

Audit and Pensions Committee Minutes

Tuesday 1 December 2020

PRESENT

Committee members: Councillors Iain Cassidy (Chair), Jonathan Caleb-Landy, Matt Thorley, Rowan Ree and Alexandra Sanderson

Officers:

David Hughes, Director of Audit, Fraud, Risk and Insurance
Mike Sloniowski, Risk Manager
Andrew Hyatt, Head of Fraud
Paul Barton, Head of Corporate Safety
Phil Triggs, Director for Treasury and Pensions
Mathew Dawson, Strategic Finance Manager
Sophie Green, Treasury Manager
Emily Hill, Director of Finance
Rhian Davies, Director of Resources
Kim Smith, Chief Executive
Lisa Redfern, Strategic Director of Social Care
Jacqui McShannon, Director of Children's Services
Moir Mackie, Head of Internal Audit
David Abbott, Head of Governance

NOTE: This meeting was held remotely

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Alex Karmel.

Apologies for lateness were received from Councillor Jonathan Caleb-Landy.

2. ROLL CALL AND DECLARATIONS OF INTEREST

The Chair carried out a roll call to confirm attendance, which is listed above. There were no declarations of interest.

3. MINUTES

The minutes of the meeting held on the 15th of September 2020 were approved at a special meeting of the committee on 14 November 2020 but matters arising were considered at this meeting.

Matters arising

Councillor Matt Thorley asked for an update on Hammersmith Bridge and noted he had not received an update on the Community Aid Network yet.

ACTION: Sharon Lea / Linda Jackson

The Chair asked if there was further information available on the electoral registration process this year. Rhian Davies said information could be circulated outside of the meeting.

ACTION: Rhian Davies

3.1 MEMBERSHIP OF THE PENSION FUND SUB-COMMITTEE

RESOLVED

That the Committee agreed to delegate the decision to agree the membership of the Pension Fund Sub-Committee to the Chair, in consultation with the Committee members.

4. TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW 2020-21

NOTE: The pdf conversion process distorted some of the tables in the original report – an updated copy was circulated to members after the meeting and it was republished on the Council's website.

Phil Triggs, Director for Treasury and Pensions, presented the report which provided an update on the implementation of the 2020/21 Treasury Management Strategy approved by Council on 26 February 2020 and presented the Treasury Management Strategy 2020/21 mid-year review.

Councillor Rowan Ree asked if all of the Council's borrowing came from the Public Works Loans Board (PWLB). Phil Triggs confirmed it was all from the PWLB.

Councillor Ree asked why there was no lower limit on any of the maturity structure of borrowing table (paragraph 3.4). Phil Triggs said there were two factors – the Council wanted to be able to take advantage of the most advantageous interest rates at any one time and the portfolio maturity spanned a considerable period of time, so it was good to have a diverse range of maturities. Officers wanted to avoid there being a glut of maturities at any one time – the goal is to even out maturities over the next fifty years or so.

Councillor Ree asked why there was such a big disparity between the current average portfolio interest rate and the current rates (3.4 of the report). He also asked how high the early repayment premia were and how often officers assessed them. Phil Triggs said that current interest rates are at an historical low. Premia for loan repayment are checked regularly but the repayment structure implemented by the PWLB meant that the premia was prohibitively expensive by design.

Councillor Ree commented that it was odd that the PWLB were trying to discourage early repayment of loans. He suggested the Council write to them as it could be a way for local authorities to save money. Phil Triggs said the Society of London Treasurers had recently applied some pressure to Government to fund the payment of premia for early repayment of loans – enabling local authorities to take out new loans at vastly reduced interest rates. Councillor Ree asked for a note on the latest steps taken and what else could be done to encourage a change in this area. He also requested the latest analysis of early repayment charges.

