



Resources Department
Town Hall, Upper Street, London, N1 2UD

AGENDA FOR THE AUDIT COMMITTEE AND AUDIT COMMITTEE (ADVISORY)

Members of the Audit Committee and Audit Committee (Advisory) are summoned to a meeting, which will be held in Committee Room 4, Town Hall, Upper Street, N1 2UD on, **24 July 2018 at 7.00 pm.**

Yinka Owa
Director of Law and Governance

Enquiries to : Zoe Lewis
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Despatched : 16 July 2018

Membership

Councillor Nick Wayne (Chair)
Councillor Sue Lukes (Vice-Chair)
Councillor Satnam Gill OBE
Councillor Una O'Halloran
Alan Begg (Co-Optee)
Nick Whitaker (Co-Optee)

Substitute Members

Councillor Vivien Cutler
Councillor Sara Hyde
Councillor Rakhia Ismail
Councillor Flora Williamson

Quorum: is 3 Councillors



A. Formal Matters **Page**

1. Apologies for Absence
2. Declaration of substitute members
3. Declarations of interest

If you have a **Disclosable Pecuniary Interest*** in an item of business:

- if it is not yet on the council's register, you **must** declare both the existence and details of it at the start of the meeting or when it becomes apparent;
- you may **choose** to declare a Disclosable Pecuniary Interest that is already in the register in the interests of openness and transparency.

In both the above cases, you **must** leave the room without participating in discussion of the item.

If you have a **personal** interest in an item of business **and** you intend to speak or vote on the item you **must** declare both the existence and details of it at the start of the meeting or when it becomes apparent but you **may** participate in the discussion and vote on the item.

***(a) Employment, etc** - Any employment, office, trade, profession or vocation carried on for profit or gain.

(b) Sponsorship - Any payment or other financial benefit in respect of your expenses in carrying out duties as a member, or of your election; including from a trade union.

(c) Contracts - Any current contract for goods, services or works, between you or your partner (or a body in which one of you has a beneficial interest) and the council.

(d) Land - Any beneficial interest in land which is within the council's area.

(e) Licences- Any licence to occupy land in the council's area for a month or longer.

(f) Corporate tenancies - Any tenancy between the council and a body in which you or your partner have a beneficial interest.

(g) Securities - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

This applies to **all** members present at the meeting.

4. Minutes of previous meeting 1 - 2

B. Items for Decision - Audit (Advisory) Committee **Page**

1. Annual Governance Statement 2017-18 3 - 32
2. Monitoring Officer's report on the Local Government Ombudsman's decisions July 2017/June 2018 33 - 60

3.	The Council's use of surveillance under the Regulation of Investigatory Powers Act 2000	61 - 66
4.	Market Supplements	67 - 72
5.	External Auditor Report	To Follow

C. Items for Decision - Audit Committee Page

D. Urgent non-exempt items

Any non-exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

E. Exclusion of press and public

To consider whether, in view of the nature of the remaining item on the agenda, it is likely to involve the disclosure of exempt or confidential information within the terms of the Access to Information procedure rules in the Constitution and, if so, whether to exclude the press and public during discussion thereof.

F. Confidential/exempt items

G. Urgent exempt items (if any)

Any exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

The next meeting of the Audit Committee and Audit Committee (Advisory) will be on 15 October 2018

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London Borough of Islington

Audit Committee and Audit Committee (Advisory) - 11 June 2018

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 11 June 2018 at 6.30 pm.

Present: **Councillors:** Nick Wayne (Chair), Sue Lukes (Vice-Chair), Satnam Gill OBE, Una O'Halloran.
Also Present: **Independent member:** Alan Begg

Councillor Nick Wayne in the Chair

1 **APOLOGIES FOR ABSENCE (Item A1)**

Apologies were received from Independent Member, Nick Whitaker.

2 **DECLARATION OF SUBSTITUTE MEMBERS (Item A2)**

There were no declarations of substitute members.

3 **DECLARATIONS OF INTEREST (Item A3)**

There were no declarations of interest.

4 **MINUTES OF PREVIOUS MEETING (Item A4)**

RESOLVED:

That the minutes of the meeting held on 19 March 2018 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

5 **MEMBERSHIP, TERMS OF REFERENCE AND DATES OF MEETINGS (Item C1)**

RESOLVED

That the membership appointed by Council on the 24 May 2018, terms of reference and dates of meetings of the of the Audit and Audit (Advisory) Committee for the municipal year 2018/2019 as set out at Appendix A be noted.

6 **AUDIT COMMITTEE APPOINTMENTS 2018/2019 (Item C2)**

RESOLVED

A. Pensions Sub-Committee

- a) That the size of the Sub-Committees and the Terms of Reference be confirmed.
- b) That the following members be appointed to the Pensions Sub-Committee for the municipal year 2018/2019.

Members	Substitute Members
David Poyser (Chair)	Angela Picknell
Andy Hull (Vice-Chair)	Flora Williamson
Mick O'Sullivan	Jenny Kay
Sue Lukes	Mouna Hamitouche

Audit Committee and Audit Committee (Advisory) - 11 June 2018

- c) That Councillor Poyser be appointed Chair and Councillor Hull be appointed Vice-Chair of the Pensions Sub-Committee for the municipal year 2018/2019 or until successors are appointed.

B. Personnel Sub-Committee

- a) That the size of the Sub-Committee and the Terms of Reference be confirmed.
- b) That the following members be appointed to the Personnel Sub-Committee for the municipal year 2018/2019.

Councillors	Substitute Members
Nick Wayne (Chair)	All other Executive members
Richard Watts	
Andy Hull	
Roulin Khondoker	
Satnam Gill	

- c) That Councillor Nick Wayne be appointed Chair of the Personnel Sub-Committee for the municipal year 2018/19 or until successors are appointed.

C. Pensions Board

- a) That the following appointments for the Pensions Board be noted:-
- the re-appointment of Marion Oliver as a pensioner member representative and Thelma Harvey as a substitute pensioner representative for a one year term from 4 June 2018.
 - The following appointments for a four year term from 4 June 2015 or until successors are appointed:-

Mike Calvert, Unison, as a member representative;
David Bennett – as Independent Member;
Maggie Elliott – Chair of Governors at Montem School as employer representative;
- b) To note that there is an employer representative vacancy.
- c) To note the appointment of George Sharkey, GMB, as a member representative for a four year term with effect from 26 May 2017.
- d) To appoint Councillor Paul Smith as Chair of the Pensions Board.

The meeting ended at 6.35 pm

CHAIR



Report of: **Corporate Director Resources**

Meeting of	Date	Ward(s)
Audit Committee	24 th July 2018	All

Delete as appropriate		Non-exempt
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SUBJECT: Annual Governance Statement 2017-18

1. Synopsis

- 1.1. This report provides Committee with the Council's 2017-18 Annual Governance Statement (AGS). In accordance with Regulation 6 of the Accounts and Audit Regulations 2015, the Council is required to undertake a review its governance framework and publish an AGS as part of the Statement of Accounts.
- 1.2. The purpose of the AGS process is to provide a continuous review of the Council's governance framework, to provide assurance on its effectiveness and, where applicable, produce an action plan to address weaknesses identified. The process of preparing the AGS adds value to the corporate governance and internal control framework.
- 1.3. This report is intended to support the Committee in obtaining assurance that the Council has a sound framework of governance, risk management and internal control.

2. Recommendations

- 2.1. Committee is requested to approve the content of this report and the AGS attached at Appendix A.

3. Background

- 3.1. As in previous years, the production of the AGS has been led by the Head of Internal Audit, with contributions received from key officers across the Council including Law, Finance, Strategy, Children's Services, Housing and Adult Social Care, and Environment and Regeneration.

- 3.2. The 2017-18 AGS follows the guidelines encompassed in the CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework (2016).
- 3.3. Section 3 of the AGS aligns with Chapter 7 of the CIPFA/SOLACE framework, which lists the key elements of the structures and processes that should comprise an authority's governance arrangements.
- 3.4. In line with the framework, the AGS (attached at Appendix A) is an assessment of the Council's performance across all of its activities and describes:
- the key elements of the Council's governance arrangements, covering all corporate systems and the range of activities for which the Council is responsible (Section 3),
 - the processes applied in reviewing the effectiveness of the Council's governance framework, including the system of internal control (Section 4),
 - the actions proposed to deal with any significant governance issues identified (Section 5),
 - other areas of assurance and governance (Section 6).
- 3.5. While not published, it is worth noting that, since 2016-17 a comprehensive self-assessment underpins the AGS. The self-assessment is prepared in accordance with the CIPFA/SOLACE Delivering Good Governance Guidance notes. The self-assessment is a useful tool as it allows authorities to assess how far their processes and documentation meet the criteria suggested in the CIPFA/SOLACE framework.
- 3.6. The governance framework described in the AGS has been in place at the Council for the year ended 31 March 2018.

4. Implications

4.1. Financial implications

A sound system of internal controls forms a significant part of the governance framework and is essential to underpin the effective use of resources.

4.2. It should be noted that since the AGS was prepared and signed, the Council has reported its financial outturn for 2017-18. The £5.7m overspend quoted in paragraph 6.2 of the AGS improved to an overspend of £3.9m.

4.3. Legal Implications

Regulation 6 (1) of the Accounts and Audit Regulations 2015 requires the Council to conduct an annual review of its system of internal control and, following the review, the Council must approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control.

4.4. Environmental implications

There are no environmental implications arising from the recommendations in this report.

4.5. Resident Impact Assessment

There are no direct resident impact assessment implications arising from the recommendations in this report.

5. Reason for recommendations

The Annual Governance Statement, attached at Appendix A, reports on the Council's governance arrangements and control environment and, having been approved by CMB and signed by the Leader and Chief Executive, forms part of the Statement of Accounts.

Appendices:

Appendix A – 2017-18 Annual Governance Statement

Final report clearance:

Signed by:

Mike Curtis



Corporate Director Resources

Date July 2018

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REPORT ENDS

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London Borough of Islington

Annual Governance Statement 2017-18

1. Scope of responsibility

- 1.1.** Islington Council is responsible for ensuring that its business is conducted in accordance with the law and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Additionally, the Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2.** In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The Council has approved and adopted a code of corporate governance which is consistent with the seven principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government 2016. A copy of the code is on our website, included in the Council's Constitution.
- 1.3.** This statement explains how the Council has complied with the code and also meets the requirements of Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement. In line with the CIPFA/SOLACE framework, this statement is "an open and honest self-assessment" of the Council's performance across all of its activities and:
- Describes the key elements of the Council's governance arrangements, covering all corporate systems and the range of activities for which the Council is responsible;
 - Describes processes applied in reviewing their effectiveness, and
 - Lists actions proposed to deal with significant governance issues identified.

2. The purpose of the governance framework

- 2.1.** The governance framework comprises the systems, policies, processes, culture and values by which Islington Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2.** The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only

provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3. The governance framework described in this document has been in place at Islington Council for the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

3. The governance framework

This section describes the key elements of Islington Council's governance arrangements.

3.1. *Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.*

3.1.1. The Council expects the highest standard of conduct and behaviour from all its Members and officers. Responsibility for promoting, developing and maintaining these high standards lies with the Audit Committee, supported by the Standards Committee. The Standards Committee is responsible for considering complaints regarding alleged breaches of the Members' Code of Conduct. The Audit Committee received an annual report on Member conduct matters on 19 September 2017. In accordance with the Localism Act 2011, the Council has appointed Independent Persons who have statutory functions in relation to the process for dealing with complaints of breach of the Code.

3.1.2. Part 6 of the Constitution contains the revised Members Code of Conduct, which sets out the rules for registering and declaring interests; it also includes protocols on Member/Officer Relations, Financial Regulations and Procurement Rules, and the Members Call for Action.

3.1.3. Part 7 of the Constitution contains the Members' Allowance Scheme, which includes details on Members' eligible expenses. The scheme is reviewed annually taking into account advice and recommendations of the London Council's Independent Remuneration Panel.

3.1.4. An Employee Code of Conduct is reviewed, revised and publicised to staff.

3.1.5. The Council has established a whistle blowing policy in accordance with the requirements of the 1998 Public Interest Disclosure Act. This forms part of the Council's Anti-Fraud Policy. The Audit Committee reviews and updates the whistle blowing policy and receives a report concerning

whistleblowing bi-annually annually. The policy was updated in March 2014 and will be updated again in 2018-19.

- 3.1.6. The whistle blowing policy is publicised to staff via the corporate induction process, internal newsletters and on the Council's intranet and internet sites. The policy encourages employees to report inappropriate action by other employees, Members and external Council contractors, without fear of victimisation or retribution. Whistle blowing referrals are promptly investigated by Internal Audit, where appropriate, after initial referral to the Head of Internal Audit.
- 3.1.7. The Council has a formal two-stage process for managing complaints. Our aim is to ensure that when things go wrong, we respond quickly to put things right. The process is set out on the Council's website and copies are available from the Central Complaints Team.
- 3.1.8. The Council has a Corporate Complaints Team responsible for the overall management of complaints. Its aim is to ensure the Council learns and improves its performance as a result of customer feedback. Departmental Complaints Officers record and report on all complaints, and the service response is monitored.
- 3.1.9. Customers who are dissatisfied with how the Council has dealt with a complaint can contact the Local Government Ombudsman; an independent, impartial and free service. The Ombudsman has powers to independently investigate complaints about how the Council has acted.

