

## NOTICE OF MEETING

# AUDIT COMMITTEE

**Thursday, 7th March, 2024, 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 16 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) (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 - 18)**

To confirm and sign the minutes of the Audit Committee meeting held on 18 January 2024 and 14 December 2023 as a correct record.

To review the action tracker.

**7. STRATEGIC ASSET MANAGEMENT AND PROPERTY IMPROVEMENT PLAN (SAMPIP) UPDATE (PAGES 19 - 82)**

This report provides key updates on progress of the Strategic Asset Management and Property Improvement Plan 2023-28 (SAMPIP 2023-28) and the associated action plans (Appendix 1), which capture the recommendations from previous internal and external audit reports

**8. PROCUREMENT AUDIT UPDATE (PAGES 83 - 86)**

To receive an update on Procurement.

**9. EXTERNAL AUDIT PLAN (PAGES 87 - 114)**

To receive an update on the External Audit Plan.

**10. UPDATE ON OUTSTANDING AUDIT OF STATEMENT OF ACCOUNTS 2020/21, 2021/22 AND 2022/23 (PAGES 115 - 122)**

This report provides update to the Committee on the outstanding audits relating to the Council's accounts for 2020/21, 2021/22 and 2022/23. It describes the Government's proposed "backstop" arrangements, and the Council's approach to uncompleted and outstanding 2020/21 external audit.

**11. TREASURY MANAGEMENT REPORT Q3 2023/24 (PAGES 123 - 136)**

This report provides an update to the Audit Committee on the Council's treasury management activities and performance for the third quarter of the financial year, ending 31 December 2023, in accordance with the CIPFA Code.

**12. ANNUAL INTERNAL AUDIT PLAN, STRATEGY AND CHARTER 2024/25 (PAGES 137 - 166)**

The Audit Committee is responsible for reviewing and approving the annual internal audit plan as part of its Terms of Reference.

**13. INTERNAL AUDIT PROGRESS REPORT 2023/24 (PAGES 167 - 182)**

This report details the work undertaken by Internal Audit in the period 7 October 2023 to 31 January 2024 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).

**14. ANTI-FRAUD AND CORRUPTION PROGRESS REPORT QUARTER 3 2023/ (PAGES 183 - 190)**

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

**15. LOCAL CODE OF CORPORATE GOVERNANCE (PAGES 191 - 214)**

The Audit 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. Specifically in respect of governance, to review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.

**16. NEW ITEMS OF URGENT BUSINESS**

**17. DATES OF FUTURE MEETINGS**

Nazyer Choudhury, Principal Committee Co-ordinator  
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Fiona Alderman  
Head of Legal & Governance (Monitoring Officer)

George Meehan House, 294 High Road, Wood Green, N22 8JZ

Wednesday, 28 February 2024



## **MINUTES OF THE AUDIT COMMITTEE HELD ON THURSDAY, 18TH JANUARY 2024, 7:45PM – 8:44PM**

**PRESENT:** Councillors Erdal Dogan (Chair), Kaushika Amin, Cathy Brennan, Mary Mason and Ajda Ovat

### **1. FILMING AT MEETINGS**

Upon opening the meeting, the Committee decided to adjourn for a few minutes. The Committee reconvened at 8:01pm.

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

### **2. APOLOGIES FOR ABSENCE**

There were no apologies. However, the Committee noted that Councillor Rossetti was attending the meeting online.

### **3. URGENT BUSINESS**

There was no urgent business.

### **4. DECLARATIONS OF INTEREST**

There were none.

### **5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS**

There were none.

### **6. TREASURY MANAGEMENT STRATEGY STATEMENT 2024/25**

Mr Tim Mpofu, Head of Finance (Pensions and Treasury), introduced the item and stated that the Overview and Scrutiny Committee had recommended for an interest rate sensitivity to be included as part of the budget and something that had already been captured in the in the MTFS budget papers that the Director of Finance was preparing.

The meeting heard that:

- In response to a query regarding if the report had been agreed by the Cabinet Member for Finance and Local Investment, the meeting heard that the Cabinet Member had been consulted on the report, but the report was be scheduled to be formally adopted by Full Council.
- A query was raised regarding the financial situation across the country and how this was taken into account locally. The meeting heard that higher inflation, higher interest rates and a slowing economy presented a challenge and this was compounded by

local authorities having issues with funding. This had been considered in relation to the budget, which members had been consulted upon. Where Treasury Management was involved in the process was articulating what interest costs would be given the Council's spending plans. Given the framework and given the budget process for the Council, there had to be risk management and control in terms of how those in-year decisions were made. There was a budget which Treasury Management had to adhere to. There were also risks that could occur when making investments, such as loss of investment. The report tried to build in controls in relation to this. There were limits in terms of how much could be placed with different institutions, but there was also consideration of the relative expense of borrowing. The approach in the Treasury Strategy was acknowledging that interest rates were higher, but there had to be a framework in terms of how certain decisions during the course of the year would be taken. This was assessed through the affordability of the budget setting process that was set through the Council. When the report was submitted to the Full Council meeting, it would be an appendix to the main budget.

- A query was raised regarding page 15 of the report, which stated that the Council may utilise banks and building societies which were unsecured and registered providers which were unsecured. In response, the meeting heard that in recent years, the Council had never placed any deposits or any arrangement with the bank. Barclays was used for day-to-day cash flow management, but the Council never secured deposits with any other bank. It was included in the strategy because there were times when the bigger banks could offer more attractive rates. However, the focus for the strategy was to work with the safest counterparties which was considered to be the UK Government through the Debt Management Office followed by money market funds, which were usually AA rated - the highest investment grade rating possible. If the Council had excess liquidity (more money than it normally would to complete the three-month payments), then the Council could place capital into areas such as banks and building societies, if they offered a high rate. Given how the Council had been managing its cash, there had never been a need for the Council to place extra money with the banks, but the remit was there in the strategy in case that was something that became attractive for the Council to utilise.
- A query was raised regarding the level of risk regarding housing revenue account as some of the capital extensions had not gone ahead because of failed programs. In response, the meeting heard that the capital plans had been considered as part of the budget as the Council had to acknowledge that the economic environment had changed. One of the key things was the discount rate that was applied to the capital programs (which was the 5.5%). Last year, when the schemes were being assessed, it was based on 4.5%. As a result, it meant that a number of schemes were not able to pass the minimum benchmark for them to be affordable for the Council and would be an additional risk on the Council. These were things that were considered when setting the capital program. The Director of Finance had been consulting with members in terms of addressing what the implications would be. There was an acknowledgement that if the borrowing became too high, then it would take a big part of the revenue budget, which would then have an impact on the other revenue plans that the Council had in place. In relation to the Housing Revenue Account (HRA), it had a different funding structure to the general fund. A lot of the HRA borrowing had been assessed in line with the HRA business plan. These were robustly tested. The HRA were informed what the borrowing rates were and they were figured into that plan. In terms of the reduction, it was mainly acknowledging that the cost of borrowing was higher. If

the cost of borrowing was to become lower, then there would likely be another reassessment on some of those projects that had been suspended or were taken out of the capital program.

- In relation to a query regarding the risk of going over the rate of 5.5%, the meeting heard that in terms of the 5.5%, this figure had been obtained from the advice the Council received from its treasury advisers. The report had an economic outlook and this would be assessed based on market movements, how different products in the market, such as credit default swaps, were being priced and an estimation would be made of where the future trend would be. This was not only for the bank rate, but for rates as a whole. This was what was then included as part of the assessment. There was also buffer in the estimation to make sure that the Council was being prudent, but not overly prudent.
- In relation to a query regarding how the bank rate affected capital spending, the meeting heard that the bank rate was just the rate that the other banks could borrow from the Bank of England. This was not necessarily directly related to how much the Council could borrow from the Public Works Loan Board (PWLB). At times, how much the Council could borrow from the PWLB was considerably higher because the PWLB itself applied a 1% threshold to whatever the gilt yields were, which was the cost of borrowing that the UK Government issued on a regular basis. This was then priced into how much as an authority the Council was able to borrow. The Council received a 20% discount. There was a 2% discount on some of the loans and the HRA loans were a bit lower. The bank rate may move up and down, but the long-term cost of borrowing may still remain higher. The way interest rates were costed, there was the bank rate's level, but there was also the risk that markets perceived in relation to the relative fiscal position of the UK. Two years ago, when the government came up with the budget and rates went up to 6%, the Bank of England had not made any changes on its rates. This was all based on the market's view of how precariously the UK fiscal situation looked. Arlingclose had taken this into account along with the bank rate. If it was to drop 2%, then this would be significant. The report was just acknowledging that there was more risk that rates would remain higher and if the Council was to borrow at that rate, then there was a risk that certain costs would go into the budget and other revenue streams or other revenue projects might then have to be stopped instead of the capital schemes.
- In relation to a query regarding the approved counterparties in terms of environmental, social governance (ESG) considerations, the meeting heard that in there had been no direct assessment made on any organisations because most of the deposits were made by the UK government and many of the deposits were short term, in some cases for only upto a day. However, other pooled organisations (outlined in the additional investment limits on table 6 of the report) listed some providers which may have an impact on ESG. There were some real estate investment trusts that focused only on improving affordable housing and also making housing more environmentally friendly. These would be considered if the Council chose this route. However, the Council strategy generally long term had not been to invest in these types of avenues.
- A query was raised about whether it would be possible for the Audit Committee to be informed if there had been any borrowing or investment usage of key organisations that were exploiting the environment. The meeting heard that this would be possible although the Treasury investment would not invest in any high risk company equity (such as Shell).

- A query was raised following from page 17 of the agenda papers, which highlighted security, liquidity, short term borrowing, interest rate exposure. In the quarterly report, there was usually a column next to these items that stated if each one was compliant. In response, the meeting heard that in terms of the strategy, the prudential indicators that been set were the ones that would be going into future quarterly reports regarding compliance. Full Council had received the reports which would have the figures relating to compliance. There had been changes to reflect one how the Council was implementing its strategy, but the changes were also due to the economic environment.
- A query was raised regarding section 4 of the appendix, relating to borrowing strategy. A report was previously presented to Full Council which included a table regarding borrowing limits and this table had been present in all the previous quarterly reports but was not present in the report presented at this meeting. In response, the meeting heard that CIPFA code, which had been adopted by the Council, did not require certain other items to be included in the report. The Treasury Strategy was simply supposed to be focused on the risks of the Treasury Management. Some of the elements of the investment strategy examined how the Council dealt with the investments in the local community, such as giving loans to small businesses. This was not considered Treasury Management activity, but was part of the capital structure of the Council. The table could be brought back in as additional credential indicator, because the CIPFA code allowed for any indicators that members found it useful to be included.

The meeting agreed that the table relating to the borrowing limits would be included as part of the report before the report was submitted to Full Council.

Subject to noting the above comments and the inclusion of the table on borrowing limits, the Committee RESOLVED:

1. To agree the proposed updated Treasury Management Strategy Statement for 2024/25 and to recommend it to Full Council for approval.
2. To note that the Overview and Scrutiny Committee (at its meeting on 18 January 2024) and the Cabinet Member for Finance and Local Investment have been and were being consulted in the preparation of the Treasury Management Strategy Statement.

### **7. NEW ITEMS OF URGENT BUSINESS**

There were no items.

### **8. DATES OF FUTURE MEETINGS**

The next meeting would be held on 7 March 2024.

CHAIR: Councillor Erdal Dogan

Signed by Chair .....

Date .....

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## **MINUTES OF THE AUDIT COMMITTEE HELD ON THURSDAY, 14TH DECEMBER 2023, 7:00PM – 9:25PM**

**PRESENT:** Councillors Erdal Dogan (Chair), Kaushika Amin, Cathy Brennan, Mary Mason, Ajda Ovat and 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 no apologies for absence.

### **3. URGENT BUSINESS**

There was no urgent business.

### **4. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS**

There were none.

### **6. MINUTES**

The word 'billion' on page 4 of the minutes would be changed to read 'million'

RESOLVED:

That, subject to the above change, the minutes of the meeting on 21 September 2023 be agreed and signed as a correct record.

### **7. QUARTERLY INTERNAL AUDIT UPDATE - HOUSING SERVICES AND BUILDING SAFETY**

Mr Jahedur Rahman, Operational Director for Housing and Building Safety, introduced the report.

In response to questions, the meeting heard that:

- In relation to repeat repairs, at the point of receiving a call, the contact centre determined the nature of the repair. Investment into the service had been made so that

the recording was made accurately and so the officer making the repair would attend accordingly.

- In relation to the quality controls in place to improve the quality of work, there needed to be a closer inspection. Where operatives reported to team leaders, the team leaders would routinely go and monitor some of the jobs that were done so some 'housekeeping' work was completed. For example, taking pictures before and after repairs. A letter had been issued to confirm the standard of working. Failure to comply with the new way of working would result in disciplinary action.
- On the stock condition survey, the aim of this was to get a good understanding of the condition of the stock. At the moment, the Council had 70% access to its stock. The Council was finding it a challenge to get to 100%. Most organisations would try to clone the data for the remaining 30%. The Council was invested in visiting the remaining properties over evenings and weekends. It was possible that by the time this was completed, the rate may go up to 75% or 76% by February 2024. This would form the basis of the planning investment programme.
- In relation to strengthening compliance on the spreadsheet, there was a risk that had been recognised in relation to the use of spreadsheets. Until working methods moved away from the use of spreadsheets, the risk would be present. There was a focus on getting alternative methods in place. A contract had been ordered for the new compliance system and by April 2024, the Council could start to use the new system. There were six areas of compliance and the electrical compliance would be implemented by April 2024. The remaining areas there would have a phased rollout.
- In relation to the electrical programme, this was due to be completed by the end of the year. By December 2023, all homes would have an electrical safety certificate, though there were some homes the Council was unable to gain access. The Council had 700 properties in which it envisaged having to go through legal processes. In total, the Council had about 13,000 homes with a valid electrical safety certificate. This was a significant improvement from the start of the year.
- The Chief Executive and Council had made it clear that improving housing was a top priority. The Chief Executive chaired a Housing Improvement Board where analysis was completed examining the issues in housing services. Cabinet earlier in the year had agreed an additional £5 million investment into the housing service. Approximately £2.7 million would go into the repairs service.
- Monitoring would be recorded on a public document. The document had gone to Cabinet for approval. In relation to the progress of some of the recommendations, in particular, for the leaseholder ones, progress had been slow, but there had been a change of personnel across housing services insourcing. Where there had been gaps in senior leadership, recruitment had been completed to those posts. The staff members were progressing the recommendations. The Operational Director of Housing and Building Safety would test this. He would view all of the audit recommendations, examine when the recommendation was made, what the deadline was and the length of time to completion. The accountability would be part of the management team. In relation to wider scrutiny, the Audit Committee would be provided with updates on progress.
- An announcement had been made earlier in the year regarding a paragraph 49 investigation into the Council's services. A report had been published and 25



recommendations spanning nine different areas had been made. Part of the Operational Director of Housing and Building Safety's priority was to go through the recommendations and implement them as soon as possible. Of the 25 recommendations made, the Council had implemented 20 and five were still outstanding. The feedback from the Housing Ombudsman had been positive. The Council had worked with them and used their feedback to implement some of the recommendations. Some of the findings were based on wider issues. For example, it was difficult to access homes during the lockdown period and after lockdown had ended, there was an influx of repairs that needed to be undertaken. The Ombudsman recognised some of the issues that were specific to Haringey were also applicable nationally. The Council had shared with the sector what had been done with the feedback and improvements in policy. The Ombudsman had stated that they had confidence in the work that they had seen from the Council.

- In relation to deadlines, there were key deadlines already attached to the recommendations. The Committee would be informed how quickly it would be possible to make progress on each of the areas, including stock control, gas safety and other areas.
- Repairs on single trade jobs were easy to complete, but multi-trade jobs had complications. Part of the plan going forward was to have a complex repairs team (in addition to the ordinary repairs team the Council had).
- The number of homes that had gone from a non-decency level to decency level had increased.
- Whilst the challenges in Housing Services were recognised, it was important to note that a significant amount of progress had been made. This had been recognised by the regulator and the Housing Ombudsman.
- There had been a case where the Council had taken a position where it had refused to do works in a particular property as a Council operative had been threatened with a hammer. Upon inspection, it was found that the resident had a history of antisocial behaviour. The work was then carried out when the resident was not at home.
- It would take up to five years to bring all of the housing stock up to the standard decency level. When examining repairs, the Council typically looked at the attention given to the specific repair, not the wider cause, such as not having invested into the housing stock at the right levels. Part of the plan was to invest significantly over the next five years to bring certain homes to standard decency levels. At least 1,500 properties would be brought up to standard decency levels by the end of the year. However, it was still important to get the repairs service up to a greater standard.
- Plans regarding sheltered housing could be added to the forward plan of audits for the next financial year.
- On page 16 of the agenda papers, the term to 'escalation matrix' referred to some particular jobs where some calls got directly referred to certain teams. The point of access for residents was through the contact centre for residents and certain queries would then get passed on to the repairs team. There had been an improved escalation between the contact centre and the repairs team.

RESOLVED: That the report be noted.

**8. UPDATE ON THE RECOMMENDATIONS FROM THE AUDIT OF THE LETTINGS FUNCTION IN FEBRUARY 2023.**

Ms Denise Gandy, Assistant Director for Housing Demand, introduced the report.

The meeting heard:

- Internally, additional checks had been introduced to make sure that the Council was compliant with the recommendations. The plan was monitored in relation to its delivery. As the lettings process was linked to housing improvement, the process would also go through to the Housing Improvement Board. Lettings would be reported on including the audit.
- The audit on voids not having been completed was disappointing. There were some factors which caused this issue to occur. There would be a separate audit of the voids process. From the time the property becomes empty to the time it became lettable. The conclusion of the audit would be submitted to a future meeting of the Audit Committee.
- Although the report was concentrated on lettings, there were some recommendations that were more widely applicable. The report would be submitted to the Placemaking and Housing Board in January 2024 so that a link could be made across services on the recommendations and this could be part of the audit.
- In relation to issues regarding bypassing, the Council had a policy regarding which individuals would be bypassed. For example, those with certain levels of rent arrears or if a resident had bid for a property which did not match their medical recommendations. The audit appeared to reveal moments where a member of staff was with the auditor, they could show that the recording on the system had been complied with. However, the audit reported appeared to suggest that issues had not been recorded on the Northgate system. Residents also bid for homes through the Home Connections website, but there were inconsistencies in the recording. Some were on Home Connections and some were on the Northgate system and Northgate needed to be the central point for all records.
- It was important to ensure that residents were not being bypassed unfairly.
- Certain special cases would ordinarily end up being dealt with by the nature of the situation and were often dealt with by the team manager. Individual cases would be specifically given attention based on the decisions made about them.
- In relation to ensuring that the right decisions were made, people had the right to a statutory review in terms of banding and suitability of offers.

At this point in the proceedings, the Committee queried having a system in place to ensure that the decisions relating to lettings were being made correctly. In response, the meeting heard that an option for an additional check could be explored further.

The meeting further heard that:

- It was important to distinguish between cases which needed particular attention and the transparency of the lettings process.
- The Placemaking and Housing Board was an officer board. The Housing Improvement Board was attended by senior managers and some councillors. There was always robust challenge on a range of issues.

The Chair stated that applications relating to Northgate had been mentioned several times throughout the report. The Committee had also commented on monitoring, tracking and capturing data. Data did not appear to have been captured properly and although there was a system, it had not been in operation effectively. There were a few possible reasons such as staff not having been trained properly, or that multiple systems had been in place which did not communicate with each other. If a synchronised system was in not in place, it was not possible to have the data which was crucial as it would point out issues for improvement and it tracked the progress of the service. It was important that that the issues be resolved as soon as possible. Once a standardised system was put in place, answers to any questions could be provided effectively including questions regarding risks. Tracking and monitoring was essential for most services.

The meeting further heard that:

- Some of the issues related to staff confidence around the system. Since the audit, each team had done a review of their use of the system with Northgate and IT to examine if staff were making full use of the system. Some staff had been retrained. There was a plan linked to this, but Northgate needed to be the one system where the centralised data was located so that reports and spreadsheets could be generated from it.
- Work was being done currently around the allocations policy which would be about people who were prioritised for housing and an approach to appeal. Currently, the Council had a decisions panel, but it was an officer panel so it was possible to explore options in relation to bringing in more transparency given the importance of the subject matter.

RESOLVED:

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

## **9. TREASURY MANAGEMENT UPDATE**

Mr Tim Mpofu, Head of Finance (Pensions and Treasury), introduced the report.

The meeting heard:

- A query was raised regarding why the Council's rating was categorised as AA- whilst other local authorities had been allocated as A+. In response, the meeting heard that AAA was the best rating that could be awarded by a rating agency. The only counterparty that previously had this rating was the US Government. However, this rating had been downgraded to AA+ earlier in 2023. The Council's strategy was to mainly invest with the UK Government, which had an average rating of AA-, but the money market funds also had a similar rating. This averaged out to around Aa2.

Generally, the 'A' category was considered to be investment grade. The 'B' category was more challenging in terms of the recovery rate if a counterparty was to go out of business and they were due money or deposits had been made. This highlighted the Council's strategy was lower risk in relation to other strategies and this was partly because the Council had not deposited with other financial institutions which had lower ratings.

- A query was raised regarding the appendix which discussed the maturity structure of borrowing. As the Council had a budget and there was some difficulty regarding the Council's capital spend (some of which would be reliant on borrowing). Some decisions had been made in relation to freezing some of the spend due to the issues relating to borrowing. Although there was a balance that needed to be struck, the Council needed to make use of its financial resources. In response, the meeting heard that the primary aspect the Council was trying to balance was the cost certainty. Once the loans had been taken out, then it would be clear how much the loans would cost and for what period of time. This would allow the budget setting process to be more clear. This would be monitored closely considering the Council's situation. The issues with borrowing in the current climate, given the rates, was that it was possible to borrow and deposit the money into the bank, but this meant that the money would not be deployed. At the same time, interest would have to be paid on the money borrowed. For loans taken out for a 50 year period, should schemes not be delivered in the first five years, then there would be a cost of carry. This meant that the Council was paying interest on money taken out which was not bent spent. One of the key things the Council looked for was the cash flows and how this was progressing over the course of the year. Earlier in the year, the Committee was informed about the amount of cash the Council had in the bank (around £70 million). This was enough for the Council's needs and also limited the need to borrow money. At that time, a longer term loan would have been at the rate of 6%. Towards the end of the year, rates had come down and borrowing had been done at the lower rate. There were always long term implications to such decisions and efforts were always made to ensure that decisions made were well informed ones.
- The PWLB was the Public Works Loans Board. This was a government agency set up to lend to public sector bodies, including local government organisations. The agency looked at gilts (which was the UK government issued debt) and was a primary source of borrowing. The borrowing done in the last three years or so was from the PWLB or from other local authorities.
- In relation to a query regarding the confidence in the Council's cash flow, the meeting heard that there was confidence regarding the amount of cash the Council had. In terms of cash balance, the Council had £70 million. Generally, the Council would require probably £20 million month to month and this would cover requirements under the current circumstances. There were options if there was a liquidity constraint. It would be possible to borrow from other local authorities or from the PWLB. It had been useful for the Council to have a higher cash balance as borrowing rates were now higher. The Council's cash balances were higher than it had been in the last two years.

### RESOLVED:

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 the report.

## 10. INTERNAL AUDIT PROGRESS REPORT 2023/24

Mr Minesh Jani, Head of Audit and Risk Management, introduced the report.

The meeting heard that:

- It was customary for auditors to take a review six months after the work was finished. Now that the report had been issued, the recommendations would be revisited and assessments would be made as to whether the recommendations had been implemented. This would be brought that back to the Committee. There was always the opportunity to invite the relevant officer to a future meeting if it was felt that recommendations had not progressed appropriately
- In relation to the issues around SEND, there was a plan in place to make improvements, the timeline for this would be provided to the Committee.
- In relation to the waiting times noted for the assessments regarding Autistic Spectrum Disorder, the timeline for when the improvements would be provided to the Committee.
- In relation to the six-monthly review, there was a slightly different regime for schools. Where schools had been assigned the lowest level assurance, a follow up was carried out. This was usually an annual process (not a six-monthly one). All of the work done during the year would be captured and then a follow-up was completed. This timescale could be anything from three months to 11 months.

RESOLVED:

To note the audit coverage and follow up work completed.

## 11. ANTI-FRAUD AND CORRUPTION PROGRESS REPORT QUARTER 2 2023/24

Ms Vanessa Bateman, Deputy Head of Audit and Risk Management, introduced the report.

The meeting heard that:

- In terms of the sanctions that had been issued and accepted by the people misusing the blue badge scheme, there was around £3,000 income that had arrived into the budget.
- It was important to maintain a certain level of anti-fraud awareness and anti-fraud processes across most of the Council's operations and blue badges had not been examined for a while so there was a little more emphasis in this area currently. Hopefully in the next two or three months, the Council would move to a place where most of that work would be taken up by the service.
- The Council had a fraud reporting email address and a phone number. Earlier in the year, there was a national fraud campaign and some work had been done with the team to promote this. Residents did often report issues of suspected fraud which occupied the team to gather intelligence and form a view of a particular issue. Efforts were made to publicise public participation including a written note in the members

newsletter and councillors could use the members inquiries avenue available to them. The team were much more efficient at dealing with queries if they were raised through the standard channels. Whistleblowing in Haringey had been very high in the past and this had settled in recent times. Whistleblowing was also commonly reported to HR and efforts were made to keep a general perspective of all of it. Some of what was submitted to HR could be classified as grievance as well as whistleblowing. The team did well to reassure people about remaining anonymous and investigations were completed without any indication of where the initial intelligence had primarily arrived. There was a slightly higher percentage of frivolous or malicious whistleblowing than expected.

- There had been whistleblowing about third party organisations where the Council commissioned resources. This was always positive as sometimes those establishments were harder to reach.
- The technology in the blue badge area had improved helping the Council do its job. There was much more information to the operatives in the borough about the badges that were cancelled or stolen. A blue badge did not always link to a specific vehicle, it was linked to the person but the technology regarding whether or not the badge used was valid was strong and reliable. Although there was theft around blue badges, the Council had a lot of communication from the Police where there were reports of fraud and selling of the badges. The team wanted to focus their efforts on this sort of disruption in the borough. The financial sanctions were now over and above a PCA and there appeared to be deterrence from the fraud.
- Systems, data and accurate audit trails would significantly help the Council. One of the challenges the Council had was its teams using different systems so officers would spend time going through various systems to carry out analysis. In some of the residential areas, it was difficult to carry out the work without finding someone to help the team. The team always completed the work with good results, but the time it took was something that could be improved upon and a centralised system would help the team attain faster results.

RESOLVED

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

## **12. APPOINTMENT OF NON VOTING INDEPENDENT ADVISORS TO THE AUDIT COMMITTEE**

Mr Minseh Jani, Head of Audit and Risk Management, introduced the report.

Members welcomed the report.

RESOLVED:

1. To recommend to Full Council the appointment of the two independent non – voting advisors set out at paragraph 6.2 of the report for a period of 4 years commencing on 1 October 2023 and ending on 30 September 2027.
2. To recommend to Full Council that each independent adviser receive an allowance of £1,250.00 per annum.

### 13. ANNUAL GOVERNANCE STATEMENT 2022/23 FOLLOW UP REPORT

Mr Minesh Jani, Head of Audit and Risk Management, introduced the report.

The meeting heard that:

- There was confidence that from a governance point of view, as an authority, the Council would do everything it could to improve and to make sure that the right framework was set with the right behaviours and the right culture. For example, putting something into practice that was recommended, but was not a requirement for local authorities. The Council had a code for local governance but this needed to be updated and work was being done to make sure that the document was in place. It was important for the Council to ensure that it set out its standards clearly. However, the Council was still open to challenge and there were many challenges as a public sector entity and these challenges would test the governance framework.
- In relation to savings, local authorities had been required to make savings for a significantly lengthy period of time, each year making savings became harder. Officers were grappling with a difficult situation which was not going to get any easier in the coming year. In that process however, there must be a mechanism by which the Council could assure itself that any savings proposals put forward had a realistic chance of delivery and they could be realised in due course. This was recognised in the Council and senior leadership colleagues had assessed that and were working through a process whereby there was a review of proposals and it would identify if the proposals were determinately possible. The delivery of savings also became an important consideration as savings could be made, but by taking different routes. Ensuring the right infrastructure and the right framework for identifying and delivering savings was a prime consideration.
- In relation to commercial property, the area was assigned nil assurance previously, there would be a new audit of commercial property. It was important that the governance had improved in that area. The findings of the audit would be reported back to the Committee. The audit had been completed but the auditors had not yet completed the report.
- There had been times where attempts to implement new solutions had not gone as expected. Digital transformations were never necessarily straightforward or easy. Every year, attempts were made to identify areas where the level of risk was high and assurances were needed to try to program in some level of audit coverage to give assurances as early as possible. If there were things that were not going to plan, then this could be observed early on.
- In the plan for last year, a review was programmed which was completed in 2023 for both Children's and Adults services and this had gone well. This would be helpful for the services, because the solutions that were sought were going to be more efficient and should provide more information. There were opportunities presented from these transformations.

RESOLVED

To note the progress reported

**14. NEW ITEMS OF URGENT BUSINESS**

There were no new items of urgent business.

**15. DATES OF FUTURE MEETINGS**

The date for the next Audit Committee would be changed from 1 February 2024 to 18 January 2024.

CHAIR: Councillor Erdal Dogan

Signed by Chair .....

Date .....



<b>Corporate Committee – Action Tracker</b>				
<b>Meeting date</b>	<b>Action</b>	<b>Response</b>	<b>Who by</b>	<b>Status</b>
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.	The current risk and assurance map is highlighted as part of the Annual Internal Audit Plan as part of the agenda. The Leisure services can be invited to share their risk management strategy to the next meeting of the Audit Committee in July 2024.	Minesh Jani	On-going
21 September 2023	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.	The Audit Committee will receive a presentation from the Head of Procurement at its meeting in March 2024.	Minesh Jani	Completed

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**Report for:** Audit Committee 7<sup>th</sup> March 2024

**Item number:** 7

**Title:** Strategic Asset Management and Property Improvement Plan (SAMPIP) update

**Report authorised by:** David Joyce, Director of Placemaking and Housing

**Lead Officer:** Jonathan Kirby, Assistant Director Capital Projects and Property

**Ward(s) affected:** All

## 1. Describe the issue under consideration

1.1. Cabinet approved on the 18th April 2023 the Strategic Asset Management Plan and Property Improvement Plan (SAMPIP) 2023-2028 and also accepted in full the recommendations from the external property review. A link to both reports can be found here. [\(Public Pack\)Agenda Document for Cabinet, 18/04/2023 18:30 \(haringey.gov.uk\)](#)

1.2. This report provides key updates on progress of the Strategic Asset Management and Property Improvement Plan 2023-28 (SAMPIP 2023-28) and the associated action plans (Appendix 1), which capture the recommendations from previous internal and external audit reports.

## 2. Introduction

2.1. Like many local authorities the council has faced serious challenges with the management of its assets and wider property. This is largely due to aging facilities and reducing budgets which was exacerbated by the decision not to proceed with the Housing Delivery Vehicle and increased scaling back of investment and resource leading up to this period in time in 2020. In conjunction with this, the property and asset management teams across local authorities have reduced, with a significant proportion of activities being outsourced, with only a small number of officers remaining to manage these external contacts.

2.2. This has meant a number of challenges and recommended areas for improvement, which the council have been addressing since 2019/20. These three core areas for improvement and actions that took place prior April 2023, are outlined below;

- People and Resources
- Governance
- Best Practise – Policies and Processes

2.3. People and Resources; The council recruited a permanent Assistant Director for Capital Projects and Property in 2021. Following this appointment and a thorough consultation process, the creation of a Capital Projects and Property Team took place in May 2022. This has been a real step change in Haringey's ability to have a strategic approach to our asset and property management, as well being able to ensure we have the right level of resource to management our portfolio, which are permanent members of staff and a development of a new culture and approach to our asset and property management. For Example, having a dedicated Head of Property and a Head of Strategic Asset and Accommodation Management.

2.4. Governance; Governance surrounding property decisions was reviewed in 2020 to improve policies and procedures and ensure that decisions around the use of Council property and land continue to support the delivery of the Corporate Delivery Plan and Council services. The outcome of this review implemented by a restructure of Officer Boards delivered a more robust approach to business case-based decisions at a corporate level.

2.5. Best Practise – Policies and Process; Cabinet on the 11<sup>th</sup> February 2020 approved the councils first Asset Management Plan 2020-25. This was in response to CIPFA's Strategic Asset Management Framework of August 2018, which included an expectation that councils prepare an Asset Management Plan alongside their capital strategies for the 2020/21 municipal year. That Asset Management Plan set out an overarching strategy for the use of Council property and land to support the delivery of the Council's Borough Plan and Council services. It provided a baseline on property and land matters and supports the capital investment decisions identified in the capital strategy / MTFS.

2.6. Cabinet approved on the 18th April 2023 the Strategic Asset Management Plan and Property Improvement Plan (SAMPIP) 2023-2028 and also accepted in full the recommendations from the external property review.

2.7. With regards to our property transactions, the council have made significant improvements in this area over the past 3 years, as reflected in the commissioned Independent External Property review. Overall the review found that improvements have been made within the Council and Haringey's arrangements are now much stronger than the period under review. There is always room for improvement and the Review has made a number of further improvement suggestions which will help the Council strengthen still further

its property processes. These further improvements are captured within the SAMPIP action plans.

2.8. The Strategic Asset Management Plan and Property Improvement Plan (SAMPIP) 2023-28, builds upon the solid foundation of the previous Asset Management Plan 2020-2025 which was adopted by cabinet. This SAMPIP has a set of action plans, which address each of the objectives. This reflects the open and transparent approach to our management of assets and property related decisions, which underpins the SAMPIP. The action plan details implementation of the 46 recommendations from the Property Audits, across 3 core themed areas, Governance, Best Practise & People.

