

Audit Committee and Audit Committee (Advisory) - 25 January 2021

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held via Zoom on 25 January 2021 at 7.00 pm.

Present: Councillors: Nick Wayne (Chair), Andy Hull (Vice-Chair), Troy Gallagher and Anjna Khurana

Independent members: Alan Begg and Alan Finch

Observer: Councillor Satnam Gill

Councillor Nick Wayne in the Chair

186 APOLOGIES FOR ABSENCE (Item A1)

None.

187 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

None.

188 DECLARATIONS OF INTEREST (Item A3)

Councillor Satnam Gill declared an interest in agenda item B3, Whistleblowing Policy, as a member of the Hilldrop Area Community Association, referred to in Appendix 3 of the report.

189 MINUTES OF PREVIOUS MEETINGS (Item A4)

RESOLVED:

That, subject to an amendment to minute 157 of the minutes of the meeting held on 29 September 2020 – Personnel Sub-Committee (b) – to change the date specified from “2019/2020” to “2020/2021”, the minutes of the ordinary meeting held on 29 September 2020 and the additional meetings held on 30 October and 24 November 2020 be confirmed as a correct record and the Chair be authorised to sign them.

190 RISK MANAGEMENT UPDATE (Item B1)

In response to questions about lessons learned from the recent public interest reports issued to Croydon and Nottingham, officers confirmed that both reports had been studied in depth. However, there was little comparison between Islington and those two authorities, given Islington’s different risk profile. With regard to Angelic Energy, referenced in the Nottingham report, Islington would ensure that, as part of

learning from that report, due diligence was carried out before any arrangements or partnerships were entered into.

In response to a question from one of the Independent Members about the need for reports on Risk Management Strategy and Framework to be submitted to the Committee, the Head of Internal Audit undertook to share the Framework, which was currently being refreshed, with the Committee. The Chair asked that the Framework be circulated to members of the Committee within 14 days.

The Committee noted that there was uncertainty around risks associated with Brexit and lockdown 3, although the Council's Gold and Resilience Teams met weekly to review the situation. Financial spend was of necessity large during lockdown, but under control and the Council had accessed Government Covid grants.

RESOLVED:

- (a) That the contents of the report of the Corporate Director of Finance, comprising an update on risk management activity that had taken place since the last comprehensive Principal Risk Report to Committee in September 2020, be noted.
- (b) That the Risk Management Framework be circulated to members of the Committee within 14 days of this meeting.

191

2020 - 21 INTERNAL AUDIT INTERIM REPORT (Item B2)

Internal Audit officers were complimented on the high quality of their reports.

Referring to various projects in Appendix 2 of the report, questions were asked about areas where the overall assurance statements were less than 'moderate' and whether it would be possible for the Committee to be advised of actions and outcomes on the "deep dives" carried out on certain projects. It was noted that a Finance Control Board had been established to follow up any projects which had been designated as 'limited assurance' in Resources Department.

The Chair suggested that members advise him of particular projects where they had concerns and wished to see follow up action.

The Committee was reassured by the Corporate Director of Environment and Regeneration that the findings from the Parking audit had been addressed.

RESOLVED:

That the contents of the report of the Corporate Director of Resources, detailing progress on delivery of the Internal Audit Plan, be noted.

192

WHISTLEBLOWING POLICY UPDATE (Item B3)

RESOLVED:

That the revised Whistleblowing policy at Appendix 1 to the report of the Corporate Director of Resources, including amendments as highlighted, be approved.

193 NEXT STEPS ON STRATEGY AND CHANGE - UPDATE SINCE MAY 2020 (Item B4)

RESOLVED:

(a) That the report of the Corporate Director of Resources, updating the Committee on the implementation of new arrangements for Strategy and Change within the Council and progress in key areas, be noted.

(b) That a further report be submitted to the Committee in six months time on progress on the Change Management Programme.

194 HOUSING OMBUDSMAN COMPLAINT HANDLING CODE (Item B5)

RESOLVED:

(a) That the following be noted:

(i) The Housing Ombudsman's Complaint Handling Code July 2020, attached at Appendix 1 to the report of the Corporate Director of Resources.

(ii) The completed self-assessment form at Appendix 2 to the report, which had to be completed by 31 December 2020 and reported to "elected members".

(iii) Failure to comply with the conditions of membership might result in an Ombudsman's determination of complaint handling failure and order to rectify within a given timescale.

(iv) Failures under the Scheme and Code would result in a complaint handling failure order.

(v) The Housing Ombudsman expected landlords to publish the outcome of their self-assessments and could request sight of the assessment and evidence in support and could require landlords to periodically repeat the self-assessment, following any amendments to the Code or significant change to landlords' organisational structure.

(b) That the Corporate Director of Housing be requested to ask housing associations in the Borough to share their complaints results and learning with the Council.

195 LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN (LGSCO) ANNUAL REVIEW PERFORMANCE REPORT 2020 (Item B6)

Following questions from members, confirmation was given that, apart from the final page of the exempt appendices at agenda item E2, wherein the name of the complainant was visible, the other two appendices were non-exempt.