3.2. Ensuring compliance with relevant laws, regulations, internal policies and procedures, and that expenditure is lawful.

- 3.2.1. Chief Officers are responsible for ensuring that their staff operate in accordance with human resources policies, and the Code of Conduct for Employees promote high standards of behaviour and are reinforced by appropriate training. As well as providing legal support on specific projects and issues, the Council's Legal Service provides proactive updates, training and advice to Chief Officers, staff and Members on new legislation and case law developments and changes to existing legislation and regulations. All decision making reports to the Council, its Committees and the Executive include appropriate legal implications. Legal Services also provide legal implication comments for reports to Chief Officers and to meetings of the Corporate Management Board. A representative of the Service attends all Council, Executive, Planning and Licensing meetings and other meetings when requested.
- 3.2.2. The Internal Audit service produces an annual plan, which identifies key strategic and operational risks facing the Council and sets out a programme of work designed to provide assurance to the Section 151 Officer, Management and Members that the Council complies with

relevant laws, regulations, internal policies and procedures. All internal and external audit reports are available to the Audit Committee, which also receives an annual report on the primary risks facing the Council.

3.3. Documenting a commitment to openness and acting in the public interest.

3.3.1. The Council's Constitution, through the Local Code of Corporate Governance sets out the Council's commitment to:

- Focus on the purpose of the authority and on outcomes for the community;
- Work effectively with officers to achieve a common purpose, whilst understanding the clearly defined different functions and roles;
- Promote the values of the authority and demonstrate the values of good governance by upholding high standards of conduct and behaviour;
- Take informed and transparent decisions which are subject to effective scrutiny;
- Develop their own capacity and capability;
- Engage with local people and other stakeholders.

3.3.2. The Council also sets out its commitment to Freedom of Information, Environmental Information Regulations and Data Subject Access Requests in its Access to Information Policy.

3.4. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

3.4.1. The Council regularly engages and consults with residents and the wider community on a diverse range of issues. Various communication channels are used, including council websites, social media channels, public meetings and the quarterly magazine delivered to residents. In 2014, 2015 and again in 2017, a survey of 1,000 residents was undertaken to test perceptions of the Council, its services, and the priorities for residents. The findings are used to shape policy and communications.

3.4.2. An annual Voluntary and Community Sector Conference, hosted by the Council, provides an opportunity for engagement with a wide number of local organisations that work closely with some of the most vulnerable residents.

3.4.3. Through its VCS Partnership Grants Programme, the Council has made commitments of £2.7 million per annum until March 2020 to 49 voluntary and community sector organisations. This includes £1.414 million for advice services (including Islington Law Centre, Citizens Advice Bureau, Islington People's Rights and Help on Your Doorstep advocacy service),

£220,000 to borough-wide infrastructure partners and networks, £395,000 to delivery partners, £597,000 to community hubs and £35,000 for a borough-wide volunteering offer.

3.4.4. Council meetings are open to the public; the only exception is for agenda items that are confidential. The time, date and location of public meetings are displayed on the Islington website.

3.4.5. Ward partnership meetings provide a means for councillors to engage with residents and organisations in their ward to discuss local issues. Those meetings are open to the public.

3.5. *Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning and translating the vision into courses of action for the authority, its partnerships and collaborations.*

3.5.1. The central aim of the Council's Administration is to make Islington a fairer place. In 2010, the Council set up a Fairness Commission which explored inequalities for residents and set out recommendations for a fairer Islington. This was followed in 2013 by a second commission – the Employment Commission – looking at how to tackle unemployment, a key driver in the poverty and inequality in Islington. In 2016/17, the Council set up a Fairer Futures Commission looking at young people's experience of growing up in Islington.

3.5.2. The Council's priorities to achieve 'A Fairer Islington' are set out in the 'Islington Commitment', our Corporate Plan for 2015-19. The five key priorities are:

- Providing more council housing and support private renters;
- Helping residents who are out of work to find the right job;
- Helping residents cope with the rising cost of living;
- Providing residents with good services on a tight budget; and
- Making Islington a place where our residents have a good quality of life.

3.5.3. These priorities and the intended outcomes have been communicated to staff, residents and service users in newsletters, on the Council's website (www.islington.gov.uk) and through a variety of other media. The Council also uses large print and translated documents to make the information accessible.

3.5.4. The Council has in place a robust Performance Management Framework to ensure effective delivery of services and priorities. Elements are:

- Corporate Performance Indicator Suite – performance measures covering key services, priorities and equalities objectives;
- Monthly Performance Panel – an internal mechanism for senior scrutiny of corporate priorities and of council services;

- Performance reporting to scrutiny committees, including more in depth scrutiny of specific topics, and
- Overall monitoring of corporate performance through the Policy and Performance Scrutiny Committee.

3.5.5. The Islington Commitment, Corporate Performance Indicator Suite, and Performance Management Framework are set out on the Performance page of the Council's website.

3.5.6. Housing and Adult Social Services uses feedback from surveys and complaints in its commissioning strategies and actively engages with service users and carers to co-produce plans for service development and service change.

3.6. *Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.*

3.6.1. Part 3 of the Council's Constitution sets out the bodies or officers that are responsible for discharging the Council's executive and non – executive functions. The terms of reference of these bodies are set out in Part 5 of the Constitution. These include specific responsibilities for ensuring the Council has effective governance arrangements in place.

3.6.2. The Council's functions may lawfully be exercised by:

- Council;
- The Executive;
- The Leader;
- Individual members of the Executive (although only in very limited circumstances in Islington);
- Individual Ward Members (although not currently in Islington as the Council has not decided to delegate any such powers);
- Committees and Sub-Committees of the Council or the Executive;
- Joint Committees;
- Officers, and
- Other persons authorised under specific legislation.

3.6.3. The Executive is made up of the Leader of the Council and seven Executive members. The Executive is responsible for the Council's most significant decisions, which are made in line with Council policy and budget. Its functions and terms of reference are set out in Parts 3 and 5 of the Constitution. Executive agendas, minutes and summaries of decisions are available on the Council website.

3.6.4. Decision making arrangements are set out in the Constitution. The Council operates a Leader and Cabinet (Executive) model of decision making. Although some decisions are reserved for full Council, most are made by the Executive or by Committees, Sub-Committees or officers.

The limited powers delegated to individual portfolio holders are set out in the Constitution as is the process should the Leader decide to exercise any Executive functions personally. In accordance with the Local Government Act 2000, the Council has mechanisms in place to allow the effective, independent and rigorous examination of the proposals and decisions by the Executive. These mechanisms involve the overview and scrutiny process, call-in and question time. The conduct of the Council's business is governed by the Constitution.

3.6.5. The Constitution includes formal delegation of responsibility and accountability, the Council's Procurement Rules and Financial Regulations. The Monitoring Officer and Section 151 Officer have overall responsibility for ensuring that standing orders, standing financial instructions, the scheme of delegation and supporting material are up to date and clearly communicated.

3.6.6. Forthcoming key decisions are published on the Forward Plan, which sets out all key decisions at least 28 days in advance of when it is anticipated they will be made, subject to urgency procedures. The Executive is responsible for the implementation of policy and ensuring the effectiveness of service delivery. The scrutiny function supports effective decision making and policy development by the Executive. The Policy and Performance Scrutiny Committee and Review Committees are responsible for overseeing a targeted work programme that can help support service improvement through an in-depth investigation of poor performance and the development of an effective strategy/policy framework for the Council and its partners. This includes consideration of medium term financial strategy. The Policy and Performance Scrutiny Committee and Review Committees are the scrutiny bodies responsible for monitoring the performance of the Council and its partners in relation to their stated policy and priorities.

3.6.7. All formal meetings are clerked by well-trained and experienced Democratic Services Officers and lawyers are present when appropriate to provide advice on law and constitutional procedure. Members are required to make sound decisions based on written reports, which are prepared in accordance with the Council's report writing guidelines, and have to be cleared by relevant officers including Finance and Legal Services and by portfolio holders. Reports must address the impact on residents, including equalities impact and environmental impact, together with financial and legal implications and risks.

3.7. Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.

3.7.1. The Council's robust management processes enable it to measure the quality of services provided to Islington's residents and service users:

- Service, financial and corporate planning processes ensure that the Council's objectives are based on service commitments and strategic priorities;
- Directorates report monthly on their key financial, risk and service delivery indicators. Performance slippages are highlighted and remedial action taken;
- The Monthly Performance Panel, and the external reporting through scrutiny, both include a focus on the quality of services and on user feedback.

3.8. Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.

3.8.1. The Council's Constitution sets out how the Council operates, how decisions are made transparently, and how the Council demonstrates its accountability to residents and local businesses.

3.8.2. The Constitution also sets out the roles and responsibilities of the Executive, other member level decision making bodies and officers. A Publicity Protocol governing Members' and Committees' communication is set out in Part 6 of the Constitution; compliance with this is supported by a specialist Communications Team.

3.8.3. The Constitution is updated at least annually to reflect any internal or legislative changes. Key amendments coming into effect in 2017/18 included an update to the Terms of Reference of the Joint Health Overview and Scrutiny Committee to expand its responsibilities for consultation and promoting joint working and the Members Code of Conduct was updated to increase transparency regarding gifts and hospitality offered to Members.

3.9. Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)

3.9.1. The Corporate Director of Resources (Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972) is responsible for leading and directing financial strategy and operations for 2017-18. In his role as Chief Finance Officer, he is responsible for:

- Ensuring lawfulness and financial prudence of decision-making;

- Reporting to full Council (or to the Executive if the matter to which the report relates is an Executive function) and the Council's external auditor if he considers that any proposal, decision or course of action will involve incurring unlawful expenditure; or is unlawful and is likely to cause a loss or deficiency; or if the Council is about to enter an item of account unlawfully, and
- Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to Members.

3.9.2. The Head of Internal Audit gives an objective based opinion on all aspects of governance, risk management and internal control, and reports quarterly to the Audit Committee.

3.9.3. The officer Corporate Governance Group also meets every two months to discuss and monitor compliance with corporate systems of internal control, data security and governance issues. The group includes the Corporate Director of Resources, (the Section 151 Officer), the Director of Law and Governance (the Council's Monitoring Officer) and the Head of Internal Audit. Representatives from each department are also included in the membership of this group.

3.10. *Ensuring effective arrangements are in place for the discharge of the monitoring officer function.*

3.10.1. The roles and responsibilities in respect of the democratic process are set out in detail in the Constitution. The Director of Law and Governance is responsible, as Monitoring Officer, for:

- maintaining and keeping under review the Constitution (setting out in particular the bodies and post holders able to exercise, the Council's functions, and the code of conduct for members) and making this widely available to Councillors, officers and the public.
- holding an up-to-date list of authorisations issued by the Directors to other officers under Part 3, paragraph 8.7 and Appendix 3 of the Constitution, authorising other officers to exercise functions delegated to them under the Constitution.
- reporting to full Council (or to the Executive if the matter to which the report relates is an Executive function) if they consider that any proposal, decision or omission has given, may or would give rise to unlawfulness or has given rise to any maladministration which has been investigated by the Ombudsman.

- contributing to the promotion and maintenance of high standards of conduct through provision of support to the Standards Committee and by maintaining a Register of Interests of Councillors and voting co-opted members of the Council.
- receiving and acting on complaints that a member has breached the Islington Members' Code of Conduct.
- advising whether decisions of the Executive are in accordance with the Policy Framework and the Budget.
- advising Councillors on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues.

3.11. *Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function.*

3.11.1. As Head of Paid Service, the Chief Executive works closely with elected members to deliver the following:

- Leadership: working with elected members to ensure strong and visible leadership and direction, encouraging and enabling managers to motivate and inspire their teams
- Strategic direction: ensuring all staff understand and adhere to the strategic aims of the organisation and follow the direction set by the elected members
- Policy advice: acting as the principal policy adviser to the elected members of the Council to lead the development of workable strategies which will deliver the administration's objectives
- Partnerships: leading and developing strong partnerships across the local community to achieve improved outcomes and better public services for local people
- Operational management: overseeing financial and performance management, risk management, people management and change management within the Council

3.12. *Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.*

3.12.1. The Council is committed to the on-going professional development of Members and officers. Upon election, all Members are provided with a

corporate induction and offered access to an on-going training and mentoring programme. Details of all training provided to Members is reported to Audit Committee annually.

- 3.12.2. Since the local elections in May 2014, training and development has been provided to Councillors on both a group and individual basis. This has included personal development skills based work as well as specific knowledge. Councillors have also attended various conferences and away days as well as specific events put on by the LGA and London Councils.
- 3.12.3. There is an annual performance appraisal scheme for employees, which links targets to service objectives, underpinning the Council's vision. Through these processes, employees are able to identify their development needs, which are logged on individual development plans that they are encouraged to maintain.
- 3.12.4. New employees attend the Council's corporate induction programme, in addition to which directorate and role specific training is provided where needed. Information on staff training, development programmes and courses available are regularly publicised on the Council's intranet website, IC Bulletin and News Roundup, which includes an induction training course for all new Islington staff and Managers. There is compulsory training for staff on key issues such as equality, data security and health and safety.
- 3.12.5. The Executive and the Corporate Management Board have a number of 'away days' each year that help them to improve their performance collectively through ideas sharing and looking at improved ways of working.

