



**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 **28 January 2020, at 7.00 pm.**

Enquiries to : Mary Green
Tel : 020 7527 3005
E-mail : democracy@islington.gov.uk
Despatched : 20 January 2020

Membership

Councillor Nick Wayne (Chair)
Councillor Sue Lukes (Vice-Chair)
Councillor Anjna Khurana
(vacancy)

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 - 8
5. Appointments to Personnel Sub-Committee (to follow) -

B.	Items for Decision - Audit and Audit Advisory Committee	Page
1.	Local Government and Social Care Ombudsman (LGSCO) Annual Review performance report 2019	9 - 28
2.	Council Tax base and National Non-Domestic Rates estimate 2020-21	29 - 36
3.	Annual Treasury and Investment Strategy	37 - 58
4.	Market supplements update	59 - 64
5.	External auditor report	65 - 80
6.	Internal Audit interim report 2019-20	81 - 112
7.	Programmes and Transformations Outcomes - update (to follow)	-
8.	Principal Risk Report - January 2020	113 - 144
9.	Authorisation of an external investigation into whistleblowing complaints	145 - 148
10.	Outcome of external investigation - final report	149 - 152

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	Page
1.	Exempt minutes of the meeting held on 2 September 2019	153 – 154

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| 2. | Outcome of external investigation - final report - exempt appendix | 155 - 156 |
| 3. | Authorisation of an external investigation into whistleblowing complaints - exempt appendix | 157 - 158 |

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 17 March 2020

Audit Committee – 2 September 2019

London Borough of Islington

Audit Committee and Audit Committee (Advisory) – 2 September 2019

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at Islington Town Hall, Upper Street, London N1 2UD on 2 September 2019 at 7.00pm.

Present: **Councillors:** Nick Wayne (Chair), Rowena Champion,
Anjna Khurana and Sue Lukes

Also present: **Independent**
member: Alan Begg

Councillor Nick Wayne in the chair

84. APOLOGIES FOR ABSENCE

Received from Nick Whitaker

85. DECLARATION OF SUBSTITUTE MEMBERS

None.

86. DECLARATIONS OF INTEREST

None.

87. MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 29 July 2019 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

Matters arising:

Minute 81 – Internal Audit Programmes and Transformation review – Noted that a report would be submitted to a future meeting on the effectiveness of Programmes and Transformation, by way of a couple of examples of cross-cutting projects across Directorates, to assess whether the framework was actually working.

Minute 79 – Annual Governance Statement and Statement of Accounts – Noted that the Statement of Accounts had been signed off by 31 July 2019, with Islington as one of the few local authorities who had met this deadline. On behalf of the Committee, the Chair thanked the Chief Accountant and his team for their achievements.

88. INTERNAL AUDIT ANNUAL REPORT 2018-19

The Head of internal Audit, Investigations and Risk Management introduced her report, including the outcomes of delivery of the 2018/19 Audit Plan. The Committee considered in detail the areas of high priority recommendations set out in Appendix 2 of the report, noting action taken and progress made to date in the areas of payroll key controls, placement commissioning for 16-17 year olds and fire risk assessments by landlords.

RESOLVED:

That the contents of the report of the Interim Director of Finance and Property be noted.

89. ANNUAL FRAUD REPORT

RESOLVED:

That the contents of the report of the Interim Director of Finance and Property, detailing the position on the Council's counter-fraud activity, corporate and housing investigations, be noted.

90. WHISTLEBLOWING UPDATE (SIX MONTHLY)

RESOLVED:

That the contents of the report of the Interim Director of Finance and Property, detailing whistleblowing arrangements and how investigating fraud was part of the Council's Anti-Fraud Strategy, be noted.

91. AGS UPDATE ON GOVERNANCE ISSUES AND AREAS FOR IMPROVEMENT (VERBAL UPDATE)

The Head of Internal Audit, Investigations and Risk Management updated the Committee verbally on progress on the Annual Governance Statement which had been considered at the last Committee. The following general issues had been highlighted and would be monitored during the year ahead: savings, IT strategy, information governance, wellbeing partnerships and business continuity.

The Committee noted the following points:

- Savings programme – There was a risk in achieving savings of £14m for 2019/20, £8m for 2020/21 and £11.3m for 2021/22. In addition, Council departments had been asked to identify further efficiency savings of £8m in 2020 – 2022. Following the introduction of a suitable system, the Audit Committee and the Council's Administration would be monitoring savings on a line by line basis

Audit Committee – 2 September 2019

- IT Strategy - Shared digital service arrangements with Haringey and Camden had ceased in 2018/19 to allow all three boroughs to focus on local priorities. A restructure had commenced in the preceding week to ensure an appropriate management team was running the service, but there had been an issue with recruiting key staff. Monthly reporting meetings were in place with the Chief Digital and Information Officer to monitor the position.
- Corporate HR currently had interim leadership arrangements in place. Service improvements were now taking place to redesign the function to allow for better availability of management information, greater automation and self-service. A Council workforce strategy had also been developed.
- The Council had established an Information Governance Strategy setting out its commitment to ensuring the Council's continued compliance to GDPR legislation
- Business continuity arrangements would continue to be monitored, particularly in view of the uncertainties around Brexit.
- Strong relationships and governance underpinned the Wellbeing Partnership. However there remained a risk that health and social care models were financially unsustainable or did not provide adequate quality of care from the Council's point of view. Five CCGs in north London were due to merge in the next six months and any risks would be monitored

RESOLVED:

That the verbal report above be noted.

92. FOLLOW-UP REPORT - STREET ENVIRONMENT SERVICES' OVERTIME

RESOLVED:

(a) That the contents of the report of the Interim Director of Finance and Property (S151 Officer), detailing follow up outcomes of the Internal Audit of Street Environment Services' overtime and an action plan, be noted.

(b) That officers be thanked for their work on this audit and that officers in Environment and Regeneration be thanked for the progress made on implementation of the recommendations from Internal Audit.

93. ANNUAL REPORT ON STANDARDS AND MEMBERS' CONDUCT

RESOLVED:

That the contents of the report of the Acting Director of Law and Governance, detailing standards of member conduct, a summary of complaints received under the Code of Conduct Complaints Procedure and their outcome, for the year 2018 -19, be noted.

94. REVIEW OF POLLING DISTRICTS AND POLLING PLACES

RESOLVED:

- (a) That the changes to polling places in Holloway Ward, as detailed in paragraph 3.4 of the report of the Acting Returning Officer, be approved.
- (b) That it be noted that all other polling districts and places remain unchanged.

95. UPDATE ON BREXIT READINESS

The Chair of the Committee thanked the Corporate Director of People and her Team for their comprehensive and thorough report. He said that it demonstrated that the Council, faced with a situation not of its own making and working in a void of information from the Government, had sought to analyse the risks to the Council and its residents from a “no deal” Brexit. Some of the risks to the Council and residents were short term and related to the supply chain for food, medicine, fuel and IT. Medium term risks related the loss of staff and the Council’s ability to recruit, because of the changes to free movement. The third risk related to legal issues, as there was no guidance to, say, Children’s Services where one parent was a UK national and the other was an EU national. There could be losses of central funding or revenue to the Council. Possible turbulence in the financial markets could affect investments and financial borrowing. A recession was possible in the event of “no deal”, causing more demand on Council services.

The Corporate Director of People introduced her report, summarising the work to date by the Council’s Brexit Resilience Group in preparation for a “no deal” Brexit scenario. She reported that the Council was working with its suppliers on ensuring the continuation of healthy meals in schools in the event of a supply chain disruption. The Council was working with local businesses, especially SMEs, in their planning to mitigate any effects of a “no deal” Brexit. Detailed work was taking place to ensure that children in care and care leavers who needed to apply for settled status was in hand. The Emergency Planning Team had also been working with the Police and Fire Brigade to ensure that contingency plans were in place.

Members of the Committee made the following points:

- Resources were available on rights for children to citizenship and it would be helpful to obtain copies for distribution in primary and secondary schools
- A wider issue related to the constitutional crisis in the UK and the undermining of key institutions. It would be important to incorporate responsible political leadership.
- The preparation for a “no deal” scenario had impacted on officers’ time and resources
- On IT, there was a risk as to whether the Council and its partners would have access to cloud systems in Europe

Audit Committee – 2 September 2019

- There was a risk associated with the fact that some staff and residents had not yet applied for settled status
- If a General Election was called, Purdah could impact on the Council's ability to disseminate information to its residents

RESOLVED:

(a) That the contents of the report of the Corporate Director of People, summarising work to date conducted by the Brexit Resilience Group in preparation for a "no deal" Brexit, be noted.

(b) That the Corporate Director of People and her Team be thanked for their comprehensive and thorough report to the Committee.

96. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That the press and public be excluded during consideration of the following items as the presence of members of the public and press would result in the disclosure of exempt information within the terms of Schedule 12A of the Local Government Act 1972, for the reasons indicated:

<u>Agenda item</u>	<u>Title</u>	<u>Reasons for exemption under Schedule 12A of the LGA 1972</u>
E1	Annual Fraud report– exempt appendix	<u>Categories 1, 2 and 7 –</u> Information relating to any individual; Information which is likely to reveal the identity of an individual; and Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime
E2	Whistleblowing report– exempt appendix	- <u>ditto</u> – -

97. ANNUAL FRAUD REPORT - 2018/19- EXEMPT APPENDIX

See exempt minutes for decision.

98. WHISTLEBLOWING REPORT - EXEMPT APPENDIX

See exempt minutes for decision.

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London Borough of Islington

Audit Committee - 17 December 2019

Minutes of the meeting of the Audit Committee held at Islington Town Hall, Upper Street, N1 2UD on 17 December 2019 at 7.00 pm.

Present: **Councillors:** Nick Wayne (Chair), Sue Lukes (Vice-Chair) and Anjna Khurana

Councillor Nick Wayne in the Chair

99 **APOLOGIES FOR ABSENCE (Item A1)**
Received from Councillor Rowena Champion.

100 **DECLARATION OF SUBSTITUTE MEMBERS (Item A2)**
None.

101 **DECLARATIONS OF INTEREST (Item A3)**
None.

102 **APPOINTMENTS AND AMENDMENTS TO THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE AND PERSONNEL SUB-COMMITTEE (Item C1)**

RESOLVED:

(a) That the revisions to the terms of reference of the Audit Committee approved by the Council on 5 December 2019, detailed in Appendix A of the report of the Monitoring Officer and Acting Director of Law and Governance, be noted.

(b) That the revisions to the terms of reference of the Personnel Sub-Committee, detailed in Appendix A of the report, be approved.

(c) That it be noted that Councillor Nick Wayne was standing down as chair of Personnel Sub-Committee with immediate effect.

(d) That Councillor Anjna Khurana be appointed as chair of the Personnel Sub-Committee and Councillor Troy Gallagher be appointed as a member of the Personnel Sub-Committee for the remainder of the municipal year 2019/20, or until successors were appointed.

(d) That the revised membership of the Personnel Sub-Committee detailed in Appendix A of the report be noted.

The meeting ended at 7.05 pm

CHAIR

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Report of: Monitoring Officer

Meeting of:	Date:	All
Audit Committee	28 January 2020	All

THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

SUBJECT: Local Government & Social Care Ombudsman (LGSCO) Annual Review performance report 2019

1. Synopsis

- 1.1 Following the publication of the LGSCO Annual Review letter 2019, this report provides a summary of the council's performance in complaint handling from 1 April 2018 – 31 March 2019, highlighting decisions upheld by the LGSCO.

The report details the number of complaints received (106) by the LGSCO for the authority during 18/19. Complaint decisions 108.

* 108 Decision made includes two complaints received in the previous financial year.

Of the 108 cases decided upon, 26 underwent a detailed investigation, 82 cases received decisions, which resulted in alternative outcomes directed to the complainant. All LGSCO decisions are shown in table two, page two of the LGSCO Annual Review letter.

Of the 26 cases investigated 11 cases received a decision of upheld (findings of maladministration).

Of the 11 upheld cases the authority provided a satisfactory remedy to 3 cases before the complaint reached the Ombudsman.

Of the 10 complaints where compliance with the recommended remedy was recorded during 18/19, 10 recommendations were completed on time.

2. Recommendations

- 2.1 To note the Local Government & Social Care Ombudsman Annual Review letter 2019 dated 24 July 2019 **See Appendix 1.**
- 2.2 To note that, of the 26 cases investigated, there were 11 upheld decisions (finding of maladministration) with the remaining 15 cases not upheld.
- 2.3 To note that 3 out of the 11 upheld cases, received a satisfactory remedy before the Ombudsman involvement. This is 28% of cases upheld and an improvement on 2017/18 where 10% of cases received a satisfactory remedy.
- 2.4 To note that 10 out of the 10 cases (100%) complied with the Ombudsman recommendations on time. This is a new reportable measure and so far, the council has been fully compliant.
- 2.5 To note that separate to the complaints investigated by the LGSCO reported in the Annual Review Letter, one upheld decision during the period in question (finding of maladministration) was decided by the Housing Ombudsman, **See Appendix 2.**
- 2.6 To note that, in line with the statutory duty under section 5A (2) of the Local Government and Housing Act 1989, the Monitoring Officer provides this annual report to Audit Committee.

3. Background

- 3.1 A total of 11 cases with decisions upheld by the LGSCO.

Table 1: Services and summary of decisions

Adult Care Services Total - Total of 2 upheld cases

Summary of complaint	Findings	Compensation Reason & Amount
Failure to provide a remedy for the impact the overcharge (weekly contribution for care) had on the family. Unreasonable delay in carrying out care review. The lack of support to carer.	<p>Finding Maladministration and Injustice</p> <p>Remedy No Satisfactory remedy offered by the Council before the LGSCO involvement.</p> <p>Compliance On- time.</p>	<p>Compensation £2560.00</p> <p>Reason Compensation Paid Distress, unreasonable delay. Carer Direct payment from January 2016 to June 2017.</p> <p>Learnings Case review carried out to establish learning for the service.</p>
Failure to properly consider its decision to stop paying for the	<p>Finding Maladministration and Injustice</p>	<p>Compensation Refund paid £2,280</p>

<p>second room (to enable a carer to stay overnight). Did not identify how else it would discharge its duty to meet the complainant's eligible night time needs. Took too long to reconsider its decision.</p>	<p>Remedy No Satisfactory remedy offered by the Council before the LGSCO involvement.</p> <p>Compliance On- time.</p>	<p>Reason Compensation Paid For the costs of the second room for five and a half months paid by the complainant.</p> <p>Formal apology</p> <p>Learnings Review the relevant law and guidance, including the Care Act 2014 and its associated statutory guidance.</p>
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Children Services - Total of 2 upheld case

Summary of complaint	Findings	Compensation Reason & Amount
<p>Failure to provide assistance and subsequently lost contact with a 16-year-old who was threatened with homelessness, which led to uncertainty about her welfare.</p> <p>Public Report March 2018</p>	<p>Finding Maladministration and Injustice</p> <p>Remedy No satisfactory remedy offered by the Council before the LGSCO involvement.</p> <p>Compliance On-time</p>	<p>Compensation £400</p> <p>Reason Compensation Paid Distress</p> <p>Learnings The service has reviewed why fault occurred and the learning going forward.</p>
<p>The Council's Children and Family Assessment report was one-sided and flawed and pursued by the complainant in order for the Council to acknowledge its mistakes and correct its records.</p>	<p>Finding Maladministration and Injustice</p> <p>Remedy <u>Satisfactory remedy offered by the Council before the LGSCO involvement.</u></p> <p>Compliance On-time</p>	<p>Compensation £800</p> <p>Reason Compensation Paid Distress & Delay.</p> <p>Learnings Findings shared with all Children in Need staff so the learning can be disseminated and review training on assessments.</p>

Environment Services - Total of 2 upheld case

Summary of complaint	Findings	Compensation Reason & Amount
The Council wrongly issued parking penalty notices to visitors to the complainant's home.	<p>Finding Maladministration and Injustice</p> <p>Remedy No Satisfactory remedy offered by the Council before the LGSCO involvement.</p> <p>Compliance On-time</p>	<p>Compensation £300</p> <p>Reason Compensation Paid Distress, Time and Trouble.</p> <p>Learnings Staff made aware of the correct application of the rules through refresher training and ongoing staff briefings.</p>
The Council wrongly directed bailiffs to recover an unpaid fine from the complainant's company.	<p>Finding Maladministration and Injustice</p> <p>Remedy <u>Satisfactory remedy offered by the Council before the LGSCO involvement.</u></p> <p>Compliance On-time</p>	<p>Compensation £150</p> <p>Reason Compensation Paid Distress</p> <p>Learnings Staff retrained on conducting robust and accurate vehicle checks.</p>

Housing Needs - Total of 1 upheld cases

Summary of complaint	Findings	Compensation Reason & Amount
The council's records do not show how it considered the medical reports. The council's information regarding seeking a review of its decision was misleading.	<p>Finding Maladministration and Injustice</p> <p>Remedy No Satisfactory remedy offered by the Council before the LGSCO involvement.</p> <p>Compliance On-time</p>	<p>Compensation N/A - A letter to the complainant explaining the council's decision was sufficient.</p> <p>Learnings The council reviewed its decision letters.</p>

Resources - Total of 4 upheld case

Summary of complaint	Findings	Compensation Reason & Amount
The Council unreasonably withheld consent for alterations the complainant's leasehold property because it insisted on the agreement of a neighbouring leaseholder.	<p>Finding Maladministration and Injustice</p> <p>Remedy No Satisfactory remedy offered by the Council before the LGSCO involvement.</p> <p>Compliance On-time</p>	<p>Compensation £500</p> <p>Reason Compensation Paid Delay, Time and Trouble</p>
Failure in how the council considered the complainant's circumstances. Incorrect information given regarding the minimum recovery rate to repay an overpayment of Housing Benefit.	<p>Finding Maladministration and Injustice</p> <p>Remedy No Satisfactory remedy offered by the Council before the LGSCO involvement.</p> <p>Compliance On- time.</p>	<p>Compensation £250</p> <p>Reason Compensation Paid Time and trouble.</p> <p>Learnings Guidance to staff on Housing Benefit regulation.</p>
Failure to follow the correct procedure before ending Benefit payments.	<p>Finding Maladministration and Injustice</p> <p>Remedy <u>Satisfactory remedy offered by the Council before the LGSCO involvement.</u></p> <p>Compliance On- time.</p>	<p>Compensation £200</p> <p>Reason Compensation Paid Satisfactory Time and Trouble remedy in line with LGSCO guidance on remedies.</p> <p>Learnings Guidance to staff on Housing Benefit regulation.</p>
The Council delayed in sending a complainant's appeal to the Tribunal.	<p>Finding Maladministration No Injustice</p> <p>Remedy No Satisfactory remedy offered by the Council before the LGSCO involvement.</p> <p>Compliance N/A – Progress appeal to the Tribunal.</p>	<p>Compensation None</p> <p>Reason Compensation Paid None – Case progressed to the Tribunal</p> <p>Learnings Officer notified of the error.</p>

3.2 Comparison to the Previous Year

	Complaints received	Complaints investigated	Complaints upheld	Upheld rate
2014/2015	111	16	7	43%
2015/2016	100	21	10	48%
2016/2017	106	16	7	44%
2017/2018	126	16	11	69%
2018/2019	106	26	11	42%

The number of complaints received by the LGSCO for 2018/19 decreased by 20 cases. Total complaints investigated of 26 was the highest over the 5 years, of these 26, only 11 were upheld by the LGSCO. In percentage terms the lowest and therefore our best performance for several years

Satisfactory remedy provided

	Complaints Upheld	Complaints remedied	% of upheld cases
2017/18	11	1	10
2018/19	11	3	28

Compliance with Ombudsman recommendations

	Complaints recommendations <small>for current year</small>	Compliance with recommendations <small>for current year</small>	% of upheld cases
2018/19	10	10	100

3.3 Commendations

The Local Government & Social Care Ombudsman Annual Review letter highlighted in its report areas where the authority; led by the Corporate Complaints team took positive action and good work was achieved by the council.

Public Report

The case of Miss A (See 3.2 Children Services summary), learnings with particular regard to transition of services between Local Authorities after a family moved, was acknowledged across children social care. A public interest report was published on the council website and in two local newspapers on the 13 June 2018 and reported to the meeting of the Executive on 19 July 2018.

The Ombudsman welcomes the positive action taken to learn from the complaint to avoid similar problems for others in the future. Praise is also given for the authorities' use of social media to promptly and publicly acknowledge the outcome of this case.

See Appendix 3: Public report letter of satisfaction

Training

The LGSCO has recognised our “*exemplary investment*” to delivering training in General Effective Complaint Handling and Effective Complaint Handling in Adult Social Care. These courses became mandatory for all council staff and partner organisations in April 2018 and 165 people have been through the training.

3.4

Complaints/Improvement

There have been identifiable trends in complaint decisions, which have attributed to the number of complaints being upheld following a detailed investigation.

- Not adhering to our own procedures.
- Poor communication with residents and services users.

Both are further compounded by officers not using remedy and compensation guidelines to compensate complainants for Time and Trouble and Delay.

3.5

Improvement

The focus for the Corporate Complaints will be to further support services in Good Complaint Handling and Compliance to the Councils Corporate Complaints policy and Ombudsman guidelines. This will include;

- Scrutiny of complaint Stage one responses at the Chief Executive Stage of the complaint process. Using the authority given to the Corporate Complaints team to change service decisions where proper consideration has not been given to the remedy; helping services to learn from their faults.
- Maintaining links with Departmental Complaint Leads and Senior Managers within each Council Directorate to maintain 100% compliance and reinforce the importance of effective complaint handling within their Directorates.
- Share publicised reports provided by the LGSCO to ensure the authority and directorates keep abreast of the research and expectations placed upon the authority. “Getting things right during times of change”.
- Training on Effective Complaint Handling and Effective Complaint Handling Adult Social Care will continue in autumn 2019 for all Islington staff and Partner Organisations involved in complaint handling and the general management of complaints. This will ensure that new staff are developed and any staff in need of refresher training is also considered.

3.6

Summary

The Annual Review letter 2019 shows a good year in the council performance in handling complaints. In addition to the commendations highlighted in this year's report the conclusion is as follows;

- ✓ Despite having an increase in detailed investigations by the LGSCO, the volume of complaints upheld remained the same; and in percentage terms fell.
- ✓ Compliance with recommendations at 100%.
- ✓ The emphasis placed on providing a satisfactory remedy before LGSCO involvement is showing results with three cases (28%) remedied appropriately.
- ✓ In addition to the LGSCO statistics the Housing Ombudsman cases of maladministration fell from 4 in 2017/18 to one in 2018/19.

4.

4.1 Financial implications:

A total of £7,440 has been paid in compensation for 2018/19, an increase of £2,080 on the previous year's figure of £5,360. The increase is mainly due to the payments refunded to complainants as a remedy to Adult Services upheld complaints. Compensation payments are funded directly by the service where the fault occurred.

4.2 Legal Implications:

The Local Government Ombudsman has advised that:

a) where findings of maladministration/fault are made in regard to routine mistakes and service failures, and the authority has agreed to remedy the complaint by implementing the recommendations made following an investigation, the duty is satisfactorily discharged by the Monitoring Officer making a periodic report to the council summarising the findings on all upheld complaints over a specific period.

b) where an investigation has wider implications for council policy or exposes a more significant finding of maladministration, perhaps because of the scale of the fault or injustice, or the number of people affected, the Monitoring Officer should consider whether the implications of that investigation ought to be individually reported to members.

c) in the unlikely event that an authority is minded not to comply with the Ombudsman's recommendations following a finding of maladministration, the Monitoring Officer would be expected to report this to members under section 5A (2) of the Local Government and Housing Act 1989. This is an exceptional and unusual course of action for any authority.

The reporting procedure employed by the Central Complaints Unit and Monitoring Officer complies with the above guidance by the Local Government Ombudsman as well as ensuring that the Audit Committee has an opportunity to consider the outcome of the local government ombudsman's determinations of complaints made against the council.

This process meets the Monitoring Officer's reporting duties under section 5A (2) of the Local Government and Housing Act 1989.

4.3 Environmental Implications

There are no environmental implications arising from 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.

5. Reason for recommendations

- 5.1 To ensure that Councillors are kept informed about complaints that have been reviewed by the Local Government and Social Care Ombudsman.

Appendix 1: Local Government & Social Care Ombudsman Annual review letter dated 24 July 2019.

Appendix 2: Housing Ombudsman Complaints with finding of maladministration.

Appendix 3: Public report letter of satisfaction

Final report clearance:

Signed by:



Peter Fehler
Acting Director of Law and Governance
Monitoring Officer

Date: 3 January 2020

Report Author: Karen McKenzie
Customer Service and Improvement Manager
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Financial Implications Author: Steve Key
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Legal Implications Author: David Daniels
Tel: 020 75273277
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24 July 2019

By email

Maggie Kufeldt
Head of Paid Service
London Borough of Islington

Dear Ms Kufeldt

Annual Review letter 2019

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2019. The enclosed tables present the number of complaints and enquiries received about your authority, the decisions we made, and your authority's compliance with recommendations during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

Complaint statistics

As ever, I would stress that the number of complaints, taken alone, is not necessarily a reliable indicator of an authority's performance. The volume of complaints should be considered alongside the uphold rate (how often we found fault when we investigated a complaint), and alongside statistics that indicate your authority's willingness to accept fault and put things right when they go wrong. We also provide a figure for the number of cases where your authority provided a satisfactory remedy before the complaint reached us, and new statistics about your authority's compliance with recommendations we have made; both of which offer a more comprehensive and insightful view of your authority's approach to complaint handling.

The new statistics on compliance are the result of a series of changes we have made to how we make and monitor our recommendations to remedy the fault we find. Our recommendations are specific and often include a time-frame for completion, allowing us to follow up with authorities and seek evidence that recommendations have been implemented. These changes mean we can provide these new statistics about your authority's compliance with our recommendations.

I want to emphasise the statistics in this letter reflect the data we hold and may not necessarily align with the data your authority holds. For example, our numbers include

enquiries from people we signpost back to your authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside our annual review of local government complaints. For the first time, this includes data on authorities' compliance with our recommendations. This collated data further aids the scrutiny of local services and we encourage you to share learning from the report, which highlights key cases we have investigated during the year.

