



**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 **3 June 2019 at 7.30 pm.**

Enquiries to : Mary Green
Tel : 020 7527 3005
E-mail : democracy@islington.gov.uk
Despatched : 23 May 2019

Membership 2019/2020

Councillor Nick Wayne (Chair)
Councillor Sue Lukes (Vice-Chair)
Councillor Rowena Champion
Councillor Anjna Khurana
Alan Begg (Co-Optee)
Nick Whitaker (Co-Optee)

Substitute Members

Councillor Vivien Cutler
Councillor Mouna Hamitouche MBE
Councillor Sara Hyde
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 - 4
5. Membership, terms of reference and dates of meetings in 2019/20 5 - 10

6.	Audit Committee appointments to Sub-Committees and Pensions Board 2019/20	11 - 20
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B. Items for Decision - Audit Committee/Audit (Advisory) Committee

1.	Annual Governance Statement (draft)	21 - 48
2.	Authorisation of external investigation into whistleblowing complaints	49 - 52
3.	Enforcement and prosecution policy	53 - 68
4.	Market supplements - members' questions to the Acting Director of Human Resources and Head of Schools Human Resources (in accordance with a resolution passed by the Committee in March 2019)	-

C. 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.

D. 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.

E. Confidential/exempt items

1.	Authorisation of external investigation into whistleblowing complaints - exempt appendix	69 - 70
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F. 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 ordinary meeting of the Audit Committee and Audit Committee (Advisory) will be on 29 July 2019

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London Borough of Islington

Audit Committee and Audit Committee (Advisory) - 11 March 2019

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 March 2019 at 7.00 pm.

Present: **Councillors:** Councillor Nick Wayne (Chair), Councillor Sue Lukes (Vice-Chair), Councillor Satnam Gill OBE
Also Present: **Independent member:** Alan Begg (Independent Member) and Nick Whitaker (Independent Member)

Councillor Nick Wayne in the Chair

43 APOLOGIES FOR ABSENCE (Item A1)

Apologies were received from Councillor Champion.

44 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

There were no declarations of substitute members.

45 DECLARATIONS OF INTEREST (Item A3)

There were no declarations of interest.

46 MINUTES OF PREVIOUS MEETING (Item A4)

RESOLVED:

That the minutes of the meeting held on 31 January 2019 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

47 AUDIT COMMITTEE APPOINTMENT 2018/2019 (Item B1)

RESOLVED:

- 1) To note that Councillor Caluori had stepped down as a substitute on the Personnel Sub-Committee.
- 2) That Councillor O'Halloran be appointed as a substitute on the Personnel Sub-Committee for the municipal year 2018/10 or until a successor is appointed.

48 PRINCIPAL RISK REPORT (Item B2)

In the discussion the following points were made:

- The approach to drafting the principal risk report was a bottom-up approach. The outlined risks were drawn up by departmental management teams and then confirmed with the corporate management board (CMB).
- The report provided information on the likelihood and impact of risks and mitigating actions. Quarterly updates on mitigating actions were due to be taken to CMB from 2019/20.
- In relation to cyber risk, an internal audit piece of work called white hat audit would be undertaken in 2019/20 to provide a steer surrounding cyber security. PwC would

undertake this work and outcomes would be brought to the Audit Committee in due course as part of a wider Internal Audit update report.

- The council had done a lot of work on ensuring readiness for GDPR.
- Changes in programme delivery would alter the impact and profile of the risk e.g. new homes programme, although it was anticipated that the risks would be more delivery related than financial.
- There was a risk of increased fraud in the current economic climate. This risk would need to be considered more proactively than was the case in the past.
- The most significant risk was Brexit. The immediate risks to the council were discussed along with contingency measures. The external auditors welcomed the council's approach to preparing for the risks surrounding Brexit.
- Work was taking place with those who had small businesses.
- Concern was raised about support for British nationals abroad and whether there would be a potential increase in homelessness. The Corporate Director, Children's Services who ran the council's Brexit working group said groups supporting those abroad thought this was a low risk but she would look into it.

RESOLVED:

That the report be noted.

49

2019-20 INTERNAL AUDIT PLAN (Item B3)

In the discussion the following points were made:

- The plan was realistic the resourcing allocated to individual audits had been increased to 20 days.
- It was anticipated the vacancies in the team could be filled by June 2019 but it could be earlier.
- Few audits had been carried over from the previous year and the team was on target to achieve the plan by early 2019/20. The quality and depth of testing was good and the audit plan focussed on principal risks.
- The Chair thanked Internal Audit for their engagement in the 2018/19 municipal year.

RESOLVED:

That the 2019-20 Internal Audit Plan be noted.

50

E&R OVERTIME AUDIT - UPDATE (Item B4)

The Corporate Director of Environment and Regeneration attended for this item.

- In the discussion the following points were made:
- This audit started as a fraud case. There had been problems with poor systems and a lack of control. During this time a service manager vacancy had been held and services had been inherited but with a £3m cost saving.
- Pressures on the service, high sickness levels, dependency on agency staff, overtime being used to solve problems and poor local management were all factors.
- A major vehicle replacement programme had recently taken place which meant vehicles were more reliable and less overtime was required to complete tasks. Overtime now required pre and post authorisation.
- Digitalisation was being used to help managers.
- The council's approach to budget setting this year involved both pre-scrutiny and post-scrutiny which should provide more rigor and challenge to the budget.
- The Corporate Directors of E&R and for People would raise this matter at the Chief Executive's Corporate Management Board and if there were any departments with similar profiles where remedial action was necessary, it would be taken.

RESOLVED:

- 1) That the report be noted.
- 2) That an update report be submitted to the Committee in six months' time.

51 IDENTIFIABLE RISKS FROM A NO-DEAL BREXIT (Item B5)

The Corporate Director for People attended for this item.

RESOLVED:

That this item be considered under the Principal Risk Report (Minute 48).

52 EXTERNAL AUDITOR REPORTS (Item B6)

In the discussion the following points were made:

- The external auditors had not identified any significant risks which were based on specific issues in Islington.
- Not many issues had been identified and the council had a good level of accounts and pension funds.
- The external auditors were happy with the approach from the council.

RESOLVED:

- 1) That the External Audit Plan for the Council and Pension Fund for the year ending 31 March 2019 be noted and approved.
- 2) That the Annual Report on Grants and Returns for 2017/18 be noted.

53 GENDER PAY GAP (Item B7)

RESOLVED:

This item was withdrawn from the agenda.

54 ANY OTHER BUSINESS

As this was the last meeting of the municipal year, the Chair thanked officers and advised them the committee appreciated their support and the transparency in helping the committee to fulfil its role.

The meeting ended at 8.45 pm

CHAIR

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Report of: Corporate Director of Resources

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	3 June 2019		n/a

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Subject: MEMBERSHIP, TERMS OF REFERENCE AND DATES OF MEETINGS OF AUDIT AND AUDIT (ADVISORY) COMMITTEE

1. Synopsis

To inform members of the remit of the Audit and Audit (Advisory) Committee.

2. Recommendation

- 2.1 To note the membership appointed by Council on 16 May 2019, terms of reference and dates of meetings of the Audit and Audit (Advisory) Committee for the municipal year 2019/20, as set out at Appendix A.

3. Background

- 3.1 The terms of reference of the Audit and Audit Advisory Committee (as contained in Part 5 of the Council's Constitution) are set out at Appendix A.
- 3.2 The membership and dates of meetings agreed are also set out at Appendix A for information.