3.13. *Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.*

- 3.13.1. The Council continues to improve the risk maturity of the organisation, moving towards a more risk aware culture and embedding risk management into business as usual practices. The risk management framework has been enhanced to define materiality and provide guidelines for risk escalation, and risk management continues to be embedded through workshops.
- 3.13.2. The Council's Principal Risk Report is reviewed and updated bi-annually and updates are presented to the Audit and Corporate Governance Committee. The process is led by the Council's Risk Manager and Head of Internal Audit, in consultation with risk owners, DMTs and CMB.
- 3.13.3 The work of Internal Audit, in accordance with their Annual Audit Plans, continues to be directed towards the high-risk areas as identified within the Principal Risk Report and local risk assessments.

- 3.14. Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).**
- 3.14.1. The Council's Anti-Fraud Strategy is refreshed at regular intervals. The strategy incorporates the Council's whistleblowing guidance and fraud response plan, and promotes a zero tolerance approach to fraud. The Council's whistleblowing policy provides a mechanism for suspected fraud including breaches of law, procedure or policy to be confidentially reported.
- 3.14.2. The Council operates a Fraud Forum which was established as part of the governance arrangements within the Anti-Fraud Strategy. The forum is chaired by a Corporate Director and attendance at the forum ensures that each directorate is represented by officers involved in anti-fraud work. The purpose of the forum is to:
- monitor the anti-fraud framework,
 - consider any new or increased exposures to fraud and corruption,
 - escalate serious concerns as appropriate, and
 - ensure that the action taken to address fraud and corruption in the Council is adequate and effective.
- 3.14.3 The Council investigates reported or suspected fraud in a timely manner. The Head of Internal Audit, Investigations and Risk Management has overall responsibility for anti-fraud related activity and reports outcomes of whistleblowing investigations teams bi-annually to the Audit Committee.
- 3.14.4 Completed anti-fraud work in 2017-18 produced reports in a number of areas with recommendations to strengthen controls and further mitigate fraud risk.
- 3.14.5 The Council participates in the National Fraud Initiative. In 2017-18, the Council participated in London Counter Fraud Hub workshops as one of four pilot authorities involved in the proof of concept.
- 3.15. Ensuring an effective scrutiny function is in place.**
- 3.15.1. The Policy and Performance Scrutiny Committee and the theme based scrutiny committees enable Councillors to scrutinise the performance of the Council and its partners and decisions made by the Executive.
- 3.15.2. Scrutiny Committees have responsibility for overseeing performance of the service area within their remit. There are four Scrutiny Committees, closely aligned with Council departments as follows:

- Children's Services Scrutiny Committee;
 - Health and Care Scrutiny Committee (to cover Public Health and Adult Social Care);
 - Environment and Regeneration Scrutiny Committee, and
 - Housing Scrutiny Committee.
- 3.15.3. Policy and Performance Scrutiny Committee acts as the Scrutiny Committee for those areas not covered above i.e. Crime, Employment, Finance and Resources and is initially responsible for all Councillor Calls for Action.
- 3.15.4. Each Executive Member is required to report annually to the relevant scrutiny committee on delivery of services and priorities within their portfolio. The Executive Member is accompanied by the relevant Corporate Director. Details are set out in the performance management framework.
- 3.15.5. Accountability and effectiveness of other service providers is addressed through relevant partnership arrangements, including the Safer Islington Partnership, Children and Families Board and the Health and Wellbeing Board.
- 3.15.6. The Council's scrutiny committees can undertake more in depth research into particular challenges or concerns, and request evidence from other service providers and external organisations.
- 3.16. *Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities (CIPFA, 2013).***
- 3.16.1. The Audit Committee's terms of reference are set out in Part 5 of the Constitution and are in accordance with recommendations from CIPFA. Its key responsibilities include approval of the annual Internal Audit work plan, review and approval of the annual Statement of Accounts and monitoring the effectiveness of the Council's corporate governance activities and promoting high standards of member conduct.
- 3.16.2. The Committee meets on at least a quarterly basis. Since its inception, it continues to review and report on the Council's auditing processes, with particular regard for performance, value for money, and governance issues. The Committee includes independent members.
- 3.16.3. The Audit Committee and its two Sub-Committees deal with a range of matters including Council accounts and audit functions, personnel and pension functions.
- 3.16.4. The regular training of the Audit Committee's members helps ensure the Committee is able to effectively its responsibilities.

- 3.16.5. The Audit Committee has independent members suitably qualified and trained to support the committee in an advisory capacity.
- 3.17. *Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.***
- 3.17.1. The External Audit is factored into the work plan of the Finance Department and adequate resources are devoted to this. The Council's support to and co-operation with External Audit has been commended in the annual ISA260 Report to Those Charged with Governance.
- 3.17.2. Internal Audit closely monitors the implementation of recommendations and reports bi-annually to CMB, Corporate Governance Group and Audit Committee where actions remain outstanding and/or where assurance has not increased from limited or no assurance on follow up. The External Audit is factored into the work plan of the Resources Directorate. Information needed by the External Auditors is responded to promptly and the Council remains in regular dialogue with the External Auditors throughout the year.
- 3.18. *Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.***
- 3.18.1. The Council works in partnership with a wide range of organisations from the statutory sector, third sector and business to deliver services for local people and drive forward improvements in Islington. Partnership working includes different types of relationships – from contractual arrangements between the Council and other organisations to deliver services or projects through to strategic forums (some of which are required by statute, others voluntary) which bring partners together around the table to agree how best to tackle key challenges and shared priorities. Some have funding to allocate and targets to meet, others provide a steer to inform individual partners' priorities and commissioning.
- 3.18.2. The governance arrangements vary depending on the nature of partnership working but are designed to ensure that the partnership remains appropriate, effective and fit for purpose. In addition, the Council's Financial Regulations provide guidance on best practice in managing partnership arrangements.
- 3.18.3. Where the relationship is a contractual one i.e. funding to deliver an agreed service, the contract or service level agreement will set out requirements around use of funding, what is to be delivered, targets,

measurable outputs and how the contract is to be monitored, reviewed and evaluated. Contracts and budgets are managed by the relevant department with the Corporate Director having overall responsibility.

- 3.18.4. Where the relationship is a strategic one, for instance membership of a partnership such as the Safer Islington Partnership, the Terms of Reference will set out governance and accountability arrangements.
- 3.18.5. Generally speaking, most partnerships and forums are not legal entities - partners are there on a voluntary basis and the Council is usually the formal accountable body in terms of any targets or funding that falls within the remit of the partnership.
- 3.18.6. Where a partnership is a mandatory requirement, e.g. the Safer Islington Partnership and Children's Trust Boards, there will be an expectation set out in legislation on named partners to attend. Even in the case of non-mandatory partnerships such as the Children and Families Board or the Islington Partnership Board, partners may agree 'mandatory' membership from key organisations.
- 3.18.7. Over the past decade, the Council has worked closely with its partners through the Islington Partnership Board (IPB). The IPB discusses priorities for the borough, shares information about key issues affecting individual organisations and agrees joint working arrangement for cross cutting challenges such as youth unemployment and welfare benefit reforms.
- 3.18.8. Where the partnership involves sharing data then either a contract of an Information Sharing Agreement will be in place
- 3.18.9. The Health and Wellbeing Board, which includes membership from the Council, Islington Clinical Commissioning Group and Healthwatch Islington provides the mechanism for leadership of the local health and wellbeing system, maintaining an overview of account for improvement in health and wellbeing outcomes, and ensuring effective coordination and integration of commissioning plans to secure best use of resources and population health outcomes.

4. Review of Effectiveness

- 4.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, the Council's self-assessment (as per 4.2

below) and also by comments made by the external auditors and other review agencies and inspectorates.

4.2. Self-assessment

- 4.2.1. In line with section 5 of the CIPFA/SOLACE Delivering Good Governance in Local Government 2016 (guidance notes), a comprehensive self-assessment was completed in 2017-18 to assess the Council's effectiveness in applying principles of good governance in practice.
- 4.2.2. The self-assessment was completed by key officers across the Council and indicated that the Council had achieved a sound level of implementation of good governance principles.

4.3. External Audit and Inspectorates

- 4.3.1. The annual external audit of the Statement of Accounts has consistently produced an unqualified opinion with little or no material or immaterial adjustments. The same also applies to the audit of grant claims and returns.
- 4.3.2. Adult Social Care is subject to a regular Peer Review which functions as an external audit of departmental effectiveness. This is coordinated by London ADASS and the LGA and carried out by peers from other London Authorities.
- 4.3.3. Children's Services are subject to the statutory inspection regime from Ofsted.

4.4. Internal Audit

- 4.4.1. The Public Sector Internal Audit Standards (PSIAS) require that the Head of Internal Audit provides an annual audit opinion and report that can be used by the organisation to inform its governance statement.
- 4.4.2. The Internal Audit plan is developed using a risk-based approach. Internal Audit provide assurance on the actions to mitigate key potential risks through delivery of the audit plan.
- 4.4.3. The audit plan is delivered by the in-house team across the Shared Internal Audit Service (with LB Camden) and a co-sourced partner. The full summary of the work that Internal Audit has undertaken during the 2017/18 financial year (which provides detail on the high risk and priority issues which could impact on the effectiveness of the internal control environment across the Authority), will be provided in the 2017/18 Internal Audit Annual Report to the Audit Committee.
- 4.4.4. Audit recommendations made in 2017/18 will be scheduled for follow up in 2018/19 to ensure that management action has been implemented

within agreed timescales. This will provide senior management and the Audit Committee with a direction of travel in the internal control environment across the Council and will identify areas where further improvement is required.

4.4.5. Head of Internal Audit's Annual Opinion

4.4.6. The annual opinion categories range from No Assurance, Limited Assurance, and Moderate Assurance to Substantial Assurance. The annual opinion given for 2016/17 was Moderate Assurance.

4.4.7. The work undertaken during 2017/18 has enabled the Head of Internal Audit to form a reasonable conclusion on the Council's control framework, risk and governance arrangements. For the year ended 31st March 2018, the Head of Internal Audit's opinion is that the adequacy and effectiveness of the Council's arrangements is Moderate Assurance – overall the Council's systems for control, risk and governance are generally adequate with some improvement required. Weaknesses identified in individual assignments (including those rated as critical) are not significant in aggregate to the system of internal control; high/critical risk rated weaknesses identified in individual assignments are isolated to specific systems or processes. Where Internal Audit has concluded "no assurance" in 2017/18, robust action plans have been agreed with services and a high level of implementation of recommendations is expected. Revision to assurance ratings and residual risks will be closely monitored through follow-ups in 2018/19. Further detail on audit outputs is provided in the Internal Audit Annual Report.

4.4.8. Regulation 6 of Part 2 of The Accounts and Audit Regulations 2015 requires that relevant bodies conduct, at least once in each year, a review of the effectiveness of the system of internal control. The findings of the review must be considered by the body to ensure that it has the system of internal control required by Regulation 3.

4.4.9. The Head of Internal Audit also concluded that the Internal Audit service continues to be effective, complies with PSIAS, and provides the necessary skills and expertise to deliver a cost effective, value added, service to the Council, its partners and stakeholders. LB Croydon undertook an independent peer review of Camden's Internal Audit service in May 2016 to comprehensively review the effectiveness of the Shared Internal Audit Service with LB Islington. It concluded that the audit shared service 'fully conforms' with PSIAS which is the highest rating available. In 2017-18, a PSIAS self-assessment was conducted to ensure continued compliance with standards. The Internal Audit service also benefits from ongoing networking and benchmarking across the Cross Council Assurance Service (a consortium of London boroughs drawing on the same framework agreement for co-sourced assurance services).

5. Significant governance issues and areas for improvement

5.1. A key element of the annual governance review process is to identify any significant internal control issues. The Council has adopted the approach recommended by the CIPFA, which has identified what may be considered generally as a significant issue. These include:

- The issue has seriously prejudiced or prevented achievement of a principal objective;
- The issue has resulted in a need to seek additional funding to allow it to be resolved;
- The issue has resulted in significant diversion of resources from another aspect of the business;
- The issue has led to a material impact on the accounts;
- The Audit Committee, or equivalent, has advised that it should be considered significant for this purpose, or
- The Head of Internal Audit has reported on it as significant in the annual opinion on the internal control environment.

5.2. There were no significant governance issues that met these criteria during 2017-18. However, the following general issues have been highlighted and, in line with good governance arrangements, will be monitored during the year ahead. These include:

- Development and delivery of the savings programme – the Outcomes Based Budgeting (OBB) initiative is underway to ensure that the Council balances the budget over the medium term,
- Compliance with the General Data Protection Regulation (GDPR) requirements. The Council has been undertaking a programme of work in line with the Information Commissioner's Guidance on GDPR and will continue to track compliance in the coming year. The Council is also preparing for the UK Data Protection Bill (2018) to become law in the coming months,
- Strong relationships and governance underpin the Wellbeing Partnership. However there remains a risk that health and social care models are financially unsustainable or do not provide adequate quality of care from the Council's point of view and this will continue to be tracked in the coming year,
- There is a risk IT projects, which will enable/optimize business transformation across the Council, are not delivered. To this end, baseline analysis of the portfolio of work, service specification, budget due diligence and resource availability will continue to be monitored,
- Business continuity arrangements will continue to be monitored,
- Uncertainties and emerging implications surrounding Brexit will be considered.

