

NOTICE OF MEETING

AUDIT COMMITTEE

Thursday, 14th December, 2023, 7.00 pm - George Meehan House, 294 High Road, N22 8JZ (watch the live meeting [here](#) and watch the recording [here](#))

Members: Councillors Erdal Dogan (Chair), Kaushika Amin, Cathy Brennan, Elderidge Culverwell (Vice-Chair), Mary Mason, Ajda Ovat and Alessandra Rossetti

Quorum: 3

1. **FILMING AT MEETINGS**

Please note this meeting may be filmed or recorded by the Council for live or subsequent broadcast via the Council's internet site or by anyone attending the meeting using any communication method. Members of the public participating in the meeting (e.g. making deputations, asking questions, making oral protests) should be aware that they are likely to be filmed, recorded or reported on. By entering the 'meeting room', you are consenting to being filmed and to the possible use of those images and sound recordings.

The Chair of the meeting has the discretion to terminate or suspend filming or recording, if in his or her opinion continuation of the filming, recording or reporting would disrupt or prejudice the proceedings, infringe the rights of any individual, or may lead to the breach of a legal obligation by the Council.

2. **APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

3. **URGENT BUSINESS**

The Chair will consider the admission of any late items of Urgent Business. (Late items will be considered under the agenda item where they appear. New items will be dealt with under item 14 below).

4. **DECLARATIONS OF INTEREST**

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and

(ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

To consider any requests received in accordance with Part 4, section B, Paragraph 29 of the Council's Constitution.

6. MINUTES (PAGES 1 - 12)

To confirm and sign the minutes of the Audit Committee meeting held on 21 September 2023 as a correct record.

To Review the Action Tracker.

7. QUARTERLY INTERNAL AUDIT UPDATE - HOUSING SERVICES AND BUILDING SAFETY (PAGES 13 - 20)

This report provides an update on progress against the audit recommendations of the Council's external provider (Mazars) during 2022/23 and 23/24 on Housing Services and Building Safety for the following service areas: Customer Experience (Repairs); Leaseholder (Services); Stock Condition; Gas Safety; and Stock and Stores

8. UPDATE ON THE RECOMMENDATIONS FROM THE AUDIT OF THE LETTINGS FUNCTION IN FEBRUARY 2023. (PAGES 21 - 48)

An internal audit of the Lettings process was carried out by Mazars in February 2023, resulting in a report in July 2023. The audit provided adequate assurance but made a number of recommendations. The Audit Committee has asked for an update on the progress of actions resulting from the recommendations of the audit.

9. TREASURY MANAGEMENT UPDATE (PAGES 49 - 64)

The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice

(the CIPFA Code). This code requires the Council to approve, at a minimum, treasury management semi-annual and annual outturn reports.

10. INTERNAL AUDIT PROGRESS REPORT 2023/24 (PAGES 65 - 76)

This report details the work undertaken by Internal Audit in the period 15 August to 6 October 2023 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Mazars).

11. ANTI-FRAUD AND CORRUPTION PROGRESS REPORT QUARTER 2 2023/24 (PAGES 77 - 86)

This report details the work undertaken by the in-house resources in the Audit and Risk team and communicates a first update on completion of the work plan for 2023/24.

12. APPOINTMENT OF NON VOTING INDEPENDENT ADVISORS TO THE AUDIT COMMITTEE (PAGES 87 - 98)

In line with the Council's Constitution, Committee Standing Orders, Paragraph 2, that the Council may resolve that non-voting members, assessors and advisers shall also be appointed to any such committee or other body, and shall hold office until the annual meeting in the year following their appointment or for so long as the Council deem appropriate, whichever is the earlier; and if they resolve to make such appointments, shall specify the number of appointments to be made and the functions in relation to the body that each person so appointed may exercise, the appointment of the two independent non-voting members requires a recommendation from the Audit Committee to Full Council for approval. The Full Council received a paper on 27 March 2023 (see attached Appendix 1), setting out the need for the composition of an Audit Committee, and subsequently agreed its membership and its Terms of Reference which included two non-voting independent advisors.

13. ANNUAL GOVERNANCE STATEMENT 2022/23 FOLLOW UP REPORT (PAGES 99 - 116)

To update the Committee and provide assurance on the progress to address the significant governance issues identified within the 2022/23 Annual Governance Statement (AGS).

14. NEW ITEMS OF URGENT BUSINESS

15. DATES OF FUTURE MEETINGS

1 February 2024 - TBC

7 March 2024

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Fiona Alderman
Head of Legal & Governance (Monitoring Officer)
George Meehan House, 294 High Road, Wood Green, N22 8JZ

Wednesday, 06 December 2023

MINUTES OF THE AUDIT COMMITTEE HELD ON THURSDAY, 21 SEPTEMBER 2023, 7:00PM – 9:25PM

PRESENT: Councillors Mary Mason (Chair), Eldridge Culverwell, Ajda Ovat, Kaushika Amin, Cathy Brennan, Ibrahim Ali, Alessandra Rossetti.

1. FILMING AT MEETINGS

The Chair referred to the notice of filming at meetings and this information was noted.

2. APOLOGIES FOR ABSENCE

There were none.

3. URGENT BUSINESS

There was no urgent business.

4. DECLARATIONS OF INTEREST

There were none.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

There were none.

6. MINUTES

RESOLVED: That the minutes of the meeting on 20 July 2023 be agreed and signed as a correct record.

In relation to the Action Tracker, members queried the contracts and frameworks list. The meeting noted that the procurement systems the Council had at the moment were not fully operable as of yet. Internal audit had carried out a number of reviews around procurement sites. A number of the reviews that had been carried out had been assigned limited assurance. There were concerns about the operational procurement activities in the organisation. They could relate to issues like how contracts were let. For example, consideration needed to be given to when the Council let contracts and if the Council would be satisfied that it was getting value for money through the number of bidders. Contract management and how the contract register was maintained had also been examined. These three areas had all been assigned limited assurance.

The formally constituted Corporate Committee received a presentation from the Head of Procurement in September 2022, which was where the actions first arose. At that meeting, the Head of Procurement explained that he wanted to make changes and that those changes would take time including the need for replacement for IT systems that the Council used. Councillors' comments would be raised by the Head of Procurement and he would be asked to review his comments in light of councillors suggestions to see if it was possible to get a rough estimate so that some clarity could be attained regarding the number of tenders that went through. Depending on the threshold of the value of the contracts, the Council was required to follow up the process. It was important for the procurement team to have that information available to them as well. There was large element of work that was ongoing at the moment in terms of what needed to change. It would be helpful to invite the Head of Procurement to the next meeting to give an update on progress.

Members expressed that, as it sounded like the work that procurement had to complete would take a long time, it would be ideal for the Committee to receive a rough estimate sample from different dates, so that the Committee could get an idea of processes in place and where the risks still lay.

Organising members' training on the right to buy process would be followed up and an update would be provided to the Committee.

The Committee asked for an update on Temporary Accommodation including the cost of Temporary Accommodation at a future meeting.

The meeting felt It would be useful to receive a report on risk management strategy which included an update (or a risk management strategy) on leisure services by the next meeting. The meeting heard that these two matters were separate. The former matter was around the Council's policy and process for dealing with risk and for the identification of the key risks in the organisation. The Council had appointed a company called Zurich Municipal who were the Council's our insurers to help the Council review its current arrangements. This would examine how effective the policy and framework for managing risk was and to also help develop risk registers at the directorate and corporate level so that the Council had a good view of key risks in all the services at the corporate level supported by a strong framework of risk management of the organisation. Once the work was finished, it would be possible to bring the outcome of that to the Committee. The Committee would then have the visibility of the risks that had been identified and the framework that underpinned how those risks could be managed. Although there were risk registers, there was more the Council could do to bring the risks more in line with what current risks were and to think about what risks were oncoming.

The Chair felt it would be useful to have an update regarding the matter at each meeting and it may be useful for the Committee to examine the risk register.

In relation to leisure services, a request to the service had been made to help create the risk register. There had been recent developments in terms of how the leisure service was progressed but another request could be made again to provide an overview of what residual risks remained.

7. TREASURY MANAGEMENT UPDATE REPORT - Q1 2023/34

Mr Tim Mpofu, Head of Finance, presented the item.

Members queried the report and asked questions. In response to questions, Mr Mpofu and Mr Kaycee Ikegwu, Head of Finance (Housing and Chief Accountant) provided the answers to the queries.

- A query was raised regarding paragraph 6.13 which noted that a significant capital programme which extended into the foreseeable future and a large portion of this would need to be financed by borrowing. With the cost of borrowing having increased, it raised a question of checks or risk management being in place to ensure that there was an appropriate balance and if the high interest rate and uncertainty put that balance at risk. In response, the meeting heard that there were various times in the economic cycle where there could be opportunities to take advantage of lower rates. When the Treasury strategy was set, the target rate at the time was at 4.5% and it was assumed that any new borrowing would be at that rate. There were times when it was possible for the rate to fall below 4.5%, creating an opportunity to borrow whilst still being within budget. The maturity structure displayed on page 24 of the agenda papers showed the spread of risk of when loans needed to be refinanced and provided an opportunity to take advantage of the different maturity structures. The Council would assess how risk could be spread over time and will keep in touch with the Treasury advisor who would advise on rates. During times of economic uncertainty, it was not always the case that rates continued to increase as there were occasions when there could be a downward movement. In such circumstances, actions would be taken when borrowing to ensure that the Council would be able to stay within its budget. Various efforts were being made such as ensuring that cash balances remained healthy so that there would not be an over-reliance on borrowing whilst attempting to provide certainty on what the cost of any borrowing would be. The main difference was that the cost of borrowing was originally at 2% and was now at 4.5%, which was higher, but was within the MTFs guidelines.
- A query was raised regarding capital projects, particularly, long-term capital projects and the appropriateness of determining which capital projects should go ahead. In response, the meeting heard that for general fund capital schemes to progress, there was an overall model of capital programmes set at the beginning of the year in line with the borrowing strategy. The schemes would be expressed with assumptions, costs and level of borrowing. Any scheme that did not meet those viability tests were not included in the programme. A scheme generally would not progress if viability tests were not met. From a Treasury perspective, it was important to advise on what the cost would be and anticipate the trajectory of interest. In light of the economic conditions this year, the assumption had been raised to 5% for the general fund capital schemes. Business case implications were always being discussed and considered on an ongoing basis.
- A further query was raised regarding the table outlined on paragraph 8.9 of the appendix regarding how to navigate short-term borrowing as the Council would have to rely on borrowing for a longer period of time than usual. The table outlined in 8.9 of the appendix which had a target of 30% on short term borrowing had been set out in previous years. In normal circumstances, there was an upward moving slope so that borrowing short-term was cheaper than borrowing long-term. During the course of this year, in the last few months, borrowing short term had become more expensive than borrowing long term. Therefore, it was unattractive to the Council to borrow short-term (anything under a year) as this would be more expensive. A 50 year loan would still have a 50 year interest payments that would need to be paid, but a one year loan would usually meet the target rates so the Council was attempting to strike a balance

in the portfolio. The short-term rates allowed for flexibility and if the macroeconomic conditions were to change, then it would be possible to use some of the short-term lending as maturity to refinance a lower maturity borrowing.

- Members noted section 4.8 of the appendix which stated that £35.5 million worth of loans was allowed to mature without immediate replacement and queried how a decision was made not proceed with a project if it was found not be financially viable. In response, the meeting heard that when schemes were set, part of the scheme set-up included standard requirements. There were also other things that could allow a scheme to go through, such as grants from government and borrowing. Once that was brought together in the aggregation, this would be when a capital programme was created. There was also a capital finance requirement. This was the aggregate of the borrowing requirements of all the individual schemes. From a maturity perspective, the borrowing was done for the aggregate. The table shown on paragraph 3.1 of the appendix displayed the total requirements for the Council to borrow to be at £1,169.5 billion, but the Council only externalised £783 million of the borrowing. There was still a gap of £300 to £400 million that would need to be filled in over the time period. The Council was not borrowing extensively because the Council had a cash requirement for cash flow purposes. This was about £50 million. Instead of taking £300 million and pay rates on it, the Council preferred to be more flexible and take opportunities when borrowing becomes more efficient for the Council.
- A query was also raised regarding if the Council's financial viability assessments could be improved. In response, the meeting heard that it was possible to improve financial viability assessments. The Council reviewed the individual schemes collectively and quarterly updates were completed on the viability models. Updates were also completed on various areas such as housing.
- Members noted that other local authorities were in considerable financial difficulty and wished to query if there were differences between the process occurring at those boroughs different to the processes at Haringey and the size of the risk. In response, the meeting heard that it was a difficult financial time for many local authorities with funding having been reduced for the last few years. Some of the issues that had occurred in other local authorities was different in comparison to Haringey. In some cases, there had been budgetary issues or other unexpected events. In the case of Birmingham City Council, there had been a legal case that had brought trauma to the budget and this could be something that was relatively difficult to predict. There was also an IT implementation issue. Other local authorities had issues with their capital programs which had not been appropriately provided for. The Council was reviewing its own internal processes to ensure that such issues did not occur. It was also important to ensure that the governance structure at the Council was robust and to ensure that officers were held to account.

At this point in the proceedings, the Legal advisor to the Committee stated that although local authority finances were audited, some of the auditors did not pick up on some of the issues. The statutory officers such as the chief executive, director of finance and monitoring officer were very important and, in some cases, in other local authorities, the advice given to them had not been taken. There also had been problems with statutory officers feeling that they were unable to express their concerns.

- A query was raised regarding the re-profiling of council programmes in the current economic situations, particularly if a scheme was several times more expensive than originally assessed. In response, the meeting heard that such conversations were in

progress and that there would be a review of the capital program at the next Cabinet meeting. There had been a change in the in-year interest rate assumption. This was not something that was done usually but changes in perceived risk needed to be taken into consideration. This was now at 5.5% and all the schemes were being reassessed based on that rate.

- A query was raised regarding learning in general, partly due to the constant change in the economic climate. In response, the meeting heard that there was always opportunities to learn, especially where there had been observed failures from other authorities. Effort was always placed into risk management and mitigating risks where possible.
- A query was raised regarding price increases in a scheme which had already started, in particular if a scheme would be stopped once it had been started. In response, the meeting heard that any works being carried out on schemes would take into account the rate up to 5.5%. If the rate increased past 5.5%, consideration would need to be given regarding the work being carried out. However, this had not previously happened in the immediate past. All efforts were made to ensure that costing for any scheme would be evaluated correctly

RESOLVED

1. To note the treasury management activity undertaken during the quarter to 30 June 2023 and the performance achieved attached as Appendix 1 to the report.
2. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.

8. INTERNAL AUDIT PROGRESS REPORT 2023/24

Mr Minesh Jani, Head of Audit and Risk Management, presented the item.

The meeting heard that:

- There were some specific aspects relating to the service in the recommendations that had been raised in respect of the “Limited” assurance assigned to the Community Alarms, but there are some commonalities as well.
- Regarding the performance management regime, a lot of the Council’s services, especially our social care function services, focused a lot on the delivery of service to residents. Many of whom were known to be vulnerable and relied on the Council. There was a level of trust that went into the delivery of that service. One of the things that had been found was that regime for an analytical process monitoring how well the service was performing at any moment was not always built into the provision of the service. The general focus was to deliver the service to the best standard possible and this was taken on trust. When the auditors carried out their tests, they had not found too many issues with how the service was being delivered, but did find that the measure of how it was being done was not in place. Although there was some specific focus on certain services, there were some generalities that could be taken away and applied to other aspects.
- In relation to the charging policy, auditors did raise an issue that there should be more clarity around how this was done, but there were no instances found where the opposite was true. For example, people were paying when actually they should have

been eligible for a discount or no payment was needed at all. There seemed to be quite a robust process for assessment. If people believed that they may be entitled to some exemption, then a working process was in place. However, this should be fully documented and tested to make sure that the Council was not doing something out of step with management wishes.

- In relation to service design, it was important to note that in the Annual Governance Statement, in the introduction, a lot of time was allocated to how much the Council wanted to change, how the services were considered and the provisions that needed to be provided and how the Council engaged with communities, including listening to communities. This was now an integral part of how the organisation wished to proceed.
- The purpose of the report was to give members an opportunity to see what had been finalised and the work that the auditors had started at the various stages. If the report was at the draft stage, management responses would be expected within two weeks and sometimes this could get extended, particularly during the summer, but the process involved auditors issuing a report with management responding within two weeks and then, if there was a question or queries around the content, it would contribute to the final version of the report. If there were any specific audits that the Committee wished to ensure were progressed, then an attempt could be made to bring those to the next meeting.
- The report outlined audits at the “terms of reference” issued at the planning stage. These were audits where the auditors had been in discussion with management of what the key areas of risks were and produced a document (or a planning document) as a terms of reference. This set up what actions would be taken. This was the first stage of the audit. This then progressed to field work which was when the system was tested. Once this was finished, a draft report was produced. The draft report was then sent to management to allow for any identification of differences of opinion. The report included recommendations for improvement. Management would then be able to provide their comments. Once this was completed, the final report was produced and brought to the Committee.
- Mazars had their auditors carrying out the relevant audits. The issue with commercial property was a point of focus due to the “Nil” assurance attained on the previous examination. There was an expectation that actions had been taken to improve controls. Another point of focus was in relation to contract management, Mr Jani was happy to go and speak to Mazars about certain key reports to see if it was possible for the reports to be finalised by the November meeting. These would be for sheltered accommodation, commercial property and contract management.
- In relation to adaptations specifically, the analyst services was on the audit plan for this year. It had not got to a point where it had been planned in (they had not received a terms of reference yet).
- In relation to lettings, the audit was either on the path to being completed or had been planned to be completed. Further clarification would be provided in due course. The audit plan was not fixed from the start of the year and changes could be made to it if certain important areas were to become more apparent in importance.
- Members agreed to bring forward a new audit on temporary accommodation, lettings and allocations. Voids was part of a different directorate but was worth detailing.

- Work being done regarding moves from voids to lettings.
- Voids may be in the plan for this year and a query would be made to check this.
- Some work was in progress regarding putting more governance in place for housing.
- There were two separate audits regarding parking. One was a post-implementation review of the parking system. The purpose of this was to learn lessons from the implementation which had not gone as well as it should have and led to a number of issues. Another audit was looking at the arrangements the Council had for permits as issues had been identified this area. Receipts would be obtained for the permits issued and there was also an anti fraud aspect to the process as it was suspected that some of the permits were being sold by individuals. Papers regarding this would be submitted to a future committee.
- Leisure services was on the plan, but it had not yet advanced to the planning stage.

RESOLVED:

To note the audit coverage and follow up work completed.

9. ANTI - FRAUD & CORRUPTION PROGRESS REPORT 2023/24 - QUARTER 1

Ms Vanessa Bateman, Deputy Head of Audit and Risk Management, presented the item.

The meeting heard that:

- There was a commitment to having a dedicated team for housing resources, so when other priorities came to light, the team working on housing resources would not be affected.
- The Blue Badge project would bring an income stream into the team which would enable an increase in resources. Sanctions would be applied for blue badge frauds. However, the objective of the fraud strategy was to reduce and deter fraud. Some of the income stream would be reinvested into housing.
- A considerable amount of work was being done with Housing and the Housing Improvement Plan. The team had a lot of cases and referrals, but they were not all subletting fraud cases. The team had ended up with a lot of issues regarding processes that simply were not working efficiently. Ideally, these issues would not be passed to a fraud team, but resolving the issues would help with progress generally and a lower housing caseload.
- Part of the work involved trying to help ensure properties that should be void and should be in the list to be worked on were visible, properly accounted for and were in the plan to be completed. This work spanned over into the audit territory. The outcomes were being tracked and it was anticipated that some fraud would be found. There were a number of properties that had been identified as void, but there were also properties that may be void that the Council were not yet aware of. An exercise had been done about two months ago, where the Council data matched Council tax records with property records to help identify these. A list was passed with housing so they could visit the properties. An update could be brought forward for the next meeting.

- As there were issues with staffing, it may be a good idea for the Council to have a trainee role being developed in the fraud area.
- Cases of fraud were higher than previous years. The Council had a good network of people that it consulted. This allowed staff to proactively seek to understand where the frauds might be occurring and then attempt to devote resources to it. Any services the Council offered had a potential to be subject to fraud. It was important to have the right controls in place to strengthen system processes and data use. The Council would take every step to take full action in cases of fraud, including prosecution. This responsibility fell upon the Council as a whole.

RESOLVED

To note the activities of the team during quarter one of 2023/24.

10. DRAFT STATEMENT OF ACCOUNTS 2022/23

Mr Kaycee Ikegwu, Head of Finance (Housing and Chief Accountant), presented the item.

