

London Borough of Hammersmith & Fulham

Audit, Pensions and Standards Committee

Minutes



Wednesday 12 December 2018

PRESENT

Committee members: Councillors Iain Cassidy (Chair), Jonathan Caleb-Landy, Rebecca Harvey, Asif Siddique and Alex Karmel

Officers:

Andrew Hyatt (Head of Fraud)
Mike Sloniowski (Risk Manager)
David Hughes (Director of Audit, Fraud, Risk and Insurance)
Hitesh Jolapara (Strategic Director of Finance and Governance)
Phil Triggs (Director of Treasury and Pensions)
Steph Robson (Finance)
Peter Smith (Head of Policy and Strategy)
Emily Hill (Assistant Director of Corporate Finance)
Jo Rowlands (Strategic Director of Growth and Place)
Lisa Redfern (Director of Social Care and Public Services Reform)
Mark Grimley (Director of Corporate Services)
Steve Miley (Director of Children's Services)
Kim Dero (Chief Executive)
David Abbott (Scrutiny Manager)

1. MINUTES OF THE PREVIOUS MEETING

Councillor Alex Karmel asked for updates on the pending actions from the action tracker.

Actions 4 and 5 (September 2018) - David Hughes (Director of Audit, Fraud, Risk and Insurance) noted that the company was incorporated in June then the Directors were appointed after Cabinet approval. A briefing note on this would be sent to the Committee. Councillor Karmel raised concerns that the company was incorporated before Cabinet approval. David Hughes said there would be a full report on LBHF Ventures at the next meeting.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Matt Thorley.

3. DECLARATIONS OF INTEREST

Councillor Alex Karmel declared a general non-pecuniary interest in pensions matters as a deferred member of the Local Government Pension Scheme.

4. TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW 2018-19

Phil Triggs (Director of Treasury and Pensions) presented the report that updated members on the delivery of the 2018/19 Treasury Management Strategy. A six-month review was recommended as best practice by CIPFA.

Phil Triggs noted that as at 30 September 2018, net cash invested was £94m, a decrease of £28m on the position at 31 March 2018. He then provided a breakdown of investments – shown in table 4.4 of the report. He noted that since the report was written officers had decided to cash in the enhanced cash funds as they were not performing to the required level.

Councillor Alex Karmel asked for clarity over the note in the table on page 17 that said £255m had been removed in October 2018. Hitesh Jolapara (Strategic Director of Finance and Governance) said that referred to the HRA debt cap which had recently been removed by the Government.

The Chair asked officers what their key concerns were going forward. Phil Triggs responded that his key concern was the general uncertainty in the markets. Markets didn't like uncertainty. Hitesh Jolapara agreed – his key concern was the US economy and the potential there for a recession.

RESOLVED

That the Committee noted the Annual Treasury Management Strategy 2018/19 mid-year review.

5. BREXIT IMPACT REPORT

Peter Smith (Head of Policy and Strategy) presented the briefing note that updated members on the potential impacts of Britain leaving the EU on the borough and the mitigating actions being planned.

Peter Smith noted the recent assurances from the Government that in the event of 'no deal' EU citizens in the UK would retain their settled status. The deadline to apply is June 30, 2021.

Regarding the impact on the workforce officers had concerns around social care and had requested contingency plans from suppliers in the event of 'no deal'. The Council had also set up a cross-departmental resilience group looking at supply chain issues.

Councillor Alex Karmel asked about the deadline for applying for settled status and whether it was just for the initial application or for the whole process. Peter Smith said it was just for the online application process.

Councillor Jonathan Caleb-Landy noted there was already a nursing crisis and a lack of NHS staff in many hospitals and care facilities. He asked if officers were worried about local hospitals suffering from lack of staff. Peter Smith said that was the biggest concern for health and social care commissioners. The Kings Fund have lobbied the Government to enable provisions to bring in social care staff from outside the EU. The Association of Directors of Adult Social Care had also been lobbying on the impact on the social care workforce.