4. Implications

4.1 Financial Implications

None.

4.2 Legal Implications

None.

4.3 Environmental implications

None.

4.4 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 carried out since the contents of this report relate to a purely administrative function and will not impact on residents.

5. Conclusion and reasons for recommendations

The report is submitted to ensure members are fully informed of the remit of the Committees and their administrative arrangements.

Background papers:

None.

Final report clearance

Signed by



Corporate Director of Resources

17 May 2019

Date

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AUDIT COMMITTEE AND AUDIT COMMITTEE (ADVISORY) – 3 June 2019

1. COMMITTEE MEMBERSHIP – (Agreed at Annual Council 16 May 2019)

Councillors	Substitute Members
Nick Wayne (Chair)	Vivien Cutler
Sue Lukes (Vice-Chair)	Mouna Hamitouche
Rowena Champion	Sara Hyde
Anjna Khurana	Flora Williamson
<u>Independent Members - Audit Committee (Advisory)</u> Alan Begg Nick Whitaker	

2. FUTURE MEETING DATES

29 July 2019 at 7.00pm	2 September 2019 at 7.00pm	28 January 2020 at 7.00pm	17 March 2020 at 7.00pm	18 May 2020 at 7.00pm
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3. AUDIT COMMITTEE

Composition

The membership of the committee shall not include any members of the Executive.

The membership of the Audit Committee (Advisory) shall include two independent members.

Quorum

The quorum shall be three members, not including Independent members

Terms of Reference

Audit Committee (Advisory) Functions

To consider the following matters and to make recommendations concerning them to the relevant Council bodies or to officers:

1. The Head of Internal Audit's annual report and opinion and the level of assurance internal audit activity can give over the Council's corporate governance arrangements;
2. The external auditor's annual letter, relevant reports and the report to those charged with governance on issues arising from the audit of the accounts;
3. Reports dealing with the management, performance and value for money of the providers of internal and external audit services;
4. A report from internal audit on agreed recommendations not implemented within a reasonable timescale;
5. The appointment of the Council's external auditor;
6. Work to be commissioned from internal and external audit;
7. Specific internal and external audit reports as requested;
8. The contract procedure rules and financial regulations in the Council's constitution and the Council's compliance with its own and other published standards and controls;
9. Any issue referred to it by the Council, Executive, Policy and Performance Scrutiny Committee or the Chief Executive;
10. The Council's arrangements for corporate governance and risk management and recommend necessary actions to ensure compliance with best practice;
11. The production and content of the authority's Annual Governance Statement;
12. The annual report from the Monitoring Officer concerning standards of member conduct, which shall include a summary of complaints received under the Code of Conduct Complaints Procedure and their outcome.
13. Any report on any matter relevant to the advisory functions of the Committee which the Committee may request from the Corporate Director of Resources or other proper officer.

Audit Committee Decision-Making Functions

Audit related matters

To review and agree the annual statement of accounts, including considering whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or the audit that need to be brought to the attention of the council.

1. To adopt the authority's Annual Governance Statement.
2. To agree annually the amount calculated by the Council as its tax base for the whole area of the borough, any tax base applying as special levies, and other matters associated with the tax base.

General Matters

3. To appoint a Personnel Sub-Committee, including approval of its terms of reference and membership. Members of the committee will include the Chair of Audit Committee, the Leader of the Council, the Executive Member with responsibility for Human Resources, and two ordinary member positions. All other Executive Members will be appointed to

act as substitutes for the Committee, with the relevant Executive Member joining the Committee depending on the appointment being made.

4. To appoint a Pensions Sub-Committee.
5. To appoint such other sub-committees or other bodies, including their membership and terms of reference, as the Committee deems from time to time appropriate.
6. To grant exemptions under section 3 of the Local Government and Housing Act 1989 from political restriction to holders of posts under the Council and to give directions as to inclusion of specified posts in the list maintained by the Council under section 2(2) of that Act.
7. To make appointments between council meetings to those outside bodies and panels appointed to by the Council under Part 3 paragraph 7.2.
8. To determine matters relating to the organisation and conduct of elections, including the following:
 - i. provision of assistance at European Parliamentary elections;
 - ii. division of the constituency into polling districts;
 - iii. division of the borough into polling districts.
9. To regulate matters affecting members, including remuneration, expenditure and training and to promote high standards of conduct amongst members.
10. To recommend to Council the introduction, amendment or revocation of byelaws.
11. To take decisions on any matter within the terms of reference of any of its sub-committees where the proper officer considers that it is necessary and reasonable to do so.
12. All other non-Executive matters specified under the relevant legislation save for those which are delegated to officers (unless the relevant Corporate Director refers the matter to the committee) or are reserved to the Council under paragraph 1 of Part 3 of this Constitution or to the Licensing Committee or Licensing Regulatory Committee and Planning committees.

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Report of : Corporate Director of Resources
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Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	3 June 2019		n/a

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Subject: AUDIT COMMITTEE APPOINTMENTS 2019/20

1. Synopsis

This report seeks agreement to the appointment of the Pensions Sub-Committee, Pensions Board and Personnel Sub-Committee.

2. Recommendations

2.1 Pensions Sub-Committee

- (a) To confirm the size of the Sub-Committee and its terms of reference in Appendix A
- (b) To appoint the members named in Appendix A for the municipal year 2019/20, or until successors are appointed.
- (c) To appoint the Chair and Vice-Chair for the municipal year 2019/20, or until successors are appointed.

2.2 Personnel Sub-Committee

- (a) To confirm the size of the Sub-Committee and its terms of reference in Appendix A
- (c) To appoint the members named in Appendix A for the municipal year 2019/20, or until successors are appointed.
- (d) To appoint the Vice-Chair for the municipal year 2019/20, or until a successor is appointed.

2.3 Pension Board

- a) To appoint Valerie Easmon-George as pensioner member representative for a term of four years, from 3 June 2019.
- b) To appoint Alan Begg as an independent member for a term of four years, from 3 June 2019
- c) To reappoint the following members for a three year term from 3 June 2019:
 - (i) Mike Calvert, Unison, as a member representative
 - (ii) Maggie Elliott – Chair of Governors at Montem School as an employer representative.
- d) To appoint Maggie Elliott as Vice-Chair of the Pensions Board.
- e) To reappoint Councillor Paul Smith as a member and Chair of the Pensions Board.
- f) To note the appointment of George Sharkey, GMB, as a member representative for a four year term, with effect from 26 May 2017
- g) To note that there is an employer representative vacancy and a substitute pensioner member representative vacancy.

3. Background

- 3.1 The terms of reference for the Pensions Sub-Committee, Pensions Board and the Personnel Sub-Committee are set out in Appendix A.
- 3.3 The proposed membership for each of the Sub-Committees of the Audit Committee and the meeting dates agreed for the year are also set out at Appendix A.
- 3.4 The Pension Board membership consists of:
 - 3 Islington Council Pension Fund employer representatives
 - 3 Islington Council Pension Fund member representatives
 - 1 independent member (non-voting)

4. Implications

4.1 Financial Implications

None

4.2 Legal Implications

These are set out in the report.

4.3 Environmental Implications

There are no environmental impacts arising from this report.

4.3 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 carried out since the contents of this report relate to a purely administrative function and will not impact on residents.

5. Conclusion and reasons for recommendations

Approval to the recommendations is needed to ensure that the Sub-Committees and the Pensions Board are properly constituted.

Background papers:

None.