2.9. The action plans incorporate recommendations made from the External Property Review, as well as wider activity as part of our continued journey of improvement in the management of our assets and property.

2.10. This updated Strategic Asset Management & Property Improvement Plan (SAMPIP 2023-2028) sets out the following.

- An overarching strategy for the reason why the council holds property.
- Haringey Council's strategic Objectives that steer our decision making and management of property.
- A decision-making framework of how we will make evidence based, open and transparent decisions relating to our asset and property transactions.
- A set of Action plans with measurable objectives and timescales, allowing for scrutiny of how we are going to implement the SAMPIP objectives and improve the way we manage our assets and property decision making.

2.11. Importantly this SAMPIP and associated action plans are monitored through the council's property governance framework and will be taken to Placemaking and Housing Scrutiny panel for regular review, as well as wider panels as required. Finally, it will be brought back for annual updates to Cabinet

### **3. Recommendations**

3.1.1. Audit committee are asked to note and comment on the SAMPIP 2023-28 to help inform the next annual update to Cabinet in June 2024. The committee are specifically asked to note and comment on the following sections:

- 3.1.1.1. The Corporate Property Model
- 3.1.1.2. The Property Governance Structure
- 3.1.1.3. The Property Performance Matrix
- 3.1.1.4. The SAMPIP action plans

### ***Corporate Property Model update***

- 3.2. The implementation of a corporate property model was a key recommendation of the external property review and focus of the SAMPIP. This implementation is 6 months into the 12-18 month timescale indicated in the SAMPIP. The corporate property model will develop a robust and transparent system that centralises property budgets, improve planned maintenance through efficiency savings and improve the utilisation of buildings with co-location and or meanwhile uses of empty property. This arrangement is a significant culture shift to a corporate approach that determines the best use of property assets and regularises standards. This will enable operational areas to concentrate on delivery of excellent services.
- 3.3. The Corporate Property Model once implemented will have a fundamental impact on the way property is managed in the future as all property related functions will be combined into one service, with centralised control of all property spend, space management, procurement, negotiations and capital programmes. This holistic approach not only improves quality by having a single point of contact but can deliver significant, sustainable savings. The benefits include:
- open and transparent decision making embedded on a robust governance model.
  - improved service environment for employees, service users and residents.
  - Haringey Deal to involve communities in decisions about Council buildings.
  - Social value impact.
  - Customer focused service and management reporting – service able to focus on delivery.
  - Improved statutory obligations and health and safety compliance
  - Reduced running costs, back logged maintenance and transition to planned rather than reactive maintenance.
- 3.4. The council's property governance structure has approved the Corporate Property Model Outline Business Case (OBC), which is now being developed into a Full Business Case for implementation, which subject to sign off will be June 2024. A series of staff workshops and engagement has commenced.

### ***Governance***

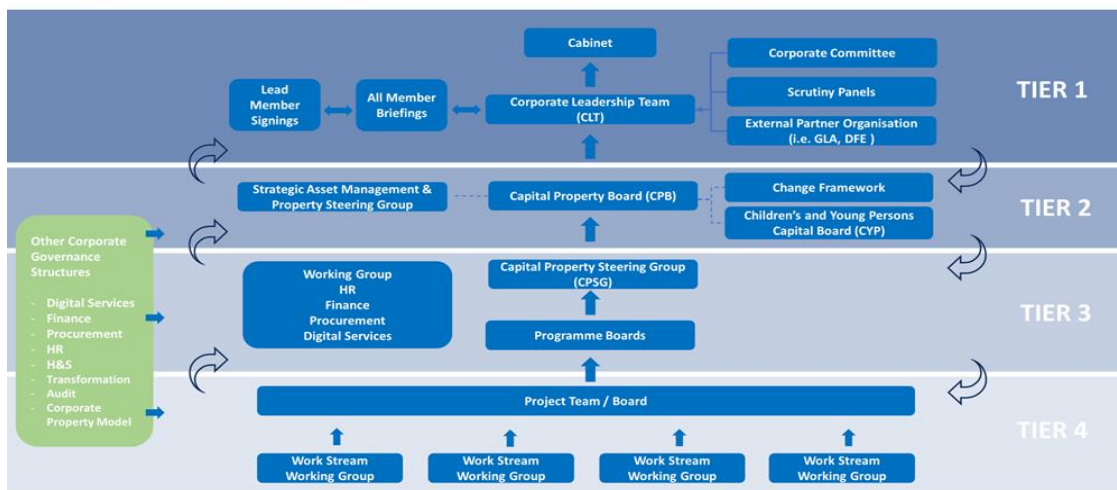
3.5. Governance surrounding property decisions was reviewed in 2020 to improve policies and procedures and ensure that decisions around the use of Council property and land continue to support the delivery of the Corporate Delivery Plan and Council services. The outcome of this review implemented by a restructure of Officer Boards delivered a more robust approach to business case based decisions at a corporate level.

3.6. Governance arrangements are subject to continuous scrutiny and review. One of the more pressing issues is to ensure that the Council can adopt an agile decision-making process that satisfies good governance needs.

3.7. The SAMPIP actions are measurable and will be taken through the property governance process to ensure transparency, strengthening oversight of work being carried out by officers and ensuring that members are fully informed of progress which will assist the Council when working with partners and other public sector bodies. Additional governance measures have recently been implemented in the form of the Strategic Asset Management & Property Steering Group which feeds into the Capital Project Board and then Cabinet to ensure decision making transparency and rigour.

Strategic Asset Management & Property Steering Group Governance Structure

Capital Projects & Property Governance Structure – February 2024



**Property Performance Matrix**

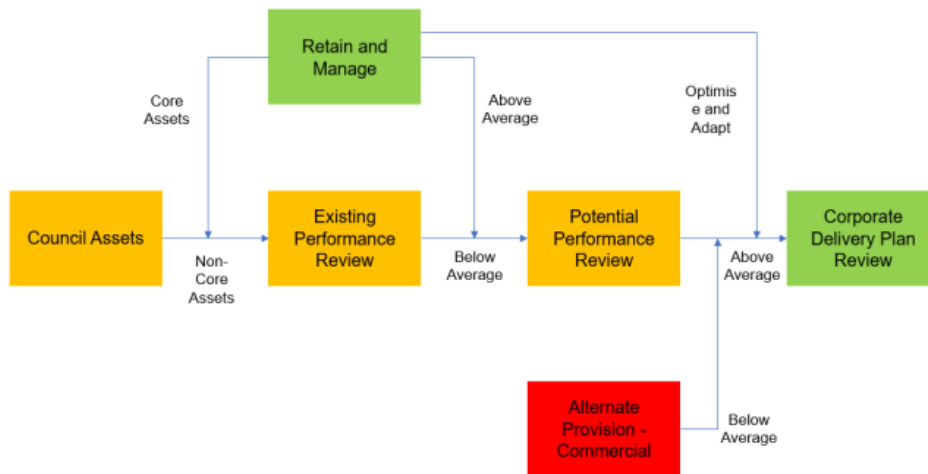
3.8. To assist with this decision-making process, a Property Performance Matrix is being developed that will change the way that property is assessed from an individual case-by-case basis to a Council wide standardised assessment matrix. On a rolling programme, depending on property review resource availability, assets will be analysed with firstly new acquisitions being assessed

as part of the business case prior to a decision to acquire and concurrently proposed repurposing of existing sites will be evaluated as a part of the business case for capital investment, prior to any investment decision or recommendation for a change of use. Then a rolling programme will be run to evaluate all existing sites to be able to determine the Council's future strategy for retention or disposal of assets. The categories of analysis arise from the adopted Objectives within this Strategic Asset Management and Property Improvement Plan.

- 3.9.** The below diagram provides a summary of the overall property performance matrix process. Behind this process sits the Corporate Property Model scoring matrix for existing and future asset performance and commercial criteria against strategic, operational and financial objectives, which is reported via a traffic light rating system. A draft of the electronic Asset Performance Assessment is attached in Appendix 2 for comment.
- 3.10.** The traffic light system of red, amber, and green reflects the combined weighting and scoring for the criteria. Importantly this rating is a joint effort across council departments for the strategic, operational, and financial criteria. This ensures that the most informed and balanced recommendations are made for subsequent decisions to be taken, in accordance with the council's constitution.
- 3.11.** The RAG rating is based on numeric criteria agreed by the working group evaluating the asset or site. An evaluation is required for existing use and then to rerun the model for proposed uses. As the Matrix is an evaluation tool for usage the outcome may vary with alternative proposed uses.



Property Review Process (PRP)



Red 0 – 39 = performance review  
 Amber 40 – 69 = performance review  
 Green 70 – 100 = retain and manage

**SAMPIP Action Plans**

**3.12.** The ten SAMPIP objectives have a corresponding action plan. Each action plan breaks down how we are going to go about implementing, delivering, and measuring performance. Each action outlines year 1 activity and indicates a direction for years 2 – 5. These Action Plans are contained in appendix 3 of this report.

**3.13.** The actions are measurable and will be taken through the property governance process to ensure transparency and that members are fully informed of progress which will assist the Council when working with partners and other public sector bodies.

**3.14.** Although the actions will be owned by the Capital Projects and Property (CPP) the activities require joint working across the Council to ensure delivery and inter dependencies are met.

**4. Contribution to the Corporate Delivery Plan 2022-2024**

4.1. This updated Strategic Asset Management and Property Improvement Plan (SAMPIP 2023-2028) sets out an overarching strategy for the reason why the council holds property and a decision-making framework of how we manage our assets to support the delivery of Council services and the Council's recently adopted Corporate Delivery Plan 2022-24.

4.2. This plan aims to ensure that the Council's assets are used as effectively and efficiently as possible to support its service delivery of the January 2023 adopted Corporate Delivery Plan (CDP).

4.3. The SAMPIP action will be aligned with the MTF5 cycles. The associated action plans will be live documents form the basis of future, annual updates of the SAMPIP.

**5. Carbon and Climate Change**

5.1. The Energy Performance Certificate (EPC) is a key performance indicator in the CDP. Survey work for commercial properties is progressing and we are at the stage in identifying the next batch of properties to be surveyed that have expired EPC's. This exercise is underway to ensure that the Council has captured all properties in the investment portfolio that does and does not meet the minimum energy efficiency (MEES) regulations.

5.2. Utility information has been provided for the schools estate and is currently being evaluated in preparation for the next round of the Mayor of London's Retrofit Accelerator – Workplace programme. The Childrens Capital Programme of works is under review and as previously reported replacement works will prioritise improving insulation to reduce energy costs.

5.3. The above is reported on a quarterly basis as part of the CDP governance and performance monitoring.

**6. Statutory Officers comments**

6.1. **Finance** - comments from April SAMPIP cabinet paper.

**6.2.** The Council's current General Fund property estate includes a wide range of land and buildings with a total value of £1.551 billion (for accounting purposes) as at 31st March 2023. Within the GF assets, nearly £1.201 billion worth of assets are used for service operational purposes and just over £0.113 billion are held for non-operational purposes (i.e. lettings to businesses and community groups). The remainder amounting to £0.238 billion is made up of community assets (parks, open spaces, transport infrastructure and plant vehicles/equipment). The capital strategy agreed by Council at its budget setting meeting of the 4<sup>th</sup> March 2024 includes an approved General Fund capital programme of £583.5m 2024/25-28/29. This level of budgeted activity will require the application of a considerable project management resource to be achieved.

**6.3.** The inclusion of a scheme in the capital programme is not an immediate authority to spend. A large proportion of the capital programme requires the completion of a satisfactory business case prior to the release of capital funding. The business case serves to validate the high-level assumptions used in the compilation of the capital programme.

**6.4.** There are no financial implications as a result of this paper.

#### **6.5. Assistant Director for Legal & Governance**

**6.6.** The purpose of the SAMPIP is to ensure that the Council uses and manages its asset portfolio to meet its needs and objectives. It is good practice for the Council to have an asset management plan and recommended by CIPFA.

**6.7.** There are no legal reasons why the recommendations cannot be approved.

**6.8. Equality** – Comments from the April cabinet paper.

**6.9.** The updated Strategic Asset Management and Property Improvement Plan (SAMPIP 2023-2028) sets out an overarching strategy for the reason why the council holds property and a decision-making framework of how we manage our assets to support the delivery of Council services and the Council's recently adopted Corporate Delivery Plan 2022-24.

**6.10.** These objectives are designed to reduce existing inequalities, advance equality of opportunity, and foster good relations among Haringey's communities. To the extent that the Asset Management Plan supports the achievement of the Borough Plan objectives it will enable Haringey Council to meet its public sector equality duty.

**6.11.** Any subsequent new or revised policies that underpin the Strategic Asset Management and Property Improvement Plan will be subject to screening for equalities impact and equalities impact assessment where appropriate.

## **7. Use of Appendices**

- 7.1. Appendix 1 – Full SAMPIP
- 7.2. Appendix 2 – Asset Performance Assessment questionnaire
- 7.3. Appendix 3 – Action Plan updates

## **8. Background Papers**

- 8.1. Strategic Asset Management and Property Improvement Plan (SAMPIP) 2023-28 ([Public Pack](#))[Agenda Document for Cabinet, 18/04/2023 18:30 \(haringey.gov.uk\)](#)
- 8.2. External Property Review ([Public Pack](#))[Agenda Document for Cabinet, 18/04/2023 18:30 \(haringey.gov.uk\)](#)

# Strategic Asset Management and Property Improvement Plan

2023 – 2028

Civic Centre (Proposed Design)



River Park House



Broadwaters Inclusive Learning  
Community



Osborne Grove Nursing Home  
(Proposed Design)



Heartlands High School



George Meehan House

## Contents

<b>Strategic Asset Management and Property Improvement Plan</b> .....	1
<b>2023 – 2028</b> .....	1
<b>1. Lead Member Forward</b> .....	2
<b>2. Introduction</b> .....	3
<b>3 Successful projects delivered to date.</b> .....	5
<b>4 Asset Management and Property Improvement Plan Objectives</b> .....	8
<b>5 How we will deliver the above objectives</b> .....	10
<b>6 Property Portfolio</b> .....	12
<b>8 Asset Management Processes and Decision-Making toolkit</b> .....	16
<b>9 Strategic Asset Management and Property Improvement Action Plan</b> .....	20
<b>9.1 Strategic Asset Management and Property Improvement Action Plan</b> .....	21

### 1. Lead Member Forward

I am pleased to introduce the latest update to Haringey Council's Strategic Asset Management Plan. We are fortunate in Haringey to have a wide range of Council assets – from our own corporate property to commercial units and industrial sites. Our assets are valued at £2.8 billion: caring for these is a huge undertaking.

Since becoming Cabinet Member with responsibility for this area, my focus has been on ensuring we are using our assets to provide value for money – both for the Council and our residents. We are proud of the assets we hold and want to ensure they are benefiting the whole borough.

The Asset Management Plan sets out the assets we hold and how we intend to care for them in line with statutory regulations and the needs of the service. It helps services understand their responsibilities around their assets and the process by which Haringey Council can maintain quality, invest, divest or repurpose assets within the portfolio.

The Plan is part of our capital investment strategy, setting the context for major decisions and priorities around capital investment. These include the renovation of the Civic Centre in Wood Green, protecting its heritage and the legacy of the borough for generations to come.

Over the next year, we will be putting into place a new model for our corporate property. It will centralise our property operations and budgets, ensuring we are using our property strategically. We are also planning a review of our commercial property to make certain that it is being used to support our ambitions around community wealth building.

I know that in the past, we haven't always got it right. Following an independent report that identified some areas of improvement in our governance and practices, we have compiled the action plan attached to the end of this Plan that sets out how we intend to improve in the short and long-term. I am confident we now have the tools and people in place to make these improvements.

I would like to thank officers for their hard work in this complex and vital area for the Council. Cutting across all service areas, it is a particularly challenging topic to coordinate. There is still much to be done, but as this update shows, we are on the right path.

## **2. Introduction**

- 2.1 We cannot deliver great services to our residents without providing an excellent, fit for purpose and sustainable operational asset base.
- 2.2 This Strategic Asset Management and Property Improvement Plan 2023 – 2028 (SAMPIP) provides the framework for the council’s approach to property and asset related activities. It will guide and shape service specific Asset Management Plans (AMP) such as the Housing Asset Management Plan and Parks and Leisure Asset Management Plan. Those service specific AMP’s will identify how assets are operated on a day-to-day basis to meet legislative and specific service operational needs, but importantly in accordance with the objectives of this SAMPIP.
- 2.3 Property is one of the Council’s major resources – valued at £2.774billion on 31<sup>st</sup> March 2021, it is a major cost to the Council, a major source of income and a major component in service delivery and economic growth. The SAMPIP will provide a baseline on property and land matters and supports capital investment decisions.
- 2.4 The governance and decision-making toolkit within this strategy will be followed as part of a Corporate Property Model (CPM) when there is a service property requirement. This will ensure a joined up, open and transparent framework for the management of council property and assets.
- 2.5 This strategy aligns with the Medium-Term Financial Strategy 2023-28 and will inform the Council’s Capital Strategy and Capital programme for 2021/22-2025/26; by providing data led approach to decision making.
- 2.6 In the past there have been mistakes regarding various property transactions that have come into the public domain and an Independent external property review was commissioned. This SAMPIP addresses the outcomes and recommendations from that review in the action plan section.
- 2.7 The external property review considered the governance arrangements at the time of these historic transactions and the current council governance arrangements; as well as political policy, structures, staffing and processes. Overall, the review found that improvements have been made within the Council and Haringey’s arrangements are now much stronger than the period under review.
- 2.8 However, there is always room for improvement and the review has made 12 recommendations that will help the Council further strengthen core areas, as part of our continued journey. The development and adoption of this SAMPIP, with its



associated action plans, is a major next stage in that journey over the coming years.

2.9 The measurement of progress in the SAMPIP objective action plans will be provided through the council's property governance structure and Scrutiny Panels on a quarterly basis. This reflects the inherent open and transparent approach, relating to property, embedded within this SAMPIP.

2.10 We have created a new Capital Projects and Property team (CPP) within the council and are well under way to fully resourcing this team to ensure we have appropriate skills, resources and culture around our management of property and Assets. In addition to ensuring we have the right people; we are also reviewing, policy, governance, and implementing digital systems are part of these action plans. This will ensure, working with all Haringey council's services that the Council's assets are used as effectively and efficiently as possible to support our core objective of improving residents' lives.

2.11 The SAMPIP sets out an overarching strategy for the reason why the council holds property and a decision-making framework of how we manage our assets; Supporting the delivery of Council services and the Council's Corporate Delivery Plan 2022-24. This is SAMPIP builds upon the solid foundation provided by the previously adopted Asset Management Plan 2020-2025.

2.12 Finally, the SAMPIP sets the strategic framework for improving the energy performance of Haringey's property and assets, so that we meet our carbon net zero target as outlined in the Council's Zero Carbon Strategy (2019) Examples of this will be across our corporate estate, commercial portfolio, schools and housing stock.

### **3 Successful projects delivered to date.**

3.1 We have successfully delivered a wide variety of projects across the Corporate Property portfolio in the past two years, that includes partnership working, as a result of our asset management and property processes.



### Pendarren House Outdoor Education Centre

Pendarren is an outdoor activity centre situated in the Brecon Beacons National Park and has been operated by Haringey Council since 1975.

**Budget: £2m**

**Project Completed:**  
December 2022

Works were divided into two phases, including urgent compliance works to the main house and the refurbishment of the Annex which will facilitate the use of the Centre by 2 schools simultaneously. Phase One comprised of fire compartmentalisation, roof repairs, mechanical ventilation, decorations, oil tank replacement, handrails, and minor electrical upgrades and was completed in April 2021. Phase 2 comprised of condition and compliance works to the Annex and reconfiguring of the internal spaces.



### Lordship Lane Nursery

A newbuild reversion of the school's 2 class nursery including WCs, staff room, kitchenettes and ancillary spaces, due to its poor and end of life condition.

**Budget: £2m**

**Project Completed: September 2022**



## Wood Green Youth Hub



The Wood Green Youth Hub is situated on the pedestrianised area of Lymington Avenue just off the Wood Green High Street. It utilised a Co-Design process whereby the Wood Green Young Voices (a group of local young people) have been consulted through the design development stages and have had their key recommendations fed into the facility's design. The project was delivered to the approved programme and the facility is now operational. The project received positive feedback from the client team and the building users.

**Budget: £1.2m**

**Project Completed: July 2022**



## Marsh Lane New Depot



Wholesale relocation of the depot operation from Ashley Rd Depot to 85 Marsh Lane including a Provision of new vehicle workshop, Admin accommodation and ancillary services.

**Budget: £19.5m**

**Project Completed: November 2021**



3.2 We are in the process of delivering the Civic Centre Refurbishment project.



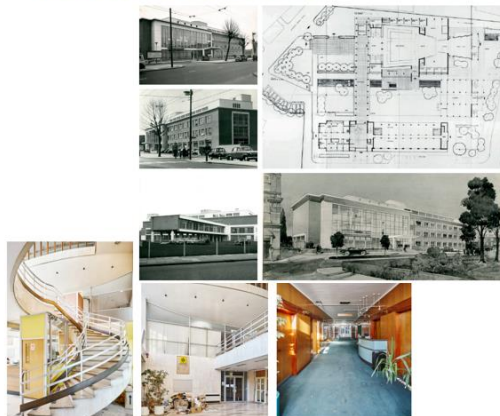
## Civic Centre Refurbishment Project

The Haringey Civic Centre was built in 1955-58 and was first Civic Centre designed after the War. Is a Grade II listed building, is within the Trinity Gardens Conservation Area and is steeped in local, social and political history.

The refurbished Civic Centre and new build Annex is to provide:

- The home of the Council's Democratic functions, with some shared public and community access;
- Flexible working, collaboration and meeting spaces that are open to all staff to help transform Council working culture; and
- A sustainably built environment

### The Current Civic Centre



### The Proposed Civic Centre



## 4 Asset Management and Property Improvement Plan Objectives

4.1 This SAMPIP will assist in the delivery of the new corporate delivery plan (CDP) themes.

The corporate delivery plan replaced the Borough Plan, setting out the council's priorities for each of its service areas and the work it will undertake to improve the lives of our residents.

The CDP is split into eight themes as shown below. The objectives within this SAMPIP and the decision-making tool kits will be fundamental to ensuring the successful delivery of the CDP.



For further information please click on the link to the Corporate Delivery Plan.  
[https://www.haringey.gov.uk/sites/haringeygovuk/files/final\\_corporate\\_delivery\\_plan.pdf](https://www.haringey.gov.uk/sites/haringeygovuk/files/final_corporate_delivery_plan.pdf)

The objectives of the Strategic Asset Management and Property Improvement Plan are outlined below. These reflect both the why we hold property and how we will manage our assets as part of a joint strategic plan.

**Strategic Asset Management and Property Improvement Plan objectives.**

- *To ensure Council property **works** for the benefit of **residents** and achieves **value for money** for the Council while supporting financial **sustainability**.*
- *To ensure that our **property** meets our **service needs** across Adults, Health and communities, Placemaking and Housing, Children’s Services, Environment and Resident Experience & Culture, Strategy and Engagement.*
- *To use our asset base to **enable** placemaking where the **need** and **opportunity is greatest** for people who live, work and visit the borough, ensuring the Borough’s **diverse** communities are celebrated.*
- *To implement the **restoration** of the **Civic Centre** as part of an Accommodation Strategy that provides **high quality** sustainable workspace for **all staff** across the Borough.*

- To establish a **Corporate Property Model (CPM)** that holds all non-residential property and budgets centrally, in accordance with **best practice**.
- To complete a **commercial portfolio review** which will inform our future approach to industrial, community and retail property portfolios to **maximise** income opportunities and **efficiency** of running costs across the council's property portfolio, including **investment** and **divestment** opportunities.
- To ensure **open** and **transparent** decision making, via a **robust** governance framework, updated policies & procedures and implementation of a **fully resourced** property team.
- To create a **strategic framework** informed by performance **data** that will support the **prioritisation** of capital investment decisions.
- Working with public sector **partner** organisations, to adopt a **One Public Estate** approach, where possible, which utilises assets for public **benefit**.
- To deliver **Zero Carbon** and **Low Carbon Council Buildings**, in line with the Climate Action Plan including **maximising** technological and **digital** solutions via **smart** buildings and **green** tech industries.

## 5 How we will deliver the above objectives

5.1 This SAMPIP contains action plans for each objective. These will be live documents that are reviewed regularly, as part of the council governance structure and updated annually to cabinet, which will set the direction for the subsequent years detailed action plans. Three Core focus areas we wish to highlight are that will fundamentally underpin the delivery of the above objectives are:

- Corporate Property Model,
- Commercial Property
- Property Improvement Plan

### **Corporate Property Model (Action Plan number 5)**

5.2 Corporate Property Model - To introduce a Corporate Property Model over the next 12-18 months that will develop a robust and transparent system that centralises property budgets, improve planned maintenance through efficiency savings and improve the utilisation of buildings with co-location and or meanwhile uses of empty property. This arrangement is a significant culture shift to a corporate approach that determines the best use of property assets and regularises standards. This will enable operational areas to concentrate on delivery of excellent services.

5.3 The Corporate Property Model once implemented will have a fundamental impact on the way property is managed in the future as all property related functions will be combined into one service, with centralised control of all property spend, space management, procurement, negotiations and capital programmes. This holistic approach not only improves quality by having a single point of contact but can deliver significant, sustainable savings. The benefits include:

- open and transparent decision making embedded on a robust governance model.
- improved service environment for employees, service users and residents.
- Haringey Deal to involve communities in decisions about Council buildings.
- Social value impact.
- Customer focused service and management reporting – service able to focus on delivery.
- Improved statutory obligations and health and safety compliance
- Reduced running costs, back logged maintenance and transition to planned rather than reactive maintenance.

### **Commercial Property Review (Action Plan number 6)**

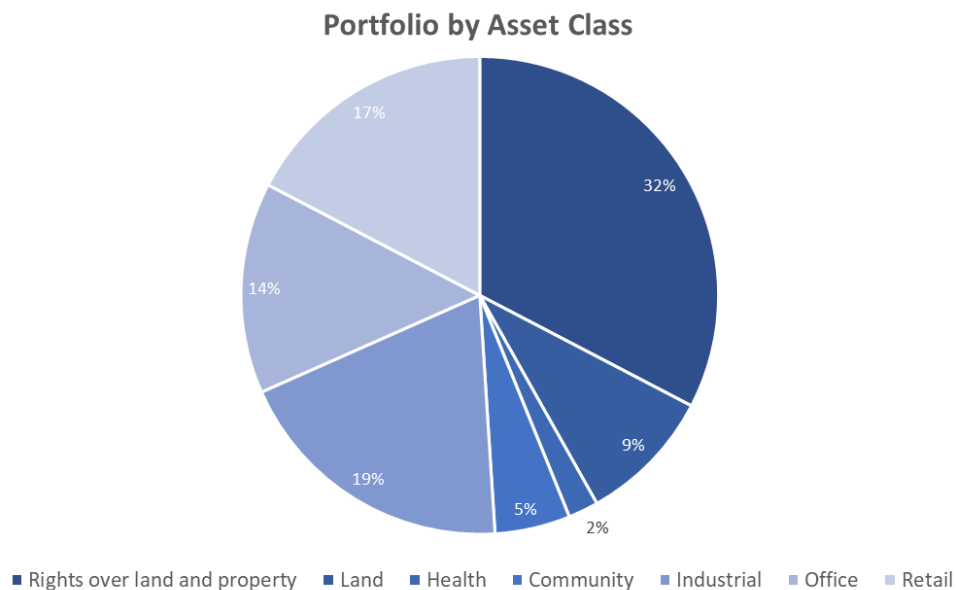
5.4 The Council's budget and the MTFs for future years has a dependency on commercial income from property. The commercial property strategy will identify commercial properties to retain, invest, divest, repurpose to meet council objectives and areas for future acquisition. This decision making will be done on the basis of the property's use for social and economic wellbeing or service delivery purposes.

## Property Improvement Plan (Action Plan number 7)

5.5 Haringey Council has gone through a property management improvement journey and has commissioned an independent property review into a number of its property transactions in May 2022. The review was asked to examine nine transactions or intended transactions which date back over several years and to examine them in the light of a series of questions set out in the terms of reference. In addition, the Council’s current and previous processes for property transactions together with arrangements for the wider reporting of capital expenditure and scheme progress have been examined and reviewed. The action plan details implementation of the 46 recommendations from the Property Audits, across 3 core themed areas, Governance, Best Practise & People.

## 6 Property Portfolio

6.1 There are currently 986 assets in the portfolio held across the commercial portfolio budget centre and various service budget cost centres at present including, offices, shops, industrial premises or land, community uses and clinics including a range of 431 sundry uses including advertising/telecoms/ cables, utilities/ wayleaves.



6.2 The aim of the Strategic Asset Management & Property Improvement Plan (SAMPIP) is to set out the Council’s vision, aspirations and objectives for property portfolio and asset management. This strategic framework sets the core principles for the future use and management of the Council’s assets to enable the successful delivery of council services.

6.3 The Corporate Delivery Plan sets out the Councils Priorities and the Strategic Asset Management sets out the programme for property delivery. This property



strategy outlines the policy for why we own property and how our property ownership can be financially sustainable.

6.4 Council's Property ownership is diverse and would ideally be self-supporting, income from investment and commercial property contribute towards the delivery of the operational property needs.

6.5 Commercial property portfolio is valued for insurance purposes at circa £225m producing a current annual income of c£8.67m in normal circumstances (less during the pandemic). This comprises industrial, retail, office and various other assets located through the Borough. Retail property accounts for 44% by fixed asset register values, industrial 50% and offices 2.5%. In terms of annual rental income, retail property accounts for 34%, industrial 50% and offices 3.7% of the total portfolio income.

6.6 An analysis of the Council's commercial portfolio, assessing performance, management and market trends has led to more detailed review to assess the value of the properties to the Council's service delivery or social and economic well-being and to assess where it may be possible to improve income performance from commercial property. As well as looking at financial performance the review is looking at how the commercial portfolio can be used more effectively to support Council service delivery properties of the Corporate Delivery Plan, as well as the Good Economy Recovery Plan, published September 2020 plus the Haringey Deal launched 7th November 2022. The includes looking at the industrial portfolio, to try to protect its role in supporting employment in the Borough and looking at how the retail portfolio links with the locality and community properties which can improve outcomes locally.

6.7 In addition, as part of the accommodation strategy and emerging action plan from the Council is looking at how best use can be made of any office accommodation that is released to support economic activity, potentially on a meanwhile use basis pending future redevelopment.

6.8 Haringey council's ambition is to move to be a more agile organisation, with staff working under a 'working flexibly' model, which will see working locations for staff split across some combination of office, community, and home. The ambition to move to this new working model will require LBH to provide a flexible and collaborative office working environment for its staff, which enhances the positive aspects of in-person interaction, enables work and activity that is harder to deliver remotely, and supports staff wellbeing.

6.9 As a result of the Civic centre project and 'working flexibly' model, the council has a significant opportunity to explore alternative uses for the existing council

buildings in central Wood Green that will be freed up through effective consolidation of the Council's office accommodation needs.

6.10 The industrial portfolio is the strongest performing asset of the Council and makes a significant contribution to the Corporate Delivery Plan outcomes relating to economy and community wealth building.

6.11 The Industrial portfolio priority is to support economic growth rather than purely focussing on achieving income to help the Council meet its budget requirements.

6.12 There are several community-based tenancies in commercial units. These include charities, churches and similar organisations that are not commercial businesses and may receive funding from the public sector if not the Council. There are 25 community buildings, subject to separate policies and management arrangements, whereby community groups that occupy these assets have the benefit of discounted business rates, a lower level of rent as determined by usage limitations.

6.13 The Council is also trialling social value leases, where businesses are selected and achieve rental discounts based on social value achievements, including for example employment provision. A key action in the plan below is to review this trial and develop a formal VCS leasing policy in accordance with the themes and objectives of the CDP and Haringey Deal.

6.14 A cross-cutting review of property is taking place in 2023/24 to consider how to make better use of our property assets in the short, medium, and longer term. Haringey holds property to support service delivery, provide the Council income - to generate revenue and capital income and to promote growth and place shaping within the Borough.

6.15 The Property Review creates opportunities to review existing assets and land ownership to consider how this could best support future service delivery and the delivery of Borough Plan priorities. The review will consider how land or under used buildings could be repurposed to improve business and community spaces, provide new Jobs and homes or used for investment to achieve capital receipts. The Review will identify objectives for the Property Strategy which will support delivery of the

Haringey Corporate Delivery Plan 23-28. The property review will explore key themes that influence the way Haringey uses its property assets.

6.16 The outcome of the Review will identify the scope to move towards a more strategic use of our property holdings and development of the Haringey Property Strategy. This may include changing the shape of our property holdings with longer term needs in mind. The review will also where Property could generate a capital receipt via disposal of freehold assets for reinvestment in the Property portfolio and how property can generate income in the short term if not required immediately for an operational purpose. The review will also touch upon the Council's investment strategy and how property can be used as an investment vehicle. The benefit of a Haringey Property Strategy will create transparency, consistency, and coherence to all our property decisions; provide focus for our property decisions on our place shaping role - working with partners, supporting communities and customers.

## **7 Financial links – Medium Term Financial Strategy (MTFS) and Capital Strategy**

7.1 The Council's Strategic Asset Management and Property Improvement Plan sits alongside the Medium Term Financial Strategy as a companion document and is a key document in supporting the Council's decision-making about investment in its land and property assets to deliver Council priorities and services.

7.2 The Strategic Asset Management and Property Improvement Plan informs the Council's capital programme. The Corporate Property Model is the strategic toolkit that will guide and inform future business decisions and assist the Council meeting the financial challenges that it continues to face. The SAMPIP reflects upon the Council's Capital Strategy in several ways by informing via Corporate Property Model approach:

- 7.2.1 which assets are planned to be retained to support service provision and will highlight the ongoing investment costs of maintaining and improving those assets to maintain business continuity and an agreed quality of provision.
- 7.2.2 decisions as to which assets are included in the Council's Place Making Approach and sets out the context for their inclusion and future.

