



# Havering

L O N D O N   B O R O U G H

## AUDIT COMMITTEE AGENDA

<b>7.00 pm</b>	<b>Wednesday 28 October 2020</b>	<b>Virtual Meeting</b>
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Members 7: Quorum 3

### COUNCILLORS:

**Conservative Group  
( 3)**

**Residents' Group  
(1)**

**Upminster &  
Cranham  
Residents'  
Association  
(1)**

**North Havering  
Residents' Group  
(1)**

Viddy Persaud (Vice-  
Chair)  
Roger Ramsey  
Judith Holt

Gerry O'Sullivan

Gillian Ford

Martin Goode  
(Chairman)

**For information about the meeting please contact:  
Luke Phimister 01708 434619  
luke.phimister@OneSource.co.uk**

***Under the Committee Procedure Rules within the Council's Constitution the Chairman of the meeting may exercise the powers conferred upon the Mayor in relation to the conduct of full Council meetings. As such, should any member of the public interrupt proceedings, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room and may adjourn the meeting while this takes place.***

***Excessive noise and talking should also be kept to a minimum whilst the meeting is in progress in order that the scheduled business may proceed as planned.***

### **Protocol for members of the public wishing to report on meetings of the London Borough of Havering**

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

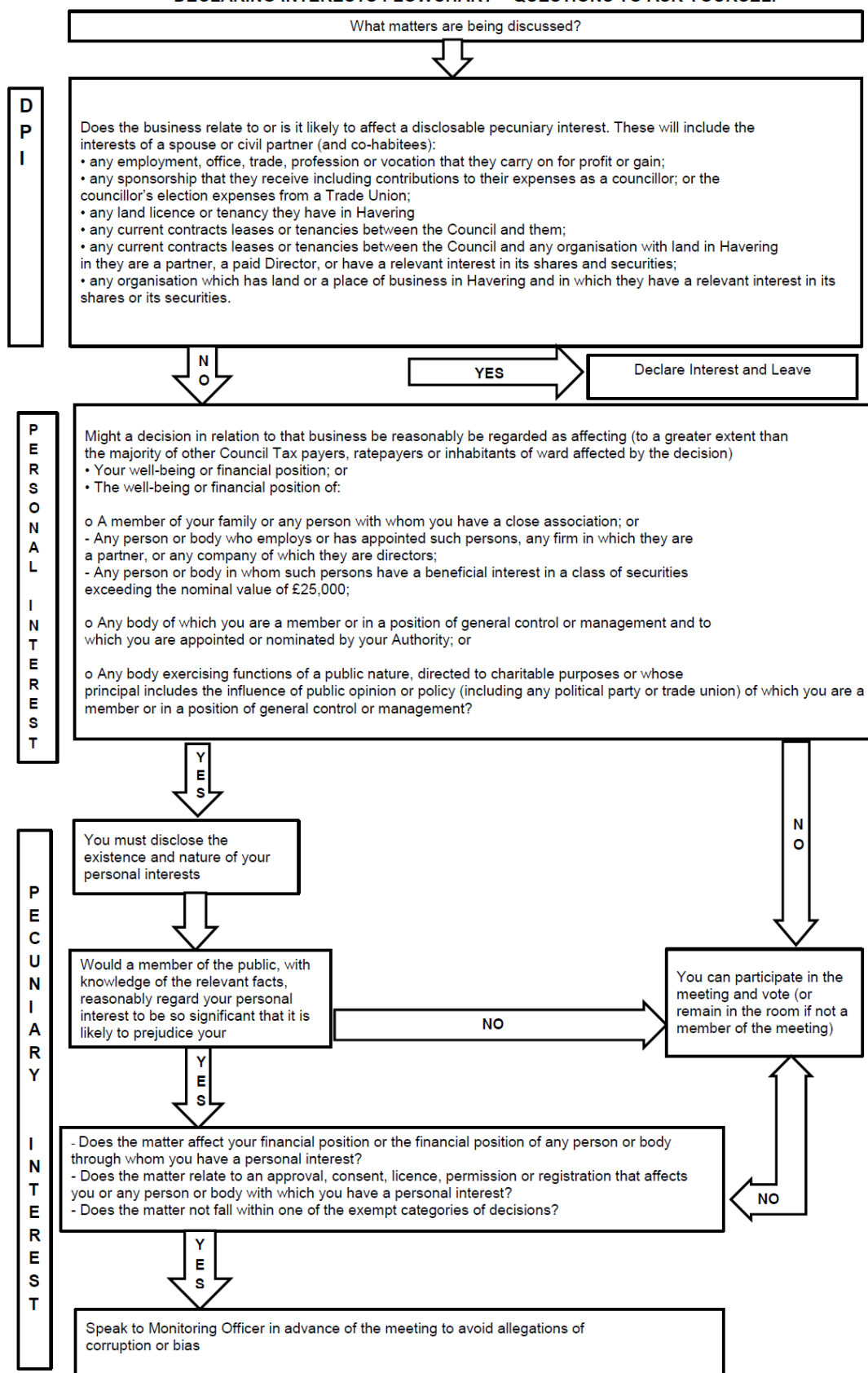
- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

**DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF**



## **AGENDA ITEMS**

### **1 CHAIRMAN'S ANNOUNCEMENTS**

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

### **2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS**

(if any) – received.

### **3 DISCLOSURE OF INTERESTS**

Members are invited to declare any interest in any of the items on the agenda at this point of the meeting.

*Members may still disclose any interest in any item at any time prior to the consideration of the matter.*

### **4 MINUTES OF THE MEETING** (Pages 1 - 4)

To approve as correct the minutes of the meeting held on 28 July 2020 and authorise the Chairman to sign them.

### **5 HEAD OF ASSURANCE - PROGRESS REPORT QUARTERS ONE AND TWO 2020/21** (Pages 5 - 22)

Report and appendices attached.

### **6 TREASURY MANAGEMENT MID YEAR REPORT 2020-21** (Pages 23 - 40)

Report and appendices attached.

### **7 WHISTLEBLOWING POLICY** (Pages 41 - 56)

Report and appendix attached.

### **8 EXCLUSION OF THE PUBLIC**

To consider whether the public should now be excluded from the remainder of the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during those items there would be disclosure to them of exempt information within the meaning of section 100A to the Local Government Act 1972 as the document was shared by government and there is an expectation to maintain confidence; and, if it is decided to exclude the public on those grounds, the Committee to resolve accordingly on the motion of the Chairman.

