



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 1, Islington Town Hall, Upper Street, N1 2UD on **30 January 2023 at 7.00 pm.**

Enquiries to : Mary Green
Tel : 020 7527 3005
E-mail : democracy@islington.gov.uk
Despatched : 19 January 2023

Membership

Councillor Nick Wayne (Chair)
Councillor Flora Williamson (Vice-Chair)
Councillor Janet Burgess MBE
Councillor Sara Hyde

Alan Begg (Independent Member)
Alan Finch (Independent Member)

Substitute Members

Councillor Satnam Gill OBE
Councillor Angelo Weekes

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

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B. Items for Decision

1.	Principal risk deep dive: Health and Social Care Integration & Social Care Market Instability	5 - 14
2.	Report of the External Auditor - Audit findings report (<u>to follow</u>)	-
3.	21/22 Annual Governance Statement	15 - 48
4.	Council Tax base	49 - 58
5.	22-23 Internal Audit Interim Report	59 - 94
6.	Principal Risk Update	95 - 100
7.	Annual report of the Personnel Sub-Committee	101 - 104
8.	Annual report of Pensions Sub-Committee (<u>to follow</u>)	-

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

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 meeting of the Audit Committee and Audit Committee (Advisory) will be on
13 March 2023

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London Borough of Islington

Audit Committee and Audit Committee (Advisory) - 15 November 2022

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at Islington Town Hall, Upper Street, N1 2UD on 15 November 2022 at 7.00 pm.

Present: **Councillors:** Nick Wayne (Chair), Flora Williamson (Vice-Chair),
Janet Burgess MBE and Sara Hyde,

Independent members: Alan Begg and Alan Finch

Councillor Nick Wayne in the Chair

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

None.

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

None.

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

None.

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

RESOLVED:

That the minutes of the meeting held on 13 September 2022 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

Matter arising

Minute 18 (e) – Review of Audit Committee’s terms of reference – Noted that the updated terms of reference had not yet been circulated to members of the Committee for further review and approval before the Council meeting in December 2022. The clerk undertook to follow this up with the Committee Services Manager.

31 **REVIEW OF POLLING DISTRICTS AND POLLING PLACES - FINSBURY PARK WARD (Item B1)**

RESOLVED:

(a) That the changes to polling districts and polling places detailed in paragraph 3.6 of the report of the Director of Law and Governance be approved.

(b) That the comments/representations received from councillors and residents, also detailed in paragraph 3.6 of the report, be noted.

(c) That thanks be expressed to the Election Team for their work and in particular the efficient running of the Elections held in May 2022.

32 THE COUNCIL'S USE OF INVESTIGATORY POWERS (Item B2)

The Committee noted the following:

- The good progress to date against the actions in the action plan and that the last audit had been undertaken in July 2021 by the Housing Investigations Team. As a result of that particular audit, the manager had checked all the data, reduced hard copies and ensured that electronic RIPA data was available
- That training had taken place across the Council, with an emphasis on reaching as many officers in different services as possible.
- That the pandemic had been a major factor in the reduction of the number of cases of direct surveillance in the past two and a half years. Council officers were now resuming its use.
- That ultimate responsibility for ensuring that proper checks were in place where RIPA authority should have been sought, lay with the FRO. This ensured no breaches. Safeguards were in place to ensure the use of RIPA if required in the case of prosecutions.

RESOLVED:

(a) That the level of directed surveillance undertaken by the Council and detailed in the report of the Corporate Director of Resources be noted.

(b) That the recent developments in the Council's arrangements to ensure compliance with the provisions of the Regulation of Investigatory Powers Act 2000, also detailed in the report, be noted.

33 ANNUAL STANDARDS AND MEMBERS' CONDUCT REPORT (Item B3)

Members asked particular questions in relation to complainant 2 and 4, detailed in paragraph 3.9 of the report of the Director of Law and Governance and Monitoring Officer, as to what further enquiries had been made to elicit further information from those complainants. They also asked about support offered to a member of the public who wished to make a complaint about a councillor, including a member of the public who had been known to make vexatious complaints against the Council/councillors and possibly had a restraining order preventing them from approaching the Council. The Senior Lawyer (Governance), who was in attendance, undertook to provide responses to Members outside of the meeting.

Councillor Hyde detailed the greatly expanded programme of training opportunities for councillors, all facilitated by the recently appointed Member Development Officer. This included bespoke requests from councillors and external courses covering such topics as licensing law, data protection, scrutiny and safeguarding. The councillors' training programme would develop in the coming years and was part of the programme to have a leading Council providing good services to residents.

RESOLVED:

That the contents of the report of the Director of Law and Governance and Monitoring Officer, detailing standards of member conduct, a summary of complaints received under the Code of Conduct Complaints Procedure and their outcome, information on member training and development and declarations of interest, be noted.

34

UPDATE ON THE LOCAL AUTHORITY EXTERNAL AUDIT MARKET AND APPOINTMENT OF EXTERNAL AUDITORS FROM 2023 (Item B4)

The following points were noted during discussion:

- A question was asked as to whether the rise in fees would also apply to the audit of the Pension Fund and what the likely cost would be. The Deputy Director of Finance undertook to check this, noting that the costs would be recharged to the Fund
- The PSAA anticipated that fees were likely to increase by up to 150% from the previous year to ensure that the audit process was robust and provided assurance to the public and that the audit was conducted in a timely manner
- Although no additional services would be provided by KPMG, the provisionally appointed auditor to the Council, it was anticipated that their services would be of better quality and timely

The Director of Finance detailed progress on the 21/22 audit process by Grant Thornton, the current Council auditor. The Council was supplying the required information to the auditor as swiftly as possible, but the levels of thresholds for the auditors to meet to satisfy themselves that the accounts were in order had increased, meaning that their work was taking longer. The aim was to have the accounts available for consideration at the Audit Committee on 30 January 2023.

RESOLVED:

(a) That it be noted that KPMG had been proposed as the new audit firm from 2023/24 for both the Council and the Pension Fund.

(b) That it be noted that the scale of fees was anticipated to rise by approximately 150%, meaning an increase from approximately £180k to £450K and from £250k to £625k for variations in 2021.

The meeting ended at 7.50 pm

CHAIR

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**Adult Social Care
7 Newington Barrow Way
London N7 7EP**

Report of: Director of Adult Social Care

Meeting of: Audit Committee

Date: 30th January 2023

Ward(s): All

Subject: Risk Deep-Dive: Health and Social Care Integration and Social Care Market Instability

1. Synopsis

- 1.1. In accordance with its Terms of Reference, the Audit Committee (the Committee) is required to consider the Council's arrangements for corporate governance and risk management.
- 1.2. The Committee agreed at its meeting in June 2022 to conduct regular deep-dives on individual Principal Risks. The purpose of the deep-dive is for the Committee to obtain a deeper understanding of the chosen risk area, develop insight into risk controls and the action plan, and to get the opportunity to discuss the risk directly with the risk lead.

2. Recommendation

- 2.1. To note the risk management strategy for these two Principal Risks.

3. Background

- 3.1 Health and Social Care Integration is a key priority for Islington and a national government priority. The publication of the Health and Care Act 2022, and its previous white paper set out significant change to the configuration of the health system and the local authorities role in that system, which poses a potential risk to the local authority.
- 3.2 At the heart of the changes brought about by the Act is the formalisation of integrated care systems (ICSs), replacing Clinical Commissioning Groups (CCG) at a Borough level and moving to a North Central London footprint covering Islington, Camden, Barnet, Enfield

and Haringey. ICSs are partnerships that bring providers and commissioners of NHS services across a geographical area together with local authorities and other local partners to collectively plan health and care services to meet the needs of their local population.

- 3.3 Each ICS is made up of two parts: an integrated care board (ICB) and an integrated care partnership (ICP). ICBs will be tasked with the commissioning and oversight of most NHS services and will be accountable to NHS England for NHS spending and performance. ICPs will bring together a wider range of partners, not just the NHS, to develop a plan to address the broader health, public health, and social care needs of the population. ICSs have the potential to reach beyond the NHS to work alongside local authorities and other partners to address the wider determinants of health.
- 3.4 As outlined the intentions are well founded in that they are partnerships that bring together NHS organisations, local authorities and others to take collective responsibility for planning services, improving health and reducing inequalities across geographical areas. There are 42 of them in England. They stem from a recognition that the traditional barriers between GPs, hospitals, and community services, between physical and mental health, and between health and social care need to be broken down to provide care that is much better integrated. So that people with multiple health conditions, not just single diseases, are better supported. Integral to the concept is that a much stronger emphasis needs to be placed on prevention, on population health and on tackling socio-economic inequalities and the health consequences that flow from them – things that neither local authorities, nor the NHS can achieve on their own, even when working with the voluntary, community and social enterprise (VCSE) sector.
- 3.5 In terms of the move to ICS there is a risk that this broader footprint for health authorities may lend itself to a system harmonisation, which could potentially result in expansion of services to some boroughs or conversely reduction of services which are not provided in all boroughs. To counter this within each ICS there are also ‘place based’ partnerships which in NCL are based on borough boundaries. In Islington we have a strong reputation for successful health and care integration. However, the broad risk is related to the change and implementation which will see new partnerships and arrangements put in place over a wider North Central London (NCL) footprint. Specifically, the risks associated with this include:
- Islington ‘Place Based’ priorities for residents regarding health and care do not get subsumed and delayed within ICB system developments and are proactively managed and progressed.
 - Islington Place Based arrangements are able to leverage ICB system support and local delegation to enable maximum impact for residents.
 - Current & future NHS investment continues to deliver the best outcomes for residents.
- 3.6 Intersected with this is Social Care Market Instability. Local Authorities have a statutory responsibility to provide a viable and sustainable social care market to meet the needs of the local population who meet Care Act eligibility. This includes a range of services including residential care, home care, support with connecting to the local community and employment support, for people with a range of needs and disabilities such as learning disability, mental health and physical health conditions.

- 3.7 The main risks associated with social care market instability are:
- Financial - Many years of austerity creating challenging environment for the council and ability to award contracts of sufficient value to sustain the market, compounded by recent inflation.
 - Changes to the Integrated Care System as set out above and the interdependence in Islington with our joint commissioning arrangements which could impact on health funding available to Islington
 - Workforce - inflation running at a high level and cost of living crisis affecting adult social care workforce, which is paid less favourably than comparative sectors.
- 3.8 These risks are being mitigated by several factors some related to ensuring a successful relationship with the ICB and development of the Integrated Care Partnership, and others specifically on ensuring sufficient viability of the care market.
- 3.9 There is very senior management presence at the Integrated Care Partnership at North Central London level to ensure that the voice of Islington is heard and respected. In addition, the Director of Adults Social Care co-chairs the local Place Based Partnership Board (Integrated Care Board) to steer the direction and influence the development of health and care integration on the Islington footprint. This is going very well with four key strategic workstreams driving collaboration and integration at place.
- 3.10 In addition, the S75 Commissioning Partnership and Better Care Fund remains in place which oversees a pooling of approximately £80m across the council and health for the delivery of integrated services, and commissioned support from the adult social care market. There has been no reduction in funds, and slightly increases in some areas. We continue to monitor and influence this position as there continues to be pressure from health to find efficiencies due to financial pressures in the system.
- 3.11 There remains no delegation of new funds or decision making to a Place level and as such we continue to exert influence on the ICP to introduce this, a road map to achieving this is in its infancy but there does appear to be commitment from the Chief Executive of the ICB.
- 3.12 The local social care market has therefore not as yet been negatively impacted by any changes to the integration agenda and we continue to stress the importance of jointly funding social care to improve resident well-being and reduce demand on NHS services.
- 3.13 In addition, the council takes the following steps to mitigate market failure and improve stability as follows:
- Robust Annual Uplifts Process to review payment terms, and requests for uplifts across the sector. This is working well with no providers having gone into failure. Benchmarking across London took place from home care and residential care, the two biggest spend areas, and Islington was found to be paying a fair rate in line with NCL boroughs and below other some other boroughs. These combined elements suggest Islington is getting the balance right with regard to rates of services.
 - Since COVID we know that there has been attrition of workforce across the social care sector, brought on by a range of factors such as level of risk for staff with health conditions, compulsorily vaccinations (since repealed), the pressure of working with highly complex needs etc. In Islington we are fortunate not to be significantly impacted by this national trend, though the workforce is still fragile and needs

support. We believe that our joined up approach with health has supported this, providing detailed support regarding COVID infection control lead by clinicians, close partnership working and public health support, as well as Islington's commitment to paying fair rates of pay and improving workforce terms and conditions.

- The dramatic increase in inflation in 2022 posed a significant risk for adult social care market as the council had planned for a lower level of inflation. Recent new funding streams from central government have allowed the council to make pay awards closer to the level of inflation and provided mitigation against this.
- Islington chose to use some of its winter discharge grant funding to provide retention payments to home care workers to support them with the costs of living crisis and to thank them for their continued contribution to social care given the challenge of delivering care and the poorer rate of pay compared with NHS staff.

3.14 The Market can also fail due to quality concerns and poor delivery as such in Islington there is a significant programme of work to ensure adequate support, collaboration and monitoring of services to support their development and provide assurance that care is delivered safely. Broadly these comprise of:

- In person visits, provider forums and regular bulletins to enhance knowledge in the sector, and to provide opportunities for providers to raise concerns and issues including any staffing or financial difficulties.
- Contract monitoring and auditing of providers to assess care delivery and safety.
- An audit tool that prioritises providers where we have concerns to support and challenge issues early as well as mitigate potential risks.
- Multi-professional attendance at Provider Quality and Oversight Board to triangulate data about providers to spot risks early, provide support and put in place actions where quality may be compromised, including removing contracts from the provider where necessary.

3.15 The next 12 months is likely to continue with the same level of risk exposure as now, as the development of Integration continues to shape, and the market continues to struggle with rising levels of inflation and staffing challenges a situation that is not unique to Islington.

3.16 Islington senior leaders will continue to strive for greater delegation of decisions at a place level to mitigate the risk of health funds being diverted to other areas of NCL, we have the support of other LA Directors of Adult Social Care in this which is very much welcomed.

3.17 The funding settlement for Islington from government in tandem with the increase on the social care precept provides some cover for rising costs of delivering services, however this is compromised with rising demand and complexity of need of our residents. As such a prudent approach is needed to manage costs across social care and provide sufficient compensation to ensure that market failure is averted.

4. Implications

4.1. Financial Implications

- 4.1.1. There are no financial implications arising from this report. The programme of work has been met from within the existing risk management budget. The financial implications of individual risks will be met by local budgets.

4.2. Legal Implications

- 4.2.1. There are no legal implications arising from this report. Legal advice and support will be provided, where necessary, in relation to individual risks as risks are identified. Under the Health and Care Act (2022) 42 ICSs become legal entities on 1 July 2022, with the creation of two related entities for each ICS – an **integrated care board (ICB)** and **integrated care partnership (ICP)**. These two bodies will lead an ICS and have responsibilities within the ICS, as follows:

Integrated Care Board (ICB): a statutory NHS organisation responsible for developing a plan for meeting the health needs of the population, managing the NHS budget and arranging for the provision of health services in the ICS area. ICBs will take over the commissioning responsibilities of clinical commissioning groups (CCGs) and these will be abolished. CCG staff are expected to transfer to the ICB.

Integrated Care Partnership (ICP): this organisation will be responsible for bringing together a wider set of organisations to promote partnership arrangements and develop a plan to address the broader health, public health and social care needs of the population. Membership of the Partnership Board will include representatives from the ICB, and others to be determined locally, such as local government, NHS organisations, social care providers, housing providers, independent sector providers, and local Healthwatch organisations. They will be responsible for developing an integrated care strategy, which sets out how the wider health needs of the local population will be met.

4.3. Environmental implications and contribution to achieving a net zero carbon Islington by 2030

- 4.3.1. There are no environmental implicating arising from the recommendations in this report.

4.4. Equalities Impact Assessment

- 4.4.1. 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.

- 4.4.2. An Equalities Impact Assessment is not required in relation to this report, because the recommendation being sought does not have direct impacts on residents.

5. Conclusion and reasons for recommendations

- 5.1. The Committee is asked to note the risk management strategy for this Principal Risk.

