

London Borough of Islington

**Audit and Risk Committee - 18 September 2023**

Minutes of the meeting of the Audit and Risk Committee held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 18 September 2023 at 7.00 pm.

**Present:**        **Councillors:**        Councillor Nick Wayne (Chair), Councillor Janet Burgess MBE, Councillor Sara Hyde, Alan Begg (Co-Optee) and Alan Finch (Co-Optee)

**Also Present:**        **Independent member:**        Alan Begg and Alan Finch

**Councillor Nick Wayne in the Chair**

76        **APOLOGIES FOR ABSENCE (Item A1)**  
Apologies for absence were received from Cllr Williamson.

77        **DECLARATION OF SUBSTITUTE MEMBERS (Item A2)**  
Cllr Kay substituted for Cllr Williamson.

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

79        **MINUTES OF PREVIOUS MEETING (Item A4)**  
**RESOLVED:**

That the minutes of the previous meeting be agreed as a correct record and the Chair be authorised to sign them.

80        **RAAC UPDATE (Item B1)**  
The Corporate Director of Resources introduced the item.

The following main points were noted in the discussion:

- The Government had announced new measures to minimise the impact of reinforced autoclaved aerated concrete (RAAC) in education settings on 31 August 2023. RAAC was mainly used in flat roofs but also some floor and wall construction in the UK from the mid-1950s to mid-1990s. RAAC was used in a range of building types, both public and private sector, but believed to be more common in schools, hospitals and public buildings.
- The safety of everyone using council buildings was of utmost importance. The Council had taken a proactive approach to ensuring safety across its estate, reviewing all the information held on the council's buildings, including council housing, to identify RAAC and prioritise inspections where required.

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- The issues associated with RAAC in schools had been known about for some time and the council had already been working closely with schools to identify whether RAAC may be present. All Islington schools opened as planned at the start of term.
- The Department for Education (DfE) initially only required schools built between the 1950s and 1990s to be inspected however the council considered this to be insufficient, particularly for older Victorian schools with modern extensions, and had taken a broader approach to RAAC inspection. The DfE had subsequently updated its guidance to this effect.
- Five Islington Schools had initially been identified as requiring further inspection. Three surveys were booked for 19<sup>th</sup> September 2023, one school was awaiting a re-visit from a DfE surveyor, however a contractor had confirmed that no RAAC was identified on a previous inspection, and one school had since confirmed that no buildings had been built during the relevant timescales.
- The council had sought external assurance from surveyors to evaluate the risks to schools.
- One school in the borough was known to have RAAC present in its buildings. The area had been closed off and classrooms relocated while further assessment and works were carried out. The council had been working closely with the school to support them through the process.
- The council was assessing if its social housing blocks had RAAC present through surveys and was working closely with industry specialists. This work was progressing well and to date no instances of RAAC had been detected. Tall buildings were being prioritised, and lower blocks would be inspected afterwards. There was a general view emerging in the social housing industry that the use of RAAC had not been widespread in residential buildings.
- In relation to the corporate estate, the council had been undertaking a rolling programme of stock condition surveys over the past two years. The surveyors appointed had since been asked to inspect for RAAC in those buildings not yet inspected. For those with complete inspections, Property Services were reviewing the age and construction of the building to consider if a follow-up survey was required.
- The Committee noted the importance of communications with residents. A Frequently Asked Questions page had been published on the website and the Housing Team would be developing detailed communications plans to reassure residents over the coming weeks.
- As a precaution, details of any RAAC identified was being shared with the London Fire Brigade to assist with any operational response.
- An officer working group had been established to consider RAAC matters and related safety issues. Officers would continue to monitor the situation and engage with relevant partner agencies around safety issues.
- The Committee noted the work around RAAC and requested a further update to the next meeting.

### **RESOLVED:**

That the update be noted.

81

### **DEEP DIVE - COUNCIL NEW BUILD PROGRAMME - UPDATE (Item B2)**

The following main points were noted in the discussion:

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- A full deep-dive of the New Build Programme had been scheduled for the January Committee meeting.
- There were significant inflationary cost pressures associated with the New Build Programme. Members were concerned about the overspends and financial risks to the programme.
- Members commented on the importance of controls and processes to ensure financial viability. Effective monitoring processes and robust contractor evaluations would be key.
- The Acting Assistant Director of New Build commented on the assurance work carried out by the team and work to scrutinise if value for money was being achieved in contracts.

### RESOLVED:

That the update be noted.

### 82 22/23 INTERNAL AUDIT ANNUAL REPORT (Item B3)

The following main points were noted in the discussion:

- The 22/23 Internal Audit report aimed to provide the Audit Committee with assurance over the Council's governance, risk management and internal control environment by laying out how the Internal Audit plan was being delivered. The report highlighted service areas where high priority recommendations have been made and commented on the implementation of audit recommendations.
- The Committee considered the report and queried what the requirement would be to achieve substantial assurance. Officers explained that substantial assurance meant that all recommendations were 'best practice' which it would be unlikely to achieve for all measures across the organisation. It was commented that aspirational, moderate assurance across the board was a better goal for the council.
- It was commented that there had been good engagement with officers around Islington Council's corporate landlord duty. Issues had been identified and it had been encouraging to see a proactive and detailed response.

### RESOLVED:

That the report be noted.