### **9 PREPARATIONS FOR THE END OF THE EU TRANSITION PERIOD** (Pages 57 - 80)

Report and appendices attached.

**Andrew Beesley  
Committee Administration  
Manager**

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# Public Document Pack Agenda Item 4

## **MINUTES OF A MEETING OF THE AUDIT COMMITTEE Town Hall, Main Road, Romford 28 July 2020 (7.00 - 8.45 pm)**

**Present:**

### **COUNCILLORS:**

<b>Conservative Group</b>	Viddy Persaud (Vice-Chair), Roger Ramsey and Carol Smith (In place of Judith Holt)
<b>Residents' Group</b>	Gerry O'Sullivan
<b>Upminster &amp; Cranham Residents' Group</b>	Gillian Ford
<b>North Havering Residents Group</b>	Martin Goode (in the Chair)

Through the Chairman, announcements were made regarding emergency evacuation arrangements and the decision making process followed by the Committee.

### **45 MINUTES OF THE MEETING**

The minutes of the meeting of the Committee held on 28 January 2020 were agreed as a correct record and, due to COVID-19, will be signed by the Chairman at a later date.

### **46 AUDIT COMMITTEE ANNUAL REPORT**

The report presented to the Committee had been postponed from the cancelled April 2020 meeting.

The report outlined the work of the Committee and key issues dealt with by the Committee. Members were advised that as the April 2020 meeting was cancelled the report should have been updated to reflect the cancelled meeting.

The Committee agreed that officers and members will look at the training need of committee member and will tailor group sessions to provide specific training.

### **47 ANNUAL GOVERNANCE STATEMENT 19/20**

The report presented to the Committee provided background on the Annual Governance Statement and a review of the internal control environment.

Members noted 5 governance issues to be addressed in 2020/2021 including; delivery of a balanced budget, embedding the governance culture and framework within the organisation, EU Exit – Preparations and Impact, COVID-19 and Cyber Security, which was added due to potential risks developing from COVID-19. Members noted the report had been submitted to the Overview & Scrutiny Board and the Committee would be updated. Committee members were advised that the Bronze and Silver training had been delivered.

The Committee **agreed** the 2019/2020 Annual Governance Statement

#### **48 CORPORATE RISK REGISTER**

The report that was put before the Committee summarised the ongoing risks the council had faced.

The Committee were advised that the Council used an external trainer for risk training across the directorates. It was noted that the Council's risk level was good in February 2020 although the risk profile had changed. The members noted appendix 1 which gave a summary of the Corporate/Directorate's risk register with the initial, current and projected assessment of each risk.

The Committee **noted** the contents of the report and the risk register and **asked** for individual directorate risk registers and a document to show the change to previous assessment of risks to be presented to the committee and future meetings. The members also **asked** for officers to make the colour grading easier to read in their packs.

#### **49 HEAD OF AUDIT ANNUAL REPORT 19/20**

The report presented to the Committee summarised the audit, assurance and counter fraud work that had been undertaken in the 2019/2020 financial year.

The report highlighted 3 areas where reasonable assurance couldn't be made but would be monitored throughout the year. These areas were:

- Financial control areas such as payroll and purchase cards;
- Controls over private sector leasing arrangements: and
- Procurement, specifically a lack of contracts in place for a number of suppliers

Officers commented that no assurance opinion had been given for Emergency Planning and Business Continuity as the audit had been halted halfway through completion due to COVID-19. Members noted the counter fraud work the Council had undertaken with 14 corporate fraud cases having been investigated with 1 being found to contain criminal fraud. 32 cases were investigated regarding housing fraud but none were found to be criminal.

Members **asked** for the audit report on direct payments to be circulated to members given the opinion was substantial.

#### **50 INTERNAL AUDIT PLAN 2021 AND STRATEGY AND CHARTER**

The report presented to the Members of the Committee, which was postponed from the cancelled April meeting, gave detail on the Internal Audit Plan that is produced in line with the Public Sector Audit Standards.

Members noted that the internal audit had looked into the new systems and processes due to COVID-19 and provided the role of the critical friend. Other internal audits suggested that more children could come into care post COVID-19 and that this could cause a risk due to limited spaces. Officers explained that there are quarterly meetings with risk directorates to monitor the individual risk registers.

The Committee **agreed** the draft 2019/2020 Internal Audit Plan and the Shared Service Internal Audit Charter and Strategy and **asked** for meetings to be arranged for them to discuss their concerns.



## 51 DRAFT ANNUAL STATEMENT OF ACCOUNTS 2019/20

The report put to the Committee presented the draft statement of accounts which was planned to be approved in October due to the timetable for the 2019/2020 accounts having been extended until 30 November 2020 due to COVID-19.

Members noted that the balance for Property, plant and equipment increased to £1.245billion, inclusive of housing and schools, other long term liabilities decreased to £423million and usable reserves decreased to £201million. Members noted that the balance sheet is financially stable and the external audit is due to start on the week commencing 3<sup>rd</sup> August 2020. Members questioned that the surplus on the provision of service was £9.6million but was mostly housing revenue accounts surplus and cannot be used for the general fund.

The Committee **noted** the draft Statement of Accounts for 2019/2020 will be presented at a later Committee meeting alongside the Audit option for formal approval and **noted** the Pensions Draft Accounts are to be tabled at the Pensions Committee in July 2020.

## 52 EY AUDIT PLAN 2019/20

The report presented to the Committee by Ernst and Young (EY) was the External Audit Plan for 2019/2020.

Members noted that the report had been updated to consider the impact from COVID-19 on financial statements and audit risks. The risk that had impacted the most significantly by COVID-19 was investment property valuations which was separated from the Council's other building risks as it was viewed by EY as a higher risk as there was reference to material uncertainty when EY made their 31<sup>st</sup> March 2020 valuations and this would be sent to EY's Real Estate team to conclude whether or not the sample of investment properties had been affected by COVID-19.

The next risk presented to Members was on accounting for the Council's regeneration assets and the Committee noted that there were significant administration errors and processes had been put in place to reduce these.

The Committee were then updated on the risk to group financial statements and any future plans to expand the grouped accounts. Members noted the Council need to assess where the grouped accounts need to be prepared in relation to the 3 joint ventures.

The next area presented to the Committee was regarding pension's valuations and disclosures. Members noted that there was additional areas that were focused on the accuracy of the membership data.