Appendices:

- Appendix 1 – Risk on a Page: Health and Social Care Integration
- Appendix 1 – Risk on a Page: Social Care Market Instability

Final report clearance:

Signed by:

Director of Adult Social Care

Date: 4th January 2023

Report Author: Jill Britton
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Financial Implications Author: Shakeel Yasin
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Appendix 1: 'Risk on a page' – Health and Social Care Integration (Extract from Principal Report June 2022)

Risk Information Risk Title – Health and Social Care Integration	Risk Scores	Existing Controls			
<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 the move to an Integrated Care System and new governance arrangements for the NHS and role of the Local Authority</p> <p>Consequence - Poor health and care outcomes for residents</p> <p>Risk Update - The Health & Social Care Integration White Paper was updated and published on 9 February 2022. It provides a promising base on which to build a more collaborative culture. Subject to on-going discussions, it will be important to acknowledge that local government place is where real changes happen, and appropriate funding is maintained to ensure delegated functions at place level can effectively be delivered.</p>	<p>Current Score: L:3 I:4</p> <p>Target Score: L:2 I:2</p> <p>Gap to target: L:1 I:2</p>	<ol style="list-style-type: none"> 1. Health & Wellbeing Board, via the Leader of the Council is required to sign off our annual BCF plans with the NHS 2. Quarterly Section 75 meetings at Service Director level provide joint governance oversight of our pooled budgets 3. Annual Section 75 reports to the Health & Wellbeing Board provide strategic governance over our pooled budgets 4. The Fairer Together Partnership, and its sub-boards will provide a clear and more effective governance framework for integration locally including more shared and local decision making around our local resource. The Fairer Together Borough Board, and its sub-boards is proving to be an effective forum for establishing vision, working principles and a plan of action across the Islington footprint. 			
Action	Expected impact	Resources required	Owner	Due Date	Status
<p>In response to the White Paper, effective Islington place level joint arrangements in place reporting into the Fairer Together Board and H&WB to strengthen Health & Social Care cross system working and on-going integration.</p>	<p>Reduce overall risk score</p>	<p>Capacity to effectively coordinate agreed ICS arrangements</p>	<p>J. Everson</p>	<p>Sept 2022</p>	<p>In progress</p>

Appendix 2 'Risk on a page' – Social Care Market Instability (Extract from Principal Report June 2022)

Risk Information	Risk Scores	Existing Controls			
Risk Title – Social Care Market Instability					
<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 Update –</p> <p>During surges of the COVID-19 pandemic, regular weekly reporting to both ASC Silver and LBI GOLD meetings have taken place to update on the position with regards in particular to the care home and domiciliary care providers.</p> <p>Regular Communication arrangements have been in place to keep in touch with providers and identify any potential issues that may arise.</p> <p>Contract monitoring has been taking place despite access issues, virtual visits have enabled visual contact and review where appropriate to be maintained. Face to face visits have recommenced.</p> <p>Increase cost of energy, LLW and inflation may increase provider instability and costs to the Council.</p>	<p>Current Score:</p> <p>L:3</p> <p>I:4</p> <p>Target Score:</p> <p>L:2</p> <p>I:3</p> <p>Gap to target:</p> <p>L:1</p> <p>I:1</p>	<ol style="list-style-type: none"> 1. 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, this has seen a significant increase in spot providers, particularly in the domiciliary care market. Providers have been supported financially through recruitment and retention grants which has supported their sustainability and ability to flex to meet additional responses that COVID has required. 2. We have worked across NCL to secure additional care home capacity at times of increasing pressure (winter and surges). 3. We have regular provider forums and have increased opportunity to have 1:1 discussions with providers during the Covid-19 pandemic so concerns and risks can be addressed quickly. 4. Impact of increases in energy costs, LLW and inflation will be partially offset by Fair Cost of Care Grant 5. We have contingency plans in place to manage either provider failure or provider withdrawal from the market. 6. 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. 7. There are a number of workforce initiatives underway across Islington and North Central London to promote social care careers and workforce development. 			
Action	Expected impact	Resources required	Owner	Due Date	Status

Monitoring of the local and national provider market	Reduce Likelihood	Staff	J. Everson	Ongoing	In progress
Collaboration across North Central London with local authority and NHS colleagues to support the social care market and workforce.	Reduce Impact	Staff	J. Everson	Ongoing	In progress

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Resources
7 Newington Barrow Way
London N7 7EP

Report of: Corporate Director of Resources

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	30 January 2023		All

Delete as appropriate		Non-exempt
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Annual Governance Statement 2021/22

1. Synopsis

- 1.1. This report provides Committee with the Council’s 2021-22 Annual Governance Statement (AGS). In accordance with Regulation 6 of the Accounts and Audit Regulations 2015, the Council is required to undertake a review of its governance framework and publish an AGS as part of the Statement of Accounts.
- 1.2. The purpose of the AGS process is to provide a continuous review of the Council's governance framework, to provide assurance on its effectiveness and, where applicable, produce an action plan to address weaknesses identified. The process of preparing the AGS adds value to the corporate governance and internal control framework.
- 1.3. This report is intended to support the Committee in obtaining assurance that the Council has a sound framework of governance, risk management and internal control.

2. Recommendations

- 2.1. To approve the Annual Governance Statement attached at Appendix A.
- 2.2. To authorise the Corporate Director, Resources, in consultation with the Chair of the Audit Committee, to approve minor amendments to the Annual Governance Statement prior to the final signing of the statement of accounts.

2.3. To note that officers will report back on any amendments made to the Annual Governance Statement at a subsequent Audit Committee and provide a copy of any amended version of the Annual Governance Statement for the Committee's information.

3. Background

3.1. As in previous years, the production of the AGS has been led by the Head of Internal Audit, with contributions received from key officers across the Council in areas including Law, Finance, Strategy, People, Housing, and Environment. The Council's Corporate Management Board has also reviewed the AGS. The Chief Executive and Leader will sign the AGS following approval by the Audit Committee and once adjustments have been made as outlined in the recommendations at section 2 above

3.2. The Local 2021-22 AGS follows the guidelines encompassed in the CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework (2016).

3.3. Section 3 of the AGS aligns with Chapter 7 of the CIPFA/SOLACE framework, which lists the key elements of the structures and processes that should comprise an authority's governance arrangements.

3.4 In line with the framework, the AGS is an assessment of the Council's performance across all of its activities and describes:

- The key elements of the Council's governance arrangements, covering all corporate systems and the range of activities for which the Council is responsible (Section 3)
- the processes applied in reviewing the effectiveness of the Council's governance framework, including the system of internal control (Section 4)
- other areas of assurance and governance (Section 5)
- the actions proposed to deal with any significant governance issues identified (section 6)

3.5 The Governance framework described in the AGS has been in place at the Council for the year ended 31 March 2022.

3.6 The statement was also shared with the Council's External Auditors, who reviewed the statement and provided comments.

4 Implications

Financial Implications:

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

Legal Implications:

- 4.6 Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct an annual review of its system of internal control and, following the review, the Council must approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, before approving the statement of accounts.

Environmental Implications and contribution to net zero carbon by 2030

- 4.7 There are no environmental impacts arising from this report.

Equality Impact Assessment

- 4.8 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.
- 4.9 A resident impact assessment has not been carried out since the contents of this report relate to a purely administrative function and there are no direct impacts on residents.

5 Conclusion and reasons for recommendations:

- 5.8 An approved Annual Governance Statement is a regulatory requirement and underpins good governance.

Appendices:

Appendix A 2021-2022 Annual Governance Statement

Background papers:

None

Final Report Clearance:

Signed by: Authorised by David Hodgkinson

Corporate Director of Resources

Date

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London Borough of Islington Annual Governance Statement 2021/22

1. Scope of responsibility

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

2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems, policies, processes, culture and values by which Islington Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.3 The governance framework described in this document has been in place at Islington Council for the year ended 31 March 2022 and up to the date of approval of the Statement of Accounts.

3. The governance framework

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

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

- 3.1.1. The Council expects the highest standard of conduct and behaviour from all its Members and officers. Responsibility for promoting, developing and maintaining these high standards lies with the Audit Committee, supported by the Standards Committee. The Standards Committee is responsible for considering complaints regarding alleged breaches of the Members' Code of Conduct. The Audit Committee receives an annual report on Member conduct (most recently at the October 2021 meeting). In accordance with the Localism Act 2011, the Council has appointed Independent Persons who have statutory functions in relation to the process for dealing with complaints of breach of the Code.
- 3.1.2. A new Code of Conduct for Members was adopted at Annual Council on 20 May 2021. It is based on the new Local Government Association (LGA) Model Code and the Council's previous version of the Code.
- 3.1.3. Part 6 of the Constitution contains the revised Members Code of Conduct, which sets out the rules for registering and declaring interests; it also includes protocols on Member/Officer Relations, Financial Regulations and Procurement Rules, and the Members Call for Action.
- 3.1.4. Part 7 of the Constitution contains the Members' Allowance Scheme, which includes details on Members' eligible expenses. The scheme is reviewed annually taking into account advice and recommendations of the London Council's Independent Remuneration Panel.
- 3.1.5. An Employee Code of Conduct is publicised to staff.
- 3.1.6. The Council has an established whistle blowing policy in accordance with the requirements of the 1998 Public Interest Disclosure Act. Whistleblowing arrangements are a key element of the Council's overall governance arrangements. It is the mechanism to empower the honest majority in the fight against fraud and corruption and is an integral part of the Council's Anti-Fraud Strategy. The Council's Whistleblowing Officer is the Head of Internal Audit, Investigations and Risk Management.
- 3.1.7. Whistleblowing allows employees, contractors and others to raise concerns surrounding potential fraud and corruption. The whistleblowing policy was reviewed and updated in May 2020 and January 2021 in line with good practice and approved by the Audit Committee. The whistleblowing policy is located on the Council's intranet. The Audit Committee receives a report concerning whistleblowing bi-annually. A further update is expected in early 2022/23.

- 3.1.8. The Council has a formal two-stage process for managing complaints. Our aim is to ensure that when things go wrong, the Council responds quickly to put things right. The process is set out on the Council's website and copies are available from the Corporate Customer Service Team.
- 3.1.9. The Council's Corporate Customer Service Team is responsible for the overall management of complaints. Its aim is to ensure the Council learns and improves its performance as a result of customer feedback. Departmental Complaints Officers record and report on all complaints, and the service response is monitored.
- 3.1.10. Customers and residents who are dissatisfied with how the Council has dealt with a complaint can contact the Local Government and Social Care Ombudsman or the Housing Ombudsman; independent, impartial and free services. The Ombudsman has powers to independently investigate complaints about how the Council has acted.

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

- 3.2.1. The Council's Personnel Sub-Committee is responsible for the appointment (save on an interim basis) of Corporate Directors, Service Directors, statutory chief officers and for making a recommendation to Council on the appointment of the Chief Executive. The committee is comprised of both members of the Executive and back-bench members of the Council and appointments are made in accordance with the Recruitment Protocol. The members of the Personnel Sub-Committee participate in some of the preliminary decisions prior to the formal meetings of the committee, such as longlisting, and have an important role in helping to shape the recruitment process.
- 3.2.2. In accordance with the Officer Employment Rules in Part 4 of the Council's Constitution, the appointment and dismissal of non-chief officers will be discharged by the Chief Executive or the Corporate Director of the department in which that officer is employed. The Chief Executive and Corporate Directors may delegate this function to Service Directors, Heads of Service and Service Managers in their department.
- 3.2.3. Chief Officers are responsible for ensuring that their staff operate in accordance with employment policies and the Code of Conduct for Employees, which promotes high standards of behaviour. As well as providing legal support on specific projects and issues, the Council's Legal Service provides proactive updates, training and advice to Members, Chief Officers, Managers and staff on new legislation and case law developments and changes to existing legislation and regulations. All decision making reports to the Council, its Committees and the Executive include appropriate legal implications. Legal Services also provide legal implications for decision reports to Chief Officers and to meetings of the Corporate Management Board. The Director of Law and Governance attends or is represented at all Council, Executive, Audit Committee, Planning Committee and Licensing Committee meetings and other meetings when requested.
- 3.2.4. The Internal Audit service produces an annual plan, which aligns with principal risks facing the Council and sets out a programme of work designed to provide assurance to the Section 151 Officer, Management and Members that the Council complies with relevant laws, regulations, internal policies and procedures and has taken action to mitigate principal risks. Internal Audit reports progress and outcomes of delivery of the audit plan to Audit Committee bi-annually. Internal Audit updates are also included as a standing item at each Audit Committee meeting.

3.2.5. The Audit Committee noted the annual Principal Risk Report in May 2021 and received further updates on risk management matters in July 2021 and January 2022. These reports reflect the Council's changed risk profile in light of the pandemic and other changes in its risk environment, along with actions that were being taken to mitigate principal risks. External audit reports are also available to the Audit Committee.

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

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

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

3.3.2. The Council sets out its commitment to Freedom of Information and Environmental Information Regulations in its Access to Information Policy and its commitment to complying with Individual Rights, as set out in the UK General Data Protection Regulation, in the Individuals Rights Policy. The council did not achieve the 90% compliance rate when responding to requests in 2021-22 with compliance for Freedom of Information (FOI) requests at 82% and Individual Rights Requests at 65%. FOI compliance was impacted by a number of restructures, absence of key personnel and an increase in requests. Individual Rights Requests have seen a significant increase in complex requests for historic social care which often involve a significant number of paper files. The council is committed to improving its response rates to requests, ensuring that it is at least 90% compliant and introduced a number of measures to improve response rates which include an increase in reporting and senior management oversight, creation of an Open Data Strategy to increase proactive publication.

3.3.3. A comprehensive Data and Information Management policy suite is in place to ensure staff are aware of their obligations to keep personal data secure. All staff are trained on their Data Protection and Information Governance responsibilities via mandatory eLearning courses. This training also includes cyber security awareness training.

3.3.4. The Council continues to support the delivery of the Information Governance Strategy that sets out its commitment to ensuring the Council's continued compliance to legislation and this will continue to be tracked in the coming year.

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

- 3.3.6. The Information Commissioner's Office (ICO) carry out compulsory audits or ask organisations to participate in a 'consensual' audit. The Council participated in a consensual audit by the ICO in 2015. The Council are required by law to refer data breaches to the ICO where they meet the threshold for reporting. The Council reported 5 incidents in 2021/22, all were closed with no further action as the ICO was satisfied with the mitigating actions taken by the council.
- 3.3.7. Individuals are entitled to escalate complaints to the ICO, these arise either from a Freedom of Information (FOI) or Data Protection (DP) concern (late/incomplete subject access request, alleged data breach of data protection legislation etc). The ICO can issue a decision notice in response to an FOI complaint (this can be for or against the Council). The ICO can also issue practice recommendations or fines in relation to breaches of DP legislation (e.g. breach of data or another breach of legislation such as failing to respond to a subject access request in one month). The Council have had no decision notices or practice recommendations issued in 2021/22 from the ICO.
- 3.3.8. Individuals are entitled to appeal an ICO decision notice or data protection complaint to the First Tier Tribunal (FTT), whilst these appeals are against the ICO the Council can be added as a second respondent by the ICO or the FTT. The Council was not added as a second respondent to any FTT complaints in 2021/22.

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

- 3.4.1. The Council regularly engages and consults with residents and the wider community on a diverse range of issues. Various communication channels are used, including the Council's websites, email, social media channels, public meetings and the quarterly magazine delivered to residents. Throughout the pandemic the Council has engaged extensively with community groups, using their insight to shape its communications materials and approach so that the Council can make sure important messages reach the right people through channels they trust. Examples of engagement include targeted communications once vaccinations had started such as 'Near Neighbours', as well as the launch of the 'We are Islington' helpline earlier in the pandemic. Surveys of residents are undertaken to test perceptions of the Council, its services, and the priorities for residents. The findings are used to shape policy and communications. The 2021 Annual Resident Survey of 1,000 residents was conducted last year and provides insight into resident perception and satisfaction which is used to inform service planning.
- 3.4.2. It is recognised that social and economic inequalities exist for both residents and staff, and have been exacerbated by the pandemic, austerity and the cost of living crisis. In 2021/22, the Council has continued to work to tackle the risks of social and economic inequalities across the Borough, and the Principal Risk Report documents mitigating actions. The Council has established a wide range of methods for engaging the community enabling community groups and voluntary sector organisations to inform, co-develop and co-deliver the Council's aspirations for a more equal Islington. Over the last year the Council has carried out its biggest ever engagement programme called 'Let's Talk Islington' which aims to better understand how inequality impacts the daily lives of our community and how we can work together to tackle some of these challenges. This work has been enhanced with a particular focus on equality through the Council's Challenging Inequalities programme which sets out our approach to tackling inequality, racism and discrimination in our capacity as an employer, strategic leader, and service provider/ commissioner

- 3.4.3. The Council facilitates a number of networks with community partners, in particular for voluntary sector organisations and faith communities working to promote equalities outcomes for communities with protected characteristics, these funded organisations can be viewed [here](#). This is supplemented by an annual programme of community and equality events delivered in partnership with the borough's voluntary and community sector as well as some delivered directly by the Council. The Council has also committed to Black History 365, a year round programme of events to celebrate Black history as well as provide opportunities for learning.
- 3.4.4. In response to the pandemic, the Council worked in partnership with voluntary organisations and community groups through its 'We Are Islington' response, enabling residents to access practical support around money, food, utility top ups and social isolation. Through this work the Council established clear communication lines with VCS groups and the wider community to enable a two way exchange of information around infection rates, testing, vaccinations and key issues affecting the community, with a particular focus on sections of the community most at risk (age, ethnicity, disability status).
- 3.4.5. Through its VCS Partnership Grants Programme, the Council has made commitments of £2.7 million per annum until March 2024. Alongside this, the Council runs small grants programmes, including the Islington Council Community Chest fund and Local Initiatives Fund which enable communities to mobilise and respond to community need. Enabling and working with a strong, vibrant and independent voluntary and community sector, allows for clear communication channels with all sections of the community and intelligence that informs the Council's policy responses. All organisations that receive awards are required to comply with the Council's minimum standards for VCS organisations and are subject to proportionate grant monitoring that aligns with the Council's audit approach.
- 3.4.6. Council meetings are open to the public; the only exception is for agenda items that are confidential. The time, date and location of public meetings are displayed on the Islington website.
- 3.4.7. During the Covid-19 crisis, the Council used the powers in the 'Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020' to hold remote committee meetings.
- 3.4.8. Ward partnership meetings provide a means for councillors to engage with residents and organisations in their ward to discuss local issues. Those meetings are open to the public.
- 3.5. **Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning and translating the vision into courses of action for the authority, its partnerships and collaborations**
- 3.5.1. The central aim of the Council's Administration is to create a more equal future in Islington. The Council's priorities to achieve its vision of a more equal borough are set out in the [Strategic Plan 2021, Islington Together For a more equal future](#), which sets out the strategic framework that will drive the council's work with its partners over the coming years. As well as outlining priorities, it also describes the council's principles, programmes and behaviours that will enable the organisation to deliver on the priorities. The Council has carried out its biggest ever engagement programme called 'Let's Talk Islington' to really understand the experiences of inequality for our residents, what their hopes and aspirations are for the future, and how we can work together to tackle some of the challenges. The findings from

Let's Talk Islington will inform the Council's vision and priorities and will ensure that the community voice is firmly at the heart of council activity.

3.5.2. The Council's five key priorities are:

- Children & Young people – Children and young people have the best start
- Jobs & money – Local jobs and businesses in a thriving local economy
- Homes – Everyone has a place to call home
- Environment – Cleaner, greener, healthier borough
- Safety – Communities feel safe, connected and inclusive

3.5.3. The council's principles are:

- We stand up to and challenge inequality
- We work in partnership
- We are committed to early intervention
- We embrace change
- We are driven by delivering impact

3.5.4. The council's strategic programmes are:

- Challenging Inequality
- Fairer Together
- Community Wealth Building
- Homes and Neighbourhoods
- Cleaner, greener, healthier Islington
- Team Islington

3.5.5. The council's behaviours are:

Be...

- Collaborative
- Ambitious
- Resourceful
- Empowering

3.5.6. These priorities, principles, programmes and behaviours and the intended outcomes have been communicated to staff, residents and service users in newsletters, on the Council's website (www.islington.gov.uk) and through a variety of other media. The Council also uses large print and translated documents to make the information accessible. More detail about each of the elements can be found in the council's [Strategic Plan 2021](#).

3.5.7. The Council uses feedback from surveys and complaints in its commissioning strategies and actively engages with service users and carers to co-produce plans for service development and service change.