- 7.2.3 Guides decisions as to which are assets considered surplus to requirements, and the divestment strategy or repurposing for housing, Placemaking or other purposes.
- 7.2.4 When a capital asset is no longer needed, a review takes place to see whether it could be repurposed or whether, if it meets the requirements of the disposals policy, it could be sold with the proceeds (capital receipts) being used to support the Council's budget including repayment of debt. Repayments of grants, loans and non-treasury investments also generate capital receipts. The Council was permitted to spend capital receipts to deliver cost reductions and/or transformation. This was known as the flexible use of capital receipts and this flexibility expires on the 31st of March 2025.
- 7.2.5 Capital receipts can be used to fund capital expenditure or repay debt. The budget assumption is that capital receipts will not fund capital expenditure or debt repayment. It is anticipated that the capital receipts received in the MTFs period covered by the flexibility (up to 31st March 2022) would be used to deliver cost reductions and/or transformation. There is a separate policy statement and schedule of proposed initiatives to utilise capital receipts flexibly.

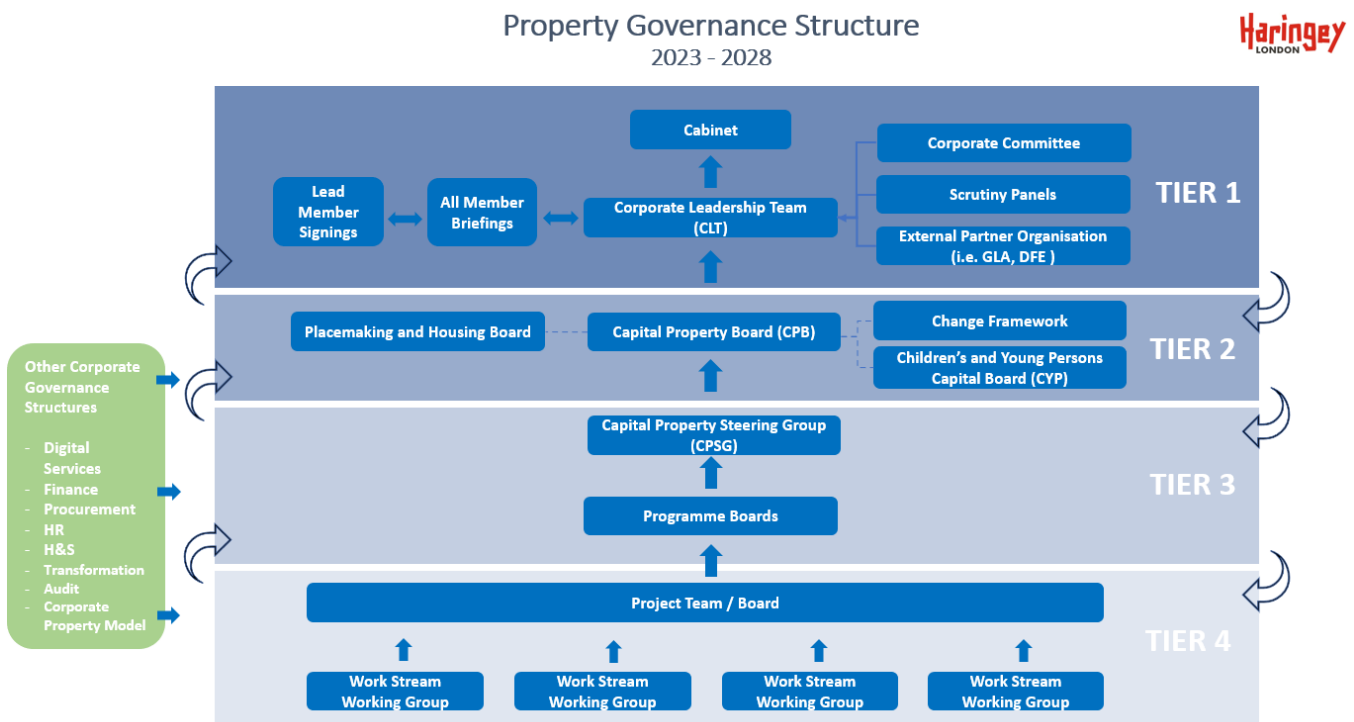
## **8 Asset Management Processes and Decision-Making toolkit**

8.2 **Governance** - Governance surrounding property decisions was reviewed in 2020 to improve policies and procedures and ensure that decisions around the use of Council property and land continue to support the delivery of the Corporate Delivery Plan and Council services. The outcome of this review implemented by a restructure of Officer Boards delivered a more robust approach to business case-based decisions at a corporate level.

8.3 Governance arrangements are subject to continuous scrutiny and review. One of the more pressing issues is to ensure that the Council can adopt an agile decision-making process that satisfies good governance needs. This will enable submission of bids for the purchase of assets (residential developments in

particular), although not contractually binding can result in a loss of reputation if the Council subsequently withdraws.

**8.4 Health and Safety Forums** - There are three working groups that report on building safety and compliance by element on properties under the responsibility of the Corporate Landlord (corporate buildings, commercial buildings with common areas and maintained schools). These are Fire, Asbestos, Water working groups. These operational groups report to the Property Compliance Board.



**8.5** The Property Compliance Board oversees property compliance in the Council, including the revision and implementation of corporate procedures, detailed compliance reports by area (corporate buildings, commercial buildings with common areas, maintained schools and housing stock) on the ‘big six’ and the status of remedials and actions.

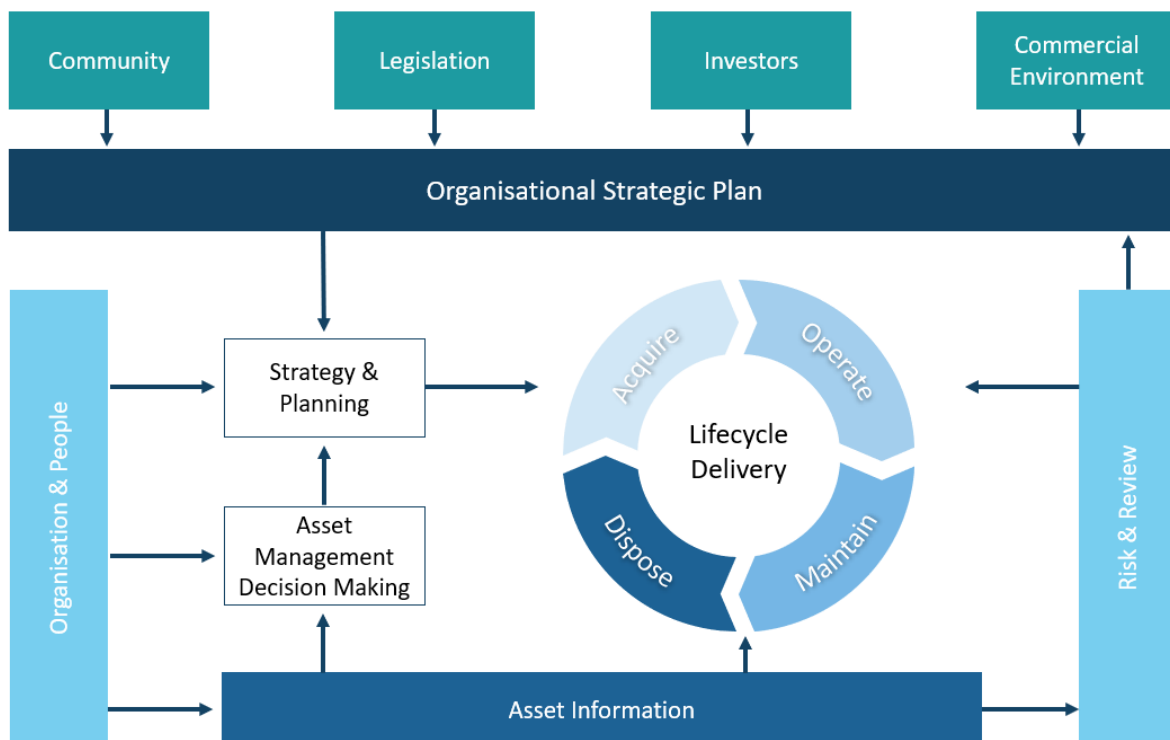
**8.6** The Corporate Health, Safety and Wellbeing Board have a strategic general oversight of building compliance levels in the Council and approves H&S Procedures. Significant matters on building compliance are reported to the Board by exception. The Council Leadership Team composes the most senior members of Council staff and significant strategic matters are brought to the attention of the Team for direction and key decisions.

**8.7** The Corporate Health, Safety and Wellbeing Board have a strategic general oversight of building compliance levels in the Council and approves H&S

Procedures. Significant matters on building compliance are reported to the Board by exception.

8.8 The Council Leadership Team composes the most senior members of Council staff and significant strategic matters are brought to the attention of the Team for direction and key decisions.

[Link to H&S Documents \(including Health, Safety and Wellbeing Policy and Strategy\)](#)



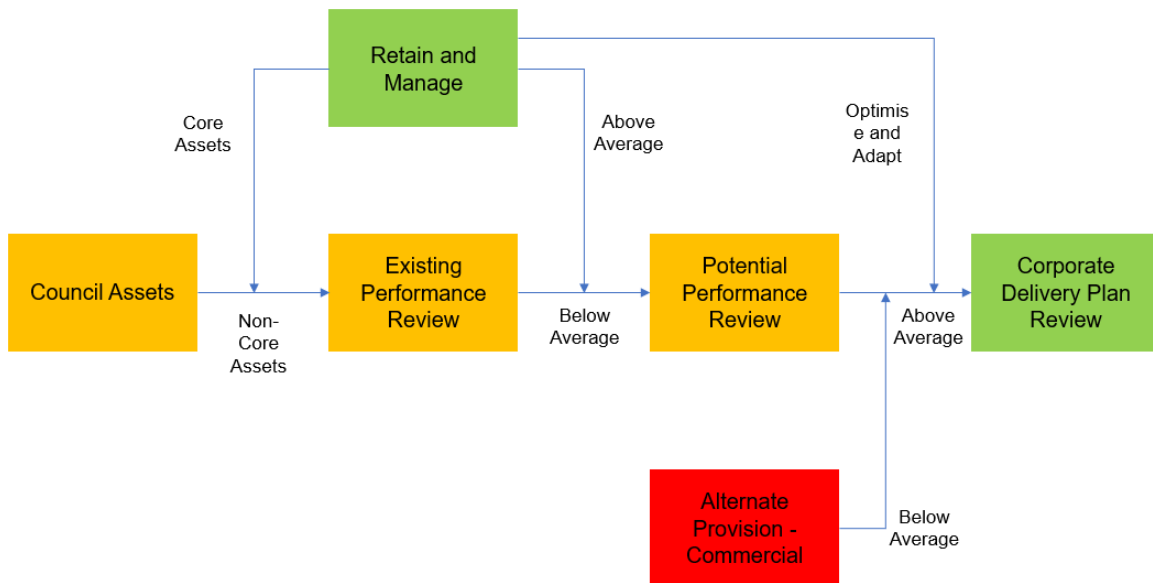
**8.9 Digital Transition** - Technology Forge (Tf), the Council’s Asset Management database which was launched in October 2022. It will be the single repository for all property and Asset related records. It is utilised to hold all records for asbestos and compliance records. As of October 2022, there were 218 buildings with asbestos records of a total of 14,432 inspection records for the ‘Big 6’. Tf is capable of generating rapid reports that when exported are converted to a real-time dashboard report. Over time all compliance records will be held within Tf so that a programme of checks is developed for all Council buildings and Schools with a calendar created that informs a task holder to arrange any required actions. Statutory compliance KPI’s will be reported quarterly at CPSB.

**8.10 Property Performance Matrix** - To assist with this decision-making process, a Property Performance Matrix is being developed that will change the way that

property is assessed from an individual case-by-case basis to a Council wide standardised assessment matrix. On a rolling programme, depending on property review resource availability, assets will be analysed with firstly new acquisitions being assessed as part of the business case prior to a decision to acquire and concurrently proposed repurposing of existing sites will be evaluated as a part of the business case for capital investment, prior to any investment decision or recommendation for a change of use. Then a rolling programme will be run to evaluate all existing sites to be able to determine the Council's future strategy for retention or disposal of assets. The categories of analysis arise from the adopted Objectives within this Strategic Asset Management and Property Improvement Plan.

- 8.11 The below diagram provides a summary of the overall property performance matrix process. Behind this process sits the Corporate Property Model scoring matrix for existing and future asset performance and commercial criteria against strategic, operational and financial objectives, which is reported via a traffic light rating system.
- 8.12 The traffic light system of red, amber, and green reflects the combined weighting and scoring for the criteria. Importantly this rating is a joint effort across council departments for the strategic, operational, and financial criteria. This ensures that the most informed and balanced recommendations are made for subsequent decisions to be taken, in accordance with the council's constitution.
- 8.13 The RAG rating is based on numeric criteria agreed by the working group evaluating the asset or site. An evaluation is required for existing use and then to rerun the model for proposed uses. As the Matrix is an evaluation tool for usage the outcome may vary with alternative proposed uses.

### Property Review Process (PRP)



Red 0 – 39 = performance review

Amber 40 – 69 = performance review

Green 70 – 100 = retain and manage

## 9 Strategic Asset Management and Property Improvement Action Plan

The ten SAMPIP objectives have a corresponding action plan. Each action plan breaks down how we are going to go about implementing, delivering, and measuring performance. Each action outlines year 1 activity and indicates a direction for years 2 – 5.

The actions are measurable and will be taken through the property governance process to ensure transparency and that members are fully informed of progress which will assist the Council when working with partners and other public sector bodies.

Although the actions will be owned by the Capital Projects and Property (CPP) the activities require joint working across the Council to ensure delivery and inter dependencies are met.



## 9.1 Strategic Asset Management and Property Improvement Action Plan

1. To ensure the Council property works for the benefit of residents and achieves value for money for the Council while supporting financial sustainability.

Activity and Output Year 1 Priority – Property team		Activity and Output Year 2-5 Roadmap – Property team	Lead Officer / Cabinet Member	Target Delivery Date
Action Ref	Year 1 Priority	Year 2-5 Road Map	Lead Officer	Cabinet Member
1.a	Compilation of baseline operational costs for all council accommodation that supports service delivery.	Analyse baseline to inform property investment decisions.	Assistant Director Capital Projects and Property	Cllr Gordon Cllr das Neves
1.b	Review all lease holders who are in rent arrears and agree an action plan across service areas, legal and finance.	Delivery of the lease holder action plan for rent arrears.		
1.c	Submit business case for integrating all FM services into a single team.	Commence contract procurement, as required, to support a single FM model.		

1.d	Identify list of underperforming high priority sites, run sites through the Asset Management Strategic Assessment toolkit, for the commercial portfolio, and prepare business cases for Cabinet approval.	Delivery of the approved business cases relating to the underperforming high priority sites.		
1.e	Undertake Property Review to establish property baseline including ownership and leases and recommend optimal financial models.	Implement action plan from Property Review.		
	<p><b>Outcomes</b></p> <p>Agreed programmes for implementation as part of the MTFs, with profiled financial income and saving opportunities.</p> <p>Early indication of Capital Strategy requirements for future years.</p>	<p>Optimisation of property asset performance and suitability.</p> <p>Greater performance and financial returns within the commercial portfolio.</p> <p>Capital Strategy to reflect the Asset Management and Commercial portfolio requirements.</p> <p>Fully integrated single FM model.</p>		

2. To ensure that our property meets our service needs across Adults, Health, and communities, Placemaking and Housing, Children’s Services, Environment and Resident Experience & Culture, Strategy and Engagement.

Activity and Output Year 1 Priority		Activity and Output Year 2-5 Roadmap	Lead Officer / Cabinet Member	Target Delivery Date
Action Ref	Year 1 Priority	Year 2-5 Road Map	Lead Officer	Cabinet Member
2.a	Scoping the Accommodation Strategy to assist service delivery.	Implement the Accommodation Strategy to ensure property meets the changing demands of service delivery.	Assistant Director Capital Projects and Property	Cllr Gordon
2.b	Host conversation events with our lease holders, local communities and partner organisations regarding accommodation requirements.	Ongoing forums and engagement as part of the Asset Management and Commercial Property review action plans, business cases and decision making, as identified from the Activities in the SAMPIP action plan.		Cllr Hakata
2.c	Consult with community representatives as part of a review of the council’s property portfolio.	Information gathered from consultations will be used to inform		Cllr Brabazon
				Cllr Gordon

		accommodation requirements for service delivery.		
2.d	Develop a comms strategy for engaging with residents on community usage of property assets.	Information gathered from consultations will be used to inform accommodation requirements for service delivery.		
2.e	In the context of Children’s Services, assist colleagues to develop the three main themes within their vision that have a significant capital component: <ol style="list-style-type: none"> <li>1. Establish a programme of capital works to support the education strategy.</li> <li>2. Develop the capital element of the Safety Valve programme.</li> <li>3. Review opportunities to increase the in-borough offer for residential and short break placements to support vulnerable young people and their families in a local setting.</li> </ol>	Assess and refine the delivery strategies for the Children’s Service outcomes to ensure its continued relevance and efficacy in meeting the needs of the service’s vision. Engage closely with Children’s Service colleagues to ensure individual schemes meet the objectives of each programme/theme, in addition to contributing towards the Council’s Net Zero target.		
	<b>Outcomes</b> In addressing the outputs that emerge from the themes above, officers will refer to the ‘master plan’ options appraisal process undertaken for a number of key education sites in 2022.	<b>Outcomes</b> Community ownership of decision making relating to asset and property related functions with the council, that impact upon their local communities.		

	<p>In addition, we will continue to monitor the quality of outcomes achieved to ensure that investment in the schools' estate delivers effective, value for money outcomes.</p> <p>Increased community involvement in asset and property related functions to ensure community needs are met.</p>			
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3. To use our asset base to enable placemaking where the need and opportunity is greatest for people who live, work, and visit the borough, ensuring the Borough's diverse communities are celebrated.

<b>Activity and Output</b> <b>Year 1 Priority</b>		<b>Activity and Output</b> <b>Year 2-5 Roadmap</b>	<b>Lead Officer</b> <b>/ Cabinet</b> <b>Member</b>	<b>Target</b> <b>Delivery</b> <b>Date</b>
Action Ref	Year 1 Priority	Years 2- 5 Roadmap	Lead Officer	Cabinet Member
3.a	Assess property implications of Corporate Delivery Plan (CDP) and embed into SAMPIP.	Implement gateway review process to ensure property decisions align with CDP.	Head of Strategic Asset Management	Cllr Gordon
3.b	Review progress to date on Service Area Vision for service delivery as part of Change programmes and CDP.	Review property impact of service AMPs and embed into SAMPIP.		Cllr Brabazon

3.c	Develop implementation plans with operational teams and identify specific programme or policy approvals as well a business case sign off.	Match assets to services with opportunities to co-locate and develop a Localities based approach to property provision where possible.		
3.e	Provide baseline data on property assets to incorporate into the service AMP so to enable service AMPs to reflect on current resources and future needs if affordable to MTFS constraints.	Monitor and report back to Cabinet on Property Performance along with Service AMPs and how affected by emerging and evolving refreshes of the Corporate Delivery Plan.		
	<p><b>Outcomes</b></p> <p>Engagement with operational areas to agree programmes for development of service AMPs.</p> <p>Identify a support resource and capital funding to help operational departments to develop their visions and convert to a service AMP.</p> <p>Database of property cost centres from Fixed Asset Register verified to incorporate into service AMPs so to determine current utilisation and future needs of each asset.</p> <p>Operational Departments to finalise service policy, programme, and business cases and to obtain adoption by Cabinet.</p>	<p><b>Outcomes</b></p> <p>Scrutinise service AMPs to extract property implications into corporate AMP update Year 2 (Feb 2025)</p> <p>Compare service AMPs to all property to determine assets surplus to requirements to undertake a cross-cutting and corporate review of use for repurposing or regeneration prior to a disposal option to deliver capital investment or MTFS saving Year 2-3.</p> <p>Ongoing review and update for reporting to Cabinet on property performance Year 3 to 5.</p>		

	Update corporate AMP for February 2024 to incorporate strategic CDP property implications.			
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4. To implement the restoration of the Civic Centre as part of an Accommodation Strategy that provides high quality sustainable workspace for all staff across the Borough.

Activity and Output Year 1 Priority – Property team		Activity and Output Year 2-5 Roadmap – Property team	Lead Officer / Cabinet Member	Target Delivery Date
Action Ref	Year 1 Priority	Years 2-5 Road map	Lead Officer	Cabinet member
4.a	Scope requirements to develop accommodation strategy starting with service areas not included in Civic Centre as a priority.	<p>Develop business case; Obtain earmarked capital funding.</p> <p>Ongoing review of office and staff user requirements to support the completion date in 2026 of the Civic Centre.</p> <p>Produce Business Case and seek Cabinet ‘in principle’ approval of investment proposals.</p> <p>Develop tender documentation and seek tenders.</p> <p>Seek Cabinet authority to commit.</p>	Head of Strategic Asset Management	<p>Cllr Gordon</p> <p>Cllr das Neves</p> <p>Cllr Hakata</p>

		Commence programme of work to complete by April 2027.		
4.b	Clarify Wood Green Voices strategy on retention and disposals of office assets in advance of the Civic Centre completion in 2026.	Embed into Accommodation Strategy.		
	<p><b>Outcomes</b></p> <p>Emerging Strategy for Wood Green Corner to develop agreed list of core buildings to include in the Accommodation Strategy.</p>	<p><b>Outcomes</b></p> <p>Develop accommodation strategy.</p> <p>Business case agreed for accommodation strategy.</p> <p>Upgrade works to agreed core buildings completed April 2027 (Year 5).</p>		



5. To establish a corporate property model (CPM) that holds all non-residential property and budgets centrally, in accordance with good practice.

Activity and Output Year 1 Priority – Property team		Activity and Output Year 2-5 Roadmap – Property team	Lead Officer / Cabinet Member	Target Delivery Date
Action Ref	Year 1 Priority.	Year 2-5 Roadmap.	Lead Officer	Cabinet Member
5.a	Stakeholder workshops to embed model across the Council.	Develop operational governance structures for CPM.	Head of Strategic Asset Management and the Head of building management, resilience and safety	Cllr Gordon
5.b	Develop CPM comms plan to engage with internal stakeholders to implement culture and behaviour change.	Asset Management database ready.		
5.c	Baseline Approach and Data review.	Develop workstreams to centralised budgets.		
5.d	Develop CPM Implementation Plan.	Establish priorities for compliance, investment, and base standards to work within MTFS affordability with a Matrix model of property performance review.		
5.e	Populate asset management database including physical, legal and photographic data.	Develop Estate optimisation with Operational teams.		

	<p><b>Outcomes</b></p> <p>Complete stakeholder workshops.</p> <p>Comms plan activated to engage with internal stakeholders to implement culture and behaviour change.</p> <p>Property assets verified and recorded in Technology Forge.</p> <p>Captured all property related costs and maintenance backlog for assets to be transferred to the corporate property cost centre.</p>	<p><b>Outcomes</b></p> <p>Running cost database developed year 2 to 3.</p> <p>Corporate Property Model go-live year 2.</p> <p>Property reviews programmed in rolling five-year cycle.</p> <p>Establish MTFS targets for savings of running costs Year 3.</p> <p>Fully implement and embed Technology Forge as a Property Database.</p>		
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6. To complete a commercial portfolio review which will inform our future approach to industrial, community and retail property portfolios to maximise income opportunities and efficiency of running costs across the council's property portfolio, including investment and divestment opportunities.

Activity and Output Year 1 Priority – Property team		Activity and Output Year 2-5 Roadmap – Property team	Lead Officer / Cabinet Member	Target Delivery Date
Action ref	Year 1 Priority	Year 2-5 Roadmap	Lead Officer	Cabinet Member
6.a	Complete the Property review.	Capital projects, subject to Business case approval to begin.	Head of Property	Cllr Gordon
6.b	Cabinet Approval for the recommendations following the review, across the portfolio.	Programme of investment and divestment aligned with the MTFS.		
6.c	Approval of priority site business cases to allow the allocated capital programme funding to be approved for spend.	Changes to operating models, policies and procedures as required.  Ongoing delivery of the Commercial portfolio Action Plan.		
	<b>Outcomes</b>  A clearly defined programme of priorities to achieve a high performing property portfolio.	<b>Outcomes</b>  High performing commercial portfolio which contributes to the MTFS and delivers borough priorities.		

	A detailed action plan for improving the Property holding.			
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7. To ensure open and transparent decision making, via a robust governance framework, updated policies & procedures and implementation of a fully resourced property team.

Activity and Output Year 1 Priority – Property team		Activity and Output Year 2-5 Roadmap – Property team	Lead Officer / Cabinet Member	Target Delivery Date
Action Ref	Year 1 Priority	Year 2-5 Roadmap	Lead Officer	Cabinet Member
7.a	<p>Implement the 46 recommendations from Property Audits, across 3 core themed areas, Governance, Best Practise &amp; People.</p> <p><b>Governance –</b> To review the existing governance arrangements and make amendments where required, in accordance with audit recommendations.</p> <p>Review ToR for governance boards and implementation of digital systems to track decision making and performance management.</p>	Continue to monitor and evaluate as part of this wider SAMPIP action plan and reporting to cabinet on an annual basis, via statements of compliance.	Head of Property	Cllr Gordon

	<p>To fully integrate Techforge into the daily working practises across the council. Identify areas for improvement and implementation of additional digital resources.</p> <p><b>Best Practise –</b>          To review existing policies and amend as required.          Improve culture and ways of working to reflect Haringey Values and behaviours – with a key focus on responsibility.          To process map, with service areas any new ways of working linked with the CDP that may require new policy or amend property and asset management policies.          To ensure that new policies, where required, and amended policies are taken through the correct property governance framework for adoption.          Work with legal to ensure any constitutional changes are made, as required.</p> <p><b>People –</b>          Conclude the CPP implementation plan, following the completed restructure in May 2022.</p>			
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	<p>Focus on recruitment of talent, and retention, to expand capability to enable delivery of targets.</p> <p>Continue cultural change programme within CPP, in accordance with the Service Plan.</p> <p>Wider organisation cultural development as part of the Corporate Property Model role out.</p>			
	<p><b>Outcomes</b> High performing property function Audit assurances following future reviews.</p>	<p><b>Outcomes</b> High performing Business as usual Asset management and Property functions across the council.</p>		

8. To create a strategic framework informed by performance data that will support the prioritisation of capital investment decisions.

Activity and Output Year 1 Priority – Property team		Activity and Output Year 2-5 Roadmap – Property team	Lead Officer / Cabinet Member	Target Delivery Date
Action Ref	Year 1 Priority	Year 2-5 Roadmap	Lead officer	Cabinet Member

8.a	Implementation of the Property Review Process (PRP) and Performance Matrix on a selection of property assets.	Continuous development of the PRP to inform robust decision making.	Assistant Director Capital Projects and Property.	Cllr Gordon
8.c	Assess efficiency of the Matrix and adjust scoring system as required.	Report regularly to Cabinet on performance.		
8.d	Assess full toolkit of methodologies, including business cases, required to assess suitability of assets for each category of use.	Seek decisions on repurposing, regeneration, or disposal of poorly performing assets and acquisition of more effective property to minimise property costs and to enhance service delivery.		
	<p><b>Outcomes</b></p> <p>Circular retest of model and finalise for programmed reviews.</p> <p>To have completed matrix reviews of identified underperforming/ priority property assets.</p> <p>To have verified a list of key assets to develop a 5-year programme of property performance reviews.</p> <p>Establish Rolling Programme of reviews.</p>	<p><b>Outcomes</b></p> <p>Completion of reviews of underperforming/ priority property assets and prepare reports for Cabinet.</p> <p>Utilise the Property Disposal Strategy adopted by Cabinet to support final decision making.</p>		

9. Working with public sector partner organisations, to adopt a One Public Estate (OPE) approach, where possible, which utilises assets for public good.

Activity and Output Year 1 Priority – Property team		Activity and Output Year 2-5 Roadmap – Property team	Lead Officer / Cabinet Member	Target Delivery Date
Action Ref	Year 1 Priority	Year 2-5 Roadmap	Lead Officer	Cabinet Member
9.a	Engage with key public sector partners to identify opportunities such as Localities.	Continuous partnership working.	Assistant Director Capital Projects and Property.	Cllr Gordon
9.b	Joint development of programmes, where in accordance with the council’s objectives of the SAMPIP, as identified by Service area need.	Delivery of any agreed OPE programmes, in accordance with the CDP and Service strategies that are approved by Cabinet, as part of the activity of the above objective Action plans.		



9.c	Review of current projects in development and recommendation to respective decision-making bodies on the property implications and agree next steps.	Progress agreed projects to delivery stage.		
	<b>Outcomes</b> Identified potential projects and undertake feasibility study to establish viability.	<b>Outcomes</b> Projects delivered when feasibility and governance process has been carried out.		

10. To deliver Zero Carbon and Low Carbon Council Buildings, in line with the Climate Action Plan including maximising technological and digital solutions via smart buildings.

Activity and Output Year 1 Priority – Property team		Activity and Output Year 2-5 Roadmap – Property team	Lead Officer / Cabinet Member	Target Delivery Date
Action Ref	Year 1 Priority	Year 2-5 Roadmap	Lead Officer	Cabinet Member
10.a	Establish extent of cost of works required to meet the 2027 targets for core buildings as outlined in the Council’s zero carbon action plan.	Utilise the CPM to establish a programme of works and identify funding opportunities.	Head of Strategic Asset Management	Cllr Gordon

10.c	Utilise the Net-Zero Schools Retrofit Guide to establish extent of works and costs to achieve net zero targets for schools.	Identify funding opportunities and develop an energy efficiency improvement programme for high priority school buildings.		Cllr Brabazon
10.d	Analyse Children's Capital Programme Condition Surveys to identify solutions that address condition needs and achieving net zero. Incorporate findings into the capital works delivery programme.	Implement and deliver in alignment with capital programme of works.		Cllr das Neves
10.e	Review DEC and EPC surveys and reports to identify works required and associated costs.	Utilise CPM to devise a programme of works.		
	<p><b>Outcomes</b></p> <p>DEC surveys and reports complete for all public access buildings.</p> <p>Report to CCASOG (Carbon Board) on status of DEC ratings and required works to agreed list of core buildings to include in meeting the 2027 target.</p>	<p><b>Outcomes</b></p> <p>Funding opportunities activated and used for financing schemes.</p> <p>Business case agreed for carbon reduction works to core properties and Schools Year 2-3.</p> <p>Upgrade works to agreed core buildings completed April 2027 (Year 5)</p>		



<i>Financial Objectives</i>		<i>Comments/Notes</i>	<i>Non Scored</i>
Are you aware of any capital projects that might improve the utilisation or suitability of the asset?	Building Occupier		

<b>Total Score</b>			<b>0</b>
NB: Traffic Light score bands (ie Red, Amber, Green) will be determined once test scores run through template			RAG
<i>Property Performance Appraisal - Recommended Next Action</i> <i>(Choose one of the options in this column)</i>	<i>Priority</i> <i>(High, Medium, Low)</i>	<i>Comments/Notes</i> <i>(Expand on further analysis, investigations, advice required)</i>	
Retain			
Invest			
Divest			
Repurpose			

## Performance Rating Guidance for CPP Questions

Question	Rating - Examples to Assist Scoring				
	Very Poor (Score 1)	Poor (Score 2)	Satisfactory (Score 3)	Good (Score 4)	Very Good (Score 5)
<b>Strategic Objectives:</b>					
What is the condition of the building?	Life Expired and/or serious risk of failure (Condition survey criteria 1)	Exhibiting major defects and/or not operating as intended (Condition survey criteria 2)	Performing as intended but exhibiting minor deterioration (Condition survey criteria 3)	Performing as intended and operating efficiently (Condition survey criteria 4)	Newly built or refurbished
How well does the asset support intensification, i.e. extension/ redevelopment?	No opportunity for intensification	Limited scope for minor extensions or improvements to layout, but amount of work would be substantial	Some opportunities for intensification, work required would be feasible and should be considered	Evident scope for intensification of use i.e. under utilised rooms, or land	Strong case for intensification with unused space, land or buildings available
Current utilisation v capacity of building	Less than 50% utilisation	50-75% utilisation	75-85% utilisation	85-100% utilisation	100% utilisation
How well does the asset contribute to reducing carbon footprint to net-zero by 2041?	EPC Rating F or G	EPC Rating D or E	EPC Rating C	EPC Rating B	EPC Rating A
<b>Operational Objectives:</b>					
How much capital expenditure is required to bring the asset up to an acceptable quality, including compliance requirements?	A programme of major work/refurbishment is required	Some significant items such as replacement boilers or lifts, roofs etc, but not wholesale refurbishment	Medium cost items required eg more significant decoration, improvements to compliance	Low cost items eg limited decoration, building changes or maintenance	No expenditure required
Does the capital expenditure required to make the building suitable for the proposed use offer value for money relative to 'do nothing' or other options?	At this stage of the assessment process, I suggest this is not scored, however, comments are made as to the benefit to the service of carrying out this work. Detailed cost benefit analysis would be part of the Project Initiation Documents				
What is the payback period of delivering a zero carbon performance on this site?	As above, suggest this is not scored at this stage. Detailed work would be required as part of the Project Initiation Documents				
<b>Financial Objectives:</b>					
Does the asset generate a revenue income that exceeds	Discuss with Amanda and Shehnaz - this question probably more appropriate for commercial/investment properties? See				
Does the asset provide sufficient community benefit/social value so that it costs can be offset elsewhere?	No social value being derived from the building	Limited use by community groups/partner organisations or limited social value being created	Some social value created, occasional use by community groups/partner organisations	Good social value created, eg several community groups/partner organisations using the building for a few days per week	Significant social value delivered from building to local community, for example multiple community groups/partner organisations using the building throughout the week
Is the site market value demonstrating good use of the capital deployed in relation to its use	Significant difference between high market value and low useage of building	Scope for improvement to use of capital by utilising vacant areas or considering relocation where market value is likely to be higher than another location	With some improvements to utilisation or configuration, use could be improved	Good use of capital as the site use is good	Very good use of capital as the site use has very good efficiency versus value
Are there any significant known constraints (eg restrictive covenants, planning restrictions, political considerations) in making changes to the buildings use, retention/disposal, expansion or improvement	This section should be for notes and not scored as further work and investigation would be required as part of the Project Initiation Documents because the nature of planning restrictions or restrictive covenants may not be fully known.				