ACTION: Phil Triggs

Councillor Alexandra Sanderson asked if officers could explain the relationship between the amount the Council borrowed and the amount invested. Phil Triggs said cash invested was Treasury surplus cash and was invested in cash markets. The total amount borrowed is sourced from the PWLB to finance capital expenditure. If there were advantageous rates available then the Council would undertake borrowing. Currently, an amount of the Council's reserves is used to temporarily fund capital expenditure, known as internal borrowing.

Councillor Sanderson noted the risk management implications in 8.2 of the report and asked what impact Brexit would have on the Council's finances. Phil Triggs said the reference in the report was related to future interest rates – the view was that if there was a 'no deal' scenario then that could have a major impact on interest rates.

Emily Hill, Director of Finance, said in terms of the wider impacts of Brexit the other key issues for the Council were impacts to price inflation, suppliers and supply chains. The Chair noted that there had been reports on the impact of Brexit to Audit and Policy and Accountability Committees and Brexit impacts were on the Council's risk register.

Councillor Sanderson asked if the Council had any dealings with EEA banks. Phil Triggs said no.

Councillor Sanderson asked how often the Council changed investment advisory services and what their measures for success were. Phil Triggs said the Council had a contract with the current provider for three years with option to extend for two more years. Due to the high barriers of entry to the sector there were only two advisors available. Officers met with the current provider, Link Asset Services, on a regular basis and the advice they had provided has been good.

Councillor Sanderson said she was interested in how the Council chose one provider over another. Phil Triggs said he would brief Councillor Sanderson on this after the meeting.

ACTION: Phil Triggs

Councillor Matt Thorley, noted that while the majority of cash was in money market funds there had been discussions about looking at alternative investment classes. He asked if that was still on the horizon. Phil Triggs said next year's strategy would be looking at some options with enhanced levels of risk for optimum balance of risk and return. A report would come to committee in due course.

Councillor Thorley noted that the Council had lent some money to other local authorities (Appendix 1) and asked if credit checks were performed before lending and if the worst happened, where did the Council rank in the capital structure. Phil Triggs said the Council compiled comprehensive due diligence before lending – including looking at the last set of published accounts, the external audit opinion and certificate, projections of over or underspend, assessments of the level of usable reserves, and a sense check of recent media coverage about the authority.

RESOLVED

The Committee noted the Treasury Management Strategy 2020/21 mid-year review.

5. ANNUAL HEALTH AND SAFETY REPORT 2019-20

Paul Barton, Head of Corporate Safety, presented the report which highlighted the Council's activities and performance in health and safety at work during financial year 2019/20 and recommended priorities for the coming financial year. He noted that seven incidents were reported to the Health and Safety Executive (HSE) during the year and no enforcement action had been taken.

The Chair asked what triggered reporting an incident to the HSE. Paul Barton said if someone was injured at work and was then off work for over seven days (including rest days) it would have to be reported – or if it was a major injury.

The Chair noted that 43 percent of incidents were miscoded threatening incidents and asked how that happened and if current reporting was accurate. Paul Barton said that was investigated and in the mid-year report the 'other' category had been properly coded. The majority were cases where the category wasn't clear, so more information had been provided to give confidence when selecting a category.

Councillor Rowan Ree noted the 105 incidents of intimidation or violence towards staff and asked how many resulted in police action. Paul Barton said he could provide figures after the meeting.

ACTION: Paul Barton

Councillor Ree, noting that most staff were working from home, asked if officers had taken greater precautions to detect fires in the buildings the Council managed. Paul Barton said they had changed the policy so all managerial grades within occupied spaces were now appointed first aid status and fire evacuation coordinators. They were all provided training to address the shortfall in fully qualified officers who may not be in buildings anymore.

Councillor Alexandra Sanderson asked how many schools in the borough had asbestos in them now. Paul Barton said he didn't know the exact number, but it was being managed in all that did. There were annual re-inspections of all schools with asbestos and improved training had been provided for school staff, so they were aware of their responsibilities for asbestos management in schools.