During the year, we issued one public report about your Council and its failure to support a 16-year-old girl who was homeless. The Council's children's services department failed to follow up its referral to another council and there was no evidence it had worked with its own housing department to resolve the girl's housing situation. As a result, the Council lost contact with the girl resulting in a situation where there was considerable uncertainty about her welfare.

I welcome that the Council acted quickly in response to our initial findings and made numerous attempts to contact the girl and her family to offer assistance. However, it was not successful in making contact. The Council accepted our findings and recommendations and I welcome the positive action taken to learn from the complaint to avoid similar problems for others in future. I also applaud the Council's innovative use of social media to promptly and publicly acknowledge the outcome of this case.

New interactive data map

In recent years we have been taking steps to move away from a simplistic focus on complaint volumes and instead focus on the lessons learned and the wider improvements we can achieve through our recommendations to improve services for the many. Our ambition is outlined in our [corporate strategy 2018-21](#) and commits us to publishing the outcomes of our investigations and the occasions our recommendations result in improvements for local services.

The result of this work is the launch of an interactive map of council performance on our website later this month. [Your Council's Performance](#) shows annual performance data for all councils in England, with links to our published decision statements, public interest reports, annual letters and information about service improvements that have been agreed by each council. It also highlights those instances where your authority offered a suitable remedy to resolve a complaint before the matter came to us, and your authority's compliance with the recommendations we have made to remedy complaints.

The intention of this new tool is to place a focus on your authority's compliance with investigations. It is a useful snapshot of the service improvement recommendations your authority has agreed to. It also highlights the wider outcomes of our investigations to the public, advocacy and advice organisations, and others who have a role in holding local councils to account.

I hope you, and colleagues, find the map a useful addition to the data we publish. We are the first UK public sector ombudsman scheme to provide compliance data in such a way and believe the launch of this innovative work will lead to improved scrutiny of councils as well as

providing increased recognition to the improvements councils have agreed to make following our interventions.

Complaint handling training

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2018-19 we delivered 71 courses, training more than 900 people, including our first 'open courses' in Effective Complaint Handling for local authorities. Due to their popularity we are running six more open courses for local authorities in 2019-20, in York, Manchester, Coventry and London. To find out more visit www.lgo.org.uk/training.

We were pleased to deliver 11 complaint handling courses, including three adult social care courses, and two children's social care courses, to your staff during the year. I welcome your Council's exemplary investment in good complaint handling training and trust the courses were useful to you.

Finally, I am conscious of the resource pressures that many authorities are working within, and which are often the context for the problems that we investigate. In response to that situation we have published a significant piece of research this year looking at some of the common issues we are finding as a result of change and budget constraints. Called, [Under Pressure](#), this report provides a contribution to the debate about how local government can navigate the unprecedented changes affecting the sector. I commend this to you, along with our revised guidance on [Good Administrative Practice](#). I hope that together these are a timely reminder of the value of getting the basics right at a time of great change.

Yours sincerely,



Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Local Authority Report: London Borough of Islington

For the Period Ending: 31/03/2019

For further information on how to interpret our statistics, please visit our [website](#)

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
21	14	7	11	2	13	32	4	2	106

Decisions made

Decisions made				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate (%)	Total
10	15	34	23	15	11	42	108

Note: The uphold rate shows how often we found evidence of fault. It is expressed as a percentage of the total number of detailed investigations we completed.

Satisfactory remedy provided by authority

Upheld cases where the authority had provided a satisfactory remedy before the complaint reached the Ombudsman	% of upheld cases
3	28

Note: These are the cases in which we decided that, while the authority did get things wrong, it offered a satisfactory way to resolve it before the complaint came to us.

Compliance with Ombudsman recommendations

Complaints where compliance with the recommended remedy was recorded during the year*	Complaints where the authority complied with our recommendations on-time	Complaints where the authority complied with our recommendations late	Complaints where the authority has not complied with our recommendations	
10	10	0	0	Number
	100%		-	Compliance rate**
<p>Notes: * This is the number of complaints where we have recorded a response (or failure to respond) to our recommendation for a remedy during the reporting year. This includes complaints that may have been decided in the preceding year but where the data for compliance falls within the current reporting year. ** The compliance rate is based on the number of complaints where the authority has provided evidence of their compliance with our recommendations to remedy a fault. This includes instances where an authority has accepted and implemented our recommendation but provided late evidence of that.</p>				

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Appendix 2

Housing Ombudsman complaints

The Housing Ombudsman does not provide Local Authorities with an annual letter with statistics and information on complaints made and the outcomes.

Below is a table for the one upheld cases for 2018/19 which has gone through the Council's complaints process.

Partners for Islington (PFI)

Summary of complaint	Compensation amount	Compensation reason
Following the initial inspection of the damp in the main bedroom the repairs were poorly managed, resulting in unacceptable and avoidable delays, stress and inconvenience. Maladministration	£400	Delays. Time and Trouble. Failure to escalate the complaint.

Total upheld cases for 2018/19 for the HO - 1

The Corporate Complaints team works closely with the PFI and PFI clienting team to monitor upheld findings and provide guidance to improve working practices and reduce the likelihood of faults recurring. This can be difficult with an Arm's Length Organisation.

Key changes this year have been;

- Changes to PFI website information and complaint templates which now work in line with LBI complaint policy.
- The inclusion of PFI staff on the complaint handling training.
- Continued liaison with the PFI complaints lead and attendance at the complaints lead meeting where learnings from complaints and good practise is shared across departments.

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Report of: Assistant Director, Service Finance (Acting Section 151 Officer)

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	28 January 2020	Error! Reference source not found.	All
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COUNCIL TAX BASE AND NNDR ESTIMATE

1. SYNOPSIS

- 1.1 This report covers the Council Tax base calculation and National Non Domestic Rates (NNDR) estimate for the financial year 2020/21, as well as the forecast Collection Fund position for the financial year 2019/20.

2. RECOMMENDATIONS

- 2.1. To agree that the Council Tax base for the whole area for 2020/21 (or until rescinded) shall be 81,221.2 Band D equivalent properties after adjusting for non-collection. (**Paragraph 4.2** and **Appendix A**)
- 2.2. To agree that the Council Tax base for meeting the special expenses issued by the Lloyd Square Garden Committee for 2020/21 (or until rescinded) shall be 45.2 Band D equivalent properties after adjusting for non-collection. (**Paragraph 4.3** and **Appendix B**)
- 2.3. To note the Council Tax forecast for 2019/20. (**Paragraph 5.1** and **Appendix C**)
- 2.4. To note the latest NNDR forecast for 2019/20, subject to finalising in the 2020/21 NNDR1 (detailed business rates estimate) return that the Council is required to submit by 31 January 2020. (**Paragraph 6.1**)
- 2.5. To delegate authority to the Acting Section 151 Officer to finalise the 2020/21 NNDR1 estimate for Islington, which will feed into the estimates for the London Business Rates Retention Pool. (**Paragraph 6.3**)

3. BACKGROUND

- 3.1. The Council is required to calculate its Council Tax base for the next financial year and notify precepting authorities by 31 January of the preceding financial year. On 26 June 2008, the

Council established an Audit Committee and delegated responsibility for determining the Council Tax base to that committee. The Council tax base will be used to calculate the level of Council Tax to be set by Council on 27 February 2020.

- 3.2. The Lloyd Square Garden Management Committee issues a special levy on the Council to meet the expenditure involved in the maintenance of the private garden in Lloyd Square. It is therefore necessary for the Council to calculate separately the tax base for the Lloyd Square Garden area.
- 3.3. The Council is also required to forecast whether there will be a surplus or deficit in its Collection Fund (both Council Tax and NNDR) at the end of the current financial year and incorporate its share of any surplus or deficit in its budget for the next financial year.
- 3.4. Since the introduction of business rates retention for local authorities in 2013-14, the Council is also required to estimate its retained share of NNDR for the next financial year for inclusion in its budget.

4. COUNCIL TAX BASE ESTIMATE 2020/21

- 4.1. The Council Tax base calculation for 2020/21 has been prepared on the following basis:
 - 4.1.1. The number of dwellings on the Valuation List as at 30 November 2019, adjusted for estimated exemptions, discounts and disabled relief in 2020/21;
 - 4.1.2. The Council Tax support scheme for 2020/21 agreed by Council on 5 December 2019;
 - 4.1.3. Provision for the continuation of council tax relief for care leavers, foster carers and Shared Lives carers;
 - 4.1.4. The budgeted collection rate for 2020/21 of 98.0% (unchanged from 2019/20).
- 4.2. The Council Tax base calculation for the Council's whole area for 2020/21 is set out at **Appendix A**; applying a collection rate of 98.0% results in a Council Tax base figure of 81,221.2. This equates to a 2.13% increase in the Council Tax base in 2020/21 compared to 2019/20.
- 4.3. The Council Tax base calculation for the Lloyd Square Garden area for 2020/21 is set out at **Appendix B**; applying a collection rate of 98.0% results in a Council Tax base figure of 45.2.

5. COUNCIL TAX FORECAST 2019/20

- 5.1. In the 2018/19 Statement of Accounts the final Council Tax position was a surplus of £0.991m, of which £0.843m was forecast and allocated as part of 2019/20 budget setting and £0.148m was an additional unbudgeted surplus carried forward to 2019/20. A further £0.403m in-year surplus is forecast in 2019/20, resulting in a total forecast Council Tax surplus of £0.551m in 2019/20 (£0.434m Islington Council share; £0.117m Greater London Authority (GLA) share). This is set out at **Appendix C**. The GLA will be notified of this position and the Council's share of the one-off forecast surplus will be included in the 2020/21 budget.

6. NATIONAL NON DOMESTIC RATES 2019/20 FORECAST and 2020/21 ESTIMATE

- 6.1. In the 2018/19 Statement of Accounts the NNDR account was in surplus by £13.416m, of which £5.947m was forecast as part of 2019/20 budget setting and £7.469m was an additional unbudgeted surplus carried forward to 2019/20. Subject to finalising in the 2020/21 NNDR1 return that the Council is required to submit by 31 January 2020, a further £3.804m in-year surplus is currently forecast in 2019/20, resulting in a total forecast NNDR Collection Fund surplus of £11.273m in 2019/20 (£6.606m Islington Council share; £3.716m GLA share;

£0.951m Central Government share). The Council's share of the one-off forecast NNDR Collection Fund surplus will be included in the 2020/21 budget.

- 6.2. The Council is a member of the London Business Rates Retention Pilot Pool 2019/20 whereby business rates income across London is pooled and redistributed between the 33 billing authorities and the GLA. The forecast 2019/20 General Fund income from the pilot pool compared to the 2019/20 NNDR1 estimate will be updated based on the forecasts of individual pool members within their 2020/21 NNDR1 returns.
- 6.3. In 2020/21, the Council will participate in a non-pilot London Business Rates Retention Pool 2020/21, subject to formal agreement by the 33 billing authorities (the 32 London boroughs and the Corporation of the City of London) and the GLA. It is recommended that authority is delegated to the Acting Section 151 Officer to finalise the 2020/21 NNDR1 estimate for Islington, which will feed into the estimates for the pilot pool.

7. IMPLICATIONS

Financial Implications

- 7.1. The financial implications of this report will be incorporated in the 2020/21 Budget Report and statutory Council Tax calculations to be considered by Executive on 6 February 2020 and Council on 27 February 2020.

Legal Implications

- 7.2. The Council, as billing authority, is required to calculate the amount which will be its Council Tax base for the next financial year by 31 January of the preceding financial year. (Section 31B of the Local Government Finance 1992 Act (as amended) and the Local Authorities (Calculation of Council Tax Base) Regulations 2012).
- 7.3. The Council must make similar calculations in relation to any items of expenditure which relate to a part only of the Council's area. This enables the Council to collect, as Council Tax, the contributions of the local residents for these expenses. In Islington, the expenses of meeting the special levy issued by the Lloyd Square Garden Management Committee qualify and the Council can take such expenses into account in calculating its budgetary requirements provided it has defined them as "special expenses" in a resolution in force at the time it calculates such requirements (Section 34 of the 1992 Act and the 2012 Regulations).
- 7.4. The precepting authorities must be notified by the Council of its Council Tax base calculation for the next financial year between 1 December and 31 January of the preceding financial year to enable those authorities to calculate their budgetary requirement for the next financial year and the precept they will issue to the Council before 31 March. If the Council fails to comply with the end of January deadline, the regulations prescribe a notional formula for the precepting authorities to use in default, which will bind the Council. Similar rules require the precepting authorities to notify the Council of relevant prescribed information between 1 and 31 December of the preceding financial year.
- 7.5. The calculation of the Council Tax base may, but no longer has to, be approved by full Council. It may be approved by a Council committee or sub-committee, but not by the Executive (Section 84 of the Local Government Act 2003 and Regulation 4(9) to (11) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended)).
- 7.6. The Council must set the Council Tax for the next financial year before 11 March of the preceding financial year (although it will not be invalid merely because it is set on or after that date). Before the Council can decide this amount, it has to complete a further series of statutory calculations to establish its budgetary requirements for the next financial year. Again, these

calculations under Section 31A-36 of the 1992 Act need to be made before 11 March of the preceding financial year and are usually made at the same time as the Council Tax is set.

- 7.7. The Council, as billing authority, must estimate for each financial year whether there is a surplus or deficit in its Collection Fund. Any surplus or deficit in respect of Council Tax must be shared between the Council and its relevant major precepting authorities and the Council is required to inform them should this be applicable (The Local Authorities (Funds) (England) Regulations 1992).
- 7.8. The Council, as billing authority, is required to estimate its national non domestic rates income, which will feed into the estimate for the London Business Rates Retention Pool 2020/21 comprising the 32 London boroughs, the Corporation of the City of London and the Greater London Authority.

Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

- 7.9. This report does not have any environmental implications.

Resident Impact Assessment

- 7.10. 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.
- 7.11. A Resident Impact Assessment has not been completed because this report in itself does not have any such implications.

8. REASON FOR RECOMMENDATIONS


- 8.1. The Council is required to set a Council Tax base for the next financial year and estimate the surplus or deficit on its Collection Fund (both Council Tax and NNDR) for the current financial year.

Appendices:

- Appendix A – Islington Whole Area Council Tax Base 2020/21
Appendix B – Lloyd Square Garden Area Council Tax Base 2020/21
Appendix C – Council Tax Forecast 2019/20

Background papers: None

Final report clearance:

Signed by:		15 January 2020
	Assistant Director, Service Finance (Acting Section 151 Officer)	Date

Report Author:

Martin Houston, Strategic Financial Advisor

Legal Implications Author:

Peter Fehler (Acting Director of Law and Governance)

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Appendix A: Islington Whole Area Council Tax Base 2020/21

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Number of Dwellings as at 30 November 2019	4,837	6,167	29,707	33,050	18,570	9,433	7,012	914	109,690
Less Disabled Relief	0	(6)	(36)	(60)	(57)	(40)	(22)	(7)	(228)
Plus Disabled Relief	6	36	60	57	40	22	7	0	228
Less Exemptions	(2,966)	(313)	(979)	(1,389)	(900)	(530)	(165)	(24)	(7,266)
Total Chargeable Dwellings	1,877	5,884	28,752	31,658	17,653	8,885	6,832	883	102,424
Discounts (25%)	(846)	(3,251)	(13,573)	(11,084)	(4,749)	(1,964)	(1,047)	(82)	(36,596)
Discounts (50%)	0	(2)	(2)	(8)	(6)	(3)	(12)	(10)	(43)
Discounts (10%)	0	0	0	0	0	0	0	0	0
Less Equivalent Discount Value	(212)	(814)	(3,394)	(2,775)	(1,190)	(493)	(268)	(26)	(9,171)
Sub Adjusted Dwellings	1,666	5,070	25,358	28,883	16,463	8,393	6,564	858	93,254
Less Council Tax Support	(276)	(1,601)	(7,003)	(5,791)	(2,400)	(981)	(410)	(9)	(18,471)
Total Adjusted Dwellings	1,390	3,469	18,355	23,092	14,063	7,411	6,155	848	74,782
Ratio to Band D	6/9	7/9	8/9	1	11/9	13/9	15/9	2	
Band D Equivalent	927	2,698	16,315	23,092	17,188	10,705	10,258	1,696	82,879

Band D Equivalent Assuming 98.0% Collection Rate

81,221.2

Appendix B: Lloyd Square Garden Area Council Tax Base 2020/21

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Number of Dwellings as at 30 November 2019	0	0	0	1	2	3	18	5	29
Less Disabled Relief	0	0	0	0	0	0	0	0	0
Plus Disabled Relief	0	0	0	0	0	0	0	0	0
Less Exemptions	0	0	0	0	0	0	0	0	0
Total Chargeable Dwellings	0	0	0	1	2	3	18	5	29
Discounts (25%)	0	0	0	0	0	(1)	(3)	0	(4)
Discounts (50%)	0	0	0	0	0	0	0	0	0
Discounts (10%)	0	0	0	0	0	0	0	0	0
Less Equivalent Discount Value	0	0	0	0	0	(0)	(1)	0	(1)
Total Adjusted Dwellings	0	0	0	1	2	3	17	5	28
Ratio to Band D	6/9	7/9	8/9	1	11/9	13/9	15/9	2	
Band D Equivalent	0	0	0	1	2	4	29	10	46

Band D Equivalent Assuming 98.0% Collection Rate

45.2

Appendix C: Council Tax Forecast 2019/20

	2018/19 Actual	2019/20 Budgeted	2019/20 Forecast
	£m	£m	£m
Income			
Net Council Tax Income (excluding Council Tax Support)	(141.486)	(149.569)	(147.943)
Council Tax Support	26.121	28.669	26.415
Total Income	(115.365)	(120.900)	(121.528)
Expenditure			
Precepts and Demand			
Islington Council			
- General Expenses	88.747	92.977	92.977
- Special Expenses (Lloyd Square Garden Area)	0.017	0.017	0.017
	88.764	92.994	92.994
Greater London Authority Precept	23.002	25.488	25.488
Total Precepts and Demand	111.766	118.482	118.482
Impairment Allowance & Write Offs	2.631	2.418	2.642
Total Expenditure	114.397	120.900	121.125
(Surplus)/Deficit for the year	(0.968)	0.000	(0.403)
Contributions towards Previous Year's Forecast Surplus			
Islington Council	0.379	0.669	0.669
GLA	0.099	0.174	0.174
Total Distribution of Surplus (Deficit)	0.478	0.843	0.843
(Surplus)/Deficit for the year net of share of contributions	(0.490)	0.843	0.440
(Surplus)/Deficit brought forward at beginning of the year	(0.501)	(0.843)	(0.991)
(Surplus)/Deficit carried forward to next year	(0.991)	0.000	(0.551)
Share of Forecast (Surplus)/Deficit			
Islington Council			(0.434)
Greater London Authority			(0.117)
Total (Surplus)/Deficit			(0.551)

Report of: Director of Service Finance

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	28 January 2020		

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SUBJECT: Annual Treasury Management and Investment Strategy 2020-2021

1. Synopsis

- 1.1 This report discusses the council's 2020-2021 annual treasury management strategy and investment strategy.

2. Recommendations

- 2.1 To consider the Council's 2020-2021 annual treasury management and investment strategy before full council's approval at its budget and council tax setting meeting on 27th February 2020. The strategy covers
- The balance sheet and treasury position
 - Prospects for interest rates
 - Borrowing requirement and strategy
 - Debt rescheduling
 - Investment strategy and policy
 - HRA Self Financing

2.2 To note the key points of the treasury strategy summarised below:

Summary of the key points of the treasury strategy

- £239.8m is estimated to be required to be borrowed over the next 3 years
 - £64.4million to replace existing borrowing that matures
 - £175.4million of new borrowing to fund capital expenditure
- The borrowing strategy is to minimise borrowing costs, through
 - Using surplus internal cash, and
 - Borrowing at optimal times at either variable or fixed rates which can include borrowing in advance of need
- It is expected that sums for investments will be minimal. Investment activity is restricted to institutions set in para 3.7.
- The Council's investment priorities in order of importance are:
 - security of the invested capital;
 - liquidity of the invested capital;
 - an optimum yield which is commensurate with security and liquidity

3. Background

3.1 INTRODUCTION

3.1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) has defined treasury management as "the management of the organisations' investments and cashflow, its banking, money market and capital market transactions; the effective control of the risks associated with these activities and the pursuit of optimum performance consistent with those risks.

3.1.2 Treasury management activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). Treasury risk management is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. This Council adopted the Code of Practice on Treasury Management on 26th February 2002.

3.1.3 The treasury management function is an important part of the overall financial management of the Council's affairs. Its importance has increased as a result of the freedoms provided by the Prudential Code. The Council is required to set out an Annual Treasury Strategy outlining at the least the expected treasury activity for the forthcoming three years.

3.1.4 Investments held for service purposes or for commercial profit are considered in a different report, Investment Strategy report and approved by full Council at its budget and council tax setting meeting on 27th February 2020

3.1.5 A key requirement of this report is to explain both the risks, and the management of the risks, associated with treasury management that include:

- Liquidity Risk (Inadequate cash resources).
- Market or Interest Rate Risk (Fluctuations in interest rate levels).
- Inflation Risk (Exposure to inflation).
- Credit and Counterparty Risk (Security of Investments).
- Refinancing Risk (Impact of debt maturing in future years).
- Legal and Regulatory Risk.

3.2 Scope

3.2.1 This Treasury Management Strategy considers the impact of the Council's revenue budget and capital programme on the balance sheet position, the prospects for interest rates, borrowing requirement and strategy, debt rescheduling, investment strategy and policy, monitoring, members training and advisors.

Balance sheet and treasury position

3.2.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR represents the level of borrowing for capital purposes. Revenue expenditure cannot be financed from borrowing. Net physical external borrowing should not exceed the CFR other than for short-term cash flow requirements. It is permissible under the Prudential Code to borrow in advance of need, up to the level of the estimated CFR over the term of the Prudential Indicators. Where this takes place, the cash will form part of the invested sums until the related capital expenditure is incurred. This being the case net borrowing should not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years other than in the short term due to cash flow requirements.

3.2.3 The CFR together with balances and reserves are the core drivers of Treasury Management activity. The estimates, based on the current revenue budget and capital programmes and in advance of any changes to the 2020/21 budget to be considered in February, are set out in **Table 1** below:

Table 1 – Capital Financing, Balances and Reserves Forecasts

	31/03/2020 Estimate £m	31/03/2021 Estimate £m	31/03/2022 Estimate £m	31/03/2022 Estimate £m
General Fund CFR	138.3	171.4	156.1	154.4
Long term Liabilities- PFI	109.9	94.8	81.5	76.9
HRA CFR	475.7	516.2	568.2	608.3
Total CFR	723.9	782.4	805.8	839.6

Less Balances and Reserves	(247.7)	(223.3)	(211.6)	(223.7)
Net Balance Sheet Position	476.2	559.1	594.2	615.9

3.2.4 The Council's level of physical debt and investments is linked to these components of the balance sheet. Market conditions, affordability, interest rate expectations and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position.

3.3 Prospects for interest rates

3.3.1 Treasury management activities such as borrowing, introduce risk to the Council via the impact of unexpected adverse movements in interest rates. The Council employs Arlingclose treasury consultants, to advise on the treasury strategy, to provide economic data and interest rate forecasts, to assist planning and reduce the impact of unforeseen adverse movements. **Appendix A** draws together a number of current forecasts for short-term and longer-term fixed interest rates. The major external influence on the authority's treasury management strategy for 2020/21 will be the UK's progress in negotiating and agreeing future trading arrangements in the limited transitional period currently set by the UK government. Global and UK economic growth outlook is forecast to remain relatively soft up to 2022. The central case forecast is for UK Bank Rate to remain at 0.75% with a downside risk of a cut to 0.50%. Gilt yields will remain low due to the soft UK and global economic outlooks. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively US monetary policy and UK government spending will be key influences alongside UK monetary policy.

3.4 Borrowing Strategy

3.4.1 The Council's underlying need to borrow for capital purposes is measured by reference to its Capital Financing Requirement (CFR). To ensure that this expenditure is ultimately financed, local authorities are required to make a Minimum Revenue Provision (MRP) for debt redemption from within the revenue budget each year.

3.4.2 Capital expenditure not financed from internal resources (i.e. capital receipts, capital grants and contributions, revenue or reserves) will produce an increase in the CFR (the underlying need to borrow) and in turn produce an increased requirement to charge MRP in the revenue account. The Council's borrowing requirement is shown in the **Table 2** below.

	2019-20	2020-21	2021-22	2022-23
	Revised estimate £M	Estimate £M	Estimate £M	Estimate £M
New Borrowing	32.5	76.1	57.2	42.1
Replacement borrowing	11.1	12.5	33.3	18.6
TOTAL	43.6	88.6	90.5	60.7

- 3.4.3 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 1.25%, and that new long-term loans will be borrowed at an average rate of 2.5%.
- 3.4.4 In conjunction with advice from our treasury advisor, Arlingclose Ltd, the Council will keep under review the options it has in borrowing from the Public Works Loan Board (PWLB), our previously main provider who unfortunately increased their rates by 1% in November 2019, other local authorities and their pension funds, the market, capital market bond investors, UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues and other sources up to the available capacity within the Authorised Limit (contained within the Prudential Indicators in **Appendix B** to be adopted in the 2020-21 budget).
- 3.4.5 The chief objective of the council when borrowing money is to achieve an appropriate risk balance between securing low interest rates and cost certainty over the periods for which funds are required. Given the significant cuts to public expenditure and in particular local government funding, the council's borrowing strategy continues to address the key issue of affordability without compromising the longer term stability of the debt portfolio.
- 3.4.6 The council's strategy is to minimise its borrowing costs over the medium to longer term and maintain maximum control over its borrowing activities as well as flexibility on its loans' portfolio. The use of internal resources in lieu of borrowing and short to medium term borrowing will continue because of the "cost of carry" (that is the differential between debt costs and investment earnings). Exposure to variable loans including PWLB rates will be kept under regular review, The Bank Rate is expected to stay at 0.75% throughout the year. As at 31st December 2019, the council had agreed £15m of PWLB and £69.5m non-PWLB long term loans. All these non-PWLB loans are from other local authorities over outstanding periods of up to 3 years at an average rate of 1.5%.
- 3.4.7 Capital expenditure levels, cash flow projections, market conditions and interest rate levels will be monitored in conjunction with our treasury advisors, Arlingclose, to determine the most appropriate options.
- 3.4.8 The Council's borrowing requirement over the next three years is estimated to be around £239.8million, £64.4million of this borrowing will be used to replace existing PWLB debt taken in the 1980's that matures over the next three years. If market rates were to fall considerably or future rates were expected to rise, then some borrowing could be taken ahead of spend. The borrowing strategy will therefore consider opportunities to borrow not only for 2020-21 but ahead for the next two financial years.
- 3.5 **Debt rescheduling**
- 3.5.1 The factors affecting any decision on debt rescheduling will include, the generation of cash savings and / or discounted cash flow savings in interest cost, helping to fulfil the strategy outlined in the paragraphs above; enhancing the balance of the fixed to variable rate debt in the portfolio and, amending the maturity profile. All rescheduling activity will comply with the accounting requirements of the local authority Statement Of Recommended Practice (SORP)

and regulatory requirements of the Capital Finance and Accounting Regulations (SI 2007 No. 573 as amended by SI 2008/414).