- A query was raised regarding page 68 of the agenda papers which appeared to indicate that the HRA section had a net expenditure of in 2022 compared to net income in 2023 and it was not clear why there was such a large difference. The meeting heard that the table displayed on that page only shows the net cost of services provided. However, to understand the accounts better, the HRA section provided a clearer picture of the two years as it highlights adjustments between accounting basis and funding basis. HRA was a balanced account. The way that the Council set up its HRA is such that should balance at the end of the period. Within the balancing of the account, there was a listed revenue contribution to capital usually called HRA 'surplus' and there was always an expectation of a revenue contribution which was used to fund the capital programme. If the HRA was unable to generate this revenue contributions, then there would be an issue with the HRA viability The Council had set a minimum of £8 million year on year. If one was to examine the budget set and the HRA plans that were brought every year to Cabinet, it would show that it ensured that the borough maintained a minimum of £8 million. This provided financial resilience. If there were changes in the interest rate, the Council would be able to react because it had a larger cushion. The contribution would go back into funding capital programmes.
- Members queried a report that had been submitted to Cabinet which had stated that the Council's reserves were lower than average and queried what the plans were to improve upon it. In response, the meeting heard that, in relation to other boroughs, the Council reserves was in midpoint (it was not as high as some boroughs, but not as low as other boroughs). Every year, the Council tried to maintain a reasonable reserve. It must be noted that doing so was difficult at present time. Part of the Project Fortnight Programme was to look at the Council's position and come up with ideas on how it will improve its financial position. This was an ongoing process through different service areas. The Council was doing a lot to ensure that, at the very least, it was able to maintain the reserves that it had. The borough did not take too many risks and often found alternative solutions when required. Details of what the Council was doing would come as part of the paper scheduled to be presented to Cabinet in December 2023.
- A query was raised regarding debtors for local taxation and how this would be expected to increase. Members enquired as to how this could be better managed. In response, the meeting heard that measures were being sought to improve debt

collection as a whole going forward. The effect of the income had been built into the current MTFS projections.

- Members enquired about page 58 of the agenda papers which contained part of the narrative report and enquired about the apparent inconsistencies regarding increases and decreases. In response, the meeting heard that the report was highlighting that the net increase in asset is as a result of increases in values of assets and decrease in long and short term of which the net effect was an overall increase. It was agreed that the presentation of tis needed to be reviewed.
- Members noted that the index which examined multiple deprivation was important to consider. It was important to move away from the thinking that the deprived areas were all in Tottenham as there was an implication about how the Council viewed the borough as a whole. It was important to bear in mind that areas around Wood Green were are of high multiple deprivation and very similar to other areas in Tottenham. For example, there were people who had been moved into hostels in Muswell Hill. It was important to take consideration when considering the narrative of the east of the borough against the narrative of the west of the borough.
- The meeting enquired regarding overpayments, such as for housing benefit (HB) (£26 million) and parking (£24 million) and enquired how the overpayments that had been made would be addressed. In response, the meeting heard that HB overpayment arose based on various reasons. The overpayments were considered as a debt as some residents were overpaid and the Council would seek to collect the money from subsequent payments. This was why it appeared in the report as a debt. The was some acknowledgment that the debt may not be recovered. Directors were aware of the problem and work was being done on the issue to ensure overpayments did not occur. Further information could be provided to the Committee at a future meeting.

RESOLVED:

To note the contents of the report and the appended Draft Statement of Accounts.

11. NEW ITEMS OF URGENT BUSINESS

There were none.

12. DATES OF FUTURE MEETINGS

The date of the next meeting was scheduled on 16 November 2023.

CHAIR: Councillor Mary Mason

Signed by Chair

Date

Corporate Committee – Action Tracker				
Meeting date	Action	Response	Who by	Status
15 September 2022	To send committee members the right to buy process to pass on to residents where necessary.	<p>Claire McCarthy: A suggestion has been made to the Leaders Office about providing a briefing for Members on the right to buy process. There were a lot of requests for all member briefings on topics which have to be balanced on the basis of urgency. A further follow up would be completed but the action should possibly have been a request for an all Members briefing – which has been made and therefore the action is complete. Ultimately it is for the relevant Cabinet Member to prioritise, schedule etc All Member Briefings.</p> <p>Update: The request has been passed on to the Cabinet Support team to be considered for a future briefing slot.</p>	Claire McCarthy	Completed
15 September 2022	To look into organising a members training around the right to buy.	<p>A written briefing will be provided to All Members before the next meeting of the Audit Committee by way of satisfying the original request.</p> <p>Update: The request has been passed on to the Cabinet Support team to be considered for a future briefing slot.</p>	Claire McCarthy	Completed
20 July 2023	The Chair felt it would be useful to have an update on Temporary Accommodation. It would also be useful to highlight areas of greatest risks to the Council via regular reporting.	Added to the agenda for the December 2023 meeting.	Minesh Jani	Completed
21 September 2023	The meeting felt It would be useful to receive a report on risk management strategy which included an update (or a risk management strategy) on leisure services by the next meeting.	This request is in progress and will be reported to the Audit Committee meeting in Feb/Mar 2024.	Minesh Jani	On-going

21 September 2023	<p>The formally constituted Corporate Committee received a presentation from the Head of Procurement in September 2022, which was where the actions first arose. At that meeting, the Head of Procurement explained that he wanted to make changes and that those changes would take time including the need for replacement for IT systems that the Council used. Councillors' comments would be raised by the Head of Procurement and he would be asked to review his comments in light of councillors suggestions to see if it was possible to get a rough estimate so that some clarity could be attained regarding the number of tenders that went through. Depending on the threshold of the value of the contracts, the Council was required to follow up the process. It was important for the procurement team to have that information available to them as well. There was large element of work that was ongoing at the moment in terms of what needed to change. It would be helpful to invite the Head of Procurement to the next meeting to give an update on progress.</p>	This request is in progress and will be reported to the Audit Committee meeting in Feb/Mar 2024.	Minesh Jani	On-going
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Report for: Audit Committee - 14 December 2023

Item number: 7

Title Quarterly Internal Audit Update – Housing Services and Building Safety Report

Authorised by : David Joyce, Director of Placemaking and Housing

Lead Officer: Jahedur Rahman, Operational Director of Housing Services and Building Safety

Ward(s) affected: N/A

Report for Key/

Non Key Decision: Non-key decision.

1. Describe the issue under consideration

- 1.1 This report provides an update on progress against the audit recommendations of the Council's external provider (Mazars) during 2022/23 and 23/24 on Housing Services and Building Safety for the following service areas: Customer Experience (Repairs); Leaseholder (Services); Stock Condition; Gas Safety; and Stock and Stores.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 It is recommended that Audit Committee note the report.

4. Reasons for decision

- 4.1 This report provides Audit Committee with assurance that Housing Services and Building Safety are delivering the external audit recommendations conducted on the Council's behalf by Mazars LLP, for the relevant service areas.
- 4.2 A total of 34 recommendations were made in 22/23 and 23/24 by the Council's auditors in respect of the services set out in paragraph 1.1 of this report. Of these 7 were Priority 1 (fundamental), 22 were Priority 2 (significant), and 5 were Priority 3 (housekeeping).
- 4.3 It should be noted that monitoring delivery of audit recommendations will be carried out by the Housing Services and Building Safety senior management team on a quarterly basis via their management team meetings.

- 4.4 A summary of the progress for each of the five areas where audits were conducted is set out below:

Customer Experience (Repairs) - July 2023

	Priority One	Priority Two	Priority Three
Complete	1	2	0
Substantially complete	2	0	0
Partially complete	1	4	0
Outstanding	0	0	0

Leaseholder (Services) – July 2023

	Priority One	Priority Two	Priority Three
Complete	0	1	1
Substantially complete	0	0	0
Partially complete	0	3	0
Outstanding	0	1	0

Stock Condition – June 2023

	Priority One	Priority Two	Priority Three
Complete	1	0	0
Substantially complete	0	2	0
Partially complete	0	1	0
Outstanding	0	0	1

Gas safety - May 2023

	Priority One	Priority Two	Priority Three
Complete	0	2	1
Substantially complete	0	0	0
Partially complete	1	0	0
Outstanding	0	1	1

Stock and Stores – January 2023

	Priority One	Priority Two	Priority Three
Complete	0	0	0
Substantially complete	0	0	0
Partially complete	1	3	1
Outstanding	0	2	0

- 4.5 The Council assumed direct responsibility for its housing stock following insourcing from Homes for Haringey on 1 June 2022. It should be noted that Housing Services and Building Safety service has a relatively new senior management team in post who are aware of the recommendations in respect of the ALMO and are progressing the inherited actions.

Customer Experience (Repairs)

- 4.6 The majority of recommendations for this audit have been completed or where not complete, substantial progress has been made.

- 4.7 In respect of progress against the four Priority 1 (Fundamental) recommendations, the current position is:

- **Repeat repairs** (substantially complete):
 - Contact centre staff have access to repairs history screen and additional training - Dec 23 completion – **(complete)**
 - Recalls being progressed- Aug 23 completion **(being progressed as part of Total Mobile project to increase service automation and move away from reliance on spreadsheets) –**
- **Repair jobs incorrectly marked as complete** (substantially complete):
 - Head of Repairs to review the two cases identified- July 23 completion **(complete)**
 - Additional staff training on correct process – Dec 23 completion **(complete)**
 - Review of photographs and codes – July 23 completion **(complete)**
 - Inclusion of resident contact details – Nov 23 completion – **separate project with Total Mobile as current system does not allow this.**
- **Priority codes in Northgate** (partially complete):
 - A review of the repairs and maintenance policy including priorities within this is underway and draft document produced – Nov 23 completion (partially complete)
 - Guidance and training – Dec 23 completion (partially complete)

- **Leadership team reports to include performance data from contact centre and long term open repairs (complete)** – New KPIs in place since April 23.

4.8 Other completed actions include the introduction of a new escalation matrix; and introduction of a repairs online account.

Leaseholder (services)

4.9 There were no Priority 1 recommendations made in respect of this audit. One Priority 2 recommendation was made with immediate effect and this has been completed:

- **Establishing a review process for Section 20 costs** (costs relating to recharges to leaseholders for major works carried out on their properties):
 - Confirmed that the necessary checks are completed (**complete**)

4.10 Several recommendations for this audit are overdue but progress has been made. There is now a permanent Head of Home Ownership in place and some recommendations have been implemented or are close to being implemented including defining the Section 20 criteria and statutory limits for qualifying long-term agreements.

Stock Condition

4.11 This audit had one Priority 1 recommendation which has been completed. This is in relation to:

- **Insufficient oversight of the stock condition programme (complete):**
 - Weekly progress reports from the Council's compliance consultants
 - The Council's monitoring board are receiving monthly performance reports
 - A shared survey project folder has been created on the Council's shared IT system to record all documentation associated with the project.

4.12 Most of the other recommendations from this audit have been completed or substantially completed. In addition to having effective oversight in place of the stock condition programme this includes improved updating of the stock condition database and subsequent reporting. However the recommendation around improved controls of the stock condition database is outstanding and will not be resolved until a new asset management database is in place which is one of the actions in the Housing Improvement Plan.

Gas safety

4.13 This audit had one Priority 1 recommendation:

- **Gas register** (partially complete)
 - Data cleansing and reconciliation within Northgate – original timescale April 23 but this has had to be revised to Nov 24 as data validation work in June 23 identified further work is required
 - Introduce automation of gas servicing process – May 23 completion – procurement underway with new system implementation anticipated from April 24
 - Reconciliation of two contractor databases – May 23 completion – complete, and ongoing.

4.14 Good progress has been made with a number of the other recommendations of this audit including completing a review of 'no access' procedures; monitoring and reporting landlord gas safety record (LGSR) failures; and property reconciliations. However, the review of the gas safety policy has been outsourced due to resource constraints and to ensure wider sector input. The original completion date has been put back from September 23 to January 24. Additionally resident satisfaction with gas repairs is not currently monitored through the Northgate system and this will require significant development. This will be looked at through the development of the new compliance system.

Stock and stores

4.15 This audit has one Priority 1 recommendation:

- **Materials monitoring** (partially complete)
 - Repairs team to devise KPIs for stock management and ensure these are regularly reported to track performance – March 23 completion – an interim project is underway with the internal performance team to provide performance reports, prior to moving to reporting via the Total Mobile repairs system.

4.16 Due to personnel changes it is acknowledged that there have been delays in providing the management response to this audit. However the service is now stable and nonetheless, some progress has been made with implementing the recommendations, although not as much as the service would have wished. In terms of progress, this includes increasing depot security; and restocking of vans with electrical and plumbing materials.

4.17 Delays in providing management responses to audits will be avoided in future due to the implementation of Housing Services and Building Safety quarterly audit monitoring arrangements as set out in paragraph 4.3.

5. Background information

5.1 The information has been compiled from information held by Housing Services and Building Safety.

- 5.2 Delivering against the auditors' recommendations is part of our commitment to ensuring that we have robust compliance arrangements in place.
- 5.3 The Council self-referred to the Regulator of Social Housing (The Regulator) in January 2023 following an external health check of our health and safety compliance where we identified a potential failure to meet our statutory health and safety requirements. The external health check found a number of areas of non-compliance, with several key recommendations made, particularly around overdue fire risk actions and electrical safety. Since the self-referral the Operational Director of Housing Services and Building Safety and Director of Placemaking and Housing have been meeting on a monthly basis with the Regulator to monitor the Council's progress and provide the appropriate level of assurance that our plans are on track.
- 5.4 We have entered into a Voluntary Undertaking - Statutory Health and Safety with the Regulator (June 2023) for completion of a range of actions to address governance; data quality and lack of suitable IT systems; and programme management and reporting issues. The Regulator adopts an assurance-based co-regulation approach. This means that the local authority executive, usually the cabinet, in local authority landlords are responsible for ensuring they comply with the regulatory standards set by Regulator. Our commitment as part of this voluntary undertaking is to deliver an Improvement Action Plan and a longer-term data plan to improve compliance and asset management services and safety.
- 5.5 The external health check found 8,282 properties without a valid electrical installation condition report (EICR) within the last five years in December 2022. As at 6 October this number had reduced to 1054. The external health check also found 4,769 open high priority fire risk actions which should have been completed within 30 days as at December 2022. As at 6 October the number of high priority actions had reduced to 2,345.
- 5.6 In terms of strengthening our compliance arrangements as recommended by the external health check, the Council is procuring a new Compliance Management System, and initial evaluations have concluded. We will agree a more detailed mobilisation and project plan with the successful supplier.
- 5.7 At the point of in-sourcing the Regulator was also aware that 30% of the housing stock did not meet the Decent Homes Standard. As at October 2023 the current estimate for homes made Decent in 2023-2024 is 73.3% which means Haringey remains on track to meet the target agreed with the Regulator for 1000 homes made decent in 2023-2024.
- 5.8 As part of our Voluntary Undertaking with the Regulator we have agreed March 2024 for completion of these actions and we are currently on track to achieve them. The Regulator has stated their confidence in the Council's improvement plans and direction of travel in relation to the Voluntary Undertaking.

6. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes’?

- 6.1 By ensuring that we are delivering our services as efficiently as possible in accordance with audit recommendations, we are contributing to Corporate Delivery Plan Theme 5 – Homes for the Future, particularly the required outcome of ‘An improvement in the quality of housing and resident services in the social rented sector’.

7. Carbon and Climate Change

- 7.1 The report includes delivery of audit recommendations relating to the implementation of the Council’s housing asset management strategy, which includes measures which contribute to increasing the energy efficiency of council homes. Measures to increase oversight and reliability of stock condition surveys and data will assist the Council in ensuring that its investment resources are targeted accurately and that council residents are living in homes that are warm and dry, and contribute to reducing expenditure on heating.

8. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

8.1 Finance and Procurement

There are no specific financial implications arising from this report on its own. The cost of implementing any of the recommendations contained in this report is met or will be contained within the approved relevant housing services budget.

8.2 Head of Legal & Governance [Benita Edwards – Head of Legal Services]

The Head of Legal Services has been consulted in this report. The Regulator of Social Housing (RSH) has statutory responsibility for setting and enforcing housing standards in the social housing sector, including local authority housing. Section 198A of the Housing and Regeneration Act 2008 enables the RSH to use its regulatory and enforcement powers if a registered provider such as the council has failed to meet a consumer standard. As a registered provider of Social Housing, the Council is required to comply with the Consumer Standards set by the RSH (which includes the Home Standard) as well as other statutory requirements such as the Landlord and Tenant Act 1985, the Building Safety Act 2022 and the Fire Safety Order 2005.

Following the Council’s self-referral, in March 2023 the RSH issued a Regulatory Notice, having been satisfied that the Council breached parts 1.1 and 1.2 of the Home Standard and that there was potential for serious detriment to Haringey’s tenants.

The RSH has taken the co-regulation approach and will work with the Council as it seeks to remedy these breaches. It will need assurance that the Council is rectifying the issues identified. Where it is not satisfied, the RSH has a range of

enforcement powers including imposing penalties, awarding compensation to tenants and censure of employees under Chapter 7 of the Housing and Regeneration Act 2008 where there has been mismanagement.

This report is for noting the work being done by the Council to meet its duties and comply with the requirements of the RSH. As such, the Head of Legal and Governance (Monitoring Officer) confirms that there are no legal reasons preventing approval of the recommendation in this report.

8.3 **Equality**

The council has a Public Sector Equality Duty (PSED) under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advance equality of opportunity between people who share protected characteristics and people who do not.
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

This report provides an update on progress against the audit recommendations on Housing Services and Building Safety for the following service areas: Customer Experience (Repairs); Leaseholder (Services); Stock Condition; Gas Safety; and Stock and Stores.

While the audit recommendations are concerned with improving a range of housing services which impact on residents living in council homes and on council leaseholders, there are not considered to be any specific equalities implications to this report as they benefit all residents living in council homes. This report is therefore considered to have a neutral impact on those who share protected characteristics and has no implications on the PSED in Haringey.

9. **Use of Appendices**

There are no appendices to this report.

10. **Background papers**

Haringey Council Voluntary Undertaking – Statutory Health and Safety

Report for: Audit Committee – 14 December 2023

Item number: 8

Title: Update on the Recommendations from the Audit of the Lettings Function in February 2023.

Report authorised by : Beverley Tarka, Director of Adults, Health and Communities.

Lead Officer: Denise Gandy, AD of Housing Demand
denise.gandy@haringey.gov.uk

Ward(s) affected: N/A

**Report for Key/
Non-Key Decision:** Report for information.

1. Describe the issue under consideration.

An internal audit of the Lettings process was carried out by Mazars in February 2023, resulting in a report in July 2023. The audit provided adequate assurance but made a number of recommendations. The Audit Committee has asked for an update on the progress of actions resulting from the recommendations of the audit.

2. Cabinet Member Introduction

N/A

3. Recommendations

That Audit Committee note the progress to date and the further actions planned to ensure that all of the recommendations of the audit are addressed.

4. Reasons for decision

N/A

5. Alternative options considered.

N/A

6. Background information

6.1 Haringey faces significant housing pressures and demand for social housing is high. There are currently over 12,000 households on the housing register but last year we only made 370 general needs social housing lets. As the demand for social housing increases, Councils face increasing pressure to ensure that the

allocation process includes sufficient scrutiny to ensure that limited properties are offered to residents in the most housing need in a way that is fair and transparent. It is, therefore, imperative that Councils manage their allocations processes to minimise the risk of properties being allocated inappropriately. As a resident facing service, how the allocations and lettings process is followed in practice has a significant impact on the relationship between residents and the Council.

6.2 Given the importance of the letting of social housing, an audit of the Voids and Lettings process was included in the Council Audit Plan for 2022/23. Due to the challenges in the Voids service and the recognition of the need to implement changes as part of the Housing Improvement Plan, it was agreed with the Head of Audit that it was not possible to go ahead with the voids part of the audit, but that the work would concentrate on the lettings process.

6.3 The audit of the Lettings process was carried out by Mazars in February 2023, resulting in a report in July 2023. The audit concentrated on the work of the Lettings Team who are responsible for making allocations in line with the Housing Allocations Policy and established guidance, which is documented in a series of policies and procedures produced by the Council in accordance with the Housing Act 1996.

6.4 The audit objective was: To provide assurance that adequate controls are in place around the management of lettings. The review considered the following audit risk areas:

- There is an inconsistent approach to assessing applications for housing.
- LBH cannot demonstrate probity in the decision-making process in respect of each tenancy allocation.
- Void properties are not let in a timely manner.
- There is inadequate scrutiny and challenge at the right level over lettings performance.

6.5 The audit process included reviews of the policies and procedures that are in place, reviewing of records held on systems, interviews with staff and checks on a sample of lets that had been made.

6.6 The audit provided adequate assurance and made 6 recommendations – 4 were priority 2 recommendations (significant and need attention) and 2 were priority 3 recommendations (housing keeping with opportunities to introduce better or best practice) There were no priority 1 (fundamental) recommendations.