The Chair said he had a number of concerns about the application process for settled status. Was the Council offering HR advice to staff to support them through the process? Mark Grimley said they had developed online tools for staff to help them and officers were looking at supporting staff members applications.

The Chair noted that there were lots of young EU citizens in the borough but also a number of older residents. What support could we offer these residents? Peter Smith said the Government had instructed the Home Office to be generous – they were not looking to exclude people. Officers expected a public campaign to be launched very soon.

The Chair asked if there had been contact with the third sector on these issues. Peter Smith said the Council had not briefed them yet. Officers were waiting until the process was clearer. He said they could brief them after the Government's most recent statements.

RESOLVED

The Committee noted the briefing paper.

6. ANTI-FRAUD MID-YEAR REPORT

Andrew Hyatt (Head of Fraud) presented the report that provided an overview of fraud related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2017 to 30 September 2018. He noted that there had been a major improvement on tenancy fraud following integrated working with the housing team.

The Chair, referring to 1.4 of the report, noted there had been a big change in high and medium risk fraud. Andrew Hyatt said a small number of cases could skew these figures – e.g. NNDR fraud over a number of years.

Councillor Jonathan Caleb-Landy said it would be useful for the Committee to know the total number of cases the Council was pursuing. Officers said they would add this to the next report.

Councillor Alex Karmel felt the number for Right-to-Buy fraud seemed low – only 12 instances and £16k. Andrew Hyatt said the calculation was based on cashable - rather than notional values.

Councillor Alex Karmel noted that there seemed to be a lack of coherence across the Council as to how each department used the Proceeds of Crime Act. Andrew Hyatt said that had been identified – currently there was one officer responsible for that and therefore had a huge caseload. The fraud team were training the legal department so they better understood the trigger points. The team had also set up an enforcement forum to bring people together from across departments to share knowledge and good practice on these issues.

Councillor Karmel suggested that, given this was an area that could generate income, the Committee should recommend increasing the number of officers in this area. Andrew Hyatt said there was a potential invest-to-save case to be made but officers would have to build a business case. The Chair asked officers to look into this.

RESOLVED

The Committee noted the fraud work undertaken during the half year period from 1 April 2018 to 30 September 2018.

7. REVIEW OF ANTI-FRAUD POLICIES

Andrew Hyatt (Head of Fraud) presented the report containing three revised anti-fraud policies:

- Anti-Bribery Policy
- Anti-Money Laundering Policy
- Fraud Response Plan

David Hughes also noted that a new online reporting tool had been launched for staff. He added that the team had been working with Learning and Development and a new learning programme would be going live in the new year. The programme included information on bribery and corruption, whistleblowing, and procurement fraud.

Councillor Rebecca Harvey asked if this training would be mandatory for staff. David Hughes said not at first – but some elements will eventually be mandatory.

Councillor Jonathan Caleb-Landy asked if there had been any external challenge and had learning from other Councils been incorporated. Andrew Hyatt said much of the policies and training materials were based on best practice from around the Country. Whistleblowing was a key area – it was important to make it very clear and simple for staff.

Councillor Jonathan Caleb-Landy said it would be helpful for some context in future reports - what's changed since the last policy. Any associated updates to national legislation etc.

RESOLVED

The Committee noted the updated anti-fraud policies.

8. INTERNAL AUDIT QUARTERLY UPDATE

David Hughes (Director of Audit, Fraud, Risk and Insurance) presented the report that summarised internal audit activity during the period 1 July to 31 October 2018 and the outcomes of follow up work undertaken for the 12-month period up to 31 October 2018. He noted there were no limited assurance reports – and that was indicative of the emphasis SLT has placed on assurance and risk.

David Hughes noted there was further work to do though – and to that end a report on LBHF Ventures would be coming to the next meeting.