<b>Traffic Light System and Scoring of Performance</b>	The traffic light system referred to on the PRP should be an input to the overall recommendation for each property and not the sole
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1. To ensure the Council property works for the benefit of residents and achieves value for money for the Council while supporting financial sustainability.

Activity and Output		Year 1 progress to date
Year 1 Priority – Property team		
Action Ref	Year 1 Priority	
1.a	Compilation of baseline operational costs for all council accommodation that supports service delivery.	This has been compiled for utilities provision and we are working with finance, as part of the Full Business Case development to collate all other property operational costs that are held within service budgets.
1.b	Review all lease holders who are in rent arrears and agree an action plan across service areas, legal and finance.	This has been completed and appropriate action is being taken, on a case by case basis, in accordance with the councils process.
1.c	Submit business case for integrating all FM services into a single team.	This has been completed with staff consultation taking place in November 2023.
1.d	Identify list of underperforming high priority sites, run sites through the Asset Management Strategic Assessment toolkit, for the commercial portfolio, and prepare business cases for Cabinet approval.	Further to the completion of initial pilots to test the model a fully developed Asset Performance Assessment tool is being applied across the operational portfolio as part of the corporate property model full business case implementation.

1.e	Undertake Property Review to establish property baseline including ownership and leases and recommend optimal financial models.	This has progressed and is currently live, following successful recruiting of resources in August 23.
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2. To ensure that our property meets our service needs across Adults, Health, and communities, Placemaking and Housing, Children’s Services, Environment and Resident Experience & Culture, Strategy and Engagement.

Activity and Output Year 1 Priority		Year 1 progress to date
Action Ref	Year 1 Priority	
2.a	Scoping the Accommodation Strategy to assist service delivery.	Initial scope has been developed, based upon the Civic Centre requirements. A working group, which will be led by Culture, Strategy and Engagement is being set up as part of the councils workforce planning.
2.b	Host conversation events with our lease holders, local communities and partner organisations regarding accommodation requirements.	These are planned to be started in 1 <sup>st</sup> quarter 2024. We have met with a number of individual lease holders, representative organisations and Haringey Community Centres Network (HCCN)
2.c	Consult with community representatives as part of a review of the council’s property portfolio.	Linked to the above.



2.d	Develop a comms strategy for engaging with residents on community usage of property assets.	Internal working group on the councils Voluntary Community Sectors leasing model have been developed and will be developing and owning this comms strategy.
2.e	<p>In the context of Children’s Services, assist colleagues to develop the three main themes within their vision that have a significant capital component:</p> <ol style="list-style-type: none"> <li>1. Establish a programme of capital works to support the education strategy.</li> <li>2. Develop the capital element of the Safety Valve programme.</li> <li>3. Review opportunities to increase the in-borough offer for residential and short break placements to support vulnerable young people and their families in a local setting.</li> </ol>	<p>Significant progress made with Childrens services on the capital programme. This is highlighted and governed through the Childrens and Young People Capital Board, chaired by the Director of Childrens Services. It is also reported through the council capital projects and property governance structure.</p> <p>An Education Strategy Board has recently been created with Headteachers that includes Engagement and Development Plan, Activities and Next Steps to develop a new Education Strategy.</p>

3. To use our asset base to enable placemaking where the need and opportunity is greatest for people who live, work, and visit the borough, ensuring the Borough's diverse communities are celebrated.

Activity and Output		Year 1 progress to date
Year 1 Priority		
Action Ref	Year 1 Priority	
3.a	Assess property implications of Corporate Delivery Plan (CDP) and embed into SAMPIP.	The CDP is monitored on a quarterly basis through Monday.com and reported to the Corporate Leadership Team.
3.b	Review progress to date on Service Area Vision for service delivery as part of Change programmes and CDP.	This is part of the implementation of the Corporate Property Model, for which workshops started with Service areas in November 2023. CPM Workshops with Adult Services, Children Services, Environment & Resident Experience and Culture, Strategy & Engagement have been completed Asset Performance Assessment criteria, scoring and methodology is progressing.
3.c	Develop implementation plans with operational teams and identify specific programme or policy approvals as well a business case sign off.	This is an ongoing process. These will be taken through the council's property governance process, prior to formal decision making. Examples would be 40 Cumberland Road, Northumberland Park Resource Centre and Mother and Baby in provision.
3.e	Provide baseline data on property assets to incorporate into the service AMP so to enable service AMPs to reflect on current resources and future needs if affordable to MTFS constraints.	This will form part of the corporate property model full business case process, described in the report.

4. To implement the restoration of the Civic Centre as part of an Accommodation Strategy that provides high quality sustainable workspace for all staff across the Borough.

Activity and Output		Year 1 progress to date
Year 1 Priority – Property team		
Action Ref	Year 1 Priority	
4.a	Scope requirements to develop accommodation strategy starting with service areas not included in Civic Centre as a priority.	This has started and will be reported through the council's property governance structure. Linked to action plan reference 2.a.
4.b	Clarify Wood Green Voices strategy on retention and disposals of office assets in advance of the Civic Centre completion in 2026.	Significant progress and Wood Green engagement activities planned for November 2023.

5. To establish a corporate property model (CPM) that holds all non-residential property and budgets centrally, in accordance with good practice.

Activity and Output		Year 1 progress to date
Year 1 Priority – Property team		
Action Ref	Year 1 Priority.	
5.a	Stakeholder workshops to embed model across the Council.	These started in November 2023.
5.b	Develop CPM comms plan to engage with internal stakeholders to implement culture and behaviour change.	Work commissioned in October 2023 as part of the Full Business Case (FBC) which is due to be completed in May 2024. External resource procured through Peopletoo Ltd.
5.c	Baseline Approach and Data review.	Forms part of the FBC development and project programme for the next 12 months
5.d	Develop CPM Implementation Plan.	Forms part of the FBC development and project programme for the next 12 months
5.e	Populate asset management database including physical, legal and photographic data.	Works ongoing following the successful launch of Technology Forge

6. To complete a commercial portfolio review which will inform our future approach to industrial, community and retail property portfolios to maximise income opportunities and efficiency of running costs across the council's property portfolio, including investment and divestment opportunities.

Activity and Output		Year 1 progress to date
Year 1 Priority – Property team		
Action ref	Year 1 Priority	
6.a	Complete the Property review.	Data analysis lease reading and formulation of information in accordance with best practice has started, as of August 2023, following additional resources being secured.
6.b	Cabinet Approval for the recommendations following the review, across the portfolio.	This is a live action across the SAMPIP 23-28. Our first report relating to Shaftsbury Road is being taken to Cabinet in November 2023.
6.c	Approval of priority site business cases to allow the allocated capital programme funding to be approved for spend.	Energy Performance requirements are being implemented where required. Further cases will be brought forward as and when the property review continues to progress.

7. To ensure open and transparent decision making, via a robust governance framework, updated policies & procedures and implementation of a fully resourced property team.

Activity and Output		Year 1 progress to date
Year 1 Priority – Property team		
Action Ref	Year 1 Priority	
7.a	<p>Implement the 46 recommendations from Property Audits, across 3 core themed areas, Governance, Best Practise &amp; People.</p> <p><b>Governance –</b>            To review the existing governance arrangements and make amendments where required, in accordance with audit recommendations.            Review ToR for governance boards and implementation of digital systems to track decision making and performance management.            To fully integrate Techforge into the daily working practises across the council. Identify areas for improvement and implementation of additional digital resources.</p>	<p>ToR's 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>Additional governance measures have been implemented in the form of the Strategic Asset Management &amp; Property Steering Group which feeds into the Capital Project Board and then Cabinet to ensure decision making transparency and rigour.</p> <p>Techforge has been launched and staff are using daily as the primary source of information,</p>

	<p><b>Best Practise –</b></p> <p>To review existing policies and amend as required.</p> <p>Improve culture and ways of working to reflect Haringey Values and behaviours – with a key focus on responsibility.</p> <p>To process map, with service areas any new ways of working linked with the CDP that may require new policy or amend property and asset management policies.</p> <p>To ensure that new policies, where required, and amended policies are taken through the correct property governance framework for adoption.</p> <p>Work with legal to ensure any constitutional changes are made, as required.</p> <p><b>People –</b></p> <p>Conclude the CPP implementation plan, following the completed restructure in May 2022.</p> <p>Focus on recruitment of talent, and retention, to expand capability to enable delivery of targets.</p> <p>Continue cultural change programme within CPP, in accordance with the Service Plan.</p> <p>Wider organisation cultural development as part of the Corporate Property Model role out.</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 cultural change in the area.</p> <p>Successful recruitment of 2 apprentices, following over 200 applications received, following an innovate</p>
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		recruitment campaign, working with our community networks and educational partners.
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8. To create a strategic framework informed by performance data that will support the prioritisation of capital investment decisions.

Activity and Output		Year 1 progress to date
Year 1 Priority – Property team		
Action Ref	Year 1 Priority	
8.a	Implementation of the Property Review Process (PRP) and Performance Matrix on a selection of property assets.	This has been piloted and is fully operational. Asset Performance Assessments are being undertaken on assets across the operational portfolio.
8.c	Assess efficiency of the Matrix and adjust scoring system as required.	Lessons learnt from the pilot have been implemented and digital form as been created.
8.d	Assess full toolkit of methodologies, including business cases, required to assess suitability of assets for each category of use.	This is ongoing and examples would be Mother and Baby unit, Stamford Hill School and 40 Cumberland Road.



9. Working with public sector partner organisations, to adopt a One Public Estate (OPE) approach, where possible, which utilises assets for public good.

Activity and Output		Year 1 progress to date
Year 1 Priority – Property team		
Action Ref	Year 1 Priority	
9.a	Engage with key public sector partners to identify opportunities such as Localities.	Project working groups are established and meet on a monthly basis with Health Colleagues. These are led by Colleagues in Adults and have full property representation.
9.b	Joint development of programmes, where in accordance with the council's objectives of the SAMPIP, as identified by Service area need.	Live and ongoing. NRC would be a recent example.
9.c	Review of current projects in development and recommendation to respective decision-making bodies on the property implications and agree next steps.	On going as required by scheme identification with service areas.

10. To deliver Zero Carbon and Low Carbon Council Buildings, in line with the Climate Action Plan including maximising technological and digital solutions via smart buildings.

Activity and Output		Year 1 progress to date
Year 1 Priority – Property team		
Action Ref	Year 1 Priority	
10.a	Establish extent of cost of works required to meet the 2027 targets for core buildings as outlined in the Council’s zero carbon action plan.	Condition and EPC surveys programme started to inform these costings. Condition surveys programme is a live rolling programme, based on priority. Findings will inform the Property Review Process (PRP). Recommendations from the PRP will be taken through the Childrens and Young People Capital Board and the capital and property governance process.
10.c	Utilise the Net-Zero Schools Retrofit Guide to establish extent of works and costs to achieve net zero targets for schools.	Surveys have been commissioned and findings will inform the Property Review Process (PRP). Recommendations from the PRP will be taken through the Childrens and Young People Capital Board and the capital and property governance process.
10.d	Analyse Children’s Capital Programme Condition Surveys to identify solutions that address condition needs and achieving net zero. Incorporate findings into the capital works delivery programme.	Surveys have been commissioned and findings will inform the Property Review Process (PRP). Recommendations from the PRP will be taken through the Childrens and Young People Capital Board and the capital and property governance process.
10.e	Review DEC and EPC surveys and reports to identify works required and associated costs.	Live and ongoing with inform the EPC capital programme spend and corporate landlord works spend. Findings will inform the Property Review Process (PRP). Recommendations from the PRP will be taken through the Childrens and Young People Capital Board and the capital and property governance process.

**Report for:** Audit Committee – 07 March 2024

**Item number:** 8

**Title:** Procurement Audit Update

**Report authorised by:** Jon Warlow, Director of Finance

**Lead Officer:** Barry Phelps, Chief Procurement Officer

**Ward(s) affected:** N/A

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

## 1. Describe the issue under consideration

1.1. In March 2023, the Head of Procurement presented an update to Corporate Committee in relation to three audit reports undertaken in 2020/21 which had limited assurance. The three audit reports were:

- Arrangements for Letting Contracts.
- Contract Management; and
- Management and Use of Waivers.

1.2. Following the meeting in March 2023 the Audit Committee has requested a further update in relation to the following:

- An indication of the number of quotation related procurements undertaken and how many of these only generated a single response.
- An update on the new e-procurement solution and whether the implementation can be brought forward.

1.3. This briefing note provides is intended to provide the update as requested above.

## 2. Cabinet Member Introduction

N/A.

## 3. Recommendations

3.1. The Audit Committee is requested to note the updates and progress being made in relation to the implementation of the new e-procurement system.

## 4. Reasons for decision

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N/A update provided as requested.

## 5. Alternative options considered

### Single quotes

- 5.1. The only other option would be to check each procurement manually (of which there are thousands), to establish the quantum of responses and single bids received. Due to capacity constraints this would not currently be possible.

### Accelerate implementation of e-procurement system - N/A

## 6. Background information

Audit Committee is invited to note the updates below:

**Action** - *To send the chair information regarding the number of contracts that had three quotations and the amount of contracts that had a single bidder.*

- 6.1. Strategic Procurement has previously explored and reported back to Corporate Committee it was not possible with the current technology to identify where the Council adopted a three-quotation process, how many returned a single response. On the Haringey Procurement and Contract System (HPCS) the functionality remains limited and this is still not possible without a development cost to create new reporting functionality. Although it can be noted, the Council averages 2,500 – 3,000 quotes per year through HPCS. The Council will be migrating to a new centralised procurement system over the next 6-8 months and therefore this would not be the best use of resources and council funds to develop the functionality for a very limited amount of time.
- 6.2. The Councils Dynamic Purchasing System (DPS) provider, as part of their development roadmap, included an enhancement on their reporting functionality which has enabled the Council to report on procurements let through the DPS that only received a single response.
- 6.3. The table below provides an overview of the number of requests for quotes issued in the last 12 months through the DPS and the percentage that returned one response.

Supply Category	Number of quotes	Number with one response	% with one response	Average response
LCP Minor Works	126	17	13.50%	4
LCP Professional Services	38	5	13.20%	4
Passenger Transport	109	38	34.80%	5
Parks and Leisure	217	127	58.50%	2
Semi Independent Living	117	17	14.50%	1
Supported Living	160	56	35.00%	2
Home Support	393	123	31.30%	3
Childrens Home Support	13	3	23.10%	3

- 6.4. There are contributing factors as why some categories have higher volumes of single responses. This could include the following:
- 6.4.1. Works projects may have tight timescales for the works to be completed within. This can limit the responses due to available capacity to deliver the requirements in a short time period
  - 6.4.2. Passenger Transport will have ad hoc requests which generally are issued to a single supplier to respond; having previously had discussions with the supplier to confirm they can respond immediately to the request.
  - 6.4.3. Parks and Leisure services have the ability to manually distribute a requirement to an individual company in response to urgent reactive works that need to be undertaken immediately.
  - 6.4.4. Semi-independent and supported living, require accommodation and there may be limited availability in the market for suitable accommodation. In addition, on average placements were commencing in 6 days, which leads to an average tender period of just under 3 days for the market to respond.
  - 6.4.5. The home support market has reduced in capacity since introducing large block booking arrangements and therefore availability for immediate care can be challenging.
- 6.5. It is anticipated the Council will be able to analyse the number of bids received for procurements in the new centralised e-procurement solution.
- Action** – *Provide update on the new e-procurement solution and whether the implementation can be brought forward.*
- 6.6. Strategic Procurement completed the procurement of the e-procurement system in September 2023 with a view of commencing the project in October 2023. Unfortunately, protracted contract negotiations with the winning bidder meant the Council was unable to enter into a contract until mid-February 2024.
- 6.7. The project is currently being mobilised and resources are engaged in the design workshops. Various stakeholders (including audit colleagues) will be consulted throughout the project, to ensure the Councils requirements are met. These requirements incorporate all of the recommendations requested in the previous audits relating to the letting of contracts, contract administration and management, contract waivers and a centralised contract register.
- 6.8. The current programme of implementation indicates the following 'go live' dates:
- Procurement and contract management functionality – July
  - Invoice scanning solution – September (interim arrangements will be in place between July and September to ensure no disruption to supplier payments)
  - DPS migration – October
- 6.9. Whilst it is disappointing the implementation has been delayed; the delay has meant the Council is now sighted on many of the new requirements being introduced through the new Procurement Act coming into force this year. This has enabled the Council to consider these in the design of the new procurement system and not have gone through a process of implementing functionality that would have needed to have been updated and changed at additional cost to the Council.

**7. Contribution to strategic outcomes**

N/A

**8. Statutory Officer Comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)**

**8.1 Finance**

There are no direct financial implications arising from the contents of this update report.

**8.2 Strategic Procurement**

The Chief Procurement Officer recognises the limited functionality within the current procurement and contract related systems, including those concerns raised in the various Audit reports. The Council is in the process of implementing a new e-procurement solution, which covers the entire procurement, contract administration, contract management and invoicing lifecycle.

The specification for the new e-procurement solution includes all of the audit recommendations and compliance with the new Procurement Act. Therefore, when the new solution is implemented over the next 6-8 months, it is anticipated this will provide enhanced efficiencies, compliance, controls and reporting capability.

**8.3 Legal**

The Assistant Director for Legal and Governance has been consulted and confirms that there are no direct legal implications arising from this report. The terms of reference for Audit Committee provide that its audit functions include “providing assurance about the adequacy of the Council’s Risk Management Framework and Policy and monitoring the effectiveness of systems for the management of risk across the Council and compliance with them.” Accordingly, consideration of this report falls within the remit of Audit Committee.

**8.4 Equality**

N/A

**9 Use of Appendices**

N/A

**10. Local Government (Access to Information) Act 1985**

N/A

# Haringey London Borough Council

## DRAFT - Report to the Audit Committee

Indicative External Audit Plan & Strategy for the  
year ending 31 March 2024

7 March 2024



# Introduction

To the Audit Committee  
of Haringey London Borough Council

**We are pleased to have the opportunity to meet with you on 7 March to discuss our audit of the consolidated financial statements of Haringey London Borough Council for the year ending 31<sup>st</sup> March 2024.**

We have been appointed as your auditors by Public Sector Audit Appointments Ltd. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO Code of Audit Practice. The NAO is consulting on a new Code of Audit Practice for 2023/24, therefore this plan will remain draft until the finalisation of that Code.

This report outlines our risk assessment and planned audit approach. **Our planning activities are still ongoing and we will communicate any significant changes to the planned audit approach as a result of further work still to be undertaken. In addition, any legislation changes as a result of ongoing DHLUC, NAO & CIPFA consultations may impact our plan. Please note that this is our indicative audit plan & strategy.** We note that an audit opinion has not been expressed on the prior period, once the prior period audit opinion has been expressed we will communicate any significant changes to the planned approach. We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

## Contents

## Page

Overview of planned scope including materiality	3
Significant risks and Other audit risks	5
Audit Risks and our audit approach including Going concern	6
Mandatory communications	11
Appendix	14

## The engagement team

Tim Cutler, FCA, is the engagement partner on the audit. He has 27 years of experience.

Tim Cutler shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Chris Paisley (Director), Josh Parkinson (Manager) and Daniel Tumelty (Assistant Manager) with 13, 5 and 4 years of experience respectively.

Yours sincerely,



**Tim Cutler**

*Partner - KPMG LLP*

7 March 2024

## How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner. The audit undertaken in the current year is dependent on the finalisation of the previous auditor's work over historical financial statements. We aim to complete all audit work no later than 2 days before audit signing. As you are aware, we will not issue our audit opinion until we have completed all relevant procedures, including audit documentation.



# Overview of planned scope including materiality

## Our materiality levels

We determined materiality for the consolidated financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as stability of legislation and a lack of shareholders when determining materiality for the financial statements as a whole. To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality (65% of materiality) driven by our expectations of an increased level of undetected or uncorrected misstatements resulting from an absence of audit assurance across prior years.

## We will report misstatements to the audit committee including:

- Corrected and uncorrected audit misstatements above £1.05m.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

## Control environment

The impact of the group control environment on our audit is reflected in our planned audit procedures, in particular the lack of existing knowledge has led us to reduce our performance materiality as already referenced.

## File review

We will undertake an appropriate prior year file review dependent on the final opinion issued by the previous auditors.

## Group Materiality



**Council Materiality**  
**£21.7m**  
**1.99% of expenditure**

# Overview of planned scope including materiality (cont.)

## Timing of our audit and communications

We will maintain communication led by the engagement partner and manager throughout the audit. We set out below the form, timing and general content of our planned communications:

- Kick-off meeting with management in in December 2023 outlining our audit approach and discuss management’s progress in key areas;
- Due to the work of previous auditors still on-going and consultations taking place regarding the backstop dates, we will be communicating dates for audit completion at a future Committee.
- Biannual private meetings can also be arranged with the Committee chair if there is interest.

## Group Audit Scoping

Based upon our initial risk assessment procedures to date we anticipate that the following Group entities will not be in scope for our Group audit on the grounds of their size in comparison with Group total revenues and total assets:

- Homes For Haringey Ltd
- Alexandra Park & Palace Charitable Trust Ltd.

## Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
<b>Internal Audit</b>	We do not plan to rely on the work performed by internal audit as part of our external audit.
<b>KPMG Pensions Centre of Excellence (PCoE)</b>	We will be utilising our PCoE team to perform work over the LGPS assets & liabilities within the council’s accounts.
<b>KPMG IT Audit Team</b>	Given this is a first year audit and we are unfamiliar with the IT environment, we will be utilising our IT team to gain an understanding of the key financial systems and processes within the council.
<b>KPMG Revaluation Team (REVCoE)</b>	We will be utilising our REVCoE team to perform work over the annual revaluation of the council’s Land & Buildings.
<b>KPMG Data &amp; Analytics Team</b>	We will be utilising our D&A Team to assist with the extraction of journals at year end.

# Significant risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the sector and the wider economic environment in which Haringey London Borough Council operates.

We also use our regular meetings with senior management to update our understanding and take input from internal audit reports.

Due to the current levels of uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. Where such items are identified we will amend our audit approach accordingly and communicate this to the Audit Committee.

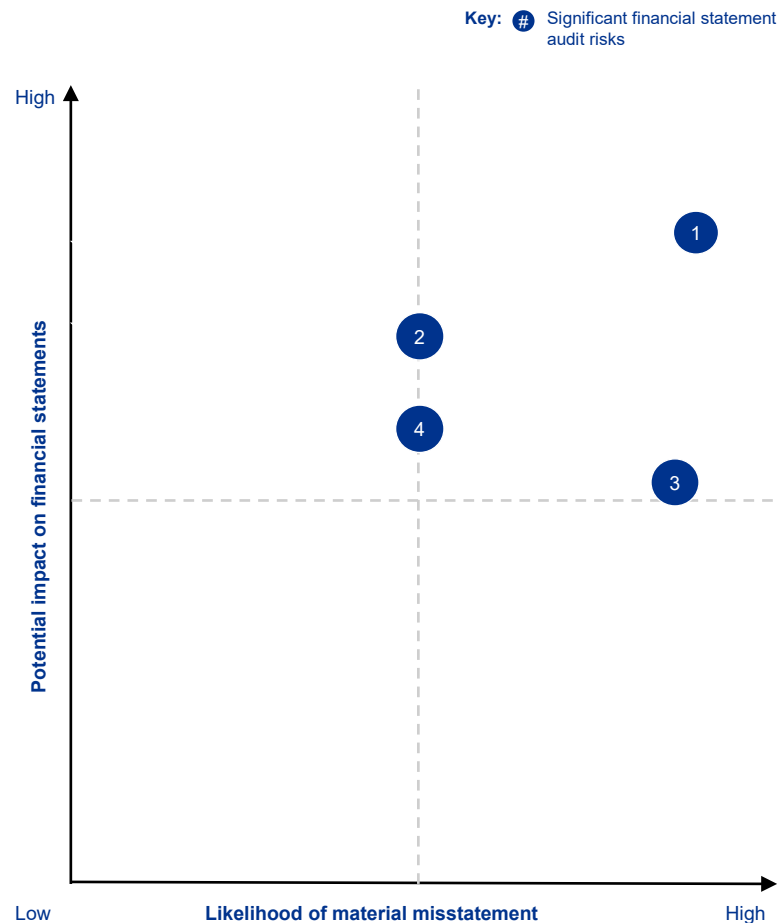
## Value for money

We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

Our risk assessment work over this has not yet commenced and we will update the Audit Committee at a later date.

## Significant risks

1. Valuation of land and buildings
2. Management override of controls
3. Valuation of post retirement benefit obligations
4. Expenditure recognition



# Audit risks and our audit approach

## 1 Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



### Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The council adopts a revaluation policy in relation to freehold and long leasehold land and buildings, with a full valuation occurring as at 31<sup>st</sup> March each financial year. Valuations are inherently judgmental and there is a risk of error that the assumptions are not appropriate or correctly applied.

The value of the council's Land & Buildings at 31 March 2023 was £2.7bn, with c.£1.8bn valued at EUV & £950m at DRC.

The last full revaluation took place as at March 2023. The council has appointed an external valuer to perform a full revaluation as at 31 March 2024.



### Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of Wilks Head & Eve LLP, the valuers used in developing the valuation of the council's properties at 31 March 2024;
- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of land and buildings; including key assumptions within the valuation as part of our judgement;
- We will utilise our own valuation specialists to review the valuation report prepared by the council's valuers to confirm the appropriateness of the methodology utilised; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

# Audit risks and our audit approach (cont.)

## 2 Management override of controls(a)

Fraud risk related to unpredictable way management override of controls may occur



### Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.

*Note: (a) Significant risk that professional standards require us to assess in all cases.*



### Planned response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the council's normal course of business, or are otherwise unusual.
- We will analyse all journals through the year using data and analytics and focus our testing on those with a higher risk.

# Audit risks and our audit approach (cont.)

3

## Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



### Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



### Planned response

We will perform the following procedures:

- Understand the processes the council have in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate the design and implementation of controls in place for the council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the council's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions;
- Where applicable, assess the level of surplus that should be recognised by the entity.

# Audit risks and our audit approach

4

## Fraud risk from expenditure recognition

Liabilities and related expenses for purchases of goods or services are not completely identified and recorded



### Significant audit risk

The Council has a statutory duty to balance their annual budget. Where a council does not meet its budget this creates pressure on the Council's usable reserves and this in turn provides a pressure on the following year's budget. This creates an incentive for manipulation of expenditure recognised in the year. While the Council has usable reserves of £97.2m (as at 31<sup>st</sup> March 2023) upon which it is able to draw where needed, this balance has reduced over recent periods which underlines the increasing budgetary pressures it is experiencing.

We consider that this risk is focussed around the completeness of manual accruals (i.e. excluding those which are system-generated such as Goods Received Not Invoiced), with the council looking to push back expenditure to 2024-25 to mitigate financial pressures.



### Planned response

We will perform the following procedures in order to respond to the significant risk identified:

- We will evaluate the design and implementation of controls for developing manual expenditure accruals at the end of the year to verify that they have been completely recorded;
- We will inspect a sample of invoices of expenditure and payments from the bank, in the period after 31 March 2024, to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete;
- We will inspect journals posted as part of the year end close procedures that decrease the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence; and

# Audit risks and our audit approach

## Revenue – Rebuttal of Significant Risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. **Due to the nature of the revenue within the sector and the work undertaken to date we have rebutted this significant risk within this indicative plan, with the caveat that this on the basis of our ongoing risk assessment and may revisit this during a future audit plan. We have set out the rationale for the potential rebuttal of key types of income in the table below.**

Description of Income	Nature of Income	Rationale for Rebuttal
<b>Council tax</b>	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property; it is highly unlikely for there to be a material error in the population.
<b>Business rates</b>	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually; it is highly unlikely for there to be a material error in the population.
<b>Fees and charges</b>	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.
<b>Grant income</b>	Predictable income receipted primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.



# Other significant matters related to our audit approach

## Disclosure of significant estimates and judgements

We have included here the disclosures of significant estimates and judgements from the prior year annual report.

Estimates and judgements	Balance £m	Further comments
Land & Buildings	2,678.1	The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date.
Define Benefit Obligations	1,638.5	The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
Investment Property	112.6	The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date.
Impairment Allowance For Doubtful Debt	127.5	As at 31 March 2023, the Council had an outstanding balance of short-term debtors totalling £285m. Against this debtors' balance, there is an impairment allowance of £128m. This allowance is subject to inherent uncertainty within the calculation.
<b>Total</b>	<b>4,444.1</b>	

## Our use of Data and analytics

We will be integrating Data & Analytics (D&A) procedures into our planned approach for the audit of the council.

### Management override of controls surrounding journal entries

- KPMG Clara General Ledger Analysis provides insights such as the breakdown between manual and automated entries, time series analysis and stratification of journal populations by user, amount and line numbers. This provides us a better understanding of your processes, highlights inconsistencies and aids us in identifying high-risk entries requiring substantive testing.

# Mandatory communications - additional reporting

## Going concern

Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.






However, financial sustainability is a core area of focus for our Value for Money opinion.

## Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
--	--	--

We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Provide a statement to the NAO on your consolidation schedule		This "Whole of Government Accounts" requirement is fulfilled when we complete any work required of us by the NAO to assist their audit of the consolidated accounts of DLUHC.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

# Mandatory communications





Type	Statements
<b>Management’s responsibilities (and, where appropriate, those charged with governance)</b>	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
<b>Auditor’s responsibilities</b>	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
<b>Auditor’s responsibilities – Fraud</b>	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
<b>Auditor’s responsibilities – Other information</b>	<p>Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
<b>Independence</b>	<p>Our independence confirmation at page 18 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm’s independence and the integrity and objectivity of the audit engagement partner and audit staff.</p>

# Appendix

	Page
1 Audit team	15
2 Audit cycle & timetable	16
3 Fees	17
4 Confirmation of independence	18
5 KPMG's Audit quality framework	21
6 ISA (UK) 315 Revised: Overview	22
7 ISA (UK) 240 Revised: Summary of key changes	23
8 FRC's Areas of Focus	24

# Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit partner and firm.

	<p>Tm Cutler is the partner responsible for our audit. He will lead our audit work, attend the Audit Committee and be responsible for the opinions that we issue.</p>		<p>Josh Parkinson is the manager responsible for our audit. He will co-ordinate our audit work, attend the Audit Committee and ensure we are co-ordinated across our accounts work.</p>
	<p>Christopher Paisley is the director responsible for supporting the audit partner in leading the audit work.</p>		<p>Daniel Tumelty is the assistant manager responsible for our audit. He will be responsible for our on-site fieldwork.</p>

To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:



This will be partner's first year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

# Audit cycle & indicative timetable

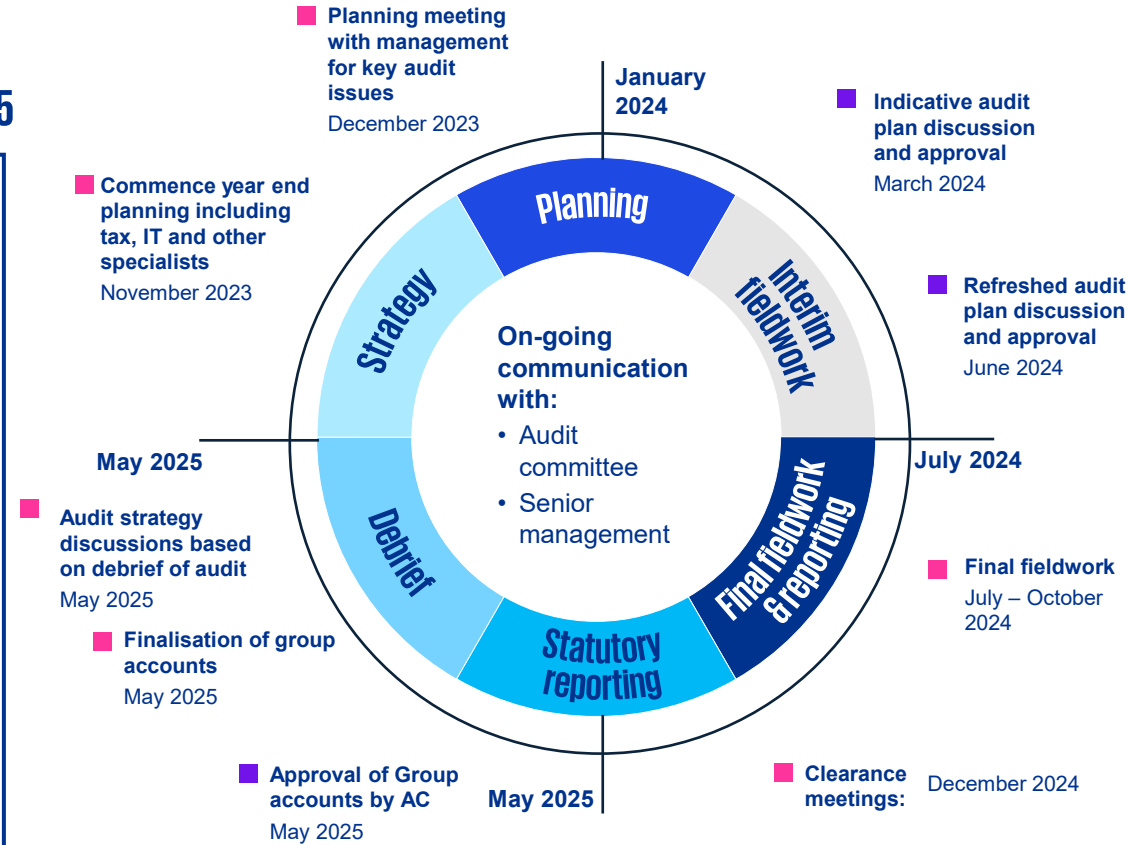
## Our schedule: December 2023 – May 2025

We have worked with management to generate our understanding of the processes and controls in place at the Council in its preparation of the Statement of Accounts.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report by May 2025 as per the backstop date.