6. Other areas of Governance and Assurance:

Resources

- 6.1.** The Council has a sound process for setting its budget that ensures that estimates are robust and in particular, savings proposals are fully scrutinised to ensure political, managerial and financial deliverability. During 2017 an Outcome Based Budget approach was introduced that identified the seven key outcomes the Council seeks to achieve, allocated resources to those outcomes and introduced a framework for future budget setting. This approach will be further developed in 2018.
- 6.2.** The Council's budget monitoring process during the year routinely monitors service financial performance and key risks against budget and looks to put management action in place to deliver the council's financial outturn within the overall budget. During the financial year 2017/18, the Council's budget was faced with the biggest spending pressure to date. In September 2017, the Council General Fund was projected to overspend by £9.4m. Through a management focus and action across the Council that projected overspend had reduced to £5.7m by March 2018. That £5.7m almost exclusively being the result of significant cost and demand pressures on children's social care services, experienced at Islington but also across London.
- 6.3.** Since 2010, the Council's budget has been subject to major funding cuts. The Council has had to make £210m in savings over the past eight years including £32m for the 2018/19 budget. The Council budget for 2018/19 included the maximum permissible increase in Council Tax of 2.99% together with the Government's 3% social care precept. Looking over the medium term, the Council forecasts it will need to find a further £50m of savings. Work is ongoing through the Outcome Based Budget programme to identify a range of options to meet that financial challenge.
- 6.4.** Delivering robust financial management including financial control and providing high quality financial advice is a key contributor to the Council's strong financial standing. Additionally, financial management is supporting the extensive work being undertaken by the Outcome Based Budget programme. This unprecedented ask of financial management professionals should be considered in the context of a reduction in financial management resources of over 50% since 2010. This inevitably adds more risk to financial management processes. Processes and the organisation of those resources have been reviewed to mitigate the risk as much as is possible and focus the reduced resource where they are needed most. Any further material reduction in resource, indeed the loss of key personnel would present a significant corporate risk.
- 6.5.** The Council's Housing Revenue Account has benefited over a number of years from a robust and funded 30-year business plan. Since the 2015 General Election, the Government has passed two pieces of legislation, which will have a significant impact on the Housing Revenue Account in Islington. The Housing and Planning Act 2016 and the Welfare Reform and Work Act 2016. The key financial impacts have been the requirement on

local authorities to dispose of high value vacant council houses and the reduction of social housing rents by 1% a year for four years. While the disposal of high value voids requirement has been delayed by government, the 1% reduction in social rents has had a significant impact on the Housing Revenue Account. The Housing Revenue Account business plan is estimated to be balanced over the medium-term, accommodating the impact of the Housing Act and the Welfare Reform and Work Act. The mitigations principally involve rescheduling current borrowing over the term of the 30-year business plan, ending the subsidy for the New Build Capital Programme through revenue contributions and instead, funding primarily from open market sale receipts, Right-to-Buy receipts and other receipts from disposals and finally a robust programme of savings.

Children, Employment and Skills

- 6.6.** Children's Service was expanded in 2017/18 to include employment and skills competencies and a dedicated service director has been appointed for the new areas. The revised structure and organisational arrangements provide strong accountability, scrutiny, leadership and management grip on the Council's statutory duties for children in need of help and protection, children in care and care leavers, including early help and benefitting from high educational standards locally. Cultural opportunities for children and young people and employment and training pathways are being strengthened as a result of the new services integration into the directorate.
- 6.7.** The Corporate Director of Children Employment and Skills reports directly to the Chief Executive and the span of control allows the work to be given due priority. Assurance checks are integral to the decision-making processes of the Council. The quality of work for children in need of help and protection, children looked after and care leavers is scrutinised through Islington's Quality Assurance Framework. Professional leadership is challenged by the Chief Executive and Leader of the Council who hold the Corporate Director, the Lead Member for Children and Families and the Director of Specialist and Targeted Services to account on a quarterly basis. Progress on themes arising from audit and performance data is reported at these meetings.
- 6.8.** As part of this quality assurance, external and highly qualified professionals in the field carry out service reviews to benchmark against inspection expectations. There are research links with universities that inform practice, and this has led to an Innovation Grant from the DfE on Motivational Social Work, Doing What Counts, and Measuring What Matters.
- 6.9.** An annual self-assessment is carried out. Social worker caseloads, timeliness of interventions and outcomes for children are monitored at all levels and management oversight is good. The quality, value for money and sufficiency of placements for children is kept under review. An evaluation of Early Intervention has been undertaken, and early findings indicate good impact. Only evidence-based programmes are in use.

6.10. The Islington Safeguarding Children Board (ISCB) has an independent chair who meets periodically with the Corporate Director as part of the accountability framework outlined in paragraph 5.4.7. The ISCB annual report is discussed by the Health and Wellbeing Board (HWB), Children and Families Board (CFB) and the Children and Families' Scrutiny Committee. Both the HWB and CFB reflect on the learning and build ISCB recommendations into their respective strategies. There continues to be a strong focus on Child Sexual Exploitation through the ISCB's sub group that leads the partnership on this work, complemented by the Council's elected member working group on CSE. The ISCB also oversees multi-agency audits of practice, training and compliance with safeguarding requirements set out in legislation. The Children and Families' Scrutiny Committee have looked at the effectiveness of alternative educational provision, support for vulnerable adolescents and post 16 pathways over the last year, in addition to the annual report on learning and education standards.

6.11. The Joint Strategic Needs Assessment includes sections on vulnerable children and those in need of help and protection, and is used to determine priorities for both the safeguarding board and for services for children and families. Educational outcomes for Children Looked After and care leavers are scrutinised at the Corporate Parenting Board.

6.12. The Corporate Parenting Board is chaired by the Lead Member for Children and Families. It has strong representation from the Children's Active Involvement Service, and the voice of the child is well evidenced in individual casework. Budget and change management proposals are scrutinised for impact on the quality of work with children in need of help and protection, children looked after and care leavers and this is included in Equality Impact Assessments.

Housing and Adult Social Care

6.13. HASS Corporate Director is the statutory DASS, (Director of Adult Social Services) for Islington. The DASS is responsible for providing professional leadership for all staff involved in delivering the Council's social services functions for adults and across local networks and partnerships involved in the provision of adult social care services. The DASS is also accountable for ensuring that relevant professional and occupational standards and standards of conduct are maintained across adult social care services provided by, or commissioned by the DASS. The DASS is responsible for market shaping and continuity: commissioning effectively and ensuring the availability and quality of services that people want in order to be in control of their lives. The DASS holds responsibility for Safeguarding adults needing care and support: from abuse or neglect; when doctors are considering compulsory treatment or admission to psychiatric hospital and/or when people lack capacity to decide and may be restricted of their liberty

6.14. The current structures and organisational arrangements provide a strong accountability scrutiny, leadership and management grip on Islington's

statutory duties for vulnerable adults including the duty to provide information, advice and guidance.

- 6.15.** The Corporate Director of Housing and Adults Social Services reports directly to the Chief Executive and the span of control allows Adult Social Care to be given due priority. Assurance checks are integral to the decision making processes of the Council. Professional leadership is challenged by the Chief Executive and Leader of the Council who hold the Corporate Director of Housing and Adult Social Services, the Deputy Leader (who is also Lead Member for Health and Social Care) and the independent Chair of the Safeguarding Adults Partnership Board to account on a quarterly basis. Progress on themes arising from audit and performance data is reported at these meetings.
- 6.16.** The Council has a Safeguarding Adults Partnership Board that meets the current and new requirements for its scope and inclusiveness, chaired by an independent expert in the field.
- 6.17.** The Council has partnership agreements (known as section 75 agreements) with the Camden and Islington Mental Health Foundation Trust, Whittington Health and Islington NHS Clinical Commissioning Group, for the provision and commissioning of health and social care services. The purpose is to ensure cost effective, outcome focused, joined up services for vulnerable people. There are regular meetings between the Chairs and Chief Executives of these organisations and the Council Leader and Chief Executive, and an annual report to the respective Boards and the Council's Executive to ensure that the day-to-day arrangements for collaborative working are meeting the aims of the partnerships and the objectives of the Council. These arrangements have been strengthened in the light of the Better Care Fund and greater inter-dependency of health and social care funding. The partnership agreements have been reviewed. The Council and the CCG have also reviewed their respective commissioning structures to ensure better integration and accountability. These arrangements have been formally agreed by the Health and Wellbeing Board in line with national guidance. In light of the requirements by NHS England to develop and implement a sustainability and Transformation plan (STP) across North Central London with effect from April 2017. Islington NHS Clinical Commissioning group have re-offered their commitment to joint commissioning with the Council.
- 6.18.** HASS is responsible for managing council residential tenanted and leasehold properties in the borough, either directly or through Partners for Improvement in Islington as part of the Council's two street properties PFI contracts. A Homes and Estates Safety Board, oversees the particular fire and property-related risks to people in these dwellings. This is part of the overall corporate health and safety arrangements.
- 6.19.** In recognition of the learnings from Grenfell, a new risk surrounding a serious health and safety incident in the Council's housing stock has been included in the Council's principal risk list. In 2017-18, we reviewed our fire

safety measures and published fire risk assessments on the Council's website. A Tall Building Fire Safety meeting is convened monthly to ensure that we actively track our response to the risk of fire. The Homes and Estates Safety Board, with an independent chair, continues to monitor compliance with fire regulations and scrutinises our approach to health and safety.

- 6.20. HASS Property Services have effective arrangements to monitor equipment and stock. Arrangements are in place to actively manage the risk of fraud through prevention and detection techniques. Stock control within the repairs service has been audited, with a moderate assurance rating, in April 2017.
- 6.21. The two long term PFI contracts to manage street council housing are managed by a clienting team with governance via senior management meetings with the PFI board and scrutiny via a range of annual audits carried out by the Council's Internal Auditors. In the last year, performance has improved and deductions have been applied where properties have not been up to standard.
- 6.22. The relationship with the 23 Tenant Management Organisations in the borough is managed by the TMO compliance team supported by internal audit who run an annual programme auditing TMO financial and governance controls.
- 6.23. Residents are involved in the prioritisation and governance of the Housing Service via reference groups and representation on Housing Scrutiny Committee.

Transformation

- 6.24. At a strategic level, the Corporate Management Board (CMB) owns the change management process for the Council. The Council's change programme is being refocused to support the delivery of key outcomes, deliver necessary savings over the MTF5 period and beyond, and embed the organisation's guiding approach of building resilience through prevention and early intervention
- 6.25. Project and programme governance is proportionate to the complexity, impact and risk profile of the initiative. CMB will sign off all the key outcomes to be delivered by the refreshed change programme, and assigns ownership to a Project Sponsor at Service Director level or higher; a SRO will also be assigned from the Corporate Management Board. Each project has governance arrangements, which report to CMB on progress, issues and risks. Departmental Management Teams review projects falling within their service area to ensure delivery.
- 6.26. The Strategy and Change team, in the Chief Executive's Department, will provide project support to these change initiatives and maintain an overview of key areas of change to ensure that appropriate progress is made and

linkages and dependencies between projects are picked up. This draws on a wider support network, including financial, ICT, HR, Legal and risk management advice to ensure that barriers to success are identified and addressed.

6.27. The project planning process has a strong emphasis on return on investment and service managers are asked to sign off on the level of savings potentially achievable before committing them into spending plans. These are then monitored following project completion to ensure they are delivered.

Signed by: Richard Wray 5/6/18
Leader Date

Signed by: Lesley Stump 5/6/18
Chief Executive Date



Report of: **Monitoring Officer, Director of Law and Governance**

Meeting of:	Date	Agenda item	Ward(s)
Audit Committee	24 July 2018		All

Delete as appropriate		Non-exempt
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SUBJECT: Update on Ombudsman's decisions July 2017/June 2018

1. Synopsis

- 1.1 This report updates the Committee on the number, nature and findings of complaints made to the Local Government and Social Care Ombudsman (LGSCO) during the period from 17th July 2017 – 30th June 2018.

2. Recommendations

- 2.1 To note the contents of the report.

3. Background

- 3.1 The Commission for Local Administration in England, commonly known as the Local Government Ombudsman, was set up following the Local Government Act 1974. In June 2017 the Local Government Ombudsman's title was changed to the Local Government and Social Care Ombudsman (LGSCO) to reflect its wider remit.

- 3.2 The main statutory functions for the LGSCO are found in the Local Government Act 1974 as amended by the Local Government and Public Involvement in Health Act 2007. Their powers include:
- a) investigating complaints against councils and some other authorities;
 - b) investigating complaints about adult social care providers from people who arrange or fund their adult social care (Health Act 2009);
 - c) providing advice and guidance on good administrative practice; and
 - d) looking at service failure in addition to maladministration (LGPIHA 2007).
- 3.3 All investigated complaints result in a decision. The LGSCO issues these decisions, either by way of a statement of reasons for the decision or a report. If the LGSCO decides that the council has done something wrong and that this fault (be that maladministration, service failure, or failure to provide a service) has caused an injustice to the complainant, the LGSCO will recommend what the council should do to put this right.
- 3.4 Additionally, where a complaint of fault is upheld and a formal report (or public interest report) is to be issued; this must be considered by the Executive (for executive functions) or Full Council or its appropriate committee (for non-executive functions).
- 3.5 In the case of complaints about the council, the outcomes of these complaints are reported to Members by way of this committee. The most recent report come before this committee on the 223rd January 2018.