The Chair asked if the issues with pension fund membership data had been resolved. Mark Grimley noted that the vast majority of data (over 99 percent) had been successfully transferred between the old and new providers. There were still a number of issues on pensions to be resolved due to transfers between funds (affecting people who had worked for a number of councils over their career for example). There were also some issues with teachers pensions as we had to rely on third-party providers for information.

Hitesh Jolapara reported that the new Finance, HR and Payroll system went live from 1 December. There had been no major issues and all indications were good.

The Chair noted the significant progress made by officers and thanked them for their hard work.

RESOLVED

That the Committee noted the contents of the report.

9. RISK MANAGEMENT HIGHLIGHT REPORT

Mike Sloniowski (Risk Manager) presented the report that provided members with an update on risk management and presented the Corporate Risk Register for consideration.

The Chair asked about risk work undertaken relating to the decant from the Town Hall. Mike Sloniowski said he was working closely with the information management team and the decant logistics teams. He said there were positive assurances there.

Councillor Jonathan Caleb-Landy noted that on recruitment of staff two 'reds' had been moved to 'yellow'. He asked if Brexit was factored in to this assessment. Mike Sloniowski noted that the organisation had done a lot of work on its new people strategy which was why the risks had been downgraded – but Brexit did have an impact on concerns.

Mark Grimley said the risks reflected workforce planning and future need – the Council currently had a high use of agency staff and high staff turnover. HR officers were prioritising areas that were the highest risk – i.e. social care and some specialists. The risk will go down as some of this work comes through.

Councillor Alex Karmel noted that in paragraph 4.4 the Brexit risk was incorrectly labelled as risk 25 (not 26).

Councillor Karmel asked if, given the week's events, officers keeping this area under review? Mike Sloniowski said he was in regular contact with the contingency planning team. David Hughes said there had been a thorough review of the business continuity plan and a service resilience group had been set up.

Councillor Rebecca Harvey asked if staff were being properly supported throughout the decant process. Mark Grimley said officers had set up a corporate programme management office and they had carried out dependency mapping every few weeks. A new corporate programme, 'Hello Future', was defining what it will be like working in this organisation over the next few years. The decant will help the Council learn how to work more effectively in a new environment. Staff have been incredibly resilient. Staff want these changes – i.e. better technology and more appropriate buildings and facilities.

Kim Dero noted that Adult Social Care and Children's Services were primarily based in 145 King Street and wouldn't be affected. The initial decant wouldn't impact the whole workforce but the new mobile ways of working would be rolled out to everyone.

The Chair noted the increase in Children's Services placements (risk 22) of 50. Steve Miley confirmed that numbers had increased from 185 to 244 over a three-year period. The Chair asked what was driving this increase. Steve Miley said it was a mixture of increasing social problems, particularly with adolescents – County Lines, sexual exploitation, social media fuelled violence. Austerity and poverty had a major impact. Steve Miley said there was a national increase in recent years.

The Chair asked officers if the recent increase in youth violence worried them. Steve Miley said it was a worry - some traditional social work ways of intervening didn't work with this group. Officers were considering new ways of working, including setting up an adolescent unit that could work with young people to draw them away from these behaviours.

Councillor Alex Karmel, also on risk 22, noted there were significant financial implications for the Council when a child was taken into care. He asked if the Council had the resources to deal with the increase. Steve Miley said it would create a budget pressure but this was being dealt with internally.

Councillor Alex Karmel noted a link between risks 4 (Public Health funding reductions) and 10 (complexity of working with health partners). Mike Sloniowski said these were separate issues – but officers shared members concerns about the NHS and the impact on the social care system.

RESOLVED

That the Committee noted the contents of the report – and reviewed and considered the contents of the Corporate Risk Register.

10. DATES OF FUTURE MEETINGS

The next meeting was scheduled for 12 March 2019.

Meeting started: 7.00 pm
Meeting ended: 8.22 pm

Chair

Contact officer David Abbott
Scrutiny Manager
Governance and Scrutiny
☎: 020 8753 2063
E-mail: david.abbott@lbhf.gov.uk