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

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

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

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

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

3.6.4. Decision making arrangements are set out in the Constitution. The Council operates a Leader and Cabinet (Executive) model of decision making. Although some decisions are reserved for full Council, most are made by the Executive or by Committees, Sub-Committees or officers. The limited powers delegated to individual portfolio holders are set out in the Constitution as is the process should the Leader decide to exercise any Executive functions personally. In accordance with the Local Government Act 2000, the Council has mechanisms in place to allow the effective, independent and rigorous examination of the proposals and decisions by the Executive. These mechanisms involve the overview and scrutiny process, call-in and question time. The conduct of the Council's business is governed by the Constitution.

3.6.5. The Constitution includes formal delegation of responsibility and accountability, the Council's Procurement Rules and Financial Regulations. The Monitoring Officer and Section 151 Officer have overall responsibility for ensuring that standing orders, standing

financial instructions, the scheme of delegation and supporting material are up to date and clearly communicated.

3.6.6. The Executive is responsible for the implementation of policy and ensuring the effectiveness of service delivery. The scrutiny function supports effective decision making and policy development by the Executive. The Policy and Performance Scrutiny Committee and Review Committees are responsible for overseeing a targeted work programme that can help support service improvement through an in-depth investigation of poor performance and the development of an effective strategy/policy framework for the Council and its partners. This includes consideration of medium-term financial strategy. The Policy and Performance Scrutiny Committee and Review Committees are the scrutiny bodies responsible for monitoring the performance of the Council and its partners in relation to their stated policy and priorities.

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

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

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

- Corporate Performance Indicators – performance measures covering the impact of key services and priorities;
- Internal monitoring and challenge around performance and delivery through Departmental Management Teams and Corporate Management Board;
- Public reporting and scrutiny through quarterly reports to scrutiny committees, including more in-depth scrutiny of specific topics; and
- Overall monitoring of corporate performance through the Policy and Performance Scrutiny Committee.

3.7.2. Performance reports are submitted to the Council's five scrutiny committees on a quarterly basis. The reports are published in the papers for the relevant meetings on the Council's website.

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

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

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

3.8.3. The Constitution is updated at least annually to reflect any internal or legislative changes. Key amendments coming into effect in 2021/22 included adoption of a new Code of Conduct for Members and updates to the Procurement Rules.

3.9. Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) and ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019)

3.9.1. The Corporate Director of Resources (who is also the Section 151 Officer) and the Director of Finance were responsible for leading and directing financial strategy and operations for 2021/22. These officers were responsible for:

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

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

3.9.3. The Information Governance Board meets at regular intervals to discuss and monitor compliance with corporate systems of internal control, cyber security and governance issues. The group includes the Corporate Director of Resources, the Director of Law and Governance (the Council's Monitoring Officer), the Director of Digital Services and the Head of Information Governance and Data Protection Officer. Additionally, a Good Governance Group was formed in 2021/22 to enhance the Council's overall governance oversight.

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

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

- Maintaining and keeping under review the Constitution (setting out in particular the bodies and post holders able to exercise the Council's functions, and the code of conduct for members) and making this widely available to Councillors, officers and the public.

- Holding an up-to-date list of authorisations issued by the Directors to other officers under Part 3, paragraph 8.6 and Appendix 3 of the Constitution, authorising other officers to exercise functions delegated to them under the Constitution.
- Reporting to full Council (or to the Executive if the matter to which the report relates is an Executive function) if they consider that any proposal, decision or omission has given, may or would give rise to unlawfulness or has given rise to any maladministration which has been investigated by the Ombudsman.
- Contributing to the promotion and maintenance of high standards of conduct through provision of support to the Standards Committee and by maintaining a Register of Interests of Councillors and voting co-opted members of the Council.
- Receiving and acting on complaints that a member has breached the Islington Members' Code of Conduct.
- Advising whether decisions of the Executive are in accordance with the Policy Framework and the Budget.
- Advising Councillors on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues.

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

3.11.1. The Chief Executive is the Head of Paid Service and works closely with elected members to deliver the following:

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

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

- 3.12.1. The Council is committed to the on-going professional development of Members and officers. Upon election, all Members are provided with a corporate induction and offered access to an on-going training and development programme. Details of all training provided to Members is reported to Audit Committee annually and was last reported in October 2021.
- 3.12.2. The Council is committed to improving the support for elected members and is working towards applying for Chartermark status for member development.
- 3.12.3. Since the local elections in May 2018, training and development has been provided to Councillors on both a group and individual basis. There is an ongoing development programme with several dates scheduled for planned training each year. This has included personal development skills-based work as well as specific knowledge. Councillors have also attended various conferences and away days as well as specific events put on by the LGA and London Councils.
- 3.12.4. The Council uses a Quality Conversations approach to employee performance management. This approach ensures that meaningful conversations take place between managers and employees as regularly as required to manage and improve personal and organisational performance, ensuring that the Council's employees possess the right skills and behaviours to help achieve success. The Policy and Performance Scrutiny Committee received a report on staff performance development in March 2021.
- 3.12.5. New employees attend the Council's corporate induction programme, in addition to which directorate and role specific training is provided where needed. Information on staff training, development programmes and courses available are regularly publicised on the Council's intranet website, IC Bulletin and News Roundup, which includes an induction training course for all new Islington staff and Managers. There is compulsory training for staff on key issues such as equality, data protection and cyber security and health and safety.
- 3.13. Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability
- 3.13.1. The Council continues to make efforts to improve the risk maturity of the organisation and move towards a more risk aware culture by embedding risk management into business-as-usual practices. In 2021/22, work commenced on a revised risk management framework that will further enhance the Council's risk maturity.
- 3.13.2. While the risk management process is dynamic and forms an integral part of ongoing decision making, the Council's Principal Risk Report is revised annually and presented to the Audit Committee. The process is led by the Council's Risk Manager and Head of Internal Audit, in consultation with risk owners, Directorate Managements Teams (DMTs) and the Corporate Management Board (CMB). Risk Management updates are also included as applicable on the Audit Committee's agenda.
- 3.13.3. The work of Internal Audit, in accordance with the annual Audit Plan, continues to be directed towards the high-risk areas as identified within the Principal Risk Report.
- 3.14. Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)

- 3.14.1. The Council's Anti-Fraud Strategy incorporates promotes a zero tolerance approach to fraud and incorporates the Council's fraud response plan. The Council's whistleblowing policy provides a mechanism for suspected fraud to be reported confidentially.
- 3.14.2. The Head of Internal Audit has overall responsibility for anti-fraud related activity and reports outcomes of whistleblowing investigations bi-annually to the Audit Committee.
- 3.14.3. Where applicable, completed anti-fraud investigations in 2021/22 produced reports with recommendations to strengthen controls and further mitigate the risk of fraud.
- 3.14.4. The Council continued to participate in the National Fraud Initiative in 2021/22.

3.15. Ensuring an effective scrutiny function is in place

- 3.15.1. The Policy and Performance Scrutiny Committee and the theme based scrutiny committees enable Councillors to scrutinise the performance of the Council and its partners and decisions made by the Executive.
- 3.15.2. Scrutiny Committees have responsibility for overseeing performance of the service area within their remit. There are four Scrutiny Committees, closely aligned with Council departments as follows:
 - Children's Services Scrutiny Committee;
 - Health and Care Scrutiny Committee (to cover Public Health and Adult Social Care);
 - Environment and Regeneration Scrutiny Committee, and
 - Housing Scrutiny Committee.
- 3.15.3. Policy and Performance Scrutiny Committee acts as the Scrutiny Committee for those areas not covered above i.e. Crime, Employment, Finance and Resources and is initially responsible for all Councillor Calls for Action.
- 3.15.4. Each Executive Member is required to report annually to the relevant scrutiny committee on delivery of services and priorities within their portfolio. The Executive Member is accompanied by the relevant Corporate Director. Details are set out in the performance management framework.
- 3.15.5. Accountability and effectiveness of other service providers is addressed through relevant partnership arrangements, including the Safer Islington Partnership, Children and Families Board and the Health and Wellbeing Board.
- 3.15.6. The Council's scrutiny committees can undertake more in-depth research into particular challenges or concerns, and request evidence from other service providers and external organisations.

3.16. Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities (CIPFA, 2018)

- 3.16.1. The Audit Committee's terms of reference are set out in Part 5 of the Constitution and are in accordance with recommendations from CIPFA. Its key responsibilities include approval of the annual Internal Audit work plan, review and approval of the annual Statement of

Accounts and monitoring the effectiveness of the Council's corporate governance activities and promoting high standards of member conduct.

- 3.16.2. The Committee meets on at least a quarterly basis. Since its inception, it continues to review and report on the Council's auditing processes, with particular regard for performance, value for money, and governance issues. The Committee includes independent members.
- 3.16.3. The Audit Committee and its two Sub-Committees deal with a range of matters including Council accounts and audit functions, personnel and pension functions.
- 3.16.4. The regular training of the Audit Committee's members helps ensure the Committee is able to effectively discharge its responsibilities.
- 3.16.5. The Audit Committee has independent members suitably qualified and trained to support the committee in an advisory capacity.

3.17. Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations

- 3.17.1. Internal Audit assesses the level the implementation of audit recommendations and reports bi-annually to CMB and the Audit Committee. The External Audit is factored into the work plan of the Resources Directorate and adequate resources are devoted to this. Information needed by the External Auditors is provided promptly and the Council remains in regular dialogue with the External Auditors throughout the year.

3.18. Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures

- 3.18.1. The Council works in partnership with a wide range of organisations from the statutory sector, third sector and business sector to deliver services for local people and drive forward improvements in Islington. Partnership working includes different types of relationships – from contractual arrangements between the Council and other organisations to deliver services or projects through to strategic forums (some of which are required by statute, others voluntary) which bring partners together around the table to agree how best to tackle key challenges and shared priorities. Some have funding to allocate and targets to meet, others provide a steer to inform individual partners' priorities and commissioning.
- 3.18.2. Governance arrangements vary depending on the nature of partnership working but are designed to ensure that the partnership remains appropriate, effective and fit for purpose. In addition, the Council's Financial Regulations provide guidance on best practice in managing partnership arrangements.
- 3.18.3. Where the relationship is a contractual one i.e. funding to deliver an agreed service, the contract or service level agreement will set out requirements around use of funding, what is to be delivered, targets, measurable outputs and how the contract is to be monitored, reviewed and evaluated. Contracts and budgets are managed by the relevant department with the Corporate Director having overall responsibility.
- 3.18.4. Where the relationship is a strategic one, for instance membership of a partnership such as the Safer Islington Partnership, the Terms of Reference will set out governance and accountability arrangements.

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

4. Assurance

4.1 Review of Effectiveness

- 4.1.1 Regulation 6 of Part 2 of The Accounts and Audit Regulations 2015 requires that relevant bodies conduct, at least once in each year, a review of the effectiveness of the system of internal control. The findings of the review must be considered by the body to ensure that it has the system of internal control required by Regulation 3.
- 4.1.2 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, directorate self-assessments (as per 4.2 below) and by comments made by the external auditors and other review agencies and inspectorates.

4.2 Self-assessment

- 4.2.1 In line with section 5 of the CIPFA/SOLACE Delivering Good Governance in Local Government 2016 (guidance notes), the Council holds a comprehensive self-assessment which details the Council's effectiveness in applying principles of good governance in practice.
- 4.2.2 The self-assessment, having been completed for the first time in 2016-17 by key officers across the Council; has been periodically updated since. The self-assessment indicates that

the Council has achieved a sound level of implementation of good governance principles in a number of areas, with some areas requiring improvement. Directorate level self-assessments were also completed in-year.

4.3 External Audit and Inspectorates

- 4.3.1 The annual external audit of the Statement of Accounts has consistently produced an unqualified opinion with little or no material or immaterial adjustments. The same also applies to the audit of grant claims and returns.
- 4.3.2 Adult Social Care is subject to a regular Peer Review which functions as an external audit of departmental effectiveness. This is coordinated by London ADASS and the LGA and carried out by peers from other London Authorities.
- 4.3.3 Adult social care reablement and residential services are subject to statutory Care Quality Commission regulation and inspection.
- 4.3.4 Children's Services are subject to the statutory inspection regime from Ofsted, which found the service to be outstanding in March 2020.

4.4 Internal Audit

- 4.4.1 The Public Sector Internal Audit Standards (PSIAS) require that the Head of Internal Audit provides an annual audit opinion and report that can be used by the organisation to inform its governance statement.
- 4.4.2 The Internal Audit plan is developed using a risk-based approach. Internal Audit provide assurance on the actions to mitigate key potential risks through delivery of the audit plan.
- 4.4.3 The audit plan is delivered by the in-house team across the Shared Internal Audit Service (with LB Camden) and a co-sourced partner. The full summary of the work that Internal Audit has undertaken during the 2021/22 financial year will be provided in the 2021/22 Internal Audit Annual Report to the Audit Committee.
- 4.4.4 Audit recommendations made in 2021/22 will be scheduled for follow up in 2022/23 to ensure that management action has been implemented within agreed timescales.
- 4.4.5 In addition to the Controls Board set up in January 2021, a Good Governance Group was set up in June 2021. The Director of Finance chairs the Controls Board and its members include Internal Audit and representatives from all directorates. The board's role is to facilitate an ongoing dialogue between Internal Audit and Directorate Management Teams around the implementation of audit recommendations. The Corporate Director of Resources chairs the Good Governance Group and its members include Legal Services, Human Resources, Finance, Democratic Services, Internal Audit and Procurement. The key purpose of the group is to maintain an overarching oversight of the Council's overall governance arrangements and to horizon scan to identify areas that may pose a risk to the Council's governance environment.

4.5 Head of Internal Audit's Annual Opinion

- 4.5.1 The Head of Internal Audit's annual opinion categories range from No Assurance, Limited Assurance, and Moderate Assurance to Substantial Assurance. The annual opinion given for 2018/19, 2019/20 and 2020/21 was Moderate Assurance.
- 4.5.2 The work undertaken during 2021/22 has enabled the Head of Internal Audit to form a reasonable conclusion on the Council's control framework, risk and governance arrangements. There are four possible assurance opinions that can be provided (No assurance, Limited assurance, Moderate assurance and Substantial assurance). For the year ended 31st March 2022, the Head of Internal Audit's opinion is that the adequacy and effectiveness of the Council's arrangements is Moderate Assurance – overall the Council's systems for control, risk and governance are generally adequate with some improvement required. Further detail on audit outputs is provided in the Internal Audit Annual Report. Follow up of audit recommendations in 2021/22 demonstrated an improved level of engagement from directorates. Several recommendations were found to be implemented or partially implemented at follow up, with a further programme of work being undertaken in Q1 2022/23 to assess the implementation of open actions. Residual risks will be closely monitored through follow-ups and Controls Board, as well as CMB monitoring, in 2022/23. The wider content of this Annual Governance Statement demonstrates the extent of the Council's governance framework and corporate oversight of risks, controls and compliance, and indicates an adequate level of assurance from the Council's governance framework.
- 4.5.3 The Head of Internal Audit also concluded that the Internal Audit service continues to be effective, complies with PSIAS, and provides the necessary skills and expertise to deliver a cost effective, value added, service to the Council, its partners and stakeholders. The Shared Internal Audit Service (SIAS) underwent an external quality assessment as part of the London Audit Group's independent peer review process in 2021/22. The review assessed the SIAS as Generally Conforming to the PSIAS, which is the highest available level of assessment for local authorities. The assessment concluded that the relevant structures, policies, and procedures of the SIAS, as well as the processes by which they are applied, at least comply with the PSIAS in all material respects. The review also found the SIAS to be well regarded at both authorities. The assessors identified that officers within the SIAS work collaboratively and proportionately with stakeholders to add value and identify areas where improvements can be made. The assessors confirmed that the SIAS was operating effectively, with consistent application of the IA charter, methodology and standard working papers across the SIAS. In 2021/22, the Internal Audit service also benefited from ongoing networking and benchmarking across the Cross Council Assurance Service (a consortium of London boroughs drawing on the same framework agreement for co-sourced assurance services).

5 Other areas of Governance and Assurance

5.1 Managing and Responding to the Impacts of the Covid-19 Pandemic

- 5.1.1 The COVID-19 pandemic continued to significantly impact the Council during 2021/22 with the Council continuing to work with partners to support residents and businesses affected by the pandemic.
- 5.1.2 Much of the first quarter of the year was still significantly impacted by the pandemic. Restrictions began to ease from late February onwards and almost all had ended in Great Britain by August however whilst the restrictions ended, demand for services did not revert

to pre-COVID levels. Government funding however, was restricted to quarter 1 of the financial year.

- 5.1.3 During summer 2021, the third wave of the pandemic sent COVID cases well above the previous peak numbers. Whilst this affected the organisation's activities, it did not result in further lockdowns due to the successful and continued roll out of the vaccination programme. The Council responded extremely well in stepping up its vaccination programme and only started to stand down once it was clear that demand had subsided.
- 5.1.4 The pandemic caused wide-ranging, large scale and continuing impacts, affecting Islington citizens, partners and businesses and the Council as an organisation. Many shifts in the delivery of services made during the lockdown period continued. There were also changes in where and how people work, and resourcing and financial challenges which continue and are addressed in our financial strategy. The Council proactively revisited its Principal Risk Report throughout the pandemic, to ensure that a revised risk profile was articulated to reflect the risks associated with the pandemic.
- 5.1.5 The Council's emergency management structures are set up in-line with the national Emergency Management protocol including a Gold, Silver and Bronze command structure. This command structure, set up in parallel with other local, regional and national counterparts and partners, helps to facilitate a clear strategic direction for the organisation and clarified key roles and responsibilities. This enabled the quick implementation and coordination of activities to respond to the emergency.
- 5.1.6 The Council has made a concerted effort to help people protect themselves and their communities from the virus, as well as providing financial and other support to help individuals, businesses and voluntary and community organisations with the social and economic impacts they face.