This being the first year of KPMG as auditor we have undertaken greater activities to understand the Group at the planning stage. This level of input may not be required in future years and may change our audit timings.

Given the large amount of consultation happening in regard to the scope and timing of local government this audit **schedule may be subject to change.**



**Key:**  
■ Timing of AC communications  
■ Key events

# Fees

## Audit fee

Our fees for the year ending 31 March 2024 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2023/24 (£'000)	2022/23 (£'000)
Statutory audit	499.3	TBC*
ISA315r	TBC	TBC*
ISA240	TBC	TBC*
<b>TOTAL</b>	<b>499.3</b>	<b>TBC*</b>

\*fee charged by BDO - your predecessor auditor.

As per PSAA's Scale Fees Consultation, the fees do not include new requirements of ISA315 revised (risk of material misstatement); or ISA 240 (auditor's responsibilities relating to fraud). Based on our risk assessment work to date we anticipate that this will be between 5 and 10% of the scale fee.

The fees also assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

## Billing arrangements

Fees will be billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

## Basis of fee information

Our fees are subject to the following assumptions:

- The entity's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The entity's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

# Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

## To the Audit Committee members

### Assessment of our objectivity and independence as auditor of [entity name]

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

### General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement and that the safeguards we have applied are appropriate and adequate is subject to review by an engagement quality control reviewer, who is a partner not otherwise involved in your affairs.

We are satisfied that our general procedures support our independence and objectivity

### Independence and objectivity considerations relating to the provision of non-audit services

#### *Summary of non-audit services*

During the year we anticipate that we will provide non-audit services relating to the certification of the Housing Benefits Annual Return. Further detail is provided on the following page.



# Confirmation of Independence

Disclosure	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2023 £m	Value of Services Committed but not yet delivered £m
1	Housing benefit grant certification	None identified.	<ul style="list-style-type: none"> <li>The engagement contract makes clear that we will not perform any management functions.</li> <li>The work is performed is not relied on within the audit file.</li> <li>Our work does not involve judgement and are statements of fact based on agreed upon procedures.</li> </ul>	Fixed	TBC	TBC

# Confirmation of Independence (cont.)

## Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

### Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be around 0.2: 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2023/24
	£'000
Statutory audit	499.3
Other Assurance Services	<b>TBC</b>
<b>Total Fees</b>	<b>499.3</b>

## Application of the FRC Ethical Standard 2019

We communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

## Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

## Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully



Tim Cutler

**KPMG LLP**

# KPMG's Audit quality framework

**Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.**

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

**■ Commitment to continuous improvement**

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

**■ Performance of effective & efficient audits**

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

**■ Commitment to technical excellence & quality service delivery**

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



**■ Association with the right entities**

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

**■ Clear standards & robust audit tools**

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

**■ Recruitment, development & assignment of appropriately qualified personnel**

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

# ISA (UK) 315 Revised: Overview



## Summary

**In the prior period, ISA (UK) 315 Revised “Identifying and assessing the risks of material misstatement” was introduced and incorporated significant changes from the previous version of the ISA.**

These were introduced to achieve a more rigorous risk identification and assessment process and thereby promote more specificity in the response to the identified risks. The revised ISA was effective for periods commencing on or after **15 December 2021**.

The revised standard expanded on concepts in the existing standards but also introduced new risk assessment process requirements – the changes had a significant impact on our audit methodology and therefore audit approach.

### What impact did the revision have on audited entities?

With the changes in the environment, including financial reporting frameworks becoming more complex, technology being used to a greater extent and entities (and their governance structures) becoming more complicated, standard setters recognised that audits need to have a more robust and comprehensive risk identification and assessment mechanism.

The changes result in additional audit awareness and therefore clear and impactful communication to those charged with governance in relation to (i) promoting consistency in effective risk identification and assessment, (ii) modernising the standard by increasing the focus on IT, (iii) enhancing the standard’s scalability through a principle based approach, and (iv) focusing auditor attention on exercising professional scepticism throughout risk assessment procedures.

### Implementing year 1 findings into the subsequent audit plan

Entering the second year of the standard, the auditors will have demonstrated, and communicated their enhanced insight into their understanding of your wider control environment, notably within the area of IT.

In year 2 the audit team will apply their enhanced learning and insight into providing a targeted audit approach reflective of the specific scenarios of each entity’s audit.

A key area of focus for the auditor will be understanding how the entity responded to the observations communicated to those charged with governance in the prior period.

Where an entity has responded to those observations a re-evaluation of the control environment will establish if the responses by entity management have been proportionate and successful in their implementation.

Where no response to the observations has been applied by entity, or the auditor deems the remediation has not been effective, the audit team will understand the context and respond with proportionate application of professional scepticism in planning and performance of the subsequent audit procedures.

### What will this mean for our on-going audits?

To meet the on-going requirements of the standard, auditors will each year continue to focus on risk assessment process, including the detailed consideration of the IT environment.

Subsequent year auditor observations on whether entity actions to address any control observations are proportionate and have been successfully implemented will represent an on-going audit deliverable.

Each year the impact of the on-going standard on your audit will be dependent on a combination of prior period observations, changes in the entity control environment and developments during the period. This on-going focus is likely to result in the continuation of enhanced risk assessment procedures and appropriate involvement of technical specialists (particularly IT Audit professionals) in our audits which will, in turn, influence auditor remuneration.

# ISA (UK) 240 Revised: changes embedded in our practices

## Ongoing impact of the revisions to ISA (UK) 240

ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) The auditor’s responsibilities relating to fraud in an audit of financial statements included revisions introduced to clarify the auditor’s obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.

We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management’s process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.

Area	Our approach following the revisions
<b>Risk assessment procedures and related activities</b>	<ol style="list-style-type: none"> <li>1) Increased focus on applying professional scepticism – the key areas affected are:                             <ul style="list-style-type: none"> <li>• the need for auditors not to bias their approach towards obtaining evidence that is corroborative in nature or excluding contradictory evidence;</li> <li>• remaining alert for indications of inauthenticity in documents and records, and</li> <li>• investigating inconsistent or implausible responses to inquiries performed.</li> </ul> </li> <li>2) Requirements to perform inquiries with individuals at the entity are expanded to include, amongst others, those who deal with allegations of fraud.</li> <li>3) We will determine whether to involve technical specialists (including forensics) to aid in identifying and responding to risks of material misstatement due to fraud.</li> </ol>
<b>Internal discussions and challenge</b>	<p>We will have internal discussions among the audit team to identify and assess the risk of fraud in the audit, including determining the need for additional meetings to consider the findings from earlier stages of the audit and their impact on our assessment of the risk of fraud.</p>

# FRC's areas of focus



The FRC released their [Annual Review of Corporate Reporting 2021/22](#) in October 2022, along with a [summary of key matters](#) for the coming year, primarily targeted at CEOs, CFOs and Audit Committee chairs. In addition, they released six thematic reviews during the year which should be considered when preparing financial reports.

The reports identify where the FRC believes companies should be improving their reporting. Below is a high level summary of the key topics. We encourage management and those charged with governance to read further on those areas which are significant to the entity.



## Reporting in uncertain times

Last year's Annual Review of Corporate Reporting from the FRC was prepared in the context of the current heightened economic and geopolitical uncertainty. The challenges of the Covid-19 pandemic, Russia's invasion of Ukraine and slowing of global economies has led to inflationary pressure worldwide and rising interest rates.

This makes meaningful disclosure more important than ever, and the FRC has stressed the need for companies to move beyond simply complying with the minimum requirements of the relevant accounting and reporting frameworks. They expect companies to provide high-quality, decision-useful information for investors, with companies continually assessing evolving risks and ensuring these are clearly explained in annual reports.

The potential effects of uncertainty on recognition, measurement and disclosure are numerous, and companies will need to think carefully about the impacts of uncertainty, in particular inflation, on their reporting. The Annual Review gives a number of examples including:

**Strategic report:** the impact of inflation on the business model, changes to principal risks and uncertainties, and the impact of inflation on stakeholders.

**Discount rates:** inputs need to follow a consistent approach in incorporating the effects of inflation.

**Material assumptions:** where inflation assumptions represent a source of significant estimation uncertainty, the FRC expects companies to provide explanation of how these have been calculated and sensitivity disclosures if appropriate.

**Pension schemes:** explain the effect of uncertainty on investment strategy and associated risks.



## Climate-related reporting

Climate-related reporting has advanced significantly this year as premium listed entities are required by the Listing Rules to provide disclosures consistent with the Taskforce on Climate-Related Disclosures (TCFD) recommendations. This follows the expansion of the Streamlined Energy and Carbon Reporting (SECR) rules last year, which require quoted companies and large unquoted companies and LLPs to provide emissions reporting.

Climate has therefore been an area of ongoing focus for the FRC, with a thematic reviews in both 2021 and 2022 on aspects of climate reporting. From reviews of TCFD disclosures in the year, the FRC has highlighted five areas of improvement for companies to consider going forwards:

**Granularity and specificity:** disclosures should be granular and specific both to the company and the individual disclosure requirement, including a clear link to financial planning.

**Balance:** discussion of climate-related risks and opportunities should be balanced, and companies should consider any technological dependencies.

**Interlinkage with other narrative disclosures:** companies should ensure clear links between TCFD disclosures with other narrative disclosures in the annual report.

**Materiality:** companies should clearly articulate how they have considered materiality in the context of their TCFD disclosures.

**Connectivity between TCFD and financial statements disclosures:** the FRC may challenge those that disclose significant climate risks or net zero transition plans in narrative reporting, but do not explain how this is taken into account in the financial statements.

# FRC's areas of focus (cont.)

## Cash flow statements

This continues to be a particular area of concern as it is a recurring source of errors identified by the FRC, with 15 companies restating their cash flow statements in the review period as a result of the FRC's enquiries.

Companies are encouraged to consider the guidance in the 2020 thematic review on this topic, and to ensure that robust pre-issuance reviews of the financial statements have been undertaken.

Cash flows must be classified as operating, investing or reporting in line with the requirements of the standard, and amounts reported should be consistent with disclosures elsewhere in the report and accounts including the elimination of non-cash transactions.

Several errors identified by the FRC related to the parent company cash flow statement, and it should be ensured that this statement also complies with the requirements of the standard.

## Financial Instruments

Companies should ensure that disclosure is sufficient to enable users to evaluate the nature and extent of risks arising from financial instruments and the approach taken to risk management.

These disclosures should include the approach and assumptions used in the measurement of expected credit losses, and details of concentrations of risk. In times of economic uncertainty, disclosure of methods used to measure exposure to risks, and details of hedging arrangements put in place for interest rates or inflation are all the more important.

In addition, accounting policies should be provided for all material financing and hedging arrangements and any changes in these arrangements. Where companies have banking covenants, information about these should be provided (unless the likelihood of a breach is considered remote).

## Income taxes

Where material deferred tax assets are recognised by historically loss-making entities, disclosures should explain the nature of the evidence supporting their recognition. In addition, any connected significant accounting judgements or sources of estimation uncertainty will also need to be disclosed.

On tax more generally, the FRC expects companies to ensure that tax-related disclosures are consistent throughout the annual report and accounts, and material reconciling items in the effective tax rate reconciliation are adequately explained.

For groups operating in several jurisdictions, effective tax reconciliations may be more meaningful if they aggregate reconciliations prepared using the domestic rate in each individual jurisdiction, with a weighted average tax rate applied to accounting profit.

## Strategic report and other Companies Act 2006 matters

The strategic report needs to articulate the effects of economic and other risks facing companies, including inflation, rising interest rates, supply chain issues and labour relations. Mitigation strategies should be explained, with links, where relevant, to information disclosed elsewhere in the annual report.

Business reviews should discuss significant movements in the balance sheet and cash flow statement, and should not be limited to just an explanation of financial performance in the period.

The FRC has also identified instances of companies not complying with legal requirements around distributions, and companies are reminded of the need to file interim accounts to support distributions in excess of the distributable profits shown in the relevant accounts.

## Revenue

Accounting policies should be provided for all significant performance obligations and should address the timing of revenue recognition, the basis for over-time recognition, and the methodology applied.

Inflationary features in contracts with customers and suppliers and the accounting for such clauses are under increased focus this year.

## Alternative performance measures ('APMs')

APMs should not be presented with more prominence, emphasis or authority than measures stemming directly from the financial statements, and should be reconciled to the relevant financial statements line item.



# FRC's areas of focus (cont.)

## Provisions and contingencies

Companies should give clear and specific descriptions of the nature and uncertainties for material provisions or contingent liabilities, the expected timeframe and the basis for estimating the probable or possible outflow.

Inputs used in measuring provisions should be consistent in the approach to incorporating the effects of inflation, and details of related assumptions should be provided if material.

## Presentation of financial statements and related disclosures

Material accounting policy information should be clearly disclosed, and additional company-specific disclosures should be provided when compliance with IFRS requirements is insufficient to adequately explain transactions.

## Judgements and estimates

Economic uncertainty increases the likelihood of companies needing to make significant judgements when preparing financial statements. The FRC highlights two specific examples – going concern assessments and accounting for inflationary features in contracts – where disclosure is key.

More generally, the FRC highlights the need for disclosures to clearly distinguish between estimates with a significant risk of a material adjustment to the carrying amounts of assets/liabilities within the next year, and other sources of estimation uncertainty.

Significant estimates, and the associated disclosures should be updated at the balance sheet date. Sensitivity disclosures should be meaningful for readers, for example by sensitising the most relevant assumptions, and explaining any changes in assumption since the previous year.

## Impairment of assets

Economic uncertainty may have a significant impact on impairment assessments, and this is an area where queries raised from the FRC could have been avoided by clearer disclosure.

Companies need to explain the sensitivity of recoverable amounts to changes in assumptions, especially where the range of possible outcomes has widened. This should include explanation of the effect of economic assumptions, such as reduction in customer demand and increased cost.

Inflation should be treated consistently in value in use calculations. Nominal cash flows are discounted at a nominal rate, and real cash flows are discounted at a real rate.

Lastly, the FRC stresses the importance of consistency between impairment reviews/disclosures and other disclosures in the annual report.

## Thematic reviews

The FRC released six thematic reviews on corporate reporting last year, and companies are encouraged to consider the guidance in those reviews, where relevant, to enhance their financial reporting. The topics covered are:

- [TCFD disclosures and climate in the financial statements](#)
- [Judgements and estimates](#)
- [IFRS 3 Business Combinations](#)
- [Discount rates](#)
- [Deferred Tax Assets \(IAS 12\)](#)
- [Earnings per Share \(IAS 33\)](#)

## 2022/23 review priorities

The FRC has indicated that its 2022/23 reviews will focus on the extent to which companies' disclosures address risks and uncertainty in the challenging economic environment, including those relating to climate change. Companies need to clearly articulate the impact of these risks on their strategy, business model and viability. In particular, the FRC intends to prioritise reviews of companies operating in the following sectors:

 Travel, hospitality and leisure

 Construction materials

 Retail

 Gas, water and multi-utilities





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**Report for:** Audit Committee 7<sup>th</sup> March 2024

**Item number:** 10

**Title:** Update on Outstanding Audit of Statement of Accounts 2020/21, 2021/22 and 2022/23

**Report authorised by :** Jon Warlow, Director of Finance (S151 Officer)

**Lead Officers:** Kaycee Ikegwu, Chief Accountant - [kaycee.ikegwu@haringey.gov.uk](mailto:kaycee.ikegwu@haringey.gov.uk)  
Sahr Kamanda, Deputy Chief Accountant - [sahr.kamanda@haringey.gov.uk](mailto:sahr.kamanda@haringey.gov.uk)

**Ward(s) affected:** N/A

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

**1. Describe the issue under consideration.**

This report provides update to the Committee on the outstanding audits relating to the Council's accounts for 2020/21, 2021/22 and 2022/23. It describes the Government's proposed "backstop" arrangements, and the Council's approach to uncompleted and outstanding 2020/21 external audit.

**2. Cabinet Member Introduction**

N/A

**3. Recommendations**

That the Audit Committee notes the position on the outstanding external audits of the Council's Statement of Accounts

**4. Reasons for decision**

N/A

**5. Alternative options considered.**

N/A

**6. Background information**

**National:**

All local government bodies' draft accounts must be prepared and certified by 31<sup>st</sup> May, by the Section 151 Officer, that they represent a true and fair view of the financial position of the Council.

The local government bodies are required to publish accounts with an auditor's certificate or opinion by 30 September or to explain the reasons for non-publication.

At the publishing date of 30 September 2023, only 5 out of 467 local government bodies' 2022/23 audit opinions had been given. This adds to the 456 opinions that are still outstanding from previous years.

The cumulative extent of delayed audit opinions emphasises how important it is that there is a successful conclusion to the intensive ongoing work to find a national solution.

Government, like all stakeholders involved, did not want this unresolved issue to continue into the next appointing period (2023/24-2027/28) for new external auditors and local authorities.

The first part of the solution was the introduction of a new fee regime. The procurement exercise for audit firms, in this second appointing period, clearly demonstrated the limited audit capacity available to meet the demands of the local government audit market. The procurement outcome was an increase of 151% on total fees for local audit work. This has seen the Council's audit fee for 2023/24 increased to £499k per annum.

The Government also released a 4-week consultation paper on the "backstop arrangement". The consultation opened for public participation on the 8 February and will close on 7 March 2024. Haringey Council is supportive of the proposals and will respond by the due date.

In simple terms, the proposal in the consultation paper is that the Accounts and Audit Regulations 2015 will be amended so that any audit from 2015/16 to 2022/23 that is not completed by September 2024, may be disclaimed by the Auditors if necessary.

The proposal also covers temporary changes to the code of practice on Local Authority Accounting for 2023/24 and 2024/25 to address matters around closing balances from 2022/23, valuation of assets, valuation of non-investments assets, defined benefit pension liabilities/assets, etc.

The regulations are likely to be issued after the consultation. It is anticipated that they will be issued around May 2024.

It is also expected that there will be a requirement for the outgoing audit firms to carry out Value for Money (VFM) audit and provide a single commentary on value for money (VFM) arrangements for local bodies for all outstanding years up to and including 2022/23. This is a crucial part of the backstop arrangement.

## **Haringey Council External Audit position**

Haringey Council has prepared and published all its annual accounts (up to date) by the deadline, apart from recent two (which had slight delays due to delays in audit). The Council have had all annual accounts audited up to 2019/20.

The 2020/21 external audit by BDO was commenced in accordance with the normal timetable but remains uncompleted after almost 3 years. This is not because the council has not provided information or support to the audit but because of the external auditor's ongoing inability to adequately resource the audit for its completion.

The Council's draft 2021/22 and 2022/23 statements of accounts were prepared and published in accordance with the accounts and audit regulation 2015. The audit of these years' accounts have not commenced; and the external auditors have indicated that these two years' account cannot be completed by the proposed September 2024 backstop date.

It must be stated that this is not peculiar to Haringey. It is a national issue. Our Neighbours, Enfield, Barnet, and several other London boroughs are in similar situations - as the national statistics depict.

As a Council, we have tried to engage with the external auditors over these years to re-commence and finalise the audits. The Council's former Corporate Committee received update reports from the auditors, describing the circumstances responsible for their delays in re-commencing the audit.

The Director of Finance escalated the matter as far is possible within the external auditor firm on more than one occasion. He has further escalated the matter to PSAA and FRC and was advised that it is a national issue for which a solution is being sought.

### **Existing External Auditors Proposal:**

In light of the government proposed backstop arrangement (still under consultation), the current external auditors, led now by a new BDO lead for the Haringey audit of 2020/21, has proposed to recommence the 2020/21 audit.

They have also advised that they would not be in position to undertake the consequent two years' audits (relating 2021/22 and 2022/23), and that they anticipate that there will be a disclaimer issued as part of the backstop arrangement.

Regarding 2020/21, they have also made clear that they will have to re-test most of the areas that their previous two audit teams have tested before due to the passage of time and changes in auditing standards and methodology. While this is understandable professionally, the revisit of the audit would be resource intensive, cost and time consuming for the council, at a time when we are:

1. Preparing for year-end closing of the 2023/24 accounts, and preparation of statement of accounts by the deadline of May 2024.
2. Channelling resources to support the new auditors KPMG with the interim audit they commenced in December.

3. Supporting the new auditors with the VFM audit for 2023/24 which they are required to report on by 31<sup>st</sup> March 2024

It is worth noting that NHS audits remain a national priority for local authority external auditors and, as such, if the 2020/21 audit re-started now, they would most probably switch their resources to the commencement of NHS audits at the start of the new financial year.

## Summary

As this report details, there are many issues that have been taken into consideration regarding ongoing work on the 2020/21 external audit, including:

1. Additional cost to the council of likely not less than £250k.
2. Significant disruption in our process to support audit of accounts of 2023/24.
3. Significant disruption to other services in the council and to each Haringey Schools' finance teams.
4. The lack of continuity with the audit of the subsequent two years as these will be disclaimed.
5. The need to focus on this year and the future without jeopardising this year's accounts preparation and putting us right back into the same situation as we are now.
6. The lack of assurance on finalising the 2020/21 audit by September in any event.
7. The fact that there is yet no plans for the audit of pensions fund account 2020/21, which is an integral part of the Councils' 2020/21 account.
8. That inevitably, with the expectation that disclaimers will need to be issued for 2021/22 and 2022/23, there will in any event be a lack of continuity in audit certificates until their expected recommencement for 2023/24.

The Director of Finance has therefore asked the outgoing auditors for a deferment in any recommencing of the audit of 2020/21, until the outcome of the national consultation is known. A further report will be presented to the Audit Committee at that time. It may well be that the outcome of this is that BDO issues a modified opinion or a disclaimer in respect of 2020/21, as it is presently expected that similar disclaimers will be issued for 2021/22 and 2022/23.

This will afford officers the time and resources to support the incoming auditors to complete their interim audit on the current year, complete the 2023/24 VFM report by March 31<sup>st</sup>, 2024, and focus on the audit of the 2023/24 accounts. Importantly it will also allow more officer capacity to support BDO in their work on the VFM reports for the three years 2020/21, 2021/22 and 2022/23.

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

N/A

## 8. **Carbon and Climate Change**

N/A

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

**Finance**

N/A

**Procurement**

N/A

**Legal & Governance**

**9.1** Regulation 10(4) of the Accounts and Audit Regulations 2015 (as amended), extended the dates for publication of final audited accounts in relation to the financial years beginning in 2019 and ending in 2027, so that in relation to the financial years 2020/21, 2021/22 and 2022/23, the Council is currently required to publish the following documents by 30 September 2021, 30 November 2022 and 30 November 2023 respectively –

- (a) the statement of accounts together with any certificate or opinion, entered by the local auditor in accordance with section 20(2) of the Local Audit and Accountability Act 2014;
- (b) the annual governance statement approved in accordance with regulation 6(2); and
- (c) the narrative statement prepared in accordance with regulation 8.

**9.2** In order to address the problem facing most local authorities whose accounts have not been audited as a result of a lack of resources in the Audit sector, the government is consulting (cf [Addressing the local audit backlog in England: Consultation - GOV.UK \(www.gov.uk\)](http://www.gov.uk)) on proposed amendments to the 2015 Regulations. The consultation is due to close on 7 March. Extracts from the consultation papers are set out below.

[Addressing the local audit backlog in England: Consultation - GOV.UK \(www.gov.uk\)](http://www.gov.uk) provides -

“The proposed changes to the 2015 Regulations would require Category 1 authorities to ensure that (subject to consideration of potential exceptional circumstances – see below) by 30 September 2024 they have published audited accounts for financial years 2015/2016 to 2022/2023.

“An authority’s ability to meet the requirement above would be contingent on an audit opinion being issued in time. For this reason, the NAO is proposing that the Code of Audit Practice be amended so

that auditors are required (unless specific circumstances apply – see below) to issue their opinion in time for the authority to publish its accounts by the specified date in the 2015 Regulations (in this case, 30 September 2024).

“Regulation 10(2) currently imposes a duty on authorities to publish a delay notice if an audit of accounts has not been concluded before the date specified. We propose to disapply this duty for accounts with outstanding audits for financial years 2015/2016 to 2022/2023. This is because, under these proposals, authorities would be required to publish audited accounts by the backstop date.

“The proposal to set the backstop date at 30 September 2024 reflects the need to ensure sufficient time for auditors to issue opinions, including modified or disclaimed opinions due to the backstop, and for bodies to publish accounts containing those audit opinions once the legislation has come into force.

“The NAO’s consultation proposes that the Code of Audit Practice would introduce exemptions from the proposed statutory deadline for auditors in certain circumstances. These would include, for example, if the auditor is unable to issue their opinion where there are outstanding objections to the accounts that could be material to that opinion.

“Where there is an outstanding objection of this nature, we consider it may be desirable to create an equivalent exemption for Category 1 authorities. This consultation also seeks views on other exceptional circumstances in which Category 1 authorities might be exempted from the 30 September 2024 backstop date.

“Our intention is to publish a list of Category 1 authorities and audit firms which meet statutory deadlines for the publication of audited accounts and those which do not, making it clear any instances where unaudited accounts had also not been published by the required date.

“Under these proposals, the existing requirements in the 2015 regulations relating to the publication of unaudited accounts and to public inspection periods would continue to apply in their current form (see ‘Part 5’ of the Regulations).

“Under these proposals, the published, audited accounts must also be approved in accordance with regulation 9(2) and therefore the approval must be given before the backstop date.

“Further context on these aspects of the proposals can be found in the [Joint Statement](#) (especially paragraphs 5 to 14 and 25 to 46) as well as the [draft regulations](#) (PDF, 179 KB).”



[Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit - GOV.UK \(www.gov.uk\)](#) provides -

“To clear the backlog of historical accounts and ‘reset’ the system, the Department for Levelling Up, Housing and Communities (DLUHC) proposes putting a date in law (the “backstop date”) – 30 September 2024 – by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23.

“The National Audit Office (NAO) is proposing changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published, and to allow them to provide a single commentary on value for money (VFM) arrangements for local bodies for all outstanding years up to and including 2022/23.

“The duty for local bodies to publish a delay notice where the audit has not been concluded by the deadline will be withdrawn. This is because, with a backstop in place for both local bodies and auditors, authorities would be required to publish audited accounts by 30 September 2024. The introduction of a backstop date is intended to allow those who prepare and audit local body accounts to focus on more current financial periods.

“The backstop date is likely to be a factor in local auditors issuing a modified or disclaimed opinion on outstanding accounts if they do not have enough time to complete all audit work before that date. It is important that local bodies, residents and other accounts users can distinguish between modified and disclaimed audit opinions caused by the introduction of backstop dates and those that indicate significant financial reporting or financial management issues.

“Auditors have a responsibility under auditing standards to clearly communicate the reasons for their opinion within their report, including where the backstop date causes a modified or disclaimed opinion. System partners will consider guidance for auditors to remind them of these responsibilities. System partners will also issue communications that explain what the different types of modified opinions mean and that clarify that local bodies should not be unfairly judged based on modified opinions caused by the introduction of a backstop date that are largely beyond their control.” [Emphasis added]

- 9.3** If the proposed amendments to the 2015 Regulations are brought into force, this will mean that, the Council will be required to publish by 30 September 2024, all outstanding (a) statements of accounts together with the certificate and opinion, entered by the local auditor in accordance with section 20(2) of the Local Audit and Accountability Act 2014; (b) the annual governance statement approved in accordance with regulation 6(2); and (c) the narrative statement prepared in accordance with regulation 8. For the financial years beginning in

2023 to 2027, the applicable publication dates would be respectively by 31 May 2025 and annually (on specified dates) thereafter.

- 9.4** While it is anticipated that the Council will be required to publish all outstanding statements of accounts together with any certificates or opinions entered by the local auditor (plus the other documents listed in paragraph 9.1) by the “backstop date” of 30 September 2024, the question remains as to how the outstanding audits will be managed. The consultation papers (cf text underlined above) note that - “The backstop date is likely to be a factor in local auditors issuing a modified or disclaimed opinion on outstanding accounts if they do not have enough time to complete all audit work before that date.”. Accordingly, in the event that the Council’s Auditors are unable to complete audits for the years 2020/21, 2021/22 and 2022/23 in time, it is envisaged that the auditors will issue modified or disclaimed opinions.

### **Equality**

N/A

### **10. Use of Appendices**

None

### **11. Background papers**

[Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit - GOV.UK \(www.gov.uk\)](#)

**Report for:** Audit Committee – 07 March 2024

**Item number:** 11

**Title:** Treasury Management Report Q3 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](mailto: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 third quarter of the financial year, ending 31 December 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 quarter ended 31 December 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.
- 6.2. 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."
- 6.3. 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.
- 6.4. 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.
- 6.5. 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
- 6.6. 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**

- 6.7. Economic growth in the UK remained weak over the period, and it has now been confirmed that the UK is in a recession following two consecutive quarters of negative GDP growth to 31 December 2023.

6.8. During the same period, UK inflation rates started to decline and market expectations are that central bank interest rates have peaked.

6.9. In December 2023, the Bank of England (BoE) maintained the Bank Rate at 5.25% in December. The table below shows an extract of the Bank of England's Bank Rates throughout the financial year.

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

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

### **Borrowing Activity**

6.11. 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.

6.12. 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 31 December 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	Dec-23
1-year	4.78%	6.22%	5.69%	5.13%
5-year	4.31%	5.71%	5.22%	4.19%
10-year	4.33%	5.35%	5.26%	4.37%
20 year	4.70%	5.36%	5.64%	4.90%
50 year	4.41%	4.95%	5.43%	4.67%

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 5.29% by the end of December 2023.

6.18. 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%
31.12.2023	4.12	AA-	37%	1	5.23%
Similar Local Authorities	4.82	A+	67%	19	5.08%
All Local Authorities	4.80	A+	63%	11	5.25%

6.19. 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**

6.20. 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.

6.21. 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.

6.22. 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. Not applicable.

## **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.

### Assistant Director for 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 Update Report – Q3 2023/24

**11. Background Papers**

11.1. None

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## Appendix 1 - Treasury Management Report Q3 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 1<sup>st</sup> 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. The UK's inflation rates started to decline during the period, following the sharp drop seen earlier in the Eurozone and the US. However, despite the fall, the Consumer Price Index (CPI) remains significantly above the Bank of England's (BoE) 2% target, at 3.9% for November 2023. Market expectations for further increases in the Bank Rate decreased from October until the end of the year, suggesting that the peak of 5.25% reached in August 2023 was indeed the highest level for the Bank Rate.
- 2.2. Economic growth in the UK remained weak over the period, approaching recessionary levels. In the third quarter of 2023, the economy contracted by 0.1%, following no change in the second quarter. Monthly Gross Domestic Product (GDP) data showed a 0.3% contraction in October, following a 0.2% increase in September. Although other indicators have suggested a rebound in activity in the following months, GDP growth in the fourth quarter is expected to continue the weak trend.
- 2.3. The unemployment rate has remained around 4% throughout the year. The table below shows an extract of the reported annual unemployment rate over the past four quarters.

	Mar-23	Jun-23	Sep-23	Dec-23
Unemployment rate	3.9%	4.2%	4.1%	3.8%

- 2.4. Pay growth in the three months to October 2023 slowed down, with total pay growth at 7.2% and regular pay growth at 7.3%. Adjusted for inflation, real terms pay growth was positive at 1.3% for total pay and 1.4% for regular pay.
- 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 4.0% in December 2023 (lowest point being 3.9% in November 23). The largest downward contribution came from energy and food prices. The table below shows an extract of the reported CPI inflation over the past four quarters.

	Mar-23	Jun-23	Sep-23	Dec-23
CPI Inflation	10.1%	7.9%	6.7%	4.0%

- 2.6. The BoE's Monetary Policy Committee maintained the Bank Rate at 5.25% throughout the period, although a substantial minority continued to vote for a 25-basis point rate increase. The Bank continues to tighten monetary policy through asset sales, as it reduces the size

of its balance sheet. Expectations for the Bank Rate in financial markets moderated during this period due to lower inflation and weakening data. The table below shows an extract of the Bank Rate over the past four quarters.

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

- 2.7. Following the December MPC meeting, Arlingclose, the Council's treasury adviser, maintained its central view that the Bank Rate would peak at 5.25%. While short-term risks are generally balanced, there is a downside risk from economic activity weakening more than anticipated over the remaining time horizon.
- 2.8. The lagged effect of monetary policy together with the staggered fixed term mortgage maturities suggest that the full impact of Bank Rate rises on households is yet to be felt. Consumer confidence improved but is expected to reverse, leading to a slowdown in spending. Higher rates are also expected to impact the UK manufacturing and construction sectors, while the services sector has shown signs of recovery, possibly due to improving consumer confidence.
- 2.9. The US Federal Reserve maintained its key interest rate at 5.25-5.50% during this period. While policymakers initially emphasized the risks to inflation and the possibility of raising interest rates, their position gradually became more accommodative, leading to a relatively dovish outcome at the December FOMC meeting.
- 2.10. The European Central Bank continues to resist market policy loosening expectations. However, the Eurozone CPI rate has fallen sharply due to a marked slowdown in GDP growth.

### Financial markets

- 2.11. Financial market sentiment and bond yields remained volatile, but the latter rapidly trended downwards towards the end of 2023 on signs of sharply moderating inflation and economic growth.
- 2.12. Gilt yields fell towards the end of the period. The 10-year UK benchmark gilt yield rose from 4.57% to peak at 4.67% in October before dropping to 3.54% by the end of December 2023. The table below shows the movement of the major benchmark gilt yields throughout the period.

Benchmark Gilt Yield	Mar-23	Jun-23	Sep-23	Dec-23
5 year	3.36%	4.67%	4.29%	3.48%
10 year	3.49%	4.39%	4.45%	3.54%
20 year	3.82%	4.51%	4.84%	4.13%

- 2.13. The Sterling Overnight Rate (SONIA) averaged 5.19% over the period.

