

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