6.7 The recommendations made were as follows:

- Recommendation 1: The Council should ensure that Northgate is updated to reflect the progress of each property against the stages of the voids re-let process. Priority 2.
- Recommendation 2: In addition to the current communication arrangements in place between the teams involved in the lettings function, the Council could consider implementing a system workflow with the ability to alert/notify relevant teams of updates and actions requiring completion. Priority 2.
- Recommendation 3: The Council should ensure that both Home Connections and the Northgate Housing Management System are updated to reflect the status of each void property during the voids re-let process. Priority 2.
- Recommendation 4: The Council should develop a formal process for the review and approval of decisions made. This process should be documented in the relevant policies and procedures made available to members of the Lettings Team. Priority 2,
- Recommendation 5: The Council should ensure that Northgate is updated to reflect the status of properties throughout the voids re-let process. To allow for the identification of those properties requiring immediate attention at the weekly meetings held between the Lettings Team, HRS and NTLO Team. Priority 3.
- Recommendation 6: As planned, the Council should continue to focus efforts on defining KPIs against which performance specific to the Lettings Team can be monitored. Priority 3.

6.8 The audit also identified some areas of best practice relating to:

- The series of policies and procedures which provide guidance to staff on the processes that should be followed in the letting of accommodation. All procedures were up to date and had version control, highlighting the date of the last review, description of changes and the reviewer. The inclusion of flow charts in some of the procedures directed staff to what needed to happen in a clear way.
- Management oversight of the lettings processes and performance.

6.9 Management accepted all of the recommendations and provided information on the actions that would be taken and the timescales for completion. The agreed audit report, including the management response can be found at appendix 1.

6.10 Appendix 2 provides details of the progress on each recommendation. In summary, progress against the recommendations are as follows:

- Recommendation 1: All actions complete.

- Recommendation 2: Partially completed with one action outstanding relating the ability for the system to flag the next task in the voids and lettings process. This requires work across all of the teams involved in the voids and lettings process and due to competing priorities this will now be completed by March 2024.
- Recommendation 3: There has been limited progress on this recommendation. Operationally the team are taking a consistent approach to the updating of by-passing reasons in Home Connections but are not yet updating the same information in NEC. The actions relating to reviewing and updating the procedures have not been achieved to timescale due to staffing challenges and will now be completed in February 2024. The move to having an automated sheltered waiting list has also been delayed due to competing pressures for IT enhancements and has now been programmed in to be completed by February 2024.
- Recommendation 4: These actions have been partially completed – the operational change to ensure checks at appropriate stages of the process have been made but the procedures have not yet been updated to reflect this approach. As with the recommendation above the updates to the procedures will be completed by February 2024.
- Recommendation 5: All actions complete.
- Recommendation 6: All actions complete though further IT enhancements will support with the ease of reporting and monitoring.

7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes?

This work links to The Corporate Delivery Plan outcome Homes for the Future - Everyone has a home that is safe, sustainable, stable, and affordable.

8. Carbon and Climate Change

N/A

9. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

This report recommends that the committee notes the progress made in response to the audit recommendations.

There is no direct financial implication arising from this report. However, there are risks associated with partial and incomplete implementation of the recommendations.

These will continue to be monitored and updates provided in due course.

Procurement

N/A

Head of Legal & Governance

The Head of Legal & Governance has been consulted and confirms that there are no direct legal implications arising from this report.

Equality

N/A

10. Use of Appendices

10.1 Appendix 1 – Internal Audit Report – London Borough of Haringey: Lettings. Mazars - July 2023

10.2 Appendix 2 – Update on progress against the Audit recommendations.

11. Background papers

Internal Audit Report – London Borough of Haringey: Lettings. Mazars - July 2023

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Internal Audit Report
London Borough of Haringey: Lettings
July 2023

Final Report

mazars

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If you wish to discuss any aspect of this report, please contact Minesh Jani, Head of Internal Audit and Risk Management minesh.jani@haringey.gov.uk.

Disclaimer


This report ("Report") was prepared by Mazars LLP at the request of the London Borough of Haringey and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit the London Borough of Haringey and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in **Appendix A1** of this report for further information about responsibilities, limitations and confidentiality.

01 Executive Summary

This is a summary of matters arising from the audit.

Service Information
Department and Service: Lettings and Rehousing
Audit Sponsor: Assistant Director of Housing Demand
Date of Review: February 2023

Overall Assurance and Direction of Travel

Rationale
For the work carried out by Internal Audit (please see Appendix A1 for the detailed scope and definitions of assurance ratings) we have provided an overall assurance rating of Adequate Assurance .

Priority	Number of recommendations
1 (Fundamental)	-
2 (Significant)	4
3 (Housekeeping)	2
TOTAL	6

Key Issues and Unmitigated Risks

- For a sample of five general needs properties advertised via Home Connections and let in the last 12 months, the viewing outcome of one property was not recorded on Home Connections, demonstrating inconsistencies in the monitoring of progress made in letting each property.
- For a sample of five sheltered and five general needs lets made in the last 12 months, we did not receive sufficient evidence to confirm that the rationale for bypassing applicants and resulting allocations were recorded on Northgate, in line with procedural requirements.
- For a sample of five general needs and sheltered properties let in the last 12 months, we noted that formal approval for the resulting allocations was not sought prior to the offer of general needs and sheltered accommodation to the selected applicants in all cases.
- Northgate is not updated to reflect completion of the individual stages defined for the voids re-let process.
- A review of email trails for a sample of five general needs and sheltered properties let in the last 12 months highlighted inadequacies in the communication between the Lettings and Rehousing and New Tenant Liaison Officer (NTLO) Teams.
- The current reporting mechanisms in place are not reflective of the performance of the Lettings Team against a set of defined targets/ KPIs.

Areas Reviewed

Lettings Decision Making
Tenancy Agreements
Monitoring and Reporting

02 Introduction

As part of London Borough of Haringey's ('the Council') 2022/23 Internal Audit Plan, we have undertaken a review of the control environment around the letting of properties, to provide assurance that there are effective controls in place and that the Council's key risks in relation to this are being managed effectively.

We completed this audit remotely, LBH were unable to provide us with evidence relating to the voids part of the re-let process and so we have not been able to complete testing of the controls in place around the voids process. The voids area of the scope has been removed as agreed with the Head of Audit and Risk Management.

We are grateful to the Head of Lettings and Rehousing and Lettings Officers for their assistance during the course of this audit.

03 Background

As the demand for social housing increases, social landlords face mounting pressure to ensure that the allocation process includes sufficient scrutiny so that limited properties are offered to appropriately eligible customers. It is therefore imperative that social landlords effectively manage their allocations processes to minimise the risk of properties being allocated to ineligible or inappropriate customers. As a tenant-facing service, how the allocations and lettings process is followed in practice has a significant impact on the relationship between tenants and the Council.

The Lettings Team is responsible for making allocations in line with established guidance, which is documented in a series of policies and procedures produced by the Council in accordance with the Housing Act 1996. These procedures include guidance on making direct lets of accommodation and allocations via the Choice Based Lettings (CBL) Scheme operated by the Council.

Further guidance has also been produced by the Council for allocations made via the Community Benefit Society (CBS), an initiative which was introduced in September 2019. This initiative was introduced as a means of increasing the housing supply and discharging the main homelessness duty

with an offer of suitable accommodation from a private landlord, in line with the provisions outlined in Section 148 of the Localism Act¹. In ensuring that appropriate Private Rented Sector Offers (PRSO) are made to suitable applicants by the CBS, a set of criteria has been defined, against which the Rehousing Team are able to assess the suitability of an offer in accordance with the CBS Nominations Policy.

Between April 2022 and January 2023, 38 private sector lets were made by the CBS, in comparison to the 274 lets of general needs and sheltered accommodation made throughout this period. During this audit, we focused on testing the procedures followed for the letting of general needs and sheltered properties.

In partnership with Home Connections, the Council operates a CBL Scheme which offers applicants the opportunity to bid for available general needs properties advertised via Home Connections. The CBL Scheme assists in ensuring that applicants displaying a reasonable preference for housing are provided with a fair chance of allocation in line with the legal framework of the Housing Act 1996. This is dependent on whether these applicants qualify for participation in the CBL Scheme under the criteria defined in the overarching Allocations Policy maintained by the Council.

Whilst the Council aims to advertise the majority of available properties via Home Connections, exceptional circumstances may arise where an applicant has overriding or specific needs which can only be accommodated via a direct let of accommodation by the Council. The circumstances within which a direct offer would be deemed necessary are detailed within the documented procedures available to the Lettings Team. In the majority of circumstances, the obligation of a direct offer of accommodation arises for management transfer cases and priority households classified as 'Band A'.

The Council also makes direct offers of accommodation in respect of sheltered properties, which are not let via the CBL Scheme. In practice, applicants satisfying the criteria for direct offers of accommodation are identified via the Housing Register maintained by the Council and matched to available properties in accordance with their 'Priority Band' and 'Effective Date'. These applicants are subject to further assessment against the relevant areas specified in the documented procedures in place at the Council.

¹ [Localism Act 2011 - Explanatory Notes \(legislation.gov.uk\)](https://www.legislation.gov.uk)

At the time of the audit (March 2023), a 'VD0108 (All Currently Void Dwellings)' Report is run by the Lettings Manager on the Monday of each week for the identification of void properties marked as 'Suitable for Advertising (SFAD)' and 'Ready for Let (RFL)'. This report is distributed to the Senior Lettings Officer and all other teams involved in the lettings function, such as the Housing Repairs Service (HRS) and New Tenant Liaison Officer (NTLO) Team, which allows for each team to provide updates on the statuses of properties marked as SFAD and RFL. Since the audit, the Head of Rehousing and Lettings explained that Northgate has been improved to automatically distribute the report to all teams on a Monday.

In addition to the VD0108 Report, a 'VD0160 Report' is generated on a daily basis, which notifies the Lettings Team of new void properties that have been marked as SFAD. This report is distributed to the Lettings Team, where properties suitable for direct offer of accommodation are identified. Those properties not identified for this purpose are advertised on Home Connections as part of the CBL Scheme. This is completed via reference to the VC1 document that provides details of the properties to be advertised and allows for an assessment of the suitability of these properties for prospective tenants.

The NTLO Team is responsible for conducting property viewings for shortlisted applicants identified via email communication with the Lettings Team. Following a property viewing, the NTLO Team shares the viewing outcome with the Lettings Team, resulting in either a reselection or formal offer being made, subject to verification checks. For lets made on the CBL Scheme, the status of a successful applicant is updated such that no further bids can be placed by this applicant. It is worth mentioning that for sheltered and direct lets, a provisional offer is made prior to a viewing being held by the NTLO Team and viewings for sheltered are conducted by the HUB Co-ordinator.

The Assistant Director of Housing Demand maintains overall oversight of lettings performance via Performance Reports produced by the Head of Lettings and Rehousing and presented at Performance Clinics on a rolling basis. The Council has conducted a review of the current reporting arrangements in place and identified inadequacies in the reporting of performance specific to the Lettings Team. Following this review, the Council has focused efforts on developing metrics/ Key Performance Indicators (KPIs) to further enhance performance analysis of the Lettings Team. At the time of the review, we were advised that performance reporting was a work

in progress and that the proposed KPIs were yet to be approved. We noted that the draft KPIs included the following:

- % Properties advertised or selected for direct lets within one working day of SFAD;
- % Shortlists provided to the NTLO, Viewing Officers or Support Staff within one working day of shortlisting; and
- % Offers made within one working day of learning the viewing outcome.

Areas for Further Improvement and Action

Definitions for the levels of assurance and recommendations used within our reports are included in **Appendix A1**.

We identified areas where there is scope for improvement in the control environment. The matters arising have been discussed with management, to whom we have made recommendations. The recommendations are detailed in the management action plan below.

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
4.1	<p>Updates to the Housing Management System</p> <p>The Council utilises Northgate to manage and monitor the statuses of void properties throughout the voids re-let process.</p> <p>We reviewed a sample of five general needs and five sheltered properties let in the last 12 months to ensure that each stage of the lettings process was followed had been recorded in Northgate. Whilst we confirmed our sample had followed the procedure, Northgate is not consistently updated with key dates and events. We noted:</p> <ul style="list-style-type: none"> • Three instances where the 'Target Date' and 'Event Date' were not recorded within the events log for each stage of the lettings process on Northgate (Reference: 154765, 89328 and 154037). • For the seven remaining properties, we did not receive any evidence of an events log from Northgate and were therefore unable to determine whether updates reflecting the progress made in letting each property were administered (Reference: 148394, 150886, 130474, 135537, 153174, 108258, 122208). <p>A lack of clearly documented events in Northgate meant that it was difficult to monitor when each stage of the lettings process was completed and whether allocations</p>	<p>The Council should ensure that Northgate is updated to reflect the progress of each property against the stages of the voids re-let process.</p> <p>The Council should remind staff involved in the lettings function of their responsibilities in ensuring that updates to each property are reflected on Northgate as appropriate.</p> <p>The Council should explore the reporting functionality of Northgate, which could assist with evaluating performance against a set of defined KPIs.</p> <p>Regular checks should be undertaken by management to confirm that each stage of the lettings process is consistently recorded in Northgate.</p>	2	<p>Accepted.</p> <p>We have carried out a review of our use of Northgate and have agreed actions that will ensure that we are fully utilising the system's functionality.</p> <p>Reporting options will be utilised and exception reporting will be monitored to ensure consistent use of the system.</p>	<p>September 2023</p> <p>Head of Rehousing and Lettings/ Lettings Manager</p>

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>were made within reasonable timeframes to minimise the void period.</p> <p><i>Risk: The Housing Management System is not updated to reflect the status of each property in the voids re-let process, delaying the re-let of properties and resulting in lost financial income.</i></p>				
4.2	<p>Lines of Communication</p> <p>The Letting Properties through Home Connections Procedure requires the NTLO to communicate viewing outcomes with the Lettings Team via email. In instances where the viewing outcome has not been communicated within 24 hours of the property viewing, the Lettings Officer is expected to learn the outcome via a call with the NTLO.</p> <p>We selected a sample of five sheltered and five general needs properties let in the last 12 months and noted that:</p> <ul style="list-style-type: none"> For two sheltered lets, we were unable to confirm the date on which the viewing was conducted as communication of the viewing date was not identified (Reference: 135537 and 153174). In one instance concerning a management transfer case, we did not receive evidence to confirm that a viewing was conducted for the property (Reference: 154765). One instance where the Lettings Officer requested for the NTLO to confirm a viewing date for a property following the communication of the shortlist (NP1). Further review of the email trail found that confirmation of the viewing date was not received 	<p>The Council should ensure that Northgate is updated to reflect the status of properties where the voids re-let process has been initiated.</p> <p>In addition to the current communication arrangements in place between the teams involved in the lettings function, the Council could consider implementing a system workflow with the ability to alert/notify relevant teams of updates and actions requiring completion. For example, a reminder to result the viewing outcome for a property within 24 hours of the viewing.</p>	2	<p>Accepted.</p> <p>All services involved need to update Northgate.</p> <p>Phone calls and emails are currently the process used across Council services to record outcomes.</p> <p>Since May 2023, Viewings Officers have been recruited within the Lettings Team and outcomes of viewings are shared immediately with Lettings staff. Viewings events are recorded on Northgate within 1 working day of the viewing.</p> <p>The ability for Northgate to progress to flag the next task will be explored with IT in September 2023.</p>	<p>September 2023</p> <p>Head of Rehousing and Lettings</p>

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>between 9 April and 22 April 2022 (Reference:108258).</p> <p>We take the view that whilst email can be an efficient mode of communication, there is a risk that emails are missed due to a lack of oversight. This could lead to delays in allocating available properties and in turn, contribute to longer void turnaround times.</p> <p><i>Risk: There are inadequacies in the communication between the teams involved in the lettings function of the Council, resulting in a failure to progress properties in line with the KPIs.</i></p> <p><i>This could contribute to longer void turnaround times and any financial loss incurred by the Council.</i></p>				
4.3	<p>Tenancy Allocation Records</p> <p>The 'Letting Properties through Home Connections Procedure' details that, for general needs lets advertised via Home Connections, the Lettings Officer will shortlist applicants in order of banding and the oldest effective date within that banding on Home Connections.</p> <p>The procedure also requires that a clear reason for bypassing applicants is recorded on both Home Connections (for general needs lets) and Northgate, the Council's Housing Management System.</p> <p>We selected a sample of five sheltered and five general needs properties let in the last 12 months to confirm that sufficient evidence is retained in support of each allocation to demonstrate appropriate decision making.</p> <p>For three general needs lets, we were able to confirm that the viewing outcome and reason for bypassing each shortlisted applicant was recorded on Home Connections.</p>	<p>The Council should ensure that both Home Connections and the Northgate Housing Management System are updated to reflect the status of each void property during the voids re-let process.</p> <p>Moreover, the Council could consider utilising the functionality of Northgate or other system/software to document the rationale for bypassing applicants when making allocations. This could be an efficient means of maintaining an audit trail in support of each allocation to demonstrate appropriate decision making.</p>	2	<p>Accepted.</p> <p>Whilst the reasons for bypassing an applicant are recorded on Home Connections, there will be occasions where this is also recorded on Northgate.</p> <p>This needs to be consistent and when the procedures are reviewed, consideration will be given whether the information is required on both systems.</p> <p>The process will though be different for sheltered lets</p>	<p>July 2023</p> <p>Lettings Team Manager</p>

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>In addition, we found that, where a property was not allocated to the individual ranking higher in priority, clear reasoning was provided for moving down the shortlist.</p> <p>However, we noted one case where the viewing outcome for a general needs property was communicated via email between the Lettings Officer and NTLO but was not recorded on Home Connections (Reference: 122208).</p> <p>It was noted that a direct offer of accommodation was made for the remaining general needs lets as a result of management transfer cases. Therefore, there was no requirement for this property to be advertised on Home Connections.</p> <p>For all our sample, we did not receive evidence to confirm that the rationale for bypassing applicants and resulting allocations were recorded on Northgate, in line with procedural requirements.</p> <p><i>Risk: The Council cannot demonstrate probity in the decision-making process in respect of each tenancy allocation.</i></p>			<p>which is currently a manual process.</p> <p>To record each by-pass activity on Northgate will not be practical as each household has very specific needs and to record each property and reasons for by-pass on Northgate will take a disproportionate amount of time.</p> <p>We want to work with Northgate to move having an automated sheltered housing list whereby a shortlist can be created for each available property, which captures the need of the household.</p>	<p>October 2023</p> <p>Lettings Team Manager</p>
4.4	<p>Tenancy Allocation Approvals</p> <p>Through a review of the policies and procedures made available for use by the Lettings Team and a walkthrough of the lettings process followed in practice, we noted that a requirement for the formal review and approval of resulting allocations has not been documented and is not undertaken prior to final offers being made to successful applicants.</p> <p><i>Risk: The Council allocates properties inappropriately, resulting in reputational damage to the Council.</i></p>	<p>The Council should develop a formal process for the review and approval of decisions made.</p> <p>This process should be documented in the relevant policies and procedures made available to members of the Lettings Team.</p>	2	<p>Accepted.</p> <p>We will review our processes and identify stages where sign off of decisions would be appropriate based on risk Policies and procedures will be amended accordingly.</p>	<p>October 2023</p> <p>Head of Rehousing and Lettings / Lettings Manager</p>

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
4.5	<p>Weekly Meetings</p> <p>The Head of Lettings and Rehousing advised that weekly meetings are held between the Lettings Team, HRS and NTLO Team. These meetings serve as a reporting function, allowing for discussion on the statuses of void properties listed on a 'VD0108 (All Currently Void Dwellings)' Report, which is generated on a weekly basis.</p> <p>In advance of each meeting, the VD0108 Report is distributed to the HRS and NTLO Team by the Head of Lettings and Rehousing. The Head of Lettings and Rehousing informed us that all teams are required to provide updates on the status of each property contained in the VD0108 Report prior to the weekly meeting.</p> <p>We reviewed the VD0108 Reports dated 26 February and 6 March 2023 and confirmed that updates on sheltered and general needs properties were provided by the Lettings Team. However, we noted that updates were not provided by the HRS and NTLO Team for all properties contained within the VD0108 Reports subject to our review.</p> <p><i>Risk: letting performance is not effectively monitored throughout the voids re-let process, contributing to delays and longer void turnaround times resulting in unnecessary loss of rental income and contribute to any financial losses already incurred by the Council.</i></p>	<p>The Council should ensure that Northgate is updated to reflect the status of properties throughout the voids re-let process. To allow for the identification of those properties requiring immediate attention at the weekly meetings held between the Lettings Team, HRS and NTLO Team.</p> <p>Moreover, updates made to Northgate in real time could contribute to an improved oversight of void turnaround times and reduce the administrative burden of updating the VD0108 Report in advance of the weekly meetings.</p>	3	<p>Accepted.</p> <p>This has been implemented with the Lettings Team updating Northgate notes prior to the weekly meetings. Other services have started this but needs to be consistent.</p>	Complete
4.6	<p>Key Performance Indicators (KPIs)</p> <p>The Head of Lettings and Rehousing informed us that Performance Reports are produced on a rolling basis and presented at Performance Clinics chaired by the Assistant Director of Housing Demand.</p>	<p>As planned, the Council should continue to focus efforts on defining KPIs against which performance specific to the</p>	3	<p>Accepted.</p> <p>This will need support from IT to be able to establish performance outcomes.</p>	<p>September 2023</p> <p>Head of Rehousing and Lettings /</p>

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>A review of the Registrations and Lettings Team Performance Report covering lettings performance between October and December 2022 found that although updates on lettings performance (for example, total lets and progress against the Housing Register) were provided, performance of the Lettings Team against a set of KPIs was not reported.</p> <p>Discussion with the Head of Lettings and Rehousing established that the Lettings Team Performance Report is currently being revised to include a performance analysis of the Lettings Team against a set of clear targets/KPIs.</p> <p>Through a review of the work in progress Registrations and Lettings Team Performance Report, we were able to confirm that clear targets/KPIs have been defined. Whilst we note that this Performance Report is still under development, we have referenced in our recommendation KPIs observed at clients operating in a similar capacity.</p> <p><i>Risk: There is inadequate scrutiny and challenge at the right level over lettings performance. This could lead to missed opportunities in identifying areas for improvement to streamline the current procedures followed in practice.</i></p>	<p>Lettings Team can be monitored. KPIs could include:</p> <ul style="list-style-type: none"> • Average number of days to re-let empty homes; • % Tenancy turnover; • % Overall satisfaction with new home; and • % Homes empty. <p>The targets specified in the new Registrations and Lettings Team Performance Report should be reiterated within the documented procedures available to the Lettings Team to ensure compliance with KPIs.</p> <p>In addition, these reports should be presented to the Senior Management Team (SMT) and Performance Clinics with appropriate regularity.</p>			Lettings Team Manager

05 Audit Observations

5.1 Examples of good practice identified

- The Council maintains a series of policies and procedures which provide guidance to staff on the processes that should be followed in the letting of general needs and sheltered accommodation. In addition, documented procedures for making direct lets and final offers of accommodation under Part 6 of the Housing Act 1996 are also in place at the Council. Our review of the 'Letting Properties through Home Connections', 'Supported Housing Lettings (Sheltered and Good Neighbour)', 'Making Direct Offers of Accommodation under Part 6 Procedures' and 'Making Final Offers of Accommodation under Part 6 Procedures' policies and procedures found that all were clear and easy to follow.