RESOLVED:

That the following be noted:

(a) The Local Government & Social Care Ombudsman's (LGSCO) Annual Review letter dated 22 July 2020, as detailed in Appendix 1 of the report of the Corporate Director of Resources.

(b) Of the 24 cases investigated, 17 were upheld and 7 cases were not upheld.

(c) 5 out of the 17 upheld cases received a satisfactory remedy before the Ombudsman's involvement.

(d) 9 out of the 9 cases recommended during 1 April 2019 to 31 March 2020 (100%) complied with the Ombudsman's recommendations.

(e) 3 out of the 17 cases were resolved during LGSCO investigation requiring no further compliance.

(f) Separate to the complaints investigated by the LGSCO reported in the Annual Review Letter, 3 upheld decisions during the period in question (finding of maladministration) were decided by the Housing Ombudsman, as detailed in Appendix 2 to the report.

(g) In line with the statutory duty under section 5A (2) of the Local Government and Housing Act 1989, the Monitoring Officer provided this annual report to Audit Committee.

196 COUNCIL TAX BASE (Item B7)

The Committee noted that, as the current budget had been set before the pandemic, no specific provision had been made for Covid19 spend. However, the Council had financial mechanisms in place for withstanding shocks.

RESOLVED:

(a) That it be noted that the cost of local council tax support in 2021/22 and over the medium term, as detailed in paragraph 4.1.2 and Appendix A of the report of the Corporate Director of Resources, was highly uncertain.

(b) That approval be given to the council tax base for the whole area for 2021/22 (or until rescinded) of 77,737.1 Band D equivalent properties, after adjusting for non-collection.

(c) That the council tax base for meeting the special expenses issued by the Lloyd Square Garden Committee for 2021/22 (or until rescinded) shall be 44.2 Band D equivalent properties, after adjusting for non-collection.

(d) That the council tax forecast for 2020/21, detailed in paragraph 5.3 and Table 1 and Appendix C of the report, be noted.

197 THE INTRODUCTION OF EXIT PAYMENTS CAP ON REDUNDANCY/EFFICIENCY RETIREMENTS (Item B8)

The Acting Director of Law and Governance provided the following advice to the Committee:

"The report covers the position generally at the present time. It is best not to seek to put a gloss on it. Individual cases will have to be considered in accordance with the circumstances when they arise.

The consequences for the Council in relation to voluntary redundancies include that they can be postponed until current uncertainties are resolved. However, this is not going to be any time soon. It appears that the LGPS Regulations are not going to be amended until after the Court case. They are likely then to be amended to the detriment of staff and to the financial benefit of the employing authority. The Court case is not being heard until 25/26 March. Judgment is likely to be reserved. There may well be an appeal, etc. There may be complaints in the meantime to the Pensions Ombudsman. The likely but uncertain length of any such postponement may have massive operational downsides, not least in the context of restructurings, and financial disadvantages.

However, if voluntary redundancies are to proceed during the period of non-alignment of the public sector cap and changes to the LGPS Regulations and before the uncertainties are resolved then (1) there are risks for both parties in relation to pension strain in the case of those aged 55 and over, and (2) these risks must not be sought to be removed in an age discriminatory way.

The recommendations in the report seek to minimise and mitigate these risks.”

RESOLVED:

- (a) That the current redundancy/efficiency policy be revised so that, where an employee’s exit payments breach the £95K cap, the staff member may exercise the option of reducing elements of their redundancy package, other than pension strain cost and statutory redundancy payment, in order to bring the total to under £95K and therefore be eligible to claim an unreduced pension.
- (b) That, where the pension strain costs are in excess of £95K, an employee may use their own funds to lower the reductions applied to their LGPS benefits.
- (c) That the changes proposed to the redundancy policy and detailed in the report of the Corporate Director of Resources apply to all relevant Council employees, including at Islington schools.
- (d) That, in instances where the value of paying the pension strain would exceed the cap, an additional discretion to allow exit payments to be made up to the balance of the £95K cap under Regulation 8 of the Restriction of Public Sector Exit Payment Regulations 2020, be approved.
- (e) That it be noted that any significant individual decisions that needed to be made in relation to the enacting of provisions within the change of the policy would be brought for approval to the Audit Committee meeting scheduled for the 16 March 2021.

198 EXEMPT MINUTES OF PREVIOUS MEETINGS (Item E1)

RESOLVED:

That the exempt minutes of the meetings held on 30 October 2020 and 24 November 2020 be confirmed as a correct record and the Chair be authorised to sign them.

199 LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN (LGSCO) ANNUAL REVIEW PERFORMANCE REPORT 2020 - EXEMPT APPENDICES (Item E2)

RESOLVED:

That the final page of the exempt appendix at agenda item E2 and the fact that the other two appendices were non-exempt, be noted.

The meeting ended at 9.00 pm

CHAIR