3.6 **Investment strategy and policy**

3.6.1 To comply with the Government's guidance and CIPFA Code, the Council's general policy objective is to invest its surplus funds prudently.

3.6.2 The Council's investment priorities, in order of importance, are:

- security of the invested capital.
- liquidity of the invested capital.
- an optimum yield which is commensurate with security and liquidity.

3.6.3 The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council does not engage in such activity.

3.6.4 **Business model**

Under the new IFRS 9 standard, the accounting for certain investments depends on our business model for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore where other criteria are also met, these investments will continue to be accounted for at amortised cost.

3.7 **Investment instruments approved counterparties.**

3.7.1. Potential instruments for the Council's use within its investment strategy are UK Government, local authorities or government backed public organisations, banks, corporates and registered providers.

3.7.2 The Council has reviewed the way it formulates its counterparty criteria. The lending list criteria is devised from the use of rating agencies which will include) as well as other factors. The main sovereign states whose banks are to be included are Australia, Canada, Finland, France, Denmark, Germany, Netherlands, Switzerland and the US. These countries and the Banks within them have been selected after analysis and careful monitoring of:

- Credit Ratings (minimum long-term A+ minimum short term F1).
- Credit Default Swaps.
- GDP; Net Debt as a Percentage of GDP.
- Sovereign Support Mechanisms / potential support from a well-resourced parent institution.
- Share Price.

- 3.7.3 The Council will also take into account information on corporate developments and market sentiment towards the counterparties. The Council and its Treasury Advisors, Arlingclose, will continue to analyse and monitor these indicators and credit developments on a regular basis and respond as necessary to ensure security of the capital sums invested.
- 3.7.4 The Council's internally managed investments as at 2nd January totalled £123.7million and the forecast position for the end of March through 2020 will average £75million. The Council has restricted its investment activity to the following institutions while conditions in the financial sector are monitored for stability and cashflow positions are averaging around £95m:
- The Debt Management Agency Deposit Facility (The rates of interest from the DMADF are below equivalent money market rates. However, the returns are an acceptable trade-off for the guarantee that the Council's capital is secure).
 - AAA-rated Money Market Funds with a Constant Net Asset Value (CNAV).
 - Deposits with other local authorities.
 - Business reserve accounts and term deposits. These have been primarily restricted to UK institutions that are rated at least A+ long term.
- 3.7.5 If the cash flow positions were to increase because of forward borrowing, then investments criteria will revert to credit ratings as stated in paragraph 3.7.2
- 3.7.6 A copy of the Council's current Approved lending list and the institutions actually lent to as at 2nd January 2020 is attached as **Appendix C** for information. In addition, the Council has borrowed £44m at an average rate of 0.7% short term, from other Local Authorities & Public Bodies to cover cashflow positions. The outstanding temporary borrowing position by year end will be £10m.
- 3.7.7 The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose, is attached as **Appendix A**. The Council will reappraise its strategy with evolving market conditions and expectations for future interest rates.
- 3.7.8 The Corporate Director Resources under delegated powers will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. All investments will be made in accordance with the Council's investment policies and prevailing legislation and regulations.
- 3.8 **Housing Revenue Account policy on apportioning interest**
- 3.8.1 Central Government completed its reform of the Housing Revenue Account Subsidy system at the end of 2011/12. Local authorities are required to recharge interest expenditure and income attributable to the HRA in accordance with determinations issued by the Department for Communities and Local Government. The CIPFA Code recommends that authorities present this policy in their TMSS.
- 3.8.2 On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. New long-term loans borrowed are assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g.

premiums and discounts on early redemption) are charged/ credited to the respective revenue account.

3.9.3 **Internal borrowing**

Where the HRA or GF has surplus cash balances which allow either account to have external borrowing below its level of CFR (internal borrowing), the rate charged on this internal borrowing will be based on the 14.5 -15year PWLB fixed loan rate to reflect the assumed opportunity cost forgone.

3.10 **Monitoring**

3.10.1 Treasury management monitoring will be incorporated in the regular Executive financial monitoring reports. The Executive Member for Finance is regularly briefed on treasury activities. At the end of the financial year, an outturn report will be prepared on the Council's investment activity as part of its Annual Treasury Report. The Audit committees will scrutinise the Annual Treasury Strategy Statement before Council approval at its budget and council tax setting meeting.

3.11 **Members Training**

3.11.1 CIPFA's revised Code requires the Director of Finance to ensure that all Members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Training on treasury management is available to Members and can be tailored to their needs and should be assessed regularly to ensure knowledge and skills are maintained at appropriate levels

3.11 **Advisors**

3.11.1 Arlingclose, our appointed treasury advisors, undertake their role as advisors to enable the Council to make informed decisions.

3.12 **Markets in Financial Instruments Directive**

3.12.1 The council has opted up to professional client status with its providers of financial services, including advisors, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. The Director of Resources believes this to be the most appropriate status given the size and range of our treasury management activities.

4 **Implications**

4.1 **Financial Implications**

The activities of the treasury management function has resource implications on the council's revenue budget. The paramount objective of the treasury management function is capital security and the pursuit of optimum performance must be consistent with the risk undertaken.

4.2 **Legal Implications**

Local authorities have restricted freedoms with regard to the investment of surplus funds. The rules are prescribed by statute and are laid out under section 15(1)(a) of the Local Government Act 2003. Local authorities are also required to have regard to supplementary guidance provided by the Office of the Deputy Prime Minister (ODPM; now Communities and

Local Government) and by CIPFA. CIPFA's guidance is defined as a proper practice for these purposes.

4.3 Resident Impact Assessment

4.3.1 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.

4.3.2 A resident equalities impact assessment has not been undertaken at this stage because this report is an update on an existing policy that is agreed at the annual council tax and budget setting.

4.4 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

None applicable to this report.

5. Conclusion and reasons for recommendations

5.1 This is the annual treasury and investment strategy statement report discussing the council's strategy on borrowing and investment and also reviewing current investment policy. Members are asked to consider this strategy before it is presented for approval at the council budget and council tax setting meeting on 27 February 2019.

Appendices: Appendix A- Arlingclose Economic and Interest Rate Forecast as at January 2020

Appendix B- Prudential Indicators

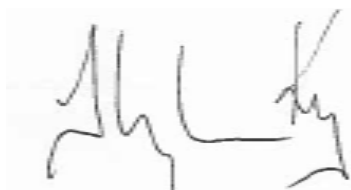
Appendix C- Current Lending List and Counterparty Schedule

Background papers:

Audit Commission National Report 2009; Council Budget Report on 27 February 2019

CIPFA guidance on treasury management issued in November 2009

Final Report Clearance



Signed by

Director Service Finance

.....
Date

Report author: Joana Marfoh (head of treasury and pensions)

Appendix A- Arlingclose Economic and Interest Rate Forecast as at January 2020

Underlying assumptions:

- **The global economy has entered a period of weaker growth in response to political issues. The UK economy continues to experience slower growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations are low.**
- Some improvement in global economic data and a more positive outlook for US/China trade negotiations has prompted worst case economic scenarios to be pared back.
- The new UK government will progress with achieving Brexit on 31st January 2020. The more stable political environment will prompt a partial return in business and household confidence in the short term, **but the subsequent limited Brexit transitional period, which the government is seeking to enforce, will create additional economic uncertainty.**
- UK economic growth stalled in Q4 2019. Inflation is running below target at 1.5%. The inflationary consequences of the relatively tight labour market have yet to manifest, while slower global growth should reduce the prospect of externally driven pressure, although escalating geopolitical turmoil could continue to push up oil prices.
- The first few months of 2020 will indicate whether the economy benefits from restored confidence. The government will undertake substantial fiscal easing in 2020/21, which should help support growth in the event of a downturn in private sector activity.
- The weak outlook for the UK economy and current low inflation have placed **pressure on the MPC to loosen monetary policy.** Two MPC members voted for an immediate cut in the last two MPC meetings of 2019. The evolution of the economic data and political moves over the next few months will inform policy, but **upside risks to Bank Rate are very limited.**
- Central bank actions and escalating geopolitical risks will produce volatility in financial markets, including bond markets.
- **We have maintained our Bank Rate forecast at 0.75% for the foreseeable future. Substantial risks to this forecast remain, arising primarily from the government's policy around Brexit and the transitional period.**
- **Arlingclose judges that the risks are weighted to the downside.**
- **Gilt yields remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.**
- **We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.**

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
3-month money market rate													
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
1yr money market rate													
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Downside risk	0.30	0.50	0.55	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65
5yr gilt yield													
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45
Arlingclose Central Case	0.50	0.50	0.55	0.55	0.55	0.60	0.60	0.65	0.65	0.70	0.75	0.75	0.75
Downside risk	0.35	0.50	0.55	0.55	0.55	0.60	0.60	0.65	0.65	0.70	0.75	0.75	0.75
10yr gilt yield													
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45
Arlingclose Central Case	0.75	0.80	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00	1.05	1.10	1.10
Downside risk	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50
20yr gilt yield													
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45
Arlingclose Central Case	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.40
Downside risk	0.40	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.50	0.50
50yr gilt yield													
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45
Arlingclose Central Case	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.40
Downside risk	0.40	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.50	0.50

EXTERNAL DEBT INDICATORS

1							
Authorised Limit for External Debt (including PFI)							
			2019-20	2019-20	2020-21	2021-22	2022-23
			£000s	£000s	£000s	£000s	£000s
			Approved	Revised	Estimate	Estimate	Estimate
Borrowing			413,000	347,000	496,000	586,000	647,000
Other Long Term Liabilities			110,000	110,000	95,000	82,000	77,000
TOTAL AUTHORISED LIMIT			523,000	457,000	591,000	668,000	724,000

The Authorised Limit for External Debt sets the maximum level of external borrowing that the Council can incur. It reflects the level of borrowing which, while not desired, could be afforded in the short-term, but is not sustainable. It is the Council's expected maximum borrowing need with headroom for unexpected cashflow. The limit also provides scope for the Council to borrow in advance of need. Other long-term liabilities include items such as PFI schemes and finance leases.

2							
Operational Boundary for External Debt (including PFI)							
			2019-20	2019-20	2020-21	2021-22	2022-23
			£000s	£000s	£000s	£000s	£000s
			Approved	Revised	Estimate	Estimate	Estimate
Borrowing			383,000	341,000	466,000	556,000	616,000
Other Long Term Liabilities			100,000	110,000	95,000	82,000	77,000
TOTAL OPERATIONAL BOUNDARY			483,000	451,000	561,000	638,000	693,000

The Operational Boundary for External Debt is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year. It acts as an early warning indicator to ensure the authorised limit is not breached. Similarly to the authorised limit it also provides scope for the Council to borrow in advance of need. Other long-term liabilities include items such as PFI schemes and finance leases.

3							
Actual External Debt (including PFI)							
							31.3.19
							£000s
							Actual
Borrowing							293,000
Other Long Term Liabilities							112,000
TOTAL EXTERNAL DEBT							405,000

This is the actual external debt that the Council held at 31st March 2019
Other long-term liabilities include items such as PFI schemes and finance leases.

TREASURY MANAGEMENT INDICATORS

4	
Adoption of CIPFA's Treasury Management Code of Practice	
	The Council formally adopted CIPFA's Code of Practice on Treasury Management on 26th February 2002 and CIPFA's revised Code of Practice on Treasury Management on 25th February 2010.

5							
Maturity Structure of New Fixed Rate Borrowing							
					31.3.19	2020-21	202-21
					Existing	Upper Limit	Lower Limit
					(Benchmark)		
					Level		
					%	%	%
Under 12 months					4.0%	100%	12%
12 months and within 24 months					5.0%	100%	5%
24 months and within 5 years					21.0%	100%	16%
5 years and within 10 years					9.0%	100%	7%
10 Years and within 20 years					21.0%	100%	20%
More than 20 years					40.0%	100%	40%

These limits are set to reduce the Council's exposure to large fixed rate sums of borrowing falling due for refinancing in any one year.

Upper Limit for Total Principal Sums Invested for over 364 Days							
			2019-20	2019-20	2020-21	2021-22	2022-23

			£000s Approved	£000s Revised	£000s Estimate	£000s Estimate	£000s Estimate
6	Total principal sum invested		50,000	40,000	50,000	50,000	50,000

These limits are set to reduce the need for the early sale of an investment, and are based on the availability of investments at each year-end.

Credit Risk

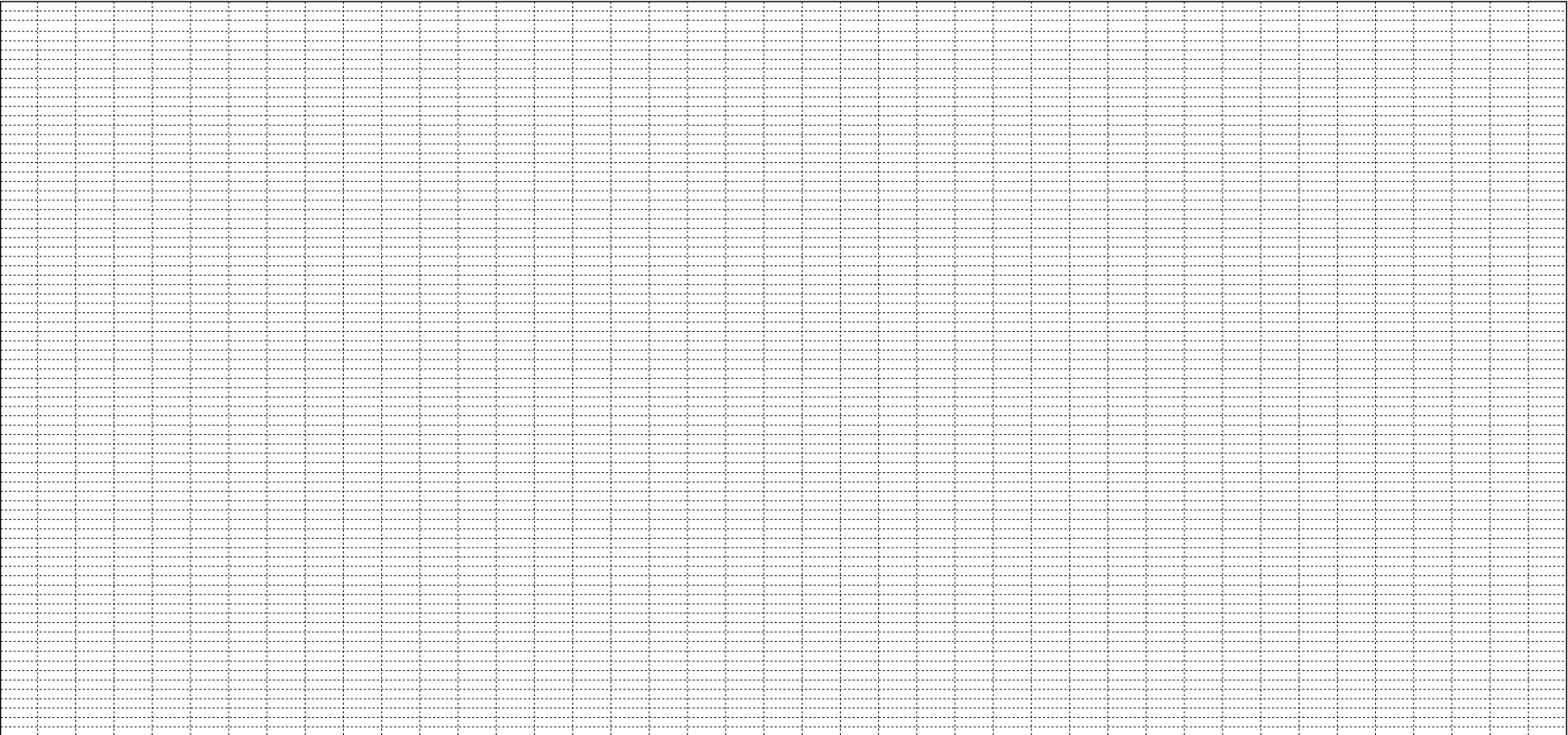
- 7 The Council considers security, liquidity & yield in that order when making investment decisions. It uses credit ratings along with a range of other criteria such as sovereign support mechanisms, credit default swaps & share prices to assess the credit strength of a counterparty. A full description of credit criteria used is included in section 3.6 of the Strategy Statement of the Councils Treasury Management

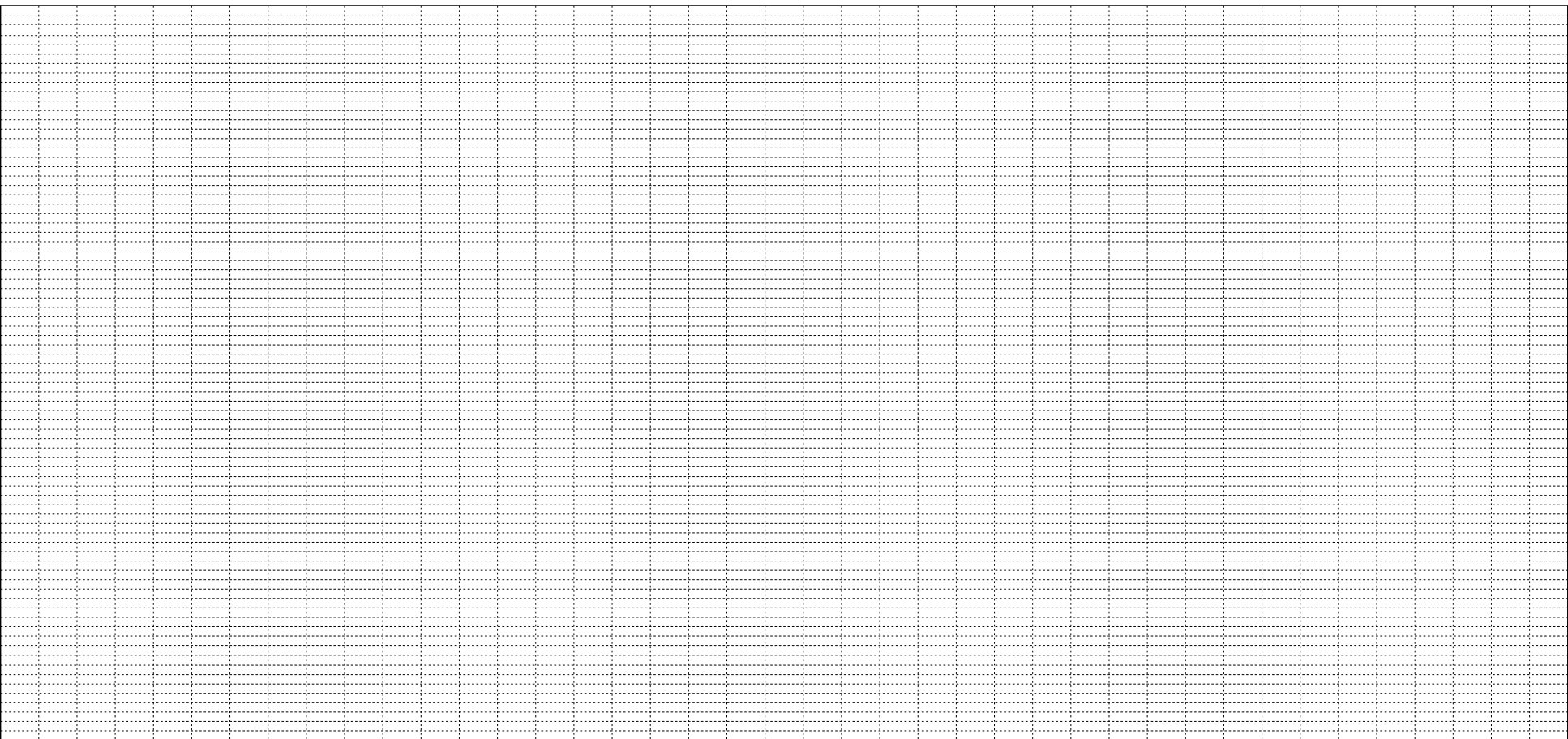
Interest Rate Exposure

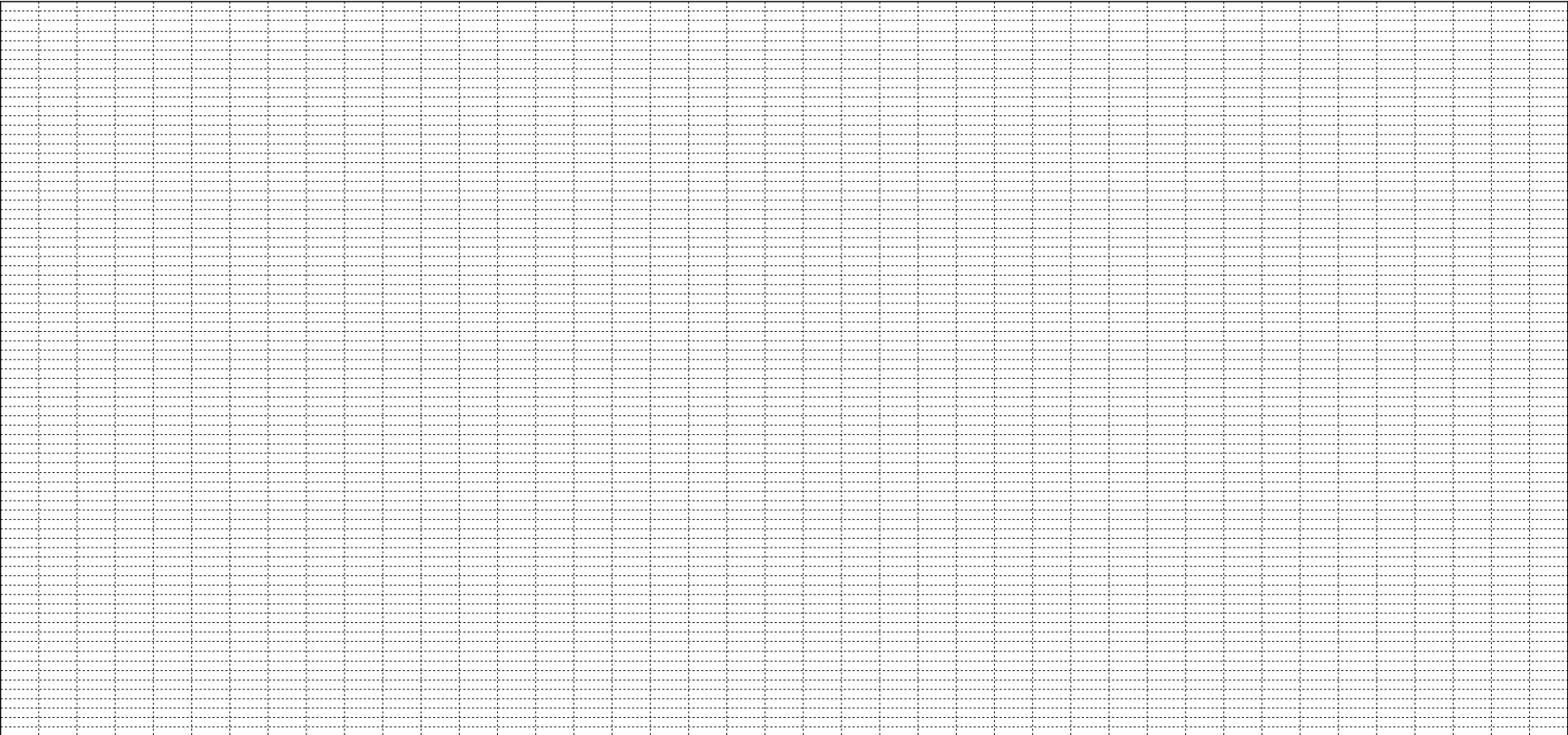
8		2020-21 Limit £'000s
	Upper limit on one-year revenue impact of a 1% rise in interest rates	4,641
	Upper limit on one-year revenue impact of a 1% fall in interest rates	1,989

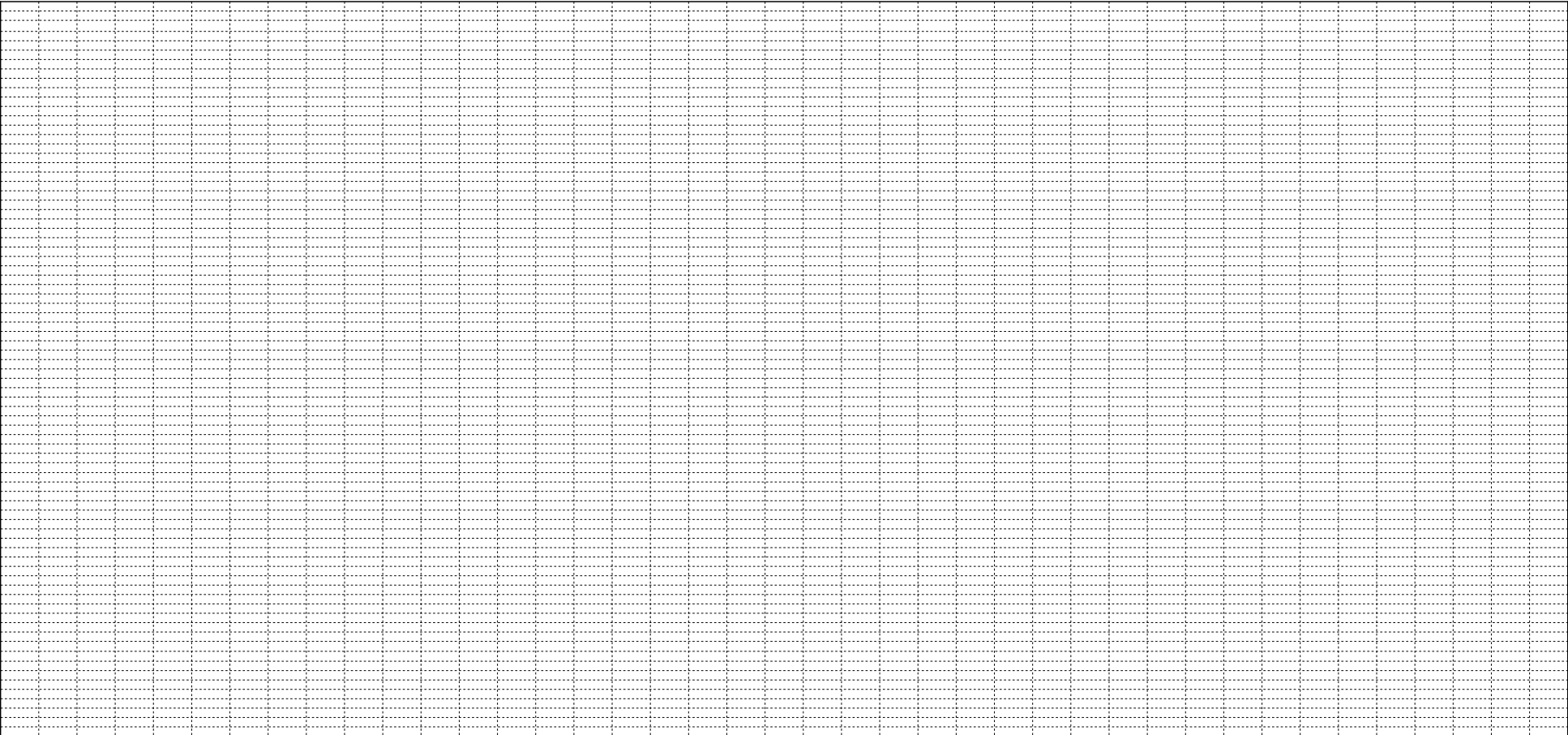
This indicator is set to control the Council's exposure to interest rate risk, on the assumption that maturing loans and investments will be replaced at current rates.