Moreover, we found that these policies and procedures had version control, highlighting the date of the last review, description of changes and the reviewer. Further review of the version control for these policies and procedures noted that these were up to date, with the most recent review dates for all policies and procedures falling between April 2022 and January 2023.

- A review of the 'Making Final Offers of Accommodation under Part 6 Procedures' document found that a flowchart has been attached as Appendix B to depict the process for making offers under Part 6 of the Housing Act 1996. This flowchart directs staff to a series of template letters developed for use during the offer stage of the lettings process.
- The lettings policies and procedures in place at the Council include instruction on shortlisting applicants for general needs and sheltered accommodation. Here, a set of criteria have been defined, against which applicants are assessed during the shortlisting stage of the lettings process for both general needs and sheltered properties (for example, applicant band and medical needs).
- The Council has also developed documented procedures for making a Private Rented Sector Offers (PRSO) under the CBS Scheme in the form of a 'CBS Nominations Policy'. Our review of this policy found it to be clear in describing the processes that should be followed when making a PRSO to accepted homeless households. Furthermore, we noted that the CBS Nominations Policy clearly outlines the criteria against which the Rehousing Team should assess the suitability of a PRSO. In addition to the CBS Nominations Policy, a 'Making Private Rented Sector Offers Procedure' is in place, which was last reviewed in April 2022. This procedure provides supplementary guidance on making a PRSO, including the factors to consider when assessing the suitability of an offer in the form of a 'Suitability Checklist' attached in Appendix A of the procedure. It is noted that this checklist is to be used in conjunction with the criteria defined in the CBS Nominations Policy (N.B. We were unable to determine whether a sample of CBS allocations were made in line with the requirements of the policies and procedures due to delays in the provision of information to Internal Audit).
- Via a walkthrough of the lettings process with the Senior Lettings Officer and the Lettings Officer, we confirmed that for our sample of 10 void properties let in the last 12 months, the process followed in practice for the letting of both the general needs and sheltered accommodation properties was in line with the documented procedures.
- The Head of Lettings and Rehousing advised that, for sheltered accommodation lets, case notes detailing the reasons for bypassing shortlisted applicants are maintained on a shared drive. We selected a sample of five lets for sheltered accommodation in the last 12 months and confirmed that for all our sample, the rationale for bypassing shortlisted applicants was documented within the case notes. However, we noted that these reasons were not documented on Northgate, in line with the procedural requirements. To this effect, we have raised a recommendation in **Section 04**.
- For a sample of four general needs lets made in the last 12 months, we noted that the viewing outcome and reason for bypassing each shortlisted applicant was recorded on Home Connections by the NTLO. In addition, we were able to confirm that where a property was not allocated to the individual ranking higher in priority, clear reasoning was provided for moving down the shortlist. However, we noted similar issues around updates not being made to Northgate and have raised a related recommendation in **Section 04**.
- Weekly meetings are held between the Lettings Team, HRS and NTLO Team to discuss progress made on sheltered and general needs voids

marked 'Suitable for Advertising' and 'Ready for Let' on the VD0108 Report run at the start of each week. We reviewed the VD0108 Reports dated 26 February and 6 March 2023, which confirmed that updates on all sheltered and general needs voids were provided by the Lettings Team. However, we noted inadequacies in the reporting of updates by the HRS and NTLO Team and have therefore raised a related recommendation in **Section 04**.

- SMT meetings are held on a weekly basis as a means of providing updates on performance across Lettings and Rehousing. This was confirmed through a review of meeting minutes dated 23 January, 30 January, and 6 February 2023.
- For a sample of five sheltered and five general needs properties let in the last 12 months, we confirmed that a tenancy agreement signed by both the Tenant and the Hub Coordinator/NTLO was retained on file.

5.2 Risk Management

In conducting our review, we have focused on those risks and areas outlined within our Terms of Reference, as outlined in **Section A1**, as well as any areas that came to our attention during the audit.

5.3 Value for Money

KPIs are important for monitoring the performance of all service areas involved in the lettings function of the Council. An adherence to performance targets specific to lettings performance would contribute to the efficiency of processes currently followed in practice and improve void turnaround times reducing the cost implications that would usually arise from properties remaining void for substantial periods of time. Moreover, monitoring performance via the use of KPIs could allow for the identification of areas for improvement. For targets to be regarded effective performance measures, they must fulfil the SMART criteria:

- **Specific:** targets must be clearly defined and precise to avoid misunderstanding and wasted effort.
- **Measurable:** targets must be quantifiable to measure progress and success.

- **Achievable:** targets must be realistic and larger goals should be split into smaller, more achievable goals to motivate team members to contribute towards their achievement.
- **Relevant:** targets must align with the overall objective.
- **Time-bound:** targets must have deadlines to ensure their achievement in a time-efficient manner.

During our review, we were able to confirm that this issue has been identified by the Council and that efforts are currently being focused on revising the current reporting arrangements in place to allow for a more detailed performance analysis of the Lettings Team. This should result in an improved oversight and monitoring of lettings performance, specifically in relation to void turnaround times. In turn, this would allow for the application of sufficient scrutiny over lettings performance, such that areas for improvement can be identified for the purposes of streamlining the processes currently in place.

5.4 Sector Comparison

A number of peer organisations formally monitor the individual stages of the lettings process, with specific targets for each stage. This practice allows for more granular analysis of where delays are arising and how processes can be changed to remove bottlenecks and unnecessary delays. The Northgate Housing Management System utilised by the Council defines the individual stages of the voids re-let process. However, our sample testing found that this functionality of Northgate is not used by the Council to monitor lettings performance.

We take the view that the Council could benefit from the use of this functionality to monitor and report on lettings performance against clear targets. This would allow for the potential identification of improvements to further streamline the processes currently in place for the letting of properties by the Council. To this effect, we have raised a recommendation in **Section 04**.

A1 Audit Information

Audit Control Schedule	
Client contacts:	Denise Gandy, Assistant Director of Housing Demand Leigh Richmond, Head of Lettings and Rehousing
Internal Audit Team:	Mark Chalkley, Engagement Manager Hannah Parker, Field Manager Maariya Ismail, Internal Auditor
Finish on site / Exit meeting:	21 March 2023
Last information received:	21 March 2023
Draft report issued:	5 June 2023
Management responses received:	5 July 2023
Final report issued:	7 July 2023

Report Distribution List		
Report	Name	Job Title
Draft & Final	Minesh Jani	Head of Audit and Risk Management
Draft & Final	Vanessa Bateman	Deputy Head of Audit and Risk
Draft & Final	Denise Gandy	Assistant Director of Housing Demand
Draft & Final	Leigh Richmond	Head of Lettings and Rehousing
Final	Beverley Tarka	Director of Adults, Health and Communities
Final	David Joyce	Director of Placemaking and Housing
Final	Jon Warlow	S151 Officer
Final	Andy Donald	Chief Executive

Scope and Objectives

Audit objective: To provide assurance that adequate controls are in place around the management of lettings.

The review considered the following audit risk areas:

- There is an inconsistent approach to assessing applications for housing
- LBH cannot demonstrate probity in the decision making process in respect of each tenancy allocation.
- Terms of tenancies are not enforceable
- Void properties are not let in a timely manner.
- There is inadequate scrutiny and challenge at the right level over lettings performance

Statement of Responsibility

We take responsibility to the London Borough of Haringey for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements

should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management’s responsibilities for the application of sound management practices.




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Definitions of Assurance Levels	
Level	Description
Substantial Assurance:	Our audit finds no significant weaknesses and we feel that overall risks are being effectively managed. The issues raised tend to be minor issues or areas for improvement within an adequate control framework.
Adequate Assurance:	There is generally a sound control framework in place, but there are significant issues of compliance or efficiency or some specific gaps in the control framework which need to be addressed. Adequate assurance indicates that despite this, there is no indication that risks are crystallising at present.
Limited Assurance:	Weaknesses in the system and/or application of controls are such that the system objectives are put at

	risk. Significant improvements are required to the control environment.
Nil Assurance:	There is no framework of key controls in place to manage risks. This substantially increases the likelihood that the service will not achieve its objectives. Where key controls do exist, they are not applied.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

Direction	
Direction	Description
	Improved since the last audit visit.
	Deteriorated since the last audit visit.
	Unchanged since the last audit report.
No arrow	Not previously visited by Internal Audit.

Areas for Further Improvement and Action Updates as at the end of November 2023

Ref	Recommendation	Priority	Timescale/ responsibility	Management Response – July 2023	Update – November 2023
4.1	<p>Updates to the Housing Management System</p> <p>The Council should ensure that Northgate is updated to reflect the progress of each property against the stages of the voids re-let process.</p> <p>The Council should remind staff involved in the lettings function of their responsibilities in ensuring that updates to each property are reflected on Northgate as appropriate.</p> <p>The Council should explore the reporting functionality of Northgate, which could assist with evaluating performance against a set of defined KPIs.</p> <p>Regular checks should be undertaken by management to confirm that each stage of the lettings process is consistently recorded in Northgate.</p>	2	<p>Head of Rehousing and Lettings/ Lettings Manager</p> <p>September 2023</p>	<p>We have carried out a review of our use of Northgate and have agreed actions that will ensure that we are fully utilising the system's functionality.</p> <p>Reporting options will be utilised and exception reporting will be monitored to ensure consistent use of the system.</p>	<p>A two-day IT Health Check session was held to discuss and review IT issues preventing staff using the NEC IT system efficiently. One of the main issues raised by the team was the need to improve the speed of the software and streamline the number of clicks used for each task to access information.</p> <p>A new system upgrade took place on 2nd July 2023 has addressed these concerns.</p> <p>Exception reporting shows that Lettings staff are updating both NEC void notes and void events. Random audit checks have shown consistency in this area. In addition to this, Choice-Based Lettings and Sharepoint are also updated in a timely manner.</p> <p>ACTIONS COMPLETED.</p>
4.2	<p>Lines of communication</p> <p>The Council should ensure that Northgate is updated to reflect the status of properties where the voids re-let process has been initiated.</p> <p>In addition to the current communication arrangements in place between the teams involved in the lettings function, the Council</p>	2	<p>Head of Rehousing and Lettings to initiate.</p> <p>September 2023</p>	<p>It is accepted that all services involved need to update Northgate.</p> <p>Phone calls and emails are currently the process used across Council services to record outcomes.</p>	<p>Whilst all staff involved in the voids process can update the notes against a property using the IT system, lengthy conversations were still had at the weekly meetings. An enhanced version of the notes recording system has now been set up to transfer the latest updated note for each team from the notepad to the actual voids report now in place.</p>

	<p>could consider implementing a system workflow with the ability to alert/notify relevant teams of updates and actions requiring completion. For example, a reminder to result the viewing outcome for a property within 24 hours of the viewing.</p>			<p>Since May 2023, Viewings Officers have been recruited within the Lettings Team and outcomes of viewings are shared immediately with Lettings staff. Viewings events are recorded on Northgate within 1 working day of the viewing.</p> <p>The ability for Northgate to progress to flag the next task will be explored with IT in September 2023.</p>	<p>Each team involved in the lettings and voids process add notes on the NEC note pad that creates directly onto the voids reports, providing real time updates against each property, which allows the discussion to target specific areas requiring discussion and reduces the need for emails and phone calls.</p> <p>On 14/11/23 a date stamp was added to the voids report to indicate when the last note entry was added for each team. This will give clear indication when an action has been carried out.</p> <p>The Viewing Officers transferred to Tenancy Services in mid-October 2023, the transition has been seamless, and the communication has continued as before.</p> <p>The Lettings Team update the ADVT (advertised) and Offer tasks and the Viewing Officers update the Viewing task for general needs. The Hub- Coordinators were not updating the viewing task or notes for sheltered accommodation but training was delivered to the Hub Co-ordinators on 10/11/23 and they are now able to update the notepad and viewing tasks for sheltered accommodation.</p> <p>ACTIONS PARTIALLY COMPLETED.</p> <p>The ability for the system to flag the next task is still outstanding and requires work across the teams involved in the voids and lettings process. Due to competing priorities this will now be completed by March 2024.</p>
4.3	<p>Tenancy Allocation Records</p> <p>The Council should ensure that both Home Connections and the Northgate Housing</p>	2	<p>Lettings Team Manager</p> <p>July 2023</p>	<p>This is accepted.</p> <p>Whilst the reasons for bypassing an applicant are recorded on Home</p>	<p>When the procedures are reviewed, we will then be able to determine whether it is necessary to have officers enter bypass reasons on NEC as well as those already entered on Home Connections. Short-</p>

	<p>Management System are updated to reflect the status of each void property during the voids re-let process.</p> <p>Moreover, the Council could consider utilising the functionality of Northgate or other system/software to document the rationale for bypassing applicants when making allocations. This could be an efficient means of maintaining an audit trail in support of each allocation to demonstrate appropriate decision making.</p>		<p>Lettings Team Manager October 2023.</p>	<p>Connections, there will be occasions where this is also recorded on Northgate.</p> <p>This needs to be consistent and when the procedures are reviewed, consideration will be given whether the information is required on both systems.</p> <p>The process will though be different for sheltered lets which is currently a manual process.</p> <p>To record each by-pass activity on Northgate will not be practical as each household has very specific needs and to record each property and reasons for by-pass on Northgate will take a disproportionate amount of time.</p> <p>We want to work with Northgate to move having an automated sheltered housing list whereby a shortlist can be created for each available property, which captures the need of the household.</p>	<p>listed households on the other hand will have notes on NEC.</p> <p>Procedures were due to be updated in July, this was not possible due to staffing issues. New date for completion is February 2024.</p> <p>The automation of sheltered lettings is still ongoing with the IT Team as part of the Health Check work. This has now been programmed in for completion by the IT Team in February 2024.</p> <p>.</p> <p>LIMITED PROGRESS ON BOTH ASPECTS OF THIS RECOMMENDATION.</p> <p>Revised date of February 2024.</p>
4.4	<p>Tenancy Allocation Approvals</p> <p>The Council should develop a formal process for the review and approval of decisions made.</p> <p>This process should be documented in the relevant policies and procedures made available to members of the Lettings Team.</p>	2	<p>Head of Rehousing and Lettings/ Lettings Manager October 2023</p>	<p>We will review our processes and identify stages where sign off of decisions would be appropriate based on risk Policies and procedures will be amended accordingly.</p>	<p>Property offers are monitored through weekly voids meeting discussions. Direct lets and property adverts are quality controlled and delegated in priority order by the Lettings Senior to officers. Once a property is marked suitable for advertising, a decision is taken as to whether to advertise or make</p>

					<p>a direct let to a prospective client and the senior will delegate to the officer to action accordingly.</p> <p>Fortnightly supervision meetings take place between the Lettings senior and officers, which also includes going through void property offers. Offers are scrutinised by both the Lettings manager and senior using relevant reports and continuous discussion with staff and services connected to the voids process.</p> <p>Although the approach has changed operationally this needs to be reflected in updated procedures.</p> <p>PARTIALLY COMPLETED.</p> <p>Operational change to be reflected in updated procedures when completed by February 2024.</p>
4.5	<p>Weekly meetings</p> <p>The Council should ensure that Northgate is updated to reflect the status of properties throughout the voids re-let process. To allow for the identification of those properties requiring immediate attention at the weekly meetings held between the Lettings Team, HRS and NTLO Team.</p> <p>Moreover, updates made to Northgate in real time could contribute to an improved oversight of void turnaround times and reduce the administrative burden of updating the VD0108 Report in advance of the weekly meetings.</p>	3	Complete	<p>This has been implemented with the Lettings Team updating Northgate notes prior to the weekly meetings. Other services have started this but needs to be consistent.</p>	<p>This action was complete at the point when the report was agreed. The meetings themselves have been strengthened by the addition of a chair at Assistant Director level.</p> <p>Management in each area are monitoring the consistency of the use of notes.</p> <p>ACTION COMPLETE.</p>
4.6	<p>Key performance indicators</p> <p>As planned, the Council should continue to focus efforts on defining KPIs against which</p>	3	Head of Rehousing and Lettings/	<p>This is accepted and will need support from IT to be able to establish performance outcomes.</p>	<p>High level voids performance indicators are in place and reported to the Placemaking and Housing Board on a monthly basis.</p>

<p>performance specific to the Lettings Team can be monitored. KPIs could include:</p> <ul style="list-style-type: none"> • Average number of days to re-let empty homes; • % Tenancy turnover; • % Overall satisfaction with new home; and • % Homes empty. <p>The targets specified in the new Registrations and Lettings Team Performance Report should be reiterated within the documented procedures available to the Lettings Team to ensure compliance with KPIs.</p> <p>In addition, these reports should be presented to the Senior Management Team (SMT) and Performance Clinics with appropriate regularity.</p>	<p>Lettings Team Manager September 2023</p>	<p>A weekly meeting of senior managers from each area that are involved in the voids process from tenancy ending to relet review performance information on void flow.</p> <p>Lettings performance is reported to the monthly Housing Demand Performance Clinic.</p> <p>Planned enhancements to the IT system will help to capture the detail beneath the headline performance more easily and will help managers to monitor day to day performance.</p> <p>ACTIONS COMPLETED though further IT enhancements will help support the work further.</p>
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Report for: Audit Committee – 14 December 2023

Item number: 9

Title: Treasury Management Mid-Year Report 2023/24

Report authorised by: Josephine Lyseight, Assistant Director of Finance (Deputy S151 Officer)

Lead Officer: Tim Mpofu, Head of Finance – Pensions and Treasury
tim.mpofu@haringey.gov.uk

Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key decision

1. Describe the issue under consideration

- 1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code). This code requires the Council to approve, at a minimum, treasury management semi-annual and annual outturn reports.
- 1.2. This report includes the new requirement in the 2021 Code that mandates quarterly reporting of treasury management prudential indicators, effective from 1st April 2023.
- 1.3. The Council's treasury management strategy for 2023/24 was approved at a full Council meeting on 2 March 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.
- 1.4. This report provides an update to the Audit Committee on the Council's treasury management activities and performance for the first half of the financial year ending 30 September 2023, in accordance with the CIPFA Code.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

The Audit Committee is requested:

- 3.1. To note the treasury management activity undertaken during the first half of the year to 30 September 2023 and the performance achieved which is attached as Appendix 1 to this report.