Final Report Clearance

Signed by



Corporate Director of Resources

17 May 2019

Date

Report author Mary Green
Tel 020 7527 3005
E-mail mary.green@islington.gov.uk

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1. **PENSIONS SUB-COMMITTEE**

1.1. Committee Membership 2019/20

Councillors	Substitute Members
David Poyser (Chair)	Michael O'Sullivan
Andy Hull (Vice-Chair)	Roulin Khondoker
Sue Lukes	Mouna Hamitouche
Paul Convery	

Terms of Reference

1. To consider policy matters in relation to the pension scheme, including the policy in relation to early retirements.
2. To administer all matters concerning the Council's pension investments in accordance with the law and Council policy.
3. To establish a strategy for disposition of the pension investment portfolio.
4. To determine the delegation of powers of management of the fund and to set boundaries for the managers' discretion.
5. To review the investments made by the investment managers and from time to time consider the desirability of continuing or terminating the appointment of the investment managers. (Note: The allocation of resources to the Pension Fund is a function of the Executive).
6. To consider the overall solvency of the Pension Fund, including assets and liabilities and to make appropriate recommendations to the Executive regarding the allocation of resources to the Pension Fund.
7. The Chair of the Pensions Sub-Committee will represent Islington Council at shareholder meetings of the London Collective Investment Vehicle (London LGPS CIV Limited). In the absence of the Chair a deputy may attend.

1.2 Quorum

The quorum for the Pensions Sub-Committee is 2 elected members.

1.3 Future Meeting Dates

Listed below are the dates of the meetings for 2019/20:

17 June 2019
10 September 2019
3 December 2019
24 March 2020
15 June 2020

The Pensions AGM is scheduled for 1pm on Monday 7 October 2019 at the Assembly Hall, Town Hall, Upper Street. N1 2UD.

2.. **PERSONNEL SUB-COMMITTEE**

2.1 Committee Membership 2019/20

The Audit Committee will appoint members to the Personnel Sub-Committee following appointments made at the Annual Council Meeting. Members of the committee will include the Chair of Audit Committee, the Leader of the Council, the Executive Member with responsibility for Human Resources, and two ordinary member positions. All other Executive Members will be appointed to act as substitutes for the Committee, with the relevant Executive Member joining the Committee depending on the appointment being made.

When an appointment is to a post employed jointly by the Council and another organisation, such as the National Health Service, membership of the committee may be increased to include a relevant representative of that organisation as a co-opted non-voting member subject to the agreement of the Personnel Sub-Committee Chair

Councillors	Substitute Members
Nick Wayne (Chair)	All other Executive members
Richard Watts	
Andy Hull	
Anjna Khurana	
Jenny Kay	

2.2 Terms of Reference

1. The making of the Council's personnel policies and procedures and the setting of terms and conditions of employment.
2. Responsibility for and monitoring of, the Council's health and safety policies as employer, including reports on health and safety within Council departments.
3. To approve the early retirement of the Chief Executive and to agree the award of any discretionary payments in connection with such retirement or redundancy.

4. To approve any payment to an officer on termination of employment in respect of redundancy entitlement, any payment under the Local Government (Early Termination of Employment) Discretionary Compensation Regulations and notice pay in respect of termination in the interests of the efficient exercise of the Authority's functions, which exceeds £100,000 in total.
5. To be responsible for the recruitment and appointment of Corporate Directors and Service Directors in accordance with Part 4, Rule 101.
6. To agree the starting salary for any post where the overall remuneration package on new appointment (excluding pension contributions in accordance with the Local Government Pension Scheme regulations) is to exceed £100k
7. To hear representations in respect of the termination of a Corporate Director's employment in accordance with the JNC terms and conditions of employment.
8. To appoint an independent person (within the meaning of the Local Authorities (Standing Orders) (England) Regulations 2001) to carry out the functions in Regulation 7 of those regulations.
9. To take decisions on disciplinary matters relating to the Chief Executive including termination of the Chief Executive's contract of employment following consideration of a report prepared by a designated person.
10. To receive submissions from trades unions' representatives on agenda items concerning staff terms and conditions.
11. To make recommendations to Council on the appointment of the Chief Executive.
12. To make recommendations to Council on the appointment of independent persons to serve on the Standards Committee and Audit Committee.

2.4 Meeting arrangements

The quorum for the Personnel Sub-Committee is 3 elected members. Meetings for the municipal year 2019/20 will be arranged as required.

3. Pensions Board

3.1 Terms of Reference

1. To assist the London Borough of Islington as scheme manager in securing compliance with:
 - a. the Local Government Pension Scheme Regulations 2013;
 - b. any other legislation relating to the governance and administration of the Local Government Pension Fund Scheme (LGPS);
 - c. requirements imposed by the Pensions Regulator in respect of the LGPS;
 - d. such other matters as the LGPS regulations may specify
2. To assist the London Borough of Islington in securing the effective and efficient governance and administration of the scheme;
3. To consider cases that have been referred to the Pension Regulator and/or the Pension Ombudsman; recommending changes to processes, training and/or guidance where necessary;
4. To produce an annual report outlining the work of the Board throughout the financial year.
5. To make recommendations to the Pension Sub-Committee.

Composition

The membership of the Board shall consist of:

- 3 Islington Council Pension Fund employer representatives
- 3 Islington Council Pension Fund member representatives
- 1 independent member (non-voting)

No substitutes are permitted, with the exception of the member of the Board who is appointed to represent pensioner members of the LGPS

All members of the Board shall be appointed by full Council or its Audit Committee which shall also appoint a chair from among the members of the Board.

Any person who is applying for or appointed as a member of the Pension Board must provide the Scheme Manager with such information as and when the Scheme Manager requires to ensure that any member of the Board or person to be appointed to the Board does not have a conflict of interest.

No officer or elected member of the Council who is responsible for the discharge of any function in relation to the LGPS.

Members of the Pension Sub-Committee shall be invited to attend meetings of the Board as observers.

Meeting Dates 2019/20:

17 June 2019

10 September 2019

3 December 2019

24 March 2020

15 June 2020

The Pensions AGM is scheduled for 1pm on Monday 7 October 2019 at the Assembly Hall, Town Hall, Upper Street. N1 2UD.

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Report of: Director – Financial and Asset Management (s151)

Meeting of	Date	Ward(s)
Audit Committee	3 rd June 2019	All

Delete as appropriate		Non-exempt
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SUBJECT: Annual Governance Statement 2018-19

1. Synopsis

- 1.1. This report provides Committee with the Council's 2018-19 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 adopt 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. The Council's Corporate Management Board (CMB) reviewed the AGS on 30th April 2019 and 14th May 2019.

3.2. The 2018-19 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 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),
- other areas of assurance and governance (Section 5),
- the actions proposed to deal with any significant governance issues identified (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. In 2018/19, in addition to the comprehensive self-assessment; self-assessments were undertaken by each directorate locally.

3.6. The governance framework described in the AGS has been in place at the Council for the year ended 31 March 2019.

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. Legal Implications

Regulation 6 (Part 2) 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.

4.3. Environmental implications

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

4.4. 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 completed because the decision currently being sought does not have direct impacts on residents.

5. Reason for recommendations

The Annual Governance Statement, attached at Appendix A, reports on the Council's governance arrangements and control environment, and forms part of the Statement of Accounts.

Appendices:

Appendix A – 2018-19 Annual Governance Statement

Final report clearance:

Signed by:



Alan Layton – Director Financial and Asset Management (s151) Date 21 May 2019

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REPORT ENDS

London Borough of Islington
Annual Governance Statement 2018-19

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 2019 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 15 October 2018. 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 updated policy was approved by Audit Committee on 31 January 2019.