5.2 Resources

- 5.2.1 The Council has a robust in-year budget monitoring process and medium-term financial planning process.
- 5.2.2 As part of the in-year budget monitoring process, financial performance and key risks against the approved budget are monitored and reported to Corporate Management Board, the Executive and Policy and Performance Scrutiny (PPS) Committee. The outturn position for 2021/22 showed there to be a non-pandemic related underspend which offset pandemic-related pressures over those contained within available government funding. Overall the Council was able to increase its financial resilience broadly in line with budgeted expectations.
- 5.2.3 The Council in March 2022 approved a balanced budget for 2022/23 including £6m of budget savings and an increase in Council Tax of 1.99% plus the adult social care precept of 1%.
- 5.2.4 Developing the budget estimates for a given financial year is an ongoing process within the medium-term financial planning cycle. The Council has adopted a three-year MTFS which seeks to identify required budget changes almost three years before any given budget report is agreed. This is a Council-wide process involving all spending departments whereby estimates are worked up, challenged and refined as further information becomes known. It considers the most recently available budget monitoring information and the latest view on

budget assumptions for the forthcoming financial year. In particular, the proposed savings have been signed off as deliverable by key stakeholders across the organisation.

5.2.5 The thoroughness of the overall budget setting process is considered by the Section 151 officer in their assessment of the overall robustness of the Council's budget estimates. This is supported by the Council's continued and successful financial strategy of strengthening its financial resilience in contingency and reserves. The need for the continuation of this policy is highlighted by the hardening budget risks over the medium term and the recent instability, exposure and shortened planning horizons caused by the pandemic, energy costs and rising cost of living pressures.

5.2.6 The Section 151 Officer also takes assurance from the Value for Money (VFM) work undertaken by the External Auditor. For 2020/21 this work took a different form to previous years (2019/20) where a formal conclusion was reached. Instead, the requirement on the auditor formed more of a narrative of the overall position of the Council. No areas of significant concern were identified by the Auditors.

5.2.7 The 2020/21 VFM assessment by our External Auditor noted that:

- From our review of 2020/21 arrangements, we note that sound budgeting processes are in place. Initial bottom-up input to budget and saving plans is driven by service directorate and managed by the strategic finance team, overseen by the Corporate Management Board.
- Islington Council has a strategic policy (dating back to 2019/20) in place to increase resilience in its reserves. On the 31st of March 2021 the councils General Fund and Non-schools Earmarked Reserves balances relative to revenue expenditure were stronger than most other London Boroughs, although we recognise that a large portion of these balances relate to the pandemic and other short-term pressures and so the balances will revert to lower levels over the next two years.
- The council will shortly be embarking on its 2022/23 Budget and Council Tax planning from a position of long-standing financial challenge in the general fund revenue account.
- The Council's Budget and Council Tax proposals for 2021/21-2022/23 identified Central Government funding as "grossly insufficient" to meet the inflationary and demographic cost pressures it was facing and noted that in year savings of £9.6million would be required from the service directorates to balance their budgets.
- Financial pressure as long-standing and expected to remain high in 2022/23 and future years, although we are content at reasonable and prudent processes in place to prepare for that pressure.

5.2.8 During the 2021/22 financial year the council's Policy and Performance Scrutiny Committee considered numerous reports and testimony in relation to the Council's financial position as a result of COVID-19. This additional scrutiny gave the committee opportunity to consider lots of different evidence and viewpoints to better understand the decisions that have been made whilst also gaining a wider appreciation of the environment in which the council is

operating. This additional level of scrutiny provides the Corporate Director of Resources with further assurance on the robustness of the 2022/23 budget estimates.

- 5.2.9 The Council now needs to comply with the CIPFA Financial Management Code. A self-assessment was undertaken as part of the 2022/23 budget assurance work. The CIPFA Financial Management Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, the CIPFA Financial Management Code requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. Each local authority should demonstrate that the requirements of the CIPFA Financial Management Code are being satisfied. Demonstrating this compliance with the CIPFA Financial Management Code is a collective responsibility of elected members, the Section 151 Officer and professional colleagues in the leadership team.
- 5.2.10 The initial compliance analysis shows that the council achieves a high level of compliance against the vast majority of the CIPFA Financial Management Code statements of standard (or best) practice. Where there is only a medium level of compliance, actions are suggested that would take the council to high level. The compliance analysis is an organic piece of work and will be re-visited at least annually as part of the budget process, with any actions or recommendations implemented on an ongoing basis.
- 5.2.11 The medium-term local government funding outlook continues to be highly uncertain. The 2022/23 local government finance settlement is the fourth consecutive one-year settlement. It is largely a rollover of the 2021/22 settlement with additional, one-off funding to address immediate funding issues in the sector. In addition, there are potential government funding reforms on the horizon that could have a significant impact on funding levels, although there would be transitional protections.
- 5.2.12 The Council's Housing Revenue Account (HRA) has a robust and fully funded 30-year business plan.
- 5.2.13 The Council committed to a new Corporate Asset Strategy in March 2020. The strategy established a new approach that ensures investment is directly linked to core Council ambitions around fairness and community wealth building. It is designed to deliver a strategic, long-term approach to managing and enhancing the Council's community asset base. Alongside the formal 3-year capital programme, the approved 2022/23 budget report included latest indicative capital expenditure estimates over the next 10 years.
- 5.2.14 The delivery of the savings and capital programmes will rely on these programmes being well managed and monitored. A project is underway to review the governance mechanisms in place, to ensure they appropriately support the delivery of these programmes.

5.3 Children's Social Care

- 5.3.1 The Director of Children's Services (DCS) holds the statutory role. The DCS is supported by a structure which allows the effective discharge of statutory duties with appropriate seniority and experience held at senior management level.
- 5.3.2 The revised structure and organisational arrangements provide a strong accountability, scrutiny, leadership and management grip on the Council's statutory duties for children in need of help and protection, children in care and care leavers, including early help and benefitting from high educational standards locally. Cultural opportunities for children and

young people and employment and training pathways are strengthened as a result of employment, skills and culture services integration into the directorate. Strengthened arrangements between children's services and adults' services are being developed at pace to ensure there is ever greater consistency and continuity for young people as they become adults.

- 5.3.3 Safeguarding accountability meetings are held with the leader of the Council and the Chief Executive, who hold the lead member for Children, Young People and Families and the chair of the Islington Safeguarding Children Partnership to account. These assurance checks are integral to the decision-making processes of the Council. All services delivered to Children Looked After and care leavers are scrutinised at the Corporate Parenting Board which is chaired by the In Care Council and the lead member for Children, Young People and Families. It has strong representation from the Children's Active Involvement Service, members, partners and officers.
- 5.3.4 The quality of work for children in need of help and protection, children looked after, and care leavers is scrutinised through Islington's Quality Assurance Framework with a particular emphasis on the implementation of the Motivational and Trauma Informed Practice Model. Professional leadership is challenged by the Chief Executive and Leader of the Council who hold the Corporate Director, the Lead Member for Children, Young People and Families and the Service Director of Safeguarding to account on a quarterly basis. Progress on themes arising from audit and performance data is reported at these meetings.
- 5.3.5 As part of this quality assurance, external and highly qualified professionals in the field carry out service reviews to benchmark against inspection expectations.
- 5.3.6 An annual self-assessment is carried out. Social worker caseloads, timeliness of interventions and outcomes for children are monitored at all levels and management oversight is good. The quality, value for money and sufficiency of placements for children is kept under review. An evaluation of Early Intervention has been undertaken, and early findings indicate good impact. Only evidence-based programmes are in use.
- 5.3.7 The Islington Safeguarding Children Partnership (ISCP) has an independent chair who meets periodically with the Corporate Director as part of the accountability framework. The ISCP annual report is discussed by the Health and Wellbeing Board (HWB), Children and Families Board (CFB) and the Children and Families' Scrutiny Committee. Both the HWB and CFB reflect on the learning and build ISCP recommendations into their respective strategies. There continues to be a strong focus on Child Sexual and Criminal Exploitation through the ISCP's subgroup that leads the partnership on this work. The ISCP also oversees multi-agency audits of practice, training and compliance with safeguarding requirements set out in legislation. The Children and Families' Scrutiny Committee have looked at exclusions in schools and how to achieve best practice in this area to support the health and wellbeing of all children and young people. In addition to the annual report on learning and education standards, an annual safeguarding report and quarterly performance reports are also scrutinised by the Committee.
- 5.3.8 The Joint Strategic Needs Assessment includes sections on vulnerable children and those in need of help and protection and is used to determine priorities for both the safeguarding board and for services for children and families.

- 5.3.9 Budget and change management proposals are scrutinised for impact on the quality of work with children in need of help and protection, children looked after and care leavers and this is included in Equality Impact Assessments.
- 5.3.10 Children's Services were judged outstanding by Ofsted in March 2020. They assessed the impact of leaders on social work practice with children and families as outstanding, the experiences and progress of children who need help and protection as outstanding, and the experiences and progress of children in care and care leavers as good.

5.4 Adult Social Care

- 5.4.1 The statutory DASS, (Director of Adult Social Services) is responsible for providing professional leadership for all staff involved in delivering the Council's social services functions for adults and across local networks and partnerships involved in the provision of adult social care services. The DASS is also accountable for ensuring that relevant professional and occupational standards and standards of conduct are maintained across adult social care services provided by or commissioned by Islington.
- 5.4.2 The DASS is responsible for market shaping and continuity: commissioning effectively and ensuring the availability and quality of services that people want in order to be in control of their lives. The DASS holds responsibility for safeguarding adults who need care and support from abuse or neglect; when doctors are considering compulsory treatment or admission to psychiatric hospital and/or when people lack capacity to decide and may be restricted of their liberty.
- 5.4.3 The current structures and organisational arrangements provide a strong accountability, scrutiny, leadership and management grip on Islington's statutory duties for vulnerable adults including the duty to provide information, advice and guidance.
- 5.4.4 Assurance checks are integral to the decision making processes of the Council. Professional leadership is challenged by the Chief Executive and Leader of the Council who hold the Director of Adult Social Services, the Lead Member for Health and Social Care and the independent Chair of the Safeguarding Adults Partnership Board to account on a quarterly basis. Progress on themes arising from audit and performance data is reported at these meetings.
- 5.4.5 The Council has a Safeguarding Adults Partnership Board that meets the current requirements for its scope and inclusiveness, chaired by an independent expert in the field who meets with the DASS.
- 5.4.6 The Safeguarding Adults Board oversees Safeguarding Adults Reviews and the implementation of recommendations arising from these reviews across the partnership.
- 5.4.7 The quality of social care practice in Adult Social Care is scrutinised through the quality assurance framework. Themes arising from this are reviewed by senior leaders and used to inform training programmes. Islington is a member of the North London Social Work Teaching Partnership, a consortium working to raise standards of social work education and continuing professional development and staff access continuing opportunities. CQC have continued to rate Islington's In-House Provider regulated services as "Good" and services have complied with CQC standards and regulations.

- 5.4.8 Approved Mental Health Act Professionals, (AMHPs) are warranted and supervised in line with statutory requirements.
- 5.4.9 The Council has partnership agreements (known as section 75 agreements) with the Camden and Islington Mental Health Foundation Trust, Whittington Health and North Central London NHS Clinical Commissioning Group, for the provision and commissioning of health and social care services. The purpose is to ensure cost effective, outcome focused, joined up services for vulnerable people. There are regular meetings between the Chairs and Chief Executives of these organisations and the Council Leader and Chief Executive, and an annual report to the respective Boards and the Council's Executive to ensure that the day-to-day arrangements for collaborative working are meeting the aims of the partnerships and the objectives of the Council.
- 5.4.10 These arrangements have been strengthened in the light of the Better Care Fund and greater inter-dependency of health and social care funding. The partnership agreements and governance have been reviewed and refreshed. These arrangements have been formally agreed by the Health and Wellbeing Board in line with national guidance.

5.5 Housing

- 5.5.1 Housing is responsible for managing council residential tenanted and leasehold properties in the borough, either directly, or through Partners for Improvement in Islington as part of the remaining PFI street property PFI contract, PFI1.
- 5.5.2 A Homes and Estates Safety Board, with an independent chair, oversees the particular fire and property-related risks to people in these dwellings. This is part of the overall corporate health and safety arrangements.
- 5.5.3 Housing Property Services have effective arrangements to monitor equipment and stock. Arrangements are in place to actively manage the risk of fraud through prevention and detection techniques.
- 5.5.4 The two long term PFI contracts to manage street council housing are managed by a clienting team with governance via senior management meetings with the PFI board and scrutiny via a range of annual audits carried out by the Council's Internal Auditors. On 4 April 22, one of the PFI contracts, PFI2 covering over 4,000 homes was insourced to the council.
- 5.5.5 The PFI Integration Board oversight has been set up to oversee the programme of work for Islington HRA PFI (Partners for Improvement) Street Properties Project Two (PFI2) contract coming to an end in July 2022, and services transferring in April 2022. The Executive took the decision in July 2020 that services should be integrated into the Council's own housing service.
- 5.5.6 The Social Housing Regulator will, in future inspect and rate social landlords. A Service Improvement Board within the Homes and Neighbourhoods department, chaired by the corporate director, is undertaking a programme of work to be inspection ready.
- 5.5.7 A Building Safety Programme with a board chaired by the Director of Housing Property Services oversees preparations and compliance with the Fire Safety Act, and legislative and regulatory requirements on building safety.

- 5.5.8 The relationship with the 23 Tenant Management Organisations in the borough is managed by the TMO compliance team, supported by internal audit who run an annual programme auditing TMO financial and governance controls.
- 5.5.9 Residents are involved in the prioritisation and governance of the Housing Service via reference groups and representation on Housing Scrutiny Committee.
- 5.5.10 Governance for the Council's new build programme of new council homes and capital investment works to existing homes is provided by the Housing Delivery Board.

5.6 Transformation

- 5.6.1 The Council's change management framework ensures organisation change is well planned and delivers at pace. A Transformation Board, chaired by the Chief Executive, is a proactive monthly forum that increases corporate focus and oversight of strategic transformation and change programmes. This is supported by Directorate Delivery Boards, ensuring clear oversight of risks, issues, benefits and learning against all change and improvement projects under each directorate.
- 5.6.2 All major change projects have a CMB sponsor and a Senior Responsible Officer at Service Director level. Highlight reports are produced and reviewed at Directorate Delivery Boards, with Transformation Board taking an overview of the Council's core transformation programmes, with a focus on strategy, accountability and impact.
- 5.6.3 The Transformation Unit supports project managers with these change initiatives, bringing attention to key risks and issues, ensuring appropriate progress is made and key dependencies are addressed. This draws on a wider support network, including Finance, Digital, HR, Legal and risk management advice to ensure barriers to success are identified and addressed.
- 5.6.4 The project planning process has a strong emphasis on resident impact and, where appropriate, return on investment. These are then monitored following project completion to ensure they are delivered

5.7 Commissioning and Procurement

- 5.7.1 The Council has a clear direction for Commissioning and Procurement as set out within the Progressive Procurement Strategy 2020/27, agreed by the Executive on 15 October 2020. The strategy sets out the general approach of the Council in regard to money spent with third parties. It covers all aspects of supply chain management and is divided into three themes: active leadership; progressive supply partnerships; and achieving community benefits.
- 5.7.2 The strategy is supported by the Council's Procurement Rules and individual service and commissioning plans. The Strategic Procurement and Supply Assurance service supports officers to comply with the legislative and governance framework for procurement and supply. That service includes highly qualified and experienced senior officers. Internal challenge is delivered on significant decisions by a Commissioning and Procurement Board, incorporating an Executive Member, senior managers from all areas of the Council and specialist experts. A board of operational managers form the Supply Chain Practitioners Group which reviews working practices and champions key priorities for service departments like social value and net zero carbon.

5.7.3 These governance elements allow the Council to focus on maximising value for money, and on delivering procured services that are high quality, meet contractual commitments and are based on strong supplier relationships. Extensive suites of guidance, templates and forms ensure that important aspects of the procurement and supply process are clearly set out and available to all officers.

5.8 Cyber and Data Security

5.8.1 There continues to be an increase in malevolent cyber activity, particularly with the warfare in Ukraine which also includes targeted cyber-attacks. This area has been included in the Council's Principal Risk Report. We continue to review and enhance the Council's Cyber and Data Security approach. Good progress has been made in lifting our cyber defences and the strategy is to continue the migration to cloud services. Recent activity has included:

- Enhanced Authentication controls;
- Protection from Zoom-bombing
- Geo fencing to reduce offshore attacks;
- Achievement of Public Sector Network Certification (PSN);
- Completed infrastructure upgrades including Wide Area Network, Backup & Storage replacement, Core & Edge switches and many other technical enhancements & protections
- A cloud-based Security & Incident Management (SIEM) service is currently being adopted
- Uplift in the staff cyber-safe education programme

5.8.2 In summary, cybersecurity and education remains a key focus for staff working both on site and remotely

5.9 EU Exit

5.9.1 The Council has continued to closely monitor the potential impacts of the EU Exit on the Council as an organisation and also to residents. Prior to the agreement of a new trade deal between the UK and the EU, the Council's Brexit Preparedness group led on the coordination of Brexit-related activities, including communications and scenario planning for a no-deal scenario.

5.9.2 Following the agreement of a new trade deal between the UK and the EU on 24 December 2020, thus avoiding a potential no-deal scenario, the Council removed its EU Exit Principal Risk from its Principal Risk Report and instead weaved the remaining risks emanating from the exit into the existing Principal Risks (e.g. contract management). Where applicable, the impacts of the EU exit are also being managed via local directorate and service level risk registers.

5.10 Workforce Wellbeing

5.10.1 The Council has prioritised employees' wellbeing during the pandemic. Since March 2020 the Council has significantly added to the existing wellbeing support available to staff. This

includes providing support and resources on a range of topics including mental health and work/life balance.

5.11 Climate Emergency

5.11.1 The Council declared a Climate Emergency in June 2019, recognising the need to drastically reduce carbon emissions in the borough. A pledge has been made to work towards being a net zero borough by 2030, and the Net Zero Carbon strategy was adopted in November 2020.

5.11.2 The Affordable Energy Board has been replaced by a Net Zero Carbon Executive Board with a wider remit. This board is developing strong interfaces with other Council officer/member boards to manage strategic risks. This area has also been included in the Council's Principal Risk Report to ensure that the risk cause, consequence and mitigating actions are tracked and monitored.

6 Significant governance issues and areas for improvement

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

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

6.1.2 There were no significant governance issues that met these criteria during 2021/22. However, forward-looking areas of focus have been highlighted as priorities within directorate self-assessments. In line with good governance arrangements, these areas will be monitored during the year ahead:

6.2 Adult Social Care

6.2.1 Due to concerns raised during the pandemic around the quality of adult safeguarding practice, the directorate worked closely with the internal audit team to fully assess this quality. Significant concerns were raised in the subsequent report, and a comprehensive action plan was developed to ensure that standards were again raised, and that oversight was appropriate to ensure that practice remained at a good standard. Follow up reviews by audit

colleagues have indicated that this work has been successful and they were able to offer assurance in all areas. We continue to develop and improve our oversight in this area.