- 3.2. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.

4. Reason for Decision

- 4.1. Not applicable.

5. Other options considered

- 5.1. Not applicable.

6. Background information

- 6.1. The Council's treasury management activity is underpinned by CIPFA's Treasury Management in Public Services: Code of Practice (the CIPFA Code), which requires local authorities to produce annually, Prudential Indicators and a Treasury Management Strategy Statement. CIPFA has defined Treasury management as: "The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 6.2. The CIPFA Code recommends that members are informed of treasury management activities at least twice a year. Following an amendment to the Council's constitution in 2023, it was determined that the reviewing and monitoring of treasury policy, strategy and activity is delegated to the Audit Committee. This Committee will continue to receive treasury update reports quarterly.
- 6.3. However, overall responsibility for treasury management remains with full Council, and the Council approved the Treasury Management Strategy Statement and set the Prudential Indicators for 2023/24 on 2 March 2023. The Audit Committee is responsible for monitoring treasury management activity, and this can be achieved through the receipt of the quarterly, mid-year and annual reports.
- 6.4. Government guidance on local authority treasury management states that local authorities should consider the following factors in the order they are stated:
Security - Liquidity - Yield
- 6.5. The Treasury Management Strategy reflects these factors and is explicit that the priority for the Council is the security of its funds. However, no treasury activity is without risk and the effective identification and management of risk are integral to the Council's treasury management activities.

Economic Background

- 6.6. Inflation in the UK remained persistently high for much of the period when compared to global economies. This persistent inflation, led to heightened expectations of further rate increases by the Bank of England (BoE). However, inflation data published later in the period fell short of projections, prompting financial markets to reassess the peak in the BoE Bank Rate.

- 6.7. Shortly thereafter, the BoE chose to maintain the Bank Rate at 5.25% in September, against the expectation of an additional 0.25% increase. The table below shows an extract of the Bank of England's Bank Rates throughout the financial year.

	Dec-22	Mar-23	Jun-23	Sep-23	Current Rate
BoE Bank Rate	3.5%	4.25%	5.00%	5.25%	5.25%

- 6.8. Further details on the implications of this can be found in section 2 of Appendix 1 to this report.

Borrowing Activity

- 6.9. The Council's primary objective when borrowing is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required.
- 6.10. The cost of borrowing has increased significantly for both short-term and long-term debt. The table below shows the rates offered across the various PWLB maturities on 30 September 2023. The rates shown include the 0.20% certainty discount rate offered by the PWLB to qualifying authorities.

PWLB Maturity	Dec-23	Mar-23	Jun-23	Sep-23
1-year	4.33%	4.78%	6.22%	5.69%
5-year	4.48%	4.31%	5.71%	5.22%
10-year	4.59%	4.33%	5.35%	5.26%
20 year	4.89%	4.70%	5.36%	5.64%
50 year	4.49%	4.41%	4.95%	5.43%

- 6.11. In keeping with the Council's Treasury Management Strategy, £25m of new long-term borrowing was undertaken during the period. The purpose of this borrowing was mainly to replace an existing LOBO (Lender's Option, Borrower's Option) after the option was exercised by the lender towards the end of the September. However, during the period, £20.7m of long-term loans were allowed to mature without immediate replacement.
- 6.12. With market interest rates having risen, the probability of call options on the LOBOs being called has been higher than in the recent past. £125m of LOBO loans had call option dates during the six-month period to September 2023. Out of these loans, one of the lenders exercised one of the loans with an outstanding principal of £25m.
- 6.13. The Council has a significant capital program that extends into the foreseeable future. A large proportion of this program will need to be financed by borrowing. This borrowing will be undertaken by the Council during the current and upcoming years.
- 6.14. The Council's borrowing decisions are not based on any single outcome for interest rates, and it maintains a balanced portfolio of short and long-term borrowing.
- 6.15. Further details on the borrowing activity of the Council over the period can be found in section 4 of Appendix 1 to this report.

Treasury Investment Activity

- 6.16. In accordance with the CIPFA Code and government guidance, the Council aims to strike an appropriate balance between risk and return, when making treasury investments. The aim is to prioritise the security and liquidity of its investments before seeking the optimum rate of return or yield.
- 6.17. During the period, the overnight deposit rates for both, the Debt Management Account Deposit Facility (DMADF) and Money Market Funds (MMFs), increased from approximately 4.00% in April 2023 to 5.30% by the end of March 2023.
- 6.18. Short-dated cash rates increased accordingly, with 3-month rates reaching approximately 5.25% and 12-month rates coming close to 6%.
- 6.19. The table on the following page shows how the Council's current Treasury investments compare with other local authorities.

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Ave. Maturity (Days)	Rate of Return
31.03.2023	3.67	AA-	38%	10	3.96%
30.09.2023	4.12	AA-	37%	20	5.25%
Similar Local Authorities	4.54	A+	67%	28	4.94%
All Local Authorities	4.65	A+	63%	11	4.32%

- 6.20. Further details on the Council's treasury investment activity over the period can be found in section 5 of Appendix 1 to this report.

Treasury Management Prudential Indicators

- 6.21. The Council measures and manages its exposures to treasury management risks using several indicators that are set when the Treasury Management Strategy is approved in advance of the new financial year.
- 6.22. The Chief Finance Officer reports that all treasury management activities carried out during the year were fully compliant with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.
- 6.23. A more detailed assessment of the Council's compliance with the agreed upon Treasury Management Indicators can be found in section 8 of Appendix 1 to this report.

7. Contribution to Strategic Outcomes

- 7.1. None

8. Carbon and Climate Change

- 8.1. Not applicable

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

9.1. Finance Comments are included throughout the attached report.

Head of Legal and Governance [Benita Edwards, Head of Legal Services]

9.2. The Head of Legal Services has been consulted on the content of this report which is consistent with legislation governing the financial affairs of the Council. In particular, the Council must comply with the requirements of the Local Government Act 2003, the Local Authorities (Capital Financing & Accounting – England) Regulations 2003 and the CIPFA Treasury Management code.

9.3. In considering the report, Audit Committee must take into account the expert financial advice available to it and any further oral advice given at the meeting of the Committee.

Equalities

1.1. There are no equalities issues arising from this report.

10. Use of Appendices

10.1. Appendix 1 – Treasury Management Mid-Year Report 2023/24

11. Background Papers

11.1. None

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Appendix 1 - Treasury Management Mid-Year Report 2023/24

1. Introduction

- 1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code). This code requires the Council to approve, at a minimum, treasury management semi-annual and annual outturn reports.
- 1.2. This report includes the new requirement in the 2021 Code that mandates quarterly reporting of treasury management prudential indicators, effective from 1st April 2023.
- 1.3. The Council's treasury management strategy for 2023/24 was approved at a full Council meeting on 2 March 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

2. External Context (provided by the Council's treasury management advisor, Arlingclose)

Economic background

- 2.1. Inflation in the UK remained persistently high for much of the period compared to the US and Eurozone, leading to heightened expectations of further rate hikes by the Bank of England (BoE). However, inflation data published later in the period fell short of projections, prompting financial markets to reassess the peak in the BoE Bank Rate. Shortly thereafter, the BoE chose to maintain the Bank Rate at 5.25% in September, against the expectation of an additional 0.25% increase.
- 2.2. The UK's economic growth remained weak throughout the period. In Q2 2023, the economy grew by 0.2%. However, the monthly GDP data showed a 0.5% contraction in July, which is the largest drop so far in 2023, and worse than the predicted 0.2% decline. This could indicate that the monetary tightening cycle may be leading to recessionary or, at the very least, stagnant economic conditions.
- 2.3. Labour demand remained strong during this period, with unemployment levels staying consistent. The table below shows an extract of the reported annual unemployment rate over the past four quarters.

	Dec-22	Mar-23	Jun-23	Sep-23
Unemployment rate	3.7%	3.9%	4.2%	4.2%

- 2.4. Total pay (including bonuses) saw a growth of 8.5%, while regular pay experienced a 7.8% increase. The latter marks the highest recorded annual growth rate. However, once adjusted for inflation, growth in total pay and regular pay remained negative.
- 2.5. The annual Consumer Price Index (CPI) inflation measure for the UK continued to fall from its October 2022 peak of 11.1% to 6.7% in September 2023. The table below shows an extract of the reported CPI inflation over the past four quarters.

	Dec-22	Mar-23	Jun-23	Sep-23
CPI Inflation	10.5%	10.1%	7.9%	6.7%

- 2.6. The Bank of England's Monetary Policy Committee (MPC) continued to tighten monetary policy throughout most of the period, raising the Bank Rate to 5.25% in August. Contrary to expectations of another increase in September, the MPC voted 5-4 to keep the Bank

Rate at 5.25%. The table below shows an extract of the Bank of England's Bank Rates throughout the financial year.

	Dec-22	Mar-23	Jun-23	Sep-23	Current Rate
BoE Bank Rate	3.5%	4.25%	5.00%	5.25%	5.25%

- 2.7. Financial market expectations for policy rates moderated over the period due to falling inflation and weakening data. This indicated that the impact of higher interest rates was beginning to be felt across the global economies. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting. By the end of the period, the expectation was for 5.25% to be the peak.
- 2.8. Following the September MPC meeting, Arlingclose, the Council's treasury adviser, revised its interest forecast to reflect the central view that the peak in Bank Rate will now be 5.25%. In the short term, there are upside risks if inflation increases again. However, over the remaining part of the time horizon, the risks are to the downside due to the possibility of economic activity weakening more than expected.
- 2.9. Many mortgages in the UK are currently at fixed at low interest rates but will be systematically re-set over the next 12-24 months at higher rates at the end of their fixed rate period. As a result, there will be lagged effect of the feed through of monetary policy on households' disposable income. The economic slowdown is expected to develop over time and therefore, it is likely confidence will be negatively affected at some point. Higher rates will also impact business confidence and investment.
- 2.10. The US Federal Reserve (the Fed) increased its key interest rate to 5.25-5.50% during the period. In September, it paused after a 0.25% rise the previous month. The Fed has indicated that it may not have completed its monetary tightening cycle yet.
- 2.11. After a decline throughout 2023, annual US inflation began to rise again in July. It increased from 3% in June, which was the lowest level since March 2021, to 3.2% in July. In August, it jumped further to 3.7%, surpassing expectations of a rise to 3.6%. The increase in oil prices was the primary factor behind this rise.
- 2.12. In the second quarter of 2023, US GDP growth was recorded at an annualized rate of 2.1%. This was slightly lower than the initial estimate of 2.4%, but it still exceeded the 2% expansion observed in the first quarter.
- 2.13. In the euro zone, the European Central Bank raised its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50%, and 4.75% respectively in September. The bank suggested that these levels might be the highest rates, but also emphasized that rates would remain elevated as long as necessary to reduce inflation to the target level.

Financial markets

- 2.14. Financial market sentiment and bond yields remained volatile. Bond yields, in particular, started to show a general downward trend. This was attributed to signs that inflation, although still high, was moderating and interest rates were at a peak.
- 2.15. During the period, benchmark gilt yields in the UK continued to increase. The table below shows the movement of the major benchmark gilt yields throughout the period.

Benchmark Gilt Yield	Dec-22	Mar-23	Jun-23	Sep-23
5 year	3.62%	3.36%	4.67%	4.29%
10 year	3.67%	3.49%	4.39%	4.45%
20 year	4.03%	3.82%	4.51%	4.84%

- 2.16. The Sterling Overnight Index Average Rate (SONIA) averaged 4.37% over the quarter.

Credit review

- 2.17. Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks, Arlingclose lowered the advised maximum duration limit for all banks on its recommended counterparty list to 35 days in March 2023. This decision was made due to concerns about a wider financial crisis following the collapse of Silicon Valley Bank's purchase and Credit Suisse's acquisition by UBS, as well as other well-publicised issues in the banking sector. This position remained the same over the period.
- 2.18. After putting the US sovereign rating on Rating Watch Negative earlier, Fitch took additional action in August. It downgraded the long-term rating to AA+ due in part to ongoing debt ceiling concerns and an expected fiscal deterioration over the next couple of years.
- 2.19. Arlingclose continues to monitor and assess credit default swap levels for signs of ongoing credit stress. Although no changes were made to the recommended durations throughout the period, Northern Trust Corporation was added to the counterparty list.
- 2.20. Heightened market volatility is expected to continue in the near term. As always, Arlingclose constantly reviews the institutions and durations on the Authority's counterparty list that they recommend.

3. Local Context

- 3.1. On 31 March 2023, the Council had net borrowing of £783.3m arising from its revenue and capital income and expenditure. The Capital Financing Requirement (CFR) measures the underlying need to borrow for capital purposes. A breakdown of the CFR is summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.03.23 Actual £m
General Fund CFR	720.4
HRA CFR	471.1
Total CFR¹	1,191.5
Less: Other debt liabilities ²	(22.0)
Borrowing CFR - comprised of:	1,169.5
External borrowing	783.3
Internal borrowing	386.2

¹subject to audit

²finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

- 3.2. The Council continued to pursue its long-standing strategy of keeping borrowing and investments below their underlying levels, also known as internal borrowing. This approach aims to manage both interest rate risk and refinancing risk. The goal is to minimise interest costs and provide flexibility when deciding whether the Council should take on additional borrowing from external sources.
- 3.3. The treasury management position on 30 September 2023 and the change over the year is shown in Table 2 on the next page.

Table 2: Treasury Management Summary

Type of Borrowing/Investment	31.03.23 Balance £m	Movement £m	30.09.23 Balance £m	30.09.23 Weighted Av. Rate %
Long-term borrowing	718.3	(20.7)	697.6	3.01%
Short-term borrowing	65.0	(30)	35.0	5.49%
Total borrowing	783.5	(50.7)	747.8	3.13%
Short-term investment	15.0	0.0	15.0	5.30%
Cash and cash equivalents	78.9	(53.4)	25.5	5.22%
Total investments	93.9	(53.4)	40.5	5.25%
Net borrowing	689.4	2.7	692.1	

4. **Borrowing Activity**

- 4.1. CIPFA's 2021 Prudential Code emphasises that local authorities should not borrow to invest primarily for financial returns. Local authorities should not make any investment or spending decision that increase the capital financing requirement, resulting in new borrowing, unless such decisions are directly and primarily related to the functions of the local authority. Local authorities are no longer permitted to secure PWLB loans for purchasing investment assets primarily for yield unless the loans are for refinancing purposes.
- 4.2. The Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council. It has no plans to do so in the future.

Borrowing strategy and activity during the period

- 4.3. As outlined in the treasury strategy, the Council's primary objective when borrowing is to strike an appropriately low-risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising longer-term stability of the debt portfolio.
- 4.4. There has been a significant increase in the cost of both short-term and long-term borrowing over the past 18 months. Over the reporting period, the Bank Rate increased from 4.25% at the beginning of April to 5.25% at the end of the September. This rate was also significantly higher than its level of 2% at the end of September 2022.
- 4.5. Gilt yields faced upward pressure since early April following signs that UK growth has been more resilient and inflation stickier than expected. Consequently, PWLB borrowing rates continued to rise during 2023 and broadly remained at their elevated levels. The table below shows the rates offered across the various PWLB maturities on 30 September 2023. The rates shown include the 0.20% certainty discount rate offered by the PWLB to qualifying authorities.

PWLB Maturity	Mar-23	Jun-23	Sep-23
10 year	4.33%	5.25%	5.26%
20 year	4.70%	5.36%	5.64%
50 year	4.41%	4.95%	5.43%

- 4.6. On 15 June 2023, a new HRA PWLB rate was made available to qualifying authorities. This rate will offer a further 0.40% discount to the currently available certainty rate. This discounted rate is intended to support local authorities borrowing for the Housing Revenue

Account and for refinancing existing HRA loans. The discounted rate is available for a minimum of one year.

- 4.7. As part of its strategy for funding previous and current years' capital programmes, the Council held £732.6m in loans on 30 September 2023, a decrease of £50.7m compared to 31 March 2023. The outstanding loans on 30 September are summarised in Table 3 below.

Table 3: Borrowing Position

Type of Borrowing	31.03.23	Net Movement £m	30.09.23	30.09.23	30.09.23
	Balance £m		Balance £m	Weighted Ave. Rate %	Weighted Ave. Maturity years
Public Works Loan Board	593.3	4.3	597.6	2.72%	25.1
Banks (LOBO)	125.0	(25.0)	100.0	4.73%	35.1
Local authorities	65.0	(30.0)	35.0	5.49%	0.7
Total borrowing	783.3	(50.7)	732.6	3.13%	25.8

- 4.8. The Council's short-term borrowing costs (from other local authorities) have continued to increase with the rise in the Bank Rate. The average rate of the Council's short-term loans at 30 September 2023 was 5.49% compared to 3.16% at 31 March 2023. As a result, the Council has taken fewer new short-term loans compared to previous years.
- 4.9. In keeping with the Council's Treasury Management Strategy, £25m of new long-term borrowing was undertaken during the period. The purpose of this borrowing was mainly to replace an existing LOBO (Lender's Option, Borrower's Option) after the option was exercised by the lender towards the end of the September. However, during the period, £20.7m of long-term loans were allowed to mature without immediate replacement.
- 4.10. The Council has a significant capital program that extends into the foreseeable future. A large proportion of this program will need to be financed by borrowing. This borrowing will be undertaken by the Council during the current and upcoming years. The Council's borrowing decisions are not based on any single outcome for interest rates, and it maintains a balanced portfolio of short and long-term borrowing.

LOBO Loans

- 4.11. On 1st April 2023, the Council held £125m of LOBO loans, where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost.
- 4.12. With market interest rates having risen, the probability of call options on the LOBOs being called has been higher than in the recent past. £125m of LOBO loans had call option dates during the six-month period to September 2023. Lenders exercised options on the following of the Council's loans.

	Amount £m	Rate	Final Maturity	Proposed Rate	Action taken by Council
Loan 1	25	4.70%	28/09/2066	6.10%	Repaid at no cost and refinanced by PWLB equal instalments of principal loan @ 4.61%, for 15 years.

- 4.13. The Council currently holds £50m of LOBO loans, with call dates within the next 12 months. The Council has engaged with treasury management advisors Arlingclose, to assess the

likelihood of loan option exercise. If the option is exercised, the Council plans to repay the loan at no additional cost. In doing so, the Council will use any available cash or borrow from other local authorities or the PWLB to repay the LOBO loans.

5. Treasury Investment Activity

- 5.1. The CIPFA Treasury Management Code now defines treasury management investments as investments that result from the Council's cash flows or treasury risk management activity. These investments represent balances that need to be invested until the cash is needed for use in the course of business.
- 5.2. The Council holds significant invested funds, which represent income received in advance of expenditure, as well as balances and reserves held. Throughout the period, the Council's investment balances ranged between £164.9m and £40.5m due to timing differences between income and expenditure. The investment position on 30 September 2023 is shown in Table 4 on the following page.

Table 4: Treasury Investment Position

Type of Investment	31.03.23 Balance £m	Net Movement £m	30.09.23 Balance £m	30.09.23 Weighted Ave. Rate %	30.09.23 Weighted Ave. Maturity
Debt Management Office	93.9	(68.4)	25.5	5.25%	32 days
Money market funds	-	15.0	15.0	5.25%	1 days
Total Investments	93.9	(53.4)	40.5	5.25%	20 days

- 5.3. Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments, before seeking the optimum rate of return or yield. The Council aims to strike an appropriate balance between risk and return when making treasury investments, while minimising the risk of incurring losses from defaults and receiving unsuitably low investment income.
- 5.4. The Bank Rate increased by 1%, rising from 4.25% at the beginning of April to 5.25% by the end of September. Short-dated cash rates increased accordingly, with 3-month rates reaching approximately 5.25% and 12-month rates coming close to 6%.
- 5.5. At the end of September 2023, the Debt Management Account Deposit Facility's (DMADF) deposit rates ranged between 5.20% and 5.30%. The Money Market rates also ranged between 5.2% and 5.25%.
- 5.6. The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Ave. Maturity (Days)	Rate of Return
31.03.2023	3.67	AA-	38%	10	3.96%
30.09.2023	4.12	AA-	37%	20	5.25%
Similar Local Authorities	4.54	A+	67%	28	4.94%
All Local Authorities	4.65	A+	63%	11	4.32%

Scoring:

AAA = highest credit quality = 1; D = lowest credit quality = 26

Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

6. Treasury Performance

- 6.1. The budget for treasury investment income for 2023/24 was set at £2.3m. This was based on a treasury investment portfolio of £65m with an average rate of return of 3.50%. The most recent forecast for the year indicates an average rate of return of 4.64%. Therefore, the Council expects to exceed its budget for treasury investment income.
- 6.2. The interest costs on external borrowing for 2023/24 are forecast to be in line with the budget at Q2 at £35.5m (£18.6m HRA, £16.9m General Fund).