- 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 and residents who are dissatisfied with how the Council has dealt with a complaint can contact the Local Government Ombudsman and Social Care Ombudsman or the Housing 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 in its Access to Information Policy. The Council sets out its commitment to complying with Individual Rights, as set out in the General Data Protection Regulation, in the Individuals Rights Policy.

3.3.3. A comprehensive Data and Information Management policy suite is in place to ensure staff are aware of their obligations to keep personal data secure. All staff are also briefed on Data Protection and Information Governance responsibilities via 'pop-up' training, and must complete two mandatory eLearning courses on GDPR and data handling.

3.3.4. The Council has an Information Asset Register and a Record of Processing Activity in place to ensure that it manages its information and identified and mitigates any risks efficiently.

3.3.5. The ICO carry out compulsory audits or ask organisations to participate in a 'consensual' audit. The Council participated in a consensual audit by the ICO in 2015. The Council are required by law to refer data breaches to the ICO where they meet the threshold for reporting. The Council reported two incidents in 2018-19 and both were closed with no further action as the ICO were satisfied with the remediation actions undertaken. Individuals are also entitled to escalate complaints to the ICO, these arise either from an Freedom of Information (FOI) or Data Protection (DP) concern (late/incomplete subject access request), alleged data breach etc. The ICO can issue a decision notice in response to an FOI complaint (this can be for or against the council). The Council had one against the organisation for timeliness of response in 2018/19. The ICO can also issue practice recommendations or fines in relation to

breaches of DP legislation (e.g. breach of data or another breach of legislation such as failing to respond to a subject access request in one month). No practice recommendations have been issued in 2018-19.

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, email, social media channels, public meetings and the quarterly magazine delivered to residents. In 2014, 2015, 2017 and again in 2018, 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, delivered in partnership with Voluntary Action Islington, provides an opportunity for engagement with a wide number of local organisations that work closely with some of the most vulnerable residents. Alongside this, a range of communications networks and network meetings are organised with specific sections of the borough's voluntary and community sector.

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. Alongside this, the council runs small grants programmes, including the Islington Council Community Chest fund and Local Initiatives Fund which facilitate clear communication channels with all sections of the community.

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 its vision of a fairer Islington' are set out in 'Building a Fairer Islington' our Corporate Plan for 2018-22.
- 3.5.3. The council's seven key priorities are:
- **Homes** - Delivering decent and genuinely affordable homes for all
 - **Jobs and Money** – Delivering an inclusive economy, supporting people into work and helping them with the cost of living
 - **Safety** – Creating a safe and cohesive borough for all
 - **Children and young people** – Making Islington the best place for all young people to grow up
 - **Place and environment** – Making Islington a welcoming and attractive borough and creating a healthier environment for all
 - **Health and independence** – Ensuring our residents can lead healthy and independent lives
 - **Well run council** – Continuing to be a well-run council and making a difference despite reduced resources
- 3.5.4. 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.
- 3.5.5. 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;
 - 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.
 - Over the next six months the performance framework will be reviewed to align it with the Programme Management Office.
- 3.5.6. The Islington Commitment, Corporate Performance Indicator Suite, and Performance Management Framework are set out on the Performance page of the Council's website.
- 3.5.7. The Council 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. 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)*

The S151 Officer (Director – Financial and Asset Management) is responsible for leading and directing financial strategy and operations for 2018-19. They are 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.

3.9.1. 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.

3.9.2. The Corporate Governance Group meets at regular intervals to discuss and monitor compliance with corporate systems of internal control, data security and governance issues. The group includes the Interim 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 role of 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. The Head of Paid Service 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 development programme. Details of all training provided to Members is reported to Audit Committee annually.
- 3.12.2 Since the local elections in May 2018, training and development has been provided to Councillors on both a group and individual basis. There is an ongoing development programme with a number of dates scheduled for planned training each year. 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.

3.13 *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 make efforts to improve the risk maturity of the organisation and move towards a more risk aware culture by embedding risk management into business as usual practices. In 2018-19, the Principal Risk Report was enhanced to include the cause and consequence of each principal risk. Workshops were conducted at DMT

level and the Council's Risk Manager also supported the Brexit working group. Work is underway to ensure that key service risk registers are more regularly updated.

- 3.13.2 The Council's Principal Risk Report is reviewed and updated annually and 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 incorporates promotes a zero tolerance approach to fraud and incorporates the Council's fraud response plan. The Council's whistleblowing policy provides a mechanism for suspected fraud including breaches of law, procedure or policy to be reported confidentially.
- 3.14.2 The Head of Internal Audit has overall responsibility for anti-fraud related activity and reports outcomes of whistleblowing investigations bi-annually to the Audit Committee.
- 3.14.3 Completed anti-fraud work in 2018-19 produced reports in a number of areas with recommendations to strengthen controls and further mitigate fraud risk.
- 3.14.4 The Council participates in the National Fraud Initiative. In 2018-19, the Council participated in London Counter Fraud Hub workshops as one of four pilot authorities.

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 Internal Audit assesses the level the implementation of audit recommendations and reports bi-annually to CMB and the Audit Committee. The External Audit is factored into the work plan of the Resources Directorate and adequate resources are devoted to this. Information needed by the External Auditors is responded to promptly and the Council remains in regular dialogue with the External Auditors throughout the year. The Council's support to and co-operation with External Audit has been commended in the annual ISA260 Report to Those Charged with Governance.

3.18 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 arrangements 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 or 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

- 4.1.1 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 2018-19 to assess the Council's effectiveness in applying principles of good governance in practice.
- 4.2.2 The self-assessment, having been completed for the first time in 2016-17 by key officers across the Council; has been annually updated since. The self-assessment was updated in 2018-19 and indicated that the Council had achieved a sound level of implementation of good

governance principles in a number of areas, with some areas requiring improvement. Directorate level self-assessments were also completed.

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 Adult social care reablement and residential services are subject to statutory Care Quality Commission regulation and inspection.
- 4.3.4 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 2018-19 financial year, will be provided in the 2018-19 Internal Audit Annual Report to the Audit Committee.
 - 4.4.4 Audit recommendations made in 2018-19 will be scheduled for follow up in 2019-20 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 and 2017-18 was Moderate Assurance.

- 4.4.7 The work undertaken during 2018-19 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 2019, 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. Revision to assurance ratings and residual risks will be closely monitored through follow-ups in 2019/20. 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 and 2018-19, 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 Other areas of Governance and Assurance:

Resources

- 5.1.1 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 2017/18 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 was used in 2018/19 to help develop the 2019/20 budget.
- 5.1.2 The Council's in-year budget monitoring process routinely monitors service financial performance and key risks against the budget and looks to put management action in place to deliver the council's financial outturn within the overall budget. The experience during 2018/19, was that only one department, Environment and Regeneration faced a material spending pressure that could not be contained within the budget. Management action taken in the year did get the net overspend down in the department from £1.5m to £0.6m over the

course of the year. As in 2017/18 all departments were asked to look to see what short term actions could be taken to help mitigate the Environment and Regeneration overspend. The result of this concerted action was by the provisional outturn reported in May 2019 the net overall financial position for services in the General Fund was a £1.4m underspend resulting on no need to use the contingency budget.