### Credit review

- 2.14. Arlingclose maintained the advised maximum duration limit for all banks on its recommended counterparty list to 35 days over the period.
- 2.15. In October, Moody's revised the outlook on the UK's Aa3 sovereign rating to stable from negative. This led to similar rating actions on entities that include an element of government support in their own credit ratings, including banks and housing associations. Local authorities were, however, downgraded on expectations of lower government funding.
- 2.16. Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress, but no changes were made to recommended durations over the period.

- 2.17. Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

### 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**

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

<sup>1</sup>subject to audit

<sup>2</sup>finance 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 31 December 2023 and the change over the year is shown in Table 2 below.

**Table 2: Treasury Management Summary**

Type of Borrowing/Investment	31.03.23 Balance £m	Movement £m	31.12.23 Balance £m	31.12.23 Weighted Av. Rate %
Long-term borrowing	718.3	(20.7)	742.1	3.12%
Short-term borrowing	65.0	(20.0)	45.0	5.69%
<b>Total borrowing</b>	<b>783.3</b>	<b>3.8</b>	<b>787.1</b>	<b>3.26%</b>
Short-term investment	15.0	(15.0)	0.0	0.00%
Cash and cash equivalents	78.9	(24.5)	54.4	5.23%
<b>Total investments</b>	<b>93.9</b>	<b>(39.5)</b>	<b>54.4</b>	<b>5.23%</b>
<b>Net borrowing</b>	<b>689.4</b>	<b>43.3</b>	<b>732.7</b>	

### 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 2 years, although these rises began to bottom in the later months of 2023. Rates over the last three quarters were at their peak between June and October, since then they have fallen back to lows last seen in April 2023.
- 4.5. Gilt yields have remained volatile, facing upward pressure following signs that UK growth had been more resilient and inflation stickier than expected. However more recent signs of slowing inflation and the perception of an increasingly struggling economy have now begun to change this sentiment, resulting in falling gilt yields and, consequently, PWLB rates.
- 4.6. The table below shows the rates offered across the various PWLB maturities on 31 December 2023. The rates shown include the 0.20% certainty discount rate offered by the PWLB to qualifying authorities.

<b>PWLB Maturity</b>	<b>Mar-23</b>	<b>Jun-23</b>	<b>Sep-23</b>	<b>Dec-23</b>
10 year	4.33%	5.25%	5.26%	4.19%
20 year	4.70%	5.36%	5.64%	4.90%
50 year	4.41%	4.95%	5.43%	4.67%

- 4.7. On 15 June 2023, a new HRA PWLB rate was made available to qualifying authorities. This rate offers 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. This rate will now be available until June 2025.
- 4.8. As part of its strategy for funding previous and current years' capital programmes, the Council held £787.1m in loans on 31 December 2023, an increase of £3.8m compared to 31 March 2023. The outstanding loans at 31 December are summarised in Table 3 on the following page.

**Table 3: Borrowing Position**

	<b>31.03.23</b>		<b>31.12.23</b>	<b>30.12.23</b>	<b>31.12.23</b>

Type of Borrowing	Balance £m	Net Movement £m	Balance £m	Weighted Ave. Rate %	Weighted Ave. Maturity Years
Public Works Loan Board	593.3	48.8	642.1	2.87%	25.1
Banks (LOBO)	125.0	(25.0)	100.0	4.73%	34.8
Local authorities	65.0	(20.0)	45.0	5.69%	0.5
<b>Total borrowing</b>	<b>783.3</b>	<b>3.8</b>	<b>787.1</b>	<b>3.26%</b>	<b>25.0</b>

- 4.9. 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 31 December 2023 was 5.69% compared to 3.16% at 31 March 2023. As a result, the Council has taken fewer new short-term loans compared to previous years.
- 4.10. 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. The Council currently holds £50m of LOBO (Lender's Option, Borrowing Option) 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 £54.4m due to timing differences between income and expenditure. The investment position on 31 December 2023 is shown in Table 4 below.

**Table 4: Treasury Investment Position**

Type of Investment	31.03.23 Balance £m	Net Movement £m	31.12.23 Balance £m	30.12.23 Weighted Ave. Rate %	31.12.23 Weighted Ave. Maturity
Debt Management Office	93.9	(59.5)	34.4	5.19%	1 day
Money market funds	-	20.0	20.0	5.29%	1 day
<b>Total Investments</b>	<b>93.9</b>	<b>(39.5)</b>	<b>54.4</b>	<b>5.23%</b>	<b>1 day</b>

- 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 and maintained at that level to the end of December. 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 December 2023, the Debt Management Account Deposit Facility's (DMADF) deposit rates ranged between 5.11% and 5.19%. The Money Market rates also ranged between 5.24% and 5.31%.
- 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%
31.12.2023	4.12	AA-	37%	1	5.23%
Similar Local Authorities	4.82	A+	67%	19	5.08%
All Local Authorities	4.80	A+	63%	11	5.25%

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 4.84%. 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 Q3 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: Investment Limits**

	31.12.23 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**

	31.12.23	2023/24	2023/24
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	Actual £m	Operational Boundary £m	Authorised Limit £m	Complied?
Borrowing	787.6	1,402.3	1,452.3	Yes
PFI and Finance Leases	21.1	21.1	23.2	Yes
<b>Total debt</b>	<b>808.7</b>	<b>1,423.4</b>	<b>1,475.5</b>	<b>Yes</b>

- 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.

	31.12.23 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.

	31.12.23 Actual	2023/24 Target	Complied?
Total cash available within 3 months	54.4	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.

	31.12.23 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:

	<b>31.12.23 Actual</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Complied?</b>
Under 12 months	13.3%	50%	0%	Yes
12 months and within 24 months	1.7%	40%	0%	Yes
24 months and within 5 years	4.4%	40%	0%	Yes
5 years and within 10 years	11.7%	40%	0%	Yes
10 years and within 20 years	17.9%	40%	0%	Yes
20 years and within 30 years	10.5%	40%	0%	Yes
30 years and with 40 years	13.5%	50%	0%	Yes
40 years and within 50 years	27.0%	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:

	<b>31.03.23</b>	<b>31.12.23</b>
Bank rate	4.25%	5.25%
1-year PWLB certainty rate, maturity loans	4.78%	5.13%
5-year PWLB certainty rate, maturity loans	4.31%	4.19%
10-year PWLB certainty rate, maturity loans	4.33%	4.37%
20-year PWLB certainty rate, maturity loans	4.70%	4.90%
50-year PWLB certainty rate, maturity loans	4.41%	4.67%

- 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.

	<b>31.12.23 Actual</b>	<b>2023/24 Target</b>	<b>Complied?</b>
Upper limit on short-term borrowing from other local authorities as a percentage of total borrowing	5.7%	30%	Yes



**Report for:** Audit Committee – 7 March 2024

**Item number:** 12

**Title:** Annual Internal Audit Plan, Strategy and Charter 2024/25

**Report authorised by :** Director of Finance

**Lead Officer:** Minesh Jani, Head of Audit and Risk Management

**Ward(s) affected:** N/A

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

**1. Describe the issue under consideration**

1.1 The Audit Committee is responsible for reviewing and approving the annual internal audit plan as part of its Terms of Reference.

**2. Cabinet Member Introduction**

2.1 Not applicable.

**3. Recommendations**

3.1 That the Audit Committee reviews and approves the updated Annual Internal Audit Strategy and Plan for 2024/25 (Appendix A), the Internal Audit Charter (Appendix B) and notes the Internal Audit Protocol (Appendix C) and the Assurance Risk Map (Appendix D).

**4. Reasons for decision**

4.1 Local authorities are required by law to maintain an internal audit function. In addition, The Accounts and Audit Regulations 2015 reinforce the statutory requirement and re-state the need for the Council to maintain an adequate and effective system of internal audit.

4.2 The annual internal audit plan is a key element in delivering the Council's statutory requirements. The Audit Committee is responsible for ensuring that this is in place and approving the Council's Annual Internal Audit Plan.

**5. Alternative options considered**

5.1 Not applicable.

**6. Background information**

6.1 The methodology for developing the Internal Audit Plan focuses upon the quantification of the risks associated with achieving corporate and directorate objectives. At Haringey, the Internal Audit service is delivered by Mazars, who undertake the majority of the internal audit work in accordance with the contract in place, including Information Technology and procurement audits. The Head and Deputy Head of Audit and Risk manage the delivery of the audit plan and complete ad-hoc enquiries themselves.

- 6.2 The in-house corporate anti-fraud team is responsible for investigations into allegations of financial irregularity, pro-active and reactive corporate anti-fraud work, provision of advice on risk and controls and some grant certification work.
- 6.3 Appendix A contains the proposed annual audit plan for 2024/25, which is risk based and has been derived following consideration of: the Corporate Delivery Plan and related Priorities; organisational changes; risk registers; corporate programmes and projects; changes to legislation and fraud investigation work completed in 2023/24.
- 6.4 Appendix A also includes the audit strategy, and Appendix B the Charter which was used to deliver the Council's internal audit plan. The strategy and charter comply with the statutory 2017 UK Public Sector Internal Audit Standards (PSIAS), which provide a consistent framework for internal audit services across the UK public sector.
- 6.5 Appendix C is a schematic presentation of the audit process and will be used to ensure the auditees are clear about the audit process and for the timely delivery of internal audit work. This is provided to the Audit Committee for information.
- 6.6 In order to assess the areas of audit assurance, the Council's corporate risks are mapped against the areas of audit work at Appendix D. The purpose of this exercise is to present pictorially, a map of the risks where internal audit work provides assurance. The Audit Committee will note that the planned internal audit work provides assurance against the majority of risk areas.

## **7. Contribution to strategic outcomes**

- 7.1 Internal audit is an important element of the Council's assurance processes. The internal audit and counter-fraud teams make a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all Priority areas. The annual audit plan is a key element in ensuring the Council complies with its statutory responsibilities.

## **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 which will be completed by Mazars to undertake the annual audit plan in 2024/25 is part of the contract, which was re-let following Cabinet approval in January 2018 in accordance with EU regulations and subsequently extended. The costs of this contract are contained and managed within the Audit and Risk Management revenue budgets, which are monitored on a monthly basis.

The presentation of the attached draft annual internal audit plan for approval by this Committee meets the Council's statutory requirement under the 2015 Accounts and Audit Regulations.

## 8.2 Legal

The Assistant Director for Legal & Governance has been consulted in the preparation of this report, and in noting that the audit strategy and the charter follow best practice and industry standards, and that the audit plan takes account of changes to legislation, confirms that there are no direct implications arising out of 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 – Annual Internal Audit Plan and Strategy 2024/25;  
Appendix B – Internal Audit Charter;  
Appendix C – Internal Audit Protocol; and  
Appendix D – Assurance Risk Map.

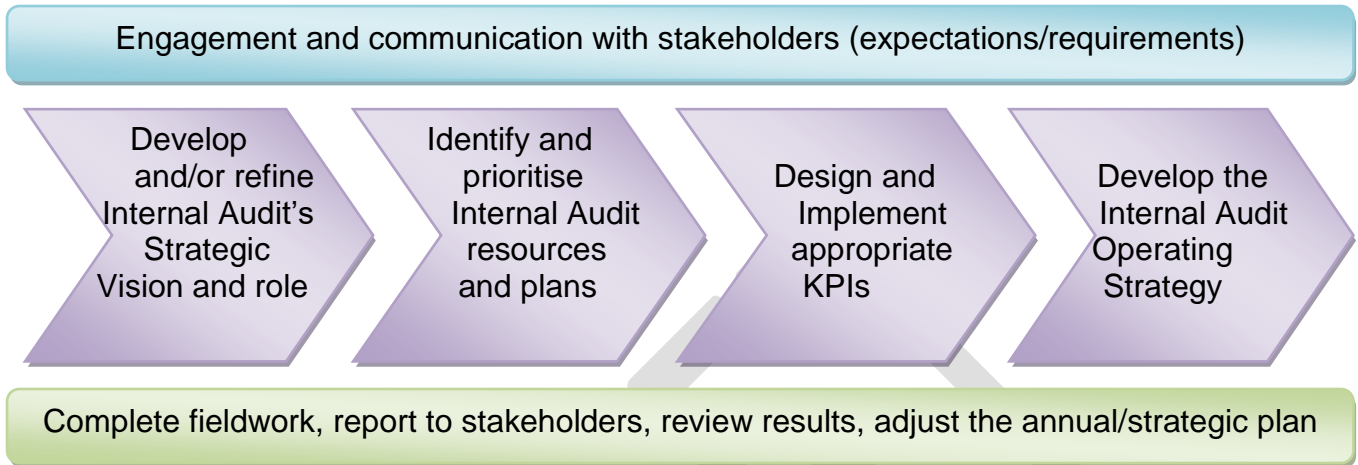
## 10. Background Papers

None

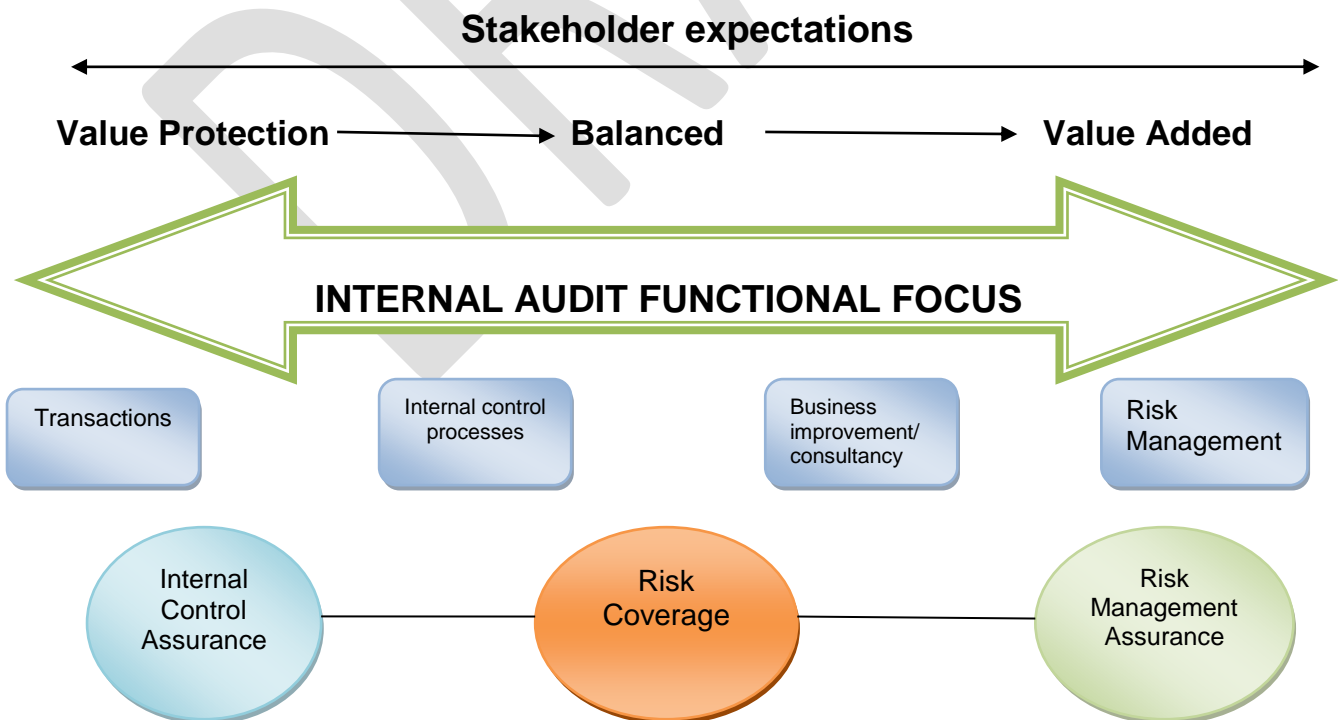
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**Internal Audit Strategy – Introduction**

Haringey’s internal audit function is driven by an appropriate strategy, rather than as a tactical response to operational issues, to minimise the risks that key strategic issues could be overlooked. Haringey’s framework has been developed to cover both strategic and tactical considerations and ensures that internal audit resources are used to provide the appropriate assurances for the organisation at any one time, as follows:



To create an effective internal audit function, internal audit’s key stakeholders will determine how the audit function delivers the desired value by focusing on e.g. risk management and control assurance; assessment of internal control effectiveness and efficiency; regulatory and corporate compliance assurance; developing awareness of risk and control across the organisation. Internal audit’s resources and plans are then aligned to the Council’s key business risks and operational and financial priorities as follows:



## **Internal Audit Objectives**

Haringey's approach is designed to enable internal audit's remit to evolve and develop as the organisation's needs change over time. As stakeholder needs evolve, internal audit can focus on creating value through assisting with improvements in operational processes. As Haringey's risk appetite changes, internal audit's strategy and functional focus can move from internal control, to risk management, assurance.

The internal audit strategy sets out how the Council's Internal Audit service will be delivered, in accordance with the Internal Audit Charter. Internal Audit will provide independent and objective assurance to the Council, its members, the Chief Executive and Senior Leadership Team and to the Chief Financial Officer to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs. It is the Council's intention to provide a best practice, cost efficient internal audit service which fulfils the requirements of the statutory 2017 UK Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note (LGAN).

## **Internal Audit's Remit**

Internal Audit will:

- Provide management and members with an independent, objective assurance and advisory activity designed to add value and improve the Council's operations;
- Assist the Audit Committee to reinforce the importance of effective corporate governance and ensure internal control improvements are delivered;
- Drive organisational change to improve processes and service performance;
- Work with other internal stakeholders and customers to review and recommend improvements to internal control and governance arrangements in accordance with regulatory and statutory requirements;
- Work closely with other assurance providers to share information and provide a value for money assurance service. Where appropriate the work of other assurance providers may be taken into consideration and contribute to the Head of Audits annual opinion; and
- Participate in local and national bodies and working groups to influence agendas and developments within the profession.

Internal Audit will ensure that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. Internal Audit will however offer advice on the design of new internal controls in accordance with best practice.

## **Service Delivery 2024/25**

The internal audit service will be delivered by using externally procured services under the direction of the Council's Head of Audit and Risk Management, supported by an in-house Corporate Anti-Fraud Team.

The delivery of the internal audit strategy will, for 2024/25 require to be reviewed following the in-sourcing of Leisure Services in October 2024.

The resources available in 2024/25 to deliver the internal audit and counter-fraud function have been assessed as adequate to fulfil the requirements of the PSIAS and ensure that the key risks of the Council are subject to an appropriate level of independent audit review. There is pressure on the level of assurance needed from the internal audit service and the resources available. The Head of Audit and Risk Management will continue to monitor the current plan and report back to the Committee where assurances cannot be assigned.

### Internal Audit Planning

Audit planning will be undertaken on an annual basis and audit coverage will be based on the following:

- The Corporate Delivery Plan and Corporate / Directorate Risk Registers, where available;
- Risk identified at Priority Boards or within Directorate Management Teams;
- Discussions regarding assurance needs with the Council's senior management, statutory officers and Priority Owners;
- Outputs already available from other independent assurance providers.

The annual Internal Audit Plan is composed of the following:

- **Corporate Delivery Plan and Business Area Risk Based Audits:** Audits of systems, processes or tasks where the internal controls are identified, evaluated and confirmed through risk assessment process. The internal controls depending on the risk assessment are tested to confirm that they are operating correctly. The selection of work in this category is driven by internal audit's and senior managers' risk assessment and may also include work in areas where the Council services are delivered in partnership with or by other organisations.
- **Key Financial Systems:** Audits of the Council's key financial systems on a continuous basis.
- **Probity Audit (schools/other establishments):** Audit of a single establishment. Compliance with legislation, regulation, policies, procedures or best practice is confirmed.
- **Information and Communication Technology Audit:** The review of ICT infrastructure and associated systems, software and hardware.
- **Contract and Procurement Audit:** Audits of the Council's procedures and processes for the letting and monitoring of contracts, including reviews of completed and current contracts.
- **Counter-Fraud and Ad-Hoc Work:** The in-house Corporate Anti-Fraud Team undertakes a programme of pro-active and reactive counter-fraud investigations. A contingency of audit days is also included in the annual audit plan to cover any additional work due to changes or issues arising in-year.
- **Advisory:** Supporting management with advice and guidance regarding new systems and processes and how an efficient and effective control environment to manager risk can be implemented. Our mix of in house and outsourced resources, enables us to provide this added value service without conflicts of interest arising.

### **Follow-up**

Internal Audit will evaluate the Council's progress in implementing audit recommendations against agreed targets for implementation. Progress will be reported to management and to the Audit Committee on a quarterly basis. Where progress is unsatisfactory or management fail to provide a satisfactory response to follow up requests, Internal Audit will implement the escalation procedure as agreed with management.

### **Reporting**

Internal audit reports the findings of its work in detail to local management at the conclusion of each piece of audit work and at the follow up stage. The appropriate officers to receive the report at the draft and final reporting stage of the audit will be determined at the planning stage of the work and reviewed at the end of the fieldwork period to ensure completeness. Summaries of findings are reported to the Audit Committee as part of the quarterly reports and within the Head of Internal Audit's annual report which contributes to the assurances underpinning the statutory Annual Governance Statement of the Council.

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# London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

## Internal Audit Plan 2024/25

The annual internal audit plan has been discussed and is being agreed with the Senior Leadership Team and nominated clients. The plan and strategy are submitted to the Audit Committee for final approval and any significant changes to the annual internal audit plan and/or the internal audit strategy will be reported during the year to the Audit Committee for formal approval. Any change to the plan will also be reported to the committee on a regular basis.

The table below sets out the internal audit work to be completed by the external contractor. The total number of days to be delivered excludes audit work that will be completed as part of the corporate anti-fraud team's work.

The work planned aims to provide coverage across the value protection and value added requirements of the Council. The internal audit service has focused its annual plan to align it with the identified key risks within the Corporate Delivery Plan in order to provide assurance across the directorates.

Audit Area	Client		Days
<b>Corporate/Cross Cutting Risk Audits</b>			
Governance over Delivery of Savings (x2)	Director of Finance / Corporate		20
Data Governance	Monitoring Officer and Security Information Risk Officer		10
Management of FOIs and MEs	Director of Culture, Strategy & Engagement		7
Scheme of Delegation	Director of Finance		7
Management over Hospitality and Gifts	Director of Culture, Strategy & Engagement		7
Management, Monitoring and Collection of Income in Council (in line with Ethical Debt Policy)	Director of Environment & Resident Experience		15
Management of Staff Performance	Director of Culture, Strategy & Engagement		10
Sickness Management	Director of Culture, Strategy & Engagement		12
<b>Sub-total – Corporate Risk Audits</b>			<b>88</b>
<b>Children's Services</b>			
Support for Children provider payments process	Director of Children's Services		13
Arrangements for LADO	Director of Children's Services		8

<b>Audit Area</b>	<b>Client</b>		<b>Days</b>
Personal Payments for Children	Director of Children's Services		10
Youth Offending	Director of Children's Services		10
<b>Sub-total</b>			<b>41</b>
<b>Adults, Health and Communities</b>			
Deprivation of Liberty including Safeguarding	Director of Adults, Health & Communities		10
Reablement	Director of Adults, Health & Communities		8
Management of Waiting List	Director of Adults, Health & Communities		8
Financial Assessment of Clients	Director of Adults, Health & Communities		10
Homecare Services	Director of Adults, Health & Communities		10
Mental Health Services	Director of Adults, Health & Communities		13
<b>Sub-total</b>			<b>59</b>
<b>Culture, Strategy and Engagement</b>			
Corporate Performance and Intelligence Service	Director of Culture, Strategy & Engagement		10
Performance and Project Management Governance Framework	Director of Culture, Strategy & Engagement		10
Arrangements over Organisational Development	Director of Culture, Strategy & Engagement		15
<b>Sub-total</b>			
<b>Environment and Resident Engagement</b>			
Leisure Services Insourcing (pre-implementation)	Director of Environment & Resident Experience		10
Regulatory Services (such as HMO, Damp and Mould, ASB and Enforcement)	Director of Environment & Resident Experience		10
Future Design of Waste Management Services - Business Case	Director of Environment & Resident Experience		10
Recycling	Director of Environment & Resident Experience		10

## London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

<b>Audit Area</b>	<b>Client</b>		<b>Days</b>
Management of Green Haringey (Park and Open Spaces Management)	Director of Environment & Resident Experience		8
<b>Sub-total</b>			<b>48</b>
<b>Placemaking and Housing</b>			
Management of Garages	Director of Placemaking & Housing		12
Processes to Let a property (from empty to relet) including allocation and letting	Director of Placemaking & Housing		10
Arrangements for Managing Contracts within Housing Services (Letting of Contract, Use of Waivers, Novation etc)	Director of Placemaking & Housing		15
Follow up of Delivery of the Housing Improvement Plan	Director of Placemaking & Housing		6
Housing Repairs - Responsive	Director of Placemaking & Housing		10
Planned Maintenance - Kenneth Robbins and Stella House	Director of Placemaking & Housing		10
Partnering Contract	Director of Placemaking & Housing		15
Delivery of New Council Homes	Director of Placemaking & Housing		10
Implementation of the Corporate Property Model (Incl. recommendations from Independent review)	Director of Placemaking & Housing		12
Management of Community Assets	Director of Placemaking & Housing		10
Planning	Director of Placemaking & Housing		10
Follow up of Commercial Property	Director of Placemaking & Housing		6
<b>Sub-total</b>			<b>126</b>
<b>Corporate Information Communications and Technology Audits</b>			
Review of the Outline Business Case for SAP Replacement	Director of Culture, Strategy & Engagement		10
Governance over Digital Transformation – Project and Programme Management	Director of Culture, Strategy & Engagement		10

<b>Audit Area</b>	<b>Client</b>		<b>Days</b>
IT Governance Framework	Director of Culture, Strategy & Engagement		10
IT Change & Problem Management	Director of Culture, Strategy & Engagement		10
Follow Up on Prior Years Recommendations	Director of Culture, Strategy & Engagement		10
<b>Corporate ICT Audits</b>			<b>50</b>
<b>Contract and Procurement Audit</b>			
Implementation of the new Procurement Model	Director of Finance		10
Contract Management	Director of Finance		10
Operating Model over Procurement	Director of Finance		10
Control and Monitoring of Purchasing Cycle	Director of Finance		10
New Source to Pay Application Review	Director of Finance		15
Review and Management of Off Contract spend	Director of Finance		10
<b>Sub-total</b>			<b>65</b>
<b>Risk Based Audits of Key Financial Systems</b>			
Management of Budgets	Director of Finance		15
Housing Rents	Director of Placemaking & Housing		10
Accounts Receivable (Sundry Debtors)	Director of Finance		10
Treasury Management	Director of Finance		10
Pensions Investment Management	Director of Finance		7
Management of Council Tax Reduction Scheme	Director of Culture, Strategy & Engagement		10
<b>Sub-total – Key Financial Systems</b>			<b>62</b>
<b>School Audits Risk Based Programme</b>			
Belmont Junior	Head Teacher and Governing Body		8
Chestnuts	Head Teacher and Governing Body		8
Crowland Primary School	Head Teacher and Governing Body		8
Ferry Lane Primary School	Head Teacher and Governing		8

## London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Audit Area	Client		Days
	Body		
Lancasterian Primary School	Head Teacher and Governing Body		8
Rokesley Infants School	Head Teacher and Governing Body		8
Rokesley Junior School	Head Teacher and Governing Body		8
St Mary's RC Primary School	Head Teacher and Governing Body		8
St Peter in Chains RC Infant School	Head Teacher and Governing Body		8
Welbourne Primary School	Head Teacher and Governing Body		8
West Green Primary School	Head Teacher and Governing Body		8
Highgate Wood Secondary School	Head Teacher and Governing Body		8
Park View Secondary School	Head Teacher and Governing Body		8
Woodlands Park Primary School	Head Teacher and Governing Body		8
Management and follow-up of 2023/24 Schools' Audit Recs	Director of Children's Services		10
<b>Sub-total – School Audits</b>			<b>122</b>
Follow up of Audit Recommendations			30
Admin and Management			30
Risk Management			In-house
Homes for Haringey (HfH)	Directors of HfH		20
Haringey Community Based Society (HCBS)	Directors of HCBS		20
Contingency			27
<b>Total</b>			<b>823</b>

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# **HARINGEY COUNCIL**

# **AUDIT CHARTER 2024**



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<b>Policy History</b>				
<b>Version</b>	<b>Summary of Change</b>	<b>Contact</b>	<b>Implementation Date</b>	<b>Review Date</b>
1.6	Reviewed and no change	Head of Audit & Risk Management	March 2023	Feb 2023
<b>1.7</b>	<b>Reviewed and updated for change in Committee name</b>	<b>Head of Audit &amp; Risk Management</b>	<b>March 2024</b>	<b>Feb 2024</b>

<b>Links and Dependencies</b>
Employee Code of Conduct Disciplinary Procedures Council Constitution Whistleblowing Policy Anti-money Laundering Policy Anti-bribery Policy

<b>Related Forms</b>
Declaration of Interests Form Declaration of Receipt of Gift or Hospitality





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## 1. Public Sector Internal Audit Standards

- 1.1 The UK Public Sector Internal Audit Standards (PSIAS), which came into effect from 1 April 2013, and were revised in August 2017, provide a consolidated approach across the whole of the public sector providing continuity, sound corporate governance and transparency.
- 1.2 The PSIAS are mandatory and the Head of Audit and Risk Management will report on compliance with the Standards as part of the Annual Internal Audit Report. An independent external quality assessment (EQA) review of Haringey Council's compliance with the Standards will be undertaken at least every five years, as required by the PSIAS, and will be supplemented by an annual self-assessment to ensure the Council's ongoing compliance with them.
- 1.3 The PSIAS require Haringey Council to implement and maintain an 'Internal Audit Charter'. The purpose of the Internal Audit Charter is to formally define the internal audit activity's purpose, authority and responsibility. This Charter will be reviewed on a regular basis and presented to the Audit Committee for review and approval.

## 2. Definition of Internal Audit

- 2.1 The PSIAS' mandatory definition of internal auditing has been adopted by Haringey Council and is as follows:

*'Internal auditing is an independent, objective assurance and consulting (advisory) activity designed to add value and improve an organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'*

## 3. Mission and Core Principles

- 3.1 The mandatory elements of the International Professional Practices Framework (IPPF) for Internal Audit are incorporated into the PSIAS and include an overarching 'Mission' for Internal Audit services '*...to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight*'.
- 3.2 The 'Core Principles' that underpin delivery of the IPPF mission require internal audit functions to:
  - Demonstrate integrity;
  - Be objective and free from undue influence (independent);
  - Align with the strategies, objectives and risks of the organisation;
  - Be appropriately positioned and adequately resourced;
  - Demonstrate quality and continuous improvement;



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- Communicate effectively;
- Provide risk-based assurance;
- Be insightful, proactive, and future-focused; and
- Promote organisational improvement.

#### 4. Authority of Internal Audit

4.1 Internal Audit has unrestricted access to all Council records and information, both manual and computerised, cash, stores and other Council property or assets it considers necessary to fulfil its responsibilities. All the Council's activities, funded from whatever source, fall within the remit of the internal audit service. Internal Audit may enter Council property and has unrestricted access to all locations and officers<sup>1</sup> where necessary, on demand, and without prior notice. This right of access is included in the Council's Constitution (Part Four, Section I, paragraph 5.45).

#### 5. Responsibility and Accountability

5.1 With Haringey Council, the Audit Committee will fulfil the functions of '**The Board**'; and the Corporate Leadership Team will fulfil the functions of '**Senior Management**', as defined by PSIAS.

5.2 The responsibility for maintaining an adequate and effective system of internal audit within Haringey Council lies with the authority's Chief Finance Officer (S151 Officer).

5.3 The Head of Audit and Risk Management is the person designated to fulfil the role of the 'Chief Audit Executive' and is the person required to provide an annual opinion to the Council and to the Chief Finance Officer, via the Audit Committee, on the adequacy and the effectiveness of the internal control system, governance and the risk management arrangements for the whole Council.

5.4 Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas identified by the Council as being of greatest risk and significance and rely on management to provide full access to accounting records and transactions for the purposes of internal audit work and to ensure the authenticity of these documents.

5.5 The remit of Internal Audit covers the entire control environment of the Council. This includes the objective examination of evidence to create independent

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<sup>1</sup> Officers includes all temporary and permanent employees of Haringey Council, together with any agency workers, contractors and volunteers working for the Council.



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assessments to the Audit Committee, the Corporate Leadership Team, management and others on the adequacy and effectiveness of governance, risk management and internal control. Internal audit assurance assessments include evaluating whether:

- The Council properly identifies and manages risks on its strategic and other objectives;
- The actions of the Council's officers and contractors comply with the Council's policies, procedures and applicable laws, regulations and governance standards;
- The results and output of Council work and programmes are consistent with agreed goals and objectives;
- The Council undertakes its work and programmes effectively and efficiently;
- The Council's systems enable compliance with the policies, procedures, laws and regulations that could cause significant impact;
- All information and the means used to identify, measure, analyse, classify and report such information are reliable and have integrity; and
- The Council obtains assets economically, uses them efficiently, and safeguards them adequately.

5.6 Internal Audit also provides an independent and objective consultancy service, which is advisory in nature, and generally performed at the specific request of management. Such consultancy or advisory work is separate from Internal Audit's assurance work but may contribute to the annual opinion that Internal Audit provides on risk management, internal control and governance.

5.7 Where appropriate, Internal Audit will undertake audit or consulting work for the benefit of the Council in organisations that are wholly or partly owned by the Council.

5.8 Internal Audit may also conduct any special reviews requested by the Council, Audit Committee or the s151 Officer, provided such reviews do not compromise its objectivity, independence or achievement of the approved annual internal audit plan.

5.9 Internal Audit will consider all requests from the Council's external auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised, which external audit would need to discharge their responsibilities.

5.10 The Head of Audit and Risk considers relying on the work of other internal or external assurance and consulting service providers when forming their annual opinion.