7. Compliance

- 7.1. The Director of Finance reports that all treasury management activities carried out during the period complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 6 below.

Table 6: Debt Limits

	30.09.23 Actual	2023/24 Limit	Complied?
Any single organisation, except the UK Central Government	£5m each	£5m each	Yes
Money market funds	£20m in total	£20m in total	Yes

- 7.2. Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 7 below.

Table 7: Debt Limits

	30.09.23 Actual £m	2023/24 Operational Boundary £m	2023/24 Authorised Limit £m	Complied?
Borrowing	732.6	1,402.3	1,452.3	Yes
PFI and Finance Leases	21.1	21.1	23.2	Yes
Total debt	753.7	1,423.4	1,475.5	Yes

- 7.3. The operational boundary is a management tool for in-year monitoring. Therefore, it is not significant if the operational boundary is breached on occasion due to variations in cash flow, and this is not considered a compliance failure. However, the council's debt remained well below this limit throughout the entire financial year.

8. Treasury Management Indicators

- 8.1. The Council measures and manages its exposures to treasury management risks using the following indicators.

Security

- 8.2. The Council has adopted a voluntary measure to assess its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. To calculate this score, a value is assigned to each investment based on its credit rating (AAA=1, AA+=2, etc.), and the arithmetic average is taken, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	30.09.23 Actual	2023/24 Target	Complied?
Portfolio average credit score	4.12 (AA-)	7.0 (A-)	Yes

Liquidity

- 8.3. The Council has adopted a voluntary measure to monitor its exposure to liquidity risk. This is done by tracking the amount of cash available to meet unexpected payments over a rolling three-month period, without borrowing additional funds.

	30.09.23 Actual	2023/24 Target	Complied?
Total cash available within 3 months	40.5	20.0	Yes

Interest Rate Exposures

- 8.4. This indicator is set to control the Council's exposure to interest rate risk. During the period, the Bank Rate increased by 1%, rising from 4.25% in April to 5.25% by the end of September.

	30.09.23 Actual	2023/24 Target	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£0.3m	£2m	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0.3m	£2m	Yes

- 8.5. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

Maturity Structure of Borrowing

- 8.6. This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	30.09.23 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	12.9%	50%	0%	Yes
12 months and within 24 months	4.1%	40%	0%	Yes
24 months and within 5 years	5.3%	40%	0%	Yes
5 years and within 10 years	8.1%	40%	0%	Yes
10 years and within 20 years	15.4%	40%	0%	Yes
20 years and within 30 years	10.7%	40%	0%	Yes
30 years and with 40 years	14.7%	50%	0%	Yes
40 years and within 50 years	28.7%	50%	0%	Yes
50 years and above	0.0%	40%	0%	Yes

- 8.7. For context, the changes in interest rates during the quarter were:

	31.03.23	30.09.23
Bank rate	4.25%	5.25%
1-year PWLB certainty rate, maturity loans	4.78%	5.69%
5-year PWLB certainty rate, maturity loans	4.31%	5.22%
10-year PWLB certainty rate, maturity loans	4.33%	5.26%
20-year PWLB certainty rate, maturity loans	4.70%	5.64%
50-year PWLB certainty rate, maturity loans	4.41%	5.43%

- 8.8. In the past, the Council has extensively used short-term borrowing (less than 1 year in duration) from other local authorities as an alternative to longer-term borrowing from the PWLB. This was due to lower interest rates at the time, resulting in revenue savings.
- 8.9. However, short-term borrowing exposes the Council to refinancing risk. This is the risk that rates will rise quickly over a short period of time and will be at significantly higher rates when loans mature, and new borrowing is required. With this in mind, the Council has set a limit on the total amount of short-term local authority borrowing as a proportion of all borrowing.

	30.09.23 Actual	2023/24 Target	Complied?
Upper limit on short-term borrowing from other local authorities as a percentage of total borrowing	4.8%	30%	Yes

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Report for: Audit Committee – 14 December 2023

Item number: 10

Title: Internal Audit Progress Report 2023/24

Report authorised by : Director of Finance

Lead Officer: Minesh Jani, Head of Audit and Risk Management
minesh.jani@haringey.gov.uk

Ward(s) affected: N/A

**Report for Key/
Non Key Decision: Non-key**

1. Describe the issue under consideration

1.1 This report details the work undertaken by Internal Audit in the period 15 August to 6 October 2023 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Mazars).

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Audit Committee is recommended to note the audit coverage and follow up work completed.

4. Reasons for decision

4.1 The Audit Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its Terms of Reference.

4.2 In order to facilitate this, progress reports are provided on a regular basis for review and consideration by the Audit Committee on the work undertaken by the Internal Audit Service in completing the annual audit plan. Where further action is required or recommended, this is highlighted with appropriate recommendations for the Audit Committee.

5. Alternative options considered

5.1 Not applicable.

6. Background information

6.1 The information in this report has been compiled from information held within Audit & Risk Management and from records held by Mazars.

7. Contribution to strategic outcomes

7.1 The internal audit work makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key Priority areas.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance and Procurement

There are no direct financial implications arising from this report. The work completed by Mazars is part of the framework contract which was awarded to the London Borough of Croydon to 31 March 2024, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget. The maintenance of a strong internal audit function and a proactive and reaction fraud investigation team is a key element of the Council's system of Governance.

8.2 Legal

The Head of Legal and Governance has been consulted in the preparation of this report and advises that there are no direct legal implications arising from the report.

8.3 Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

As contracted providers of Haringey Council, the internal audit contractor is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010. Ensuring that the Council has effective internal audit and assurance arrangements in place will also assist the Council to use its available resources more effectively.

9. Use of Appendices

Appendix A – Mazars Progress Report – Internal Audit

10. Local Government (Access to Information) Act 1985

10.1 Not applicable.

11. Performance Management Information

11.1 Although there are no national or Best Value Performance Indicators, local performance targets have been agreed for Audit and Risk Management. Table 1 below shows the targets for each key area monitored and gives a breakdown between the quarterly and cumulative performance.

Table 1 – Performance Indicators

Ref.	Performance Indicator	15 Aug - 6 Oct 2023	Year to date	Year end Target
1	Internal Audit work (Mazars) – Days Completed vs. Planned programme	16%	45%	95%
2	Priority 1 recommendations implemented at follow up	100%	100%	95%

12. Internal Audit work – Mazars

12.1 The activity of Mazars for the first period of 2023/24 is detailed at Appendix A. Mazars planned to deliver 335 days of the annual audit plan (838 days) during the period (to 6 October 2023) and delivered 375 days audit work during this period. Planning for this year's work began in February last year and auditees were advised well in advance of the last of the financial year of the planned work. We had agreed a target of 40% with Mazars to be delivered by the end of quarter 2.

12.2 Members of the Audit Committee receive detailed summaries of all projects for which a final report has been issued to allow for any concerns which members may have to be considered in a timely manner. Appendix A provides a list of all final reports which have been issued since the start of the financial year.

12.3 Significant issues arising in Quarter 1

There was one report finalised during this period assigned "Limited" assurance; key findings arising from review are noted below.

Delivery of SEN Improvement Plan

Between 5 July 2021 and 9 July 2021, Ofsted and the Care Quality Commission (CQC) conducted a joint inspection of the local area of Haringey to judge the effectiveness of implementing the special educational needs and/or disabilities (SEND) reforms as set out in the Children and Families Act 2014. The associated report was published on 8th October 2021. As a result of the findings of this inspection and in accordance with the Children Act 2004 (Joint Area Reviews) Regulations 2015, Her Majesty's Chief Inspector (HMCI) determined that a Written Statement of Action (WSAO) was required because

of areas of weakness in the local area's practice. HMCI also determined that the local authority and the area's Clinical Commissioning Group are jointly responsible for submitting the written statement to Ofsted.

The WSAO developed was required to explain how the authority will tackle weaknesses in the following areas:

- The quality of Education, Health and Care plan (EHC plans) and the annual review process, especially as children and young people prepare for adulthood;
- The lack of partnership working and poor communication and co-production with parents, children and young people. This includes communication through the local offer; and
- Unacceptable waiting times for Autistic Spectrum Disorder (ASD) assessment.

Based on this, the WSAO has three primary areas of focus:

- WSOA 1 - Improve the co-ordination, quality and timeliness of education, health and care plans and annual reviews;
- WSOA 2 – Improve the autism assessment waiting times for children and young people and support whilst they are waiting; and
- WSOA 3 - There is good communication, co-production and partnership working with children and young people and their parents and carers.

Each section has associated actions with assigned leads, milestones and impact measures. There is an additional suite of Key Performance Indicators for that are tracked monthly.

The SEND Executive Board is responsible for the delivery of the WSOA. The Board is chaired by the Director of Children's Services and has senior leadership representation from a range of agencies including Commissioning, Health and Social Care services, Education, Cabinet Member with responsibility for Early Years, Children and Families, SENIDASS, Haringey's Parent Carer Forum, 'SEND Power'.

Five recommendations were raised (all priority 2) and this area assigned "Limited" assurance.

- EHC Plans were not consistently finalised within the 20-week requirements as per the SEND Code of Practice 2015;
- Annual reviews were not consistently conducted;
- A 'check and balance' control was not in place to ensure financial provision was allocated in line with panel decisions;
- Panel decisions were not being recorded on Mosaic on a consistent basis; and

- The service could not evidence the provision of training to staff involved in the production of EHC plans.

The service has accepted all recommendations. The recommendations are due for implementation from September 2023 to April 2024.

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APPENDIX 1

Introduction

This report includes audit progress between 14 August 2023 and 6 October 2023 covering the 2023/24 Internal Audit Plan. The report provides information on assurance opinions on areas we have reviewed and gives an indication of the direction of travel which provides information on how risks are being managed over time. Full copies of our audit reports will be provided upon request.

Date: October 2023

Key Highlights/Summary:

2023/24 Final Internal Audit Reports issued

- Community Alarms
- St John Vianney School
- Delivery of SEN Improvement Plan 22/23
- Gladesmore School
- Weston Park School

2023/24 Draft Internal Audit Reports issued

- Post Opening Procedures
- Residential Placements
- Purchase of Care Plans
- Delivery of Leisure Services
- Controls over the use of DPS
- Flood Management
- Accounting and General Ledger
- Liquid Logic pre-implementation Programme
- St Michaels School
- Youth Services
- Pendarren House
- Community Engagement

2023/24 Audits at Fieldwork stage

- Commercial Property
- Management of Sheltered Accommodation within Housing
- Management and Control of Parking Permits
- The Vale School
- St Gilda's School
- St Aiden VC Catholic School
- Coroner's Service
- Management of Budgets
- Commissioning in Children's Services
- Seven Sisters School
- Blanche Neville Special School
- Muswell Hill School
- Housing Rents Income
- Management and Control of Adults Service Waiting Lists
- Contract Management

2023/24 Audits at Terms of Reference issued or Planning stage

- Management and Use of Purchase Cards
- Corporate Property Model
- Payroll
- Housing Benefits
- Arrangements for Securing Social Value in Contracts
- Looked after Children Placements
- Programme and Project Management
- St Mary's RC School
- Lea Valley School

- Stroud Green School

Final Internal Audit Reports issued

The following table sets out the 2023/24 audits finalised and the direction of travel of assurance at the time of the audit. It must be noted that the recommendations may already have been implemented by Council officers by the time the final report is issued and reported.

2023/24 Internal Audit Plan




Audit Title	Date of Audit	Date of Final Report	Assurance Level	Direction of Travel	Number of Recommendations (Priority)		
					1	2	3
Community Alarms	May 2023	July 2023	Limited	N/A	2	3	1
St John Vianney Catholic School	June 2023	July 2023	Adequate	N/A	-	5	7
Delivery of SEN Improvement Plan (22/23)	February 2023	September 2023	Limited	N/A	0	5	0
Gladesmore School	June 2023	October 2023	Limited	←	1	1	2
Weston Park School	June 2023	October 2023	Adequate	↔	0	1	6

Definitions of assurance levels, recommendations priorities and direction of travel are included below.

As a reminder, our recommendations are prioritised according to the following categories:

Definitions of Assurance Levels	
Level	Description
Substantial Assurance:	Our audit finds no significant weaknesses and we feel that overall risks are being effectively managed. The issues raised tend to be minor issues or areas for improvement within an adequate control framework.
Adequate Assurance:	There is generally a sound control framework in place, but there are significant issues of compliance or efficiency or some specific gaps in the control framework which need to be addressed. Adequate assurance indicates that despite this, there is no indication that risks are crystallising at present.
Limited Assurance:	Weaknesses in the system and/or application of controls are such that the system objectives are put at risk. Significant improvements are required to the control environment.
Nil Assurance:	There is no framework of key controls in place to manage risks. This substantially increases the likelihood that the service will not achieve its objectives. Where key controls do exist, they are not applied.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

Direction	
Direction	Description
	Improved since the last audit visit.
	Deteriorated since the last audit visit.
	Unchanged since the last audit report.
No arrow	Not previously visited by Internal Audit.

Statement of Responsibility

We take responsibility to the London Borough of Haringey for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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Report for: Audit Committee - 14 December 2023

Item number: 11

Title: Anti – Fraud and Corruption Progress Report Quarter 2 2023/24

Report authorised by: Jon Warlow – Director of Finance

Lead Officer: Minesh Jani – Head of Audit & Risk Management
minesh.Jani@Haringey.gov.uk

Ward(s) affected: N/a

**Report for Key/
Non-Key Decision:** N/a

1. Describe the issue under consideration

This report details the work undertaken by the in-house resources in the Audit and Risk team and communicates a first update on completion of the work plan for 2023/24.

2. Cabinet Member Introduction

Not Applicable.

3. Recommendations

The Audit Committee is recommended to note the activities of the team during quarter two of 2023/24.

4. Reasons for decision

The Audit Committee is responsible for monitoring the effectiveness of the policies on Anti-Fraud and Corruption and receiving assurance with regard the Council's internal control environment and mechanisms for managing fraud risk. To facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Audit Committee with regards Anti-Fraud & Corruption.

5. Alternative options considered

Not Applicable.

6. Background information

The information in this report has been compiled from information held by Audit & Risk Management.

7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes'?

The Audit & Risk team makes a significant contribution through its pro-active work in ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all strategic priority outcomes.

8. Carbon and Climate Change

There are no direct financial implications arising from this report.

9. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

There are no direct financial implications arising from this report.

Procurement

There are no direct contract and/or procurement implications arising from this report.

Head of Legal & Governance - Benita Edwards Head of Legal Services

The Council's Head of Legal and Governance has been consulted in the preparation of this report, and in noting the progress made with delivering the Audit Plan, and the activities undertaken in relation to risk management and anti-fraud, advises that there are no direct legal implications arising out of the report.

Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation.
- advance equality of opportunity between people who share those protected characteristics and people who do not.
- foster good relations between people who share those characteristics and people who do not.

The Audit & Risk team is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010 and this is built into the team's operational procedures. Ensuring that the Council has effective counter-fraud arrangements in place will assist the Council to use its available resources more effectively.

10. Use of Appendices

Not Applicable

11. Background papers

Not Applicable

12. INTRODUCTION

- 12.1 This report covers the period from 1 July 2023 to 30th September 2023 and summarises the work of the Audit & Risk Service in relation to anti-fraud and corruption.
- 12.2 The work of the team is driven by the Council's Anti-Fraud & Corruption Strategy which was approved in September 2022. The Strategy is supported by a risk assessment and operational work plan, which is annually reviewed. More information is provided in section 13 of the report.
- 12.3 The Fraud resources within the Audit & Risk Service consists of a Head and Deputy Head of Audit & Risk, six Fraud Investigators, and the Assistant Investigator post, which is being held vacant while the structure of the service is considered. We have had one full time officer signed off sick for the whole of quarter two.
- 12.4 Fraud risk is considered when scoping all audit assignments, undertaken by Mazars, and where there is a high inherent risk of fraud in the system and process additional focus is included in the scope. The in-house resource investigates issues that arise, or other risk areas identified in the strategic audit planning. The results of all this work feeds into our assessment of fraud risk in the council.
- 12.5 Annually the governance of the organisation is reviewed, and this informs the Annual Governance Statement, which was presented to Members in July. This review considers the system of internal control which helps to inform our overall risk assessment. The Annual Report and Head of Internal Audit Opinion outlines weaknesses in internal control. There are a number of areas of the council where our second line of defence control are not robust enough to prevent and detect fraud.

13. Risk Assessment 2023/24

- 13.1 The risk level relating to employees having secondary employment has been increased this quarter as a result of referrals received in quarter 2. The inherent risk related to agency workers has been considered high since covid, and the increase in remote working, in part as some of the controls over agency workers are owned by third parties.

14. Anti-Fraud & Corruption Work Plan for 2023/24

- 14.1 The work plan this year included proactive work relating to the National Fraud Initiative (NFI); in quarter 2 a project on unidentified void properties (see 15.12 for more information); temporary accommodation is still planned for quarters 3 and 4 and the team will plan an exercise regarding secondary employment for quarter 4.

15. **ANTI-FRAUD ACTIVITY**

- 15.1 The team undertakes a wide range of anti-fraud activity and has two performance indicators to monitor its work relating to tenancy fraud and the right to buy fraud. After a downturn in outcomes as a result of the impact covid had on Housing processes we are finally starting to see a return to pre covid levels of performance.
- 15.2 Financial values are assigned to these outcomes based on the discounts not given and the estimated value of providing temporary accommodation to a family. The Audit Commission, when in existence, valued the recovery of a tenancy, which has previously been fraudulently occupied, at an annual value of £18,000, as noted above this related to average Temporary Accommodation (TA) costs. This figure was then revised to £42,000 by a network of housing and fraud bodies and was at the time supported by the Cabinet Office. Most recently the Cabinet Office has valued a property recovery at £78,300.

15.3 **Table 2 - Local Performance measures – anti fraud activity**

Performance Indicator	Q2	YTD	Annual Measure
Properties Recovered	22	29	50
Right to Buys prevented	34	56	80

15.4 **Tenancy Fraud – Council properties**

- 15.5 The Corporate Anti-Fraud Team works with Housing colleagues to target and investigate housing and tenancy fraud. Housing continues to fund 0.6FTE of Tenancy Fraud Officer co-located part time within the Corporate Anti-Fraud Team. There are plans to do cross team proactive tenancy fraud campaigns and use data matching however this work will not be completed until the Housing Improvement Programme has improved systems, process, and technology across Housing. It is hoped that this and the planned proactive work will help to not only detect fraud but also deter it.
- 15.6 The Corporate Anti-Fraud Team works with the Housing team to identify the most effective use of fraud prevention and detection resources across teams to enable a joined-up approach to be taken, especially where cases of multiple fraud are identified e.g., both tenancy fraud and right to buy fraud. There are still a large number of cases that need action the approach to liaison was changed in quarter 2 and we met directly with the Senior Tenancy Officers. Of the 313 ongoing investigations 172 currently sit with other teams for action and 141 are live investigations. There was a spike in referrals being logged in quarter 2 in part this is due to a reconciliation of all cases and clearing of a backlog of referrals between housing teams and the Audit service. The team have no live housing fraud prosecutions currently.

15.7 Table 3 - Tenancy Fraud Activity and Outcomes

Opening Caseload	259	
New Referrals received	105	
Total	364	
Properties Recovered		22
Case Closed – no fraud/no recovery action possible		29
Total		(-) 51
Ongoing Investigations		313

15.8 Right-to-buy (RTB) applications

15.9 As at 30 September, there were 208 ongoing applications with 84 under investigation as part of the statutory money laundering stage of the process. During quarter two, 34 RTB applications were withdrawn, timed out or refused either: following review by the Corporate Anti-Fraud Team or due to failing to fully engage with the money laundering stage of the processes. The applicants are served reminders, by legal, regarding timescales and the Corporate Anti-Fraud Team work flexibly with applicants and their solicitors to gather the required evidence to satisfy the money laundering regulations. 50 new applications were received in this period for review, 19 ongoing applications remain in process awaiting re-valuation of the property value. 29 applications ceased for reasons other than the Corporate Anti-Fraud Team's direct intervention and 13 properties were sold.

15.10 Gas safety – execution of warrant visits

The Corporate Anti-Fraud Team have attended several gas safety visits in quarter two, where risk of fraud is identified. 57 of the team's on-going investigations were generated by this activity. The number has dropped since quarter 1 due to the additional focus to ensure properties are being efficiently voided.

15.11 Blue Badge Fraud

At the start of quarter one the team had twelve on-going Blue Badge cases a further twelve potential cases have been accepted by the team in the quarter. 17 are being investigated; 2 are awaiting interviews; 1 is with legal; 4 have been closed one with no case to answer the other 3 with financial sanctions imposed.