- 5.1.3 Since 2010, the Council's budget has been subject to major funding cuts which has resulted in the Council having to make £225m in savings. The Council estimates it will need to close a budget gap of £50m over the three years 2019/20 to 2021/22. As a consequence, the Council in February 2019 approved a 2019/20 budget that included £13.8m savings for 2019/20 together with savings of £8.5m for 2020/21 and £11.4m for 2021/22. The 2019/20 budget included the maximum permissible increase in Council Tax of 2.99%. The Council Medium Term Financial Strategy also includes a further £8m of service efficiency savings which will need to be identified in 2020/21 and 2021/22. There is currently no certainty over local authority funding beyond 2019/20. The government is expected to conduct a spending review during the year and is currently reviewing the funding formula for local authorities and the operation of the business rates retention system.
- 5.1.4 Delivering robust financial management including financial control and providing high quality financial advice is a key contributor to the Council's strong financial standing. The 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 are reviewed regularly 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.
- 5.1.5 The Council's Housing Revenue Account (HRA) has benefited over a number of years from a robust and funded 30-year business plan and this continues to be the case over the short/medium & long term. The Welfare Reform and Work Act 2016 imposed a requirement for Local Authorities to reduce rents year on year by 1% over a 4 year period commencing in 2016-17, this had a significant adverse financial impact on HRA, to mitigate against this a number of measures were implemented principally involving rescheduling current borrowing over the term of the 30-year business plan,. 2019-20 is the final year of the 1% rent reduction after which the Government have indicated that Local Authorities will be able to increase rents by CPI + 1% at least for a period of 5 years. In October 2018 the Government abolished the HRA debt cap, whilst this has afforded the Council much greater opportunities to plan to increase the build of more genuinely affordable homes the level of borrowing must be such that it is both prudent and affordable.

People

- 5.2.1 In March 2019 the Children, Employment and Skills directorate and Adult Social Services (formerly part of the Housing and Adults Social Services directorate) were brought together to form one combined directorate, now known as the People Directorate.
- 5.2.2 The Corporate Director of People holds the statutory Director of Children's Services role. The DCS is supported by a structure which allows the effective discharge of statutory duties with appropriate seniority and experience held at senior management level.
- 5.2.3 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 strengthened as a result of employment, skills and culture services integration into the directorate. Strengthened arrangements between children's services and adults services are being developed at pace to ensure there is ever greater consistency and continuity for young people as they become adults.
- 5.2.4 Accountability meetings with the leader of the Council and the Chief Executive who hold the lead member for Children and Family Services and Service the chair of the Children's Safeguarding Board . These assurance checks are integral to the decision-making processes of the Council.
- 5.2.5 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.
- 5.2.6 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.
- 5.2.7 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.

- 5.2.8 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 and Criminal Exploitation through the ISCB's sub group that leads the partnership on this work. 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 exclusions in schools and how to achieve best practice in this area to support the health and wellbeing of all children and young people, in addition to the annual report on learning and education standards, an annual safeguarding report and quarterly performance reports are also scrutinised by the Committee.
- 5.2.9 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.
- 5.2.10 The Corporate Parenting Board is co-chaired by the Lead Member for Children and Families and the Chair of the Children Active Involvement Service. 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.

Adult Social Care

- 5.2.11 The Director of Adult Social Care is the statutory DASS, (Director of Adult Social Services) for Islington and reports to the Corporate Director for People. 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 Islington.
- 5.2.12 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.

- 5.2.13 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.
- 5.2.14 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 Director of 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.
- 5.2.15 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 who meets with the DASS.
- 5.2.16 The Safeguarding Adults Board oversees Safeguarding Adults Reviews and the implementation of recommendations arising from these reviews across the partnership.
- 5.2.17 The quality of social care practice in Adult Social Care is scrutinised through the quality assurance framework. Themes arising from this are reviewed by senior leaders and used to inform training programmes. Islington is a member of the North London Social Work Teaching Partnership, a consortium working to raise standards of social work education and continuing professional development and staff access continuing opportunities.
- 5.2.18 Approved Mental Health Act Professionals, (AMHPs) are warranted and supervised in line with statutory requirements.
- 5.2.19 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.
- 5.2.20 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 and governance have been reviewed and refreshed. 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.

Housing

- 5.3.1. Housing 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, with an independent chair, oversees the particular fire and property-related risks to people in these dwellings. This is part of the overall corporate health and safety arrangements.
- 5.3.2. Housing 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.
- 5.3.3. 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.
- 5.3.4. The PFI Integration Board has been setup to oversee the programme of work anticipating the PFI2 contract coming to an end 2022.
- 5.3.5. 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.
- 5.3.6. Residents are involved in the prioritisation and governance of the Housing Service via reference groups and representation on Housing Scrutiny Committee.

Transformation

- 5.4.1 The council is adopting a new programme management framework to ensure organisation change is well planned and delivers at pace. The approach is based on MSP methodology, using a gateway process to develop business cases for change. A Programme Delivery Board (PDB), chaired by the Corporate Director, Resources has been established, supported by a Design and Compliance Authority ensuring that new initiatives are technically deliverable and are robust in their proposition. This is where due diligence takes place prior to presentation to the Programme Delivery Board.
- 5.4.2 All major change projects have a CMB sponsor and an SRO at Service Director level. Highlight reports are produced and reviewed at DMTs or the appropriate cross cutting board, with PDB taking a corporate overview and reporting to CMB.
- 5.4.3 The Strategy and Change team will provide project support to these change initiatives together with project managers embedded in departments 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.

- 5.4.4 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.

6 Significant governance issues and areas for improvement

- 6.1 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.

- 6.2 There were no significant governance issues that met these criteria during 2018-19. 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 anticipated shared digital service arrangements with Haringey and Camden was ceased in 2018/19 to allow all three boroughs to focus on local priorities. There remains a risk that 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. A restructure is underway to ensure an appropriate management team is running the service and a new Strategy is being developed,
- Corporate HR currently has interim leadership arrangements in place provided by the substantive Head of Schools HR. It had been recognised that the service required modernisation with service improvements now taking place to redesign the function to allow for better availability of

management information, greater automation and self-service. This progress, including enhancements to the payroll function, will be monitored by the Resources Directorate DMT and routine updates will be provided to CMB,

- The Council undertook a programme of work in line with the Information Commissioner’s Guidance on preparing for GDPR. The Council has created an Information Governance Strategy that sets out its commitment to ensuring the Council’s continued compliance to legislation and this will continue to be tracked in the coming year,
- 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.
- Business continuity arrangements will continue to be monitored.
- Uncertainties and emerging implications surrounding Brexit will be considered.

Conclusion

7.1 In conclusion, it should also be noted that the Council’s Chief Executive retired in April 2019. The process of recruiting a permanent Chief Executive is underway and in the interim, the Council’s Corporate Management Board will provide the necessary senior officer leadership across the organisation. The statutory designation of Head of Paid Service is being undertaken by a member of the senior leadership team.

Signed by:

Leader

Date

Signed by:

Head of Paid Service

Date



Report of: Director Financial and Asset Management (s151)

Meeting of:	Date:	Ward(s):
Audit Committee	3 rd June 2019	n/a

Delete as appropriate	Exempt (Appendix)	
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THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

Part of the report is not for publication because it contains exempt information under Schedule 12A of the Local Government Act (1972).

SUBJECT: AUTHORISATION OF EXTERNAL INVESTIGATION INTO WHISTLEBLOWING COMPLAINTS

1. Synopsis

1.1 A series of whistleblowing complaints have been received and Committee is being asked to approve the appointment of an appropriate external investigator who has been identified as a Queen's Counsel (assisted by junior counsel) with relevant experience in local government and employment law and in the conduct of external investigations.