### 83 22/23 ANNUAL FRAUD REPORT (Item B4)

The following main points were noted in the discussion:

- The report provided an update on the counter-fraud work undertaken by council's three core investigations teams (Corporate Investigations, Housing and Parking) for the 2022-23 year, covering the period 1 April 2022 to 31 March 2023.
- It was encouraging that the majority of referrals were not substantiated; however, five referrals were substantiated.
- Housing fraud was the biggest type of fraud facing the council and proactive work in this area had increased.
- The Committee noted the importance of cross-London collaboration on fraud issues. Particularly in relation to housing fraud, it was paramount that the council's housing stock was utilised well for residents and not taken advantage of.

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- It was commented that the level of fraud was on par with other London boroughs, however it was recognised that there needs to be further proactive work on anti-fraud action.

### RESOLVED:

That the report be noted.

84

### STATEMENT OF ACCOUNTS (Item B6)

The following main points were noted in the discussion:

- The report demonstrated the council's sound financial management and provided evidence to stakeholders that they should have confidence in the Council's financial position. The External Audit Findings report, appended to the papers, included a number of recommendations to those with governance responsibility in the organisation.
- The statement of accounts had been in the public domain for about a year and the council had not received any objections. One objection was received for the 2021 accounts and was considered through the relevant processes.
- Officers summarised the context of the 2021-22 accounts; these covered a period where some Covid-19 restrictions were still in place. There was increased demand for council services and pre-pandemic income streams had not fully recovered. This had been partially mitigated by grant funding. Since the start of the cost of living crisis in late 2021 there had been increased cost of providing council services. There was also sector-wide delays in external audit and new emerging audit issues: such as the impact of the triennial pension valuation statement on IAS19 Employee Benefits Reporting.
- In relation to accounting policies, there had been no departures from the CIPFA Code of Practice and the final accounts had been updated to reflect latest CIPFA Code of Practice on infrastructure assets.
- The council spent approximately £1.1bn on council services. Capital reserves had increased, and total usable reserves had increased. Local authority reserves had increased in general due to Covid-19 funding, however this would decrease after the one-off Covid funding had been used.
- Significant liabilities included insurance liability, business rate appeals, and potential liability in respect of Thames Water.
- The Committee noted the financial position of the Council, including the status of the Council Tax Collection Fund, the Housing Revenue Account, and the Pension Fund.
- The External Auditors present commented that they were satisfied with the statement of accounts and were satisfied with Islington's position.

### RESOLVED:

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- i. That the auditor's Audit Findings Reports and Value for Money conclusion be noted;
- ii. That the action plans of recommendations in the Audit Findings Report be noted;
- iii. That the 2021-22 Statement of Accounts be approved, delegating to the Corporate Director for Resources in consultation with the Chair of the Committee to make any final amendments that might arise in the final part of the audit subject to no material changes.
- iv. That the draft Letter of Representation be approved, and to allow the Section 151 Officer and Chair of the Committee to sign on behalf of the organisation.

### 85 **EXTERNAL AUDIT PLANS 2022 - 2023 (Item B7)**

The following points were noted in the discussion:

- The plans had not yet been completed, however the External Auditors assured the committee they had everything they needed to complete this work.
- The External Auditors stated they were content with the indicative plan and work to finalise the plan would continue over the coming months.
- The government had been conducting a consultation on local government audit arrangements and there was an indicative plan that all 2021-22 audits must be signed off by March 2024 and all 2022-23 audits would be signed off by September 2024
- Islington's 2021-22 External Audit was almost complete and is expected to be signed off shortly.

#### RESOLVED:

- That the total anticipated fees for the external audit of the Council is £229,064 and of the Pension Fund is £44,556 for the year ending 31 March 2023, be noted.
- That the contents of the indicative audit plans for the Council and Pension Fund for the year ending 31 March 2023 be noted.

### 86 **UPDATING THE FINANCIAL REGULATIONS (Item B8)**

The report set out proposed amendments to the council's Financial Regulations. The Committee was invited to review the proposals, prior to submitting any amendments to Council for approval. .

The updates to the Financial Regulations were part of the ongoing review of the Council's Constitution, ensuring the document was up-to-date and fit for purpose.

The Committee considered the need to strike the right balance on levels of financial delegation to enable efficient decision-making while maintaining robust financial controls.

It was agreed that the report be deferred to the January meeting to allow for further consideration and discussion. The Committee was content for minor amendments to

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wording to be progressed for decision sooner; it was requested that any minor amendments be circulated to Committee members by email for review prior to Council.

### RESOLVED:

- (i) That consideration of the report be deferred to the January 2024 meeting;
- (ii) That the Corporate Director of Resources be authorised to approve minor amendments to the Financial Regulations prior to their submission to Full Council for agreement
- (iii) That the Committee be notified of any proposed minor amendments to the Financial Regulations prior to approval by Council.

### 87 **EXCLUSION OF PRESS AND PUBLIC (Item )**

The Committee resolved to exclude the press and public for this item, due to the likely disclosure of Exempt Information.

### 88 **BI-ANNUAL WHISTLEBLOWING MONITORING REPORT (Item B5)**

The Committee noted the whistleblowing referral process and that between 1 February 2023 and 30 June 2023, five referrals were assessed as having met the criteria for whistleblowing.

### RESOLVED:

That the report be noted.

### CHAIR