15.12 **Pro-active counter-fraud projects**

In quarter two the team has worked on both NFI and a proactive project to identify unknown Void properties. NFI is a statutory project that all public sector bodies have to engage with it is currently managed by the Cabinet Office.

15.13 **NFI**

Activity in quarter 2 focused mainly in two areas:

15.14 **Blue Badge to Deceased List Match**

In Total 364 matches were reviewed in a joint project between the service and the audit team. 54 matches were known to the council and badges had been cancelled/returned. As a result of the review, 9 potential fraud cases have been identified. 310 Blue Badges have been cancelled and where appropriate other related concessions have also been ended – including Taxi Cards, Older Persons Freedom Passes and Disabled Persons Freedom Passes.

The estimated savings from cancellations alone (based on official Cabinet Office figures @ £650 per badge) – is £198,250.00.

Audit have recommended some changes to how the service utilise the 'Tell us once data' so it is expected that in future NFI matches will be lower.

Any further outcomes from this project will be included in the blue badge section of this report in future.

15.15 **Housing Tenants to Deceased Match**

In total 329 matches have been reviewed – with 211 cases still 'open' while the relevant housing processes are completed. For the other 118 cases the housing process has been concluded. This included the identification of 5 properties that have been recovered and based on Cabinet Office values the total value is £391,500.

The Audit Team have added 38 priority cases from those outstanding in NFI to the VOIDS Project (see below) so that they continue to be tracked via the established governance for that project. Additional cases will be transferred into this project as required.

15.16 **Void Properties**

The proactive work was completed as planned in this area and outcomes reported back to Management in August.

The Audit Team did use data held within council tax records that had got class F exemption (in the name of 'executors of') to identify a number of tenancy's that should need terminating. In addition the death list match from NFI was also matched in.

Monthly liaison meetings have been diarised in Housing to track these and other cases.

The 69 cases identified by IA have been reported to Housing. 41 of them were known to Housing but were either not being pursued or were complex cases for resolution; for 13 of them anti-fraud officers were already assisting. Of the 69 identified cases 4 properties have been recovered at the end of quarter 2. These recoveries are not included within the tenancy fraud performance to avoid double counting.

15.17 No Recourse to Public Funds (NRPF)

In quarter two, 14 referrals have been received and responded to by the Corporate Anti-Fraud Team. The role of the Corporate Anti-Fraud Team is to provide a financial status position for the NRPF team to include in their overall Children and Family Assessment.

The average cost of NRPF support per family (accommodation and subsistence for a two-child household) is around £20,000 pa.

15.18 Ad hoc requests

The team deal day to day with many ad hoc requests from management for advice and guidance. They also respond to data protection requests from other teams and organisations.

15.19 Internal employee investigations

In accordance with the Council's Constitution, the in-house Corporate Anti-Fraud Team investigates all allegations of fraud, corruption, and financial irregularity against employees.

At the start of quarter two the team had three employee cases open: one disciplinary case and two employee cases one had been referred to a third party and the other was being investigated under the audit powers.

Of these the disciplinary and one employee case remain open. The other has been closed and evidence reported to management.

Seven new employee referrals were received in quarter two, all to be investigated under audit powers. Two cases were closed in the period with no case to answer; one case was closed with recommendations for management re disciplinary action; and the other four cases are open at the end of the quarter. For one of these cases the preliminary investigation highlighted sufficient evidence to trigger a management investigation under the disciplinary policy so the evidence was shared immediately with HR and the disciplinary process was instigated immediately.

The Audit and Risk service work closely with officers from HR and the service area involved to ensure that the appropriate investigation, following a referral, is completed as quickly as possible. The cases are prioritised according to risk to the council and severity of the allegations.

For all cases there is consideration of root causes and where weaknesses in our control environment have contributed or enabled fraud, corruption, or other breaches of code of conduct and other rules and procedures to occur.

15.20 Whistleblowing Referrals

The Head of Audit and Risk Management maintains a record of referrals made using the Council's Whistleblowing Policy. At the start of quarter two we had one whistleblower that related to an external organisation providing services on behalf of the council. This case remains on-going working in partnership with other council teams and other agencies. During quarter two the council received three further whistleblowers. One was received by Management and investigated, by an independent specialist investigator with regards the allegations, and closed in the quarter with the outcome that there was no case to answer. The Head of Audit was consulted and reviewed the outcome of the investigation. The second allegation remains under investigation by the relevant Director at the end of the quarter. The third remains under investigation by the audit team at the end of the quarter.

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Report for: Audit Committee – 14 December 2023

Item number: 12

Title: Appointment of Non –Voting Independent Advisors to the Audit Committee

Report authorised by : Director of Finance

Lead Officer: Minesh Jani, Head of Audit and Risk Management
minesh.jani@haringey.gov.uk

Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non-key

1. Describe the issue under consideration

2. In line with the Council’s Constitution, Committee Standing Orders, Paragraph 2, that the Council may resolve that non-voting members, assessors and advisers shall also be appointed to any such committee or other body, and shall hold office until the annual meeting in the year following their appointment or for so long as the Council deem appropriate, whichever is the earlier; and if they resolve to make such appointments, shall specify the number of appointments to be made and the functions in relation to the body that each person so appointed may exercise, the appointment of the two independent non-voting members requires a recommendation from the Audit Committee to Full Council for approval. The Full Council received a paper on 27 March 2023 (see attached Appendix 1), setting out the need for the composition of an Audit Committee and subsequently agreed its membership and its Terms of Reference which included two non-voting independent advisors.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 The Audit Committee is asked to recommend to Full Council the appointment of the two independent non – voting advisors set out at paragraph 6.2 for a period of 4 years commencing on 1 October 2023 and ending on 30 September 2027.
- 3.2 The Audit Committee is asked to recommend to full Council that each independent adviser receive an allowance of £1,250.00 per annum.

4. Reasons for decision

4.1 CIPFA is the Chartered Institute of Public Finance and Accountancy (CIPFA) and a UK-based international accountancy membership and standard-setting body. This is a global body dedicated to public financial management.

4.2 CIPFA believes that improving public services is the key to changing lives for the better and that good public financial management is central to achieving this ambition. CIPFA Guidance outlines that the Audit Committee should be an independent and to be effective, provide the following:

- Be independent of executive decision making and scrutiny;
- Able to provide objective oversight with sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance;
- Have rights of access to and constructive engagement with other Committees/functions, for example scrutiny and service Committees, corporate risk management boards and other strategic Groups;
- Have rights to request reports and seek assurances from relevant officers;
- be of an appropriate size to operate as a cadre of experienced, trained Committee Members. Large Committees should be avoided;
- include at least two co-opted independent Members to provide appropriate technical expertise;
- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public; and be able to meet privately and separately with the external auditor and with the head of internal audit.

4.3 The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective. The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

5. Alternative options considered

5.1 Not applicable.

6. Background information

6.1 Following the establishment of an Audit Committee and addition of its terms of reference to the Constitution which requires the inclusion of two independent non – voting members on the Audit Committee, the role of independent members was widely advertised regionally in Haringey. The appointment panel consisted of the Head of Audit and Risk Management, the Director of Finance and the Head of Legal and Governance. The appointment was conducted in line with the Council's HR process, who supported the appointment process.

6.2 Suitable candidates who had applied where short listed and interviewed from June to September 2023. Following the completion of this exercise, the panel appointed two independent advisors, in line with the process set out in the Full Council paper from 27 March 2023. The Chair of the Audit Committee was consulted during the appointment process and updated on the progress of the recruitment.

7. Contribution to strategic outcomes

7.1 The internal audit work makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key Priority areas.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance and Procurement

The Allowance of the two non – voting independent advisors will be met from the Democratic Services and Scrutiny budget as noted at Full Council on the 27th of March full Council meeting.

8.2 Legal

The Head of Legal and Governance has been consulted in the preparation of this report and notes that paragraph 2 of the Committee Procedure Rules contained in Part 4 of the Council's Constitution provides that "The Council may resolve that non-voting members, assessors and advisers shall also be appointed to any such committee or other body, and shall hold office until the annual meeting in the year following their appointment or for so long as the Council deem appropriate, whichever is the earlier; and if they resolve to make such appointments, shall specify the number of appointments to be made and the functions in relation to the body that each person so appointed may exercise.". Accordingly, if Audit Committee approves the recommendation in this report, Full Council shall be requested to approve the appointment of the independent members.

8.3 Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

As contracted providers of Haringey Council, the internal audit contractor is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010. Ensuring that the Council has effective internal audit and assurance arrangements in place will also assist the Council to use its available resources more effectively.

9. Use of Appendices

Full Council Agenda from 27 March 2023.

10. Background Papers

10.1 None.

REPORT OF STANDARDS COMMITTEE 01/2022/23**FULL COUNCIL 27 March 2023**

Chair: Councillor Opoku

1. INTRODUCTION

- 1.1 This report arises from the Standards Committee meetings held on 4 October 2022, 24 January 2023 and 21 March 2023 and asks Full Council to consider the following:
- 1.2 To approve changes to the Council's Committee structure and resultant changes to the Constitution. This relates to:
- i. The deletion of:
 - Corporate Committee
 - Staffing and Remuneration Committee
 - ii. The establishment of:
 - Audit Committee
 - General Purposes Committee
 - Appointments Panel
 - Disciplinary, Grievance and Dismissal Panel

This is to take effect from the 2023/24 Municipal year.

- 1.3 To approve an update to Part 5 Section D of the Constitution, Decision Making protocol, to include consideration of climate change mitigation in decision making reports.
- 1.4 To revoke the Members' Allowances Scheme for 2022/23 as of 31 March 2023 and to approve a new Members' Allowances Scheme for the Municipal year 2023/24 to take effect from 1 April 2023.
- 1.5 To approve the continued appointment of the Independent Persons under section 28(7) of the Localism Act 2011 until June 2024.
- 1.6 The full recommendations for each item are included in this report and the attached appendices, some of which were considered at Standards Committee meetings and some detailing changes to the Constitution for approval.
- 2. Constitutional Changes and Committee Changes 2022/23 2023/24 - Establishment of an Audit Committee and General Purposes Committee and Update to part 5 Section D of the Constitution, Decision Making protocol, to include consideration of climate change mitigation in decision making reports**

- 2.1 On 21 March 2023 we considered a report setting out proposed changes to the Council's Committee Structure and resultant changes to the Constitution. The emphasis of the report was on meeting good governance requirements and ensuring that the non-executive functions were effectively assigned and also responded to recent changes in terms and conditions of statutory officers.
- 2.2 We noted that establishing a Committee which focused on Audit, independent of any executive council operations, would provide an independent and high-level focus on the adequacy of governance, risk and control arrangements, and give greater confidence to all those charged with governance that those arrangements would be effective. We discussed the following:
- The proposed 2 Independent Advisors and their appointment process. We noted that the Director of Finance, Head of Audit and Risk along with the Monitoring Officer would be part of the recruitment panel and the Chair of the Audit Committee would be consulted on the appointments. The recruitment process would start as soon as possible and it was hoped to attract local residents with the appropriate experience to be recruited by July 2023, if these Committee proposals were agreed. They would be non-voting and would not have a political affiliation. Their term of office was expected to be 4 years, and they would receive the same remuneration as the Independent Persons on Standards Committee.
 - The training of Audit Committee members and ensuring they had the skills needed to participate and making this mandatory requirement. We noted it was likely that training would take place before the first meeting in July and continue thereafter. *[Further Audit training dates have been added to the Council Calendar]*
 - The need for Audit Committee Members to be only part of the Audit Committee and not on scrutiny. It was clarified that the expectation was for Overview and Scrutiny members to not be a member of the Audit Committee, but that a Scrutiny Panel members [not the Chair] could participate in both Audit and Scrutiny Panel meetings. There was a concern raised about the democratic accountability of Audit Committee members if they were members of both Committees, but we noted the learning and preparation that would be involved in this Audit role.
 - The membership number of the Audit Committee was expected to be 7 plus 2 Independent Advisors. This was a proportionate number and the Committee would cover treasury management functions. These were areas concerning non-executive financial management and involved similar officers with linked expertise.
- 2.3 We considered information from the Constitution Working Group on the remaining powers for Corporate Committee which would be non-executive functions, including the legislation on non-executive functions set out in section Reg. 2 and Schedule 1 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 S.I. 2853 and the proposals for managing Director appointments, dismissals, disciplinaries and grievance to ensure the Council

met updated legislation related to statutory officers. We received updates to part 5 Section D of the Constitution, Decision Making protocol, to include consideration of climate change mitigation in decision making reports.

2.4 We discussed the following:

- The need to have Cabinet Members involved in Director and Statutory Officer Appointments, Dismissals, Disciplinary even though there was a right of Cabinet Members to call in a decision on the appointment of a Director. We were advised that this was a legislative requirement and there was no way around this.
- The request to have a separate Appointments body and a separate Disciplinary, Grievance and Dismissals body by the Constitution Working Group was noted
- The attendance reporting issues. Current arrangements meant that some Members of S&R were marked as having given apologies for special meetings which they could not attend as they had not been involved in the recruitment process and did not have a vote. Democratic services agreed to look into this matter and could mark S&R members as not required to attend.
- The current Staffing and Remuneration arrangements were referred to and compared to the proposals. It was proposed that the Leader of the Council chair these bodies, with the Chair of General Purposes Committee as Vice Chair of these bodies. In addition, the membership would comprise of a member from the GP Committee, a Cabinet Member, and a Member of the Opposition to ensure political proportionality.

2.5 We were advised at the meeting that late external legal advice had been received and indicated a legislative legal issue with establishing the Appointments body and Disciplinary, Grievance and Dismissals body as planned sub-Committees of the General Purposes Committee as it had been proposed that these Sub-Committees had a different membership to the parent Committee. Due to the Leader and Cabinet Member not being members of the GP Committee, it meant that they would not qualify to be a member of the Sub-Committees. However, they would be required to be a member of the Sub-Committees to meet legislative requirements. We noted that if the General Purposes Committee was expanded from 5 to 7 members to include the Leader and a Cabinet member, this would no longer be an issue. We had a discussion on this and indicated that General Purposes Committee should have a non-executive membership. We also noted that some Councils had these Appointments and Disciplinary bodies as Committees of the Council.

2.6 We noted that questions had been raised with the external legal advisor, shortly before the meeting, to understand if there could be a change in reference. This would be with the Sub Committee reference removed and instead the term 'Panel' used as a way forward and were awaiting a response.

- 2.7 We agreed the recommendations in the report, subject to clarification in the reports on whether the 2 bodies would be Sub-Committees or Panels. We agreed to provide a delegation to the Monitoring Officer in consultation with the Chair [who would in turn consult with the Standards members] following urgent legal external legal advice being sought, to clarify the report and either amend the number of members on General Purposes from 5 to 7 to include the executive members and meet the requirements of the Sub Committee or amend the references to the Sub Committee and use the term 'Panel'.
- 2.8 We subsequently received legal advice that the Sub Committee membership should be drawn from the main Committee and this was a matter concerning the way delegations worked. According to legislation, Full Council delegates the function to a Committee and the Committee can only work within the terms of reference and membership approved by Full Council. If they wish to create a Sub-Committee then they are bound to the remit set by Council .Therefore, there would be a legal issue if the Council set up these bodies as Sub Committees of General Purposes with additional members who were not members of the main Committee and would mean that the bodies were not constituted properly.
- 2.9 Further to consultation, it was agreed to update the report and assign the Appointments body and Disciplinary, Grievance and Dismissals body as Committees of the Council, calling these bodies: The Appointments Panel and Disciplinary, Grievance and Dismissals Panel. This would allow the involvement of Leader to chair meetings and the Cabinet Member with responsibility for the portfolio area to be on this Committee to meet legislative requirements. We agreed the following to be added to the terms of reference to allow this body to have a working relationship with General Purposes Committee:
- Specify the membership in the Constitution: the Leader of the Council, Cabinet Member responsible for HR, Chair of General Purposes, Member of General Purposes Committee and member of the Opposition. This would still allow the substitution of members for meetings if required. However, we would clearly set out the potential substitutes (which would be Cabinet Members) within the Annual report on Committees and could include a note on this within the Terms of Reference.
 - Specify that the Leader of the Council would be Chair of these bodies, with the Chair of General Purposes as Vice-Chair.
 - The minutes of the Panels would be received by the General Purposes Committee, in keeping with their responsibility and oversight for staffing functions of the Council and this would be added to their Terms of Reference to make this clear.
 - These meetings would not be listed in the Council's calendar of meetings as they would take place on an ad hoc basis.

In addition, the administrative details proposed to be completed were:

- Adding information to the published Members Allowance scheme, in the SRA banding 1b, alongside the listing of chair of General Purposes, Vice chair of Appointments Board/Panel and Disciplinary, Grievance and Dismissals.

3. WE RECOMMEND

- 3.1 To agree the deletion of the Corporate Committee and Staffing Remuneration Committee from the Council's Committee Structure, with effect from the Annual General Meeting of the Council in May 2023.
- 3.2 To agree the establishment of an Audit Committee as an Ordinary Committee of the Council and to take effect from the Annual Meeting of the Council in May 2023.
- 3.3 To agree the establishment of a General Purposes Committee as an Ordinary Committee of the Council and to take effect on from the Annual Meeting of the Council in May 2023.
- 3.4 To agree the establishment of an Appointments Panel to take effect from the Annual Meeting of the Council in May 2023.
- 3.5 To agree the establishment of a Disciplinary Grievance and Dismissal Panel to take effect from the Annual Meeting of the Council in May 2023.
- 3.6 To agree the subsequent administrative changes to the Member Allowance Scheme with the Chair of General Purposes Committee allocated the SRA banding 1B for the Staffing and Remuneration Chair, noting that this position will also be listed as the Vice Chair of the Appointments Panel and the Disciplinary, Grievance and Dismissal Panel; the Audit Committee Chair would be allocated the SRA 1B for the Corporate Committee Chair.
- 3.7 To agree to update part 5 Section D of the Constitution to include consideration of climate change mitigation in decision making reports . This will be in line with the adopted policy position, set out in the Council's Climate Change Action Plan, and will require all key decision-making reports, to consider and report on whether or how the proposals delivers Climate Change Mitigation (reducing carbon and energy impacts) and Climate Change Adaptation (minimising the risks and impacts in a changing climate).
- 3.8 To agree the subsequent changes to the Council's Constitution set out Appendices 1.1 to 4.
- 3.9 To provide delegation to the Council's Monitoring Officer to update the subsequent required administrative and technical amendments (grammatical, formatting, and consistency) necessary to finalise the revised constitution for publication. To note that these will be reported up to the Annual Council meeting in May as part of the Monitoring Officer report and shown in track changes.

4. MEMBERS' ALLOWANCES SCHEME 2023/24

- 4.1 We noted that the 2022 IRP report continued to recommend that the Basic Allowance should be updated in line with the Local Government Pay awards and overall recommendation was that the Basic Allowance can be up to £12,014. The report did not increase the bandings for Special Responsibility Allowances. However, there would be more detailed analysis of the demands and work patterns of councillors in the 2022/23 review.
- 4.2 The independent review of Members Allowance commissioned by the Committee in 2019/20 indicated that the Members Basic Allowance percentage increase be index linked to the local government officer pay percentage increase, capped at 2% to be reduced if a lesser percentage is agreed.
- 4.3 We discussed the Member's Allowance Scheme at the Standards meeting on 24 January 2023 and with our councillor colleagues and indicated that a 2% increase to the Basic Allowance for the 2023/24 municipal year was required. This was in alignment with the review completed in 2019/20 which indicated that the Members Basic Allowance percentage increase be index linked to the local government officer pay percentage increase, capped at 2% to be reduced if a lesser percentage is agreed. We considered that there had been a local government officer pay percentage increase, and we proposed that the current Basic Allowance be increased from £11,247 to £11,471.94 [rounded to 11,472] from the 1 April 2023 to 31 March 2024.

5. WE RECOMMEND

- 5.1 Full Council revoke the Members' Allowances Scheme for 2022/23 as of 31 March 2023.
- 5.2 Full Council approve the new Members' Allowances Scheme for the Municipal year 2023/24, **as set out in Appendix 8.**

6. Appointment of Independent Persons - Standards Committee from 30 June 2023 – 29 June 2024

- 6.1 We considered the continued appointment of the Independent Persons under section 28(7) of the Localism Act 2011 to support the Standards Committee in relation to allegations that members or co-opted members have failed to comply with the Member's Code of Conduct, and to support the Disciplinary, Grievance and Dismissal Panel.
- 6.2 We considered the following issues, since previous consideration of this issue on 25 January 2022:
- The Localism Act had not yet been updated following the report on 'Standards in Public Life'

- The resource intensive recruitment process for appointing new independent persons at a time when there is focus needed on considering the key governance changes as a result of the insourcing of Homes for Haringey and other required changes to the Constitution.
- The current experienced contribution of the current Independent Persons.