Members noted the fourth risk presented that could have future impact from COVID-19 being level 3 investments, i.e. private equity and property investments. The officer from EY explained that the 31<sup>st</sup> March 2020 valuations were harder to estimate due to the uncertainty of COVID-19.

The officer from EY highlighted 2 new risks to planning caused by COVID-19. Members were pleased to hear that Havering Council was not close to a Section 114 notice due to financial pressures but noted that tests of the Council's future financial projections were in place.

Committee members noted that the materiality had been kept at 1.8% gross expenditure and will be brought in line with the draft accounts. The performance materiality level had been set at 75% or £7.7million. It was reported that the value for money conclusion was still in progress however 2 areas were highlighted to have significant risk which was financial planning and achievement of savings.

The EY officer explained to the Committee that EY add an addition fee to the 2018/2019 fee due to extra work undertaken in the year but this had subsequently been reduced to a total of £25,688. Members were advised that this figure had been submitted to the PSAA for approval. Members noted that EY were submitting an increase to the base fee but retaining the scale fee of £116,920 for Havering.

The Committee **noted** EY's audit plan.

## **53 ANNUAL TREASURY MANAGEMENT REPORT 2019-20**

The Annual Treasury Management report was presented to members to outline the performance of the treasury management function.

Members noted that there had been no breach in prudential and treasury indicators in 2019/20. The 2019/20 investment income outturn figure was £2m outperforming the budget figure of £1.4m. Investment balances at year-end was £171m, long term borrowing was £235million compared to an underlying borrowing requirement of £353million; the difference of £118m was funded from the Council's internal reserves. The cost of external General Fund borrowing was 2.78% against an investment interest rate of 1.14% so it has been cheaper to fund the capital borrowing requirement from internal reserves and keep interest costs low. The committee noted that COVID-19 has meant more deposits being placed in high quality investments.

The Committee **noted** the report.

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**Chairman**

## AUDIT COMMITTEE

<b>Subject Heading:</b>	Head of Assurance – Progress Report Quarters One and Two 2020/21 (1 April – 30 September)
<b>SLT Lead:</b>	Jane West Chief Operating Officer
<b>Report Author and contact details:</b>	Jeremy Welburn Head of Assurance Tel: 01708 432610 / 07976539248 E-mail: <a href="mailto:jeremy.welburn@onesource.co.uk">jeremy.welburn@onesource.co.uk</a>
<b>Policy context:</b>	To inform the Committee of progress on the assurance work undertaken during the first half of 2020/21.
<b>Financial summary:</b>	There are no financial implications arising directly from this report which is for noting and/or providing an opportunity for questions to be raised.

### The subject matter of this report deals with the following Council Objectives

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

### SUMMARY

This report advises the Committee on the work undertaken by the Assurance Service (internal audit and counter fraud) during the period from 1<sup>st</sup> April to 30<sup>th</sup> September 2020. This report is presented in three sections:

Section 1: Introduction, Issues and Assurance opinion

Section 2: Executive Summary – A summary of the key messages

Section 3: Appendices: Provide supporting detail for Member's information

## **RECOMMENDATIONS**

1. To note the contents of the report.
2. To raise any issues of concern and ask specific questions of officers where required.

## **REPORT DETAIL**

### **Section 1: Introduction, Issues and Assurance Opinion**

#### **1.1 Introduction**

1.1.1 The Accounts and Audit Regulations require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards (PSIAS) and other guidance.

1.1.2 Internal audit is a key component of corporate governance within the Council. The three lines of defence model, as detailed below, provides a framework for understanding the role of internal audit in the overall risk management and internal control processes of an organisation:

- First line – operational management controls
- Second line – monitoring controls, e.g. the policy or system owner/sponsor
- Third line – independent assurance.

The Council's third line of defence includes internal audit, which should provide independent assurance to senior management and the Audit Committee on how effectively the first and second lines of defence have been operating.

1.1.3 An independent internal audit function will, through its risk-based approach to work, provide assurance to the Council's Audit Committee and senior management on the higher risk and more complex areas of the Council's business, allowing management to focus on providing coverage of routine operations.

1.1.4 The work of internal audit is critical to the evaluation of the Council's overall assessment of its governance, risk management and internal control systems, and forms the basis of the annual opinion provided by the Head of Assurance which contributes to the Annual Governance Statement. It can also perform a consultancy role to assist in identifying improvements to the organisation's practices.

- 1.1.5 Due to the COVID emergency response, the priorities and risk profile of the Council changed during the first half of 2020/21. Internal Audit adapted their work to provide assurance on the emergency response projects, to provide assurance on the rapidly changing environment the Council has been operating in since March.
- 1.1.6 This report brings together all aspects of internal audit and counter fraud work undertaken during the period from 1<sup>st</sup> April to 30<sup>th</sup> September 2020, in support of the Audit Committee's role.
- 1.1.7 The report supports the Head of Assurance's ongoing assurance opinion on the internal control environment and highlights key outcomes from internal audit and counter fraud work and provides information on wider issues of interest to the Council's Audit Committee. The Appendices provide specific detail of outputs for the Committee's information.

## **Section 2. Executive Summary of work undertaken during the first six months of 2020/21**

### **2.1 Internal Audit**

- 2.1.1 There have been six final reports issued during this period. Of these reports, three were given a moderate assurance. The other three reports were consultancy and advisory pieces of work that did not result in an assurance opinion being provided. Appendix D shows the current position of the 2020/21 audit plan.
- 2.1.2 There were no high risk recommendations raised in these reports.

### **2.2 Pro-Active and Counter Fraud**

- 2.2.1 Two of the four referrals brought forward from the previous report have been investigated. One referral has resulted in a criminal investigation and one referral had no case to answer. The remaining two are still being investigated.
- 2.2.2 During 1st September to 31st December 2019 one referral was received; there was no case to answer.

## **Section 3. Appendices: Provide supporting detail for Member's information**

Appendix A: Detail of Internal Audit work to date  
Appendix B: Detail of Counter Fraud work  
Appendix C: Status of 2019/20 High Risk Recommendations  
Appendix D: Current status of 2020/21 audit plan

## **IMPLICATIONS AND RISKS**

### **Financial implications and risks:**

There are none arising directly from this report which is for noting and/or providing an opportunity for questions to be raised.

