

REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

WHISTLE-BLOWING PROGRESS REPORT AUDIT COMMITTEE - 20 April 2017 STANDARDS COMMITTEE – 10 July 2017	Classification Public	Enclosures AGENDA ITEM No
	Ward(s) affected ALL	

1. INTRODUCTION

- 1.1 This report summarises the Council's corporate arrangements for Whistleblowing and provides members with an update of the cases received in 2016/17.
- 1.2 An effective whistleblowing hotline procedure is an essential part of the Council's corporate governance arrangements. It helps promote an open, honest and accountable culture amongst all workers where they can express their concerns without fear of victimisation or termination of employment.
- 1.3 The Audit Committee receives regular updates relating to whistle-blowing at its quarterly meetings as part of the Internal Audit Quarterly Update Report. This report is produced to provide members with an annual overview of whistleblowing arrangements within Hackney.
- 1.4 As part of the Council's whistle-blowing arrangements, a telephone hotline service is managed by the external provider Expolink, who operate a 24 hour, 7 day a week reporting service. This facility is advertised throughout Council buildings on staff notice boards as well as on the intranet. Details are also provided to all new recruits as part of their induction process.

2. SUMMARY

- 2.1 In keeping with previous years the level of whistleblowing referrals remains a low percentage of overall referrals to the Audit & Anti Fraud Investigations Team. Nevertheless, whistleblowing is an important component in the Council's reporting arrangements because it provides those who might otherwise be reluctant to do so with a process in which to raise their concerns.
- 2.2 A considerable number of referrals to Audit & Anti Fraud could fit the criteria for whistleblowing but in general, managers and staff tend to refer matters of concern under the requirements of the Council's Financial Procedure Rule 4.12 which states: -

"All issues of potential fraud/financial irregularity will be investigated in accordance with the Council's Anti-Fraud and Corruption Policy. Concerns

should be reported at the earliest opportunity to the Director, Audit and Anti-Fraud who will have lead responsibility for any subsequent investigation, in certain circumstances investigations may be carried out in collaboration with individual Group Directors.”

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

3. RECOMMENDATIONS

3.1 That the Audit Committee note the contents of this report

3.2 That the Standards Committee note the contents of this report

4. RELATED DECISIONS

None

5. FINANCIAL CONSIDERATIONS

There are no financial implications arising from this report

6. COMMENTS OF THE DIRECTOR, LEGAL

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

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

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

6.3 The Council must satisfy itself that:-

- (i) that matters raised under the whistleblowing procedures are being properly dealt with and within reasonable timescales;
- (ii) that persons using the procedures are not in any way subject to reprisals for raising matters;
- (iii) that where complaints are substantiated that prompt and effective action is taken including the application of the Council's disciplinary procedures and any others of relevance;

- (iv) that where financial and other irregularities are uncovered that a prompt and robust review of systems and processes takes place to mitigate the risk or opportunities or re-occurrence;
- (v) that any compliance lessons for the Council from the reported cases are being captured, disseminated and implemented.

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

7. BACKGROUND

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

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

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

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

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

7.4 Hackney Homes introduced whistleblowing policies in line with Hackney's own policy prior to reintegration in April 2016, and continue to follow these same regulations. Hackney Learning Trust staff are also covered by the Council arrangements following their reintegration, as are workers at the community maintained schools. Any investigations into allegations of fraud or irregularity arising from whistleblowing reports are carried out by the Council's Audit & Anti-Fraud Division.

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

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

8. REFERRALS FOR THE PERIOD APRIL 2016 TO MARCH 2017

8.1 Whistleblowing reports to Expolink are reported as part of the quarterly Audit & Anti Fraud Progress Reports. A specific summary of all whistleblowing activity was last reported to Members in April 2016. The following table summarises Expolink activity in recent years.

	2014/15	2015/16	2016/17
Fraud & Corruption referrals	4	2	0
Other referrals	2	0	1
Total referrals	6	2	1

8.2 The concern that was reported under the category 'Other referrals' during 2016/17 comprises allegations of a breach of staffing policies and inadequate operational procedures.

8.3 Concerns of fraud or corruption can be reported in a number of ways. In addition to the matters raised through the Expolink telephone hotline (see section 1.4), workers may raise whistleblowing concerns through alternative channels and still be entitled to the same degree of protection that would be afforded if they had used the telephone hotline. Of the 38 internal investigations referred in 2016/17 to date 12 have been raised in this way (i.e. none via Expolink, 12 by other whistleblowing routes). The following table shows all referrals by department and fraud type, with whistleblowing cases identified in brackets:

Description	Neighbourhoods	Children, Adults & Community Health		Finance & Resources	Chief Executives	Total
	& Housing	CACH	HLT			
Theft of IT Equipment	0	0	0	0	0	0
Other Theft	1	0	0	1	0	2
Cheque/Credit card fraud	1	1	0	0	0	2
Immigration/ID issues	1	0	0	0	0	1
Employee issues	10 (6)	1	1 (1)	8 (2)	0	20 (9)
Payments, contracts, procurement	6 (1)	2	0	1	0	9 (1)
Housing irregularities	0	0	1	0	0	1
Staff parking	0	0	1	0	0	1
Other Theft	2 (2)	0	0	0	0	2 (2)
Total	21 (9)	4	3 (1)	10 (2)	0	38(12)

8.4 Whistleblowing referrals investigated by Audit & Anti-Fraud are dealt with under normal investigative procedures and outcomes regularly include recommendations on appropriate disciplinary action, advice on measures to be taken to address system weaknesses, and referrals to internal audit for follow-up action wherever more significant problems are identified. If concerns are more appropriately dealt with by another service (e.g. Human Resources) a referral is made. Outcomes of the 12 cases identified at section 4.3 (Table 2) are as follows:

- One employee was dismissed as a result of the investigation
- One employee is suspended pending management action
- Five cases remain under investigation
- No further action arose following five investigations

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

9. FUTURE DEVELOPMENTS

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

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

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

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Background papers:

None