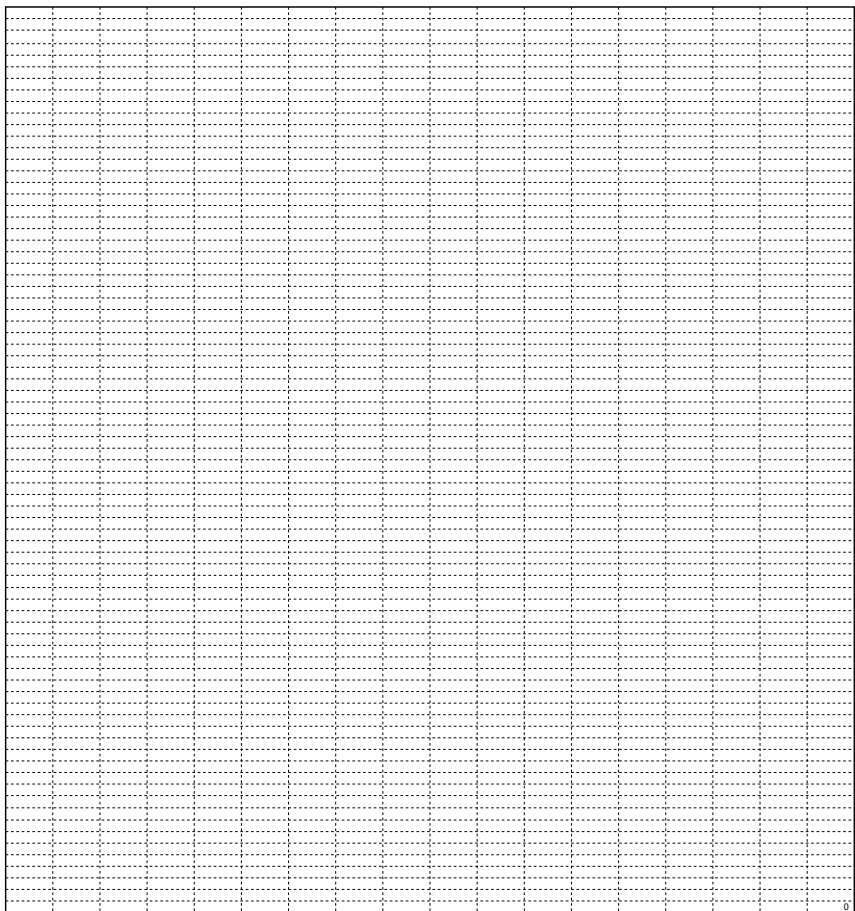
Counter-Party List - APPENDIX C														
Minimum criteria	A*	F1	A1	P-1	A*	A-1								
	Fitch IUT	Fitch SPT	Moody's L/T	Moody's S/T	S & P L/T	S & P S/T	Sovereign Rating - F/M/S&P	5 year GDS	Share Price	Maximum Limit - £	Maximum Term	LBI	Arlingcote Current Advice	Lending as at 02/01/2020
UK Banks														
Barclays	A*	F1	A1	P-1	A	A-1	AA-/Aa2/Aau	45	189	30,000,000	36 Months	Council Bankers from Mar 2015 - overnight liquidity only	Limit to 100 Days - CHECK !!!	UK Banks
HSBC	A*	F1*	Aa3	P-1	AA	A-1*	AA-/Aa2/Aau	36	564	30,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	Barclays
Lloyds	A*	F1*	Aa3	P-1	AA	A-1*	AA-/Aa2/Aau	45	81	30,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	HSBC
RBS	A*	F1*	A1	P-1	A	A-1	AA-/Aa2/Aau	69	228	30,000,000	36 Months	SUSPENDED !!!	Limit to 100 Days - CHECK !!! (new)	Lloyds
Santander UK	A*	F1	Aa3	P-1	A	A-1	AA-/Aa2/Aau/BBB+/Baa2/BBB+(Spain)	50	N/A	30,000,000	36 Months	SUSPENDED !!!	Limit to 6 Months - CHECK !!!	RBS
Standard Chartered	A*	F1	A1	P-1	A	A-1	AA-/Aa2/Aau	35	689	30,000,000	36 Months	SUSPENDED !!!	Limit to 6 Months - CHECK !!!	Santander UK
UK Building Societies														
Nationwide	A*	F1	Aa3	P-1	A	A-1	AA-/Aa2/Aau	N/A	N/A	30,000,000	36 Months	SUSPENDED !!!	Limit to 6 Months - CHECK !!!	Standard Chartered
Non UK Banks														
Australia														
Australia & NZ Banking Group	AA	F1*	Aa3	P-1	AA	A-1*	AAA/AAA/AAAU	35	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	UK Building Societies
Commonwealth Bank of Australia	AA	F1*	Aa3	P-1	AA	A-1*	AAA/AAA/AAAU	35	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	Nationwide
National Australia Bank	AA	F1*	Aa3	P-1	AA	A-1*	AAA/AAA/AAAU	35	N/A	15,000,000	36 Months	Limit to 100 Days - CHECK !!!	Limit to 100 Days - CHECK !!!	Non UK Banks
Westpac Banking Group	AA	F1*	Aa3	P-1	AA	A-1*	AAA/AAA/AAAU	50	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	Australia
Canada														
Bank of Montreal	AA	F1*	Aa2	P-1	A*	A-1	AAA/AAA/AAA	N/A	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	Commonwealth Bank of Australia
Bank of Nova Scotia	AA	F1*	Aa2	P-1	A*	A-1	AAA/AAA/AAA	N/A	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	Commonwealth Bank of Australia
Canadian Imperial Bank of Commerce	AA	F1*	Aa2	P-1	A*	A-1	AAA/AAA/AAA	N/A	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	National Australia Bank
Royal Bank of Canada	AA	F1*	Aa2	P-1	A*	A-1	AAA/AAA/AAA	N/A	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	National Australia Bank
Toronto-Dominion Bank	AA	F1*	Aa1	P-1	AA	A-1*	AAA/AAA/AAA	N/A	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!!	Westpac Banking Group
Finland														
Germany														
Netherlands														
ING Bank	A*	F1	Aa3	P-1	A*	A-1	AAA/AAA/AAAU	40	N/A	15,000,000	36 Months	SUSPENDED !!!	SUSPENDED !!! - 11/12/2018	Canada
Robobank	AA	F1*	Aa3	P-1	A*	A-1	AAA/AAA/AAAU	20	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!! (11/12/2018)	Bank of Montreal
Sweden														
Handelsbanken	AA	F1*	Aa2	P-1	AA	A-1*	AAA/AAA/AAAU	25	N/A	15,000,000	36 Months	SUSPENDED !!!	SUSPENDED !!! - 11/12/2018	Bank of Nova Scotia
Nordea Bank AB	AA	F1*	Aa3	P-1	AA	A-1*	AAA/AAA/AAAU	25	N/A	15,000,000	36 Months	Limit to 6 Months - CHECK !!!	Limit to 6 Months - CHECK !!! (11/12/2018)	Canadian Imperial Bank of Commerce
Switzerland														
Credit Suisse	A	F1	A1	P-1	A	A-1	AAA/AAA/AAAU	90	N/A	15,000,000	36 Months	SUSPENDED !!!	SUSPENDED !!! - 11/12/2018	Royal Bank of Canada
USA														
Other														
Deutsche Bank Global Liquidity Fund			Aaa / MRE+		AAA m		N/A	N/A	N/A	15,000,000	N/A	OK - Limit to 0.5% of Fund Size (approx £25M)	Limit to 0.5% of Fund Size (approx £25M)	Toronto-Dominion Bank
UK Local Authorities					N/A		N/A	N/A	N/A	15,000,000	per authority	OK	Limit to 24 Months - WEF 11/12/2018	95,000,000
Supra-National Bonds (Eib)	AAA		Aaa		AAA		N/A	N/A	N/A	Unlimited	Unlimited	SUSPENDED !!!	OK - CHECK !!!	28,700,000
UK DMADF	AA		Aa2		AA		N/A	N/A	N/A	Unlimited	6 Months	OK	OK	28,700,000
TOTAL FUNDS INVESTED													123,700,000	













Report of: Corporate Director of Resources

Meeting of Audit Committee	Date 28 th January 2020	Agenda Item	Ward(s)
Delete as appropriate	Exempt	Non-exempt	

SUBJECT: Market Supplements

1. Synopsis

1.1 In January 2015 the Audit Committee adopted a market supplements policy with effect from 1st March, 2015 with a view to addressing the difficulties being experienced in recruiting to a number of specific technical and professional roles. This report provides an update since verbal updates to the Audit Committee on 31st January 2019 and 3rd June 2019 on the effectiveness of market supplements in attracting the skills required by the council and whether they have proved more cost effective than engaging agency workers.

2. Recommendations

2.1 To note the update provided in this paper.

3. Background

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

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

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

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

A key action of the 2019-2022 Workforce Strategy is 'Attracting and Retaining the Best Talent' To achieve this, we have committed to introducing a strong employer brand and employee value proposition (including good pay, benefits and conditions). This includes reviewing our Reward Strategy as a priority. Although work has commenced it will take some time to finalise a new pay and reward approach. In the meantime, market supplements are vital in assuring that Islington is able to recruit to crucial positions and therefore it is unlikely that there will be significant change in the next year.

4. Use of market supplements

4.1 The following market supplements have been paid in 2019/20.

Directorate	Service	Job Title	Amount per annum (£)	Comments
Environment and Regeneration	Public Realm	Corporate Fleet and Transport Manager	9,819.00	paid since January 2018
Housing	Housing Property Services	Senior Electrical Engineer	8,000.04	paid since September 2017
Housing	Housing Property Services	Electrical Engineer	6,999.96	post filled in 2019
Housing	Housing Property Services	Electrical Engineer	6,999.96	paid since June 2017
Housing	Housing Property Services	Mechanical Inspector	9,999.96	post filled in 2019
Housing	Housing Property Services	Mechanical Inspector	3,666.66	Postholder left in September 2019
Housing	Housing Property Services	Principal Lift Engineer	5,000.04	paid since September 2017
Housing	Housing Property Services	Senior Mechanical Engineer (Communal)	11,000.04	post filled in 2019
Housing	Housing Property Services	Mechanical Engineer (Communal)	11,000.04	paid since September 2017

Housing	Housing Property Services	Mechanical Engineer (Communal)	1,537.64	Postholder left in May 2019
Housing	Housing Property Services	Lead Domestic Engineer	6,870.00	post filled in 2019
Housing	Housing Property Services	Lead Domestic Engineer	6,870.00	post filled in 2019
Housing	Housing Property Services	Lead Gas Engineer	6,870.00	post filled in 2019
Housing	Housing Property Services	Electrical Inspector	6,999.96	post filled in 2019
Housing	Housing Property Services	Mechanical Engineer (Communal)	11,000.04	post filled in 2019
People	People	Director	2,592.96	paid since April 2017
Resources	Digital Services	CRM and Web APIs Manager	1,374.00	agreed in 2019
Resources	Digital Services	Business Advisor	6,000.00	agreed in 2019
Resources	Digital Services	Operational Services Manager	12,294.96	agreed in 2019
Resources	Digital Services	Programme Delivery Manager	607.91	market supplement started in Dec 2019

5. Effectiveness and cost of using market supplements

- 5.1 Feedback from Housing Property Services and Digital Services demonstrates that markets supplements have been essential in enabling recruitment to these technical and specialist roles. In particular, in filling the roles of Mechanical Inspector, Mechanical Engineer, Lead Domestic Engineer, Lead Gas Engineer. Even so, not all posts have been filled. It is necessary to re-advertise the ones that remain vacant and there is no guarantee of a successful outcome to the campaigns. Candidates have commented that market supplements are not a permanent salary, as subject to annual reviews and could be withdrawn. When posts are advertised, the market supplement has to be shown separately and this may also deter potential candidates. For certain roles, amounts in the region of £15,000 can be spent on advertising, due to the need to use specialist media.
- 5.2 Managers in services where there are specialist roles which require lengthy study and high-level qualifications, and for which there is often competition with more generous salaries in the private Human Resources colleagues have been providing dedicated support to managers to assist them with these resourcing challenges, including to ensure advertisements capture all the benefits of working for the council.
- 5.4 Examples of roles for which market supplements have been agreed, with the costs of permanent employees compared to agency workers are:

Job title	Islington grade/ Salary	Market supplement	Approximate on-costs (c 20%)	Total cost of employee
Principal Lift Engineer	PO5 £44,373 - £47,274	£5,000 pa (£49,373 - £52,274)	£9,875 - £10,455	£59,248 - £62,729

Senior Electrical Engineer	P04/P05 £41,466 - £47,274	£8,000 pa (£49,466 - £55,274)	£9,839- £11,055	£59,359 - £66,329
Mechanical Engineer	P02/P03 £36,486 - £41,466	£11,000 pa (£47,486 - £52,466)	£9,497 - £10,493	£56,983 - £62,959
Mechanical Inspector	S01/S02 £31,434 - £34,986	£10,000 pa (£41,434 - £44,986)	£8,287 - £8,997	£49,721 - £53,962

Job title	Day Rate	Day Rate (including agency fee)	Annual contract cost (48 weeks)
Principal Lift Engineer	£260.00	£286.00	£68,640
Senior Electrical Engineer	£260.00	£285.00	£68,400
Mechanical Engineer	£235.00	£255.00	£61,200
Mechanical Inspector	£200.00	£220.00	£52,800

5.5 One reason that managers engage agency workers is because they experience difficulties in recruiting to posts permanently due to the salaries the council offers for jobs which attract better pay in the private sector. From the examples listed above, the cost of engaging an agency worker is generally greater than the cost of hiring a permanent employee. Offering market supplements in order to recruit on a permanent basis to hard-to-fill posts is the preferable option in terms and costs and for the following reasons;

- The council wishes to act as a responsible and ethical employer, providing opportunities which offer people stability and security for them and their families and contribute to making Islington a fairer place;
- A high use of agency workers undermines efforts to build organisational and individual capability and does not support effective succession planning;
- An over reliance on agency workers carries significant risk in view of the speed at which workers can terminate contracts;
- A more transient workforce can be less motivated and less committed to working to achieve the council's vision and values;

6. Implications

6.1 Financial implications:

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

6.2 Legal Implications:

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

6.3 Environmental Implications:

There are no environmental implications arising from this report.

6.4 Resident Impact Assessment:

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

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

Final report clearance:

Signed by:



Alan Grant
Acting Director of HR and Head of Schools
HR

Date: 16th January 2020

Received by:

Head of Democratic Services

Date

Report Author: Alan Grant, Acting Director of HR and Head of Schools
Tel: 07826904848
Email: alan.grant@islington.gov.uk

Report of: Service Director Finance

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	28 January 2020		All

SUBJECT: External Auditor Reports

Synopsis

1.1 Grant Thornton, the Council’s external auditor, is presenting its regular ‘Audit Progress Report and Sector Update’ to the Audit Committee for noting.

2. Recommendation

2.1 To note the Audit Progress Report and Sector Update.

3. Background

3.1 The Audit Progress Report from Grant Thornton provides a report on progress in delivering its responsibilities as the Council’s external auditor. It also summarises emerging national issues and developments that may be relevant to the Council.

4. Implications

4.1 Financial Implications: none that are in addition to the Audit Progress Report

4.2 Legal Implications: none

4.3 Environmental Implications: none.

4.4 Resident Impact Assessment: There are no direct resident impact implications.

5. Conclusion and reasons for recommendations:

5.1 The Committee is asked to note the contents of the attached reports.

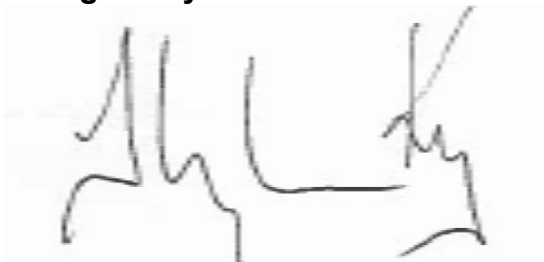
Appendices:

Audit Progress Report and Sector Update January 2020

Background papers: (available online or on request):

None

Final Report Clearance:

Signed by:A handwritten signature in black ink, appearing to read 'S Key', is shown within a rectangular box.

Service Director Finance

Date 17 January 2020

Report Author: Stephen Key, Acting s151 Officer Tel:
020 7527 5636

E-mail: stephen.key@islington.gov.uk

Audit Progress Report and Sector Update

London Borough of Islington and London Borough of Islington Pension Fund
Year ending 31 March 2020

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16 January 2020



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Introduction



Paul Grady

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This paper provides the Audit Committee and Audit Committee (Advisory) with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

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Ade Oyerinde

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Members of the Audit Committee and Audit Committee (Advisory) can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk ..

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Managers.



Marc Chang

Engagement Manager

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Progress at January 2020

2018/19

All of our work is complete in respect of 2018/19 except for grant certification work for the Pooling of Housing Capital Receipts return.

We completed the certification of the Teacher's Pensions return in October 2019, which was certified without amendment, with findings reported to Teacher's Pensions. The Housing Benefit claim was certified in November 2019. The claim was certified with minor amendments and we reported the findings from testing to the Department for Work and Pensions.

We will report our summary findings to the March 2020 Audit Committee and Audit Committee (Advisory) in our Grants Report, when the Pooling of Housing Capital Receipts return has been certified.

2019/20

Planning

We began our planning for 2019/20 financial year end audit in November 2019. We will continue to:

- update our review of the Council's control environment and financial systems
- have regular discussions with management to inform our risk assessment for the 2019/20 financial and value for money audits
- review committee papers including the latest financial and operational performance reports
- consider any reports from regulators regarding your operational effectiveness
- undertake value for money risk assessment to determine our approach.

Our 2019/20 Audit Plan will be presented at the March 2020 Audit Committee and Audit Committee (Advisory) meeting.

Interim

Our interim audit commences in early February 2020 and will include:

- review the Council's arrangements for preparing for IFRS16;
- early work on emerging accounting issues including Minimum Revenue Provisions;
- early substantive testing of income and expenditure transactions;
- review of Internal Audit reports on key financial systems; and
- review of proposed significant value for money risks

We will report our work in the Audit Findings Report in July 2020.

The NAO is consulting on a new Code of Audit Practice from 2020 which proposes to make significant changes to Value for Money work. Please see page 9 for more details.

Audit fees

During 2017, PSAA awarded contracts for audit for a five-year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We are currently reviewing the impact of these changes on both the cost and timing of audits including the Pension Fund. We will discuss this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, before communicating fully with the Audit Committee and Audit Committee (Advisory).

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Other areas

Meetings

We met with Finance Officers in October and December, and Chief Executive in December, as part of audit planning for 2019/20. We continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers will be invited to our Financial Reporting Workshop in February, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Audit Deliverables – 2018/19

2018/19 Deliverables	Planned Date	Status
Grants		
- Teachers' Pension claim	- Oct 2019	- Completed
- Housing Benefit claim	- Nov 2019	- Completed
- Pooling Housing Receipts claim (review in progress)	- Feb 2020	- Not yet due
Summary report on grants certification	March 2020	Not yet due

Audit Deliverables – 2019/20

2019/20 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2019/20. Impact on fees due to additional work	April 2019 February 2020	Completed No yet due
Accounts Audit Plan We are required to issue a detailed accounts Audit Plan for both the Council and Pension Fund to the Audit Committee and Audit Committee (Advisory) setting out our proposed approach in order to give an opinion on the 2019-20 Council and Pension Fund financial statements, and a value for money conclusion.	March 2020	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Audit Committee and Audit Committee (Advisory), reporting.	July 2020	Not yet due
Auditors Reports This is the opinion on your Council financial statement, annual governance statement and value for money conclusion, as well as the opinion on the Pension Fund financial statements.	July 2020	Not yet due
Annual Audit Letter This letter communicates a summary of the key issues arising from our work.	August 2020	Not yet due
Whole of Government Account We are required to carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions	September 2020	Not yet due
Grants <ul style="list-style-type: none"> - Teachers' Pension claim - Housing Benefit claim - Pooling Housing Receipts claim Summary report on grants certification	<ul style="list-style-type: none"> - Oct 2020 - Nov 2020 - Feb 2021 March 2021 	<ul style="list-style-type: none"> - Completed - Completed - Not yet due Not yet due

Sector Update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Audit Committee and Audit Committee Advisory members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was “working towards improving its approach to local government oversight and support”, Brokenshire promised.

“A robust local audit system is absolutely pivotal to work on oversight, not just because it enforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy,” he said.

“There are potentially far-reaching consequences when audits aren’t carried out properly and fail to detect significant problems.”

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still “fit for purpose”.

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: “Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

“Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure.”

He added: “This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole.”



In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was “open minded”, but believed the Audit Commission was “of its time”.

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts “must be of the highest level of transparency and quality”, the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.

The terms of reference focus on whether there is an “expectation gap” between the purpose of external audit and what it is currently delivering. It will examine the performance of local authority audit, judged according to the criteria of economy, effectiveness and efficiency.

Other key areas of the review include whether:

- 1) audit recommendations are effective in helping councils to improve financial management
- 2) auditors are using their reporting powers appropriately
- 3) councils are responding to auditors appropriately
- 4) Financial savings from local audit reforms have been realised
- 5) There has been an increase in audit providers
- 6) Auditors are properly responding to questions or objections by local taxpayers
- 7) Council accounts report financial performance in a way that is transparent and open to local press scrutiny

National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

Stage 1 involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

This stage of the consultation is now closed. The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)


Stage 2 of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation closed on 22 November 2019. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>


<p>Consultation response by the National Audit Office</p>
<p>Local audit in England Code of Audit Practice</p>
<p>Issues paper: Consultation response</p>

Financial Reporting Council – Summary of key developments for 2019/20 annual reports

On 30 October the Financial Reporting Council (FRC) wrote an Open Letter to Company Audit Committee and Audit Committee Advisory Chairs. Some of the points are relevant to local authorities.

The reporting environment

The FRC notes that, “In times of uncertainty, whether created by political events, general economic conditions or operational challenges, investors look for greater transparency in corporate reports to inform their decision-making. We expect companies to consider carefully the detail provided in those areas of their reports which are exposed to heightened levels of risk; for example, descriptions of how they have approached going concern considerations, the impact of Brexit and all areas of material estimation uncertainty.” These issues equally affect local authorities, and the Statement of Accounts or Annual Report should provide readers with sufficient appropriate information on these topics.

Critical judgements and estimates

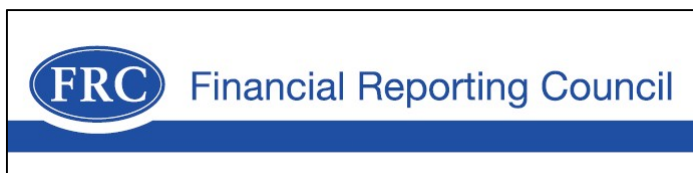
The FRC wrote “More companies this year made a clear distinction between the critical judgements they make in preparing their accounts from those that involve the making of estimates and which lead to different disclosure requirements. However, some provided insufficient disclosures to explain this area of their reporting where a particular judgement had significant impact on their reporting; for example, whether a specific investment was a joint venture or a subsidiary requiring consolidation. We will continue to have a key focus on the adequacy of disclosures supporting transparent reporting of estimation uncertainties. An understanding of their sensitivity to changing assumptions is of critical value to investors, giving them clearer insight into the possible future changes in balance sheet values and which can inform their investment decisions.” Critical judgements and estimates also form a crucial part of local authority statements of account, with the distinction often blurred.

IFRS 16 Leases

The FRC letter notes “IFRS 16 is effective for periods beginning on or after 1 January 2019. We recently conducted a thematic review looking at how companies reported on their adoption of the new standard in their June 2019 interim accounts. In advance of our detailed findings which will be published shortly, I set out what we expect to see by way of disclosures in the forthcoming accounts, drawing on the results of our work.