4 **Complaints against the council**

- 4.1 During the 17th July 2017- 30th June 2018 there were 33 complaints about the Council to the LGSCO:
- 10 were upheld;
 - 5 were not upheld, and
 - 18 were closed after initial enquiries and accordingly did not reach investigation stage.

Attached as Appendix one are two tables. The first, Table one, provides a brief summary of the upheld and not upheld complaints. The second, Table two, provides a summary of the 18 complaints closed after initial enquiries.

Further, full copies of the decisions in Table one and two can be found on the LGSCO's website: <https://www.lgo.org.uk/Decisions>.

- 4.2 Since 17th July 2017, the council has only received one decision which has resulted in a formal (Public Interest) report of maladministration.

A copy of the report setting out the nature, findings and recommendations of the LGSCO and consequential action taken by the council is attached as Appendix two.

- 4.3 In April 2013, the Housing Ombudsman took over responsibility for all new complaints about social housing. This includes complaints about a local authority's (or arms-length management organisation's) relationship as landlord to its tenants or leaseholders.

The Housing Ombudsman's jurisdiction occasionally overlaps with that of the LGSCO Ombudsman. They are both able to conduct joint investigations and work under a Memorandum of Understanding. For the relevant period, four complaints have resulted in the Housing Ombudsman making a decision of maladministration. Table three provides a brief summary of these complaints and can be found at Appendix One.

- 4.4 In order to ensure that the council continually improves its performance and that lessons are learned from the Ombudsman's decisions, all reports are shared with the service area and relevant officers.

5 Implications

5.1 Financial implications

There are no financial implications arising directly from this report.

However, s 92 of the Local Government Act 2000 provides that the authority may, if they think appropriate, make a payment to, or provide some other benefit for, a person where:

(a) that action taken by or on behalf of the authority in the exercise of their functions amounts to, or may amount to, maladministration, and

(b) that a person has been, or may have been, adversely affected by that action,

During the period from 17th July 2017 – 30th June 2018, £9,418.33 was payable for maladministration arising out of Ombudsman decisions. Payments are met from within existing budgets.

5.2 Legal Implications

In accordance with s 5A(2) of the Local Government and Housing Act 1989 the Monitoring Officer is under an obligation to prepare a report to the Executive where it appears that the authority, or any part of it, has acted or is likely to act in such a manner as to constitute maladministration, or service failure, and where the LGSCO has conducted an investigation into the matter. This obligation applies to all LGSCO decisions.

In preparing that report, the Monitoring Officer is under a duty to consult as far as practicable with the Head of Paid Service and the Chief Finance Officer (s 5A(5)(a)). As soon as practicable after the report has been prepared, the Monitoring Officer's report must be sent to each member of the authority (s 5(A)(5)(b)).

Under s 5A(6) it is the duty of the authority's Executive to consider the Monitoring Officer's report within 21 days. Under s 5A(8), as soon as practicable after the Executive has concluded its consideration of the report, the Executive must prepare a report which specifies: (a) what action (if any) the Executive has taken in response to the report of the Monitoring Officer; (b) what action (if any) the executive proposes to take in response to that report and when it proposes to take that action; and (c) the reasons for taking the action specified in the

Executive's report or, as the case may be, for taking no action. The Executive must also arrange for a copy of that report to be sent to each member of the authority and the authority's Monitoring Officer (s 5A(9)).

However, the LGSCO in their letter to this authority dated the 20th July 2017 stated:

"..... I do not seek to impose a prescriptive approach, as long as the Parliamentary intent is fulfilled in some meaningful way and the authority's performance in relation to Ombudsman investigations is properly communicated to elected members.

As a general guide I would suggest:

Where my office has made findings of maladministration/fault in regard to routine mistakes and service failures, and the authority has agreed to remedy the complaint by implementing the recommendations made following my investigations, I feel that the duty is satisfactorily discharged if the Monitoring Officer makes a periodic report to the council summarising the findings on all upheld complaints over a specific period....."

5.3 Environmental Implications

There are no environmental implications arising from this report.

5.4 Resident Impact Assessment

A resident impact assessment has not been conducted, as this report provides monitoring information and a legal update for the Committee.

6. Conclusion and reasons for recommendations

- 6.1 This report ensures that the statutory requirements of the Local Government Act 1974, and Local Government Housing Act 1989 are met.

Appendices:

Appendix One: Table one and two of LGSCO complaints received during 17th July 2017 – 30th June 2018.

Table three of Housing Ombudsman complaints received during 17th July – 30th June 2018.

Appendix Two: Monitoring Officer report to the Executive (19.07.2018) regarding LGSCO finding of maladministration.

Background papers: None

Final report clearance:

Signed by:

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Appendix One:

Table One - Complaints received by the Local Government and Social Care Ombudsman 17th July 2017- 30th June 2018

No	LGSCO Case no (ID)	Date	Nature of Complaint	Brief Description	Type of Decision	Outcome
1	17002579	25.04.18	Assessment	Mr and Mrs C complained about the lack of home care support Mr C had received from the Council and the lack of support Mrs C had received as his carer. The Ombudsman found there was a delay in carrying out Mr C's needs assessment (twice) and shortcomings in the support provided to his wife. The Council accepted our recommendations that it should provide an apology, a financial remedy for the distress caused and a carer's direct payment for the period January 2016 to June 2017.	Statement	Upheld Financial Award: £1,560 Carer's Direct Payment £1,300 Driving instructor course £2,00 impact of overpayment £200 (£100 each for delay)
2	17009320	18.04.18	Housing Benefit	In March 2017 the Council failed to properly consider Mr B's circumstances. That caused Mr B frustration, uncertainty and led to him having to go to time and trouble to pursue his complaint. An apology, memo to officers reminding them of the housing benefit regulations and a financial payment is satisfactory remedy for the injustice caused.	Statement	Upheld Financial Award: £250 (to be deducted from HB overpayment should tribunal uphold councils decision to recover it)
3	17013909	04.04.18	Allocations	Mr X complains the Council did not award medical rehousing points and did not tell him of	Statement	Upheld

				his right of review. The Council's note of the medical assessment does not show how it considered the medical reports and this is fault. The information about seeking a review included in the decision letter is misleading. To correct the fault the Council will now complete a review.		Financial Award: No Financial Award made
4	17011285	29.05.18	Homelessness	Miss X complains the Council has refused to provide her with assistance with her housing. She says she is homeless as her mother has been evicted from temporary accommodation	Formal Report (Public Interest)	Upheld Financial Award: £400 distress
5	17005701	23.02.18	Council Tax	The evidence does not support the claim that lump sum payments to cover council tax arrears have not been credited to Ms. X's account or the Council agreed to write off part of the arrears if a lump sum payment was made	Statement	Not upheld
6	17005183	21.02.18	Other/possessions	The Council was at fault for allowing Mr D's possessions to be destroyed	Statement	Upheld Financial Award: £300 distress & trouble £1,200 replacement wardrobe
7	17005375	14.02.18	Housing Benefit & Council Tax	The Council did not explain clearly why it needed more information to assess Ms X's first claim for housing benefit and council tax support. It made factual errors in another letter. Ms X suffered no significant injustice as a result but the Council has acted to improve its letters in future. The Council did not delay	Statement	Upheld Financial Award: No Financial Award made

				unreasonably in assessing Ms X's claims. The Council was not at fault in taking recovery action for unpaid council tax.		
8	16009291	07.02.18	Anti-social behaviour	There were some delays by the Council in the way it responded to concerns about anti-social behaviour and in its initial response to a complaint about its approach to the problems. The Council will apologise to Mr X and take action to prevent future delays in its complaints process	Statement	Upheld Financial Award: No Financial Award made
9	17000057	06.12.17	Allocations	Ms X complains about the Council's decision not to recommend her family a 5-bedroom property. The Council has carried out a number of reassessments but there is not enough evidence it has considered the emotional welfare of her older child or that a review was carried out correctly by a medical advisor in November 2016. Reconsidering his needs and ensuring that any restriction in communication with the Council is reviewed remedies this complaint.	Statement	Upheld Financial Award: No Financial Award made
10	16013591	08.11.17	Assessment and Care plan	Mr Y complained on behalf of himself and his partner Mr X about the way the Council dealt with care assessments and support planning. There was some delay by the Council. The main issue was a failure to resolve a conflict with Mr Y about what care package is suitable for Mr X. This means the care has not been put in place. The Council agreed to take urgent steps to resolve the conflict by referral to its legal department if necessary, and apologise for other fault found.	Statement	Upheld
11	17004569	13.10.17	Child Protection	The Council is still investigating some of Mr X's complaints about its Children's and Information	Statement	Not upheld

				Governance Services. I have therefore discontinued the Ombudsman's investigation.		
12	17007993	19.09.17	Homelessness	The Ombudsman will not investigate this complaint about the amount of compensation awarded to the complainant following delays with a homelessness application. This is because the Council has already provided a fair response and remedied the injustice. There is not enough outstanding injustice to require an investigation	Statement	Not upheld
13	16010556	23.08.17	Allocations	Mr D says the Council failed to properly assess his housing need. The Ombudsman has not found evidence of fault by the Council. She has completed the investigation and not upheld the complaint	Statement	Not upheld
14	16010652	15.08.17	Homelessness	There were faults in the way the Council handled Ms X's homelessness application. The Council has agreed to the recommendations made to remedy the injustice this caused Ms X.	Statement	Upheld Financial award: £100 lost opportunity £100 time & trouble
15	17003371	24.07.17	School Admissions	There was no fault in the way a School Admission Appeal Panel considered Mr. X and Mrs. Y's appeal for a place at the School.	Statement	Not upheld

Table 2: Table two – ‘closed’ complaints received by the Local Government and Social Care Ombudsman during 17th July 2017- 30th June 2018

No	LGSCO Case no (ID)	Date	Nature of Complaint	Type of Decision	Outcome
16	17018123	16.03.18	Planning	Statement	Closed after initial enquiries
17	17016910	28.02.18	Council Tax	Statement	Closed after initial enquiries
18	17015438	06.02.18	Housing Benefit & Council Tax	Statement	Closed after initial enquiries
19	17013300	05.02.18	Managing council tenancies	Statement	Closed after initial enquiries
20	17014145	30.01.18	Other/data protection	Statement	Closed after initial enquiries
21	17014196	05.01.18	Highway repair and maintenance	Statement	Closed after initial enquiries
22	17007460	01.12.17	Allocations	Statement	Closed after initial enquiries
23	17 011778	30.11.17	Child protection	Statement	Closed after initial enquiries
24	17010749	13.11.17	Safeguarding	Statement	Closed after initial enquiries
25	17011368	24.10.17	Council house sales and leaseholders	Statement	Closed after initial enquiries
26	17009397	19.10.17	Parking and other penalties	Statement	Closed after initial enquiries
27	16017923	10.10.17	Council house sale and leaseholders	Statement	Closed after initial enquiries
28	17008512	25.09.17	Parking & other penalties	Statement	Closed after initial enquiries
29	17005412	26.08.17	Leisure & culture	Statement	Closed after initial enquiries

30	15003828	23.08.17	Child protection	Statement	Closed after initial enquiries
31	17006292	15.08.17	Planning Applications	Statement	Closed after initial enquiries
32	16016216	03.08.17	Traffic Management	Statement	Closed after initial enquiries
33	17005552	24.07.17	School Admissions	Statement	Closed after initial enquiries

Table Three – table three – complaints received by the Housing Ombudsman during 17th July 2017- 30th June 2018

No	Housing Ombudsman Case no (ID)	Date	Nature of Complaint	Brief Description	Type of Decision	Outcome
1	201703724	28.02.18	Housing/ roof leak	B made a complaint about how the Council responded to reports of a roof leak, and the amount of compensation they offered. The Ombudsman's found that the Council had not carried out repairs to the roof within a reasonable period.	Statement	Maladministration Financial award: £200 failure to carry out works
2	201610632	12.12.17	Housing/noise nuisance	C complained about the council's response to noise nuisance and how it handled C's assessment. The Ombudsman was not satisfied that the council had done enough, based on the available evidence, to satisfy itself that terms of the lease in respect of flooring, has been met by the leaseholder. The Ombudsman found no maladministration by the Council in respect of its handling of the formal complaint. The reason being the council had since awarded proportionate	Statement	Maladministration Financial award: £250 Compensation

				compensation to acknowledge the service failure in this regard and the Ombudsman will not make a finding of maladministration where a landlord has offered suitable redress to resolve a complaint.		
3	201603288	05.12.17	Housing/ ASB & a referral	D complained about how the council handled (1) a complaint of Anti-Social behaviour (ASB) by a neighbour, including an allegation of sexual assault; and (2) allegations made by a neighbour, which led to a referral. The Ombudsman found there was Maladministration in how the council handled the complaints of ASB and the referral.	Statement	Maladministration Financial award: No Financial Award made
4	201604456	16.08.17	Housing/ repairs	E complained about the council's handling of damp in their property and its refusal to reimburse them for the cost of instructing their own contractors to carry out repairs. The Ombudsman found maladministration in so far as the Council and its contractor cancelled a repair which it was obliged to carry out and did not notify E; the council did not acknowledge its management contractor's poor handling of D's enquiries about repairs to their property.	Statement	Maladministration Financial award: £1,558.33 (£83.33per month for 13 months' delay, £175 time & trouble, £300 contribution to decoration)

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Report of: Monitoring Officer, Acting Director of Law and Governance

Executive	Date:19.07.18	Ward(s): All
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SUBJECT: The Local Government & Social Care Ombudsman finding of Maladministration**1. Synopsis**

- 1.1. The Local Government and Social Care Ombudsman (LGSCO) has issued a report finding maladministration against the council. The LGSCO has advised that they will publish their report on the basis that it has wider public interest.
- 1.2. The LGSCO decision was made on 29 May 2018 and relates to the council failing to provide assistance to Miss X, a 16-year-old who was threatened with homelessness.
- 1.3. Miss X's mother, Ms Y, was evicted from her housing association accommodation. Ms Y applied to the council as a homeless person and both her and her daughter, Miss X, were placed in interim temporary accommodation in another council's area (council B) pending investigation of her application.
- 1.4. Upon completion of its investigation, the council found that Ms Y was intentionally homeless and that it did not have a duty to continue providing interim accommodation for her. Ms Y was advised accordingly and Miss X was referred to Children's Services in council B's area.
- 1.5. Ms Y made various complaints to the council including:
 - (a) that council B had no record of the referral for her daughter;
 - (b) that she and her daughter no longer lived in council B's area as she had been evicted from her temporary accommodation; and
 - (c) that she and her daughter were staying at various addresses within the Islington area.