6.3 The impact of the pandemic

6.3.1 The challenges arising from the pandemic have been highlighted and, in line with good governance arrangements, will be monitored during the year ahead.

6.3.2 The pandemic has caused the largest shock to the global economy on record, with severe restrictions put in place across huge swathes of economic and social activities. Rather than a one-off event that the Council's budget is recovering from, it is expected that the pandemic will continue to have a significant, currently unquantifiable, impact on the Council's medium-term budget. The economic ramifications of the pandemic are going to take some years to unfold, with an inevitable impact on public sector spending settlements going forward. There is also a risk that the pandemic leads to a long-term increase in demand for some Council services. Pandemic-related budget pressures will continue to be reviewed as part of the budget monitoring and medium term financial planning processes.

6.3.3 The impacts of the pandemic on strategic priorities, projects and programmes are constantly being considered as the Council takes steps to restore, reinvent and retain services.

6.4 Housing Revenue Account (HRA) business plan

6.4.1 Going forward the HRA business plan will be produced during the Council's business planning phase and aligned to the annual budget setting process and papers.

6.5 Energy and Fuel Inflation

6.5.1 The financial risk to the council of gas, fuel and electric is significant. With the unprecedented rise in energy costs and the financial impact that this may have on council services and residents there is a risk of investment needing to be realigned to meet the pressure. Work is continuing to consider future contract options and procurement strategies to mitigate energy price volatility.

6.6 Transformation Board

6.6.1 The Transformation Board monitors key transformation projects and Medium-Term Financial Strategy savings.

6.7 Tackling inequalities

6.7.1 Work will continue to address this area of principal risk. The Council's Challenging Inequality Strategy aims to deliver tangible action and improvements in outcomes for residents, staff and service users. The Challenging Inequality Programme will drive and monitor actions across the Council to reduce social inequalities.

6.8 Capital programmes

6.8.1 Capital programmes will continue to be monitored against the Corporate Asset Strategy to ensure that investment is directly linked to core Council ambitions around fairness and community wealth building.

6.9 The AGS concludes that the Council had effective governance arrangements in place for the 2021/22 year. No significant governance issues were identified however we propose over the coming year to take steps to address the above matters to further enhance the Council's governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the Council's review of effectiveness and will monitor their implementation and operation as part of the Council's next annual review.

Signed by:

Leader

Date

Signed by:

Chief Executive

Date

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Finance
7 Newington Barrow Way
London N7 7EP

Report of: Corporate Director of Resources (Section 151 Officer)

Meeting of: Audit Committee

Date: 30 January 2023

Wards: All

Council Taxbase 2023/24 and 2022/23 Collection Fund Forecast

1. Synopsis

- 1.1 This report covers the council taxbase estimate for the financial year 2023/24, as well as the council tax forecast for the current financial year 2022/23.
- 1.2 The council taxbase in 2023/24 is a 2.13% increase compared to 2022/23. The main drivers of this net increase are marginal growth in the number of dwellings in the borough combined with decreases in 25% Single Person Discount (SPD) and Council Tax Support (CTS) caseload.
- 1.3 Underlying this 2.13% increase, gross taxbase growth through new properties in the borough is only 0.27%. This relatively flat position in the gross taxbase continues to be monitored closely to help inform future year taxbase projections in the council's medium-term financial strategy (MTFS).

2 Recommendations

- 2.1 To approve the council taxbase for the whole area for 2023/24 of 81,882.2 Band D equivalent properties after adjusting for non-collection. (**Paragraph 4.2** and **Appendix A**)
- 2.2 To note that the 2023/24 taxbase maintains the balanced budget position for 2023/24 and will be fully incorporated in the final version of the 2023/24 budget report and council tax calculations to be considered by the Executive on 9 February 2023 and Full Council on 2 March 2023. (**Paragraph 6.1**).
- 2.3 To approve that the council taxbase for meeting the special expenses issued by the Lloyd Square Garden Committee for 2023/24 shall be 44.1 Band D equivalent properties after adjusting for non-collection. (**Paragraph 4.8** and **Appendix B**)
- 2.4 To note the council tax forecast for 2022/23 and distribution of this in 2023/24 between the council and Greater London Authority (GLA). (**Paragraph 5.3** and **Table 2** and **Appendix C**)

3 Background

- 3.1 The council is required to calculate its council taxbase for the next financial year and notify precepting authorities by 31 January of the preceding financial year. The council has delegated responsibility for determining the council taxbase to its Audit Committee.
- 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 necessary for the council to calculate separately the taxbase for the Lloyd Square Garden area.
- 3.3 The council is also required to forecast whether there will be a council tax surplus or deficit in the Collection Fund 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 The council is also required to make similar estimates around business rates income through the NNDR1 estimate to central government. This is being worked up ahead of the 31 January 2023 statutory submission deadline and will be reflected in the final version of the budget report to the Executive on 9 February 2023 and Full Council on 2 March 2023.

4 Council Tax Base Estimate 2023/24

- 4.1 The primary basis for the taxbase calculation, as set out in regulations, is the number of dwellings on the Valuation Office Agency Council Tax Valuation List as at 30 November 2022, adjusted for exemptions, discounts, and disabled relief at the same date.
- 4.2 The calculation for the council's whole area for 2023/24 is detailed at **Appendix A** and summarised in **Table 1** on a 'Band D equivalent' (average) basis.

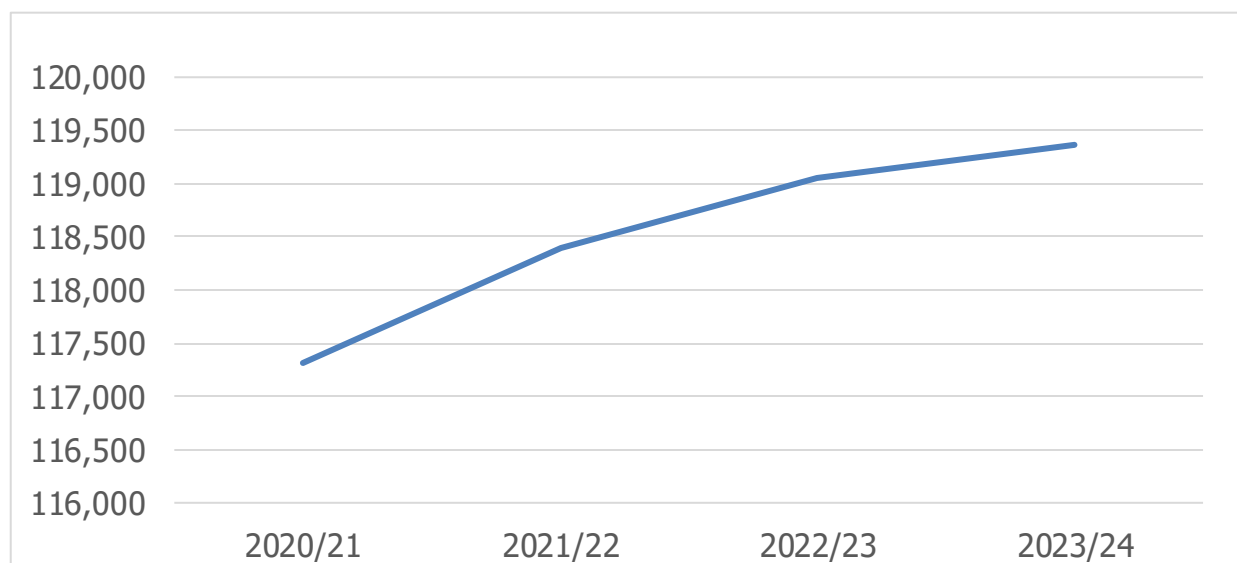
Table 1: Summary of Change in Taxbase for Council's Whole Area

	2022/23	2023/24	Change	Change
	Band D	Band D	Band D	%
	Equivalent	Equivalent	Equivalent	
Number of Dwellings	119,045	119,364	319	0.27%
Exemptions and Disabled Relief	-6,514	-6,527	-13	0.20%
Total Chargeable Dwellings	112,531	112,837	306	0.27%
Discounts (mainly Single Person Discount)	-10,167	-9,480	687	-6.76%
Total before CTS and Local Discounts	102,364	103,360	996	0.97%
Council Tax Support and Local Discounts	-19,706	-18,946	760	-3.86%
Total Adjusted Dwellings	82,658	84,415	1,757	2.13%
Less Allowance for Non Collection	-2,480	-2,532	-52	2.10%
Net Taxbase (to 1 decimal place)	80,177.9	81,882.2	1,704	2.13%

- 4.3 The taxbase calculation prudently makes no projection for additional properties that may be added to the Valuation List between 30 November 2022 and the end of the 2023/24 financial year. Any additions will be reflected in future year (2024/25 onwards) taxbases once confirmed. This approach reflects significant uncertainty around the completion timing of new developments and the expectation that a significant proportion of new dwellings will be eligible for exemptions and/or discounts, thereby diminishing the net addition to the taxbase.
- 4.4 It is assumed that existing locally agreed council tax reliefs for care leavers up to the age of 25, foster carers and Shared Lives carers will continue in 2023/24 at current levels.

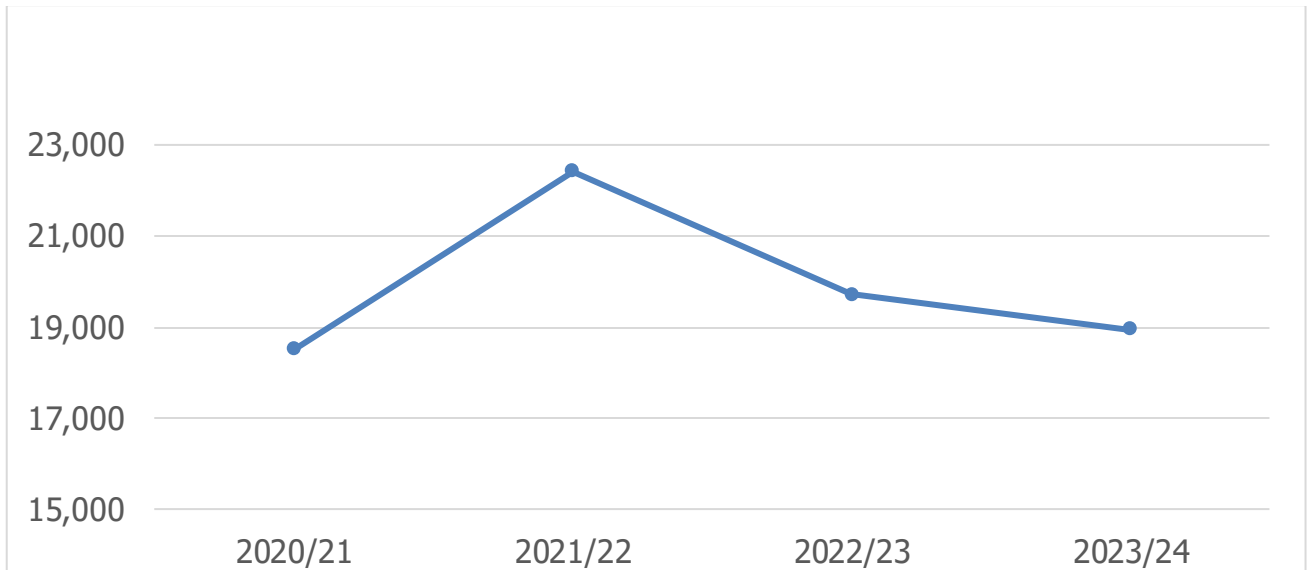
- 4.5 The taxbase adjustment for the cost of Council Tax Support reflects the council's 2023/24 scheme agreed by Full Council on 8 December 2022.
- 4.6 The budgeted collection rate for 2023/24 continues to be estimated at 97.0%. This is the percentage of 2023/24 council tax bills that the council is budgeting to receive over time (as opposed to the cash collection in-year), including in subsequent financial years.
- 4.7 This gives a net council taxbase of 81,882.2 in 2023/24, which is a 2.13% increase compared to 2022/23.
- 4.8 The council taxbase calculation for the Lloyd Square Garden area for 2023/24 is set out at **Appendix B**. Applying a collection rate of 97.0% results in a Lloyd Square taxbase figure of 44.1.
- 4.9 The four charts below illustrate the change in the number of dwellings, total exemptions and total discounts (mainly SPD) from the 2020/21 taxbase to 2023/24 taxbase. Whilst there has been a continued, albeit small, increase in gross dwellings in the borough (**Figure 1**), the variables of Council Tax Support (**Figure 2**), 25% discounts (**Figure 3**) and exemptions (**Figure 4**) are having a greater impact on the overall taxbase level.

Figure 1 – Gross Dwellings (Band D Equivalent)



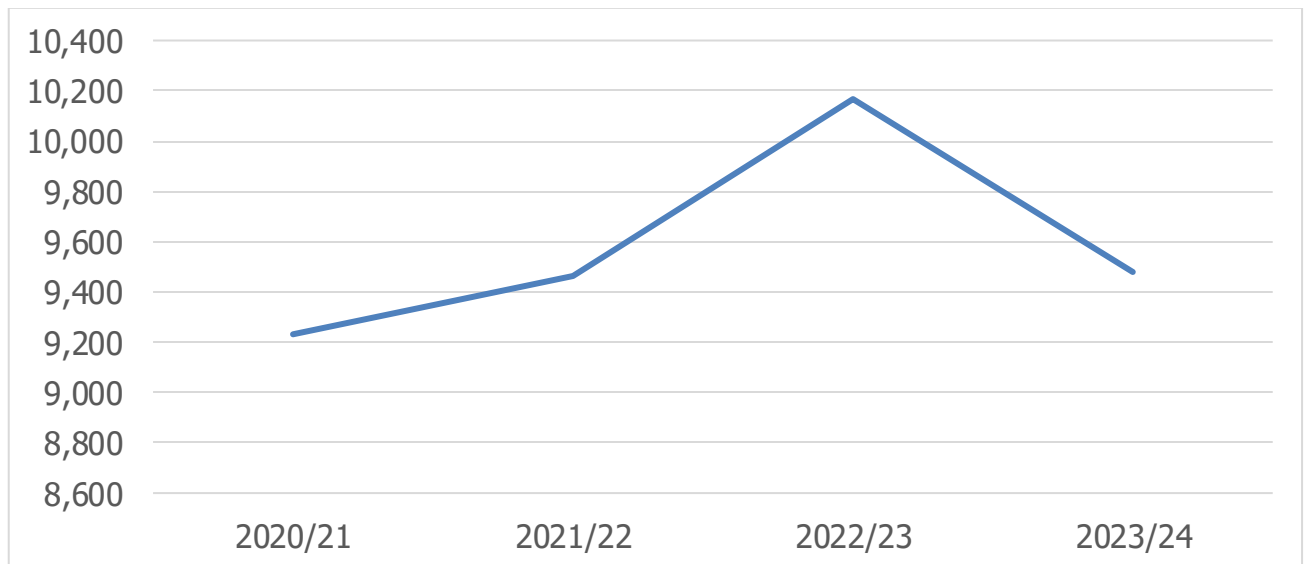
- 4.10 The reduction in the impact of Council Tax Support (CTS) (**Figure 2**) from pandemic levels is likely due to macro-economic factors and welfare reforms. The caseload increased significantly during the pandemic and has slowly receded as the economy moved to recovery. This reduction in the impact of Council Tax Support is despite the enhancement of the working-aged scheme in 2022/23 from 91.5% to 95% support.

Figure 2: Council Tax Support and Local Schemes (Band D Equivalent)



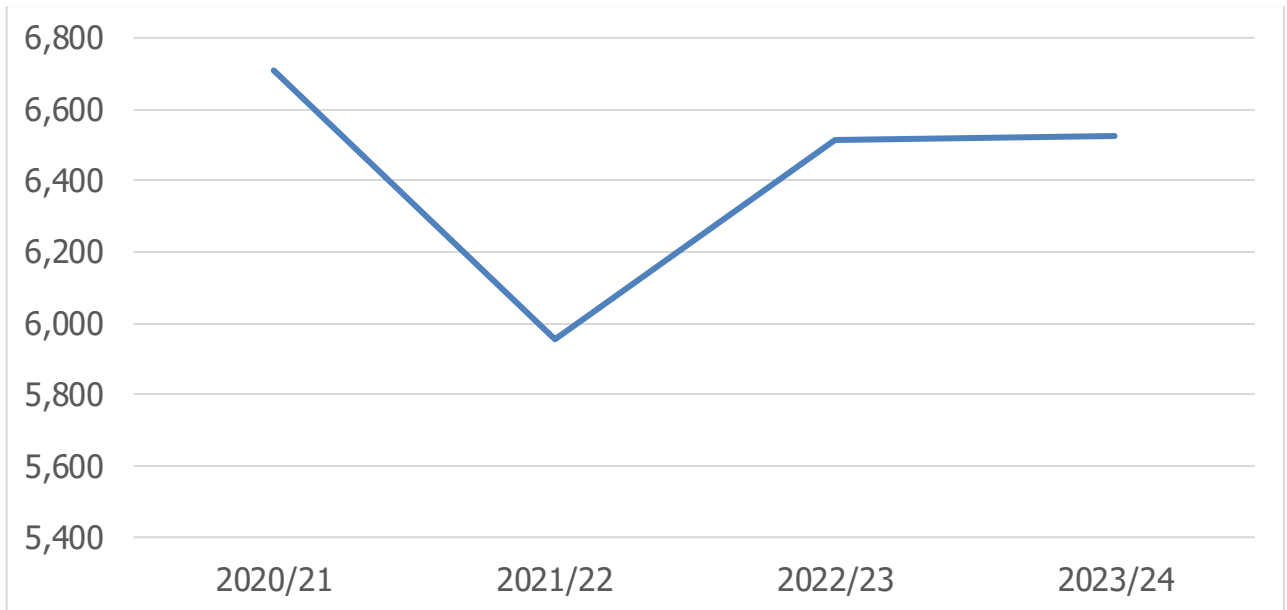
4.11 There is a downwards trend on 25% discounts (**Figure 3**), mainly single person discounts, which had previously accelerated during the pandemic. The decrease over the past year is likely to be attributable in part to higher demand for flat shares in London following the return to more office-based working. The council undertakes regular reviews of all residents in receipt of the 25% discounts and works with partners to assess the legitimacy of discount entitlement to prevent/reduce fraudulent claims.