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## **6. Independence of Internal Audit**

- 6.1 The Head of Audit and Risk Management has free and unfettered access to:
- Chair of the Audit Committee;
  - Chief Executive;
  - Chief Finance Officer;
  - Monitoring Officer; and
  - Any other member of the Corporate Leadership Team.
- 6.2 The Head of Audit and Risk Management reports functionally to the Board, and organisationally to the Director of Finance, who is also the Council's S151 officer. The Head of Audit and Risk Management has direct access to the Chief Executive who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.
- 6.3 The independence of the Head of Audit and Risk Management is further safeguarded by ensuring that their annual appraisal is not inappropriately influenced by those subject to audit. This is achieved by ensuring that the Chief Executive and/or the Chair of the Audit Committee contribute to, and/or review the appraisal of the Head of Audit and Risk Management.
- 6.4 All Council and relevant contractor staff in Audit and Risk Management are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed.
- 6.5 Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken by Internal Audit will be reported to the Audit Committee. To maintain independence, any Internal Audit staff involved in significant consulting activity will not be involved in the audit of that area for at least 12 months after the consulting assignment has ended. When performing consulting assignments, the internal auditor will maintain objectivity and not take on any management responsibility.
- 6.6 Where it is considered necessary to the proper discharge of the internal audit function, the Head of Audit and Risk Management has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the Audit Committee).
- 6.7 Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of



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all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

6.8 The Head of Audit and Risk Management will confirm to the board, at least annually, the organisational independence of the internal audit activity.

## 7. Non-audit Areas

7.1 The PSIAS require the Internal Audit Charter to identify any 'Non-audit' areas that fall under the management of the Internal Audit service. For Haringey these are:

- **Counter-Fraud.** Promoting fraud awareness and maintaining effective anti-fraud policies and procedures; acting as a corporate service for the investigation of irregularities and, where criminal investigation is considered, to liaise directly with the police and advise services on such matters. The Fraud Team plays a specific counter-fraud and investigation role jointly with Homes for Haringey in relation to Housing Tenancy Fraud; the investigation of serious whistleblowing concerns raised via the Council's whistleblowing policy also fall within the Team's remit.
- **Insurance and operational risk management.** Providing a full claims handling service for the Council and Homes for Haringey; procuring and management of all externally provided insurance contracts; management of the leasehold property insurance portfolio; providing claims related and financial information to managers; and training and development on insurance and operational risk management for staff.
- **Risk Management.** Providing risk management support to Haringey Council; promoting the consistent use of risk management and ownership of risk at all levels across the Council; managing and reviewing the Council's risk management framework.

7.2 In order to fulfil the requirements of the PSIAS and avoid potential conflicts of interest and loss of objectivity, the 'non-audit' functions are independently audited on a regular basis by the externally procured audit service and the Council's external auditors, with the results reported to the Audit Committee.

## 8. Reporting

8.1 The PSIAS require the Head of Audit and Risk Management to report at the top of the organisation and this is done in the following ways:

- The Internal Audit Strategy and Charter and any amendments to them are reported to the Corporate Leadership Team and Audit Committee for review and approval;
- The annual Internal Audit Plan is compiled by the Head Audit and Risk Management, taking account of the Council's risk framework and after



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input from the Statutory Functions Board. It is then presented to the Audit Committee for formal approval. The Head of Audit and Risk Management will review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, programmes, systems and controls, including emerging risks, threats and other issues;

- The adequacy, or otherwise, of the level of internal audit resources (as determined by the Head of Audit and Risk Management) and the independence of internal audit is reported annually to the Audit Committee. The approach to providing resource is set out in the Internal Audit Strategy;
- Performance against the Internal Audit Plan and any significant risk exposures and control issues arising from audit work are reported to the Corporate Leadership Team and Audit Committee on a quarterly basis;
- Any significant consulting or advisory activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit Committee;
- Results from internal audit's performance management processes and performance indicators will be reported to the Audit Committee; and
- Any instances of non-conformance with the Public Sector Internal Audit Standards must be reported to the Audit Committee and will be included in the annual Head of Internal Audit report. If there is significant non-conformance this may be included in the Council's Annual Governance Statement.

## **9. Due Professional Care**

9.1 The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK Public Sector Internal Audit Standards (PSIAS);
- CIPFA Local Government Application Note (LGAN) for internal audit functions operating in the local government sector;
- The respective ethical codes for the professional bodies that Internal Audit staff qualified under;
- All Council Policies and Procedures; and
- All relevant legislation.



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- 9.2 Internal Audit is subject to a quality assurance and improvement programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK PSIAS and the LGAN, ongoing performance monitoring and an external quality assessment at least once every five years by a suitably qualified, independent assessor.
- 9.3 A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies. The Head of Audit and Risk Management and his deputy are required to hold a relevant professional qualification (CCAB or equivalent, or CMIIA) and be suitably experienced.

## Internal Audit Activity charter

Approved on 7 March 2024

*Minesh Jani*

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Head of Audit and Risk Management (Chief Audit Executive)

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Chief Executive (Chief Executive Officer)

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Chair of Audit Committee (Audit Committee)

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# Internal Audit Process



# 1

## Audit Planning

The Audit Manager will agree the scope and date for internal audit to take place. The service / school will have a one month's notice to allow the key contact to prepare and plan for the visit.

# 2

## Fieldwork

The auditor will hold an opening meeting with the key contact and other relevant stakeholders.

The auditor will review processes by interviewing staff, examining documents, observing how systems operate and by testing a sample of transactions.

At the end of the visit, the auditor will hold an exit meeting, highlighting key findings arising from the visit.



# 4

## Follow-up

Between 6-12 months from the issue of the final report, the auditors will check the agreed actions have been implemented and report on progress.

# 3

## Audit Reporting

The auditor will issue a draft report within 15 working days of the exit meeting. The report will set out the auditor's findings and the overall assurance over the systems of control in operation.

The auditor will need a written response from the key contact within 10 days of the issue of the draft report including completion in full of the action plan.

The auditor will issue the final report incorporating comments from the key contact as appropriate.

## Internal Audit Visit

This guide is intended to give information on how internal audit carries out its work, to help you understand the role of internal audit and what you need to do to prepare for the audit visit. Throughout the audit process, the auditors will engage with you by asking questions, seeking information and explanations, updating you on how the audit is progressing and highlighting any material findings. Please support the audit process by responding promptly to requests from the auditors. This will allow the auditors to complete their work in a timely manner, and to give you prompt feedback.

### Role of Internal Audit

Internal audit is an essential part of the Council's governance arrangements and its purpose is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. It achieves this by providing an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. The work of internal audit is set out in the audit charter and strategy, which can be found at <http://intranet/service-areas/corporate-governance/audit-and-risk-management/audit-and-risk-management>.

### Who are the Internal Auditors?

The Council's internal audit service is provided by Mazars who specialise in audit, accountancy, tax, legal and advisory services and the contract is overseen by the Head of Audit and Risk Management. Mazars have a large public sector practice delivering internal audits all over the country. At Haringey, Mazars carry out internal audits for the Council and Homes for Haringey. The type of audits can vary considerably, though most are designed to provide assurance risks being managed.



The frequency and type of audit is dependent on risk. Before the start of an audit, a risk assessment is carried out, which is based on a number of factors such as the importance of the audit area, its inherent risk, when it was last audited, previous last assurance rating, whether there have been any key changes in staffing or legislation, management concerns etc.

### Internal Audit Planning and Performance

Every year, Head of Audit and Risk Management prepares an annual internal audit plan showing the areas that will be audited. The plan is ratified by the Corporate Board and the Audit Committee. The expectation is for all areas to be audited in the year. Quarterly progress reports are produced and any delay has to be reported to the Chief Executive and the Chair of the Audit Committee.



## Before the Audit

### Notice of Audit & Pre-Work

The programme of audits is determined in Jan/Feb of each year. Audits are then split across the four quarters. You will usually be contacted during the month prior to the quarter in which your audit will occur to agree the scope of the audit and arrange a mutually convenient start date for the on-site audit work.

Once the scope and a start date is agreed, you will receive an audit brief which details:

- The risks the service is managing;
- The scope of audit
- A list of proposed project milestones, and
- Reporting arrangements

For schools, the audit brief will list of the main documents that the auditor is likely to want to see when they visit – it would be helpful if you can have them to hand when the auditor first visits.

It is worth noting the list can never be exhaustive because of the nature of the work.

## During the Audit

### On site Fieldwork

Usually, the audit will start with a meeting between the auditor and the key contact on the first morning. This will allow the auditor to explain the audit process, to plan the approach to minimise service disruption, and to establish the key logistics in terms of relevant contacts, access arrangements and work space for the audit as well as to explore any material issues or concerns the service has, and to initially assess arrangements in place to mitigate key risks.

The audit will progress with the auditor undertaking testing across the areas mentioned in the audit brief. This will take the form of interviews with staff, examination of documentation, observation of processes and sample testing of transactions. Any queries arising or significant findings will be discussed with the relevant person during this time. As the auditor has limited time to complete the audit, we ask that information is provided as soon as possible.

### Exit meeting

Before the auditor commences the fieldwork the auditor will arrange an exit meeting for the last day on site with the Assistant Director, Head of Service and/or other nominated officers. At the meeting, the auditor will set out his/her findings and ensure the findings are factually accurate. The meeting also provides an opportunity for the Assistant Director/ Head of Service to provide details of any actions already taken and any extenuating circumstances that should be considered. Please note that at this point the auditor will not be in a position to give any overall audit opinion, as the findings are subject to quality review and moderation by the Mazars' Senior Audit Manager. Accordingly, some findings and recommendations might change during the review process but any new issues will be communicated to the key contact prior to any report being issued.

## After the Audit

### Reporting

The auditor will draft the report and the Manager will review the report before the report is issued to management. The draft report will be emailed to the agreed contacts within 15 working days of the exit meeting unless additional information is required arising from the exit meeting or quality assurance review. The report is draft at this stage and sent to the Head of Service and other key contacts so that they

can consider the issues raised and check for factual accuracy before the report is circulated more widely as a Final report. Where appropriate, the auditor will raise recommendations. The recommendations are prioritised as:

**Priority 1** – Major issues for the attention of senior management that need urgent attention

**Priority 2** – Important issues to be addressed by management in their areas of responsibility

**Priority 3** – Minor issues resolved on site with local management or suggestion of best practice

The draft report includes an overall assurance opinion over the governance, controls and management of risk. There is no hard and fast rule as to how the assurance level is determined - it is dependent on the number, priority and nature of issues identified and the quality assurance process ensures consistency across audits.



Assurance ratings range from SUBSTANTIAL ASSURANCE - where everything is in place and operating as it should, to NO ASSURANCE - where processes are weak and controls are not functioning that leaves the service open to significant error or abuse. The most common assurance levels are ADEQUATE ASSURANCE - where some weaknesses in processes have been found and/or some controls aren't being complied with and LIMITED ASSURANCE – where process weaknesses and controls not being complied with are significant enough to cause concern. The report will also include a 'travel of direction' view to indicate whether the service has improved since it was last audited.

The key contact is asked to provide a written response within 10 days of receipt of the draft report. This will include agreement to the recommendations raised, including the actions taken/proposed, by whom and by when.

The response will be incorporated into a final report which will be issued to the key contacts. A copy of the final report will be sent to the relevant Director of service, the Director of Finance and Chief Executive. For schools, the final report is sent to the Head Teacher, Chair of Governors and the Local Education Authority. A digest of the report will be reported to Audit Committee.



**Follow up**

Within twelve months of issue of the final report, Internal Audit will make contact with the service to ask for an update of actions taken in response to the recommendations made. As appropriate, additional evidence will be requested and the auditor may choose to visit the service to undertake brief follow up testing.

Arising from the follow up work, a report may be made indicating if satisfactory progress has been made since the audit visit.

**Feedback**

I am keen to hear from you about the audit and whether there is anything that we could do differently to improve the audit process. The Senior Internal Audit Manager will send a satisfaction survey after the final report, please send your response to me with your feedback.



**Contact**

If you have any comments or queries about the audit process, please contact:

**Minesh Jani**

Head of Audit & Risk Management

7th Floor Alexandra House

Telephone: 020 8489 5973

Mobile: 07870 157611

Email: minesh.jani@haringey.gov.uk

**Mark Chalkley**

Senior Internal Audit Manager - Risk Assurance Services

Mazars LLP

Mobile 07811 036681

Email [mark.chalkley@mazars.co.uk](mailto:mark.chalkley@mazars.co.uk)

	A	B	C	D	E	F	G	H	I	J	K	
1		<b>Assurance Map of Corporate Risks as at 31 January 2024</b>										
2												
3												
4												
5				<b>Current</b>				<b>Future</b>				
6		<b>No.</b>	<b>Risk Event Description</b>	<b>Risk Owner</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Score</b>	<b>Proximity</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Score</b>	<b>Internal Audit Assurances</b>
7		1	Maintaining and strengthen financial viability/balance across MTFP including failure to deliver identified savings.	CLT Director of Finance	5	5	25	Medium term	5	2	10	Governance over Delivery of Savings (x2) Management, Monitoring and Collection of Income in Council (in line with Ethical Debt Policy) Management, Monitoring and Collection of Income in Council (in line with Ethical Debt Policy)
8		2	Non-delivery of transformational change Strategic programme for transformation does not deliver	All	5	4	20	Medium term	4	2	8	Governance over Delivery of Savings Performance and Project Management Governance Framework Follow up of Delivery of the Housing Improvement Plan Implementation of the Corporate Property Model (Incl recommendations from Independent review)
9		3	Impact of significant external economic factors, affecting service delivery, the local economy, employment opportunities and cost of living for residents.	All	4	4	16	Short term	2	4	8	Corporate Performance and Intelligence Service Implementation of the new Procurement Model Management of Council Tax Reduction Scheme
10		4	Potential health and safety incident on employees or member of the public.	CLT	4	4	16	Short & Medium term	4	2	8	Management assurances / external assurances
11		5	Failure to meet Housing / Achieve full regulatory compliance for Council Housing Stock standards	Director of Placemaking and Housing	4	4	16	Medium term	4	2	8	Follow up of Delivery of the Housing Improvement Plan Processes to Let a property (from empty to relet) incl allocation and letting Arrangements for Managing Contracts within Housing Services (Letting of Contract, Use of Waivers, Novation etc) Housing Repairs - Responsive Partnering Contract
12		6	Serious Cyber Security Incident leading to all or multiple council systems shutdown and/or council unable to undertake business and/or significant ICO fine & reputational damage due to data breach, malware outbreak, phishing or ransomware attack.	Chief Information Officer & Director of Culture, Strategy & Engagement	5	3	15	Short term	4	2	8	Governance over Digital Transformation – Project and Programme Management IT Governance Framework IT Change & Problem Management Performance and Project Management Governance Framework
13		7	Failure to fully integrated functions transferring into the Council from Fusion, including culture and operations to improve performance	Director of Environment & Resident Experience	5	3	15	Short term	3	2	6	Leisure Services Insourcing (pre-implementation) Future Design of Waste Management Services - Business Case Governance over Digital Transformation – Project and Programme Management Operating Model over Procurement New Source to Pay Application Review
14		8	Adequate processes are not in place to safeguard vulnerable children and adults within the borough who were or should have been in receipt of services, either from the council or a partner agency.	Director of Children's Services Director of Adults, Health & Communities	5	3	15	Medium Term	5	2	10	Arrangements for LADO Youth Offending Deprivation of Liberty incl Safeguarding Reablement Services Homecare Services Mental Health Services
15		9	Failure to prepare for the impact associated with climate change, including air quality and pollution, extreme weather (e.g. flooding, heat).	Director of Environment & Resident Experience	5	3	15	Long term	4	3	12	Management assurances

	A	B	C	D	E	F	G	H	I	J	K
16	10	Major failure of key contractor or supplier or partner organisations.	Head of Procurement & Director of Finance	3	5	15	Short & Medium term	4	2	8	Implementation of the new Procurement Model Contract Management Operating Model over Procurement Control and Monitoring of Purchasing Cycle Review and Management of Off Contract spend
17	11	Failure to instigate arrangements for the proper management of Council property (including commercial and administrative buildings).	AD for Capital Projects & Property and Director of Placemaking and Housing	4	3	12	Medium term	4	2	8	Follow up of Commercial Property Management of Community Assets Implementation of the Corporate Property Model (Incl recommendations from Independent review)
18	12	Unable to attract and retain scarce skills or those in high demand. The Council does not have the appropriate skills, capacity and capabilities in place and/or recruited to deliver the manifesto (Delivery Plan effectively). The speed of change in the organisation - actual and required - is not that required.	Chief People Officer and Director of Culture, Strategy & Engagement	4	3	12	Medium term	3	2	6	Arrangements over Organisational Development Management of Staff Performance Sickness Management
19	13	Integrated delivery models for local health & care services does not deliver	Director of Adults, Health & Communities	4	3	12	Medium term	3	2	6	Mental Health Services
20	14	Promoting social and economic renewal: risk that the housing and regeneration projects do not promote nor deliver against the principles of equality of opportunity, fairness and quality of life for all.	Director of Placemaking and Housing	4	2	8	Long term	4	1	4	Delivery of New Council Homes
21	15	Increased violence across the borough.	Director of Environment & Resident Experience	4	2	8	Medium term	4	1	4	Regulatory Services (such as HMO, Damp and Mould, ASB and Enforcement)
22	16	Strategic activities and resources (financial, capacity, staffing) are not in place and aligned appropriately to ensure the effective delivery and outcomes of the Council's delivery plan (being developed from the current administration's manifesto).	All	4	2	8	Long term	4	1	4	Performance and Project Management Governance Framework Corporate Performance and Intelligence Service Follow up of Delivery of the Housing Improvement Plan
23	17	The Council does not maintain adequate or appropriate arrangements to secure sensitive and personal data / Information governance failure	Head of Legal and Governance	4	2	8	Immediate	3	2	6	Data Governance Management of FOIs and Mes IT Governance Framework
24	18	RAAC In School & Corporate Buildings	Director of Placemaking and Housing	2	3	6	Medium term	2	2	4	Management assurances

**Report for:** Audit Committee – 7 March 2024

**Item number:** 13

**Title:** Internal Audit Progress Report 2023/24

**Report authorised by :** Director of Finance

**Lead Officer:** Minesh Jani, Head of Audit and Risk Management  
Tel: 020 8489 5973  
Email: [minesh.jani@haringey.gov.uk](mailto: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 7 October 2023 to 31 January 2024 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.

We would draw members attention to para 12.3 and the "limited" assurance given to the Purchase of Care Plans audit. Given the increased proportion of the Council's budget being taken up by Adult Social Care, the shortcomings in process, particularly around financial assessments and the reviewing of providers' contracts have a significantly detrimental impact on the Council's financial plans and sustainability. It is noted the service has accepted all recommendations and that they are due for implementation by April 2024. This needs close attention in the audit follow-up process.

8.2 Legal

The Assistant Director for 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. Background Papers

10.1 None

## 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	7 Oct 23 – 31 Jan 24	Year to date	Year end Target
1	Internal Audit work (Mazars) – Days Completed vs. Planned programme	26%	71%	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 615 days of the annual audit plan (838 days) during the period (to 31 Jan 2024) and delivered 588 days audit work during this period. There has been some change to the audit plan to reflect the changing priorities within the Council and I will report the changes as part of my annual audit report to the Audit Committee's at its next meeting.

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. Since the last Audit Committee meeting in December, 15 internal audit reports have been issued (including schools), and the majority assigned a satisfactory level of assurance. Those audit areas where the level of assurance is low are detailed below.

### 12.3 Significant issues arising in Quarter 3

In this period, there were three final internal audit reports that were assigned either a “Nil” or “Limited” level of assurance. The nature of the service and key residual risks arising from review are noted below.

#### **Delivery of Leisure Services – “Nil” Assurance**

The Delivery of Leisure Services in Haringey are managed by Fusion Lifestyle (Fusion) in partnership with the Council and a leisure services contract between the two parties has been in place since 2013. There are three leisure centres in the borough that Fusion manages:

- Park Road Pools & Fitness (PR);
- Tottenham Green Pools & Fitness (TG); and
- Broadwater Farm Community Centre.

Fusion, as the contractor, is responsible for the management and operation of the above facilities and services for the Council. This includes following a Planned Preventative Maintenance Schedule, completing all reactive works necessary, ensuring compliance with all statutory compliance, health and safety legislation, and producing an Annual Service Plan (ASP) for each facility to demonstrate how Fusion is managing facilities.

The Council and Fusion have established an action tracker to highlight and address issues within the delivery and management of the leisure service. The Council has attributed many of the issues to Fusion and Fusion has taken responsibility for rectifying these issues through agreement of the actions to be taken. However, progress towards resolving these issues has been slow.

The audit highlighted the following areas of risk:

- It would appear that Fusion Lifestyle (Fusion) has demonstrated multiple breaches of contract terms, raising significant concerns;
- Prolonged outstanding issues identified in Fusion’s Contract Monitoring Action Plan;
- Annual Service Plan (ASP) was not provided by the contractor and the performance indicators included in the Council’s self-created ASP were not tracked and monitored;
- The contractor failed to provide the annual Planned Preventative Maintenance (PPM) for both 2021 and 2022, and there was a delay of six months in providing the PPM for 2023;
- A review conducted by external auditors did not provide assurance over statutory compliance within the two leisure centres subject to inspection;
- There was no action plan to schedule and monitor remedial works;
- Site inspections were not undertaken for all leisure centres in September 2023 due to staff member being on leave; and

- Customer feedback lacked categorisation based on its nature, and there was no information provided regarding contractor's response time and resolution status.

The auditors raised 10 recommendations; seven priority 1 and three priority 2. The majority of recommendations have already been completed by the service.

### **Pendarren House – “Limited” Assurance**

Pendarren House Outdoor Education Centre (the Centre) is a 16-acre site that lies within the Grwyne valley, set on the side of Sugarloaf Mountain in the Brecon Beacons National Park. The centre is owned and maintained by Haringey Council and for more than 40 years has been providing outdoor education courses and residential activities to the young people of Haringey.

Customers range from key stage 2 to secondary, further education, colleges, scouts, Department of Education, businesses and other organisations. Courses are designed, in consultation with clients, to foster confidence, self-esteem, responsibility, and independence.

Pendarren House is managed by the Head of the Pendarren House, who is supported by the Team. The centre is amid a change in leadership since the previous Head of Pendarren House stepped down after 17 years in the role. The new Head of Pendarren House joined in June 2023.

The objective of the review of Pendarren House focused on ensuring the outdoor education centre is being managed effectively and efficiently. The overall limited assurance opinion provides scope for improvement in the management of Pendarren House. The audit identified the following residual risks:

- Performance indicators were not established to measure performance and periodic performance reports to monitor the centres' performance were not produced and distributed to stakeholders;
- Policies and procedures specifically related to the operational management of the centre including facilities management program management and financial management were not in place;
- Staff had not completed the safeguarding training module;
- There was an outdated Risk Assessment Log (RLA) and a lack of additional controls for medium-high level of risks within the RLA;
- Monthly budget monitoring reports that detail the forecast outturn against the budget were not available or used;
- Bank reconciliations were not reviewed and approved; and
- Deputy Designated Child Protection Lead had not completed the DSL training required.

The service has accepted all recommendations. The recommendations are due for implementation by May 2024.

### **Purchase of Care Plans – “Limited” Assurance**

Under The Care Act 2014, Local Authorities are required to ensure that people have access to appropriate services, and that these services support individuals in a way that prevents their needs from evolving into a worse condition. Statutory guidance suggests that Local Authorities are required to consider the impacts of arranging a service on an individual’s wellbeing. It is a requirement for the Local Authority to ensure that assessments are completed appropriately and that those completing the assessments can complete the process sufficiently. Furthermore, the Act emphasises that the Local Authority has a responsibility to review plans created and adjust these as appropriate in line with any changes in the support needed.

The Adult Social Services team provides services which include developing personalised support plans for individual needs. The support plans and individual needs are subject to yearly reviews to ensure the support is adequate and identify any changes in needs. Care and support planning places the needs of the individuals at the centre, sometimes resulting in care being required from outside the Borough. All service users undertake a financial assessment to determine if they are required to contribute to the cost the care provided, as outline in legislation.

Care and support involve several different teams working collaboratively together to ensure service users’ needs are met. As with most local authorities, demand is increasing and ensuring sufficient resources are available to meet demand is a challenge facing Haringey. According to the Council’s Budget Book for 2022/23, Adult Social Care had a budgeted expenditure of approximately £88m on care services and expected to receive approximately £7.8m in customer contributions as well as approximately £28.5m in grant contributions. The net expenditure on care services for adults was budgeted to be approximately £51.5m which represents a significant portion of total Council expenditure.

The audit sought to ascertain whether controls are operating to support the purchasing of care plans and that care is approved, reviewed and amended as required. The audit highlighted the following residual risks:

- Joint funded care plans were not completed or approved accurately, and in a timely manner;
- Financial assessments were not completed in a timely manner;
- Support plans were not reviewed and approved by the individual seeking the care and/or the team approving the care being provided;
- Changes in the support plan were not identified and implemented in a timely manner;

- Existing contracts were not reviewed and renegotiated to ensure best value for the Council;
- Management lacked oversight of void block bookings; and
- Support plans were not appropriately approved by the relevant panel or Director.

The service has accepted all recommendations. The recommendations are due for implementation by April 2024.

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## APPENDIX 1

### Introduction

This report includes audit progress between 6 October 2023 and 12 February 2024 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: February 2024**

## Key Highlights/Summary:

### 2023/24 Final Internal Audit Reports issued

- Community Alarms
- Delivery of SEN Improvement Plan 22/23
- Purchase of Care Plans
- Liquid Logic pre-implementation Programme
- Delivery of Leisure Services
- Youth Services
- Pendarren House
- Flood Management
- Management and Control of Parking Permits
- Seven Sisters School
- Blanche Nevile Special School
- Lea Valley School
- Gladesmore School
- Weston Park School
- The Vale School
- St Gilda's RC School
- St Aiden's VC Catholic School
- St John Vianney School
- St Michaels Highgate School

### 2023/24 Draft Internal Audit Reports issued

- Residential Placements
- Commercial Property
- Post Opening Procedures
- Community Engagement
- Controls over the DPS
- Accounting and GL
- Coroners Service
- Contract Management
- Management of Budgets
- Commissioning in Children's Service
- Housing Rents Income
- Management and Control of Adult's Waiting Lists
- Housing Benefit
- International Recruitment
- Haringey Learning Partnership
- Payroll
- Muswell Hill
- Stroud Green

### 2023/24 Audits at Fieldwork stage

- Management of Sheltered Accommodation
- Arrangements for Securing Social Value from Contracts
- Council Tax
- Management of Aids and Adaptations
- Follow Up from Housing Improvement Plan
- Administration of the Council's London Construction Programme



- Children in Care
- Workforce Data and Establishment
- Accounts Receivable

- Accounts Payable
- Management of Complaints and Ombudsman Reports

- Policies around Damp and Mould

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

- Cloud Strategy
- Disrepair Claims (deferred)
- Oversight of Regeneration Schemes
- Management of PCNs
- Voids and Follow Up of Lettings
- Regeneration of Canning Crescent and Osbourne Grove
- Governance Arrangements over Broadwater Farm

- HCBS Audit
- Corporate Approach to consultation and engagement
- Payment Processing of Contractor Invoices (Repairs)
- HfH Audit
- Administration of the Landlord Licensing Scheme
- Adult Social Care Commissioning

- Management of Purchase Cards
- Delivery of Haringey First
- Tenancy Management
- Homeownership Service
- Follow Up Actions from Property Improvement Plan

## 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
Liquid Logic pre-implementation Programme	April 2023	August 2023	Adequate	N/A	0	2	1
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
Flood Management	July 2023	October 2023	Substantial	N/A	0	0	0
Delivery of Leisure Services	June 2023	October 2023	No	N/A	7	3	0
Pendarren House	June 2023	November 2023	Limited	N/A	1	5	1
St Gilda's RC School	July 2023	December 2023	Adequate	→	0	3	6
St Aiden's VC Catholic School	July 2023	December 2023	Adequate	↔	0	4	5




Audit Title	Date of Audit	Date of Final Report	Assurance Level	Direction of Travel	Number of Recommendations (Priority)		
					1	2	3
St Michael's Highgate School	June 2023	December 2023	Adequate	←	0	2	5
The Vale School	July 2023	December 2023	Adequate	↔	0	0	6
Management and Control of Parking Permits	August 2023	December 2023	Adequate	N/A	0	2	2
Seven Sisters School	September 2023	December 2023	Adequate	↔	0	4	5
Blanche Nevile Special School	September 2023	December 2023	Adequate	↔	0	2	3
Purchase of Care Plans	May 2023	January 2024	Limited	N/A	0	4	4
Youth Services	June 2023	January 2024	Adequate	N/A	0	2	2
Lea Valley School	October 2023	January 2024	Adequate	→	0	5	3

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
<b>Substantial Assurance:</b>	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.
<b>Adequate Assurance:</b>	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.
<b>Limited Assurance:</b>	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.
<b>Nil Assurance:</b>	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 7<sup>th</sup> March 2024

**Item number:** 14

**Title:** Anti – Fraud and Corruption Progress Report Quarter 3 2023/24

**Report authorised by:** Jon Warlow – Director of Finance

**Lead Officer:** Minesh Jani – Head of Audit & Risk Management  
Minesh.Jani@Haringey.gov.uk  
07817 617839

**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 quarter three 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 three 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 carbon 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.

**Assistant Director for Legal & Governance - Benita Edwards Head of Legal Services**

The Council's Head of Legal Services 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 October 2023 to 31<sup>st</sup> December 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. The Strategy will be reviewed in 2024. 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 had one full time officer signed off sick for half of quarter three.
- 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, this has two impacts on the team referrals are increased as risk is not mitigated effectively and also investigations are hindered by weak independent audit trails.

## **13. Risk Assessment 2023/24**

- 13.1 The risk level relating to agency worker employees having secondary employment, which was already high, has been increased this quarter as a result of two referrals received in quarter three. The risk level relating to social care provision has increased from Medium to High in quarter three due to two different types of fraud identified and referred in the period.

## **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 two a project on unidentified void properties which was completed and results are being tracked; temporary accommodation was planned for quarters three and four and this work has commenced, in addition to the planned work the team will also participate in a NFI pilot with regards secondary employment and a proactive exercise on 'client hidden assets' has

been added to the plan for quarter 4 we expect all outcomes to be available for the 2023/24 Annual Report.

## 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	Q3	YTD	Annual Measure
Properties Recovered	13	42	50
Right to Buys prevented	24	80	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, in quarter 3 we again met with the Senior Tenancy Officers to discuss case progress and have recommended to the Assistant Director that a complex case process be implemented to try to reduce the backlog of cases,

this has been agreed for quarter 4. Of the 321 ongoing investigations 190 currently sit with other teams for action and 131 are live investigations. The team have no live housing fraud prosecutions currently.

### 15.7 Table 3 - Tenancy Fraud Activity and Outcomes

Opening Caseload	313	
New Referrals received	52	
Total	365	
Properties Recovered		13
Case Closed – no fraud/no recovery action possible		31
Total	(-)	44
Closing Caseload		321

### 15.8 Right-to-buy (RTB) applications

15.9 As at 31 December, there were 177 ongoing applications with 65 under investigation as part of the statutory money laundering stage of the process. During quarter three, 24 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. 32 new applications were received in this period for review. 27 applications ceased for reasons other than the Corporate Anti-Fraud Team's direct intervention and 17 properties were sold.

### 15.10 Gas safety – execution of warrant visits

The Corporate Anti-Fraud Team have attended gas safety visits in quarter three, where risk of fraud is identified. 42 of the team's on-going investigations were generated by this activity. The number has dropped since quarter two due to the continued focus to ensure properties are being efficiently voided.

### 15.11 Blue Badge Fraud

At the start of quarter three the team had circa 24 live fraud cases on-going. During the quarter 104 referrals were received the majority of which will receive sanctions. Six cases have been accepted as fraud investigations and interview are being arranged where appropriate. In quarter four the project will start to move some of the triaging and sanction work over to the parking

service so that the team can focus on the fraud investigations and prosecutions. We are working with parking to ensure that the outcomes of this project are communicated to ensure the deterrent factor, which was the main objective of the project, is optimised. The number of repeat offenders is already noted to be reducing since the project began.

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

In quarter three the team has commenced a temporary accommodation fraud exercise, but that work continues into quarter four. The outcomes from the NFI activity will be reported as part of the annual reporting when exercises are complete and closed. The audit team continue to track the outcomes of this exercise. 14 properties have been recovered at the end of quarter three. These recoveries are not included within the tenancy fraud performance to avoid double counting.

#### **15.17 No Recourse to Public Funds (NRPF)**

In quarter three, 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 three the team had six employee cases open one disciplinary case and five employee cases being investigated, under audit powers, one of which had also been referred to human resources so the disciplinary investigation could advance ahead of the wider investigation.

Of these six cases the disciplinary case and two employee case remain open. The other three have been closed for two there are management actions and for the third there was no case to answer. The disciplinary case that ran alongside our investigation was concluded efficiently with a dismissal following a hearing.

Five new employee referrals were received in quarter three, all to be investigated under audit powers. One case was closed with

recommendations for management re disciplinary action; two cases were closed with management actions; one case was closed with no case to answer, and one remains open.

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 three whistleblower cases open. One remains on-going working in partnership with other council teams and other agencies, one remains open and is being investigated by management and one being investigated by the audit team. We received two new whistleblowers in the period one which was investigated and closed with no case to answer one which is being investigated by Management.

**Report for:** Audit Committee – 7 March 2024

**Item number:** 15

**Title:** Local Code of Corporate Governance

**Report authorised by :** Director of Finance / Assistant Director for Legal and Governance

**Lead Officer:** Minesh Jani, Head of Audit and Risk Management

**Ward(s) affected:** N/A

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

**1. Describe the issue under consideration**

1.1 The Audit 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. Specifically in respect of governance, to review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.