- 1.6. The council explained to Ms Y that they had faxed the referral to council B but could not comment on why they had not received it and; maintained that it was under no duty to provide Ms Y or her daughter with accommodation.
- 1.7 Ms Y complained to the LGSCO. Upon investigating Ms Y's complaint, the LGSCO found in her favour. Several recommendations were made to the council to address the findings of fault (maladministration).
- 1.8. The council has accepted the LGSCO's findings.

2. Recommendations

- 2.1. To note the contents of the LGSCO's report dated 29 May 2018, a copy of which is attached as appendix one.
- 2.2. To note that the findings and remedies recommended by the LGSCO have been accepted by Children and Employment Services.
- 2.3. To note the actions taken by the council to implement the recommendations by the LGSCO.
- 2.4. To note that copies of this report have been sent to all members of the council.
- 2.5. To agree that no further report or action needs to be taken in relation to the matters set out in this report.
- 2.6 To agree that a copy of this report and the Executive minutes will be sent to the LGSCO.

3. Background

- 3.1. The Ombudsman service was set up following the Local Government Act 1974. Key changes to the Act were included in the Local Government and Public Involvement in Health Act 2007 and the Health Act 2009. The Act sets out how the Ombudsman is organised, the Ombudsman's powers, and the restrictions on those powers. The main statutory functions for the Ombudsman are: to investigate complaints against councils and some other authorities; to investigate complaints about adult social care providers from people who arrange or fund their adult social care (Health Act 2009); and to provide advice and guidance on good administrative practice. In June 2017 the Local Government Ombudsman's title was changed to the Local Government and Social Care Ombudsman.
- 3.2. All complaints result in a decision. The LGSCO issues these decisions, either by way of a statement of reasons for the decision or a report. If the LGSCO decides that the council has done something wrong and that this fault has caused an injustice to the complainant, the LGSCO will suggest what the council should do to put this right. Most complaints result in a decision in the form of a decision statement. If the LGSCO decides to issue a public report on a complaint, the LGSCO will tell the council in advance and the council will have an opportunity to comment on a draft of the report before it is finalised. In the case of complaints about the council, the outcomes of these complaints is reported to Members by way of (1) an annual report and (2) a six-monthly Monitoring Officer report to Audit Committee.

- 3.3. Additionally, where a complaint of fault (i.e. maladministration, service failure, or failure to provide a service) is upheld and a formal report (or public interest report) is to be issued, this must be considered by Executive (for executive functions) (or Full Council or committee (for non-executive functions)).
- 3.4. It is rare for the council to receive a formal report. This is the first public interest report the council has received in at least five years.

Complaint Summary

- 3.5. Miss X's mother, Ms Y, was evicted from her housing association accommodation. Upon making a homelessness application to the council, she was placed in interim accommodation in another council's area (council B) pending investigation of her application.
- 3.6. The council found that Ms Y was intentionally homeless and that the council did not have a duty to continue providing interim temporary accommodation to her. Her daughter, Miss X, was referred to Children's Services in council B's area.
- 3.7. Ms Y made various complaints to the council including:
 - (a) that council B had no record of the referral for her daughter;
 - (b) that she and her daughter no longer lived in council B's area as she had been evicted from her temporary accommodation; and
 - (c) that she and her daughter were staying at various addresses within the Islington area.
- 3.8. The council maintained that it was under no duty to provide Ms Y or her daughter with accommodation.
- 3.9. Ms Y complained to the LGSO. The LGSCO found the council to be at fault for failing:
 - (a) to provide services to Miss X as a 16-year-old at risk of homelessness, in particular in not carrying out an assessment as to what duty it owed to Miss X at the time Ms Y complained that they were no longer living in Council B's area.
 - (b) to contact Council B when it was under a duty to secure co-operation from Council B to address Miss X's needs.
 - (c) to help Miss X when Ms Y complained, and in particular to identify that the Ms X was threatened with homelessness and may be entitled to assistance from the council's housing service.The LGSCO found no fault in the council referring Miss X to council B initially when she was living in Council B's area.
- 3.10. The LGSCO found that the council's faults had caused Miss X significant distress as a result of the uncertainty in relation to her housing.
- 3.11. The LGSCO recommended, and the council agreed, that the council should try to contact Miss X and offer to carry out an assessment of her needs under the Children Act 1989 and to work with Council B to resolve any disputes (and provide any necessary services to Miss X while any disputes were settled). The LGSCO further recommended, and the council agreed, to pay Miss X £400 for the distress caused.

3.12 Following receipt of the draft LGSCO decision, Children and Employment Services undertook a complaint learning meeting to consider the LGSCO's findings. The council tried to contact Ms Y and Miss X to offer to carry out an assessment, but they have not engaged with the council and made clear, via a family member, that they do not want any contact or services from the local authority. A cheque has been issued to Miss X at her last known address. Although the LGSCO's report indicates that the council's failure to offer services in a timely and proper manner has resulted in a situation where there is considerable uncertainty about the welfare of Miss X, the council's own follow up indicates that Miss X no longer requires services from the council.

Chief Finance Officer (s151) comments

3.13. The council has agreed to pay the complainant's daughter £400 as recommended by the LGSCO. This will be met from within the existing Children's Service's budget.

3.14. A cheque has been raised and issued for the said sum. It was delivered and signed for on the 05.01.18, but to date it has not been cashed.

Head of Paid Service (Chief Executive) Comments

3.15. The council notes the LGSCO's recommendations and has accepted them in full.

3.16. Numerous attempts to contact Ms Y and Miss X have been made via letter, telephone and personal visits in order to action the LGSCO's recommendations. To date, we have not received a direct response from either Ms Y or Miss X. We have been advised via a family member that Ms Y and Miss X do not want any contact or services from the local authority.

3.17. The LGSCO's decision is not indicative of the usual high standards of practice by this service area. It is clear that there are aspects of our practice in this case that should have been better managed and we have reviewed why this occurred and the learning going forward.

Director of Children and Employment Services Comments

3.18. We note the LGSCO's recommendations and accept them in full. We have disseminated the learning from this decision across the department to avoid a similar reoccurrence in the future and ensure we maintain our usual high standards.

Monitoring Officer Comments

3.19. Where the LGSCO completes an investigation s/he must prepare a report and send a copy to the complainant, the local authority and other parties relevant to the complaint, s30(1) of the Local Government Act 1974.

3.20. Where fault is found and a formal report is to be issued by the LGSCO, the Monitoring Officer is under an obligation to prepare a report for the Executive under s5A (for executive functions) of the Local Government and Housing Act 1989. The Executive is also under a duty by virtue of s31(2) LGA 1974 to consider the report of the LGSCO.

- 3.21 The Head of Paid Service (Chief Executive) and s151 Officer (Corporate Director of Resources) are required to be consulted so far as reasonably practicable in the preparation of a maladministration report, s5A (5) the Local Government and Housing Act 1989. Both the statutory officers have been duly consulted and their comments are set out above.
- 3.22. The Monitoring Officer is also required to arrange for a copy of this report to be circulated to all members of the authority. The Executive agenda and papers are sent to all the council's members; accordingly, the circulation of this report complies with that requirement.
- 3.23. Further, the authority is under an obligation (s5A(6)(a) and (8)) to:
- (a) consider the report within 21 days of the report being sent to all members of the council; and
 - (b) as soon as practicable after the Executive has considered the report, the Executive must prepare a report which specifies: (1) what action, if any, the Executive has taken in response to the report, (2) what action, if any, the Executive proposes to take in response and when it proposes to take that action, and (3) the reasons for taking the action, or as the case may be, no action.
- 3.24. Copies of the Executive's report on the action it has taken or proposed to take must, as soon as practicable, be sent to each member of the authority and the authority's monitoring officer (s5A (9)). It must also be sent to the LGSCO within 3 months.
- 3.25. The local authority must give public notice in newspapers and such other ways as appear appropriate and copies of the report shall be available for inspection by the public for a period of three weeks (s30(4), (5) LGA 174).
- (a) The public notice was placed in the Islington Gazette on Friday 15 June 2018 and the Islington Tribune on Thursday 14 June 2018;
 - (b) The report was available for public inspection at .at the Town Hall, Upper Street, London and 222 Upper Street, London from the 14 June 2018;
 - (c) The notice and report have also been published on the council's website, and
 - (d) Publication of the LGSCO's report as an appendix to this report ensures it remains in the public domain.
- 3.26. Where the LGSCO reports there has been maladministration resulting in injustice the report shall be laid before the authority and it shall be the duty of the authority to consider the report and within 3 months of receipt (or such longer periods as the LGSCO may agree in writing) notify the LGSCO of the action which the authority has taken or proposes to take, s31 of the Local Government Act 1974. This report to the Executive complies with the first part of this legal requirement. Sending a copy of the report and the Executive minutes to the LGSCO will comply with the second part of this legal requirement (provided Executive agrees the recommendations).
- 3.27. The council may incur expenditure as appears appropriate in making a payment to a person who has suffered injustice in consequence of maladministration (s31(3) Local Government Act 1974). In addition, the council has the power to pay compensation or assist a person who has suffered injustice as a result of maladministration (s92 Local Government Act 2000).

4. Implications

Finance Implications

- 4.1. Please see the body of the report, in particular Chief Finance Officer comments at paragraphs 3.13 -3.14.

Legal Implications

- 4.2. Please see the body of the report, in particular Monitoring Officer comments at paragraphs 3.19-3.27.

Environmental Implications

- 4.3. There are no environmental implications arising out of this report.

Resident Impact Assessment

- 4.4. A Resident Impact Assessment has not been carried out in relation to this LGSCO's decision.

5 Reasons for the recommendations / decision

- 5.1. The Council accepts the LGSCO's findings, and there is no reason not to follow the recommendations of the LGSCO.
- 5.2. The Corporate Director for Children and Employment Services has agreed the course of action and tried to implement the same.
- 5.3. Compliance with the above recommendations ensures that the statutory requirements of the Local Government Act 1974 and Local Government Housing Act 1989 are met.

Signed by:

**Monitoring Officer, Acting Director of Law
and Governance**

Date

Appendices

- Appendix one: the final Ombudsman's report dated 29 May 2018

**Report by the Local Government and Social Care
Ombudsman**

**Investigation into a complaint against
London Borough of Islington
(reference number: 17 011 285)**

29 May 2018

Section 30 of the 1974 Local Government Act says that a report should not normally name or identify any person. The people involved in this complaint are referred to by a letter or job role.

The Ombudsman's role

For 40 years the Ombudsman has independently and impartially investigated complaints. We effectively resolve disputes about councils and other bodies in our jurisdiction by recommending redress which is proportionate, appropriate and reasonable based on all the facts of the complaint. Our service is free of charge.

Each case which comes to the Ombudsman is different and we take the individual needs and circumstances of the person complaining to us into account when we make recommendations to remedy injustice caused by fault.

We have no legal power to force councils to follow our recommendations, but they almost always do. Some of the things we might ask a council to do are:

- apologise
- pay a financial remedy
- improve its procedures so similar problems don't happen again.

Key to names used

Miss X	The complainant
Ms Y	Miss X's mother
Council B	Another Council area where Ms Y and Miss X were temporarily housed by London Borough of Islington.

Report summary

Education and Children's Services – Child in need

Miss X complains the Council has refused to provide her with assistance with her housing. She says she is homeless as her mother has been evicted from temporary accommodation.

Finding

Fault found causing injustice and recommendations made.

Recommendations

The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet or other appropriately delegated committee of elected members. We will require evidence of this. (*Local Government Act 1974, section 31(2), as amended*)

In addition to the requirements set out above the Council has also agreed to take the following action based on our recommendations:

The Council will try to contact Miss X and offer to carry out an assessment of her needs under the 1989 Children Act with reference to statutory guidance and in conjunction with its housing department. We said the Council should take this action immediately and without delay. The Council has taken this action but has been unable to contact Miss X.