- Clear explanation of the key judgements made in response to the new reporting requirements;
- Effective communication of the impact on profit and loss, addressing any lack of comparability with the prior year;
- Clear identification of practical expedients used on transition and accounting policy choices; and
- Well explained reconciliation, where necessary, of operating lease commitments under IAS 17, ‘Leases’, the previous standard and lease liabilities under IFRS 16.”

The implementation of IFRS is delayed until 1 April 2020 in the public sector when it will replace IAS 17 Leases and the three interpretations that supported its application. Authorities will need information and processes in place to enable them to comply with the requirements. They will need to make disclosures in the 2019/20 accounts about the impact of IFRS 16 in accordance with IAS 8/ Code 3.3.4.3 requirements for disclosure about standards which are issued but are not yet effective.



What is the future for local audit?

Paul Dossett, Head of local government at Grant Thornton, has written in the Municipal Journal “Audit has been a hot topic of debate this year and local audit is no exception. With a review into the quality of local audit now ongoing, it’s critical that part of this work looks at the overarching governance and management of the audit regime. We believe there is a strong need for new oversight arrangements if the local audit regime is to remain sustainable and effective in the future.”

Paul goes on to write “Local (local authority and NHS) audit has been a key part of the oversight regime for public services for more than a century. The National Audit Office (NAO) has exercised this role in central government for several generations and their reporting to Parliament via the Public Accounts Committee is a key part of the public spending accountability framework.

Local audit got a significant boost with the creation of the Audit Commission in 1983 which provided a coordinated, high profile focus on local government and (from 1990) NHS spending and performance at a local level. Through undertaking value for money reviews and maintaining a tight focus on the generational governance challenges, such as rate capping in the 1980s and service governance failings in the 1990s, the Commission provided a robust market management function for the local audit regime. Local audit fees, appointments, scope, quality and relevant support for auditors all fell within their ambit.

However, the Commission was ultimately deemed, among other things, to be too expensive and was abolished in 2010, as part of the Coalition Government’s austerity saving plans. While the regime was not perfect, and the sector had acknowledged that reform of the Commission was needed, complete abolition was not the answer.

Since then, there has been no body with complete oversight of the local audit regime and how it interacts with local public services. The Ministry of Housing, Communities and Local Government; Department of Health; NHS; NAO; Local Government Association (LGA); Public Sector Audit Appointments Ltd (PSAA); the Financial Reporting Council (FRC); the Chartered Institute of Public Finance & Accountancy (CIPFA), audit firms and the audited bodies themselves all have an important role to play but, sometimes, the pursuit of individual organisational objectives has resulted in sub-optimal and even conflicting outcomes for the regime overall.

These various bodies have pursued separate objectives in areas such as audit fee reduction, scope of work, compliance with commercial practice, earlier reporting deadlines and mirroring commercial accounting conventions – to name just a few.

This has resulted in a regime that no stakeholder is wholly satisfied with and one that does not ensure local audit is providing a sufficiently robust and holistic oversight of public spending.

To help provide a more cohesive and co-ordinated approach within the sector, we believe that new oversight arrangements should be introduced. These would have ultimate responsibility for ensuring the sustainability of the local audit regime and that its component parts – including the Audit Code, regulation, market management and fees – interact in an optimal way. While these arrangements do not need to be another Audit Commission, we need to have a strategic approach to addressing the financial sustainability challenges facing local government and the NHS, the benchmarking of performance and the investigation of governance failings.

There are a number of possible solutions including:

- 1) The creation of a new arm’s length agency with a specific remit for overseeing and joining up local audit. It would provide a framework to ensure the sustainability of the regime, covering fees, appointments, and audit quality. The body would also help to create a consistent voice to government and relevant public sector stakeholders on key issues arising from the regime. Such a body would need its own governance structure drawn from the public sector and wider business community; and
- 2) Extending the current remit of the NAO. Give it total oversight of the local audit regime and, in effect, establish a local audit version of the NAO, with all the attendant powers exercised in respect of local audit. In this context, there would be a need to create appropriate governance for the various sectors, similar to the Public Accounts Committee.

While the detail of the new arrangements would be up for debate, it’s clear that a new type of oversight body, with ultimate responsibility for the key elements of local audit, is needed. It would help to provide much-needed cohesion across the sector and between its core stakeholders.

The online article is available here:

<https://www.themj.co.uk/What-is-the-future-for-audit/214769>

Grant Thornton's Sustainable Growth Index Report

Grant Thornton has launched the Sustainable Growth Index (formerly the Vibrant Economy Index) – now in its third year. The Sustainable Growth Index seeks to define and measure the components that create successful places. Our aim in establishing the Index was to create a tool to help frame future discussions between all interested parties, stimulate action and drive change locally. We have undergone a process of updating the data for English Local Authorities on our online, interactive tool, and have produced an updated report on what the data means. All information is available on our online hub, where you can read the new report and our regional analyses.

The Sustainable Growth Index provides an independent, data-led scorecard for each local area that provides:

- businesses with a framework to understand their local economy and the issues that will affect investment decisions both within the business and externally, a tool to support their work with local enterprise partnerships, as well as help inform their strategic purpose and CSR plans in light of their impact on the local social and economic environment
- policy-makers and place-shapers with an overview of the strengths, opportunities and challenges of individual places as well as the dynamic between different areas
- Citizens with an accessible insight into how their place is doing, so that they can contribute to shaping local discussions about what is important to them

The Index shows the 'tip of the iceberg' of data sets and analysis our public services advisory team can provide our private sector clients who are considering future locations in the UK, or wanting to understand the external drivers behind why some locations perform better than others.

Our study looks at over 50 indicators to evaluate all the facets of a place and where they excel or need to improve.

Our index is divided into six baskets. These are:

- 1 Prosperity
- 2 Dynamism and opportunity
- 3 Inclusion and equality
- 4 Health, wellbeing and happiness
- 5 Resilience and sustainability
- 6 Community trust and belonging

This year's index confirms that cities have a consistent imbalance between high scores related to prosperity, dynamism and opportunity, and low scores for health, wellbeing, happiness inclusion and equality. Disparity between the richest and poorest in these areas represents a considerable challenge for those places.

Inclusion and equality remains a challenge for both highly urban and highly rural places and coastal areas, particularly along the east coast from the North East to Essex and Kent, face the most significant challenges in relation to these measures and generally rank below average.

Creating sustainable growth matters and to achieve this national policy makers and local authorities need to do seven things:

- 1 Ensure that decisions are made on the basis of robust local evidence.
- 2 Focus on the transformational trends as well as the local enablers
- 3 Align investment decisions to support the creation of sustainable growth
- 4 Align new funding to support the creation of sustainable growth
- 5 Provide space for innovation and new approaches
- 6 Focus on place over organisation
- 7 Take a longer-term view

The online report is available here:

<https://www.granthornton.co.uk/en/insights/sustainable-growth-index-how-does-your-place-score/>



Institute for Fiscal Studies – English local government funding: trends and challenges in 2019 and beyond

The Institute for Fiscal Studies (IFS) has found “The 2010s have been a decade of major financial change for English local government. Not only have funding levels – and hence what councils can spend on local services – fallen significantly; major reforms to the funding system have seen an increasing emphasis on using funding to provide financial incentives for development via initiatives such as the Business Rates Retention Scheme (BRRS) and the New Homes Bonus (NHB).”

The IFS goes on to report “Looking ahead, increases in council tax and additional grant funding from central government mean a boost to funding next year – but what about the longer term, especially given plans for further changes to the funding system, including an expansion of the BRRS in 2021–22?”

This report, the first of what we hope will be an annual series of reports providing an up-to-date analysis of local government, does three things in this context. First, it looks in detail at councils’ revenues and spending, focusing on the trends and choices taken over the last decade. Second, it looks at the outlook for local government funding both in the short and longer term. And third, it looks at the impact of the BRRS and NHB on different councils’ funding so far, to see whether there are lessons to guide reforms to these policies.

The report focuses on those revenue sources and spending areas over which county, district and single-tier councils exercise real control. We therefore exclude spending on police, fire and rescue, national park and education services and the revenues specifically for these services. When looking at trends over time, we also exclude spending on and revenues specifically for public health, and make some adjustments to social care spending to make figures more comparable across years. Public health was only devolved to councils in 2013–14, and the way social care spending is organised has also changed, with councils receiving a growing pot of money from the NHS to help fund services.”

The IFS reports a number of key facts and figures, including

- 1) Cuts to funding from central government have led to a 17% fall in councils’ spending on local public services since 2009–10 – equal to 23% or nearly £300 per person.
- 2) Local government has become increasingly reliant on local taxes for revenues.
- 3) Councils’ spending is increasingly focused on social care services – now 57% of all service budgets.

The IFS report is available on their website below:

<https://www.ifs.org.uk/publications/14563>





Report of: Interim S151 Officer

Meeting of:	Date	Agenda item	Ward(s)
Audit Committee	28 th January 2020	-	All

SUBJECT: Internal Audit Interim Report 2019-20

1. Synopsis

- 1.1. The provision of a continuous internal audit service provides independent and objective assurance on the control environment that supports the delivery of the Council's objectives.
- 1.2. This report is intended to support Audit Committee in obtaining assurance that the Council has a sound framework of governance, risk management and internal control. It does this by demonstrating that the Internal Audit plan is being delivered, updating on the performance of the audit function, highlighting service areas where high priority recommendations have been made and commenting on the level of implementation of audit recommendations by management.

2. Recommendations

- 2.1 Audit Committee is asked to note the report.

3. Background

- 3.1 The 2019-20 Internal Audit Plan was approved Audit Committee in March 2019. This report details the outcomes of delivery of the 2019-20 audit plan to date in appendices 1-2, and outcomes of follow up audits in appendix 3. The report also identifies and gives more detail on those areas where the overall assurance statements were less than 'moderate'.

- 3.2 Internal audit projects result in a statement of assurance of either 'substantial', 'moderate', 'limited' or 'no' assurance. These conclusions are based on the number of critical and high priority risks identified in the report. Audit Committee receives details of high priority issues raised in audit reviews which result in 'limited' or 'no' assurance statements (a detailed explanation of assurance ratings is included at Appendix 1).
- 3.3 These statements are indicators of the assurance we can give at the time of the audit and may reflect control design or compliance issues. We are pleased to report a positive response to final audit reports and there is evidence of implementation on follow up. Where implementation of recommendations is protracted, Internal Audit may provide support to auditees in-year.
- 3.4 Summary details of high priority recommendations are included in appendix 2. Internal Audit has received appropriate management responses to the recommendations made to address these risks.
- 3.5 Audit Committee is advised that there are no matters to report with regard to key recommendations that have not been implemented within agreed timescales as noted during follow up audits in the year to date. Follow up audits on all recommendations arising from our work in 2019-20 will be conducted in 2020-21.

4. Implications

4.1. Financial implications

The programme of work has been met from within the existing Internal Audit budget. The financial implications of individual audit recommendations are met by local budgets.

4.2. Legal Implications

There are no legal implications arising from this report.

4.3. Environmental implications

There are no known 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

- 5.1 To note outcomes of delivery of the audit plan at Appendices 1-3

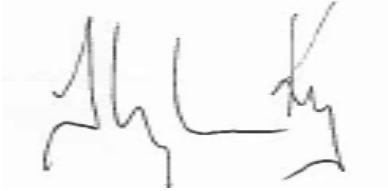
Appendices

Appendix 1 provides an update on outcomes of delivery of the 2019-20 audit plan;

Appendix 2 summarises high priority findings from audit reviews that have attracted a a less than moderate assurance rating;

Appendix 3 details the results of the follow up of audit recommendations made previously.

Final report clearance:



Signed by: Acting S151 Officer

Date: 9 January 2020

Report Author:

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Financial Implications

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REPORT ENDS

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APPENDIX 1 – 2019-20 INTERNAL AUDIT INTERIM REPORT

Internal Audit Interim Report Audit Committee 28th January 2020

Introduction: This Appendix gives summary details of the 2019-20 audit plan that was agreed by Audit Committee in March 2019. It shows the indicative scope as well as the completion status of each individual project. It also provides a summary of the plan completion stats. It is included to provide Audit Committee with assurance that the audit plan – which is the key vehicle for providing the Council with independent assurance – is being effectively delivered.

* Denotes a principal risk

1.1 AUDITS BROUGHT FORWARD FROM 2018-19

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Number	Audit title	Indicative scope	Days	Status – December 2019
CC18-6	IT Technology Debt	The primary purpose of this review was to assess the arrangements and processes in place to ensure that the technology environment is fit for purpose, efficiently and effectively meets the needs of the Council.	15	Completed – management letter issued. One high priority finding was raised, details of which can be seen at Appendix 2.
FR18-4	Procurement	Risk-based review of the end-to-end procurement process. Scope included follow-up of recommendations raised in 18-19 Contract Management review.	15	Procurement – completed, moderate assurance. Contract Management – follow-up completed. The original report, dated August 2018, raised eight recommendations (four high priority and four medium priority) which were fully accepted by management. Based on the

Number	Audit title	Indicative scope	Days	Status – December 2019
				<p>discussions held with management and evidence reviewed during the follow-up audit, we have noted that:</p> <ul style="list-style-type: none"> • 1 recommendation (medium priority) has been implemented; and • 7 recommendations (4 high priority and 3 medium priority) have been partially implemented. <p>We plan to conduct a further follow up review in Q4 2019-20.</p>

1.2 CORPORATE / CROSS-CUTTING

Number	Audit title	Indicative scope	Days	Status – December 2019
CC19-1	Landlord Duty of Care *	Carried forward from 2018-19. Review of the Council's arrangements for ensuring compliance with Health & Safety requirements across its property portfolio. The review will primarily focus on the controls and processes for the undertaking and tracking/monitoring of actions included Fire Risk Assessments.	20	<p>A review focussing on fire risk assessments was finalised in October 2019 – management letter issued.</p> <p>Two high priority findings were raised, details of which were reported to Committee in September 2019. Implementation dates ranging between December 2019 and August 2020 have been agreed by Management, and an extended follow-up review has been planned for Q2/3 2020-21.</p>

Number	Audit title	Indicative scope	Days	Status – December 2019
CC19-2	Programme Management Office (PMO) *	Ongoing assurance to the Council's newly created PMO and follow up of recommendations made in the 18/19 Programmes and Transformation review commissioned by the Council's Audit Committee. The review will focus on overall governance and project delivery.	20	In 2018-19 a Programmes and Transformation review was undertaken, and focussed on providing control design advice for the newly formed PMO. A total of four recommendations (2 high and 2 medium priority) were agreed by management and outcomes were reported to Audit Committee. A follow-up to assess implementation of these recommendations is currently underway. Anticipated fieldwork completion date end January 2020.
CC19-3	Savings Programme *	Risk based review of key programme objectives.	20	On-going support and advice is being provided where required, including risk training and support to embed risk management within projects.
CC19-4	Cyber Security *	Cross-cutting review of the Council's Cyber Security arrangements. Scope to be refined in year and to focus on high risk areas as identified within the Principal Risk Report.	20	At draft terms of reference stage. Fieldwork due to commence in Q4 19/20.
CC19-5	Brexit*	Extended follow up of recommendations made in 18-19 and ongoing IA support	20	On-going risk support and advice is being provided via the Brexit Resilience Group.

1.3 RESOURCES

Number	Audit title	Indicative scope	Days	Status – December 2019
FR19-1	Continuous Audit Monitoring (CAM)	Review of 4 key financial systems in line with the rolling CAM plan.	50	At draft terms of reference stage. Fieldwork due to commence in Q4. Controls within the following key systems will be reviewed: <ol style="list-style-type: none"> 1. Cash Management 2. Accounts Payable 3. Treasury Management 4. VAT
FR19-2	Right to Work Vetting Arrangements	Risk based review of the Council's processes and controls for undertaking, recording, verification and monitoring 'right to work' checks in accordance with legislative requirements. Review to cover controls surrounding right to work checks for internal staff, agency staff, contractors and voluntary sector organisations.	20	At draft report stage – Limited assurance. Awaiting finalisation of management responses. Two high priority recommendations were raised, details of which can be seen at Appendix 2.
FR19-3	Electoral Services Review	Risk based review surrounding governance arrangements and key controls.	20	Review not yet commenced. To be undertaken in Q4 2019-20.
FR19-4	IT Application Review	Key controls testing, including a deep-dive into one IT application. Focus on key controls and risks related to availability, integrity, confidentiality and accountability.	20	At draft terms of reference stage – review to focus on Highways 'Symology' application. Fieldwork due to commence in Q4 19/20.

Number	Audit title	Indicative scope	Days	Status – December 2019
FR19-5	IT Review – Systems out of support	Review of key controls surrounding isolated systems.	20	Resources to be utilised on additional IT Application review. At draft terms of reference stage – review to focus on 'Civica Pay' application. Fieldwork due to commence in Q4 19/20.
FR19-6	IT Review – Digital Strategy	Risk based review of the Council's digital strategy	20	Review of Digital Strategy deferred to 2020-21. Resources to be utilised on follow-up review of IT Technology Debt, completed in October 2019 (see Appendix 3 for follow up timescales).

1.4 PEOPLE

Ref	Audit title	Indicative scope	Days	Status – December 2019
PS19-1	Placement Commissioning 16-17 year olds*	Carried forward from 2018-19 (this review is in progress and will conclude in Q1 19-20). Cross-cutting review with Adult Social Care. To review the Council's commissioning processes for Looked After Children and Children in Need to ensure that best value is obtained and care quality is monitored in line with Children's Services Joint Commissioning Policy. To also include a review of the effectiveness of assessment/placement processes, budget monitoring and/or contract management.	10	Completed – Limited assurance. Three high priority findings were raised, details of which were reported to Committee in September 2019.

Ref	Audit title	Indicative scope	Days	Status – December 2019
PS19-2	Youth Offending/ Youth Crime *	Programme review of the governance arrangements in place surrounding the Council's strategy to tackling youth offending/youth crime. Scope to provide assurance surrounding controls and mitigating actions included against this principal risk.	20	Review not yet commenced. To be undertaken in Q4 2019-20.
PS19-3	Schools' Monitoring*	Carried forward from 2018-19 (this review is in progress and will conclude in Q1 19-20). Risk based review of the financial management and HR services provided to schools. Scope to focus on monitoring arrangements in place to ensure that schools remain compliant with the Council's finance and HR policies and procedures.	10	Completed – management letter issued.
PS19-4	High Needs/ SEN Children's Placements	Risk based review of the controls in place surrounding high-needs children's placements. Scope to include monitoring and reporting of high cost care placements / packages.	15	At draft terms of reference stage. Fieldwork due to commence in Q4.
PS19-5	Direct Payments	Risk-based review of the effectiveness of controls in place to mitigate key risks relating to the assessment, payment, management and monitoring of Direct Payments for Adults and Children.	20	At draft terms of reference stage. Fieldwork due to commence in Q4.
PS19-6	Domestic Violence *	Risk based review of the effectiveness of the controls in place to mitigate the key risks surrounding intervention and support services,	15	Review not yet commenced. To be undertaken in Q4 2019-20.

Ref	Audit title	Indicative scope	Days	Status – December 2019
		safeguarding, relationships with key partners and intelligence gathering (including trend analysis and early identification and intervention).		
PS19-7	School – establishment reviews	Risk based review of 6 schools	42	Reviews not yet commenced. To be undertaken in Q4 2019-20.
CS19-8	Stronger Families	Islington has been granted Earned Autonomy by MHCLG, which means that it has moved away from the payment by results arrangement, allowing the Council to use more up-front investment to embed better ways of working. The details of the arrangement are agreed through an individual memorandum of understanding between MHCLG and the Council. Scope will be refined in year to focus on high risk areas.	10	Fieldwork in progress, anticipated completion end December 2019.

1.5 ENVIRONMENT AND REGENERATION

Ref	Audit title	Indicative scope	Days	Status – December 2019
ER19-1	CCTV Monitoring	Risk based review surrounding the Council's operation of CCTV systems, to ensure compliance with relevant legislation and policies and procedures. The review will also consider the communication protocols between various services across the Council.	20	Fieldwork in progress, anticipated completion end December 2019.
ER19-2	Parking Services	Risk based review focussed on key controls. To include review of effectiveness of the governance arrangements surrounding compliance with legislative requirements.	20	Review not yet commenced. To be undertaken in Q4 2019-20. To include follow-up of recommendations raised in Blue Badge review.
ER19-3	Emergency Planning / Response *	Risk based review of the governance framework, internal controls and processes in place for responding effectively to a disruptive event within the community within a suitable timeframe.	20	At draft terms of reference stage. Fieldwork due to commence in Q4.
ER19-4	S106	Risk based review surrounding the Council's arrangement for managing and monitoring S106 obligations in accordance with Council policy and legislation.	20	At draft terms of reference stage. Fieldwork due to commence in Q4.

1.6 HOUSING

Ref	Audit title	Indicative scope	Days	Status – December 2019
HASS19-1	Home-build Programme*	Risk based review focussing on key programme objectives. The review will focus on programme assurance and the scope will be agreed in year to avoid duplication with areas reviewed by Scrutiny Committee.	20	Planning underway, an Internal Audit programme review will be undertaken in Q4 2019-20.
HASS19-2	TMOs *	Risk based review of four TMOs. On conclusion of 2019-20 TMO work, a 'common findings/lessons to be learned' paper will be produced for sharing across all TMOs	25	Update of 2019-20 TMO reviews as follows: <ul style="list-style-type: none"> Newbury House TMC – in progress, anticipated fieldwork completion end December 2019. A joint risk assessment with the Tenancy Management Team is underway to identify further TMO assurance work for Q4 19/20.
HASS19-5	Voluntary Organisation Sector	Risk-based review of VSO monitoring arrangements. To include a visit to one VSO.	15	A programme of assurance work for 19-20 has been agreed with the Voluntary and Community Sector team, including a deep-dive review of one VSO planned for December 2019.

1.7 PUBLIC HEALTH

Ref	Audit title	Indicative scope	Days	Status – December 2019
PH19-1	Partnership Arrangements Working	Risk-based review relating to the commissioning and management of Public Health services, specifically related to the integrated sexual health services.	15	Completed – Moderate assurance.

1.8 ADDITIONAL REVIEWS





Four additional reviews (AD19-1 to AD19-4) have been completed in the 2019/20 year to date (with a combined audit budget of 45 days).

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Supplementary table – Audit Plan completion statistics

Audit status – December 2019	Number of reviews	% of the audit plan
Total number of reviews included on the audit plan	40	100%
Audits completed	16	40%
Audits in progress	12	30%
Audits not commenced	12	30%

1.9 Basis of our opinion and assurance statements

Level of assurance	
Substantial 	There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.
Moderate 	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.
Limited 	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.
No 	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.

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APPENDIX 2 – High Priority Recommendations

2019-20 Internal Audit Interim Report Audit Committee 28th January 2020

Introduction

This appendix summarises high priority recommendations arising in 2019-20 from audit reviews that attracted a less than 'moderate' assurance rating since our last update to Committee in September 2019. It provides an overview of recommendations made in areas where control weaknesses have been identified that have constituted high risk to specific service objectives.

Satisfactory management responses to audit recommendations have been obtained. Follow up reviews will be conducted to assess the level of implementation of audit recommendations.

Reference	Audit Title
CC18-6	IT Technology Debt
One high priority recommendation has been raised in the following areas: <ul style="list-style-type: none">• A comprehensive IT application landscape.	

Reference	Audit Title
FR19-2	Right to Work Vetting Arrangements
Two high priority recommendations have been raised in the following areas: <ul style="list-style-type: none">• Right to work status – visa end dates; and• Right to work status – agency workers.	

APPENDIX ENDS

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APPENDIX 3 – FOLLOW UP OUTCOMES

2019-20 Internal Audit Annual Report Audit Committee 28th January 2020

Introduction This appendix gives details of the results of follow up of recommendations. It provides an indication of the level of implementation of audit recommendations by management. This demonstrates how well the initial audit delivered a value adding output as well as how successful management have been in mitigating the identified risk exposure.

1.1 CORPORATE / CROSS CUTTING

Number	Audit title	Indicative scope	Audit status and assurance rating 2018-19	2019-20 Follow Up Outcomes
CC18-1	Landlord Duty of Care *	Review of the Council's arrangements for ensuring compliance with Health & Safety requirements across its property portfolio.	A review focussing on fire risk assessments was finalised in October 2019 – management letter issued. Two high priority findings were raised, details of which were reported to Committee in September 2019.	Implementation dates ranging between December 2019 and August 2020 have been agreed by Management, and an extended follow-up review has been planned for Q2/3 2020-21.
CC18-2	Brexit Preparedness *	Review of the Council's plans and arrangements to prepare and respond to potential risks faced following Brexit. The review will consider the effectiveness of the identification and assessment of	Support was provided to the development of a Council-wide Brexit risk assessment to identify risks arising from the UK's exit from the EU. The risk assessment has been utilised by the Brexit Resilience Group	n/a – follow-up not required. Advice continues to be provided, as detailed in Appendix 1.

Number	Audit title	Indicative scope	Audit status and assurance rating 2018-19	2019-20 Follow Up Outcomes
		<p>risks within/to the following areas:</p> <ul style="list-style-type: none"> • Financial Management / Funding / Investments; • Local economy, partners and suppliers; • Governance arrangements, including strategies, policies and procedures; • Talent acquisition and retention; • Service delivery/demand; and <p>Legal implications.</p>	to provide guidance and continual development of risk identification.	
CC18-3	Outcomes Based Budgeting - programme review *	Continued rolling assurance of programme governance arrangements. To include a deep-dive into two/three work streams.	<p>Completed – management letter issued.</p> <p>Resources utilised on programme assurance surrounding the design of controls surrounding the Programme Management Office.</p>	A follow-up to assess implementation of these recommendations is currently underway. Anticipated fieldwork completion date end January 2020.

Number	Audit title	Indicative scope	Audit status and assurance rating 2018-19	2019-20 Follow Up Outcomes
CC18-4	Using Data Better Initiative	Review of the governance arrangements in place surrounding the cross-cutting <i>Using Data Better</i> initiative.	This review did not progress due to the cessation of the shared digital initiative.	n/a – follow-up not required as the review did not proceed.
CC18-5	Information Governance *	Cross-cutting review of the Council's information governance arrangements, including compliance with GDPR. To focus on high risk areas.	Completed – Moderate assurance. Review primarily focussed on Record Management controls within high-risk areas, including Children's Services.	Follow-up planned for Q4 2019-20.
CC18-6	Shared Digital Transformation –	Risk based review surrounding the Shared Digital governance arrangements. Review to include the delivery of the CMB prioritised programme.	This review did not progress due to the cessation of the shared digital initiative. Following an IT risk assessment undertaken with the Chief Information officer, resource was utilised on undertaking a review of 'IT Technology Debt' . Completed – management letter issued.	Follow-up review of IT Technology Debt due to be undertaken in Q1 2020-21.