Figure 3: Total 25% Discounts (Band D Equivalent)



4.12 With the return to class and in-person teaching at universities within and in the vicinity of the borough, the demand for student residencies has gradually increased and is slowly moving towards pre-pandemic level. An impact of the pandemic was fewer students living in the borough and therefore fewer student exemptions from council tax. The trend is now shifting with a steady increase in demand for student residencies across the borough over the last two years (**Figure 4**).

Figure 4: Total Exemptions (Band D Equivalent)



5. Council Tax Forecast 2022/23

5.1 The latest 2022/23 Collection Fund forecast for council tax, which is subject to change between now and the end of the financial year, is a £4.350m surplus. This comprises a £0.979m in-year surplus and a prior year surplus of £3.370m brought forward from 2021/22 (detailed at **Appendix C**).

- 5.2 The forecast in-year Collection Fund surplus of £0.979m is due to the following variances:
- Lower than budgeted single person discount and council tax support scheme costs contributing to net additional council tax income of £1.406m.
 - A £0.977m improvement in forecast collection compared to assumptions around collection losses when setting the 2022/23 taxbase.
 - Offset by a £1.404m payment to the council’s General Fund and the GLA in relation to the forecast Collection Fund surplus as part of the 2022/23 budget setting in January 2022.

5.3 The distribution of the forecast Collection Fund surplus at the end of 2022/23 in the 2023/24 budget is outlined in **Table 2** based on prescribed accounting requirements, including the three-year phasing of 2020/21 Exceptional (COVID-19) Deficits.

Table 2: Distribution of Forecast 2022/23 Council Tax (Surplus)/Deficit

			Total £m
Total Forecast (Surplus)/Deficit for the year			(0.979)
Prior Year (Surplus)/Deficit Brought Forward			(3.370)
Total (Surplus)/Deficit to be distributed in 2023/24			(4.350)
	Islington Council £m	GLA £m	Total £m

One-third of 2020/21 Exceptional Balance (Final share of 3-year spreading)	0.478	0.130	0.608
Remainder of (Surplus)/Deficit	(3.811)	(1.147)	(4.958)
Total (Surplus)/Deficit in 2023/24 Budget	(3.333)	(1.016)	(4.350)

5 Implications

Financial Implications

- 5.1 The financial implications of this report, which maintains the balanced budget position for 2023/24, will be incorporated in the final version of the 2023/24 budget report and council tax calculations to be considered by the Executive on 9 February 2023 and Full Council on 2 March 2023.
- 5.2 Every 1% increase in the council taxbase equates to approximately £1.1m additional net council tax income for the council.
- 5.3 The movement in the underlying taxbase will be monitored closely as part of 2023/24 budget monitoring to help inform the future year (2024/25 onwards) taxbase projections in the council's medium-term financial strategy.

Legal Implications

- 5.4 The council, as billing authority, is required to calculate the amount which will be its council taxbase 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).
- 5.5 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).
- 5.6 The precepting authorities must be notified by the council of its council taxbase 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.
- 5.7 The calculation of the council taxbase 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)).

- 5.8 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.
- 5.9 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).

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

- 5.10 This report does not have any environmental implications.

Equality Impact Assessment

- 5.11 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.
- 5.12 An Equality Impact Assessment has not been completed because this report in itself does not have any such implications.

6 Reason For Recommendations

- 6.1 The council is required to set a council taxbase for the next financial year and estimate the surplus or deficit on its Collection Fund for the current financial year.

Appendices:

Appendix A – Islington Whole Area Council Tax Base 2023/24

Appendix B – Lloyd Square Garden Area Council Tax Base 2023/24

Appendix C – Council Tax Forecast 2022/23

Background papers: None

Final report clearance:

	Dave Hodgkinson, Corporate Director of Resources	Date

Responsible Officers:

Dave Hodgkinson, Corporate Director of Resources
Paul Clarke, Director of Finance

Report Authors:

Khogen Sutradhar, Finance Manager – Collection Fund
Tony Watts, Strategic Finance Manager – MTFS
Martin Houston, Assistant Director – Corporate Finance

Legal Implications Author:

Marie Rosenthal, Interim Director of Law and Governance

APPENDIX A: ISLINGTON WHOLE AREA COUNCIL TAX BASE 2023-24

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Number of Dwellings as at 30th November 2022	4899	6190	29741	33351	19041	9968	7170	938	111298
Less Disabled Relief	0	-6	-26	-62	-54	-42	-21	-5	-216
Plus Disabled Relief	6	26	62	54	42	21	5	0	216
Less Exemptions	-2088	-328	-1105	-1506	-896	-613	-195	-24	-6755
Total Chargeable Dwellings	2817	5882	28672	31837	18133	9334	6959	909	104543
Discounts (25%)	-945	-3458	-14607	-12149	-4330	-1745	-828	-70	-38132
Discounts (50%)	0	-2	-3	-7	-7	-3	-13	-8	-43
Less Equivalent Discount Value	-236	-866	-3653	-3041	-1086	-438	-214	-22	-9555
Sub Adjusted Dwellings	2581	5017	25019	28796	17047	8896	6746	888	94989
Less Council Tax Support	-313	-1658	-7094	-5885	-2519	-1031	-402	-9	-18912
Total Adjusted Dwellings	2267	3358	17925	22911	14528	7866	6343	879	76077
Ratio to Band D	6/9	7/9	8/9	1	11/9	13/9	15/9	2	
Band D Equivalent	1512	2612	15933	22911	17756	11361	10572	1757	84415

Net Taxbase (after Collection Losses) for Council's Whole Area based on budgeted collection rate of 97%

81,882.2

APPENDIX B: LLOYD SQUARE GARDEN AREA COUNCIL TAX BASE 2023-24

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Number of Dwellings as at 30th November 2022	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	-1	-2	-2	-1	-6
Discounts (50%)	0	0	0	0	0	0	0	0	0
Less Equivalent Discount Value	0	0	0	0	0	-1	-1	0	-2
Total Adjusted Dwellings	0	0	0	1	2	3	18	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	45

Net Taxbase (after Collection Losses) for Lloyd Square Garden Area based on budgeted collection rate of 97%

44.1

APPENDIX C-COUNCIL TAX FORECAST 2022-23

	2022/23 Budgeted	2022/23 Forecast
	£'000	£'000
Income		
Net Council Tax Income (excluding Council Tax Support)	(175,090)	(175,195)
Council Tax Support inc. local schemes	33,702	32,401
Total Income	(141,388)	(142,794)
Expenditure		
Precepts and Demand		
Islington Council		
- General Expenses	105,406	105,406
- Special Expenses (Lloyd Square Garden Area)	20	20
Sub-Total	105,426	105,426
Greater London Authority Precept	31,718	31,718
Total Precepts and Demand	137,144	137,144
Impairment Allowance & Write Offs	4,244	3,267
Total Expenditure	141,388	140,411
(Surplus)/Deficit for the year	-	(2,383)
Contributions towards Previous Year's Forecast Surplus		
Islington Council	1,088	1,088
GLA	316	316
Total Distribution of Surplus (Deficits)	1,404	1,404
(Surplus)/Deficit for the year	1,404	(979)
(Surplus)/Deficit B/f	(1,404)	(3,370)
(Surplus)/Deficit C/f	-	(4,350)
Share of Forecast (Surplus)/Deficit.		
Islington Council		(3,333)
Greater London Authority		(1,016)
Total (Surplus)/Deficit		(4,350)

Finance

7 Newington Barrow Way

London N7 7EP

Report of: Corporate Director of Resources

Meeting of: Audit Committee

Date: 30 January 2023

Wards: All

Subject: Internal Audit interim annual report 2022/23

1. Synopsis

- 1.1. A continuous internal audit service provides independent assurance on the control environment that supports the delivery of Council objectives.
- 1.2. This report aims to provide the Audit Committee with assurance over the Council's governance, risk management and internal control environment. It does this by demonstrating that the Internal Audit plan is being delivered. It highlights service areas where high priority recommendations have been made. It also comments on the level of implementation of audit recommendations by management.

2. Recommendation

- 2.1. To note the report.

3. Background

- 3.1. The Council has a statutory duty to maintain an adequate and effective Internal Audit function. Internal Audit's primary objective is to provide the Council, via the Audit Committee, with independent assurance that risk management, governance, and internal control processes are operating effectively.

- 3.2. The 2022/23 Internal Audit Plan was approved by Audit Committee on 22 March 2022. This report presents the outcomes of the delivery of the 2022/23 audit plan to date and the position of the plan at 30 November 2022.
- 3.3. The work of Internal Audit largely focuses on key risks identified within the Council's Principal Risk Report. Delivery of the annual audit plan provides assurance on the actions being taken to mitigate principal risks.

4. Role of Internal Audit

- 4.1. The council's internal audit function is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS). The PSIAS set out the requirements for public sector internal auditing. It encompasses the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework.
- 4.2. A professional, independent and objective internal audit function is a key element of good governance. The PSIAS defines internal auditing as 'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.
- 4.3. The council's framework of governance, risk management and internal control supports and underpins the delivery of strategic objectives. Internal Audit service provides Audit Committee with an independent and objective appraisal of the adequacy and effectiveness of this framework. This is achieved through the delivery of a risk-based audit plan. The service also provides consultancy and advice to management on risk and controls on an ad-hoc and proactive basis.
- 4.4. The council's internal audit function operates as a shared service with the London Borough of Camden. The service operates a co-sourced service delivery model, where internal audit services are provided by in-house staff. A small portion of work is delivered by a co-sourced provider, currently PwC. The service also works closely and in alignment with the Risk Management and Corporate Investigation functions. This provides a number of benefits, including increased joint working and collaboration, and the sharing of information and intelligence.

5. Design and delivery of the 2022/23 Internal Audit plan

- 5.1 The service complies with the requirements of the PSIAS by ensuring that an annual risk-based audit plan is devised. The council's robust processes to identify and articulate Principal Risks provide a solid foundation for the audit plan. The council's Principal Risk Report is mapped to internal audit activity over a rolling three year period. This approach provides assurance that actions designed to mitigate key risks are being

implemented effectively. It also provides the council and other stakeholders with assurance that audit resource is correctly targeted to mitigate risks.

- 5.2 A number of other sources of information were used when drafting the audit plan. These included CIPFA good governance guidelines, audit plans of other local authorities, and intelligence from previous audit and anti-fraud activity.
- 5.3 In addition to risk based audits, a rolling cycle of reviews provides continued assurance on the council's key financial systems. The audit plan also looks at areas where senior management have asked for independent assurance.
- 5.4 A concerted effort is made to ensure that the plan is resident focussed. Where audit reviews do not directly address resident facing areas, they aim to provide assurance on overall governance arrangements. These reviews demonstrate that Islington is in a position to deliver its desired outcomes for residents.
- 5.5 Throughout the year, where required, the plan was flexed to respond to emerging risks. This flexibility allowed the team to provide proactive advice on risk and control as needed.

6. Internal Audit outcomes

- 6.1. Internal Audit has received positive management responses to final audit reports and the recommendations made to address risks identified at audit.
- 6.2. Internal Audit routinely conduct follow up reviews to assess the level of implementation of audit recommendations. Where implementation of recommendations is prolonged, Internal Audit may provide support to auditees in-year. See **Section 8** of this report for further information on follow up activity.
- 6.3. This report details the outcomes to date of the 2022/23 audit plan at **Appendix 1**. Summary details of high priority recommendations arising from 'limited' and 'no' assurance reviews, that were not previously reported to the Audit Committee, have been included in **Appendix 2**. Follow up activity undertaken in 2022/23 is summarised in **Appendix 3** of this report.

7. Internal Audit assurance opinions

- 7.1. On completion of internal audit reviews, and where appropriate to do so, a statement of assurance is provided. These statements are detailed, where relevant, within **Appendix 1** of this report.
- 7.2. There are four possible assurance opinions that can be provided:

**No
Assurance**

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.

Limited Assurance	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.
Moderate Assurance	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.
Substantial Assurance	There is a sound control environment with risks to key service objectives being satisfactorily managed. Recommendations will normally only be Advice and Best Practice.

- 7.3. These conclusions are based on the number of critical and high priority findings identified in the report. The Committee receives details of critical and high priority recommendations, raised in audit reviews that attracted a 'limited' or 'no' assurance opinion, within **Appendix 2** of this report.

8. Follow up activity

- 8.1. Internal Audit recommendations arising from planned audit work are followed up to ensure that they have been implemented. We report levels of implementation to the Audit Committee bi-annually. Follow up activity undertaken in 2022/23 is summarised in **Appendix 3** of this report.
- 8.2. The council's Controls Board continues to meet six-weekly and tracks implementation of audit recommendations. Periodic reports are presented through Controls Board to Directorate Management Team representatives, summarising all open audit recommendations per directorate. These reports identify where audit recommendations remain open after their agreed implementation date.
- 8.3. Auditees may be invited to attend Audit Committee if a low level of implementation of audit recommendations is noted.

9. Internal Audit team capacity

- 9.1. Until July 2022, the team operated with a vacancy of one full time auditor, reducing the team's capacity to deliver all planned audits within the financial year. To mitigate the impact of this vacancy, an agency auditor was used to assist with follow up reviews. The Internal Audit team is now fully resourced.

10. Conclusion

- 10.1. To note outcomes of delivery of the audit plan.

11. Implications

11.1. Financial implications

- 11.1.1. A sound system of internal controls forms a significant part of the governance framework and is essential to underpin the effective use of resources.
- 11.1.2. There are no direct financial implications of the recommendations within this report.
- 11.1.3. The cost of delivering the audit plan is budgeted for within the council's overall budget.

11.2. Legal implications

- 11.2.1. There are no legal implications arising from this report.

11.3. Environmental implications and contribution to achieving a net zero carbon Islington by 2030

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

11.4. Equalities Impact Assessment

- 11.4.1. 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.
- 11.4.2. An Equalities Impact Assessment is not required in relation to this report, because the decision currently being sought does not have direct impact on residents.

Appendices:

- **Appendix 1** provides an update on outcomes of delivery of the 2022/23 audit plan to date
- **Appendix 2** summarises high priority recommendations that were not previously reported to the Committee
- **Appendix 3** details the results of the follow up of previous audit recommendations

Final report clearance:

Signed by:

Corporate Director of Resources

Date:

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REPORT ENDS

Appendix 1: delivery of the 2022/23 audit plan

1. Synopsis

- 1.1. This Appendix summarises the 2022/23 audit plan that was agreed by the Audit Committee on 22 March 2022. It shows the indicative scope as well as the completion status of each individual project. 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, has been effectively delivered.

2. Detailed 2022/23 audit plan update

(* denotes an area of principal risk)

2.1. Summary of assurance ratings for completed reviews

Ref	Audit title	Status	Assurance rating
Assurance rating for planned audit reviews			
CWB22-1	Financial resilience of residents – test and trace support payments *	Completed.	Moderate assurance
Extended follow up outcomes (see rating key in Appendix 3)			
FWU22-2	Supplier bank amendments (extended follow up) *	Completed. Detailed outcomes are set out in section 2.6 below.	A good rate of implementation was noted
FWU22-3	Use of contingent staff (extended follow up) *	Completed. Detailed outcomes are set out in section 2.3 below.	A good rate of implementation was noted

Reviews completed where an assurance opinion was not provided (a management letter or grant compliance opinion was issued)			
CC22-6-1	Review of grant claim - Arts Council Culture Recovery Fund	Complete. A grant compliance opinion was provided by Internal Audit.	Compliance opinion issued
CC22-6-2	Review of grant claim - Test and Trace Support Grant	Complete. A grant compliance opinion was provided by Internal Audit.	Compliance opinion issued
CC22-6-2	Review of grant claim - Contain Outbreak Management Fund	Complete. A grant compliance opinion was provided by Internal Audit.	Compliance opinion issued
CC22-6-2	Review of grant claim - Better Mental Health	Complete. A grant compliance opinion was provided by Internal Audit.	Compliance opinion issued
Assurance ratings for audits from 2021/22 where outcomes were not reported to committee by September 2022			
PS21-2-1	Schools establishment review – St John’s Highbury Vale Primary School	Completed. High priority findings were raised in five audit areas, details of which can be seen at Appendix 2.	No assurance
PS21-2-4	Schools establishment review – Duncombe Primary School	Completed. High priority findings were raised in six audit areas, details of which can be seen at Appendix 2.	No assurance
HOU21-2-3	Tenant Management Organisation (TMO) establishment review - Spa Green	Completed. Six high priority findings were raised, details of which can be seen at Appendix 2.	No assurance
HOU21-2-4	Tenant Management Organisation (TMO) establishment review - Holbrook	Completed.	Moderate assurance
HOU21-2-5	Tenant Management Organisation (TMO) establishment review - Miranda	Completed. Four high priority findings were raised, details of which can be seen at Appendix 2.	Limited assurance
PH21-1	Health and social care integration * - purchase and funding of services	Completed.	Moderate assurance

2.2. Corporate/cross-cutting

Ref	Audit title	Indicative scope	Planned days	Status
CC22-1	Risk management – assurance mapping	Internal Audit input into assurance mapping for principal risks.	20	This took place in Q3 to inform the 2023-24 audit planning process.
CC22-2	Serious fraudulent activity *	Internal Audit input into reactive investigations to be undertaken in-year.	20	Members of the Internal Audit team provide ongoing input into reactive investigations throughout the year to support the Corporate Investigations team.
CC22-3	Audit plan production	Preparation of the council's annual audit plan.	10	Audit planning took place is underway, based on the assurance mapping exercise (see CC22-1 above).
CC22-4	Controls Board	Internal Audit input into Controls Board workplan and support for directorate representatives.	30	The Internal Audit team coordinates Controls Board and provides support for directorate representatives around follow up activity.
CC22-5	Good Governance Group	Internal audit input into Good Governance Group activity.	20	The Internal Audit team coordinates Good Governance Group activity.
CC22-6-1	Review of grant claim - Arts Council Culture Recovery Fund	Review of grant claims for government funding which require Internal Audit review and approval. Based on actual requests in prior years, an assumption has been made that four such reviews will be required in year.	7	Complete. A grant compliance opinion was provided by Internal Audit.
CC22-6-2	Review of grant claim - Test and		7	Complete. A grant compliance opinion was provided by Internal Audit.