By maintaining an adequate internal audit service, management are supported in the effective identification and efficient management of risks and ultimately good governance. Failure to maximise the performance of the service may lead to losses caused by insufficient or ineffective controls or even failure to achieve objectives where risks are not mitigated. In addition recommendations may arise from any audit work undertaken and managers have the opportunity of commenting on these before they are finalised. In accepting audit recommendations, the managers are obliged to consider financial risks and costs associated with the implications of the recommendations. Managers are also required to identify implementation dates and then put in place appropriate actions to ensure these are achieved. Failure to either implement at all or meet the target date may have control implications, although these would be highlighted by any subsequent audit work. Such failures may result in financial losses for the Council.

### **Legal implications and risks:**

None arising directly from this report.

### **Human Resources implications and risks:**

None arising directly from this report.

### **Equalities implications and risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

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**Appendix A – Progress Report - Internal Audit Work**

**1. Audit Progress**

- 1.1 The Annual Audit Plan, approved by the Audit Committee in July 2020, comprised 700 audit days. The plan was developed using a thematic approach, in line with the Corporate Plan priorities for 2020/21 with time allocated under each theme to carry out risk identification and service mapping where required. Members are reminded that the 2020/21 audit plan was presented as a flexible plan, subject to review through the year to ensure that emerging risks are covered. Adjustments to the plan are made to allow for changes in the risk and operational environment in which the Council operates. Where changes are made they are outlined in Appendix D.
- 1.2 Due to the COVID emergency response, the priorities and risk profile of the Council changed during the first half of 2020/21. Internal Audit adapted their work to provide assurance on the emergency response projects and changing risk environment. Our response to COVID-19 was reflected in the plan presented to Audit Committee in July with tasks added to the plan as the need arose and projects were initiated across the council.
- 1.3 School closures meant that all school audits were postponed until later in the year, with resources used during quarter two to adapt the programme to ensure we are able to carry out off-site audits if restrictions relating to the pandemic remain in place longer term. A member of the audit team was redeployed temporarily during quarter one to assist with the NHS shielding calls project. Work on supporting risk management and adapting the corporate risk register to reflect the urgency of the pandemic specific risks also took priority during this time.
- 1.5 Current, cumulative progress toward delivery of the 2020/21 audit plan as at the end of September 2020, is summarised in the table below, with further detail provided in Appendix D. It should be noted that some of the work undertaken by internal audit does not result in an opinion being provided, such as advisory reviews and grant claims.

<b>Audit Plan Status</b>	<b>Number of Audits / Tasks</b>
Final reports issued / Reviews Completed	<b>6</b>
Draft reports issued	<b>2</b>
Underway	<b>4</b>

## **2. Risk Based Systems and School Audits**

- 2.1 The table below details the results of the work undertaken that resulted in the issue of a report during the first six months of the year.

Report	Assurance	Recommendations			
		High	Med	Advisory	Total
System Audits					
Management of NHS Shield Data (COVID-19 response)	N/A	A number of recommendations regarding control risks were raised and resolved during the project.			
Management of food distribution to vulnerable individuals (COVID-19 response)	N/A	N/A	N/A	N/A	N/A
Purchase Cards (compliance)	Moderate	0	1	0	1
Private Sector Leasing Follow Up	Moderate	N/A	N/A	N/A	N/A
Fusion – Oracle Upgrade	N/A	N/A	N/A	N/A	N/A
ICT Inventory – Smarter Working Project	Moderate	N/A	N/A	N/A	N/A
Total		0	1	0	1

### **2.2 Management of NHS Shield Data (COVID-19 response)**

- 2.2.1 This work was carried out to provide assurance that the Council is managing its risks in relation to the provision of support to vulnerable members of the community as well as to provide control advice and support to the teams implementing new systems and processes under pressurised and challenging circumstances. Examples of risks considered during this work included: accuracy of shielding data; adequacy of control frameworks in place; safeguarding considerations; information management and GDPR; project management and governance arrangements; and, resilience.
- 2.2.2 The findings and recommendations raised formed an action plan to assist and inform the teams involved as opposed to a traditional audit report. This meant that we were able to highlight risks and emerging issues, in what was an evolving environment, as well as ensuring management were made aware of the actions being taken to address these. Recommendations raised were dealt with and implemented almost immediately.

### **2.3 Management of food distribution to vulnerable individuals (COVID-19 response)**

- 2.3.1 This work intended to support the development of this process and looked at comparing the deliveries made to households and individuals in the community against the food support requests in LOTI (the new system implemented for this purpose). Findings from the testing carried out were used to help identify potential improvements in the systems and processes, whilst it was in use. Due to the advisory and supportive nature of this work no formal recommendations were made or assurance opinion provided.

### **2.4 Private Sector Leasing – Follow Up**

- 2.4.1 This review was carried out during August to ensure the availability of the auditor involved in the original audit. Some of the recommendations raised in the original review were not due for implementation until September 2020 and so remained underway at the time of this follow up audit. This is reflected in the 'moderate' assurance opinion.

Since then, all recommendations have been followed up and confirmed as implemented (see Appendix C).

<b>Key to Assurance Levels</b>	
Substantial Assurance	There is a robust framework of controls and appropriate actions are being taken to manage risks within the areas reviewed. Controls are applied consistently or with minor lapses that do not result in significant risks to the achievement of system objectives.
Moderate Assurance	Whilst there is basically a sound system of control within the areas reviewed, weaknesses were identified and therefore there is a need to enhance controls and/or their application and to improve the arrangements for managing risks.
Limited Assurance / No Assurance	There are fundamental weaknesses in the internal control environment within the areas reviewed, and further action is required to manage risks to an acceptable level.

#### **4. Audit Recommendations Update and status of High Risk Recommendations**

- 4.1 Internal Audit follows up all high and medium risk audit recommendations with relevant service management when the deadlines for implementation are due. There is a rolling programme of follow up work, with each auditor taking responsibility for tracking the implementation of recommendations made in their audit reports. The implementation of audit recommendations, in systems where limited assurance was provided, is verified through a follow up audit review.
- 4.2 This work is of high importance given that the Council's risk exposure remains unchanged if management fail to implement the recommendations raised in respect of areas of control weakness. Part of the Audit Committee's role is to monitor the extent to which recommendations are implemented as agreed and within a reasonable timescale, with particular focus applied to any high risk recommendations.
- 4.3 Recommendations are classified into three potential categories according to the significance of the risk arising from the control weakness identified. The three categories comprise:

<b>High</b>	Fundamental control requirement needing implementation as soon as possible.
<b>Medium</b>	Important control that should be implemented.
<b>Advisories</b>	Pertaining to best practice.