If the Council believes that Council B is responsible for Miss X under the Children Act 1989 it should work with Council B to resolve any disputes. Miss X should not be disadvantaged by any disagreements and the Council should provide any necessary services until the disputes are settled. As the Council has been unable to contact Miss X there is no further action for it to take at this time. However, it should consider this recommendation should Miss X make contact in the future.

The Council has paid Miss X £400 for the distress caused as a result of its failure to provide assistance.

In addition to our recommendations the Council has "*held a complaint learning meeting [about this complaint] ... and [has] disseminated the learning across the [children's services department]*". We welcome the positive action that the Council has taken to learn from this complaint and avoid similar problems for others in future.

The complaint

1. Miss X complains the Council has refused to provide her with assistance with her housing. She says she became homeless when her mother was evicted from temporary accommodation.

Legal and administrative background

The Ombudsman's role

2. We investigate complaints about 'maladministration' and 'service failure'. In this report, we have used the word 'fault' to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. We refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1), as amended*)

The law and homeless 16 and 17 year olds

3. Under section 184 of the 1996 Housing Act a council must make enquiries where it has reason to believe that a person is homeless or threatened with homelessness within 28 days.
4. If a council has reason to believe a person is homeless, eligible for assistance and in priority need it must ensure that accommodation is available for them whilst it carries out its enquiries. 16 and 17 year olds are automatically considered to be in priority need. (*Housing Act 1996, s.188 & 189*)
5. When a 16 or 17 year old approaches a housing department for assistance it must deal with them under the 1996 Housing Act. However, it must also refer the young person to the "responsible" children's services authority for an assessment as to whether or not they are a child in need. In the meantime the housing department should continue to deal with the child under the 1996 Housing Act until the child in need assessment is completed. (*Provision of Accommodation for 16 and 17 year old people who may be homeless and/or require accommodation – Statutory guidance, April 2010*)
6. The law says the "responsible" authority is the authority in whose area the child is "found" even if the child was placed there by another authority. (*Children Act 1989, s.17*)
7. Where a 16 or 17 year old approaches children's services as homeless or threatened with homelessness the children's services department must assess "*whether the young person is a child in need, and determine whether any duty is owed under [the Children Act 1989] to provide the young person with accommodation*". (*Provision of Accommodation for 16 and 17 year old people who may be homeless and/or require accommodation – Statutory guidance, April 2010*)
8. The law says councils have a duty to co-operate with each other. If a council believes another body, including another council, can "*help in the exercise of any of their functions*" it may request help. The other council "*shall comply with the request if it is compatible with their own statutory or other duties and obligations and does not unduly prejudice the discharge of any of their functions*". (*Children Act 1989, s.27*)
9. Statutory guidance issued by the government says children's services and housing departments within councils should have written joint protocols which "*set out clear practical arrangements for providing services that are centred on young*

people and their families and prevent young people from being passed from pillar to post". (Provision of Accommodation for 16 and 17 year old people who may be homeless and/or require accommodation – Statutory guidance, April 2010)

How we considered this complaint

10. This report has been produced after examining relevant documents.
11. The complainant and the Council were given a confidential draft of this report and invited to comment. The comments received were taken into account before the report was finalised.

What we found

12. Miss X's mother (Ms Y) was evicted from her housing association property in August 2017. Ms Y approached the Council for assistance and was placed in interim accommodation in another council's area (Council B) whilst the Council made enquiries into her circumstances.
13. Ms Y also contacted the Council's children's services department at the time of her eviction to say she had nowhere to live and her daughter was about to become homeless. Miss X was 16 years old and still at school.
14. The Council's children's services department carried out an assessment at the time and found Miss X had accommodation available to her with her grandmother. However, Miss X did not wish to be separated from her mother so she moved to the interim accommodation with Ms Y.
15. The Council's housing department found Ms Y intentionally homeless and so it did not have a duty to continue providing her with interim accommodation. The Council served notice on Ms Y informing her she had to leave the interim accommodation.
16. The Council referred Miss X to children's services in Council B. This is because this was the area she was living in at the time even though the Council had placed her there.
17. Ms Y complained to the Council on 16 August 2017. She said her daughter was in education in the Council's area and has no links to Council B. She said it was not her choice to live in Council B's area and she had been placed there by the Council. Ms Y said she wanted her daughter "*back in Islington so she can continue her education... And the social services as well as the housing failed to do this for her*".
18. The Council replied to Ms Y on 29 August 2017. The Council said that it had "*closed*" Miss X's case. It said it had referred Miss X to Council B as she was resident in that area. The Council said:

"... we have no legal obligation to house you or your child. We are a child in need and child protection service, we do not provide housing. You were provided with temporary accommodation by [the housing department] whilst an assessment was completed... It is not reasonable to expect that your daughter will be able to resume living in [the Council's area] which is one of the most expensive parts of England to live... I need to reinforce the fact that we are a busy front line child protection service and not a housing service. I apologise, if this was your experience but we are not obliged legally to provide you with housing".

-
19. The letter went on to say:
“Please contact the local children’s service department and discuss your concerns for your daughter’s future accommodation, if it’s the case that you have no other arrangements made, they will need to assess her as a homeless 16 yr old”.
 20. Ms Y complained to the Council again on 6 September 2017. Ms Y said Council B had no record of a referral from the Council for her daughter. Ms Y also said that she and her daughter were no longer living in Council B’s area as she had been evicted. Ms Y said she and her daughter were staying between various addresses within the London Borough of Islington’s area.
 21. The Council replied to Ms Y on 5 October 2017. The Council said it had faxed a referral to Council B on 18 August 2017 but it could not comment on why it had not received this. The Council said *“whilst I acknowledge housing is a need, it is not an area that the [Child in Need] service deal with and as previously explained the service have no legal obligation to house you or your daughter... I acknowledge that staying on sofas is not ideal for either you or your daughter but I trust your situation will be improved as soon as possible... The council has no legal obligation to provide housing for you or your daughter and the referral [to Council B] was made appropriately on behalf of you and your daughter”.*

Conclusions

22. The Council is at fault for failing to provide services to Miss X as a 16 year old at risk of homelessness.
23. There was no fault in the Council advising Miss X to contact Council B for assistance when she was living in its area. The courts have said that councils have a responsibility to children within their area even if they were placed there by another council. However, Council B has not accepted any responsibility for Miss X and she is no longer resident in its area.
24. Miss X’s mother, Ms Y, explained this to the Council when she contacted it on 6 September 2017. The Council should have carried out an assessment as to what duty it owed Miss X at that time. Failure to do so was fault.
25. Even if the Council did not believe it was legally responsible for carrying out the assessment it was under a duty to secure co-operation from Council B in addressing Miss X’s needs. Its failure to contact Council B was also fault. As a result Miss X and Ms Y were caused some distress and put to unnecessary time and trouble in having to continue pursuing this matter with the Council.
26. The Council was also at fault when it refused to help Miss X when Ms Y contacted it in August 2017 to make a complaint. Whilst the Council believed Council B’s children’s services were responsible for Miss X, the Council failed to identify that Miss X was threatened with homelessness and may be entitled to help from its own housing department.
27. The 1996 Housing Act does not specify which department should deal with homeless applications. The Act says that where a council has reason to believe a person may be homeless or threatened with homelessness within 28 days it should make enquires into what duty it owes. Even if the Council did not believe it was under a duty to Miss X under the Children Act 1989 it should have considered whether it owed her any duty under the 1996 Housing Act.

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28. The Council says its children's services department had contacted its housing department, however there is no evidence a homeless application was accepted and Council B was not contacted by the Council to find out what, if any, assistance it was offering.
 29. Statutory guidance says the Council should have clear protocols between children's services and housing departments to "*prevent young people from being passed from pillar to post*". The Council failed to provide proper assistance to Miss X and she was caused significant distress as a result of the uncertainty around her housing.
 30. Following our recommendations, the Council tried to contact Miss X to offer assistance but has been unable to do so. The Council says it has spoken to Miss X's grandmother who has advised that Miss X no longer wants any contact from the Council.
 31. The Council says it has tried to contact Miss X at her school but says the school refused to provide contact information as it did not have Miss X's permission to do so.
 32. Miss X's whereabouts are currently unknown and neither we nor the Council have been able to contact her directly. The Council's failure to offer services in a timely and proper manner has resulted in a situation where there is considerable uncertainty about the welfare of this young person.

Agreed action

33. The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet or other appropriately delegated committee of elected members. We will require evidence of this. (*Local Government Act 1974, section 31(2), as amended*)
34. In addition to the requirements set out above the Council has also agreed to take the following action based on our recommendations:
 - The Council will try to contact Miss X and offer to carry out an assessment of her needs under the 1989 Children Act with reference to statutory guidance and in conjunction with its housing department. We said the Council should take this action immediately and without delay. The Council has taken this action but been unable to contact Miss X.
 - If the Council believes that Council B is responsible for Miss X under the Children Act 1989 it should work with Council B to resolve any disputes. Miss X should not be disadvantaged by any disagreements and the Council should provide any necessary services until the disputes are settled. As the Council has been unable to contact Miss X there is no further action for it to take at this time. However, it should consider this recommendation should Miss X make contact in the future.
 - The Council has paid Miss X £400 for the distress caused as a result of its failure to provide assistance.
35. In addition to our recommendations the Council has "*held a complaint learning meeting [about this complaint]... and [has] disseminated the learning across the [children's services department]*". We welcome the positive action that the Council

has taken to learn from this complaint and avoid similar problems for others in future.

Decision

36. We have found fault causing injustice and the actions we have recommended are a suitable way to remedy this. Therefore, we have now completed this investigation



Report of: Corporate Director of Resources

Meeting of:	Date	Agenda item	Ward(s)
Audit Committee	24 July 2018		All

Delete as appropriate		Non-exempt
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SUBJECT: THE COUNCIL'S USE OF SURVEILLANCE UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000

1. Synopsis

- 1.1 The report updates the Committee on the Council's use of covert surveillance under the Regulation of Investigatory Powers Act 2000 ("RIPA").

2. Recommendations

- 2.1 To note the level and nature of covert surveillance undertaken by the Council.
- 2.2 To note current arrangements for ensuring compliance with RIPA and the Home Office Codes of Practice.

3. Background

- 3.1 RIPA provides a statutory framework regulating the use of directed surveillance and the conduct of covert human intelligence sources (informants or undercover officers) by public authorities. The Act requires public authorities, including local authorities, to use covert investigation techniques in a way that is necessary, proportionate and compatible with human rights.
- 3.2 Directed surveillance is covert surveillance conducted for the purposes of a specific investigation or operation and it is likely to result in the obtaining of private information about a person. Private information includes any aspect of a person's private or personal relationship with others, including family and professional or business relationships. Whilst a person may have a reduced expectation of privacy when in a public place, covert surveillance of that person's activities in public may still result in the obtaining of private information.

- 3.3 The use of covert surveillance techniques by local authorities was previously the subject of some controversy. The Government introduced significant changes under the Protection of Freedoms Act 2012, which came into effect on 1 November 2012. The changes mean that a local authority can now only grant authorisations under RIPA for the use of directed surveillance where it is for the purposes of investigating criminal offences that attract a custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco. A magistrate's approval is also required before the RIPA authorisation can take effect.
- 3.4 All RIPA authorisations must be signed by an authorising officer. Authorising officers must be trained before issuing any authorisations and they should attend regular refresher training. The Council currently has 2 authorising officers:
- Service Director Public Protection
 - Audit Manager (Investigations)

4. Codes of Practice

- 4.1 In December 2014, the Home Office issued codes of practice - Covert Surveillance and Property Interference Code of Practice ("the Code of Practice") and Covert Human Intelligence Sources Code of Practice. The Code of Practice sets out that it is good practice for public authorities to appoint a Senior Responsible Officer (SRO) to be responsible for the authority's compliance with RIPA. The SRO will engage with inspectors during inspections and where necessary oversee the implementation of post-inspection action plans. Within local authorities, the SRO should be a member of the corporate leadership team and currently the Interim Corporate Director of Resources has been nominated to this role.
- 4.2 On 16 November 2017 the Home Office launched a public consultation on revised codes of practice and in June 2018 they published their response to the consultation. The codes of practice will be laid before Parliament and will only come into force once they have been approved by both Houses of Parliament. When the draft codes of practice are formally issued, the council's RIPA policy will be updated.
- 4.3 The draft Code of Practice includes an expanded section dealing with online covert activity. The extent of the information now available online, presents opportunities for the Council to view or gather information which may assist in preventing or detecting crime. Much of this information can be accessed without the need for RIPA authorisation but the revised Code of Practice will provide council officers with updated guidance when considering whether a directed surveillance authorisation for online activity should be sought. Also in the section on local authorities the draft Code of Practice maintains that the SRO should be a member of the corporate leadership team.

5. Inspection of the Council's arrangements for compliance with RIPA

- 5.1 The Office of Surveillance Commissioners ("OSC") has carried out inspections of the Council's management of covert activities every 2 to 3 years. The most recent inspection was on 1 December 2016 and was carried out by Assistant Surveillance Commissioner, His Honour Brian Barker CBE, QC ("the Assistant Surveillance Commissioner"). The Assistant Surveillance Commissioner found that "the overall picture is positive, and there is now central control such that systems are in place to ensure both understanding and compliance with the Act, and efficient gathering and presentation of evidence when directed surveillance is deployed".