1.2 RESOURCES

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
FR18-1	ERP – Programme Assurance	To provide assurance surrounding the ERP programme. To include a review of the programme’s governance arrangements.	Resources utilised on Payroll key controls review as ERP implementation was not sufficiently progressed in 2018/19. Completed – Limited assurance.	Follow-up review of Payroll Key Controls planned for Q4 2019-20.
FR18-2	ERP – Control Design	To provide risk and control advice surrounding the development and implementation of the new ERP system.	Review did not proceed as ERP implementation was not sufficiently progressed in 2018/19. Resources subsumed by staff vacancy.	n/a – follow-up not required as the review did not proceed.
FR18-3	Continuous Audit Monitoring (CAM) *	Review of 5 key financial systems in line with the rolling CAM plan.	Completed – Moderate assurance. Controls within the following key systems were reviewed in 2018/19: 1. Cash Management (Limited)	Follow-up of all 2018-19 recommendations will take place as part of the 2019-20 CAM review, which is currently underway.

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
			2. Accounts Payable (Moderate) 3. Treasury Management (Moderate) 4. Softbox (Moderate) 5. ContrOCC (Moderate)	
FR18-4	Procurement	Risk-based review of the end-to-end procurement process.	Procurement – completed, Moderate assurance. Scope included follow-up review of the recommendations raised within the Contract Management Internal Audit (report finalised August 2019) to assess the rate of implementation of audit recommendations.	Procurement – follow-up planned to be undertaken in Q1 2020-21 Contract Management – follow-up completed. The original report, dated August 2018 raised eight recommendations (four high priority and four medium priority) which were fully accepted by management. Based on the discussions held with management and evidence reviewed during the follow-up audit, we have noted that: <ul style="list-style-type: none"> • 1 recommendation (medium priority) has been implemented; and • 7 recommendations (4 high priority and 3 medium priority) have

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
				been partially implemented. A further follow up review will be conducted in Q4 2019-20.
FR18-5	Capital Expenditure*	Risk based review of the effectiveness of key controls in place surrounding the Council's capital programme.	Completed - Moderate assurance.	Follow-up review planned for Q4 2019-20.
FR18-6	Shared Digital*	As per Shared Digital plan – to be confirmed on completion of 2017/18 work.	This review did not progress due to the cessation of the shared digital initiative.	n/a – follow-up not required as the review did not proceed.
FR18-7	IT application review	Key controls testing, including a deep-dive into one IT application. Focus on key controls and risks related to availability, integrity, confidentiality and accountability.	Resource utilised on risk management input this area.	n/a – follow-up not required as the review did not proceed.

1.3 PEOPLE

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
FWU18_11	SEN Transport	Cross cutting review with E&R, to review the impact of increasing costs and demographic issues on service delivery as well as arrangements for ensuring ongoing viability.	Completed. Management letter issued.	Follow up scheduled to be undertaken alongside 2019-20 review of High Needs/SEN Placements, currently scheduled for Q4 2019-20.
CS18-1	Placement Commissioning 16-17 year olds*	Deferred from 2017/18. Cross-cutting review with Adult Social Care. To review the Council's commissioning processes for Looked After Children and Children in Need to ensure that best value is obtained and care quality is monitored in line with Children's Services Joint Commissioning Policy. To also include a review of the effectiveness of assessment/placement processes, budget monitoring and/or contract management.	Completed – Limited assurance.	Follow-up planned for Q4 2019-20.
CS18-2	Schools' Monitoring*	Risk based review of the schools' finance team to review the Council's ongoing financial monitoring arrangements in respect of schools.	Completed – management letter issued.	Follow-up planned for Q1 2020-21, on completion of 2019-20 programme of school audit reviews.

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
CS18-3	Children's Centres / Early Years*	Risk based review of the arrangements in place for the effective financial management and monitoring of Children's Centres. To also consider the arrangements in place to manage risks relating to a reduction in funding and/or service demand.	Resources re-allocated to Westbourne Nursery extended follow-up review.	Resources were re-allocated to follow-up review of Westbourne Nursery, which has been completed. A good level of implementation was noted.
CS18-4	Schools establishment reviews –	Risk based review of six schools.	<p>The following six school audit reviews were undertaken in 2018-19:</p> <ol style="list-style-type: none"> 1) Christ the King Primary School – Limited assurance 2) Beacon High School (was Holloway) – Limited assurance 3) Rotherfield Primary School – Moderate assurance. 4) St John Evangelist – Moderate assurance. 5) Highbury Quadrant – Moderate assurance. 6) Winton Primary School – Moderate assurance. 	Follow-up reviews of all 6 schools are due to be undertaken in Q4 2019-20 and Q1 2020-21.

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
CS18-5	St Aloysius RC College	Risk based review of St Aloysius RC College.	Completed – management letter issued.	Follow-up completed.
CS18-6	Stronger Families	Risk based review to ensure the service retains a robust level of scrutiny and oversight to the principles of the Stronger Families programme.	The Council has been granted Earned Autonomy by MHCLG, which means that Islington has moved away from the payment by results arrangement in 2018/19, allowing the Council to use more up-front investment to embed better ways of working. The details of the arrangement are agreed through an individual memorandum of understanding between MHCLG and the Council. There will be no more claims under the existing Payment by Results approach. Review completed – November 2019	Follow-up planned for Q1 2020-21.
HASS18-2	Mental Safeguarding Processes* Health	Risk based review of the arrangements and processes in place surrounding mental health safeguarding.	Completed – management letter issued.	Follow-up planned for Q1 2020-21.

1.4 ENVIRONMENT AND REGENERATION

Ref	Audit title	Indicative scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
ER18-1	Blue Badge*	Deferred from 2017/18. Risk based review surrounding the administration and issue of blue badges. To include a review of controls surrounding enforcement.	Completed – Moderate assurance.	Follow-up planned for Q4 2019-20.
ER18-2	Parking Services	Risk based review focussed on key controls. To include review of effectiveness of the governance arrangements surrounding compliance with legislative requirements.	Review deferred to 2019-20 given service changes in 2018-19.	n/a – follow-up not required as the review did not proceed.
ER18-4	Use of Agency Staff (E&R)	Risk based review surrounding the use of agency staff in E&R. The review will also deep dive into a sample of variable payments (e.g. overtime).	Completed – management letter issued. Resource utilised for E&R Overtime review , and subsequent follow-up reviews.	No further follow-up activity scheduled for 2019-20. Outcomes reported to Audit Committee in September 2019.

ER18-5	Waste and recycling	Risk-based review surrounding the effectiveness of key controls in place surrounding for the provision of residential waste and recycling services.	Resource utilised for ' Green Space Income ' – management letter issued.	Follow-up planned for Q1 2020-21.
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1.5 HOUSING

Ref	Audit title	Audit Indicative Scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
Housing18-1	Rent Income & Recovery*	Risk based review of the effectiveness and efficiency of the Council's arrangements for rent collection and rent arrears following the introduction of Universal Credit.	Completed – Moderate assurance.	Follow-up planned for Q4 2019-20.
Housing18-1	Housing Voids	<p>Risk based review to ensure that the following key objectives are being met:</p> <ul style="list-style-type: none"> • Sound policies and procedures in place for the management of empty Council properties (voids) and these are adhered to by all staff; • Appropriate action is taken to minimise the time that Council properties are empty and classified as void. Relevant performance and financial information is produced and monitored in order to assist with this process; <p>Repairs to void properties are restricted to those essential to meet</p>	Completed – Moderate assurance.	Follow-up planned for Q4 2019-20.

Ref	Audit title	Audit Indicative Scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
		the Council's re-let standard. All rechargeable repairs are fully and promptly charged to the outgoing tenant and appropriate action is taken to recover the sums due.		
Housing18-3	TMOs and Tenancy Management*	Risk-based review of four TMOs within the borough.	<p>Three TMO reviews completed as follows:</p> <ol style="list-style-type: none"> 1. Quaker Court - at draft report stage, awaiting management response – No assurance. Summary high priority findings are included at Appendix 2. 2. Redbrick TMO – completed, No assurance. Summary high priority findings are included at Appendix 2. 3. Brooke Park Co-op – completed, Moderate assurance. 	<p>A follow-up review of Redbrick TMO has been completed – a good rate of implementation of recommendations was noted.</p> <p>Follow-up reviews of Quaker Court and Brooke Park are planned for in Q4 2019-20.</p>
Housing18-4	Voluntary Sector Organisation (VSO)	Risk-based review of VSO monitoring arrangements. To include a visit to one VSO.	<p>Completed.</p> <p>A review of Hilldrop Area Community Association was undertaken</p> <p>Internal Audit also delivered a training session to the Voluntary</p>	<p>Follow-up planned for Q4 2019-20.</p>

Ref	Audit title	Audit Indicative Scope	Audit status and assurance rating 2018-19	Follow Up Outcomes
			Sector Community team in January 2019 regarding the key risks, controls and fraud red-flags surrounding VSOs, with the aim of further enhancing the support the Council provides to VSOs.	

* Denotes a principal risk

APPENDIX ENDS



Report of: Interim S151 Officer

Meeting of:	Date	Agenda item	Ward(s)
Audit Committee	28 th January 2020	-	All

SUBJECT: Principal Risk Report – January 2020

1. Synopsis

Section 1

1.1. This report presents the current principal risks facing Islington.

1.2. The Principal Risk Report is an annual report, written in consultation with risk sponsors, risk leaders, Departmental Management Teams and the Corporate Management Board. The last Principal Risk Report was considered by Audit Committee in March 2019. A further update on actions taken to mitigate Principal Risks was shared with Audit Committee in July 2019.

1.3. The introduction (below) to this report highlights key events that have occurred since the last report and outlines key changes to the report. Thereafter the report presents the risk impact matrix, principal risk map, risk universe, executive summary and how our Corporate Plan links to our risks. The final section and main body of the report provides an update for each principal risk.

1.4. **Section 2** presents :

- An executive summary detailing principal risks and trends since the last update to CMB and Audit Committee,
- A risk universe demonstrating the current risks by category,

- The Council's current risk map,
- How our risks link to our objectives, and maps the identified risks against our objectives,
- The principal risk update, which provides an update for each risk, detailing recent developments and key mitigating actions underway.

1.5. A number of changes in scoring since the last iteration of the report have occurred, the changes in risk score are denoted in brackets in the Section 2 (Executive Summary), shown next to the risk score.

1.6. For each risk detailed in the report, there are a number of controls (mitigations) in place. This report provides a summary of these current controls but does not detail all of the controls already in place. Where appropriate potential future controls actions have been included.

Additions

- 1.7. In recognition of the need to ensure adequate governance and oversight of capital spend, and the impact of potential financial loss on the achievement of our objectives, we have included the Capital Programme as a new Principal risk.
- 1.8. In recognition of the change in local NHS commissioning arrangements to move to one Clinical Commissioning Group governed at a 5 borough level (from 1 April 2020), and the impact of commissioning budgets and operations; we have included Health and Social Care Integration risk as a new Principal risk.
- 1.9. In recognition of the increasing challenges in terms of recruitment and retention of staff, and the impact of retaining quality staff has on our service delivery, we have included Recruitment and Retention as a new Principal risk.
- 1.10. In recognition of the increasing financial pressures on private providers in the social services sector, and the impact of provider failure on residents, we have included Social Care Market Instability as a new Principal risk.
- 1.11. In recognition of the increasing pressures in the housing and construction markets, and the impact on our commitment to deliver housing stock under the requirements of the Housing Delivery Test, we have included Housing Delivery as a new Principal risk.
- 1.12. In recognition of the need to invest in our CCTV in order to enhance the provision across Islington, and the impact of a failure potentially leading to a breach of regulation and/or inability to capture adequate CCTV recordings, we have included CCTV failure as a new Principal risk.

Deletions

- 1.13. There have been no deletions since the last report.

2. Recommendations

- 2.1 Committee is asked to note the report.

3. Background

The Principal Risk Report is an annual report presenting the principal risks facing Islington written in consultation with risk sponsors, risk leaders, Departmental Management Teams and the Corporate Management Board. A further update on actions taken to mitigate Principal Risks is also shared with Audit Committee in-year. This iteration provides an update on the Principal Risk Report presented to Audit Committee in March 2019, and the Action update presented in July 2019.

4. Implications

4.1. Financial implications

The programme of work has been met from within the existing risk management budget. The financial implications of individual principal risks are met by local budgets

4.2. Legal Implications

There are no legal implications arising from this report. Legal advice and support will be provided, where necessary, in relation to individual risks.

4.3. Environmental implications

There are no known 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.

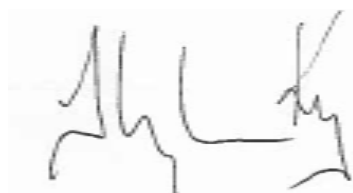
A Resident Impact Assessment has not been completed because the decision currently being sought does not have direct impacts on residents.

5. Reason for recommendations

5.1 To note the Principal Risks facing Islington and actions currently being undertaken/planned to reduce these risks.

Final report clearance:

Signed by:



9 January 2020

Acting S151 Officer

Date:

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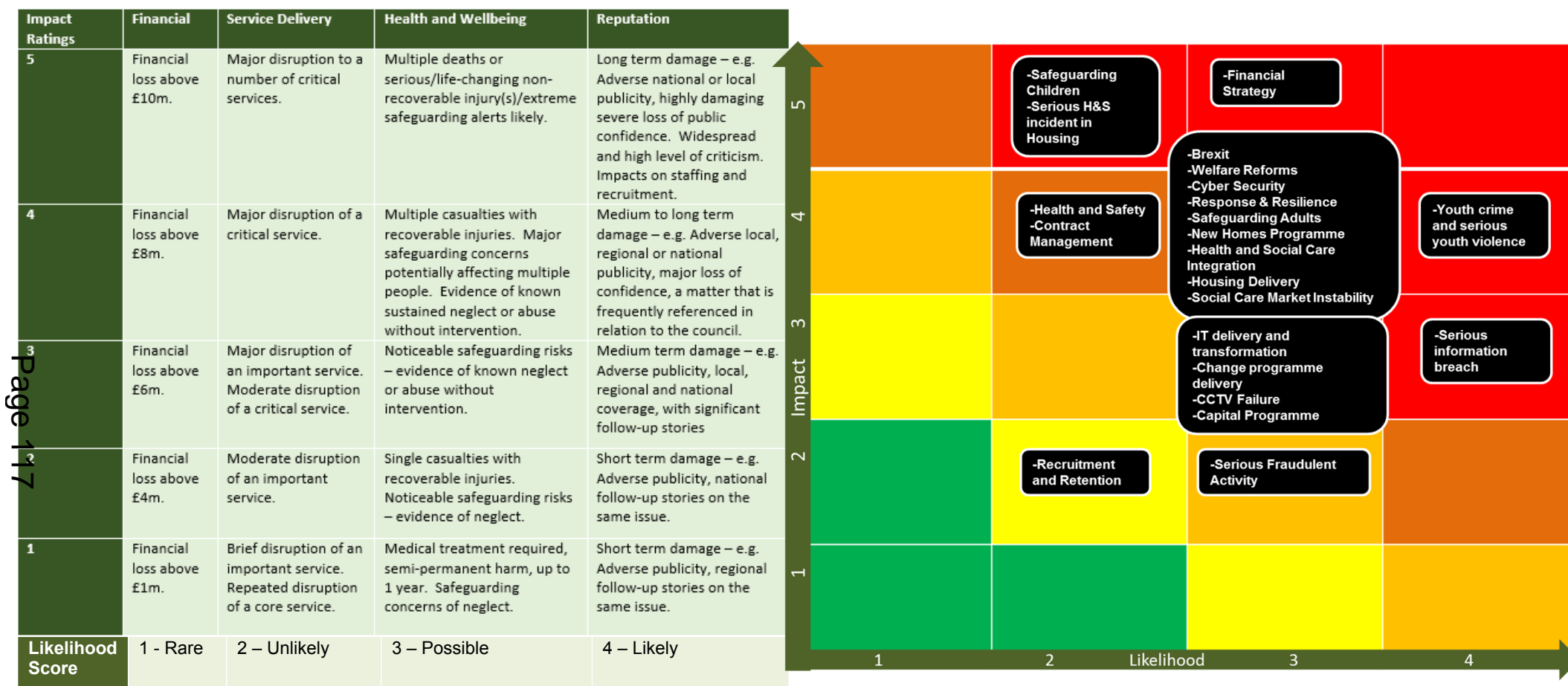
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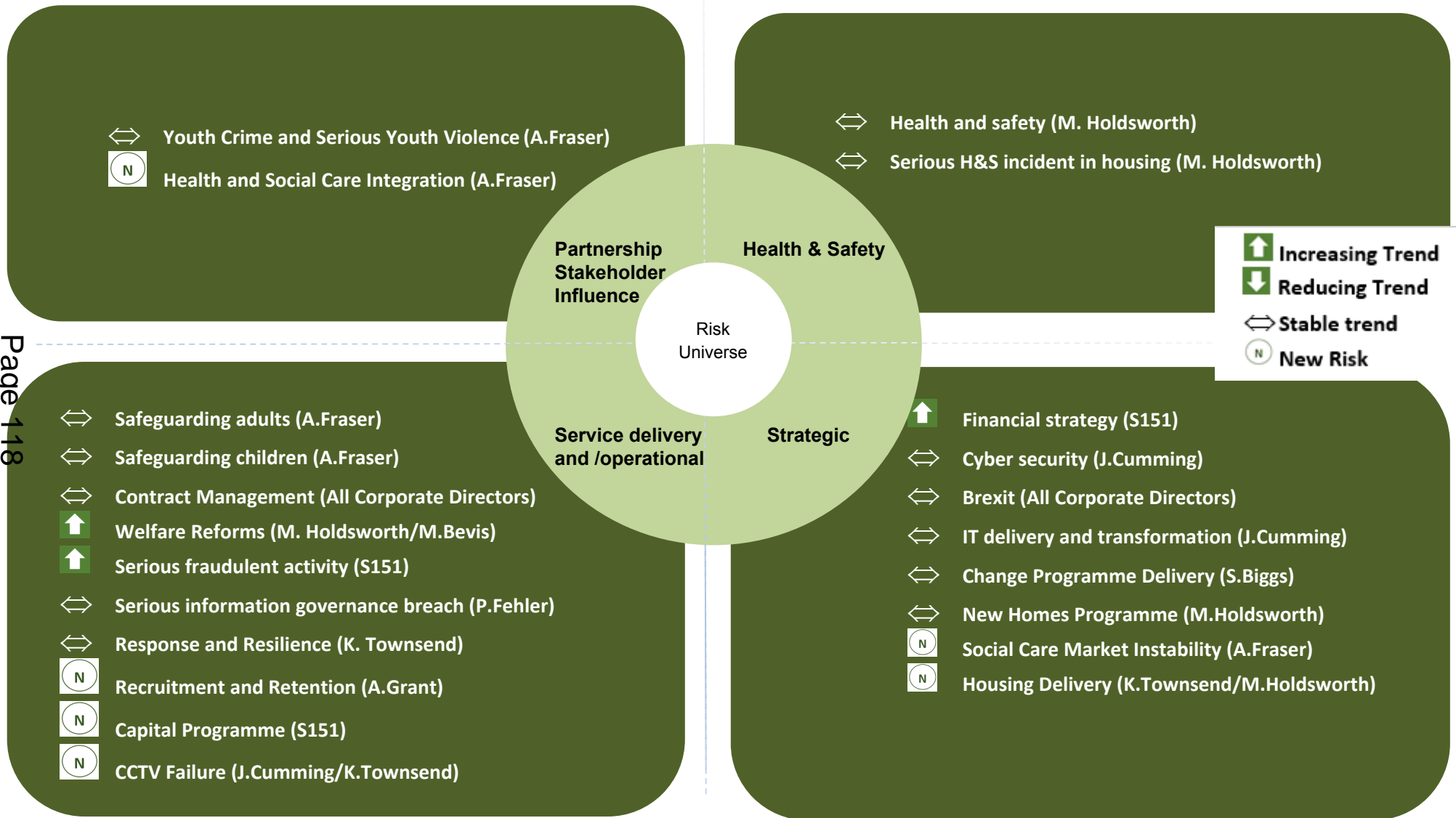
Section 2

Risk impact matrix and heatmap



Note: risks have been scored considering the above criteria in view of the current controls in place. The criteria (Financial, Service Delivery, Health and Wellbeing or Reputation) considered most appropriate to each risk has been chosen. Risks in the same black box share the same scoring, the order they appear in the box is not indicative of severity.

Risk Universe (Including latest risk trend)



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New Risk



Risk Increasing



Risk Outlook Stable



Risk Reducing

Executive summary of the principal risks

L=Likelihood Score I=Impact Score (0) – denotes no movement in risk score since March 19, if a '+' or '-' is indicated this denotes a change in the risk score since March 19

Risk Score	L	I	Risk Title	CMB Risk Sponsor	Risk Score Outlook March 19	Risk Score Outlook Dec 19	Comment on change in trend
16 (0)	4	4	Youth crime and serious youth violence	A.Fraser	↔	↔	Although crime overall is declining in Islington, violence and knife crime is increasing across London and risk levels can change rapidly and so the forward trend remains at a high risk score.
15 (+3)	3	5	Financial strategy	Section 151	↔	↑	The Government postponed the full 3 year Spending Review that was planned for summer 2019 as well as the fair funding review, and provided a one year settlement in September 2019. This therefore increases future uncertainty and the impact score of this particular risk.
12 (-4)	4	4	Brexit	All	NEW	↔	This report is compiled before the general election scheduled for 12th December, the outcome of the election is expected to inform the governments approach to Brexit. Our planning around critical services escalated before the October EU exit deadline increasing our oversight and the robustness of our critical services, resulting in a reduction in both the likelihood and impact score.
12 (+1)	3	4	Welfare reforms	M. Holdsworth/M. Bevis	↑	↑	It is planned around late 2023/2024 that remaining legacy benefit claimants will be moved over in a managed migration. However, it is likely that most will have naturally migrated by this time. Council tenants on Universal Credit (UC) have consistently higher rent arrears than those on Housing Benefit, the increasing numbers migrating to UC result in the likelihood score being increased by 1 to reflect the increased risk of rent arrears and financial difficulty.
12 (0)	3	4	Cyber security	J.Cumming	↑	↔	Our protection continues to increase, the level of attack is constant with seasonal adjustment e.g. elections
12 (0)	4	3	Serious information breach or non-compliance with legislation	P.Fehler	↑	↔	Residents are more educated regarding GDPR/DPA18 resulting in an increasing request for advice. The application of GDPR/DPA18 has not yet been tested increasing uncertainty of potential fines.
12 (0)	3	4	Response and resilience	K.Townsend	↑	↔	The external environmental triggers continue to worsen meaning our planning needs to be increasingly robust. Record number of incidents responded to in 2018/19, current figures show incidents in 2019/20 on course to rise again, however within the bands of the current risk score


Risk Score	L	I	Risk Title	CMB Risk Sponsor	Risk Score Outlook March 19	Risk Score Outlook Dec 19	Comment on change in trend
12 (0)	3	4	Safeguarding adults	A.Fraser	↔	↔	The risk score remains stable however the complexity of cases has been increasing, this has been met with a plan for additional training for our staff to support residents.
12 (0)	3	4	New Homes Programme	M.Holdsworth	NEW	↔	The continued deterioration of the housing market combined with BREXIT pressures on construction costs has caused overall cost pressure within the programme, however strategic delivery and the organisational growth structure have helped to support strategic delivery.
12 (0)	3	4	Housing Delivery	K.Townsend/M.Holdsworth	-	NEW	n/a. Trend is not captured for new risks
12 (0)	3	4	Social Care Market Instability	A.Fraser	-	NEW	n/a .Trend is not captured for new risks.
12 (0)	4	4	Health and Social Care Integration	A.Fraser	n/a	NEW	n/a. Trend is not captured for new risks.
10 (0)	5	5	Safeguarding children	A.Fraser	↔	↔	Overall numbers of referrals and repeat referrals have been declining indicating that our model of practice is having a positive impact on residents.
10 (0)	2	5	Serious H&S incident in housing	M.Holdsworth	↔	↔	The Council's core activities and functions have not changed significantly and so the risk remains stable.
9 (0)	3	3	IT delivery and transformation	J.Cumming	↔	↔	The problem areas within our IT infrastructure have been identified and remediation works have progressed.
9 (0)	3	3	Change Programme Delivery	S.Biggs	↔	↔	The Programme Management Office has demonstrated that the levels of control have been effective with a number of examples testing the project and programme management.
9 (0)	3	3	CCTV Failure	K.Townsend/ J.Cumming	-	NEW	n/a. Trend not captured for new risks.
9 (0)	3	3	Capital Programme	Section 151	n/a	NEW	n/a .Trend is not captured for new risks.
8 (0)	2	4	Health and safety	M.Holdsworth	↔	↔	The Council's core activities and functions have not changed significantly and so the risk remains stable.


Risk Score	L	I	Risk Title	CMB Risk Sponsor	Risk Score Outlook March 19	Risk Score Outlook Dec 19	Comment on change in trend
8 (0)	2	4	Contract Management	All	↔	↔	While the risk remains stable, the external environment affecting the finances and operations of many of our contractors and the potential impact on service delivery for council services remains a challenge.
6 (+1)	3	2	Serious fraudulent activity	Section 151	↑	↑	There has been an increase in investigative activity over the last year; with the trend likely to continue, resulting in an increase in the likelihood score.
4 (0)	2	2	Recruitment and retention	A. Grant	n/a	NEW	n/a .Trend is not captured for new risks.