- 4.4 All high risk recommendations due as at the end of September 2020 have been confirmed as implemented. One recommendation has been given an extended deadline for completion due to the need for the Fusion financial system project to be implemented. A table outlining all high risk recommendations raised during 2019/20 and their status as at the end of September 2020 is provided in Appendix C. There were no high risk recommendations raised during quarters one and two of 2020/21.
- 4.5 There were 40 medium risk recommendations raised in reports issued during 2019/20. All medium risks that became due before the end of September have been confirmed as implemented.

**5. Governance update**

5.1 During development of the audit plan, consideration is given to the significant governance issues detailed in the Annual Governance Statement (AGS). The 2019/20 AGS was presented to Audit Committee at the meeting held on 28<sup>th</sup> July 2020. The significant governance issues raised are:

- **Delivery of a balanced budget:** The Council was able to set a balance budget for the 2019/20 financial year. As set out in the report to Council there continues to be pressure over the medium term to the Council due to increased service demand and demographic pressures while available resources are reducing. As outlined in the budget setting report for 20/21 approved in February 2020, uncertainty around many aspects of the future funding model for Local Government remains a challenge in the medium term. However over and above all this sits the COVID19 pandemic and the emergency response which was initiated nationally in March 2020. This has brought an unprecedented challenge to local government generally and requires a reconsideration of the MTFS that was agreed and the corporate approach to recovery.
- **Embedding the Governance Culture and Framework within the organisation:** Further work needs to be undertaken to develop a comprehensive, auditable and objective assurance process to give reassurance that the Governance framework is understood and embedded within the organisation. Particular emphasis should be given to ensuring that any change in the governance framework is known and addressed and that new personnel are equipped with the correct knowledge and understanding.
- **EU Exit:** Preparations and Impact.
- **COVID-19:** As at the date of publication of the Annual Governance Statement, the Council had not had sufficient opportunity to fully reflect on our response to the pandemic, the impact on our governance arrangements and the success of our business continuity / emergency plans and how effectively these were implemented.
- **Cyber Security:** Chief Information Officer (CIO) has raised concerns about the increased likelihood of Cyber security breaches given the almost exclusive focus of public sector organisations on COVID-19 response.

5.2 The significant governance issues are outlined in an action plan that is reviewed and updated as a standing item at each Governance and Assurance Board. These are held monthly and are chaired by the S151. Any new, arising governance issues are also noted in preparation for the following year's AGS. To date, there have been no additional significant issues noted and progress against the action plan for the existing governance issues is considered satisfactory and on target.

5.3 A further update will be provided at the next Audit Committee meeting.

**6. Risk Management Update**

- 6.1 Members were presented with a summary Corporate Risk Register (CRR) at the July Audit Committee meeting. This CRR was focused on the COVID-19 emergency response and was embedded within the Bronze and Silver Command processes.
- 6.2 Since September the CRR has been in the process of transitioning back to being led by the Governance and Assurance Board (GAB). Work is underway to ensure that the CRR has established links with all Directorates and how the COVID response across these is captured in their business as usual work streams. The Directorate risk registers will be reviewed to ensure any potential strategic risks are identified and escalated to GAB regularly for consideration in the CRR.
- 6.3 Following completion of this work an updated CRR will be presented at the next meeting of the Audit Committee.

## **Appendix B**

### **1. Counter Fraud Audit Work – 01/04/2020 to 30/09/2020**

#### **1.1 Proactive Counter Fraud Investigations**

1.1.1 Proactive work undertaken during 01/04/2020 to 30/09/20 is shown below:

<b>Description</b>	<b>Risks</b>	<b>Status</b>
Advice to Directorates	General advice and support to Directors and Heads of Service including short ad-hoc investigations, audits and compliance. Sixteen requests for advice were received.	Ongoing
Advice to Other Local Authorities	All Data Protection Act requests via Local Authorities, Police etc. One request for advice was received.	Ongoing
Fraud Hotline	To take all telephone calls and emails relating to the 'Fraud Hotline' and refer appropriately. One referrals was received.	Ongoing
FOI Requests	To undertake all Freedom of Information (FOI) Requests. Two requests were received.	Ongoing
National Fraud Initiative Data Upload	<p>To co-ordinate the data upload for the 2020/21 NFI.</p> <p>The NFI is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and is conducted every two years.</p>	Ongoing

#### **1.2 Reactive Investigation Cases**

1.2.1 Three referrals were brought forward from the previous period:

- One referral is still being investigated;
- One referral was passed onto Legal;
- One referral has been passed over for a Systems review.

1.2.2 During 01/04/2020 to 30/09/20 eight referrals were received:

- One referral resulted in the employees assignment not being renewed;
- Two referrals resulted in information being supplied to Management and / or HR for investigation;
- Three referrals were no case to answer;
- Two referrals are currently being investigated.

### **1.3 Housing Cases**

1.3.1 The following table illustrates the work undertaken in relation to housing fraud and right to buy (RTB) applications:

<b>Description</b>	<b>2019/20</b>	<b>2020/21 (to date)</b>
Number of referrals	25	26
Properties recovered	4	1
Notional Saving	£72,000	£18,000
RTB checked	208	85
RTB stopped	1	4
Notional Saving	£108,000	£449,200
<b>Total Notional Saving</b>	<b>£180,000</b>	<b>£467,200</b>



**Appendix C: Status of 2019/20 High Risk Recommendations**

<b>High Risk Recommendations</b>	<b>Status</b>
<b>Payroll</b>	
The approved routes for the submission of requests should be established. Staff should also be advised that any requests received outside of the approved routes should be sent back to the originator for resubmission.	Implemented
The level of service provided by Payroll should be re-established with the Councils / businesses, including reiterating the responsibilities of the business in regards to the validation and approval of changes to payroll. This position should be clearly outlined in the service agreement and any residual risks associated with the self-service model should be considered and acknowledged in the Council's risk registers. Supplementary documentation should be held alongside agreements that sets out who has authority to approve payroll requests and who would be deemed to be responsible for submitting requests to payroll.	Implemented
Exception reports highlighting information that might indicate unusual activity (e.g. high overtime earners / additional payments) should be produced and distributed to support and enable managers to undertake their duties.	Revised implementation date of November 2020 due to the implementation of Fusion project. (original date September 2020)
<b>Purchase Cards</b>	
A review should be undertaken of the current service level agreement, specifically in relation to responsibilities of the team for monitoring non-compliance and the production and distribution of management information. This review should aim to: <ul style="list-style-type: none"><li>• Clarify the requirements of the usage compliance monitoring to determine whether this is limited to non-permitted spend only; and</li><li>• Understand what management information the Council wants the team to produce, how often and the recipients of this information.</li></ul>	Implemented
<b>School Expansion Programme</b>	
The potential financial impact of aiding schools with their deficit should be considered, and decisions documented, as part of the Council's longer term financial strategy.	Implemented
<b>Private Sector Leasing</b>	
Checks undertaken prior to entering into a contractual agreement with individuals for the lease of properties should be sufficiently robust to limit risks to both tenants and the Council.	Implemented
A systematic check of existing PSLs should be carried out to ensure all key documents are in place, particularly those required to support that the property is safe for tenants to be placed in it.	Implemented