- 5.2 The Assistant Surveillance Commissioner recommended that the Council should look at ways of creating more awareness by the elected members of the scope and availability of RIPA procedures. To achieve this an annual report has continued to be brought to Audit Committee regarding the council's use of surveillance under RIPA. In addition, an annual report is also now being brought to Executive, six months after the Audit Committee report, regarding the council's use of surveillance under RIPA; the first annual report was brought to Executive on 23 November 2017.
- 5.3 On 1 September 2017, the Investigatory Powers Commissioner's Office (ICPO) took over responsibility for oversight of investigatory powers from the Interception of Communications Commissioner's Office, the OSC and the Intelligence Services Commissioner. Future inspections of the Council's use of RIPA will be undertaken by the ICPO.

6. Use of RIPA

- 6.1 During this financial year since 1 April 2018, the Council has authorised directed surveillance on 1 occasion for a case of unlawful subletting investigated by Housing Investigations. This authorisation has been given judicial approval by a magistrate.
- 6.2 For the previous financial year (1 April 2017 to 31 March 2018) the Council authorised directed surveillance on 1 occasion for a case of unlawful subletting and benefit fraud investigated by Housing Investigations. This authorisation was given judicial approval by a magistrate.
- 6.3 The council has not authorised the use of a covert human intelligence source since October 2010.
- 6.4 The trend in the number of RIPA authorisations has been downwards. By comparison the Council has granted the following number of directed surveillance authorisations in previous years:
- 2010/11 – 23
 - 2011/12 – 15
 - 2012/13 – 17
 - 2013/14 - 6
 - 2014/15 – 4
 - 2015/16 – 1
 - 2016/17 - 2

7. Implications

7.1 Financial implications:

There are no financial implications arising directly from this report. Robust anti-fraud activity is an integral part of the Council's strategy for safeguarding its assets and maximising its use of resources. The use of investigatory surveillance is one of the tools the Council uses to achieve

these aims.

7.2 Legal Implications:

RIPA was introduced to ensure that covert surveillance undertaken by public authorities is undertaken in accordance with the European Convention on Human Rights and the Human Rights Act 1998.

The Council can only undertake covert surveillance if the proposed operation is authorised by one of the Council's authorising officers and subsequently approved by a magistrate. A local authority can only use directed surveillance if it is necessary to prevent or detect criminal offences, which attract a custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco. The authorising officer must also be satisfied that the proposed directed surveillance is proportionate to what is sought to be achieved.

There has been a reduction in the number of directed surveillance authorisations granted by the Council since 1 November 2012, when the Protection of Freedoms Act 2012 introduced significant changes to local authorities' use of RIPA. However, the Council could still face a legal challenge to the way in which covert surveillance is conducted; this could lead to the evidence obtained being ruled as inadmissible and/or a complaint to the Investigatory Powers Tribunal.

7.3 Environmental Implications:

Nil

7.4 Resident Impact Assessment:

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

A resident impact assessment has not been conducted, as this report only provides monitoring information and a legal update for the Committee.

8. Conclusion and reasons for recommendations

- 8.1 The Council has implemented the recommendations of the Assistant Surveillance Commissioner and is managing its covert activities in accordance with RIPA and the Home Office codes of practice.
- 8.2 The Protection of Freedoms Act 2012 has introduced additional safeguards to the use of RIPA and the impact of covert surveillance on the privacy of those under investigation. This has seen a reduction in the use of directed surveillance by the Council.

Appendices: None

Background papers: None

Final report clearance:

Signed by:

Corporate Director of Resources

Date

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Report of: Corporate Director of Resources

Meeting of Audit Committee	Date 24 th July 2018	Agenda Item	Ward(s)
Delete as appropriate	Exempt	Non-exempt	

SUBJECT: Market Supplements

1. Synopsis

1.1 In January 2015 the Audit Committee adopted a market supplements policy with effect from 1st March, 2015 with a view to addressing the difficulties being experienced in recruiting to a number of specific technical and professional roles. This report provides an update on the effectiveness of market supplements in attracting the skills required by the council and whether they have proved more cost effective than engaging agency workers.

2. Recommendations

2.1 To note the update provided in this paper.

3. Background

3.1 The Policy and Performance Scrutiny Committee undertook a review of the council's use of agency workers and presented its report to the Executive in May 2014. Recommendations arising out of that review included one that the council should consider the use of market supplements for 'hard to fill posts' as part of a strategy for reducing the use of agency workers.

3.2 The policy sets quite stringent requirements in respect of evidence of the need for a supplement and requires that markets supplements are approved by the Chief Executive, or if they meet specified criteria, are considered by the Audit Committee itself.

3.3 The policy requires that a business case is prepared before a market supplements can be agreed. The business case is required to address the following issues:

- (a) The anticipated detrimental impact on the operation of the council and its services of failing to recruit to, or retain, suitable employees in the post;
- (b) Alternatives available to the use of market supplements (e.g. use of agency workers);
- (c) The outcome of previous attempts to recruit to the post and/or difficulties in retaining employees in the post due to its remuneration, including exit interview information;
- (d) Evidence of steps taken to maximise the attractiveness of the role and the likelihood of recruiting to it;
- (e) Detailed information about the local labour market relevant to the post concerned using specific comparator jobs or survey information where sufficiently detailed and relevant;
- (f) This information to cover at least 3 comparator roles and include the job descriptions (including management span and budget responsibilities), person specifications and overall remuneration and benefits package (including annual leave entitlement and other benefits) of roles cited as comparators;
- (g) The calculation of the proposed supplement based on the median of the comparators used;
- (h) Confirmation that the cost of the market supplement if applied can be met from the service's existing budget.

4. Use of market supplements

4.1 The following market supplements have been implemented since the policy was introduced and the posts were filled:

Department	Service	Job title	Period	Amount per annum
Finance and Resources	Digital Services and Transformation	Information Security Adviser	27/05/15 - 03/05/16	£8175
Finance and Resources	ICT Strategy and Transformation	Business Engagement Manager	29/06/15 - 30/11/15	£4995
HASS	Housing Property Services	Principal Lift Engineer	From September 2017	£5,000
HASS	Housing Property Services	Senior Electrical Engineer	From September 2017	£8,000
HASS	Housing Property Services	Electrical Engineer	From 30/05/17	£7,000
E&R	Street Environment Services	Corporate Fleet and Transport Manager	From 05/01/18	£9,819

4.2 The following market supplements have been approved but it has not been possible to fill all the posts:

Department	Service	Job title	Period	Amount per annum	Comments
HASS	Housing Property Services	Mechanical Engineer	From September 2017	£11,000	1 of 2 posts filled
HASS	Housing Property Services	Mechanical Inspector	From September 2017	£10,000	1 of 2 posts filled
HASS	Housing Property Services	Electrical Inspector	From September 2017	£10,000	1 of 2 posts filled

4.3 The following market supplements have been approved but it has not been possible to fill any of the posts:

Department	Service	Job title	Amount per annum	Comments
HASS	Housing Property Services	Group Lead, Mechanical and Electrical Team x 1	£9,000	Attempts to recruit on two occasions have been unsuccessful despite the market supplement being offered
HASS	Housing Property Services	Lead Domestic Gas Engineer x 2	£6,870	

5. Effectiveness and cost of using market supplements

- 5.1 Feedback from managers in HASS and E&R demonstrates that markets supplements have been essential in enabling recruitment to these technical and specialist roles. Even so, not all posts have been filled. It is necessary to re-advertise the ones that remain vacant and there is no guarantee of a successful outcome to the campaigns. Candidates have commented that market supplements are not the same as a permanent salary, as they are subject to annual reviews and could in theory be withdrawn. When posts are advertised, the market supplement has to be shown separately and this may also deter potential candidates. For certain roles, amounts in the region of £15,000 can be spent on advertising, due to the need to use specialist media.
- 5.2 Campaigns are currently under way with a view to filling the remaining vacancies for the roles of Group Lead - Mechanical and Electrical Team, Mechanical Engineer, Electrical Engineer, and Mechanical Inspector.
- 5.3 Managers in a range of services where there are specialist roles which require lengthy study and high-level qualifications, and for which there is often competition with more generous salaries in the private sector, find that they struggle to recruit. The evidence shows that market supplements provide a solution, at least in part, but that it would be beneficial to look into the problems in recruiting to these posts in greater detail, including reviewing recruitment processes and ensuring that the full benefits packages are explained. In particular, feedback from managers is that the NJC job evaluation scheme does not adequately recognise the value of roles requiring technical qualifications and knowledge, as well as management and leadership skills and commercial flare.

This combination is prized in the private sector and attracts very high remuneration. Human Resources colleagues have been providing dedicated support to managers to assist them with these resourcing challenges, including to ensure advertisements capture all the benefits of working for the council. Colleagues with specialist knowledge of job evaluation have been working to ensure the evaluation of these roles is effective and supports the attraction of the right calibre of candidates.

5.4 Examples of roles for which market supplements have been agreed, with the costs of permanent employees compared to agency workers are listed here:

Job title	Islington grade/ Salary	Market supplement	Approximate on- costs (c 20%)	Total cost of employee
Principal Lift Engineer	PO5 £42,651 - £45,438	£5,000 pa (£47,651 - £50,438)	£9,530 - £10,088	£57,181 - £60,525
Senior Electrical Engineer	P04/P05 £39,855 - £45,438	£8,000 pa (£47,855 - £53,438)	£9,571 - £10,688	£57,426 - £64,126
Mechanical Engineer	P02/P03 £35,070 - £39,855	£11,000 pa (£46,070 - £50,855)	£9,214 - £10,171	£55,284 - £61,026
Mechanical Inspector	S01/S02 £29,424 - £33,627	£10,000 pa (£39,424 - £43,627)	£7,885 - £8,725	£47,309 - £52,352
Electrical Inspector	S01/S02 £29,424 - £33,627	£7,000 pa (£36,424 - £40,627)	£7,285 - £8,125	£43,709 £48,752

Job title	Day Rate (Contractor)	Day Rate (including agency fee)	Annual contract cost (48 weeks)
Principal Lift Engineer	£260.00	£286.00	£68,640
Senior Electrical Engineer	£250.00	£275.00	£66,000
Mechanical Engineer	£180.00	£198.00	£47,520
Mechanical Inspector	£200.00	£220.00	£52,800
Electrical Inspector	£200.00	£220.00	£52,800

5.5 One of the reasons that managers engage agency workers is because they experience difficulties in recruiting to posts permanently due to the salaries the council offers for jobs which may typically attract better pay in the private sector. As can be seen from the examples listed

above, the cost of engaging an agency worker is generally greater than the cost of hiring a permanent employee. However, there are broader issues, with less easily quantifiable costs which should be noted and which, when taken into consideration alongside the costs, mean that offering market supplements in order to recruit on a permanent basis to hard-to-fill posts is the preferable option. These issues are as follows:

- The council wishes to act as a responsible and ethical employer, providing opportunities which offer people stability and security for them and their families and contribute to making Islington a fairer place;
- Unless used in conjunction with planned knowledge transfer, a high use of agency workers undermines efforts to build organisational and individual capability and does not allow for effective succession planning;
- An extensive use of agency workers carries significant risk in view of the speed at which workers can terminate contracts;
- A more transient workforce will be less motivated and less committed to working to achieve the council's vision and values;
- Some agency workers may have chequered work histories, which are very difficult to identify in advance due to the fact that they work through agencies.

6. Implications

6.1 Financial implications:

As part of the process to approve market supplements, managers must assess where the funding will come from and ensure that sufficient funds are available to pay for the supplements from within their existing budgets.

6.2 Legal Implications:

Where the council awards a market supplement (in addition to the evaluated grade of a post), the potential for equal pay claims arises. The council needs to be able to demonstrate that the award of the supplement is justified by a material factor (which is neither directly nor indirectly discriminatory) in order to avoid or defend such claims. The state of the employment market, which may lead an employer to increase the pay of a particular job in order to attract candidates, can constitute an objectively justified economic ground for a pay disparity, provided the applicable pay levels are not due to underlying discriminatory reasons. Having a robust market supplements policy in place, which has been and continues to be equality impact assessed, is subject to regular review and which requires documentary evidence of the market conditions and recruitment difficulties, mitigates the risks of using supplements.

6.3 Environmental Implications:

There are no environmental implications arising from this report.

6.4 Resident Impact Assessment:

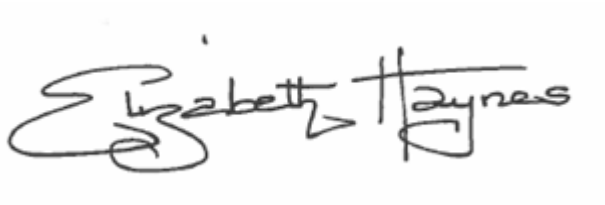
The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities,

and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A resident impact assessment was undertaken in respect of the Market Supplement policy. The policy itself is not considered likely to have an adverse impact on any particular group but as the policy gives discretion to managers the use of the policy by managers will be monitored to ensure it is being fairly applied.

Final report clearance:

Signed by:



Liz Haynes
Director of Human Resources

Date: 9th July, 2018

Received by:

Head of Democratic Services

Date

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