**2. Cabinet Member Introduction**

2.1 Not applicable.

**3. Recommendations**

3.1 That the Audit Committee reviews and approves the attached Local Code of Corporate Governance, attached at Appendix A.

**4. Reasons for decision**

4.1 Under the Delivering Good Governance in Local Government; Framework, published by CIPFA, the guidance sets out standards for local authority governance in the UK. The Council adopted this guidance and implemented a local code of corporate governance; this was last updated in 2013 and the attached document brings the code up to date.

**5. Alternative options considered**

5.1 Local authorities are not mandated to maintain a local code of corporate governance, though CIPFA strongly recommends a code is adopted and maintained.

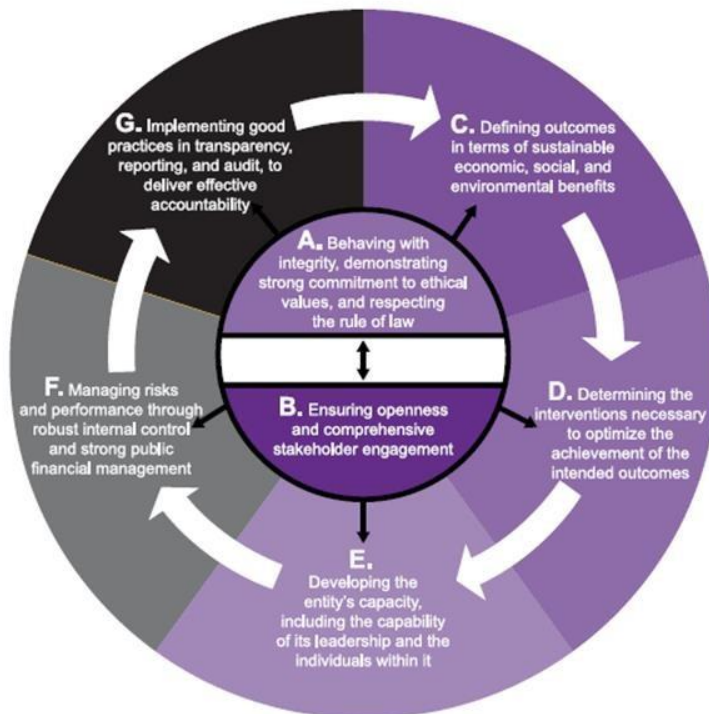
**6. Background information**

6.1 The Council is committed to ensuring good governance principles and management practices are adopted in all business activities to ensure public trust. This Local Code of Governance provides a public statement that sets out the way in which the Council will meet and demonstrate that commitment. It includes the political arrangements, administrative systems, policies, and processes as well as the culture and values that underpin arrangements for the effective:

- Allocation of resources in accordance with agreed policies and priorities;
- Sound, transparent, and inclusive decision making; and
- Management of the organisation, performance, and accountability for the use of those resources to achieve desired outcomes for service users and communities.

6.2 The code is part of a governance framework, which sets out seven core principles of governance as detailed in the diagram below, and illustrates that good governance is dynamic and involves continuous evaluation and review.

**Achieving the Intended Outcomes While Acting in the Public Interest at all Times**



6.3 The Council has adopted these principles of good governance and adapted its Local Code to reflect its responsibilities. This is demonstrated through the adoption, monitoring, and continued development of this document.



6.4 It is recognised establishing and maintaining a culture of good governance is as important as putting in place a framework of policies and procedures and as such, the authority expects members and officers to uphold the highest standards of ethics, conduct and behaviour, and to act with openness, integrity, and accountability in carrying out their duties.

6.5 Further information regarding each of the above principles and the behaviours and actions that demonstrate good governance in practice are detailed below. There are seven principles (shown in chart above), each supported by a number of sub principles. The seven principles are:

- Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- Principle B - Ensuring openness and comprehensive stakeholder engagement;
- Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Principle E - Developing the Authority's capacity, including the capability of its leadership and the individuals within it;
- Principle F - Managing risks and performance through robust internal control and strong public financial management; and
- Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

## **7. Contribution to strategic outcomes**

7.1 It is crucial the Council keeps its governance arrangements up to date and relevant. The main principle underpinning the development of the new Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) ('the Framework') continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

## **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.

## 8.2 Legal

The Assistant Director for Legal and Governance has been consulted in the preparation of this report and confirms that it is within the remit of Audit Committee to approve the recommendation in this 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 – Local Code of Corporate Governance

## 10. Background Papers

Delivering Good Governance in Local Government: Framework

# **LOCAL CODE OF CORPORATE GOVERNANCE**

**Haringey Council**  
**2024/25**

# 1 Introduction to Delivering Good Governance

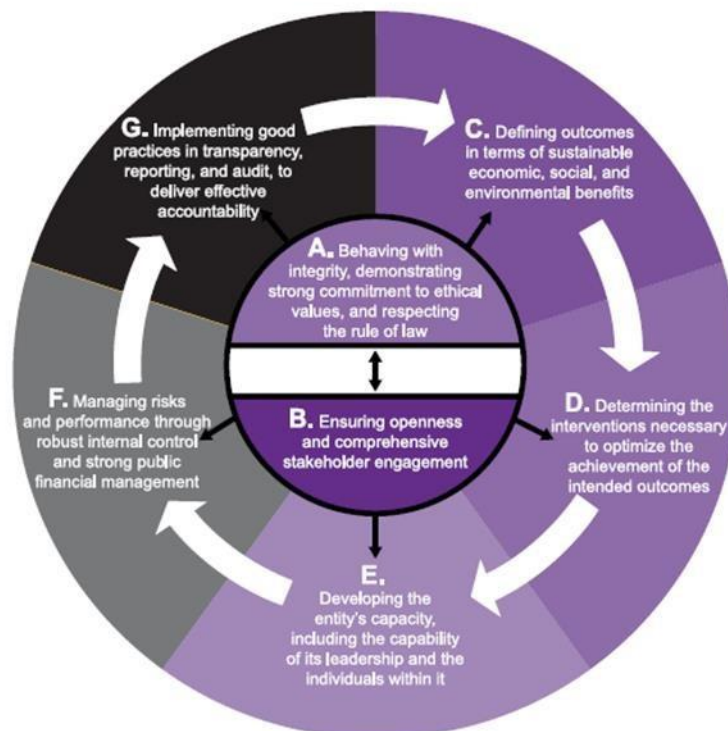
1.1 The council is committed to ensuring good governance principles and management practices are adopted in all business activities to ensure public trust. This Local Code of Governance provides a public statement that sets out the way in which the council will meet and demonstrate that commitment. It includes the political arrangements, administrative systems, policies, and processes as well as the culture and values that underpin arrangements for the effective:

- Allocation of resources in accordance with agreed policies and priorities.
- Sound, transparent, and inclusive decision making.
- Management of the organisation, performance, and accountability for the use of those resources to achieve desired outcomes for service users and communities.

1.2 *Delivering Good Governance in Local Government; Framework*, published by CIPFA, provides guidance on the standards for local authority governance in the UK. This Framework sets out seven core principles of governance as detailed in the diagram below, and illustrates that good governance is dynamic and involves continuous evaluation and review.

1.3 Haringey Council has adopted these principles of good governance and adapted its Local Code to reflect its responsibilities. This is demonstrated through the adoption, monitoring, and continued development of this document.

## Achieving the Intended Outcomes While Acting in the Public Interest at all Times



- 1.4 The council's key governance areas and how it will provide assurance that it is complying with these are set out in more detail within its Governance Assurance Framework.
- 1.5 The council recognises that establishing and maintaining a culture of good governance is as important as putting in place a framework of policies and procedures. The council expects Members and officers to uphold the highest standards of ethics, conduct and behaviour, and to act with openness, integrity, and accountability in carrying out their duties.
- 1.6 This Code ensures the council is doing the right things, in the right way. Further information regarding each of the above principles and the behaviours and actions that demonstrate good governance in practice are detailed at **Appendix A**.
- 1.7 Similar and proportionate oversight and assurance reporting arrangements should also be put in place in respect of services outsourced to external suppliers, trading partnerships, shared service arrangements and arm's length bodies.

## 2 Monitoring and review

- 2.1 Regulation 6(1)(a) of the Accounts and Audit regulations 2015 (as amended) require an authority to conduct a review at least once a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published statement of Accounts. This is known as an Annual Governance Statement.
- 2.2 As such the council will monitor its governance arrangements for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date and working effectively. The council's Governance Assurance Framework sets out in more detail how the council will seek assurance on its adherence to the adopted principles of governance.
- 2.3 On an annual basis, the Chief Executive and Leader of the Council will publish an Annual Governance Statement which will:
  - Assess how the council has complied with this Code of Corporate Governance.
  - Provide an opinion on the effectiveness of the council's arrangements.
  - Provide details of how continual improvement in the systems of governance will be achieved.

### **3 Certification**

- 3.1 We hereby certify our commitment to this Local Code of Corporate Governance and will ensure that the council continues to review, evaluate, and develop the council's governance arrangements to ensure continuous improvement of the council's systems. The Audit Committee will review the Annual Governance Statement regularly in line with its terms of reference.

**Leader of the Council**

**Chief Executive**

**Date: xx 2023**

**Date: xx 2023**

## 4 Governance Structure and Responsibilities

<b>Council</b>	<ul style="list-style-type: none"> <li>• Consists of 57 elected members</li> <li>• Approves the budget and policy framework.</li> <li>• Approves the constitution (including standing orders and financial regulations)</li> <li>• Establish committees to discharge non-executive functions</li> </ul>
<b>Cabinet</b>	<ul style="list-style-type: none"> <li>• The main decision-making body of the council responsible for executive functions</li> <li>• Leader of the council with responsibility for executive functions and who appoints a deputy leader and cabinet members who have responsibility for portfolios</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>• Provides independent assurance to the council on the adequacy and effectiveness of the governance, risk management framework an internal control environment.</li> <li>• Approves the local code of corporate governance, annual statement of accounts and annual governance statement</li> <li>• Considers the external auditor's annual letter, relevant reports and the report to those charged with governance and comments on the scope and depth of external audit work.</li> <li>• Approves the internal audit charter, the risk-based internal audit plan and the approach to sources of assurance.</li> <li>• Considers the Head of Internal Audit's Quarterly and Annual Reports.</li> <li>• Reviews and monitoring treasury management arrangements in accordance with Treasury Management in the Public Services.</li> </ul>
<b>Overview and Scrutiny Committees</b>	<ul style="list-style-type: none"> <li>• There is one Overview and Scrutiny committee, and four scrutiny panels (Adults and Health, Children and Young People, Climate, Community and Culture and Housing, Planning and Development)</li> <li>• Holds cabinet and officers to account and scrutinises performance</li> </ul>
<b>Head of Paid Service</b>	<ul style="list-style-type: none"> <li>• Overall corporate management an operational responsibility for the council (including management for all employees)</li> <li>• The provision of professional advice to all parties in the decision-making process and come and responsibility for a system of record keeping for all the council's decisions, representing the council on partnerships and external bodies.</li> <li>• The Head of Paid Service will determine how the council's functions are discharged, the number and grade officers required to discharge the functions and how officers are organised</li> </ul>
<b>Chief Finance Officer (s151)</b>	<ul style="list-style-type: none"> <li>• Accountable for developing and maintaining the council's governance, risks, and control framework.</li> <li>• Ensuring lawfulness and financial prudence of decision-making and the administration of financial affairs</li> </ul>
<b>Monitoring Officer</b>	<ul style="list-style-type: none"> <li>• Monitoring, reviewing, and maintaining the Constitution and showing lawfulness and fairness of decision-making.</li> <li>• Supporting Standards Committee, conducting investigations, and undertaking other actions in respect of matters referred to him/ her by the Standards Committee</li> <li>• Proper officer for access to information</li> <li>• Advising whether decisions are within the budget and policy framework.</li> <li>• Providing advice on the scope of powers and authority to take decisions, Maladministration, financial impropriety, probity and budget and policy framework issues.</li> <li>• Contributes to all the effective corporate management and governance of the council</li> </ul>

**Council Leadership Team**

- implement the policy and budgetary framework set by the council and provides advice to cabinet and the council on the development of future policy and budgetary issues.
- Oversees the delivery of the council's corporate delivery plan and implementation of council policy



## APPENDIX A - Principles, behaviours and actions that demonstrate good governance in practice at Haringey Council

Haringey Council's Local Code is based on the following principles which we are working towards with the overall aim of 'Achieving the intended outcomes while acting in the public interest at all times'

Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		<b>Haringey's commitment to achieving good governance in practice includes:</b>
<b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law</b>	<b>A1 - Behaving with integrity</b>	<ul style="list-style-type: none"> <li>▪ We will have a Council <a href="#">Member's Code of Conduct</a>, which sets out clear expectations and is built on the <a href="#">Seven Principles of Public Life</a>.</li> <li>▪ We will have an Officer's Code of Conduct, which sets out clear expectations and is built on the <a href="#">Seven Principles of Public Life</a>.</li> <li>▪ We will have strong <a href="#">Haringey commitments and behaviours</a> which underpins everything we do.</li> <li>▪ We will have an <a href="#">Anti-Fraud and Corruption Strategy</a> in place, including a whistle-blowing and anti-bribery and anti-money laundering policies.</li> <li>▪ We will ensure staff are aware of the strategy and policies and know how to access them.</li> <li>▪ We will encourage, support and protect staff to speak up if they encounter wrongdoing.</li> <li>▪ We will maintain a members' complaints process.</li> </ul>
	<b>A2 - Demonstrating strong commitment to ethical values</b>	<ul style="list-style-type: none"> <li>▪ We will operate a <a href="#">Standards Committee</a>, which champions high standards of ethical governance from ethical Members.</li> <li>▪ We will provide corporate training and induction programmes to ensure that Members and Officers receive appropriate training to assist them in effectively executing their duties and understand the standards of behaviour expected of them.</li> <li>▪ We will operate effective and transparent procedures for declaration of interests, gifts and hospitality for Members and Officers.</li> <li>▪ We will publish Members' declarations on the Council's website - declarations at meetings and Register of Interests can be found under each Councillor on the <a href="#">'Your Councillors'</a> page.</li> </ul>

Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		<p><b>Haringey's commitment to achieving good governance in practice includes:</b></p>
		<ul style="list-style-type: none"> <li>▪ We will operate procurement policies to ensure that commitment to our social values and integrity is delivered by external suppliers delivering services on our behalf and ensure that we follow compliance with legislation, realise value for money and public accountability.</li> <li>▪ We will encourage the public to easily raise concerns about <a href="#">Member</a> and <a href="#">Officer</a> behaviour.</li> </ul>
	<p><b>A3 - Respecting the rule of law</b></p>	<ul style="list-style-type: none"> <li>▪ We will appoint a Monitoring Officer (Assistant Director for Legal &amp; Governance) who will be a member of the <a href="#">Council Leadership Team</a> (CLT) and ensures that decisions are taken in a lawful and fair way, ensures procedures are followed and that all applicable statutes and regulations are complied with.</li> <li>▪ We will put in place measures to address breaches of our legal and regulatory powers. Council's Monitoring Officer (the Assistant Director for Legal &amp; Governance) has statutory reporting duties in respect of unlawful decision making and maladministration. Similarly, the Chief Finance Officer (the Director of Finance) has statutory reporting duties in respect of unlawful and financially imprudent decision making.</li> <li>▪ We will a appoint Statutory Officers that have the skills, resources and support necessary to perform effectively in their roles. These include: <ul style="list-style-type: none"> <li>○ Head of Paid Service (Chief Executive)</li> <li>○ Monitoring Officer (the Assistant Director for Legal &amp; Governance)</li> <li>○ Chief Finance Officer (Director of Finance)</li> </ul> </li> <li>▪ We will support all Council and Cabinet meetings by attendance of relevant statutory officers to ensure law and regulations are not breached.</li> <li>▪ We will make sure that all decisions are taken, in accordance with relevant statutory requirements and the <a href="#">Council Constitution</a>, by full Council, Cabinet, individual Cabinet members and officers under delegated powers.</li> </ul>

Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		Haringey's commitment to achieving good governance in practice includes:
B. Ensuring openness and comprehensive stakeholder engagement	B1 - Openness	<ul style="list-style-type: none"> <li>▪ We will ensure that decisions taken by Council (the meeting attended by all Councillors), as well as those taken by Committees or by the Executive are <a href="#">recorded on our website</a>, alongside the <a href="#">reasons and the evidence considered</a>.</li> <li>▪ We will publish notification online of the intention to take the most significant executive decisions in our <a href="#">Forward Plan</a>.</li> <li>▪ We will allow <a href="#">attendance</a> at the majority of decision making meetings and provide <a href="#">recordings</a> of these.</li> <li>▪ We will allow the use of <a href="#">social media and filming</a> at public meetings.</li> <li>▪ We will have a <a href="#">Scheme of Delegation</a> to provide a clear transparent, effective, and accountable decision-making process.</li> <li>▪ We will have in place a <a href="#">Member's Code of Conduct</a>, which sets out clear expectations and is built on the <a href="#">Seven Principles of Public Life</a>.</li> <li>▪ We will have an Officer Code of Conduct, which sets out clear expectations and is built on the <a href="#">Seven Principles of Public Life</a>.</li> <li>▪ We will <a href="#">consult and engage</a> to inform the best interventions or courses of action.</li> <li>▪ We will maintain arrangements for responding to complaints and Members' Enquiries.</li> </ul>
	B2 - Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> <li>▪ We will develop and maintain relationships with leaders of other organisations across the private, public and voluntary sector contributing to the vision for Haringey and the Corporate Delivery Plan.</li> <li>▪ We will maintain a register of our significant partnerships to assess the level of assurance for the governance arrangements of each partnership and highlight areas where improvements may be required to further strengthen these arrangements.</li> <li>▪ We will have effective monitoring of the performance and outcomes delivered through the companies, Joint Ventures and charities which the Council is a party to.</li> </ul>

Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		Haringey's commitment to achieving good governance in practice includes:
	<p><b>B3 - Engaging with individual citizens and service users effectively</b></p>	<ul style="list-style-type: none"> <li>▪ We will use appropriate methods to engage and consult to ensure the reach is as broad and inclusive as possible, including but not limited to community engagement, formal consultation, and working with residents and service users to design services that best meet their needs.</li> <li>▪ We will actively seek our residents' engagement and input at the before proposal stage in our work and reshaping of service, <a href="#">the Haringey Deal</a>.</li> <li>▪ We will work with Voluntary, Community and Social Enterprise (VCSE) organisations to assist in effective engagement with Haringey's diverse communities within neighbourhoods and communities of identity groups.</li> <li>▪ Maintain effective channels for dialogue and debate with residents, including via different social media platforms.</li> <li>▪ Maintain effective <a href="#">complaints and compliments handling and monitoring procedures</a>, so that we can identify where improvements in service delivery are needed and learn effectively from the complaints that we have received including feedback from the Ombudsman.</li> <li>▪ Maintain effective Members Enquiries process.</li> </ul>
<p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p>	<p><b>C1 - Defining outcomes</b></p>	<ul style="list-style-type: none"> <li>▪ We will maintain a current <a href="#">Corporate Delivery Plan</a> which sets out the priorities which the Council will focus on to play its part in delivering the vision for the borough.</li> <li>▪ We will ensure that outcomes are focused on achieving delivery of the overall vision for the Haringey Council.</li> <li>▪ We will engage and consult with residents, partners and other key stakeholders when designing key strategies and the <a href="#">Corporate Delivery Plan</a>.</li> <li>▪ We will put the Corporate Delivery Plan priorities at the heart of our budget, business planning, and service planning processes.</li> <li>▪ We will maintain and review a capital programme setting out the Council's longer term investment requirements linked to policy objectives.</li> </ul>

Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		Haringey's commitment to achieving good governance in practice includes:
		<ul style="list-style-type: none"> <li>▪ We will commit to service managers, ensuring that Service Plans are clearly communicated to all staff, so that they understand the role that they will play in delivering the Corporate Plan priorities.</li> <li>▪ We will consult with the businesses and residents of Haringey in the design of our budget proposals to understand their priorities, and to be transparent about financial limitations.</li> <li>▪ We will develop a Medium-Term Financial Strategy which sets out financial assumptions and provides a set of goals for financial decision making for the planning period ahead.</li> </ul>
	C2 - Sustainable economic, social, and environmental benefits	<ul style="list-style-type: none"> <li>▪ We will consider the full combined economic, social and environmental implications of our decisions through, for example, data analysis and consultation with affected parties so that our decisions advance the achievement of the Council's vision.</li> <li>▪ We will set out the impact a decision will have on the Corporate Delivery Plan outcomes and include both an <a href="#">Equality Impact Assessment</a> and an impact analysis of the project, policy or programme on carbon emissions reduction and adapt to climate change in any reports which recommend a decision.</li> <li>▪ We will maintain up to date <a href="#">plans to address climate change</a> and provide regular online progress updates on delivery. This includes progress towards becoming a Net Zero Carbon Borough by 2041 and Net Zero Carbon Council by 2027.</li> <li>▪ We will provide political leadership on our equality, diversity, and inclusion (EDI) priorities at Lead Member level, and senior officer leadership (CLT) level.</li> <li>▪ We will ensure that services are clear about their role in meeting the Public Sector Equality Duty (S149 of the Equality Act 2010).</li> <li>▪ We will commit to progressing <a href="#">EDI for our workforce</a>, informed by our Employee Network Groups and the represented Trade Unions.</li> </ul>

Principles	Sub-principles	
<b>Acting in the public interest requires a commitment to and effective arrangements for:</b>		<b>Haringey's commitment to achieving good governance in practice includes:</b>
		<ul style="list-style-type: none"> <li>▪ We will strive to enact <a href="#">plans and strategies</a> by engaging with our stakeholders to boost productivity in the borough, reduce poverty and create an economy that is inclusive and benefits everyone.</li> <li>▪ We will have a set of social value priorities and an approach for promoting social value, particularly through our procurement. We will continually look to refine and update our approach, introducing innovations where possible.</li> </ul>
<b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b>	<b>D1 - Determining interventions</b>	<ul style="list-style-type: none"> <li>▪ We will provide decision makers with accurate, relevant and timely performance information and intelligence to support them with objective and rigorous analysis of options, covering intended outcomes, financial impact and associated risks informing efficient service delivery.</li> <li>▪ We will ensure any cabinet reports, where a decision is required to be taken, have legal, finance and procurement comments provided, thus ensuring that relevant implications have been considered.</li> <li>▪ We will seek to continuously enhance the insights made available to decision makers, for example by delivering improvement programmes focusing on key areas such as Property and Housing.</li> <li>▪ We will seek continuous feedback from residents and those who use our services both in planning service changes and improvements, for example through surveys, consultations or bespoke feedback gathering.</li> <li>▪ We will have effective delegation of decision making to officers so that they can deal with the day-to-day running of services without the need to constantly refer matters back to elected Members. Details of what decisions are taken in this way are included in the <a href="#">Scheme of Delegation</a> in the Council's Constitution.</li> </ul>
	<b>D2 - Planning interventions</b>	<ul style="list-style-type: none"> <li>▪ We will plan our activity at a strategic level through our budget and business planning cycle, in consultation with internal and external stakeholders, to ensure services delivered across</li> </ul>

Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		<b>Haringey's commitment to achieving good governance in practice includes:</b>
		<p>different parts of the organisations and partners complement each other and avoid duplication.</p> <ul style="list-style-type: none"> <li>▪ We will have consistent and effective service planning, with each service completing an individual service plan. Services will ensure that their priorities and activities set out in their service plan all contribute towards delivery of our Corporate Delivery Plan, and that there is also a focus on continuous improvement.</li> <li>▪ We will consider risks in all of our strategic planning and mitigate and monitor these risks.</li> <li>▪ We will have in place appropriate key performance indicators (KPIs) and review these quarterly to measure quality and progress.</li> <li>▪ We will have in place a Business Continuity framework to ensure the resilience of the organisation to any eventuality and to help ensure continuity of service to our key customers.</li> </ul>
	<b>D3 - Optimising achievement of intended outcomes</b>	<ul style="list-style-type: none"> <li>▪ We will integrate and balance our service priorities, affordability, and other resource constraints, considering the full cost of operations over the medium and longer term, including both revenue and capital spend budgets. This includes producing <a href="#">a medium-term financial plan</a>.</li> <li>▪ Develop and maintain a programme and project function to deliver identified savings.</li> <li>▪ We will take an integrated approach to the deployment of revenue and capital spend, aligned to delivery of the Council priorities.</li> <li>▪ We will look to achieve social value through all procurement and consider this at pre-tender and tender stage to ensure that appropriate desirable outcomes can be offered by suppliers in their tender</li> </ul>

Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		Haringey's commitment to achieving good governance in practice includes:
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it	E1 - Developing the entity's capacity	<ul style="list-style-type: none"> <li>▪ We will have a Workforce Development Plan in place which support staff to develop the skills and behaviours to enable us to effectively deliver against our Corporate Delivery Plan, and to continue to transform our culture.</li> <li>▪ We will enact our Equality, Diversity and Inclusion (EDI) Action Plan, which aim to create a more inclusive Council, where our workforce fully reflects the rich diversity and talent of the communities we serve at all levels.</li> <li>▪ We will deliver change programmes which will continue to reshape how services are delivered internally and externally, using new technologies, ways of working and new delivery models.</li> <li>▪ We will implement a quarterly review of progress against the capital programme and change programme</li> <li>▪ We will manage our assets well and will have an <a href="#">Asset Management Plan</a> in place.</li> <li>▪ We will review and report on <a href="#">medium-term financial plan</a> regularly to monitor resources against priorities and services.</li> <li>▪ We will review operations, performance and use of assets on a regular basis.</li> <li>▪ We will work closely with partners and the community to provide best outcomes for residents and the borough.</li> </ul>
	E2 - Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> <li>▪ We will have a clear <a href="#">Protocol on Member / Officer Relations</a>,</li> <li>▪ We will have a clear <a href="#">Protocol on Decision Making</a>.</li> <li>▪ We will provide newly elected Council Members with an induction into the work of the Council and their role as a local member.</li> <li>▪ We will provide ongoing elected Member development and training, including briefings by officers into any new developments which affect their role.</li> </ul>



Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		<p><b>Haringey's commitment to achieving good governance in practice includes:</b></p>
		<ul style="list-style-type: none"> <li>▪ We will ensure that all staff have regular one to ones with their manager, known as “My Conversation” sessions. These will include discussions on: <ul style="list-style-type: none"> <li>○ performance objectives and development goals</li> <li>○ training and development needs</li> <li>○ health and wellbeing.</li> </ul> </li> <li>▪ We will listen to the views of our staff through regular events, forums and surveys and use the learnings to inform and improve the way that we prioritise, operate, and communicate.</li> <li>▪ We will run events which give all staff the opportunity to connect with priorities, and engage with the senior leadership, for example in question-and-answer sessions.</li> <li>▪ We will ensure that all managers are aware of, understand and are following key corporate people management policies and processes.</li> <li>▪ We will support the physical, mental, social, and financial wellbeing of our workforce. This includes having a <a href="#">Workforce Wellbeing Strategy</a> and provide support and guidance on the Intranet, a 24/7 Employee Assistance Programme for staff and their families.</li> </ul>

Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		<b>Haringey's commitment to achieving good governance in practice includes:</b>
<b>F. Managing risks and performance through robust internal control and strong public financial management</b>	<b>F1 - Managing risk</b>	<ul style="list-style-type: none"> <li>▪ We will have a <a href="#">Risk Management Strategy</a> in place, and operate a risk management framework that aids decision making in pursuit of the organisation's strategic objectives, protects the Council's reputation and other assets and is compliant with statutory and regulatory obligations</li> <li>▪ We will keep corporate and directorate level risk registers to managed and monitor risk.</li> <li>▪ We will have clear policies in place to help manage risk, in different areas, e.g. Health and Safety, Safeguarding, Anti-Corruption.</li> <li>▪ Ensure that staff are regularly trained to ensure that they manage risk effectively using appropriate methodologies, including the management of safeguarding risks in line with professional standards.</li> <li>▪ We will consider emerging pieces of legislation and policy changes to understand and prepare for their potential impact.</li> <li>▪ We will maintain <a href="#">Overview and Scrutiny Committees</a>, which hold decision makers to account and play a key role in ensuring that public services are delivered in the way that residents want.</li> <li>▪ We will ensure that where appropriate officers know how to engage with and support the Overview and Scrutiny Committee.</li> </ul>
	<b>F2 - Managing performance</b>	<ul style="list-style-type: none"> <li>▪ We will ensure that services use timely and accurate performance information and insight about service delivery, to support intervention to address any barriers to good performance.</li> <li>▪ We will provide CLT with concise, clear, and integrated finance and performance reports to support effective resources allocation, and to shine a light on any challenges so that they can be addressed.</li> </ul>

Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		Haringey's commitment to achieving good governance in practice includes:
	F3 - Robust internal control	<ul style="list-style-type: none"> <li>▪ We will maintain <a href="#">Overview and Scrutiny Committees</a>, which hold decision makers to account and play a key role in ensuring that public services are delivered in the way that residents want.</li> <li>▪ We will ensure that where appropriate officers know how to engage with and support the Overview and Scrutiny Committee and provide training for Committee members.</li> <li>▪ Maintain a risk based programme of internal audits which are informed by the Council's risk registers.</li> <li>▪ We will maintain an effective internal audit and ensure it's compliance with the Public Sector Internal Audit Standards.</li> <li>▪ We will maintain an effective counter fraud service and report the outcome of its work to the Audit Committee.</li> <li>▪ The Head of Audit and Risk will present a summary of all audit work annually to the Audit Committee highlighting analysis of audit work.</li> <li>▪ We will ensure the Audit Committee receives an annual update on the Council's governance arrangements.</li> </ul>
	F4 - Managing data	<ul style="list-style-type: none"> <li>▪ We will comply with data protection legislation, and ensure that data processing is carried out fairly, lawfully, and transparently.</li> <li>▪ We will review and supplement our information governance policies, and keep our <a href="#">Record of Processing Activities</a> under review, to ensure they remain consistent with the law, and any compliance advice and codes of practice issued from time to time by the Information Commissioner's Office (ICO).</li> <li>▪ We will ensure that all valid requests from individuals to exercise the right to make a <a href="#">request to find out what personal data</a> we hold on them are dealt with as quickly as possible, and by no later than the timescales allowed in the legislation.</li> </ul>

Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		<b>Haringey's commitment to achieving good governance in practice includes:</b>
		<ul style="list-style-type: none"> <li>▪ We will ensure that it is clear to all staff and Members that they are personally accountable for using the Council's information responsibly and appropriately.</li> <li>▪ We will ensure that staff and Members are appropriately trained in protecting information.</li> <li>▪ We will maintain our systems for data management across the organisation.</li> </ul>
	<b>F5 - Strong public financial Management</b>	<ul style="list-style-type: none"> <li>▪ We will approach Financial Management in a way which ensures that public money is safeguarded at all times, ensuring value for money. Our approach supports both long-term achievement of objectives, and shorter term financial and operational performance. This is outlined in the Council's Medium Term Financial Strategy.</li> <li>▪ We will, via Financial Regulations and through the leadership of the Director of Finance, ensure that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control. The Director of Finance ensures well developed financial management is integrated at all levels of planning and control including management of financial risks, systems, and processes.</li> <li>▪ We will comply with the Financial Management Code (FM Code) which sets out the standards of financial management expected for local authorities and is designed to support good practice, and to assist local authorities in demonstrating their financial sustainability. As part of this we will carry out credible and transparent financial resilience assessments.</li> <li>▪ We will ensure that the Director of Finance reports to Council on the robustness of the estimates made for the purposes of the budget calculations, and the adequacy of the proposed financial reserves.</li> <li>▪ We will follow CIPFA's Prudential Code and Treasury Management Code of Practice which set out the risk framework through which the Council manages its balance sheet and makes capital investment decisions.</li> </ul>

Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		Haringey's commitment to achieving good governance in practice includes:
		<ul style="list-style-type: none"> <li>▪ We will maintain strategies and processes detailing our approach to decision making on capital investments, and treasury management (including debt management and cash investing).</li> <li>▪ We will maintain sound financial procedure rules to ensure consistency and clear financial protocols</li> <li>▪ We will ensure effective anti-fraud and corruption arrangements</li> <li>▪ We will ensure external auditors produce annual audit reports and the annual audit letter and report to the Audit Committee</li> <li>▪ We will ensure effective information governance arrangements are in place to support compliance with existing and emerging legislation for data protection</li> </ul>
G. Implementing good practices in transparency, reporting, and audit to deliver	G1 - Implementing good practice in transparency	<ul style="list-style-type: none"> <li>▪ We will publish information, including <a href="#">reports</a>, in a manner which is accessible to residents and other stakeholders.</li> <li>▪ We will make our website set out in a clear and easily accessible way, using infographics and plain language.</li> <li>▪ We will follow the Local Government Transparency Code, which includes requirements and recommendations for local authorities to publish certain types of <a href="#">data</a>.</li> </ul>

Principles	Sub-principles	
Acting in the public interest requires a commitment to and effective arrangements for:		Haringey's commitment to achieving good governance in practice includes:
effective accountability	G2 - Implementing good practices in reporting	<ul style="list-style-type: none"> <li>▪ We will make reports publicly available online, which shows the Council's progress towards its vision and priorities as set out in the Corporate Delivery Plan.</li> <li>▪ We will provide integrated finance and performance monitoring information to CLT. This will enable monitoring of delivery of our Corporate Delivery Plan priorities, support effective resource allocation, and help to identify any challenges so that they can be addressed.</li> </ul>
	G3 - Assurance and effective accountability	<ul style="list-style-type: none"> <li>▪ We welcome peer challenge, internal and external review and audit, and inspections from regulatory bodies, considering arising recommendations.</li> <li>▪ We will monitor the implementation of internal and external audit recommendations. Assurance reports will be presented to the <a href="#">Audit Committee</a> and the Council's external auditors, summarising the Council's performance in implementing recommendations effectively and within agreed timescales.</li> <li>▪ We will follow the Public Sector Internal Audit Standards (PSIAS), which includes a commitment to develop audit plans which are designed to invite comment from management and the Audit Committee.</li> </ul>