<p>The current strategy for identifying and recharging the historical PSL landlords repairs should be reviewed to ensure all outstanding recharges are being processed. This review should also consider whether the Council has adhered to all relevant obligations set out in the landlords lease agreement and whether the Council has a right to recharge the repair costs.</p>	Implemented
<p>Action should be taken to implement a process for the reporting, recording and recovery of rechargeable repair costs to tenants arising from the void process.</p>	Implemented
<p>A review should be undertaken of the current PSL Scheme including the Rent Guarantee Scheme and cashless bond arrangements. This should include:</p> <ul style="list-style-type: none"><li>• The value of the cashless bond</li><li>• What term the bond exists</li><li>• When and how the bond can be redeemed</li><li>• When rent payments to landlords will be begin;</li><li>• When rent payments will cease, including any ongoing payments of rent after the property has been handed back;</li><li>• Circumstances whereby the Council would be entitled to stop rental payments e.g. in the event that the Councils ability to use the property is delayed by the owner or a suitable tenant cannot be identified; and</li><li>• The payment of financial incentives and compensations payments.</li></ul> <p>Expectations arising from this review should in clearly outlined in documented procedures and any associated PSL literature available to current and prospective landlords.</p>	Implemented
<p>The service should work with Legal Services to review the wording of the lease agreement with the property owner to ensure the Council does not assume liabilities that should rest with the landlord and to reduce the Council's risk of exposure.</p>	Implemented
<b>Cloud Computing</b>	
<p>Newham and Havering Councils should obtain assurance that each CSP encrypts backed up client data. Where this is not undertaken, additional assurance should be sought from both the CSP and the shared service that back up data, at rest, is protected in accordance with the risk appetite of the two Councils.</p>	Implemented
<p>User accounts should be proactively monitored to avoid having dormant or inactive accounts on all cloud applications. The Councils should systematically remove redundant users from cloud applications and maintain tighter control over operations to ensure accurate processes (housekeeping).</p>	Implemented

Procurement	
<p>Given the limited assurance that purchases are compliant with legislative and local policies, and the lack of evidence to support that spend is approved and achieving value for money for the Council, the Procurement function should identify how they will address all levels of non-contracted spend to ensure compliance.</p>	Implemented
Financial Controls Assurance	
<p>The risk appetite for all key financial systems and processes should be defined as part of the project to implement Oracle Fusion.</p> <p>Consideration needs to be given to where the required key controls are owned within the first and second line of defence, and also to what timetable of assurances senior management and the s151 officer requires, based on this risk appetite.</p> <p>The resources available in the back office teams should be assessed against the requirements of the business.</p> <p>What is determined should be formally agreed so that there is clarity regarding the controls and assurances that the shared service is expected to administer. If there are differences between the requirements in Newham and in Havering, this should be clearly documented.</p> <p>Training requirements in the first and second line of defence need to be assessed and action taken.</p> <p>Future development plans, where controls enhancements are planned post go live of the new system, should be documented and monitored.</p> <p>The agreements need to be formally reviewed, within six months after implementation, to ensure they are operating as planned and are effective.</p>	Implemented

**Appendix D: Current status of 2020/21 Audit Plan**

Audit Title	Status as at end Q2	Opinion	Reason for delay (where applicable)
<b>LBH Systems Audits</b>			
Purchase Cards (compliance work)	Completed	Moderate	
Private Sector Leasing Follow Up	Completed	Moderate	
Management of NHS Shield Data (COVID-19 response)	Completed	N/A	
Management of food distribution to vulnerable individuals (COVID-19 response)	Completed	N/A	
Fusion - Oracle upgrade	Completed	N/A	
ICT Inventory – Smarter Working Project	Completed	Moderate	
Planning	Underway		
Reablement	Underway		
Business Continuity and Emergency Planning	Underway		
SEND - transport	Underway		
Outbreak management plan and infection control	Q3		
Parking	Q3		
Licensing Schemes	Q3		
Housing Voids	Q3		
Responsive Repairs	Q3		
Treasury Management	Q3		
Health & Safety	Q3	Moved from Q2 at the request of the service due to demands during Q1 and Q2	
Payroll (compliance work)	Q3/4		
Procurement	Q3/4		
Housing Compliance	Q3/4		
Laptop Security	Q3/4		
Contract Management	Q4		
Post implementation review of Liquid Logic	Q4		
Leaving Care	Q4		
Social Care Transitions	Q4		
Safeguarding Adults	Q4		
Direct Payments	Q4		

**Audit Committee, 27 October 2020**

LBH Schools			
Harold Court Primary	Draft Report		
Ardleigh Green Learning Federation (2 schools)	Q3/4		
Clockhouse Primary	Q3/4		
Corbets Tey School	Q3/4		
Crowlands Primary	Q3/4		
Crownfield Infants	Q3/4		
Crownfield Juniors	Q3/4		
Elm Park Primary	Q3/4		
La Salette Primary	Q3/4		
Parklands Junior	Q3/4		
Rainham Village Primary	Q3/4		
Squirrels Heath Infants	Q3/4		
Squirrels Heath Juniors	Q3/4		
St Edwards CofE Primary	Q3/4		
St Marys Catholic Primary	Q3/4		
St Peters Catholic Primary	Q3/4		
The Towers Federation (2 schools)	Q3/4		
Health Checks (9)	Q3/4		