Councillor Jonathan Caleb-Landy asked about the relatively high number of safety incidents in libraries (appendix 1) and why H&F's libraries had higher numbers than Chelsea library. Paul Barton said the difference could be due to H&F's good reporting culture. He expected the numbers to plateau over the next few years.

Councillor Caleb-Landy asked what training was provided in libraries and what the staff survey satisfaction was like for library staff. Officers said they would follow up on this outside of the meeting.

ACTION: Paul Barton

Councillor Caleb-Landy asked if officers were assured that the situation in libraries was due to good reporting – and not serious concerns about public behaviour towards library staff. Paul Barton said they had done detailed audits of libraries which had provided assurance. They had also promulgated a zero-tolerance campaign.

Councillor Caleb-Landy said he would like to see what enforcement action had been taken in incidents of violence – and asked that this be included as standard in future reports.

ACTION: Paul Barton

Councillor Matt Thorley asked for confirmation that the improvements to Cobbs Hall had now been made. Paul Barton said they had been completed on time.

Councillor Thorley said it would be beneficial to see trend data over the previous 2 or 3 years for safety incidents in future reports.

ACTION: Paul Barton

RESOLVED

That the Committee noted the report.

6. HEALTH AND SAFETY MID-YEAR REPORT 2020-21

Paul Barton, Head of Corporate Safety, presented the report which highlighted the Council's activities and performance in health and safety at work at the half-year stage in financial year 2020 / 2021. It also recommended priorities for the remainder of the financial year.

The Chair noted that roads had been quieter during the pandemic but there had been an increase in extreme speeding. A lot more people were also walking and cycling. He asked if there had been an impact on how staff get around the borough. Paul Barton said all staff had been given supplementary information about travelling safety on public transport. There hadn't been any major changes to staff driving but there had been one incident – an accident that took place post-lockdown.

Councillor Alexandra Sanderson asked if the Council had enough personal protection equipment (PPE) and if it was all of adequate quality. Paul Barton said the Council did have enough. Not all of the PPE received was adequate but that was rejected before it was issued to staff.

Lisa Redfern, Strategic Director of Social Care, added that Paul had worked closely with the Covid-19 team and didn't issue any PPE that wasn't of the appropriate standard. The Council had spent over £2.5m on PPE and continued to provide to care homes and home care providers with PPE – above and beyond what many boroughs were doing. Lisa Redfern said Paul had worked really closely with the Covid team to ensure the proper provision of PPE and had also worked closely with providers who initially needed a lot of training on using the PPE safety. She said he had been a 'critical part of the team'.

Councillor Sanderson, noting that many staff were working from home, asked if there had been risk assessment reviews of display screens and if this extended to the suitability of the work environment. Paul Barton said all staff were required to complete a display screen equipment (DSE) evaluation and the Council had provided separate screens, laptop risers, mice, keyboards, and chairs where required.

Councillor Sanderson asked what counted as an accident at work if people were working from home – and how they would be tracked. Paul Barton said a workplace incident related to workplace equipment or the work process. Only one had been reported – an injured on a piece of equipment the Council had provided.

Councillor Sanderson asked what the protocol was for reporting incidents and how confident he was that the Council was capturing everything. Paul Barton said there had been lots of communication with managers to encourage reporting and there was a general requirement for all staff to report accidents at work.

Councillor Sanderson asked what wellbeing initiatives were in place for staff. Paul Barton said the Council was involved in the Healthy Workplace scheme, focusing on mental health.

Kim Smith, Chief Executive, added that there had also been a raft of work by the Transformation, Talent and Inclusion team, most notably the 'Wellbeing Wednesday' sessions open to all staff. The sessions had covered debt management, isolation, bereavement, and a number of black history month events. The Council had also put together a new 'Ways of Working' guide for staff with tips and advice that was recently featured in an LGA case study.

Councillor Caleb-Landy asked for more information on the rise in cases at the Haven. Jacqui McShannon, Director of Children's Services, explained that the Haven offered very intensive care for children with complex needs and very challenging behaviours. There had been concerns in the past around poor practice but now a new behaviour support service had been partly implemented which provided a more consistent approach to behaviour management. Children's Services reported all incidents to Ofsted for scrutiny, review and learning. Councillor Caleb-Landy said it would be good to see that work documented in the full year report.