How our risks link to our objectives (pillars)





1. Principal risk report – Risk information to note (Risks listed in descending order i.e. largest risk score to lowest risk score)


Risk Score	L	I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
16	4	4	<p>Risk Title Youth Crime and Serious Youth Violence</p> <p>Risk There is an increase in crime and in the harm Serious Youth Violence causes. There is a perceived failure to respond adequately to/prevent crime involving young people, despite funding and well publicised plans.</p> <p>Cause Early childhood trauma and disrupted attachment may lead to children being unable to self-regulate and therefore they are more likely to offend. Interventions with young people and families are not sufficiently tailored to have sufficient impact. The pull of gang affiliation and offending means that the trauma and the behaviours of young people are not addressed at an early enough stage to improve outcomes</p> <p>Consequence Media coverage contributes to fear of crime and negative attitudes towards young people compounding the issues they face. More young people within the criminal justice system</p> <p>Risk Trend </p>	<p>Overall crime in Islington has shown a slight increase of 1.1% after two years of decline (Sept 2019), while London has seen crime rises of over 8%</p> <p>Islington has continued to see reductions in:</p> <ul style="list-style-type: none"> • Knife crime injuries victims under 25 down -26.5% • Knife offences down 10.3% • Gun offences down 23% • Youth Violence down 7.8% • Snatch theft offences down 63% • Robbery offences down 13% <p>However there was an increase in youth violence of 5.5% and Islington also continues to see a number of concerning knife crime incidents.</p> <p>Key activities include:</p> <ul style="list-style-type: none"> • The MOPAC Knife crime plan 2017 and Islington's Knife Harm reduction plan are delivering a number of actions including a new leaflet for parents, extending IOM arrangements to include adults carrying knives and focused work to reduce school exclusions • MOPAC developing Violence Reduction Unit for London 2019, Corporate Director attends VRU meetings • Islington has been allocated £270k VRU funding over 2 years • Pan London County Lines project • Delivery of Working Together for a Safer Islington plan work streams and local knife harm work • Council scrutiny on school exclusions 2019 with recommendations to reduce vulnerability • Disproportionality project in the Youth offending service/Targeted youth support • Transitions project is picking up year 6 children in their transition to secondary school • Keel project is testing a new way of working with families affected by domestic violence and abuse, focussed on repair as well as immediate safety – evaluation in 2020 • Continued reduction in first time entrants to Youth Justice System and recent reduction in youth custody rates in Islington 	<p>Delivery of Working Together for a Safer Islington Plan 2017 – 20</p> <p>Knife Harm plan and work 2018 - 2019</p> <p>Investment in youth services, Integrated gangs team, youth violence prevention and Missing and Exploited team.</p> <p>Youth violence prevention work in schools through IYLA – Improving Young People Lives through Awareness</p> <p>Trauma informed approach is being rolled out</p> <p>Work at neighbourhood level to address hotspots, across council, voluntary sector and partner agencies</p> <p>VRU funding will be used to sustain and extend the Transition project, train more VCS partners on trauma informed practice, arrange 3 Family Strengthening Conference and employ a 'KIDVA' an Independent Domestic Violence Advocate to work with children and young people</p> <p>Schools are being trained in Trauma Informed practices and there have been reductions in behaviour incidences and exclusions.</p> <p>National and local research has been used to consider the link between exclusions, exploitation and Serious Youth Violence and awareness raising has taken place as well as the offer of preventative early help services for children at risk.</p> <p>*Expansion of VAWG services and growth bid in place to address levels of DVA in the borough</p> <p>*London wide campaigning re addressing Child Criminal Exploitation</p> <p>Continued focus on exclusions and school attendance</p>	<p>Youth Crime communications plan has been updated</p> <p>Review of the Working Together for a Safer Islington Plan taking place this year in preparation for a new plan in 2020.</p> <p>TARGET COMPLETION: The current plan will be completed by March 2020 with writing a new one leading to the launch of the new plan in July 2020</p>


Risk Score	L	I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
15	3	5	<p>Risk Title Financial Strategy</p> <p>Risk The Council fails to balance the Council's budget over the medium term – including making cash savings.</p> <p>Cause Decision making (robust consideration)</p> <p>Consequence Immediate – Serious depletion of limited financial reserves reducing financial resilience Longer term – Reduced financial sustainability impacting service delivery</p> <p>Risk Trend </p>	<p>The outturn for 2017/18 enabled the Council to improve its financial resilience due to underspend of £5.5m that was realised at the year end.</p> <p>During 2018/19 a detailed review of the E&R budget pressures led to a proposed realignment of resources in year which will reduce the ongoing contingency and ensure the service has the resources required to meet current demand. The total value of this adjustment is £2.7m.</p> <p>The general fund reserve balance at the 31 March 2019 totalled £10.8m (excluding schools), with other earmarked reserves of £69.5m</p> <p>The final MTFP approved a £34m savings programme leaving a gap to be addressed in future years which has formed the basis of this year's financial review.</p> <p>The Government postponed the full 3 year Spending Review that was planned for the 2019 summer as well as the fair funding review, and provided a one year settlement in September. This therefore increases future uncertainty and one of the main reasons for increasing the impact assessment of this particular risk. The outcome will determine how funding will be allocated between each Local Authority but until the outcome of these two events is known there is huge uncertainty over the Council's funding position from 2021/22.</p> <p>The one year spending review has seen more resources aligned to Local Government which has supporting addressing this gap and due to the early identification of efficiencies and savings it has enabled the consideration of growth for the first time in nearly 10 years.</p> <p>A new MTFP will be presented to members in early 2020 with final approval as part of the budget setting process in February 2020.</p>	<p>The Programme Delivery Board and Programme Management Office provide a programme management approach to monitoring key savings programmes and other financial programmes.</p> <p>The Corporate Management Board and the Executive closely monitor financial performance delivering robust financial monitoring on a monthly basis</p> <p>Society of London treasurers. London Council's and GLA lobbying regarding the outcomes of the Government reviews with Fair Funding consultation submissions due by 21 February 20</p> <p>LBI will respond to consultations as they arise.</p>	<p>We will respond to the government funding consultations.</p> <p>TARGET COMPLETION: Ongoing</p> <p>Embedding the PMO, this includes a training programme defined in the P3M training framework, which includes project and risk management training.</p> <p>TARGET COMPLETION: Ongoing</p>


Risk Score	L I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
12	3 4	<p>Risk Title <u>Brexit</u></p> <p>Risk Disruption to local/council services and supply chains.</p> <p>Cause Challenges regarding cost and availability of labour, goods and services, decrease in funding from central government following withdrawal from the European Union (No-deal or terms of deal)</p> <p>Consequence Increased cost of services, reduced quality of services, contractor or supply chain failure, civil unrest and increased cost of living for residents.</p> <p>Risk Trend </p>	<p>Brexit preparation work is being conducted under the Brexit Resilience group (BRG). The BRG has calls with the London Resilience coordinators at MHCLG and London Councils on preparations. In the run up to Brexit deadlines, the BRG provides weekly updates to MHCLG, detailing any rising concerns, this includes issues such as civil unrest, community cohesion and food bank status.</p> <p>Work has been ongoing to support and encourage staff and residents to apply for EU Settled Status including;</p> <ul style="list-style-type: none"> the 'We are Islington' campaign, which celebrates the positive contribution of non-UK Europeans who live and work in Islington, whilst also signposting to the settlement scheme; detailed planning is in place to support vulnerable residents who will need assistance applying for the settlement scheme the provision of the ID Verification Service within Registrars; free legal advice in collaboration with local group 'Islington in Europe' and two local immigration law firms, to provide a number of free immigration and legal advice events for those concerned about their rights and future in the UK; open information sessions across council buildings <p>The inclusive economy team has engaged with small and medium businesses to ensure that they know where to get information regarding business and Brexit. A number of events have been hosted at the council which have provided advice for both residents and businesses.</p> <p>The Emergency Planning Unit has tactical plans in place as part of contingency planning. Business continuity plans are up to date to consider a 'no deal' scenario.</p>	<p>The BRG is working towards increasing awareness and preparedness for the outcome of Brexit. The BRG represents services across the council, its purpose is to assess risks and issues to the council as a consequence of Brexit and ensure that contingency plans are in place. Risk registers are continually monitored and reviewed by the BRG on a weekly or fortnightly basis, We attend the London Resilience Group, this enables us increased oversight and discussion with other Boroughs and emergency services, providing guidance on contingency planning.</p> <p>Brexit preparedness template sent to all services.</p>	<p>Monitor central government guidance.</p> <p>TARGET COMPLETION: Ongoing, with weekly briefings</p> <p>Monitor London Resilience Group</p> <p>TARGET COMPLETION: Ongoing, with weekly briefings</p>


Risk Score	L I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
12	3 4	<p>Risk Title Welfare Reforms</p> <p>Risk Cannot efficiently collect rent following introduction of Universal Credit (UC) when housing support is paid directly to the claimant.</p> <p>Cause Government policy</p> <p>Consequence Vulnerable residents to significant new financial hardship. Evictions and homelessness may also increase.</p> <p>Risk Trend </p>	<p>Welfare reforms continue to present a major challenge for the council and its residents. Residents receiving Universal Credit are presenting with an increased rent debt than those on Housing Benefit.</p> <p>We have undertaken a review of our triage model at 222 Upper Street, along with our personal budgeting and digital support (in conjunction with DWP and Citizens Advice). We have established a new support service based in the customer service hub at 222 Upper Street. This is staffed by Income Recovery officers who will help and advise those either receiving or about to claim Universal Credit. This offer is open to all residents, and officers will help them with housing issues along with signposting to other services such as iWorks and IMAX.</p> <p>We have scrutinised our Housing Benefit data through Policy in Practice to identify those most at risk from migration to UC, including families with children turning 5. Also targeting those tenants not receiving Council Tax support to encourage them to apply.</p> <p>We continue to work closely with early adopter local authorities and pilot landlords/authorities to learn from their experiences.</p>	<p>Programme of support for residents, identifying most vulnerable and tailoring our support accordingly.</p> <p>We have reduced caseload/patch sizes for officers and are working more closely with VCS organisations in providing budgeting and access to employment advice and food bank support/advice.</p> <p>Use of analytical data to identify those most at risk from transferring to Universal Credit</p> <p>We have convened a joint member and senior officer group to ensure the council was fully prepared for the introduction of UC Full Service from June 2018</p> <p>Co-ordinated cross-council response in conjunction with key external partners.</p> <p>Continue to disseminate key messages to residents and frontline staff about our approach and support in respect of UC</p> <p>Support the scrutiny review of UC by Policy and Performance Committee</p> <p>Monitor rent arrears, offer of alternative payment arrangements and provide advice service demand</p> <p>Formal and ongoing liaison with Depart of Work and Pensions (DWP) to discuss UC roll out and issues.</p> <p>*Developed further UC and refresher training rolling programme.</p>	<p>Online direct debits will be introduced as part of Northgate Online, which will be delivered during 2020. Staff have been trained as Digital Champions, which includes support to those who require it to navigate Universal Credit.</p> <p>TARGET COMPLETION: Mid-late 2020</p> <p>Restructure Income services to include Universal Credit support team for council tenants</p> <p>TARGET COMPLETION: July 2020</p>

Risk Score	L I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
12	3 4	<p>Risk Title Cyber security</p> <p>Risk Process Control Networks and/or Critical Information Assets may be compromised</p> <p>Cause Computer-based unauthorized access or malicious modification of code</p> <p>Consequence Denial of Service, data breach, reputational damage, disruption of service(s)</p> <p>Risk Trend </p>	<p>We have made a number of enhancements to our cyber security protection, including:</p> <ul style="list-style-type: none"> - Implementing protected Domain Name System (DNS), this has been effectively utilised, blocking a phishing attack. - We have conducted Cyber-threat training for staff in key areas (such as payroll) alongside a general awareness programme for all staff - Our servers are kept up to date with patching although there is a need to further automate such activity. We are upgrading to Windows 10 as Windows 7 becomes end of life, an open pilot will be conducted in November 2019. - We have progressed our programme of migration to improve resilience and distribute risk by migrating key business application to 'SAS' (Cloud based). <p>We have also recruited a Head of Cyber Security.</p> <p>A Technical Design Authority has been approved and implemented which ensures cyber security considerations are included in the early stages of an initiative and closer engagement with IT during purchase.</p>	<p>Good practice boundary controls are in place and the additional controls will add effective protection against the constantly evolving threats.</p> <p>Continued backup of data provides an effective remediation for ransomware.</p> <p>*Movement of services to SAS reduces the threat</p> <p>*CIO authorities which sets out the scope of products and services for which the CIO's approval must be obtain.</p> <p>This will be a significant help in ensuring no 'weak link' components provide new threat vectors for attacks.</p>	<p>Enterprise Resource Planning outline business case has been approved. Procurement will progress for appropriate system.</p> <p>TARGET COMPLETION: 2021</p> <p>Introduce (for approval) a set of Cyber Breach Exercises planned to test cyber resilience.</p> <p>TARGET COMPLETION: Early 2020</p> <p>Transition to Windows 10</p> <p>TARGET COMPLETION: February 2020</p> <p>Technology debt programme:</p> <p>TARGET COMPLETION: Ongoing</p> <p>The Cyber business continuity exercise has been deferred until after the upcoming election, this will involve turning on the emergency generator</p> <p>TARGET COMPLETION: June 2020</p>

Risk Score	L I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
12	4 3	<p>Risk Title Serious information breach or non-compliance with legislation</p> <p>Risk The Council does not keep sensitive and/or personally identifiable information secure</p> <p>Cause Non-compliance with policy and procedures</p> <p>Consequence Fine, Reputational Damage</p> <p>Risk Trend </p>	<p>Following the approval of the Information Governance and Information Security Strategy by CMB in January 2019, work has continued to ensure the council remains compliant and continues to improve, a number of activities have been undertaken since the last update including:</p> <ul style="list-style-type: none"> • Information Governance Action Plans have been created and are monitored on a monthly basis • Joint Data Controller Clauses have been created • Records of Processing Activities has been reviewed • Server locations have been reviewed to ensure preparation for Brexit • Data Protection Impact Assessment templates has been reviewed for to account for complex linked dataset processing <p>Since the last report the council has reported one incident to the Information Commissioner's Office, which was closed with no further action. The ICO was satisfied with the controls the council have in place and the response to the incident.</p>	<p>E-Learning training modules: GDPR released in August 2018 Data Handling released in September 2018 Metacompliance system delivers desktop compliance messages. Corporate Governance Group provides oversight and challenge Monthly meetings with Senior Information Risk Owner (SIRO) to provide oversight and challenge Information Governance and Information Security Action plans in place (reviewed monthly) Mandatory Information Asset Owner Training in place and mop up training has been taking place. Intention to have one course per quarter from next financial year. *Information Governance Working *Group has been created. Departmental reps provide update on progress against actions.</p>	<p>Retention and deletion of data on systems is being identified and implemented TARGET COMPLETION: Ongoing; aiming for March 2020 Information Security and Cyber Security Awareness training being identified TARGET COMPLETION: August 2020 Proposed mock ICO Audit to take place in 2021 to review effectiveness of strategy. TARGET COMPLETION: 2021 Monitoring of ICO guidance and revision to guidance and templates TARGET COMPLETION: As required Improve timeliness of FOI and Rights requests to ensure the council is consistently achieving compliance of 90% or higher TARGET COMPLETION: April 2020 Ensure that the council continues to embed the 'Accountability Principle'. TARGET COMPLETION: 2022</p>

Risk Score	L I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
12	3 4	<p>Risk Title Response and resilience</p> <p>Risk There is a risk we are not able to recover critical internal processes or respond effectively to a major incident following a disruptive event (internally/externally) within a suitable timeframe</p> <p>Cause Inadequate business continuity (BC) planning and disaster recovery</p> <p>Consequence Damage to reputation, resident safety, increased cost for response due poor planning, unacceptable response time.</p> <p>Risk Trend </p>	<p>Business Continuity Exercises relating to Housing and Cyber-attack were postponed due to Brexit scenario testing, they are to be rescheduled. Brexit scenario testing has been undertaken to test our preparedness for a number of Brexit related events.</p> <p>The emergency generator at 222 Upper St remains installed, but not yet connected nor tested.</p> <p>We have completed the review of Emergency Planning and team is now fully staffed at 4 FTE, resources need to be kept under review as we work to comply with the London Resilience Forum standardised model and increasing responsibilities including new management of Safety & Security of elected members and increasing Event planning.</p> <p>A complete refresh of the Business Continuity Plan and Business Impact Analysis (BIA) template has been undertaken. The revised template was sent in November 2019 to each service for feedback. Following feedback new documentation will be produced incorporating changes, the new template will also be aligned with the corporate risk management framework. A new programme of business continuity training is being developed and will be released alongside revised BC documentation.</p> <p>The Islington Resilience Board has been set-up and held their first meeting, with lead Service Directors for each department. First meeting was held and a follow up meeting will take place in March 2020.</p> <p>We have undertaken real-time BC responses during the borough-wide water outage. The lessons learned after events have been used to inform reviews of services BC plans.</p> <p>In 2018-2019 there were a record number of incidents dealt with and responded to by the Emergency Planning Unit, this trend looks to continue into 19/20.</p>	<p>Arrangements for business continuity are being reviewed and are being implemented.</p> <p>The Islington Resilience Board will meet to improve the BC culture and ensure plans are completed.</p> <p>Resources in the EPU have been increased and will be kept under review.</p> <p>Exercises are planned to test areas identify as highest risk.</p> <p>Undertake lessons learned review after any incidents.</p>	<p>Implement outstanding actions arising from the audit of business continuity including the need for critical services to have appropriate out of hours arrangements to respond to incidents. Various meetings with Housing have now produced a draft plan for dealing with emergencies out of hours. TARGET COMPLETION: Dec 2019</p> <p>Connect the emergency generator and ensure it is fully functioning TARGET COMPLETION: June 2020</p> <p>Complete 4 BCP exercises including testing of a Cyber Attack and serious incident affecting housing stock. Priority changed to test BC against Brexit risks; this was completed with E&R, People's and Corporately with Met Police. Previous planned Cyber scenario to be moved to 2020 exercising. TARGET COMPLETION: June 2020</p> <p>Review BCP template, implement changed, align with corporate risk framework and send to directorates. TARGET COMPLETION: April 2020</p>


Risk Score	L I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
12	3 4	<p>Risk Title Safeguarding adults</p> <p>Risk Failure to fulfil our statutory obligation to identify or respond to significant preventable harm to adults at risk of abuse</p> <p>Cause Provider Failure, Non-Compliance with procedures, inadequate IT systems.</p> <p>Consequence Risk to Individual, Reputational. Financial.</p> <p>Risk Trend </p>	<p>An independent review of social work in the Mental Health Trust was conducted, actions included reviewing the Section 75 agreement to ensure the social agenda is correct. We have set-up a Partnership Board, this has helped us to improve our joint working and strategic decision making.</p> <p>We currently have 2 care homes in a 'provider concern' process, these providers have sustainable improvement plans in place. We work with providers on early solutions that mitigate risks and ensure prevention of harm to our service users and carers wherever possible.</p> <p>We are implementing Making Safeguarding Personal using a strength based approach and utilising a Trauma Informed Approach. We are providing support for social workers through forums and professional workshops. We work to ensure that social workers are enabled and equipped to deliver high quality assistance and support that empowers and assists service users and carers to strengthen their resilience and independence whilst promoting their safety and wellbeing.</p> <p>The Liberty Protection Safeguards are expected to come into force in October 2020. We have created a local implementation network so that partners and providers can ensure they are sufficiently prepared. We are preparing for delivery of training for all relevant staff once the new Code of Practice is published at the end of 2019.</p> <p>We are focusing on Modern Day Slavery rolling out a specialised training and guidance package for staff to ensure that staff are able to respond appropriately to concerns relating to trafficking and slavery of vulnerable groups. Over 300 people have been trained in 2019. We have undertaken some successful work assisting vulnerable victims of trafficking in collaboration with the Whittington Hospital.</p> <p>In response to the rising number of safeguarding concerns and deaths involving rough sleepers and homeless people we are ensuring that wherever possible learning from serious cases is embedded in practice. We are also working ensure specific safeguarding concerns relating to individuals who are homeless receive a personalised offer of support in order to minimise risks.</p>	<p>We are working with providers to help viability, and continuing to spread our services between providers.</p> <p>Continuous cycle of placement reviews – within 6 weeks of a new placement, annual review thereafter.</p> <p>Frequent case audits.</p> <p>Practitioner forums looking at quality of work and experience of officers, to obtain feedback and undertake training.</p> <p>Monthly Meeting with those involved in registered care settings including partners in health, CQC and Healthwatch to undertake pro-active provider monitoring. Early stage intervention and escalation.</p> <p>Quality Assurance Framework for Adult Safeguarding is in place.</p> <p>Robust safeguarding adults and mental capacity act policies and procedures are in place and regularly reviewed.</p> <p>Safeguarding Adults procedure and relevant ADASS guidance.</p> <p>Improving connections meetings.</p> <p>Constant contract monitoring in-place, Modern Day Slavery training continues to roll out across the department and council.</p> <p>Ongoing engagement with the Home Office and the Human Trafficking Foundation.</p> <p>Safeguarding and housing meeting.</p> <p>Housing and Community Safety are members of the Safeguarding Adults Board. Islington Council participate in a 4 borough Partnership ensuring that bids for funding reflect the complex needs of individuals.</p>	<p>There is Longer term ambition to source an IT solution for Mental Health recording to have one recording system for Camden and Islington councils. There are potential risks to LBI in changing our LAS module for a more generic system. The development of any new system should include time for testing</p> <p>Milestones <i>New proposed electronic forms to be agreed by end December 2019.</i> <i>Processes for reporting and running of LAS in parallel to be agreed by MH Partnership Board by January 2020</i> <i>Testing period to take place between January and March 2020</i> <i>System/process modifications following test period by April 2020</i></p> <p>Follow up Audit Safeguarding Adults and Mental Health undertaken by Internal Audit.</p> <p>TARGET COMPLETION: By end March 2020 The SAR into the death of the homeless man was published (August 2019). We are working to an action plan, to ensure cases of vulnerable rough sleepers with complex needs are considered in a multidisciplinary context TARGET COMPLETION: By end February 2020.</p>


Risk Score	L I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
12	3 4	<p>Risk Title New Homes Programme</p> <p>Risk Delay or Inability to deliver the New Build Programme, quality, time and cost.</p> <p>Cause Resourcing, contractor failure, delay in planning approval, poor resident engagement.</p> <p>Consequence Reputational damage, service delivery. Loss of opportunity for residents</p> <p>Risk Trend </p>	<p>A new Service Director was appointed in April 2019, the Service Director has created an organisational growth structure for the New Homes programme. This structure will support an increase in the rate of build under the programme, improve programme controls, increase our in-house capability and allow us to review our in-sourcing going forward. The new structure will see the addition of specialist support to support technical design management, cost control and the establishment of a Programme Management Office.</p> <p>The organisational growth structure has identified the need for increased resources in other service areas, including allocations to improve residents journeys into new homes and property services to support the design of low carbon energy systems. The additional posts we were previously seeking, in planning and legal services, were approved and the roles recruited.</p> <p>The continued deterioration of the housing market combined with BREXIT pressures on construction costs has caused overall cost pressure within the programme, a number of options have been developed to manage this across the remainder of the programme. There have been some delays in awarding contracts, this has been due to our work to value engineer these contracts prior to award, and this delay has meant that an increasing proportion of completion will occur in the final stages of the programme. However Strategic delivery under the programme has been within expected parameters although with a significant reduction in over programming.</p> <p>We have received an indicative award from the home building capacity fund of £180,000 which will be used to improve technical understanding of build over construction.</p>	<p>Employed a communications officer to improve resident engagement. Engaged a team of architects to review opportunities for building, reviewing different building techniques. Programme Board (NHB) Chaired by Cllr Ward, provide challenge and oversight. Reporting improved to provide better oversight (strategic information). Quality, schedule, cost. Meet bi-monthly. Programme structure includes contingency. Project Board, Operational focus review all schemes, meet bi-monthly Communications strategy</p>	<p>Approval for restructure sought by end 2019/20 with recruitment commencing. In advance of PMO recruitment and establishment operational management of New Homes Project Board (NHPB) in redesign to be consistent with delivery assurance officer group approach in emerging corporate property governance framework Expected to be in place by end 2019/2020</p>


Risk Score	L I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
12	3 4	<p>Risk Title Housing Delivery</p> <p>Risk Failure to meet overall housing targets</p> <p>Cause Shortage of sites, market turbulence/slowdown impacting developers (including private developers, housing associations etc.).</p> <p>Consequence Inability to meet our commitment to residents. A weakening position over time to secure planning benefits (including affordable housing from any site and our ambitious policies in the new local plan would not be given full weight in the planning process)</p> <p>Risk Trend NEW</p>	<p>The Housing Delivery Test (HDT) was introduced in 2018 through a revision to the National Planning Policy Framework (NPPF). The HDT is an annual measurement of housing delivery in a local planning authority area which measures the number of net additional dwellings provided in a local authority area against the homes required. The HDT results are reported annually and cover a rolling three year period. Islington's 2018 HDT results show that Islington delivered 71% of its housing target between April 2015 and March 2018. By way of context, approximately a third (108) of Local Planning Authorities (LPAs) had a level of delivery below 95%. Due to the three year rolling mechanism any under/over achievement of results will be carried forward for the next two reporting cycles.</p> <p>A key aspect of housing delivery is the local housing market. Islington is an Inner London borough where land prices are high, which can be a barrier to entry for developers looking to build new housing. However, development returns are also high, meaning that there is a clear incentive to build out permissions once secured. In Inner London, there appears to have been a slowdown in housing development activity in recent years, which correlates with wider economic uncertainties. This is likely to have been one of the main causes of the specific under-delivery evident in 2017/18.</p> <p>The new London Plan (and emerging Local Plan) sets a target for delivery of 7,750 homes between 2019/20 and 2028/29, or 775 homes per annum. This is a significant reduction from the previous housing target of 1,264 units per annum, set out in the adopted London Plan; this is mainly due to a reduction in the availability of large housing sites, as assessed in the Strategic Housing Land Availability Assessment (SHLAA).</p> <p>Islington has a five-year supply in excess of the housing target set out in the new London Plan, and has consistently maintained a five year supply in recent years; however, there is an increasing lack of sites in Islington, partly due to the fact that many development sites have been delivered and the fact that Islington is a small, densely developed borough. This is the key reason why Islington's housing target has reduced significantly in the new London Plan.</p>	<p>Authorities that fall below 95% delivery are required by the NPPF to produce an action plan to assess the causes of under-delivery and identify actions to increase delivery in future years. In addition, authorities where housing delivery falls below 85% are required to include a 20% buffer in their five-year housing land supply calculation.</p> <p>Our action plan identifies the reasons for under-delivery, explores ways to reduce the risk of further under-delivery and sets out measures we intend to take to improve levels of delivery.</p>	<p>The emerging Local Plan is currently at Proposed Submission (Regulation 19) stage; the Council intends to submit the plan for examination by the end of 2019, with examination hearings likely to take place in spring 2020</p> <p>TARGET COMPLETION: Adoption likely towards the end of 2020</p>