1.2 In addition to the external investigator listed above, a further external independent HR investigator was appointed by Human Resources (HR) and commenced a review on 29 April. The outcomes of the independent HR review will inform the whistleblowing investigation.

2. Recommendations

- 2.1 To approve the appointment of the external investigator, as listed in 1.1 above, to undertake an investigation into the whistleblowing complaints described in this report.
- 2.2 To confirm the Acting Director of Law & Governance's selection of the external investigator, as listed in 1.1 above, and to authorise the appointment of the investigator.
- 2.3 To agree that the findings of the independent investigation are reported back to a future meeting of the Audit Committee.

3. Background

- 3.1 Whistleblowing arrangements are a key element of the Council's overall governance arrangements. Whistleblowing allows employees, members, contractors and others, to confidentially raise concerns surrounding fraud and corruption.
- 3.2 The Council takes all allegations of impropriety very seriously and in this instance are recommending the appointment of an external investigator to ensure that an independent and robust investigation is undertaken.

4. Implications

4.1 Financial implications:

The use of an external investigator will give rise to additional costs. The Council's s151 officer is satisfied that the costs can be contained within the Council's budget. Advice from Legal Services is that the proposed expenditure is appropriate to the matters involved.

4.2 Legal Implications:

External counsel's advice on the matter is that it is appropriate for investigation pursuant to the Council's Whistleblowing Policy. This view is shared by officers with detailed knowledge of the matter. Those officers are also of the view that the appointment of an external investigator is appropriate given the complaints in issue.

4.3 Environmental Implications

None arising from the content of this report.

4.4 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 completed because the decision currently being sought does not have direct impacts on residents.

5. Reason for recommendations

5.1 To ensure that an independent, objective investigation into the whistleblowing complaints is duly undertaken.

Appendices

Appendix A - Authorisation of external investigation into whistleblowing complaints (Exempt)

Final report clearance:

Signed by:



Date : 21 May 2019

Alan Layton – Director Financial and Asset Management (S151)

Report Author: Nasreen Khan, Head of Internal Audit, Investigations and Risk Management

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Report of: Corporate Director – Environment and Regeneration

Meeting of:	Date:	Ward(s):
Audit Committee	3 rd June 2019	All

		Non-exempt
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SUBJECT: ENFORCEMENT AND PROSECUTION POLICY

1. Synopsis

- 1.1 This report provides an overarching policy for Enforcement and Prosecution.
- 1.2 This report is intended to support Audit Committee in obtaining assurance that the Council has a sound framework surrounding enforcement.

2. Recommendations

- 2.1 Committee is asked to agree the contents of the policy.

3. Background

- 3.1 The purpose of the overarching enforcement policy at **Appendix B** is to ensure that the Council's decision to enforce and prosecute can be justified as fair, effective and consistent.

4. Implications

4.1 Financial implications:

There are no specific financial implications associated with this report.

4.2 Legal Implications:

Legal have been consulted and comments have been included in the body of the appendix.

4.3 Environmental Implications

There are no environmental implications.

4.4 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 is attached at **Appendix A** below.

5. Reason for recommendations

5.1 This report indicates that Enforcement and Prosecution policy is in place. Committee is asked to agree the report.

Appendices

- **Appendix A** – Resident Impact Assessment
- **Appendix B** – Enforcement and Prosecution Policy

Final report clearance:

Signed by:



Date: 23/05/19

Kevin O'Leary – Corporate Director
Environment & Regeneration

Report Author: David Fordham (Service Manager – Public Protection)

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Tel:

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Resident Impact Assessment

Overarching Enforcement and Prosecution Policy

Service Area: Public Protection

1. What are the intended outcomes of this policy, function etc?

To ensure a fair, consistent and transparent outcome across the Council where any decisions are taken to carry out enforcement or prosecution of individuals or businesses.

2. Resident Profile

Who is going to be impacted by this change i.e. residents/service users/tenants? Please complete data for your service users. If your data does not fit into the categories in this table, please copy and paste your own table in the space below. Please refer to **section 3.3** of the guidance for more information.

		Borough Profile
		Total: 206,285
Gender	Female	51%
	Male	49%
Age	Under 16	32,825
	16-24	29,418
	25-44	87,177
	45-64	38,669
	65+	18,036
Disability	Disabled	16%
	Non-disabled	84%
	Not Stated	No Data
Sexual orientation	LGBT	No data
	Heterosexual/straight	No data
	Not Stated	
Race	BME	52%
	White	48%
	Not Stated	
Religion or belief	Christian	40%
	Muslim	10%
	Other	4.5%
	No religion	30%

	Religion not stated	17%
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3. Equality impacts

With reference to the [guidance](#), please describe what are the equality and socio-economic impacts for residents and what are the opportunities to challenge prejudice or promote understanding?

Q. *Is the change likely to be discriminatory in any way for people with any of the protected characteristics?*

A. No, the Enforcement Policy follows statutory guidance, and is aimed at being fair, transparent and consistent in all decision making relative to the Policy.

By adopting this Policy, we undertake to treat all people fairly. If a decision is made to take enforcement action, including prosecution, the Council must apply a Public Interest test to ensure that all relevant factors are taken into consideration and that it is in the public interest to take such action.

Q. *Is the proposal likely to have a negative impact on equality of opportunity for people with protected characteristics?*

A. No, the Policy is in fact aimed at eliminating any negative impact on equality, making sure decisions are fair and transparent.

Q. *Is the proposal likely to have a negative impact on good relations between communities with protected characteristics and the rest of the population in Islington? Are there any opportunities for fostering good relations?*

A. This police should ensure that there are no negative impacts between communities with protected characteristics, ensuring that decisions are made on facts and by applying the principles of good practice outlined in the policy.

Q. *Is the proposal a strategic decision where inequalities associated with socio-economic disadvantage can be reduced?*

A. Not applicable.

4. Safeguarding and Human Rights impacts

a) Safeguarding risks and Human Rights breaches

Please describe any safeguarding risks for children or vulnerable adults AND any potential human rights breaches that may occur as a result of the proposal? Please refer to **section 4.8** of the [guidance](#) for more information.

None

If potential safeguarding and human rights risks are identified then **please contact equalities@islington.gov.uk to discuss further:**

5. Action

How will you respond to the impacts that you have identified in sections 3 and 4, or address any gaps in data or information?

For more information on identifying actions that will limit the negative impact of the policy for protected groups see the [guidance](#).

Action	Responsible person or team	Deadline
N/A		

Please send the completed RIA to equalities@islington.gov.uk and also make it publicly available online along with the relevant policy or service change.

This Resident Impact Assessment has been completed in accordance with the guidance and using appropriate evidence.