ACTION: Paul Barton / Jacqui McShannon

Councillor Sanderson asked if the high number of incidents relating to parking was normal. Paul Barton said unfortunately it was. Parking enforcement officers were given conflict resolution training and breakaway training will be refreshed after the pandemic.

Councillor Thorley asked what assessments of air quality had been undertaken at Council offices. Paul Barton said this had been considered at Health and Safety Board and he had assurance for all buildings that the air quality service and maintenance was appropriate.

RESOLVED

That the Committee noted the report.

7. ANTI-FRAUD MID-YEAR REPORT 2020-21

Andrew Hyatt, Head of Fraud, presented the report that provided an account of fraud-related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2020 to 30 September 2020.

The Chair asked for more information on the team's focus during the pandemic – the discretionary business grant. The notional value of fraud was quite high at £240k – was this due to lots of smaller value cases or a few large ones? Andrew Hyatt said the range of grants was £5k to £25k so officers used a £10k notional value. He added that the Council knew local businesses well, and they were not experiencing a lot of grant fraud in the borough. There were good processes and strong controls in place.

Councillor Rowan Ree asked if the whistle blowing policy was only fraud related or also related to non-financial misconduct. Andrew Hyatt said it was about general wrongdoing. The policy explained what can be referred under it. Officers were also finalising an e-learning course to provide more information about it. David Hughes, Director of Audit, Fraud, Risk and Insurance, added that the policies could be shared after the meeting and he could provide a briefing for new members.

ACTION: David Hughes

Councillor Ree asked if the Council had channels for members of the public to report fraud. Andrew Hyatt said there was an online reporting facility and a hotline. Residents had also requested alternative routes so there were also paper referrals available in libraries and community centres.

Councillor Ree asked if the Council offered financial incentives for whistleblowing. Andrew Hyatt said there weren't any financial rewards due to the potential for an increase in frivolous referrals. The team had limited resources and wanted to focus on the right cases.

Councillor Alexandra Sanderson asked if there was any malicious reporting of fraud. Andrew Hyatt said it did happen very occasionally but wasn't common.

RESOLVED

That the Committee noted the report.

8. RISK MANAGEMENT HIGHLIGHT REPORT

Mike Sloniowski, Risk Manager, presented the report which provided an update on risk management across the Council.

Councillor Caleb-Landy, noting the risks around the failure of IT infrastructure and cyber-attacks, asked why risk 68 was red and what action had been taken. Mike Sloniowski said the threat level had been raised due to a recent, widely publicised incident at Hackney Council. He added that said strong contingency plans were in place.

Councillor Rowan Ree, noting that many staff were working from home, asked if additional training had been provided on keeping data secure in that environment. Mike Sloniowski said the majority of staff had completed information management and control training. The Council's standard equipment issued to all staff was also fully encrypted and had multi-factor authentication. There was a raised awareness of the key risks and they were reviewed on an ongoing basis.

RESOLVED

That the Committee noted the report.

9. INTERNAL AUDIT PROGRESS REPORT 2020-21

David Hughes, Director of Audit, Fraud, Risk and Insurance, presented the report and noted that while audit work had paused earlier in year so officers could respond to the pandemic, it had now restarted and good progress was being made.

The first two substantial reviews had been on water hygiene which had achieved 'Substantial Assurance' rating and asbestos which had achieved a 'Satisfactory Assurance' rating. The progress made in both these areas demonstrated a continuing trend in improvement in the Council's control arrangements.

The Chair thanked the audit team for their hard work during the year.

RESOLVED

That the Committee noted the report.

10. DATE OF NEXT MEETING

The next meeting was scheduled for the 15th of March 2021.

Meeting started: 6.30 pm
Meeting ended: 8.47 pm

Chair

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