	Trace Support Grant			
CC22-6-3	Review of grant claim - Contain Outbreak Management Fund		7	Complete. A grant compliance opinion was provided by Internal Audit.
CC22-6-4	Review of grant claim - Better Mental Health		7	Complete. A grant compliance opinion was provided by Internal Audit.
CC22-7	Insurance settlements	A review of processing of insurance settlements.	16	Fieldwork is underway. A report will be issued in Q4 of 2022/23.
FWU22-4	Cross-cutting follow up activity	<p>Follow up activity relating to the following audits:</p> <ul style="list-style-type: none"> • Capital programmes • Cyber security • Gifts, hospitality and declarations of interest • PMO • Technology debt management 	9	<p>Outcomes of follow up activity are detailed in Appendix 3. All recommendations have been implemented for the following audit:</p> <ul style="list-style-type: none"> • Gifts, hospitality and declarations of interest <p>Further follow up work is planned in Q4 2022/23 relating to all other audits.</p>

2.3. Resources

Ref	Audit title	Indicative scope	Planned days	Status
R22-1-1	Review of key financial system -		11	A draft report has been shared with management, and a management

	bank and system reconciliations	Review of key financial systems in line with a three year rolling plan.		response is awaited. A completion date of February 2023 is anticipated.
R22-1-2	Review of key financial system - capital accounting (asset management)		11	Fieldwork is underway. A report will be issued in Q4 of 2022/23.
R22-1-3	Review of key financial system - accounts receivable		11	Fieldwork is underway. A report will be issued in Q4 of 2022/23.
R22-1-4	Review of key financial system - pensions		11	Fieldwork is underway. A report will be issued in Q4 of 2022/23.
R22-2	Key IT application review – Northgate (housing repairs) *	A review of a key IT application in use within the council.	16	The audit is currently being scoped. Fieldwork and reporting will take place in Q4 2022/23.
R22-3	Use of sundry suppliers *	Sundry supplier codes are used within the finance system for suppliers who will not be regular suppliers. Use of these codes allows suppliers to be paid without going through independent verification processes to confirm identity or bank details. In light of issues raised in the course of a 21/22 audit of supplier bank amendments (AD21-2), an in-depth review of use of sundry supplier codes has been added to the plan. This audit will rely on data analytics to	16	This audit will not proceed due to a revised risk assessment. As a result of the supplier bank amendments audit which took place as part of the 2021/22 audit plan, the service carried out its own data analytics exercise to understand patterns of use and identify anomalies and weaknesses. As a result, this audit would have replicated work already carried out. The work undertaken by the service has been reviewed by Internal Audit as part of the follow up

		understand patterns of use and identify anomalies and weaknesses.		activity relating to the supplier bank amendments audit.
R22-4	Access to council emails *	This audit will review and assess mechanisms to prevent and identify unauthorised access to council emails. The review will focus on communications with suppliers.	16	This audit will not proceed due to a revised risk assessment. This reflects that an in-depth consultancy piece has been commissioned by Islington Digital Services to look at this area, which will cover a wider scope than was anticipated during the planned audit.
FWU22-3	Use of contingent staff (extended follow up) *	Extended follow up of Use of contingent staff (FR20-5). The audit will include full retesting of controls within the new supplier system.	16	<p>An extended follow up audit was completed. We looked at the rate of implementation of 28 recommendations, relating to eight high and four medium priority findings, which had passed their target implementation dates. We found that:</p> <ul style="list-style-type: none"> • 23/28 (82%) recommendations have been implemented; and • 5/28 (18%) recommendations have been partially implemented. <p>The partially implemented recommendations related to:</p> <ul style="list-style-type: none"> • Incorporation of extension approvals into system workflows; • Exception reporting around unpaid breaks;

				<ul style="list-style-type: none"> • Incorporation of approvals of amendments to pay into system workflows; • Finalisation and publication of the revised overtime policy; and • Monitoring of hourly pay caps. <p>Revised target implementation dates between 31 December 2022 and 28 February 2023 have been agreed for the outstanding recommendations.</p>
FWU22-12	Resources follow up activity	<p>Follow up activity relating to the following audits:</p> <ul style="list-style-type: none"> • Access controls and rights • Capital expenditure • Continuous audit monitoring (CAM) • Key financial systems (KFS) – accounts payable • Key financial systems (KFS) – income • Key financial systems (KFS) – treasury • Key financial systems (KFS) – payroll • Key financial systems (KFS) – pensions 	40	<p>Outcomes of follow up activity are detailed in Appendix 3. All recommendations have been implemented for the following audits:</p> <ul style="list-style-type: none"> • Continuous audit monitoring (CAM) • Information governance (records management) • Right to work vetting arrangements <p>Further follow up work is planned in Q4 2022/23 relating to the other audits.</p>

		<ul style="list-style-type: none"> • Information governance (records management) • Payroll • Right to work vetting arrangements 		
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2.4. Adult Social Care

Ref	Audit title	Indicative scope	Planned days	Status
FWU22-5	Adult Social Care follow up activity	Follow up activity relating to the following audits: <ul style="list-style-type: none"> • Domestic violence • Mental health safeguarding processes • Safeguarding adults 	7	Outcomes of follow up activity are detailed in Appendix 3. All recommendations have been implemented for the following audit: <ul style="list-style-type: none"> • Safeguarding adults Further follow up work is planned in Q4 2022/23 relating to the other audits.

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2.5. Children's Services

Ref	Audit title	Indicative scope	Planned days	Status
CS22-1	Safeguarding children - vetting of staff *	This review will assess the design and operation of controls in place around safeguarding of children, focusing on vetting of staff.	16	This audit will not proceed due to a revised risk assessment. Human Resources carried out its own data analytics exercise to understand vetting of staff in this area and to identify anomalies and weaknesses. As a result, this audit would have replicated work already carried out. The work

				undertaken by the service has been reviewed by Internal Audit and covers the areas which would have been covered by this audit.
CS22-2-1	Schools establishment review – Duncombe Primary School	Risk based review of school or children’s centre. The programme assesses the effectiveness of governance mechanisms and financial practices.	13	This audit was delivered as part of the 2021/22 audit plan, and reported to Audit Committee in September 2022. However, the detailed audit outcome was not reported, as management responses had not been received. A no assurance rating was subsequently agreed, and high priority findings in six audit areas are presented in Appendix 2.
CS22-2-2	Schools establishment review - Pooles Park Primary School		13	Completed. High priority findings were raised in six audit areas, details of which can be seen at Appendix 2.
CS22-2-3	Schools establishment review - Samuel Rhodes Primary School		13	This audit has been removed from the 2022/23 plan, as it was delivered early and outcomes were reported to Audit Committee in September 2022 as part of the 2021/22 plan.
CS22-2-4	Schools establishment review – Pakeman Primary School		13	Fieldwork has been completed. A report will be issued in January 2023.

CS22-2-5	Children's Centre establishment review – Margaret McMillan Nursery and Children's Centre		13	A draft report has been shared with management, and a management response is awaited. A completion date of February 2023 is anticipated.
FWU22-6	Children's Services follow up activity	<p>Follow up activity relating to the following audits:</p> <ul style="list-style-type: none"> • Business transformation • Conewood Children's Centre • High needs/SEN children's placements • Placement commissioning 16-17 year olds • SEN transport • Troubled Families 21/22 	15	<p>Outcomes of follow up activity are detailed in Appendix 3. All recommendations have been implemented for the following audits:</p> <ul style="list-style-type: none"> • Placement commissioning 16-17 year olds • Troubled Families 21/22 <p>Further follow up work is planned in Q4 2022/23 relating to the other audits.</p>

2.6. Community Wealth Building

Ref	Audit title	Indicative scope	Planned days	Status
CWB22-1	Financial resilience of residents – test and trace support payments *	This review has been carried forward from the 21/22 audit plan. A risk based review to provide assurance against this area of principal risk. The audit will look at the effectiveness of mechanisms in place to ensure that residents at financial risk are able to access financial	22	Completed – Moderate assurance.

		support, particularly Covid-related support.		
FWU22-1	Health and safety - asbestos (extended follow up) *	Extended follow up of Health and safety - asbestos (HOU20-5). Ongoing assurance in this area of principal risk, the review will assess the implementation of recommendations across a number of areas including governance, management and monitoring.	12	Follow up fieldwork is underway to look at implementation of 19 recommendations, relating to five high and two medium rated findings. A follow up memorandum will be issued in Q4 of 2022/23.
FWU22-2	Supplier bank amendments (extended follow up) *	Extended follow up of Supplier bank amendments (AD21-2). This audit will include testing a new sample of amendments to verify the operation of key controls.	15	<p>An extended follow up audit was completed. We looked at the rate of implementation of 29 recommendations, relating to six high and four medium priority findings, which had passed their target implementation dates. We found that:</p> <ul style="list-style-type: none"> • 26/29 (90%) recommendations have been implemented; and • 3/29 (10%) recommendations have been partially implemented. <p>The partially implemented recommendation related to:</p> <ul style="list-style-type: none"> • Finalisation and publication of new sundry supplier guidance; • Reperformance of sundry supplier data analysis; and • System-generated reporting on amendments to supplier records.

				A revised target implementation date of 31 December 2022 has been agreed for the outstanding recommendations.
FWU22-7	Community Wealth Building follow up activity	<p>Follow up activity relating to the following audits:</p> <ul style="list-style-type: none"> • Financial resilience of residents • Decline in local business resilience • Contract management 20/21 	16	<p>Outcomes of follow up activity are detailed in Appendix 3. All recommendations have been implemented for the following audit:</p> <ul style="list-style-type: none"> • Contract management 20/21 <p>Further follow up work is planned in Q4 2022/23 relating to the other audits.</p>

2.7. **Environment**

Ref	Audit title	Indicative scope	Planned days	Status
E22-1	Climate emergency *	The objective of this audit is to review the robustness of the council's governance and control framework to mitigate key risks related to the council's climate change programme. The scope will also include a review of controls for the gathering, monitoring and reporting of data.	21	The audit is currently being scoped. Fieldwork and reporting will take place in Q4 2022/23.
FWU22-8	Environment follow up activity	<p>Follow up activity relating to the following audits from previous years:</p> <ul style="list-style-type: none"> • Commercial waste recovery plan • Greenspace income • Parking services 	20	<p>Outcomes of follow up activity are detailed in Appendix 3. All recommendations have been implemented for the following audits:</p> <ul style="list-style-type: none"> • Greenspace income • People friendly streets (PFS)

		<ul style="list-style-type: none"> • People friendly streets (PFS) 		Further follow up work is planned in Q4 2022/23 relating to the other audits.
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2.8. Fairer Together

Ref	Audit title	Indicative scope	Planned days	Status
FT22-1	Voluntary Sector Organisation (VSO) establishment review – Culpeper Community Garden	Risk based review of one VSO to assess the effectiveness of governance mechanisms and financial practices.	13	The audit is currently being scoped. Fieldwork and reporting will take place in Q4 2022/23.
FWU22-9	Fairer Together follow up activity	Follow up activity relating to the following 2021-22 audit: <ul style="list-style-type: none"> • Challenging Inequality Programme 	5	Outcomes of follow up activity are detailed in Appendix 3. Further follow up work is planned in Q4 2022/23.

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2.9. Homes and Neighbourhoods

Ref	Audit title	Indicative scope	Planned days	Status
HN22-1-1	Tenant Management Organisation (TMO) establishment review - Seaview	Risk based review of TMOs. These reviews are part a rolling programme of assurance for TMOs which operates on a cyclical basis. The programme assesses the effectiveness of	13	Fieldwork is underway. A report will be issued in Q4 2022/23.

HN22-1-2	TMO establishment review – Taverner and Peckett	governance mechanisms and financial practices.	13	Fieldwork is underway. A report will be issued in Q4 2022/23.
HN22-1-5	TMO establishment review – Brunswick		13	Fieldwork is underway. A report will be issued in Q4 2022/23.
HN22-2	Landlord duty of care: housing safety programme assurance *	A new project has been agreed to provide central oversight over housing safety. This audit will look at programme arrangements in place and will assess the effectiveness of overarching governance arrangements around housing safety.	16	Fieldwork is underway. A report will be issued in Q4 of 2022/23.
HN22-3	Tenant Management Organisation (TMO) monitoring arrangements *	This review has been carried forward from the 21/22 audit plan at the request of the service area due to significant changes that are planned in the council's approach to monitoring TMO activity. The audit is planned for Q3/Q4 of 2022-23 to allow time for revised practice to be implemented. The audit will review council processes for monitoring TMO activity and governance arrangements. This will take into account whether monitoring activity is sufficient in light of the increased responsibilities for councils introduced in the 2021 Housing White Paper.	16	Scoping, fieldwork and reporting will take place in Q4 2022/23.

HN22-4	Housing allocation and medical need	A risk-based review of the council's key controls in place around prioritisation of housing allocation based on medical need.	16	The audit has been scoped. Fieldwork and reporting will take place in Q4 2022/23.
FWU22-10	Homes and Neighbourhoods follow up activity	<p>Follow up activity relating to the following audits:</p> <ul style="list-style-type: none"> • HomeBuild • Housing Revenue Account (HRA) • Landlord duty of care - fire risk assessments • Landlord duty of care – lifts • Rent income and recovery • Tenant Management Organisation (TMO) monitoring arrangements 	13	<p>Outcomes of follow up activity are detailed in Appendix 3. All recommendations have been implemented for the following audits:</p> <ul style="list-style-type: none"> • HomeBuild • Landlord duty of care - fire risk assessments • Rent income and recovery <p>Further follow up work is planned in Q4 2022/23 relating to the other audits.</p>

2.10. Public Health

Ref	Audit title	Indicative scope	Planned days	Status
FWU22-11	Public Health follow up activity	<p>Follow up activity relating to the following audits:</p> <ul style="list-style-type: none"> • Health and social care integration – purchase and funding of services • Public health partnership working arrangements 		Outcomes of follow up activity are detailed in Appendix 3. Further follow up work is planned in Q4 2022/23.

Additional reviews

Eight additional reviews have been added to the audit plan to date in 2022/23, with a combined audit budget of 106 days.

Ref	Audit title	Indicative scope	Planned days	Status
AD22-1	Concierge service	Controls awareness note on the receipt of deliveries by the council's concierge service.	6	Completed. A controls awareness note was issued.
AD22-2	Purchase cards *	A review of usage patterns of purchase cards through audit testing of high risk transaction types.	21	Fieldwork has been completed. A report will be issued in December 2022.
AD22-3	Tenant Management Organisation (TMO) establishment review - Pleydell	Risk based review of TMOs. These reviews are part a rolling programme of assurance for TMOs which operates on a cyclical basis. The programme assesses the effectiveness of governance mechanisms and financial practices. These two additional audits were added to the plan once the Principal Auditor vacancy was filled, increasing the audit team's capacity for the year.	13	Fieldwork is underway. A report will be issued in Q4 2022/23.
AD22-4	Tenant Management Organisation (TMO) establishment review - Dixon Clark Court		13	Fieldwork is underway. A report will be issued in Q4 2022/23.
AD22-5	Schools establishment review - St John's Upper Holloway	Risk based review of school or children's centre. The programme assesses the effectiveness of governance mechanisms and financial	13	The audit has been scoped. Fieldwork and reporting will take place in Q4 2022/23.

AD22-6	Schools establishment review - Highbury Fields	practices. These two additional audits were added to the plan once the Principal Auditor vacancy was filled, increasing the audit team's capacity for the year.	13	Fieldwork has been completed. A report will be issued in January 2023.
AD22-7	Landlord duty of care: lifts *	On-going programme of assurance against this area of Principal Risk. Cross-cutting review of the Council's arrangements for ensuring compliance with health and safety requirements across its property portfolio. Scope to focus on lift maintenance and replacement within the Council's housing stock.	21	As at the last update to the Audit Committee in September 2022, a need for additional audit work to cover off areas of key risk was identified. This additional work commenced in Q2 of 2022/23. Fieldwork has been delayed due to staff absences in the audited team, but is near completion. A report will be issued in Q4 of 2022/23.
AD22-8	Supporting Families	Review of grant compliance for Supporting Families funding.	6	The audit has been scoped. Fieldwork and reporting will take place in Q4 2022/23.

3. Audit plan completion statistics

Audit status	Number of reviews
Total number of reviews included on the original audit plan <i>(see sections 2.1-2.10 above for breakdown)</i>	30
Reviews added in year <i>(see section 2.11 above for breakdown)</i>	8
Total reviews on audit plan	38
Audits removed from plan: <i>Delivered and reported as part of 2021/22 plan:</i>	5

Audit status		Number of reviews
1. Schools establishment review – Duncombe Primary School 2. Schools establishment review - Samuel Rhodes Primary School <i>Reviews that did not proceed due to a revised risk assessment:</i> 3. Use of sundry suppliers (see R22-3 above) 4. Unauthorised access to Council email systems (see R22-4 above) 5. Safeguarding children - vetting of staff (see CS22-1 above)		
Remaining audits due for completion as part of the 2022/23 plan		33
Audits completed to reporting stage:		11 (33%)
<i>Audits completed and report issued in final</i>		7 (21%)
<i>Audits completed and awaiting final management response</i>		4 (12%)
Audits in progress:		21 (64%)
<i>Audit fieldwork completed – reporting</i>		3 (9%)
<i>Audit fieldwork underway</i>		13 (39%)
<i>Scoping underway</i>		5 (15%)
Audits not yet started:		1 (3%)
<i>To be scoped</i>		1 (3%)

4. 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

1. Synopsis

- 1.1. This Appendix summarises high priority recommendations arising from audit reviews with a limited or no assurance rating since our last update to Committee in September 2022. It provides an overview of findings in areas where control weaknesses have been identified that present a high risk to specific service objectives.
- 1.2. Follow up reviews will be conducted to assess the level of implementation of audit recommendations.

2. Summaries of high priority findings

2.1. Establishment audits

Reference	Audit Title
PS21-2-1	Schools establishment review – St John’s Highbury Vale Primary School
	<ul style="list-style-type: none">1. Purchasing and expenditure: purchase orders are not consistently in place for transactions and duplicate transactions were identified2. Income charging and banking: discrepancies between bank records and the school’s financial records identified through bank reconciliations were not fully investigated. Debt monitoring and recovery activities are not consistently carried out. Calculations of charges to parents for school trips were not supported by evidence.3. Lettings: contractual and insurance documentation is not in place for some lettings and the lettings policy is not up-to-date.4. HR and payroll: contracts are not in place for services bought in from other schools and it is not clear whether the current staffing structure supports effective financial and administrative management. Vetting of staff and contractors is not consistent.5. Asset management: assets are not effectively documented and monitored.