Staff member completing this form:

Signed: D Fordham Service Manager –
Public Protection

Date: 12/02/2019

Head of Service or higher:

Signed: Jan Hart
Service Director - Public Protection

Date: 21/05/2019

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ISLINGTON

Enforcement and Prosecution Policy

June 2019

Contents

1. **Introduction**
2. **Principles of enforcement – Policy**
 - 2.1 Supporting Economic Progress through Compliance
 - 2.2 Openness through Clear Accessible Advice and Guidance
 - 2.3 Helpfulness through Clear Accessible Guidance
 - 2.4 Intelligence Led and Risk Based Enforcement
 - 2.5 Consistent Enforcement
 - 2.6 Working with Other Enforcement Agencies
 - 2.7 Adopting Good Enforcement Procedures
 - 2.8 Complaints about the Service
3. **Principles of Enforcement – Procedures**
4. **Investigation**
5. **Enforcement Options**
6. **Prosecution**
 - 6.1 General Principles
 - 6.2 The Decision to Prosecute
 - 6.3 The Evidential Test
 - 6.4 The Public Interest Test
 - 6.5 Diversion from Prosecution
7. **Publicity**
8. **Review**
9. **References**

December 2018

1. Introduction

- 1.1 This policy sets out the general principles that Islington Council will follow in relation to regulation, enforcement and prosecution. In particular, it sets out what businesses, individuals and the community as a whole can expect from the Council in the discharge of its various regulatory and enforcement functions.
- 1.2 The policy is complemented by specific policies or procedures for particular functions of the Council.
- 1.3 The primary function of the Council's regulatory and enforcement work is to protect the public, public funds, the environment and groups such as consumers, residents and tenants, workers and businesses. At the same time, carrying out such activity in an equitable, practical and consistent manner helps to maintain a level playing field for local businesses, individuals and our other service users. Good regulation and enforcement will help to promote a thriving local economy and a safer and more enjoyable environment.
- 1.4 This policy has been developed with due regard to the 'Principles of Good Enforcement' set out in the following guidance documents:
 - The Regulators' Compliance Code issued under the Legislative and Regulatory Reform Act 2006.
 - The Code for Crown Prosecutors issued by the Director of Public Prosecutions under the Prosecution of Offenders Act 1985.
 - The Enforcement Concordat issued by the Cabinet Office in 1998.

This policy has also had regard to Islington Council's constitution, scheme of delegation and all its policies, including those concerning officer code of conduct.

- 1.5 In certain circumstances we may conclude that a provision contained in one or more of the above-mentioned documents is either not relevant or is outweighed by another provision or relevant factor. We will ensure that any decision to depart from policy guidelines is properly reasoned and based on material evidence.
- 1.6 For the purposes of this policy the following definitions are given to the terms 'regulatory' and 'enforcement':
 - 'Regulatory' encompasses the Council's numerous powers and duties enabling the behaviour of individuals and/or organisations to be controlled in the public interest.
 - 'Enforcement' includes any action carried out in the exercise of, or against the background of, statutory powers and duties of regulation. This is not limited to formal enforcement action such as prosecution in the criminal courts or the giving of statutory notices. It also includes, among other things, the inspection of

premises for the purpose of checking compliance with regulations and conditions, the imposition of conditions on any licence, consent or similar formal permission, the issue of fixed penalty notices, the giving of cautions and the making of applications to the courts for orders to control the conduct of individuals and/or organisations.

- 1.7 All enforcement activities, including investigation and formal actions, will always be conducted in compliance with the council's statutory obligations. Council enforcement officers should act within the scope of their delegated authority and with due regard to the provisions of the Police and Criminal Evidence Act 1984, the Criminal Procedures and Investigation Act 1996, the Human Rights Act 1998, the Data Protection Act 2018, the Regulation of Investigatory Powers Act 2000, the Equality Act 2000, the Legislative and Regulatory Reform Act 2006, the Consumer Rights Act 2015, the Protection of Freedoms Act 2012 and any other legislation relevant to specific service areas and legislation designed to tackle discrimination and promote equality.

2. Principles of Enforcement – Policy

2.1 Supporting Economic Progress through Compliance

The effectiveness of legislation in protecting consumers, businesses, the Council and the community depends crucially on the compliance of those regulated. We recognise that most people and most businesses want to comply with the law. We will, wherever practicable, take care to help all meet their legal obligations without unnecessary expense.

We will strive to ensure that when information is needed that it is assessed to avoid duplication of requests and amended where necessary. We aim to seek feedback on how we use and collect information from businesses.

Whenever practicable we will promote positive incentives for all to comply.

2.2 Openness through Clear Accessible Advice and Guidance

- 2.2.1 We will provide information and advice in plain language on the legislation that we enforce and disseminate this as widely as possible, through various media and the Council website at www.islington.gov.uk.

- 2.2.2 We will be open about any charges that we make for our services. We will discuss general issues, specific compliance failures or problems with those experiencing difficulties.

2.3 Helpfulness through Clear Accessible Guidance

- 2.3.1 We believe that it is in the interests both of regulated businesses and the wider public to get things 'right first time', and that therefore our enforcement role should involve actively working with all those subject to regulation to guide and assist with compliance. We will provide a courteous and efficient service and our staff will identify themselves by name and carry proof of their identity. We will provide a

contact point for further dealings with us and we will encourage all to seek guidance or information from us. All requests for service, will be dealt with efficiently and promptly within the resources available. We will ensure that, wherever practicable, our enforcement activities are effectively co-ordinated to minimise unnecessary overlaps and time delays. This reflects our approach to delivering services in an efficient way.

2.4 Intelligence Led and Risk Based Enforcement

2.4.1 We will minimise the costs of compliance by ensuring that any action we take is either intelligence led or proportionate to the risks presented to the Council and Islington communities. We will adopt an intelligence led or risk-assessment approach to target resources where most needed. In line with the codes referred to above, we will take account of the circumstances of the case and the response of those subject to regulation when considering action. At the same time we will use intelligence and direct resources to identify those who flout the law or act irresponsibly and take firm action against them, including prosecution where appropriate.

2.5 Consistent Enforcement

2.5.1 We will carry out our duties in a fair, equitable and consistent manner. While officers are expected to exercise judgement in individual cases and to treat each case on its own merits, we will have arrangements in place to promote consistency. We will support and promote arrangements for effective liaison with other authorities and enforcement bodies.

2.6 Working with Other Enforcement Agencies

2.6.1 Some regulatory activity involves consultation with other agencies before deciding on the most appropriate course of action. Sometimes there is more than one agency that can act in response to a problem. If there is a shared enforcement role with other agencies, whenever possible our enforcement activities will be co-ordinated with these agencies in order to minimise unnecessary duplication or delays and to increase our overall effectiveness. For example, joint working may be carried out with the Police, Fire & Rescue Service, the Health and Safety Executive, the Environment Agency, Revenue and Customs, the Gambling Commission, Border Agency, Food Standards Agency, Department for Work and Pensions and other local authorities, government departments or agencies. Persistent offenders may also be reported to other agencies for further action. Equally, there are instances when more than one part of the Council may have enforcement options in respect of the same issue. In such a case we will ensure that appropriate liaison occurs and that the best option for enforcement is taken in the following circumstance:

- Wherever we have a statutory duty to report regulatory matters to another body or agency, we will have procedures in place to ensure that this happens;

- If we become aware of an enforcement issue that would be of legitimate interest to, or more properly be dealt with by, another enforcement agency, we will ensure that the information is passed to that agency in good time;
- Occasionally an offence can be dealt with under more than one statute. In these cases a decision will be made between officers as to which is the most effective course of action.

2.7 Adopting Good Enforcement Procedures

- 2.7.1 Guidance from an officer will be put clearly and simply, explaining why any remedial work or action is considered to be necessary and over what time-scale, and making sure that legal requirements are clearly distinguished from best practice advice. Such guidance will be confirmed in writing.