Risk Score	L	I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
12	3	4	<p>Risk Title Social Care Market Instability</p> <p>Risk Significant provider failure/ withdrawal of providers</p> <p>Cause Financial strains causing providers to withdraw from the market</p> <p>Consequence Safeguarding risks to individuals, Financial.</p> <p>Risk Trend NEW</p>	<p>During 2019 we experienced the withdrawal of one of our block providers, the provider cited financial viability as the cause. This led to the need to find new providers for affected care users</p> <p>We currently have 2 care homes in a 'provider concern' process, these providers have sustainable improvement plans in place. We also host a monthly partnership meeting that reviews quality issues and concerns in registered care providers in order to enable us to nip concerns in the bud, work with providers on early solutions that mitigate risks and ensure prevention of harm to our service users and carers wherever possible.</p> <p>The trend is increasing as the uncertainty about long term funding for social care continues along with challenging economic conditions. There is a risk of increased instability in the event of a no deal Brexit if economic conditions are adversely impacted; exacerbation of workforce fragility is likely in the event of a no deal Brexit.</p>	<p>We are working with the provider market to ensure as wide a range of providers as possible to reduce the risk of adverse impact if providers withdraw from the market.</p> <p>We have regular provider forums so concerns and risks can be addressed quickly.</p> <p>We have regular RADAR meeting with the wider health and social care MDT and CQC which enable us to share intelligence about providers and respond quickly and collectively.</p> <p>We have contingency plans in place to manage either provider failure or provider withdrawal from the market. These plans have been implemented on two occasions and the transfer of care has been safe and successful on both occasions.</p> <p>We are currently reviewing our existing model of homecare with a view to developing a new, more sustainable local offer that could improve quality for both recipients of care and paid carers.</p> <p>There are a number of workforce initiatives underway across Islington and North Central London to promote social care careers and workforce development.</p>	<p>Monitoring of the local and national provider market TARGET COMPLETION: ONGOING</p> <p>Regular review of contingency plans-every three months TARGET COMPLETION: ONGOING</p> <p>Collaboration across North Central London with local authority and NHS colleagues to support the social care market and workforce. TARGET COMPLETION: ONGOING</p>


Risk Score	L	I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
20	4	5	<p>Risk Title Health and Social Care Integration</p> <p>Risk Insufficient capacity, resource and integration within the local health and care system to meet resident's needs.</p> <p>Cause National and local funding constraints Differing priorities of key partners, including a new 5 borough commissioning approach and governance for the NHS</p> <p>Consequence Poor health and care outcomes for residents</p> <p>Risk Trend NEW</p>	<p>The move to 5 borough commissioning for the NHS, especially in the context of a very significant financial deficit across the North Central London region, could pose a risk to our local financial and strategic collaboration</p> <p>Including the Better Care Fund (BCF) we currently have pooled budgets across the Islington Health and Care system totalling just over £88m of which £31.8m comes from the NHS.</p> <p>Our aspiration is to increase integration locally because we know that it will improve resident experience and outcomes.</p> <p>Our collective aspiration across the health and social care system is also to invest more of our combined resource in early intervention and prevention but we also know that this will either require disinvestment from more specialist services or transformation funding to double run prevention interventions.</p> <p>As a result of austerity and rising demand both the NHS and social care already have challenging savings programmes</p>	<p>Health & Wellbeing Board, via the Leader of the Council is required to sign off our annual BCF plans with the NHS</p> <p>Quarterly Section 75 meetings at Service Director level provide joint governance oversight of our pooled budgets</p> <p>Annual Section 75 reports to the Health & Wellbeing Board provide strategic governance over our pooled budgets</p> <p>The emerging Fairer Together Partnership will provide a clearer and more effective governance framework for integration locally including more shared and local decision making around our local resource</p>	<p>As the governance framework for 5 borough NHS commissioning emerges it will be important to clarify:</p> <ul style="list-style-type: none"> • Governance arrangements for Section 75 pooled budgets and joint commissioning • Council voice and influence in the 5 borough Integrated Care System (ICS); especially with regards to financial decision making • Decision making powers of the emerging borough based Borough Partnership Board <p>TARGET COMPLETION: April 2020</p>


Risk Score	L	I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
10	2	5	<p>Risk Title Safeguarding children</p> <p>Risk Ineffective protection of children and parents</p> <p>Cause Non-compliance with procedures</p> <p>Consequence Significant harm to a child(ren)</p> <p>Risk Trend </p>	<p>Actions from 2018/19 all completed OFSTED and associated inspection bodies e.g. CQC, HMIP conducted a Joint Thematic Inspection on Child Sexual Abuse in the Family Environment and made suggestions to be carried forward by the partnership, action plan in progress. There are areas of concern regarding Child Abuse Investigations and the police response and this is being take forward. There continue to be robust Quality Assurance processes in place, including a twice yearly Practice Week, which is now well embedded and which gives senior managers a real experience of the quality of work on the ground and for practice to be evaluated and understood from the perspective of both staff and children and families. Areas for development identified during practice week are fed into the Quality Assurance Framework action plan. In addition there are monthly Practice and Outcomes Boards involving all relevant senior managers where performance data and information from audits and practice week are coalesced into action planning where this might be necessary.</p> <p>This approach to quality assurance has been praised by Ofsted in a recent Joint Targeted Area Inspection.</p> <p>The new Workforce Strategy, i2019-2022 is being launched. Monthly Recruitment and Retention group has led to a significant reduction in the use of agency staff and strong levels of permanent staff, which in turn creates greater consistency of practice and greater stability for families.</p>	<p>Robust Quality Assurance processes in place. Training and development processes in place which give ongoing assurance regarding quality of work and adherence to legal framework</p> <p>The JTAI action plan is in place, it is multi agency and being monitored through the ISCB. Practice week is focusing on key areas raised on the JTAI Child sexual abuse and neglect.</p> <p>All QA and monitoring processes continue to be in place.</p>	<p>Self-Evaluation, as required by Ofsted, to be completed in December 2019 and presented to Annual Engagement Meeting with Ofsted in January 2020</p> <p>TARGET COMPLETION: December 2019</p>


Risk Score	L	I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
10	2	5	<p>Risk Title Serious H&S incident in housing</p> <p>Risk Serious Health and Safety incident in the council's housing stock</p> <p>Cause Non-compliance with statutory duties /regulations</p> <p>Consequence Multiple fatalities</p> <p>Risk Trend </p>	<p>The Homes & Estates Safety Board continue to meet quarterly to provide reassurance that our measures and systems are robust.</p> <p>We are continuing to work closely with the London Fire Brigade to identify vulnerable residents, this actively helps us to identify those residents that require additional support or equipment.</p> <p>We continue to comply with fire safety regulations and deliver our fire safety action plan.</p> <p>Front door upgrades continue. Contract for installation of inter-linked alarms in street properties mobilised, pilots have been completed.</p> <p>Expanded Polystyrene (EPS) insulation removed from Fyfield, replacement works due to be completed 20th December.</p> <p>Braithwaite cladding removed and replaced in Summer 2019</p> <p>Hungerford Road, we are currently specifying the cladding replacement, the work have been specified, contractor award, work starting in February 2020. Waking watch in place to mitigate risk</p> <p>Internal Audit Review of the Fire Risk Assessment Process has been undertaken (September 2019), Action plan has been developed to address points raised in Audit.</p>	<p>Homes & Estates Safety Board provide challenge.</p> <p>Ongoing delivery of Fire Safety Action Plan</p> <p>Ongoing Fire Risk Assessment programme, with annual cycle for tall buildings with 'tolerable' rating (rather than every 3 years as per regulations – commitment given post-Grenfell).</p> <p>Fire Risk Assessments for all 126 tall blocks have been completed and published online for transparency.</p> <p>Gas compliancy continues to be very strong – 99.93% at October 19</p> <p>Front door upgrade programme underway.</p> <p>Liaison with the Ministry of Housing, Communities and Local Government (MHCLG) and London Councils on emerging resident safety issues.</p> <p>Housing Directors Fire Safety Sub-Group – monthly meeting to review actions, include senior staff from the London Fire Brigade (LFB) and MHCLG.</p> <p>Cyclical testing for electrical, asbestos, legionella and construction risks remains on track.</p>	<p>Liaison with LFB and MHCLG to ensure we are on top of emerging issues.</p> <p>TARGET COMPLETION: Ongoing</p> <p>Monitor develop of Hackitt review consultation and Grenfell Inquiry recommendations.</p> <p>TARGET COMPLETION: Ongoing</p> <p>Inter-linked alarms in street properties – 2 contractors, each have completed a pilot property. Building control to review and provide sign-off, we will then schedule programme of works.</p> <p>TARGET COMPLETION: January 2020</p> <p>Deliver actions from the Internal Audits</p> <p>TARGET COMPLETION: March 2020</p>


Risk Score	L	I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
9	3	3	<p>Risk Title IT delivery and transformation</p> <p>Risk We do not deliver IT projects which will enable/optimize business transformation across the Council</p> <p>Cause Insufficient planning/resourcing/funding to deliver the IT strategy.</p> <p>Consequence Operation disruption, additional cost, reputational damage</p> <p>Risk Trend </p>	<p>The IT business plan was agreed in March 2019, we are now in the process of implementing. However the IT function has needed to undertake a higher volume of remedial work than first anticipated, updating Windows etc. There is an increasing need to manage the balance between remediation and transformation works in order to transform to IT services. We have a project delivery practise, (responsible for project plans, methodologies, monthly reporting to RMT) to support transformation.</p> <p>The Enterprise planning group is developing a five year plan for the programme of change.</p> <p>We are currently evolving an architectural plan that puts in place a digitisation layer, enabling digitised services for transformation.</p> <p>We have updated our PSN and PCI compliances.</p>	<p>The current controls include the ongoing use of the Information Technology Infrastructure Library (ITIL) service delivery framework to ensure operational services are effective in maintaining the current platforms on which we need to build.</p> <p>In addition, the interim organisational structure (established following the Shared Digital separation) has grouped IT the project managers into a new practice in which more formalised project disciplines have been introduced.</p> <p>This group is sharing the same processes, tools and methodologies as the central PMO to create greater transparency and control.</p> <p>New telephone exchange</p>	<p>Migration to Windows 10 New PC's TARGET COMPLETION: February 2020</p> <p>Replacing out of date network switches TARGET COMPLETION: June 2020</p> <p>Windows 2008 migration programme TARGET COMPLETION: June 2020</p> <p>Move applications out of the data centre. TARGET COMPLETION: Ongoing as per application life cycle</p> <p>Submit our PSN and PCI compliances for SIRO review and sign off. TARGET COMPLETION: August 2020</p>

Risk Score	L	I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
9	3	3	<p>Risk Title Change Programme Delivery</p> <p>Risk Failure to implement change projects</p> <p>Cause Capacity, financial challenge, governance, project management.</p> <p>Consequence Change activity faces delay, declining quality and cost escalation, financial/other benefits are not met in full.</p> <p>Risk Trend </p>	<p>Our MTFS is based on the realisation of a number of savings proposals, these proposals will be managed through our Programme Management Office (PMO). The PMO sits within the Chief Executive's office. The PMO is now established with all Corporate Directors taking responsibility for the delivery of change and transformation within their own directorates.</p> <p>The controls in place for project and programme management are starting to highlight areas of concern in the appropriate phase of the PMO process, allowing for controls to be applied as appropriate.</p> <p>The PMO has started exception reporting, if exceptions are agreed by CMB then they are removed from the budget into the corporate gap. This has increased control over the budgets and expectations at all levels. Live information is being fed back from the PMO to the finance department to contribute to budget setting, on a monthly basis.</p> <p>c10% of savings are at risk of non-delivery in year, these savings are being closely monitored. c90% of savings proposal for year 1 are either on target/or in progress.</p> <p>We are currently assessing the benefits of more automated project reporting across the programme, Project Online is one of the options we are considering.</p>	<p>A PMO Design and Compliance and Programme Delivery Board meet fortnightly in order to develop and review the governance structure of the PMO.</p> <p>The Programme Delivery Board (PDB) is also established and meets fortnightly. All new business cases for change go through these boards to provide technical sign off on new initiatives and receive some corporate challenge to ensure the proposals are realistic and the benefits are deliverable.</p> <p>Each key programme or project is monitored at the appropriate level, be it DMT for departmental initiatives or the relevant board for cross cutting initiatives. Highlight reports are provided to PDB, and then onto CMB for review with appropriate escalation where benefits are considered at risk.</p> <p>The PMO provides a briefing to members to provide oversight.</p> <p>The PMO training programme is in place and available to staff and project managers.</p>	<p>Continued embedment of the PMO TARGET COMPLETION: Ongoing</p> <p>Review and enhance the role of delivery executive TARGET COMPLETION: March 2020</p> <p>Review PDB and associated processes to identify scope to establish a more agile and focused model, to include a consistent approach for managing projects falling outside of the PDB process TARGET COMPLETION: March 2020</p>
9	3	3	<p>Risk Title CCTV failure</p> <p>Risk Failure of current CCTV equipment</p> <p>Cause Dated equipment, lack of proactive investment</p> <p>Consequence Breach regulations, inability to capture adequate recordings</p>	<p>Our current CCTV systems are not consolidated, owned by different areas of the Council and not centrally controlled, some of our equipment needs updating as it is 'end of life'.</p> <p>During the current budget setting process, members made the request that an examination of CCTV took place to work towards a corporately controlled asset. The primary need is to bring together the various assets, view from a single control room, identify risks and future investment needs.</p> <p>Funding has been allocated for an initial review.</p>	<p>A project board has been set up with representation from the key services, including Digital Services and Information Governance.</p>	<p>Consider options for a consultant to review strategic direction of CCTV. TARGET COMPLETION: End January 2020</p>

Risk Score	L	I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
9	3	3	<p>Risk Title Capital Programme</p> <p>Risk Failure to adequately manage (cost/schedule) capital programmes</p> <p>Cause Inadequate governance and project management</p> <p>Consequence Financial Loss, breach of governance/regulation, reputational damage</p> <p>Risk Trend </p>	<p>Across the Council we have a number of projects which require capital investment in order to achieve their key outcomes. These projects are varied in nature and are funded by different means (including the general fund and schools money).</p> <p>The total capital investment budgeted for 20/21 is £168 million. This investment will fund new homes, infrastructure development and some new funding has been set aside for three types of capital projects; new projects, in-flight projects and projects with back maintenance.</p> <p>During the management of some of our current projects the project budget has been exceeded and the timeline has been delayed, we have been working to review the learnings from these projects and ensure they can be taken forward to improve our management of future capital projects.</p>	<p>Capital programmes form a key element of financial monitoring across the council, including oversight from management teams and executive.</p> <p>Detailed annual analysis.</p>	<p>Explore options for the formation of a Capital Board to provide oversight.</p> <p>TARGET COMPLETION: April 2020</p> <p>Complete proposal for the new capital strategy and associated governance, this will be a key future control providing member led oversight of the entire programme, 10 year planning horizon, dedicated governance for major projects, this will be aligned with financial regulations</p> <p>TARGET COMPLETION: April 2020</p>

Risk Score	L I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
8	2 4	<p>Risk Title Health and safety</p> <p>Risk Significant Health and Safety Incident</p> <p>Cause Non-compliance with policies procedures</p> <p>Consequence Life Changing injury, fatality compromising the safety and wellbeing of service users, public or the workforce, potential enforcement action.</p> <p>Risk Trend </p>	<p>The Health and Safety Executive investigation into vibrating tools has been completed, actions arising have been implemented.</p> <p>Employees with complex needs - We have conducted an observed fire drill, this exercise had satisfactory results.</p> <p>Occupational Health and Safety Management System documents have been reviewed and will be considered by the Corporate Management Board in conjunction with the Health and Safety Policy.</p> <p>Children's services have reviewed Service Level Agreements with schools, there is now greater clarity about who is responsible for Health and Safety in schools across the borough.</p> <p>British Safety Council (BSC) Audit undertaken in April 2019, the action plan arising from the audit has been agreed by CMB (in August 2019, actions are currently being implemented).</p> <p>Review of the Drug and Alcohol testing policy is underway, recommendations will be taken to CMB in February 2020.</p>	<p>Regular auditing of schools continues. Drug and Alcohol testing continues (random testing) for council employees and agency workers in safety critical roles. Annual reviews of Corporate policy, regular review of other Health and Safety policies. Health and Safety training included in corporate induction. Annual report to CMB</p>	<p>Implementation of Action Plan arising from BSC Audit. TARGET COMPLETION: Ongoing</p> <p>Asbestos module testing to be completed. TARGET COMPLETION: July 2020</p> <p>Health and Safety policy to be reviewed and presented to CMB TARGET COMPLETION: March 2020</p> <p>Annual health and safety performance report to CMB. TARGET COMPLETION: March 2020</p> <p>Audit of D&T audit in secondary schools to be commissioned in the next academic year TARGET COMPLETION: July 2020.</p> <p>Improvement in the on-boarding process need to be discussed and implemented. TARGET COMPLETION: Ongoing</p> <p>Drug and alcohol policy review TARGET COMPLETION: February 2020</p>

Risk Score	L	I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
8	2	4	<p>Risk Title Contract Management</p> <p>Risk Significant contractor failure/contractors failing to deliver within the agreed parameters (Quality, cost and schedule)</p> <p>Cause Ineffective/Non-compliance with corporate contract management procedure</p> <p>Consequence Service disruption, reduced quality of service, additional financial burden</p> <p>Risk Trend </p>	<p>Contract management is undertaken within each service by in-service contract managers. We are in the process of improving the corporate governance around this function to improve quality, discussion, control and consistency of contract management. Internal Audit have completed a review of the strategic arrangements in place to oversee the Council's contracting with third parties.</p> <p>As part of our refresh and in consideration of the Audit findings we have undertaken the following activities since the last report:</p> <ul style="list-style-type: none"> We have now updated our suite of contract management guidance (as per the audit recommendations), this guidance is available on the staff intranet. A report has been prepared proposing the likely future structure of contract management, this report will be subject to review in-line with organisational design matters and the outcomes of appropriate approvals. A year of Supply Chain Practitioner Groups have been coordinated and facilitated by Strategic Procurement, these groups have improved understanding, standardisation in regards to contract management. These groups have also helped to establish and integrate contract management best practice into business as usual practices and processes. Extensive training programme for contract management has been launched and is underway. 	<p>Corporate governance guidance exists for use by contract managers.</p> <p>Commissioning and Procurement Bboard to provide direction and oversight on all supply chain matters.</p> <p>The Supply Chain Practitioners Group (SCPG) – are responsible for improving and sharing best practice on operational supply chain matters, including contract management</p> <p>Training and advice is available ad hoc on specific contract management issues through procurement.</p> <p>Contract extensions over £500k revenue are challenged by Commissioning and Procurement Board.</p>	<p>Commissioning and Procurement are compiling a schedule of contracts. Each department will provide two significant contracts, these contracts will then be reviewed and challenged on the basis of best practice.</p> <p>TARGET COMPLETION: End 2019 Training will be delivered during 2019/20 from one-off funds supplied. Noted that funds moving forward are insufficient to sustain agreed audit training requirements.</p> <p>TARGET COMPLETION: End 2020 An exercise is underway to ensure that all services have proper oversight of the contracts within their service areas</p> <p>TARGET COMPLETION: end of Financial year 2019/20.</p>

Risk Score	L I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
6	3 2	<p>Risk Title Serious Fraudulent Activity</p> <p>Risk Serious Fraud or corruption</p> <p>Cause Lack of adequate governance arrangements including key controls and robust fraud awareness</p> <p>Consequence Financial and Reputational damage.</p> <p>Risk Trend </p>	<p>Internal Audit (Investigations) have undertaken a number of reactive fraud investigations and continues to work with services to investigate fraud.</p> <p>Fraud training has been developed and tested and is awaiting roll-out, some operational issues with host system has been encountered which has delayed the release of the training.</p> <p>The whistleblowing policy has been updated and has been approved by Audit Committee in January 2019.</p> <p>The annual fraud report was presented to Audit Committee in September 2019 including Housing Investigations data (in addition to corporate investigations data) for the first time.</p> <p>There has been no further test activity with the London Counter Fraud Hub since our last report.</p>	<p>A robust Anti-Fraud strategy and whistleblowing policy are in place.</p> <p>Regular reporting to Audit Committee takes place including bi-annual whistleblowing monitoring reports and an annual fraud report.</p> <p>Internal Audit and Corporate Investigations work closely ensuring that intelligence is share to support the identification of fraud risks. Internal Audit and Investigations also work jointly on some investigations to ensure that Internal Audit are able to make recommendations to enhance controls and prevent the recurrence of fraud.</p> <p>Fraud risks feed into the annual Audit Plan. Delivery of the Audit Plan ensures that recommendations are made to address control weaknesses. Review of governance arrangements during individual audits routinely include a review of policies and procedures.</p> <p>Corporate Investigations stay abreast of fraud alerts and fraud risks.</p> <p>Whistleblowing arrangements are in place.</p>	<p>Review the resourcing of the Corporate Investigations with a view to potentiay increasing resource to improve our ability to pro-actively investigate potential fraud. Proposal to increase fraud resourcing was taken to D&C in September 2019 TARGET COMPLETION: March 2020</p> <p>HR to roll-out fraud training. TARGET COMPLETION: May 2020</p> <p>A review of the purpose of the Fraud Forum needs to be undertaken. TARGET COMPLETION: March 2020</p>

Risk Score	L	I	Risk	Activity Highlights	Summary of Controls	Actions and potential future controls
4	2	2	<p>Risk Title Attracting and retaining talent</p> <p>Risk Failure to attract and retain the talent we need to deliver our services</p> <p>Cause Lack of resource to deliver HR Strategy</p> <p>Consequence We will be unable to anticipate and meet future workforce needs to ensure we have the "right people with the right skills in the right roles at the right time and at the right cost"</p> <p>Risk Trend NEW</p>	<p>We have developed the Workforce Strategy, this strategy is designed to help the organisation to grow, to retain and recruit the very best of talent to deliver strategic outcomes, outputs and objectives of LBI's vision for the future.</p> <p>HR staff are engaged in the development of a strategic approach to workforce planning including: working with the LGA on a pilot in public realm that may be rolled out organisationally, with a focus on utilising levy funded training to develop capacity; L&OD team leading on a multi-disciplinary team project to identify the organisational and workforce data required to inform workforce planning; Resources allocated to train HR staff in strategic workforce planning. Support from Public Health in data analysis and interpretation pending development of capacity within HR.</p>	<p>The council has an apprenticeship programme that enables draw-down of funds from the apprenticeship levy to upskill current employees. The programme also funds training for new apprentices. Both programme strands provide development to meet skills needs.</p> <p>We attained Good Work Standard accreditation in 2019, this is promoted on our recruitment pages to demonstrate our competitive working practices and benefits</p>	<p>Implement the Workforce Strategy for Year 1, and complete the development of workforce planning TARGET COMPLETION: March 2020</p> <p>Review of recruitment procedures, benchmarking with other public sector authorities as to how they recruit the best talent. Develop a coherent strategic approach to define, attract and grow future workforce and leaders. TARGET COMPLETION: March 2020</p> <p>Work is underway to meet the Workforce Strategy commitment to consolidate and promote the current benefits package. Longer term the package will be reviewed. This will require; early consultation with trade unions. TARGET COMPLETION: March 2021</p> <p>To increase employee brand we are working closing with Internal Communications and will be purchasing a LinkedIn license. This will enable us to attract more applicants to Islington and reduce agency spend TARGET COMPLETION: January 2020</p>

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Report of: Acting S151 Officer

Meeting of:	Date:	Ward(s):
Audit Committee	28 th January 2020	n/a

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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 whistleblowing complaint has been received and Committee is being asked to approve the appointment of an appropriate external independent investigator who has been identified as an experienced investigator in Human Resource matters.

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 complaint described in this report.
- 2.2 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.

4.2 Legal Implications:

The matters raised are considered by officers with details of the complaint, and legal services as appropriate for investigation, and for investigation by an external investigator pursuant to the Council's Whistleblowing Policy.

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

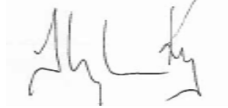
- 5.1 To ensure that an independent, objective investigation into the whistleblowing complaint is duly undertaken.

Appendices

Appendix 1 - Authorisation of external investigation into whistleblowing complaint (Exempt)

Final report clearance:

Signed by:



Acting S151 Officer

Date 16/01/2020

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**Internal Audit
Resources
Newington Barrow Way
London N7 9EP**

Report of: Acting S151 Officer

Meeting of:	Date:	Ward(s):
Audit Committee	28 th January 2020	n/a

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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: OUTCOME OF EXTERNAL INVESTIGATION

1. Synopsis

- 1.1. A series of whistleblowing complaints were received and, in June 2019, Committee approved the appointment of external investigators to conduct an independent investigation.
- 1.2. This report presents the outcome of the investigation.

2. Recommendations

- 2.1 Audit Committee is asked to note the report.

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 appointed an external investigator to ensure that an independent investigation was undertaken.

4. Implications

- 4.1. **Financial implications**
The Council's s151 officer is satisfied that the costs were contained within the Council's budget.
- 4.2. **Legal Implications**
There are no specific legal implications arising from this report.
- 4.3. **Environmental implications**
There are no known 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

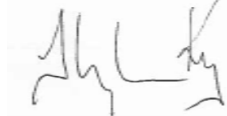
- 5.1 To note outcomes of the external investigation at Appendix 1.

Appendices

Appendix 1 – Outcome of external investigation (Exempt)

Final report clearance:

Signed by:



Acting S151 Officer

Date 16/01/2020

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