Reference	Audit Title
PS21-2-4	Schools establishment review – Duncombe Primary School
	<ol style="list-style-type: none"> 1. Financial management: financial regulations and a scheme of financial delegation were not in place. A formal licensed deficit agreement was not in place. 2. Purchasing and expenditure: purchase orders are not consistently in place for transactions and one purchase exceeded delegated limits. 3. Income charging and banking: separation of duties is not enforced for cash handling. Income records are not clearly maintained. Discrepancies between bank records and the school's financial records were not identified through bank reconciliations. Debt monitoring and recovery activities are not consistently carried out. 4. Lettings: DBS vetting and insurance documentation is not in place for some lettings. 5. HR and payroll: vetting of staff and contractors is not consistent. 6. Contracts and leases: contracts are not recorded in a contracts register and procurement rules were not consistently followed.

Reference	Audit Title
CS22-2-2	Schools establishment review – Pooles Park Primary School
	<ol style="list-style-type: none"> 1. Purchasing and expenditure: separation of duties was not consistently in place for transactions and purchase orders were not used. 2. Income charging and banking: debt monitoring and recovery activities are not consistently carried out. Separation of duties is not enforced for cash handling. 3. Lettings: DBS vetting and insurance documentation is not in place for some lettings. The school's lettings policy is not followed.

Reference	Audit Title
CS22-2-2	Schools establishment review – Pooles Park Primary School
	<ol style="list-style-type: none"> 4. HR and payroll: vetting of staff and contractors is not consistent. Expense claims were not consistently supported by receipts. 5. Contracts and leases: contractual arrangements are not subject to governor oversight and procurement rules were not consistently followed. 6. Asset management: assets are not effectively documented and monitored. An asset disposal was not appropriately approved.

Reference	Audit Title
HOU21-2-3	Tenant Management Organisation (TMO) establishment review – Spa Green
	<ol style="list-style-type: none"> 1. Key policies and procedures were not up to date. Some policies and procedures were not in place or were not fit for purpose. 2. The annual budget was not approved or regularly reviewed by the management committee. 3. Annual accounts were not produced due to issues with a dormant bank account. 4. Purchase requisitions were not consistently used. 5. Purchase values exceeded delegated limits. 6. A bank mandate was not available for one bank account.

Reference	Audit Title
HOU21-2-5	Tenant Management Organisation (TMO) establishment review - Miranda
<ol style="list-style-type: none"> 1. Key policies and procedures were not up to date. Some policies and procedures were not in place or were not fit for purpose. 2. The annual budget was not approved or regularly reviewed by the management committee. 3. Purchase orders were not consistently used. 4. A bank mandate was not available for one bank account. Bank reconciliations were not subject to secondary review. 	

APPENDIX ENDS

Appendix 3: Follow up outcomes

1. Synopsis

1.1. This Appendix summarises the results of audit follow up work. It provides an indication of the level of implementation of audit recommendations by management.

2. Summary of actions where progress has been noted at follow up

2.1. This table sets out the rate of implementation of recommendations which have passed their target implementation date.

2.2. Implementation rating key:

- Fully implemented = 100% of recommendations have been closed
- Good = progress has been made on 80%+ of recommendations
- Moderate = progress has been made on 60%-79% of recommendations
- Limited = progress has been made on fewer than 59% of recommendations
- None = no progress has been noted against audit recommendations

Reference	Audit title	Original assurance rating	Rate of implementation of actions (see rating key above)
Cross-cutting			
CC18-6	Technology debt management	Management letter issued	Good implementation of audit actions. Further follow up activity is underway.
CC19-1	Landlord duty of care – fire risk assessments	Management letter issued	Agreed actions have been fully implemented.

Reference	Audit title	Original assurance rating	Rate of implementation of actions (see rating key above)
CC19-4	Cyber security	Limited	Good implementation of audit actions. Further follow up activity is planned in Q4 2022/23.
CC20-2	Programme Management Office	Management letter issued	Good implementation of audit actions. Further follow up activity is underway.
CC20-3-1	Financial strategy - Adult Social Care transformation	Moderate	Good implementation of audit actions. Further follow up activity is underway.
CC20-4	Capital programme	Moderate	Moderate implementation of audit actions. Further follow up activity is underway.
Resources			
FR18-1	Payroll	Limited	Good implementation of audit actions. Further follow up activity is planned in Q4 2022/23.
FR18-5	Capital expenditure	Moderate	Good implementation of audit actions. Further follow up activity is planned in Q4 2022/23.
FR20-5	Use of contingent staff (extended follow up – see Appendix 1 for outcomes)	No assurance	Good implementation of audit actions. Further follow up activity is underway.
FR21-5	Challenging Inequality programme	Moderate	Moderate implementation of audit actions. Further follow up activity is underway.
AD21-2	Supplier bank amendments (extended follow up – see Appendix 1 for outcomes)	Management letter issued	Good implementation of audit actions. Further follow up activity is planned in Q4 2022/23.

Adult Social Care			
HASS18-2	Mental health safeguarding processes	Management letter issued	Good implementation of audit actions. Further follow up activity is underway.
Children's Services			
CS17-2	SEN transport	No assurance	Good implementation of audit actions. Further follow up activity is planned in Q4 2022/23.
CS18-6-2	School - St John Evangelist	Moderate	Good implementation of audit actions. Further follow up activity is planned in Q4 2022/23.
CS18-6-3	School - Highbury Quadrant	Moderate	Good implementation of audit actions. Further follow up activity is planned in Q4 2022/23.
CS18-6-6	School - Holloway (Beacon High)	No assurance	Good implementation of audit actions. Further follow up activity is planned in Q4 2022/23.
AD19-2	Conewood Children's Centre	Management letter issued	Good implementation of audit actions. Further follow up activity is underway.
PS20-6-4	School - Robert Blair School	Moderate	Good implementation of audit actions. Further follow up activity is planned in Q4 2022/23.
PS20-6-5	School - Sacred Heart RC	Moderate	Good implementation of audit actions. Further follow up activity is planned in Q4 2022/23.
PS20-7	Domestic violence	Moderate	Limited implementation of audit actions. Further follow up activity is planned in Q1 2023/24.
Environment			
ER18-5	Greenspace income	Limited	Agreed actions have been fully implemented.

ER20-3	Parking services	Limited	Good implementation of audit actions. Further follow up activity is underway.
AD20-2	Commercial Waste recovery plan	Management letter issued	Agreed actions have been fully implemented.
AD20-3	People friendly streets	Management letter issued	Agreed actions have been fully implemented.
Homes and Neighbourhoods			
HASS18-4	Housing Voids	Moderate	Agreed actions have been fully implemented.
HASS18-5-1	TMO - Quaker Court	No assurance	Good implementation of audit actions. Further follow up activity is planned in Q4 2022/23.
HASS19-2-1	TMO - Newbery House	No assurance	Limited implementation of audit actions. Further follow up activity is planned in Q4 2022/23.
HASS19-2-4	TMO - Arch Elm	No assurance	Good implementation of audit actions. Further follow up activity is planned in Q4 2022/23.
HASS19-6	Housing Revenue Account (HRA)	Moderate	Moderate implementation of audit actions. Further follow up activity is planned in Q1 2023/24.
Public Health			
PH18-1	Public Health	Moderate	Moderate implementation of audit actions. Further follow up activity is planned in Q1 2023/24.

- 2.3. Internal Audit aims to follow up all recommendations in the quarter after they fall due. **100%** of open audit recommendations where responsibility for follow up and closure sits with Internal Audit have been followed up within one quarter of their target date.

- 2.4. Where responsibility for follow up and closure of recommendations sits with Directorate Management Teams in line with the council's Audit Methodology, follow up activity has been monitored by Internal Audit through Controls Board.
- 2.5. Where necessary, delays in implementation of recommendations and lack of engagement with follow up requests have been escalated to Corporate Directors.

APPENDIX ENDS

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Finance
7 Newington Barrow Way
London N7 7EP

Report of: Corporate Director of Resources

Meeting of: Audit Committee

Date: 30 January 2023

Wards: All

Subject: Principal Risk Update – January 2023

1. Synopsis


- 1.1. The annual Principal Risk Report was presented to the Audit Committee in June 2022. In line with a previous request from Committee, this report provides a summary update on progress to mitigate key risks.

2. Recommendation

- 2.1 To note the report.

3. Update on key risks

- 3.1 This report provides an update on principal risks with the highest risk scores i.e. risks with a score from 16 to 20, or a risk with an increasing forward trend as outlined in the 2022 Principal Risk Report (which can be accessed [here](#)). Seven principal risks meet these criteria as follows:

Principal Risk	Risk Score	Forward Trend
Highest scoring risks		
Financial stability and resilience	20	

Principal Risk	Risk Score	Forward Trend
Volatility in the energy market	20	↑
Declining Financial Resilience of Residents	16	↑
Risks with an increasing forward trend		
Cyber and Data Security	15	↑
Failure to address and challenge social inequalities	12	↑
Social care market instability	12	↑
Health and social care integration	12	↑

3.2 The Health and Social Care Integration and Social Care Market Instability principal risks have been selected for a risk deep-dive at the Audit Committee meeting of 30th January 2023. Therefore, these two risks are not included within this update report as a separate report is being presented by the risk lead. Progress on action to mitigate the remaining five risks is included below.

Financial Stability and Resilience

3.3 High inflation and demand for Council services are having a significant impact on the Council's budget in the current financial year. The latest 2022/23 forecast for the General Fund, as at the end of September 2022, is a net overspend of £2.7m after applying corporate budget contingencies. Looking ahead, the budget setting process for the 2023-24 financial year has been particularly challenging amidst great economic and political uncertainty. The Autumn Statement has provided some clarity for 2023-24. However significant uncertainty remains and will continue until the provisional local government finance settlement (expected on 21st December 2022). Specific challenges have included:

- A significant 3-year General Fund budget gap that started at £61m;
- A real-terms cut to our funding settlement in 2023/24. This is still expected to be the case, despite a headline increase in social care funding in the Autumn Statement and additional Council tax flexibility;
- Continued significant expenditure pressures on pay, contracts and energy.

3.4 Any additional funding in the settlement, compared to existing assumptions, is expected to be offset entirely by these additional budgetary pressures and risks. This is primarily a result of inflation remaining high for longer and social care pressures growing faster than previously anticipated. Following an extensive savings identification and appraisal process, the draft 2023-24 budget proposals to balance the budget will be published early January 2023 for consideration by the Executive and public consultation/scrutiny. This will be followed by the final budget proposals for consideration by Full Council in March 2023. The potential local government funding reforms noted in the previous update now look to have been pushed back until at least 2025-26.

Volatility in the Energy Market

3.5 When energy prices increased rapidly in mid-2022, the Council took a proactive approach to seek out options to reduce cost. The existing energy contracts were terminated early through negotiations with the supplier, and new contracts have been agreed through the public buying

organisation LASER. LASER had already purchased most of its energy for 2023/24 at significantly better rates than the market prices at the time. These contracts will take effect from 1 April 2023. At the time the Executive took the decision to make this change, the estimated saving for 2023/24 was £13m compared to buying on the open market, significantly reducing the Council's exposure to market volatility. The Council is also progressing action on reducing energy consumption, including providing advice and making recommendations to schools. In Q1 and Q2 2022, officers supported schools to make reductions of 33% in gas consumption and 6% in electricity. The Corporate Energy Savings Programme is overseen by a monthly Energy Board chaired by the Chief Executive. The programme includes short, medium and long-term action to reduce energy consumption in our corporate estate, with short term activities to be implemented by the end of March 2023.

Declining Financial Resilience of Residents

- 3.6 The Council continues to deliver a range of actions to support the financial resilience of residents. The third version of the Government's Household Support Fund has been used to add £100k to the Council's Resident Support Scheme, adding up to a total of £1.3m for 2022/23 financial year. This scheme is targeted at residents experiencing a financial crisis due to exceptional circumstances with no other support available to them. The first two Household Support Funds have distributed £4.4m from September 2021 to September 2022 to help residents with cost-of-living issues. In total, around 20,000 households have received support from each round of the Household Support Fund, including payments during school holidays for families eligible for free school meals and supporting our least financially resilient households.
- 3.7 Following the success of the pension credit take-up campaigns, which has resulted in additional annual take-up to the value of around £1.47m so far, the Income Maximisation team is planning more pro-active work to support residents to claim benefits they are entitled to. The team has helped residents claim £3.5m of annual benefit entitlement in 2022-23 so far. This is expected to increase to over £5m worth of annual benefits by the end of 2022-23. The Council has also distributed £13m through the Council Tax Rebate to those most in need. The Government's announcement that support to vulnerable households will continue in 2023-24, and the increase of benefits and the benefit cap in line with inflation, will support residents' financial resilience through next year. Alongside a focus of encouraging residents to claim benefits that they are entitled to, the Council continues to support residents into employment, or better employment, for longer term financial resilience. The support put in place around financial resilience has helped position the Council to make effective interventions in supporting the community with the cost-of-living crisis.

Cyber and Data Security

- 3.8 Several key activities have been completed to enhance resilience against cyber-attacks. More systems have been migrated to a cloud environment and are now sitting outside our data centres which reduces the likelihood and impact of an attack. The new Security Incident and Event Monitoring Service (SIEM) is now in place with the benefit of continuous monitoring of our infrastructure to log and respond to unexpected cyber events quickly. Controls such as two-factor authentication and geo-fencing are reducing the likelihood of phishing and hacking. Digital Services conducted a full power-down of the data centre in August 2022 to test resilience which confirmed that the Council can keep basic resident services and staff access operational in the event of an incident. The ongoing staff programme of cyber education is yielding results with more staff flagging suspicious phishing emails. Digital Services is regularly testing cyber awareness by sending false phishing emails to monitor staff reactions and ability to identify suspicious emails. With the progress made in 2022, the impact of this risk is assessed as reduced.

Failure to Address and Challenge Social Inequalities

- 3.9 The Challenging Inequalities Programme is a key mitigation for this risk and is progressing well. Our workforce has been upskilled on equality, diversity and inclusion through increased training opportunities, our equality events, and greater involvement in equalities conversations across all levels of the organisation. Overall, staff have a greater understanding of the impact of inequality and who is most affected. This has led to better signposting of services and support for residents. Over 6000 residents engaged with the Council's community engagement programme, Let's Talk Islington, and the findings were published in November 2022. Informed by the findings, a strategic plan is being developed which will be finalised in February 2023. In 2023, stakeholders will take part in action learning workshops for an inclusive approach to identify actions in support of delivering the outcomes that residents have said are important to them. This collaborative approach is designed to develop creative and innovative solutions to issues affecting Islington residents. The current social context with the cost-of-living crisis is likely to increase inequalities in society and the Council's efforts is focused on rebuilding systems and addressing systemic inequalities to achieve sustained change for the future.

4. Implications

4.1 Financial Implications

- 4.1.1 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

- 4.2.1 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 and contribution to achieving a net zero carbon Islington by 2030

- 4.3.1 There are no environmental implicating arising from the recommendations in this report.

4.4 Equalities Impact Assessment

- 4.4.1 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.
- 4.4.2 An Equalities Impact Assessment is not required in relation to this report because the recommendation being sought does not have direct impacts on residents.

5. Conclusion and reasons for recommendations

- 5.1 Sound risk management arrangements is a key component of the Council's governance framework. The Committee is asked to note the Principal Risk Update.

Final report clearance:

Signed by:

Corporate Director of Resources

Date:

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REPORT ENDS

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Town Hall, Upper Street
London N1 2UD

Report of: Chair of the Personnel Sub-Committee

Meeting of: Audit Committee

Date: 30 January 2023

Ward(s): None

Subject: Annual Report of the Personnel Sub-Committee 2022

1. Synopsis

This report summarises the work of the Personnel Sub-Committee in 2022.

2. Recommendation

To note the work of the Personnel Sub-Committee in 2022.

3. Background

- 3.1 The Personnel Sub-Committee is responsible for the recruitment and appointment of Corporate Directors and Service Directors in accordance with Part 4 of the Council's Constitution.
- 3.2 The Sub-Committee recruited to one post over the last year; two meetings were held to both shortlist and interview for the Director of Strategic Commissioning and Investment post.
- 3.3 In relation to the current year, the Sub-Committee is currently recruiting to the vacant Corporate Director – Homes and Neighbourhoods post. Other meetings will be convened as and when senior officer recruitment activity is required.
- 3.4 The Chair of the Sub-Committee meets with the Director of HR and Chief Executive on a quarterly basis to review upcoming senior officer recruitment activity and to review any key workforce metrics.
- 3.5 Training has previously been provided to members of the Personnel Sub-Committee. It is intended to discuss training requirements with the Sub-Committee members following

Annual Council in May and offer another training session if required. If Executive Members have not been trained and are participating in a Sub-Committee meeting for an appointment within their portfolio prior to Annual Council, this will be held on a 1:1 basis.

4. Implications

4.1 Financial Implications

All senior officer recruitment activity is met from existing staffing budgets. There are no financial implications associated with this report.

4.2. Legal Implications

The senior officer recruitment process is conducted in accordance with the Council's Constitution, Part 4 Procedure Rules – Officer Employment Rules. Appointments must be made on merit (Section 7, Local Government and Housing Act 1989).

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

There are no known environmental implications.

4.4 Equalities 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.

An Equality Impact Assessment is not required in relation to this annual update report. This report relates to the work of the Personnel Sub-Committee and senior officer recruitment over the past year. The Sub-Committee has due regard to equalities matters when carrying out its role.

It is the policy of Islington Council that no present or future employee or job applicant receives less favourable treatment on the grounds of their sex, perceived or actual sexual orientation, marital status, race, religion or belief, age, creed, colour, nationality, national origin, ethnic origin, or disability, or on the grounds of their association with someone in one of these groups; nor is disadvantaged by any conditions or requirements which cannot be shown to be justified. The Council welcomes applications from Black and Minority Ethnic candidates and acknowledges its responsibility to mitigate against racial discrimination.

5. Conclusion and reasons for recommendations

The Audit Committee is asked to note the work of the Personnel Sub-Committee over the previous year.

Final report clearance:

Signed by:

Chair of the Personnel Sub-Committee

Date:

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