2.8 Complaints about the Service

- 2.8.1 We are committed to providing excellent services to all residents and we believe the best way to do this is to listen to your views. Complaints about the Council can be made via our website at <https://www.islington.gov.uk/contact-us/comments-and-complaints-info>

3. Principles of Enforcement - Procedures

- 3.1 Wherever possible officers will provide an opportunity to discuss the relevant circumstances before any decision to take formal enforcement action is made. Examples of where it may not be appropriate to discuss the matter may include cases where immediate action is required in the interests of health and safety or environmental protection, or cases where it is necessary to prevent evidence being destroyed.
- 3.2 Where immediate action is considered necessary, an explanation of why such action is required will be given at the time and where reasonable confirmed in writing within 5 working days.
- 3.3 Where there are rights of appeal against formal action, advice on the appeal mechanism will be clearly set out in writing at the time the action is taken. Whenever possible, this advice will be issued with any enforcement notice or order.

4. Investigation

- 4.1 The Council will carry out risk assessments or intelligence tasking to ensure that our regulatory efforts are targeted where they would be most effective. Inspections and other visits will be in accordance with the appropriate risk assessment, except where visits are requested, or we are required to investigate.

4.2 All officers will have regard to the principles contained in this policy when making enforcement decisions. Regard will also be had to any approved statutory, governmental or other national guidance, and to any internal quality procedures.

5. Enforcement options

5.1 There are a variety of enforcement actions available to the Council:

- compliance advice and support;
- review of any licence and/or licence conditions;
- written warning;
- legal enforcement notice;
- fixed penalty notice;
- work in default/cost recovery action/direct works for planning enforcement;
- seizure/application for forfeiture;
- the issue of a caution;
- administrative penalty;
- prosecution or other legal proceedings including injunctive action;
- Proceeds of Crime Act confiscation proceedings;
- Community resolution.

This is not an exhaustive list and other options may be available under legislation relevant to specific areas.

5.2 In choosing which enforcement option(s) to take the Council will aim to change the inappropriate behaviour causing the problem and to deter future non-compliance. The enforcement option(s) chosen will be proportionate to the nature of the non-compliance/alleged offence and the harm caused by it, and appropriate to the individual or business which the action is taken against. Enforcement action will be followed up as appropriate and will result in further enforcement options being pursued if the initial action has not achieved the appropriate result.

5.3 In some circumstances matters may be referred to another agency for enforcement action, or officers may liaise and take joint action with other Council departments and/or external organisations in order to achieve enforcement aims.

6. Prosecution

6.0.1 The Attorney General's guidelines on criteria for prosecution endorsed the principle that suspected criminal offences should not automatically be the subject of prosecution.

December 2018

- 6.0.2 Islington Council acknowledges that the decision to prosecute a business or an individual is serious. The policy is designed to ensure that the Council makes fair and consistent decisions about prosecutions. In doing so it will pay full regard to the criteria set out in The Code for Crown Prosecutors issued by the Director of Public Prosecutions.
- 6.0.3 A decision to prosecute will only be made by an officer not involved with the investigation, and authorised in such a capacity in line with the Council's scheme of delegation.
- 6.0.4 Council officers charged with investigating alleged offences must give due regard to the provisions of this policy when making recommendations to authorised officers.

6.1 General Principles

- 6.1.1 Whilst each case is unique and will be considered on its own facts and merits, there are certain general principles that authorised officers will follow in their approach to every case.
- 6.1.2 Officers will be fair, independent and objective. Decisions will be taken impartially and with integrity to secure justice for victims, witnesses, defendants and the public.
- 6.1.3 Authorised officers have a responsibility to ensure that the right person is prosecuted for the right offence. They will always act in the interests of justice and not solely for the purpose of obtaining a conviction.

6.2 The Decision to Prosecute

- 6.2.1 In making a decision to prosecute the authorised officer will apply two tests. Application of these tests will ensure that all relevant factors are considered and that fair consistent decisions are made about each potential prosecution.
- 6.2.2 The first test is consideration of the evidence. If the case does not pass the evidential test a prosecution must not go ahead no matter how serious the case is. If the evidential test is satisfied the authorised officer will consider the second test of whether it is in the public interest to prosecute. A prosecution will only be taken if both tests are satisfied.

6.3 The Evidential Test

- 6.3.1 Authorised officers must be satisfied that there is sufficient, admissible and reliable evidence to provide a realistic prospect of conviction.

Sufficient

- 6.3.2 There is only sufficient evidence to provide a realistic prospect of conviction if, when presented with that evidence, a jury or bench of magistrates properly directed in accordance with the law, is more likely than not to convict the defendant of the charge alleged. This is an objective test and when applying it to the case the authorised officer will aim to be completely impartial. They will also have regard to any statutory defence that is available.

December 2018

Admissible

- 6.3.3 There are legal rules which might not allow evidence that appears relevant to be given at a trial. If the authorised officer believes that some of the evidence falls within this category, he/she will satisfy him/herself that there is enough other evidence for a realistic prospect of conviction.

Reliable

- 6.3.4 Evidence may be regarded as unreliable for a number of reasons. It may be affected by factors such as age, intelligence or level of understanding, by the background of the witness, for example, a motive that may affect his or her attitude to the case, or a relevant previous conviction, or a general concern over the accuracy or credibility of the evidence.
- 6.3.5 Where there are such concerns, authorised officers will not ignore the evidence, but will look at it closely in conjunction with the other evidence to decide whether there is a realistic prospect of conviction.

6.4 The Public Interest Test

- 6.4.1 A prosecution will not take place where the public interest factors against prosecution clearly outweigh those in favour of prosecution, or it appears more appropriate in the circumstances to divert the defendant from prosecution.
- 6.4.2 The public interest factors will vary from case to case. Not all factors will apply to each case and the weight to be attached to the factors identified, will also vary according to the facts and merits of each case.

Public Interest Factors in Favour of Prosecution

- 6.4.3 The more serious the offence, the more likely it is that a prosecution will be needed in the public interest. The Code for Crown Prosecutors provides guidance on public interest factors for, or against prosecution. The following public interest factors (which are not exhaustive) will be considered when deciding if prosecution is the appropriate course of action:-
- The seriousness of the breach/offence and the harm that has resulted from the breach/offence.
 - The compliance history of the offender.
 - The personal circumstances of the offender (e.g. the offender is elderly or is suffering from significant ill health).
 - Whether a conviction is likely to result in a significant sentence.
 - Whether the offending is likely to continue.
 - The offence, although not serious in itself, is widespread in the area where it was committed.

- Whether the offender acted fraudulently, wilfully or as a result of a genuine mistake or misunderstanding of the circumstances or of the law.
- The victim of the offence was vulnerable, has been put in considerable fear, or suffered personal attack, damage or disturbance.
- Whether a prosecution have a significant positive impact on maintaining community confidence.

6.4.4 Deciding on the public interest is not simply a matter of adding up the number of factors on each side as some factors will be more important than others. As such authorised officers will 'weight' factors in making an overall assessment.

6.5 Diversion from Prosecution

6.5.1 When deciding whether a case should be prosecuted authorised officers will consider the alternatives to prosecution in pursuit of the aim to change inappropriate behaviour and to deter future non-compliance.

6.5.2 A conviction can have wide ranging and long lasting effects, and particular care will be taken when deciding whether it is in the public interest to prosecute in cases involving a young person. For the purposes of this policy a young person is someone under the age of 18 years.

7. Publicity

7.1 In order to deter others the Council will aim to publish any prosecution or other enforcement action.

8. Review

8.1 This policy will be reviewed as is required to reflect statutory changes or national guidance.

9. References

Regulators Code

Code for Crown Prosecutors

Enforcement Concordat

APPENDIX ENDS

December 2018

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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