6.3 We agreed to recommend not taking forward a recruitment process and continuing with the incumbent Independent Persons, recommending in March 2023 to extend the appointment of the current independent persons from the 30th of June 2023 to 29th of June 2024.

7. WE RECOMMEND

7.1 To approve the extended appointment of Lisa Klein as Independent Person, and Stephen Ross as secondary Independent Person under s28(7) of the Localism Act 2011 for a further period of 1 year commencing on 1st July 2023 and ending on 30 of June 2024;

7.2 To approve the allowance to be paid to the Independent Person, and Secondary Independent person at £1250.00 and £250.00 per annum respectively.

Appendices

Appendix 1 Standards Committee Report- including updated references to Appointments Panel and Disciplinary Grievance and Dismissal Panel in accordance with paragraph 2.9.

Appendix 1.1 Tracked Changes to Part Three section B responsibility for Functions - Full Council and Non executive bodies.

Appendix 2 Clean Version Part Three section B responsibility for Functions - Full Council and Non executive bodies.

Appendix 3 Tracked changes to part 5 Section D of the Constitution, Decision Making protocol.

Appendix 4 Clean Version to part 5 Section D of the Constitution, Decision Making protocol.

Appendix 5 – CIPFA Guidance on Audit Committees

Appendix 6 – Members Allowances Report to Standards 21 March 2023

Appendix 7 – Members Allowances 2023/24 track changes

Appendix 8 – Members Allowances 2023/24 Clean version

Appendix 9 – The Remuneration of Councillors in London 2022– report of the Independent Panel

Appendix 10 Independent Person Report

Report for: Audit Committee - 14 December 2023

Item number: 13

Title: Annual Governance Statement 2022/23 Follow Up Report

Report authorised by: Jon Warlow – Director of Finance

Lead Officer: Minesh Jani – Head of Audit & Risk Management
minesh.jani@haringey.gov.uk

Ward(s) affected: N/a

**Report for Key/
Non Key Decision:** N/a

1. Describe the issue under consideration

To update the Committee and provide assurance on the progress to address the significant governance issues identified within the 2022/23 Annual Governance Statement (AGS).

2. Cabinet Member Introduction

Not Applicable.

3. Recommendations

The Audit Committee is recommended to note the progress reported.

4. Reasons for decision

The Audit Committee's terms of reference include a review the Council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance as well as –

- To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

The Audit Committee is responsible for approving the Draft Annual Governance Statement (AGS).

5. Alternative options considered

Not Applicable.

6. Background information

The Council is required to produce an Annual Governance Statement (AGS) for publication with the Council's annual accounts. The AGS comments on the Council's governance framework as a whole. Corporate governance brings together underlying set of legislative requirements, governance principles and management processes.

Prior to its final approval, the Council needs to demonstrate that the AGS has been reviewed and agreed by relevant senior managers across the authority and an appropriate member body. The AGS was therefore presented to the Audit Committee in July 2023. At this meeting Members requested a follow up / progress report during the year to ensure they had visibility of the actions being taken to address the significant governance issues highlighted. The Audit Committee also chose to invite Senior Management owners of three of the issues to provide wider assurances to them in person with regards action plans for those risk areas.

The information in this report has been compiled from information provided by the action owners, other reports and follow up activity by Mazars and the In-house team in Audit & Risk Management.

The Head of Audit & Risk Management has reported to Corporate Leadership Team in year re the actions taken and is satisfied with the progress noted regarding all actions at the time of the follow up. The action plan will continue to be tracked as part of the preparations for producing the 2023/24 Annual Governance Statement, the work on this commenced in October 2023.

7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes'?

The work to strengthen the governance framework in the council makes a contribution to all strategic priority outcomes, as good governance is central to effective organisational health.

8. Carbon and Climate Change

There are no carbon or climate change considerations arising directly from this report.

9. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

There are no direct financial implications arising from this report.

Procurement

There are no direct contract and procurement implications arising from this report.

Head of Legal & Governance – Benita Edwards – Head of Legal Services

The Head of Legal & Governance was consulted in the preparation of the AGS and confirmed previously that it had been produced in accordance with current and best practice guidelines. The draft AGS was approved by Audit Committee in July 2023, as such there are no further legal comments arising from this follow up report.

Equality

There are no direct equality implications arising from this report.

10. Use of Appendices

Appendix 1 – Annual Governance Statement 2022/23 Follow Up Table

11. Background papers

Agenda Item 8 Audit Committee July 2023 -

https://www.minutes.haringey.gov.uk/documents/s140703/Final%20AGS_200723_cover%20note.pdf

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Appendix 1 - Annual Governance Statement 2022/23 – Follow Up

The table below is an extract of the 2022/23 AGS, amended to present an updated position with regards each of the issues identified. Please note that the issue and actions have been taken directly from the 2022/23 AGS, however where appropriate the job titles have been updated to reflect the current Council structure and responsibility for the actions.

Issue	Action (as at publication of the 2022/23 AGS)	Updates are as at end of October 2023
<p>We need to ensure we deliver savings identified in our Medium-Term Financial Strategy (MTFS) to manage within our financial means.</p>	<p>There are a number of actions planned to deliver to our Medium-Term Financial Strategy:</p> <ul style="list-style-type: none"> • Further work underway to review 2022/23 pressures carried forward into 2023/24 and impact of non-delivery of 2022/23 MTFS Savings; • Fortnightly Department Finance DMTs to strengthen forecasting and savings delivery monitoring/reporting; • Implementation of the 	<p>Finance reviewed the pressures that drove overspend in 2022/23 and this was incorporated as part of quarter one forecast. As highlighted in the quarter one report, the Adults social care pressure was apparent in the 2022/23 Provisional outturn report, but the temporary accommodation is an emerging pressure caused by wider economic conditions.</p> <p>The quarter two forecast overspend position of £20.9m is broadly in line with that reported in quarter one. Work continues to reduce these quarter two forecasts down and to look across the Council budgets overall for how this position can be mitigated. Part of this push includes the creation of an officer Adult's improvement board to focus and address the pressures in this Directorate.</p> <p>As usual regular budget monitoring meetings are taking place and</p>

	<p>Corporate Cross-council change portfolio, which is a single change framework and governance structure that will give Corporate Leadership Team shared visibility of progress, issues & risks, & support good quality delivery; and</p> <ul style="list-style-type: none"> Corporate Leadership Team are looking to establish a performance CLT aligning the change framework and budget management reporting and decision-making process. <p>Responsibility - Director of Finance</p> <p>Due Date - 31 March 2024</p>	<p>to strengthen forecasting and savings delivery the frequency has been increased where required, determined by risk.</p> <p>MTFS 2022/23 audit recommendations followed up by IA and all are in progress.</p> <p>Implementation is complete of the new governance around Corporate Cross-council change portfolio.</p> <p>Corporate Leadership Team have now established a monthly performance Corporate Leadership Team aligning the change framework, Corporate Delivery Plan and budget management reporting and performance monitoring process.</p> <p>From November 2023 delivery against the Capital programme will be reported at the same meeting.</p> <p>Planned restructure of the corporate Change team to align project and programme management resources to the priority change work set out in the cross-council change portfolio.</p>
<p>Concerns regarding the robustness of decision making relating to</p>	<p>During 2021/22, concerns have been raised over the Council's arrangements for the acquisition</p>	<p>Cabinet Reports: https://www.minutes.haringey.gov.uk/documents/g10252/Public%20reports%20pack%2018th-Apr-</p>

<p>acquisitions and disposals of property.</p>	<p>and disposal of assets. In light of the concerns, an independent investigation was commissioned to review the governance arrangements for nine property transactions.</p> <p>The outcome of the independent review was reported to Cabinet in April 2023. The report recognised the improvements that have been made over recent years to our governance and decision making, but also set out a range of recommendations that would strengthen our approach still further. An action plan accompanied the cabinet report, highlighting the responsible senior officer and timeframe for implementation of improvements, which will be completed within 12 months.</p>	<p>2023%2018.30%20Cabinet.pdf?T=10</p> <p>https://www.minutes.haringey.gov.uk/documents/g10252/Public%20reports%20pack%2018th-Apr-2023%2018.30%20Cabinet.pdf?T=10</p> <p>Terms of Reference have been reviewed to clearly state the boards make recommendations as opposed to decisions.</p> <p>Property Governance boards have now included standing items for the SAMPIP action plans, Housing property decision making and Childrens Capital programme updates.</p> <p>Techforge has been launched and staff are using daily as the primary source of information.</p> <p>Constitutional changes have been taken through the Constitutional Change working group. These are planned to be taken to Full Council in November.</p> <p>Policies and procedures are under review and will be brought through to cabinet for approval as part of the annual update.</p> <p>Continued recruitment in the area. Staff training and development. Staff workshops have taken place, all as part of the</p>
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	<p>The same April 2023 Cabinet also approved the Strategic Asset Management and Property Improvement Plan 2023-28 (SAMPIP), which was already under development, independently of the above external review on one specific area of property. The SAMPIP has 10 action plans for improvements across Property and Asset Management. All of the action plans above are being monitored on a monthly basis through the councils Property and Asset Management Governance structure, which includes scrutiny reviews. The progress will be reported back to cabinet in February 2024. The Property Service team have embraced these recommendations and have an</p>	<p>cultural change in the area.</p> <p>Successful recruitment of 2 apprentices, following over 200 applications received, following a innovate recruitment campaign, working with our community networks and educational partners. We are on track to meet the dates as set out in the action plans which accompanied the two cabinet reports in April 23, which will be reported back to cabinet in February 2024.</p>
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	<p>improvement plan in place that will ensure they are fully implemented.</p> <p>Responsibility - Director of Placemaking and Housing.</p> <p>Due Date – 31 March 2024</p>	
<p>Following audits that identified weaknesses in our management of Health and Safety risks in Council owned residential properties, we have referred ourselves to the Regulator of Social Housing in January 2023.</p>	<p>We self-referred to the regulator in January 2023 as we identified a failure to meet statutory health and safety requirements for some of our homes. We informed the regulator we had not completed fire and electrical safety checks for every property that needed one and a high number of fire remedial actions were overdue. We noted several blocks were without a communal Electrical Installation Condition Report (EICR), and we were unable to</p>	<p>The Council self-referred to the Regulator of Social Housing (The Regulator) in January 2023 following an external health check of our health and safety compliance where we identified a potential failure to meet our statutory health and safety requirements. The external health check found a number of areas of non-compliance, with several key recommendations made, particularly around overdue fire risk actions and electrical safety. The report found over 4,769 high priority fire risk actions which should have been completed within 30 days. The report also identified that while a satisfactory electrical installation condition report (EICR) is always produced following inspection and there is a five-year programme in place, the management of electrical safety requires improvement with over 8000 properties not having a valid EICR report within the last 5 years, which is the Council's policy, and</p>

	<p>confirm that around 4,000 properties had a domestic EICR completed within the last 10 years.</p> <p>We also noted a large number of residential blocks were without a current Fire Risk Assessment (FRAs) and a significant number of fire remedial actions were overdue. More than 4,000 of these overdue actions were high risk, with over half overdue for more than 12 months. Whilst we have now completed almost all FRAs, there remains a high volume of remedial work to complete.</p> <p>Through the internal audits, we have also noted we need to improve the internal controls and management of our housing</p>	<p>over 4000 properties where the Council was not able to confirm a valid EICR report within the last ten years. The report also made a number of recommendations and set out a road map to improve the reliability of the Council's data architecture and reliability in respect of compliance.</p> <p>The Regulator was also aware that 30% of the council's housing stock did not meet the Decent Homes Standard.</p> <p>Since the self-referral the Operational Director of Housing Services and Building Safety and Director of Placemaking and Housing have been meeting on a monthly basis with the Regulator to monitor the Council's progress and provide the appropriate level of assurance that our plans are on track.</p> <p>Current position</p> <p>As indicated, the external health check found 8,282 properties without a valid electrical installation condition report (EICR) within the last five years in December 2022. As at 6 October 2023 the position was that this had reduced to 1,343. The total number of properties without a valid EICR or where this was greater than 10 years old as at 6 October 23 was 204.</p> <p>The external health check found 4,769 open high priority fire risk actions which should have been completed within 30 days as at</p>
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	<p>stock. We have a new Housing Improvement Plan, which sets out how we are going to address the challenges we face in our housing landlord services. This covers the full spectrum of the service – fire safety, certification, rent collection, tenant and resident engagement, damp and mould, our decent homes programme, repairs, voids and the way we respond to complaints.</p> <p>We are committed to carrying out an annual assurance statement to cabinet on our performance against the six areas of property landlord compliance. Moreover, a separately a voluntary undertaking with the Regulators will be presented to Cabinet in July 2023 for approval.</p>	<p>December 2022. As at 6 October the number of high priority actions was 2,345.</p> <p>Procurement of two Fire Rated Enclosure contracts has been commissioned which will go to market at the end of October 23, with award set for 30 November 2023, mobilising in January 2024 and completing in March 2024 to deliver 885 overdue actions. The procurement of three fire stopping contracts also remains on track with award of contract by 31 October. Mobilisation is due by the end of November, to deliver 1,869 overdue fire stopping and enclosure actions across 1600 sites by 31 March 2024. There are a number of additional actions in place including procurement of a compartmentation survey programme and will mobilise in January 2024 to complete by April 2024 closing 998 overdue actions.</p> <p>In terms of strengthening our compliance arrangements as recommended by the external health check, the Council is procuring a new Compliance Management System, and initial evaluations have concluded. We are seeking clarification from one bidder prior to final award decision by end of October 23. We will agree a more detailed mobilisation and project plan with the successful supplier.</p> <p>In respect of Decent Homes, the current estimate for homes made</p>
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	<p>Responsibility – Director of Placemaking and Housing.</p> <p>Due Date – 31 March 2025</p>	<p>Decent in 2023-2024 is 603 which includes recently surveyed properties which means Haringey remains on track to meet the target for 1000 decent homes in 2023-2024.</p> <p>As part of our voluntary assurance with the Regulator we have agreed March 2024 for completion of all of these actions and we are currently on track to achieve them.</p>
<p>Management of Commercial Property</p>	<p>We manage 944 commercial properties with the Strategic Property Unit (SPU) being responsible for the management of statutory property compliance, management of rental income, repairs and maintenance, and the management of void commercial properties. The annual rental income from commercial property is £8.9m.</p> <p>The internal audit, commissioned by the Director of Placemaking & Housing, noted there were issues with the control environment for</p>	<p>The 2022/23 audit plan includes an audit of this area that will again assess the efficiency and effectiveness of the control environment in this area as well as the evidence of progress regarding the specific actions raised in the last review. The fieldwork is complete for this work, and we await the draft report and updated assurance rating.</p> <p>This field work should highlight the number of improvements made and implemented, which were part of the action plans which accompanied the two cabinet reports in April 23.</p> <p>https://www.minutes.haringey.gov.uk/documents/g10252/Public%20reports%20pack%2018th-Apr-2023%2018.30%20Cabinet.pdf?T=10</p> <p>https://www.minutes.haringey.gov.uk/documents/g10252/Public%20reports%20pack%2018th-Apr-2023%2018.30%20Cabinet.pdf?T=10</p>

	<p>Commercial Property. Audit findings highlight significant failings in all aspects of the management and control of the Council's Commercial Property. Consequently, Internal Audit raised 32 recommendations (15 priority 1, 10 priority 2 and seven priority 3), and recommended an urgent need for a fundamental change in the operations of Commercial Property.</p> <p>Recommendations from this and the independent review are captured in the Strategic Asset Management and Property Improvement Plan 2023 – 2028 (SAMPIP), which was presented to Cabinet in April 2023. The recommendations will be implemented and their progress reported to regularly as</p>	<p>20reports%20pack%2018th-Apr-2023%2018.30%20Cabinet.pdf?T=10</p> <p>We have been able to secure resources during 2022/23 to fill vacant positions, in the commercial property team, which will help us to focus on the planned further improvements in this area.</p> <p>Progress on the 10 SAMPIP 23-28 action plans is taken through our property governance process on a monthly basis and the latest version is being brought to Audit Committee in November 2023.</p> <p>A full report back to cabinet is planned for February 2024. Mazars audit of this area and follow up of all recommendations will be issued in quarter three 2022/23.</p>
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	<p>outlined in the above action for acquisitions and disposals.</p> <p>Responsibility - Director of Placemaking and Housing.</p> <p>Due Date - 31 March 2024</p>	
<p>We need to strengthen the authority's information governance framework.</p>	<p>The Council is the accountable body for complying with the Data Protection Act 2018 and the UK GDPR. We plan to use the Information Commissioner's Accountability Framework to self-assess against its ten categories and to help identify and mitigate any gaps in our governance arrangements to demonstrate compliance with the Act and the Regulation. To aid this process, Mazars, our internal auditors, were commissioned and have reported on the Council's</p>	<p>Of the 13-recommendations raised in the Mazars 2021/22 audit work, which assessed the Council's Information Governance Framework against the Information Commissioners Accountability Framework, 11 have been implemented and two remain due in at January 2024. Follow up will confirm completion before end of year.</p> <p>We recognised the lack of strategic resource working in this area, additional resources have been recruited and the new Head of Information Governance starts November 2023.</p> <p>Information Governance is included on the Corporate Risk Register which is owned by Corporate Leadership Team.</p> <p>The process to update Register of Processing Activities (RoPA) in</p>

	<p>compliance with the Information Commissioners' Accountability Framework and their audit recommendations will be used to improve compliance.</p> <p>Responsibility - Head of Legal and Governance (Monitoring Officer).</p> <p>Due Date - 31 March 2024</p>	<p>progress will be complete by end of financial year for all directorates.</p> <p>We have focused work to raise standards on Freedom of Information requests and Subject Access Requests</p> <p>The Council maintained its NHS toolkit compliance for 2023/24.</p> <p>The profile of Information Governance maintained via Quarterly reports to the Corporate Leadership Team.</p> <p>The Information Governance Forum will be redesigned and relaunched before financial year end.</p> <p>We are reporting internally continued low level re incidents and breaches.</p>
<p>Improve our delivery of Leisure Services</p>	<p>We have a Leisure Management Contract with Fusion Lifestyle Ltd entered on 1st December 2012 for a period of 20 years. This relationship includes the management of three leisure centres (Tottenham Green, Park</p>	<p>At its meeting on 11th July 2023, the Cabinet determined that the Council should bring the leisure services contract to an end. Fusion Lifestyle was advised of that decision formally by way of a letter from the Assistant Director Direct Services on Friday 4th August 2023, further to prior informal conversations between Fusion representatives and Council officers.</p> <p>In his capacity as 'Authorised Officer' for the Council for that</p>

	<p>Road and Broadwater Farm).</p> <p>The delivery of leisure services has not been satisfactory. Since January, the Tottenham Green Pools and Fitness (and Marcus Garvey Library and Customer Service Centre) have been closed due to essential maintenance works being conducted by our leisure partner Fusion Lifestyle. Issues have also been highlighted by the Leisure Services team at the Park Road centre.</p> <p>We are reviewing our arrangements with a view to improving our leisure service offer to our residents and other stakeholders who use the centres regularly for themselves and their family.</p>	<p>contract, the Head of Parks and Leisure formally wrote to Fusion Lifestyle on 3rd October 2023, invoking a 12-month voluntary termination of the contract.</p> <p>The Leisure Management Repurposing Working Group, chaired by the Assistant Director Direct Services and drawing resources from services across the Council (including the Head of Place as project manager), is exploring alternative leisure service provision in the future. The Working Group is establishing a clear picture of what the future operating costs will be for different service delivery models and, guided by the Leisure Management Strategic Working Group chaired by the Director of Environment and Resident Experience, will present its findings and recommendations to Cabinet in December 2023 on what would be the most appropriate model for the future.</p> <p>The low voltage electrical system at Tottenham Green was brought back into operation in March 2023. After redecoration and restoration of various systems that were dependent on the low voltage electrical system, the 'dry side' of the Tottenham Green leisure facility, Marcus Garvey Library, the Customer Service Centre and the nursery/creche were all re-opened in April 2023. The Working Group is now overseeing the restoration by specialist contractors of the high voltage electrical system at Tottenham Green so that the systems driving the pools'</p>
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	<p>Responsibility - Director of Environment & Resident Experience</p> <p>Due Date - 31 March 2024</p>	<p>mechanical systems can be tested, repaired, and recommissioned. The Group is exploring options for the future use of the Broadwater Farm leisure facility, as well as ensuring a broader 'wellbeing' service can be provided to residents across the borough from the existing leisure facilities. Particularly in relation to the latter, there will be public engagement to better understand the wellbeing needs of the community and then design and embed this into the future service operating model, following Cabinet's decision in December.</p>
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