of limited 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 more closely align the Council's resources with strategic planning. 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.

- 1.3 **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.
- 1.4 **External audit.** The Audit Committee has received regular updates from officers and our external auditors, Mazars, on our statements of account. Publication of our draft statements for 2020/21 was delayed as a result of the cyber attack and although the audit is in all other respects complete the audit opinion remains outstanding as a result of a national issue on accounting for infrastructure assets. There is now a temporary solution for this issue which is being worked through with the auditors. For 2021/2022 our draft statements were published in line with the statutory deadline of the end of July 2022. The audit process has been protracted as a result of both the infrastructure issue but also the well publicised capacity issue in the external audit market which meant that the start of the audit was beyond when it needed to be to reasonably expect to meet published audit timescales. Officers continue to work closely with our auditors to ensure that the audit process runs smoothly and improvements are made where necessary to ensure that more acceptable timelines for the issuing of audit opinions are reached as this is an important requirement for the Council to be accountable to residents.
- 1.5 **Future Challenges for the Audit Committee.**

This is my first annual report while chairing the Committee. I'd like 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.

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 following Councillors were members of the Audit Committee during the 2022/23 municipal year:

Cllr Anna Lynch (Chair)	Cllr Michelle Gregory
Cllr Nick Sharman (Previous Chair)	Cllr Shaul Krautwirt
Cllr Frank Baffour	Cllr Caroline Selman
Cllr Polly Billington	Cllr Gilbert Smyth
Cllr Zoe Garbett	Cllr Lynne Troughton (Vice Chair)
Cllr Margaret Gordon	Cllr Sarah Young

It should be noted that Cllr Anna Lynch was appointed as Chair at the start of the municipal year and the majority of the Committee was newly appointed following the local elections in May 2022.

- 2.2 The table below outlines members' attendance at committee meetings during the 2022/23 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			
	20/04/2022	08/06/2022	20/10/2022	18/01/2023
Cllr Anna Lynch	P	P	P	P
Cllr Nick Sharman	P	n/a	n/a	n/a
Cllr Frank Baffour	n/a	P	P	P (V)
Cllr Polly Billington	n/a	P	A	A
Cllr Zoe Garbett	n/a	P	P	P
Cllr Margaret Gordon	P	P	P	P (V)
Cllr Michelle Gregory	A	n/a	n/a	n/a
Cllr Shaul Krautwirt	n/a	A	P	P
Cllr Caroline Selman	n/a	P	A	A
Cllr Gilbert Smyth	P	P	P	P
Cllr Lynne Troughton	n/a	P	P (V)	P (V)
Cllr Sarah Young	n/a	P	A	A

Key: P = Present A = Absent L = Late V = Virtual

- 2.3 Training opportunities concerning corporate risk management and treasury management were provided to Committee members during the year.

3. WORK UNDERTAKEN IN THE 2022/23 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 2022 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 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 2021/22 corporate AGS formed part of the draft final annual accounts that the Audit Committee reviewed at the January 2023 meeting. 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.

3.3 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 2022/23 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 the internal audit plan is a dynamic programme of work that may need to be adjusted as priorities change.
- 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 few years.

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 2021/22 detailing arrangements for the management of risk in place during 2022/23.
- 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 four of the Council's five Directorates (Finance and Corporate Resources, Children and Education, Adults, Health and Integration, and Chief Executives). The Climate Homes and Economy register is due to be reviewed in detail at the April 2023 Committee meeting.
- The corporate risk register was reviewed in detail on two occasions, and a summary version is presented to each Audit Committee meeting to ensure that any changes are reported. This top-level review helps to ensure that risk management remains a meaningful and on-going activity across all service areas.

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 2023/24.
- 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 their audit strategies, progress reports and completion reports for review and comment.

3.6.2 The conclusion of both the 2020/21 and 2021/22 accounts audits have been delayed as a result of a national issue in relation to accounting for infrastructure assets. This followed the delayed publication of the draft Statement of Accounts for 2020/21 as a result of the cyber attack. Further information on audit progress is set out in section 3.9 below.

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 31 December 2022 the following estimated savings were made as a direct result of the work of the anti-fraud teams:

Outcome	Outcomes 2022/23 to 31/12/22	Savings Realised
Council service or discount cancelled	75	(1) £1,513,446
Blue Badges recovered	66	(2) £6,600
Other fraudulent parking permits recovered	18	(2) £1,800
Parking misuse warnings issued	31	n/a
Penalty Charge Notice (PCN) issued	91	(3) £5,915
Vehicle removed for parking fraud	56	(4) £11,200
Recovery of tenancy	49	(5) £2,058,000
Right to Buy cancelled	11	(6) £1,278,200
Housing application cancelled/downgraded	1	(7) £4,000
Covid business grants cancelled	3	£30,000
Total		£4,909,161

1. No Recourse to Public Funds Team (NRPF) savings – 19 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. 49 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. The right to buy discount is currently £116,200

7. Minimum cost per offence assessed by the Audit Commission at £4,000

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 The Council was delayed in the publication of the 2020/21 accounts until December 2021 as a result of the considerable additional reconciliation and estimation work that was required as a result of the cyber attack and the significant impact it had on some of the main financial systems (rents, benefits, council tax and business rates). Reports were received by Audit Committee from our external auditors, Mazars, on the progress of the audit during the course of the year year:

- *January 2022:* The Audit Committee received and reviewed Mazars Audit Strategy Memorandum for the audits of the 2020/21 Council accounts and the Pension Fund accounts.
- *April 2022:* The Audit Committee received, reviewed and approved the 2020/21 accounts which were subject to Mazars final checks and the Committee delegated responsibility for final signing to the Group Director of Finance & Corporate Resources. Mazars presented an Audit Update on their audit of the Council's 2020/21 audit of accounts and highlighted a sector-wide issue in relation to infrastructure assets noting that there was a moratorium on issuing audit opinions until there was resolution to this issue. They also presented an Initial Audit Completion Report in respect of the Pension Fund Accounts on which they anticipated issuing an unqualified opinion.
- *October 2022:* The Audit Committee received and reviewed Mazars' DRAFT Audit Completion Report for 2020/21 noting that they anticipated issuing an unqualified opinion, modified to include an 'emphasis of matter' paragraph relating to the valuation of the Council's share of the pooled property investments held by the Pension Fund. The opinion on the accounts were still delayed pending the resolution of the infrastructure issue.
- *January 2023:* The Audit Committee received a report from Mazars that they had completed their risk assessment in respect of the Council's Value for Money 2020/21 arrangements and had not identified any significant weaknesses in the arrangements subject to review.

3.9.2 Following a Statutory Instrument issued in December 2022, In January 2023 CIPFA published a bulletin to provide guidance on a temporary solution in respect of the infrastructure issue. Officers have since worked through this

guidance and provided amended notes and disclosures to the 2020/21 accounts in relation to infrastructure assets and awaits feedback from our auditors.

- 3.9.3 The Council published its draft 2021/22 in line with the statutory deadline of 31st July 2021. In January 2023 the Audit Committee received, reviewed and approved the 2021/22 accounts which were still subject to some Mazars audit processes and the Committee delegated responsibility for final signing to the Group Director of Finance & Corporate Resources (GDF&CR). Significant progress on the audit has been made since January, although the opinion cannot be given until the resolution on the infrastructure assets as noted at 3.9.2 is confirmed as accepted by our auditors.
- 3.9.4 Officers will continue to work with the auditors to reach a conclusion on the 2020/21 and 2021/22 accounts audits and report through to the Audit Committee in this regard.
- 3.9.5 The Audit Committee has continued to support Council officers in their efforts to allow the external audit process to progress throughout the reporting year in what has been a difficult period due to both infrastructure issue, the ongoing impact of cyber and the well-rehearsed capacity issue in the external audit market as a whole.

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 Finance Update and Audit Committee Deep Dive Reviews

- 3.11.1 The Group Director of Finance and Corporate Resources provides a financial update to the Committee at each meeting to ensure that Members are fully appraised of current developments given the fast pace of change currently in local government.
- 3.11.2 These updates are supplemented by periodic deep dive reviews where it is felt that additional detail will assist the Committee. A deep dive review into the use of general fund reserves is in progress.

4. PROPOSED WORK PROGRAMME FOR 2023/24

- 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 local government external audit environment.

- 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 Manager 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 2022/23 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.

- 5.6 The Committee continues to work 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 and receive regular updates from officers both at Audit Committee and monthly update meetings.
- 5.7 The Committee also undertook the role of oversight of the Council's use of Regulation of Investigatory Powers Act (RIPA).

AUDIT COMMITTEE WORK PROGRAMME 2023/24

	21 June 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 - CHILDREN AND EDUCATION	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	For information and comment	Ian Williams (Pradeep Waddon)
6.	CORPORATE RISK REGISTER	For information and comment	Matthew Powell
7.	INTERNAL AUDIT ANNUAL REPORT 2022/23	For information and comment	Ian Williams (Michael Sheffield)
8.	FRAUD AND IRREGULARITY ANNUAL REPORT 2022/23	For information and comment	Ian Williams (Michael Sheffield)
9.	AUDIT COMMITTEE WORK PROGRAMME	For information	All

	25 October 2023	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 2022	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	For information and comment	All

	31 January 2024	Decision	Group Director & Lead Officer
1	ANNUAL ACCOUNTS 2021/22	To approve the annual accounts	Ian Williams (Jackie Moylan)

2.	FINANCE UPDATE	For information and comment	Ian Williams
3.	PERFORMANCE REVIEW REPORT	For information and comment	Bruce Devile Matthew Powell
4.	CORPORATE RISK REGISTER	For information and comment	Chief Executive (Matthew Powell)
5.	DEPARTMENTAL RISK REGISTER - CLIMATE, HOMES AND ECONOMY	For information and comments	Rickardo Hyatt
6.	TREASURY MANAGEMENT UPDATE REPORT 2022/23	For information and comment	Ian Williams (Pradeep Waddon)
7.	REVIEW OF TREASURY MANAGEMENT STRATEGY 2023/24	To approve	Ian Williams (Pradeep Waddon)
8.	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield)
9.	AUDIT COMMITTEE WORK PROGRAMME	For information and approval	All

	17 April 2024	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 EDUCATION	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	Cllr Nick Sharman (Chair)/ Michael Sheffield
10.	AUDIT COMMITTEE WORK PROGRAMME	For Information	All