<b>Audit Committee</b>	<b>27<sup>th</sup> October 2020</b>
<b>Subject Heading:</b>	<b>Treasury Management Mid Year Report 2020-21</b>
<b>Cabinet Member:</b>	<b>Councillor Roger Ramsey Cabinet Member for Finance &amp; Property</b>
<b>SLT Lead:</b>	<b>Jane West (Chief Operating Officer)</b>
<b>Report Author and contact details:</b>	<b>Zainab Roberts / Stephen Wild <a href="mailto:Zainab.Roberts@haverling.gov.uk">Zainab.Roberts@haverling.gov.uk</a> <a href="mailto:Stephen.Wild@onesource.co.uk">Stephen.Wild@onesource.co.uk</a> 01708 434 306 / 0203 373 3881</b>
<b>Policy context:</b>	<b>The code of practice on treasury management 2017 requires that Council be provided with a Mid-year report on treasury activities</b>
<b>Financial summary:</b>	<b>There are no direct Financial implications from the report</b>
<b>Is this a Key Decision?</b>	<b>NO</b>
<b>When should this matter be reviewed?</b>	<b>Bi-Annually</b>
<b>Reviewing OSC:</b>	<b>Overview and Scrutiny Board</b>

## The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

<b>SUMMARY</b>
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The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code ("TM Code") require authorities to report on treasury management activities to Full Council at least twice per year (Treasury Management Strategy Statement and Annual TM report during the year).

The Authority's Treasury Management Strategy Statement (TMSS) for 2020-21 was approved at the Cabinet meeting on 12th February 2020 and at Full Council on 26<sup>th</sup> February 2020.

The Authority 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. This report covers activity on treasury managed investments and borrowings and the associated monitoring and control of risk.

**The key highlights of the Mid-Year report are as follows:**

- At the end of June 2020, investment portfolio return was 1.02% outperforming the LINK benchmarking Group average of 0.64% and the authority's budgeted rate of return of 0.80% against a backdrop of falling 3 month LIBOR.
- PWLB consultation: The Government is concerned Authorities have used cheap PWLB debt to buy very significant amounts of commercial property for rental income, which reduces the availability of PWLB finance for core local authority activities. The Government is revising the terms of PWLB lending to ensure that local authorities continues to invest in housing, infrastructure and public services. The Government has already cut the interest rates for investment in social housing by one percentage point. The final outcome of the consultation will be known before the end of the financial year.
- There was no breach of the Authority's prudential indicators and treasury indicators.

## **RECOMMENDATIONS**

- To note the treasury management activities to the end of September 2020 are detailed in the report.

## **REPORT DETAIL**

### **Background**

#### **1.0 Treasury management**

- 1.1 The authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 1.2 The other main function of authority's treasury management operation is to help fund its capital plans. These capital plans provide a guide to the borrowing need of the authority, essentially the longer term cash flow planning required to meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

#### **2.0 Introduction**

- 2.1 This report has been written in accordance with the requirements of the CIPFA TM Code.
- 2.2 This is the Mid-Year Review Report required by the TM Code and covers the following:
- an economic update for the first part of the 2020/21 financial year.
  - Treasury Management Summary to September 2020.
  - a review of the authority's borrowing strategy for 2020/21
  - a review of the authority's investment portfolio for 2020/21; and
  - a review of compliance with Treasury and Prudential Limits for 2020/21.

#### **3.0 Economics and interest rates**

### 3.1 *Economics update*

The Bank of England (BoE) latest GDP forecast assumes a V shaped economic recovery scenario albeit with a slightly longer return to the pre-pandemic peak. The MPC left its interest rate on hold at 0.1 per cent and its target on asset purchases at £745bn thereby helping to preserve liquidity in financial markets and keeping interest rates low.

GDP growth in 2021 will oscillate between 4% and 8% depending on the outcome of EU trade talks and success at eradicating the pandemic. CPI inflation is expected to remain within the BoE target rate of 2%.

### 3.2 *Interest rate forecasts*

The authority's treasury advisor, Link Asset Services (LAS), has provided the following updated forecast shown at **Appendix A**:

## 4.0 **Treasury Management Summary**

4.1 The mid year treasury management position is shown in table 1 below.

**Table 1: Treasury Management Summary as at 30<sup>th</sup> September 2020**

	01.04.20	Movement	30.09.20	Weighted Average Rate
<b>Investments</b>				
Fixed Deposit	137.800	37.800	100.000	0.69
Money Market Funds	29.850	26.950	2.900	0.89
Call Account	47.000	32.000	15.000	0.36
Unrated Covered Bond	3.000		3.000	4.00
<b>Total investments</b>	<b>217.650</b>	<b>96.750</b>	<b>120.900</b>	<b>0.74</b>
<b>Loans</b>				
PWLB	228.234		228.234	<b>3.36</b>
Banks (LOBO)	7.000		7.000	<b>3.61</b>
Temporary Borrowing	30.351	-25.000	5.351	<b>0.61</b>
<b>Total Loans</b>	<b>265.585</b>	<b>-25.000</b>	<b>240.585</b>	<b>3.31</b>

4.2 The Authority's investments as at 30<sup>th</sup> September 2020 were £120.9m – consisting of £95m with local authorities, £25.9m with UK banks.



4.3 Appendix B shows the breakdown of the authority's investments.

## **5.0 Borrowing Strategy**

### **5.1 Detail**

The short term strategy involves using the authority's cash balances and borrowing short-term from other local authorities to fund the estimated £220m 2020/21 borrowing requirement in the capital programme. As long term borrowing rates are far higher than short term borrowing rates this creates immediate revenue saving. Moreover the outcome of the Government PWLB consultation is due this financial year and there is an expectation that PWLB spreads will reduce and may even reverse the 1% increase that was unexpectedly applied last year – locking into long term debt now could result in the authority paying too much interest over the lifetime of the loan

This strategy is not without risk and officers have evaluated those risks:

- 1) Short term rates could increase; as stated in the aforementioned economic update there is little prospect of bank rate increasing and nor do we see liquidity tightening in the short term given the current level of monetary and fiscal expansion.
- 2) Inter local authority market falls away. Presently the sector has abundant cash balances augmented by Covid 19 support grants. However it is likely that these grants will diminish during the year and the supply of loans from this market could reduce. The ability to borrow from other sources, slippage or cuts to capital programmes in the sector mitigate against that risk. Moreover, this authority has a large cash balance it can draw upon before it ventures into the short term borrowing market for capital purposes.
- 3) Gilt yields increase: The gilt yield, influences the fixed rate, at the time long-term borrowing is locked down and the effect on revenue is felt for decades to come. The gilt yield is influenced by the markets view on inflation and growth. As stated in the economic update the outlook on both these factors remain subdued. Officers and LAS are monitoring these rates and the outlook on them very closely and if that view changes then a decision to draw down long term debt may be made.
- 4) PWLB will not reduce spreads before long-term borrowing is required: This is subject to a) market conditions, and b) a robust framework which fulfils their objectives. There is no guarantee that the PWLB will reduce their rates anytime soon. However the view is that the government is keen for authorities to fund their core programmes, Housing projects and regeneration schemes to help promote economic growth at a time when there is considerable surplus capacity in the economy and an elevated unemployment rate.
- 5) PWLB access is restricted, other long term investors will not be there to fulfil the need: Officers are looking at alternatives to the PWLB and the market of lenders to authorities is continuing to expand and offering pricing terms that are competitive with the PWLB. The options available

are; Public bonds, Bond Agency issue and private placement. The authority's credit quality is key to what terms lenders are prepared to offer and an increase in the short term borrowing ratio could result in a lower rating. Officers and LAS are monitoring this and other metrics and the authority's credit rating remains strong in this sector and capable of securing competitive terms to equivalent PWLB fixed rate loans with the added feature of being able to defer drawdown to match the borrowing requirement.

The PWLB have reversed the 1% increase in spread that was imposed last year on HRA loans. The authority will seek to draw down this debt once the HRA borrowing profile has been established.

## **5.2 Debt Rescheduling**

The possibility of debt rescheduling is regularly discussed with our treasury adviser. However opportunities have been almost non-existent in the current economic climate.

## **5.3 LOBO's**

The Authority holds a £7m LOBO loan with Danske Bank that has the option to propose an increase in the interest rate at set dates, while the Authority has the option to either accept the new rate or to repay the loan at no additional cost. LAS stated there is a low probability that the lender will propose an increased rate in the foreseeable future.

## **6.0 Budgeted Income and Return**

6.1 The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 2 below:

**Table 2: 2020-21 Treasury Investment Performance to 30<sup>th</sup> September 2020**

<b>Period</b>	<b>Benchmark Return 3 month LIBOR (Average Quarterly Rate)</b>	<b>Budgeted Rate of Return %</b>	<b>Actual Rate of Return %</b>	<b>Average Investment Interest earned to Period end £m</b>
<b>Quarter 1</b>	0.387	0.80	1.00	0.390
<b>Quarter 2</b>	0.075	0.80	1.01	0.334
<b>Average / Total</b>				0.724

- 6.2 The authority outperformed its benchmark in Q1 and Q2. This was achieved by locking into longer term deposits to mitigate the impact of a falling 3 month LIBOR. This strategy has achieved a better return for 2020-21 investment income.
- 6.3 It is expected that the average 3 month LIBOR will drop further and as maturing deposits are replaced with new investments at lower rates any excess interest in year may be eroded before the end of the financial year.
- 6.4 The deferral of long term borrowing has meant investment balances are running lower than planned and with short term interest rates falling during the year it may be challenging to meet the treasury investment income budget in 2020/21 but this will be more than offset by the savings on the interest payable budget.

## **7.0 Current Investment Opportunities**

- 7.1 The Authority is occasionally made aware of long term investment opportunities by other oneSource Authorities, brokers or investment advisers. By extending the number of regulated brokerage firms it provided more competition and resulted in deals being agreed that best meets the authority's requirements.
- 7.2 Cabinet on the 12th February 2020 approved changes to the Treasury Management Strategy Statement (TMSS) which facilitate investment in a wider range of products.

## **8.0 Changes in risk appetite**

- 8.1 The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy will be brought to members' attention in treasury management update reports.

## **9.0 Compliance with Prudential and Treasury Indicators**

- 9.1 It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits. The Authority's approved 2020/21 Treasury and Prudential Indicators (affordability limits) were included and approved by Full Council as part of the TMSS 26th February 2020.

- 9.2 During the half year, the Authority has operated within the treasury limits and Prudential Indicators set out in the authority TMSS and in compliance with the authority's Treasury Management Practices. An update on indicators and limits are reported in **Appendix C** of this report.

## **IMPLICATIONS AND RISKS**

### **Financial implications and risks:**

Year to date treasury activity is in accordance with the Authority's approved TMSS. There has been no breach in the Authority's treasury indicators and prudential indicators set out in the TMSS.

It is expected that the authority's net interest costs will be within budget in 2020/21 and any new borrowing undertaken for the capital programme for remainder of 2020/21 will be in accordance with the Authority's treasury limits and prudential indicators. The impacts of the treasury management strategy are incorporated and managed within the medium term financial strategy of the council.

### **Legal implications and risks:**

The Statutory guidance on treasury management provides as follows:

"For treasury management and other financial investments local authorities should continue to prioritise SECURITY, LIQUIDITY and YIELD in that order of importance."

Members must be sure that they understand the content of the Strategy and this Report and the risks involved as they are tasked with overseeing the use of significant sums of public money.

Otherwise there are no legal implications in noting the content of this Report.

### **Human Resources implications and risks:**

There are no HR implications from this report

### **Equalities Implications and Risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce.

**Health and Wellbeing Implications and Risks:**

The Council is committed to improving the quality of life and wellbeing for all Havering employee's and residents in respect of socio-economics and health determinants. There are no direct implications to the Council's workforce and residents health and wellbeing as a result of this report.

<b>BACKGROUND PAPERS</b>
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None



## Interest Rate Forecast

## Appendix A

### UK Interest Rate Forecast

Bank Rate												
	NOW	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Group	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Capital Economics	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	-	-	-	-	-
5yr PWLB Rate												
	NOW	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Group	1.74%	1.90%	1.90%	2.00%	2.00%	2.00%	2.00%	2.00%	2.10%	2.10%	2.10%	2.10%
Capital Economics	1.74%	1.80%	1.90%	1.90%	1.90%	1.90%	1.90%	-	-	-	-	-
10yr PWLB Rate												
	NOW	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Group	2.03%	2.10%	2.10%	2.10%	2.10%	2.10%	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%
Capital Economics	2.03%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	-	-	-	-	-
25yr PWLB Rate												
	NOW	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Group	2.57%	2.50%	2.50%	2.50%	2.50%	2.60%	2.60%	2.60%	2.70%	2.70%	2.70%	2.70%
Capital Economics	2.57%	2.40%	2.30%	2.30%	2.30%	2.30%	2.30%	-	-	-	-	-
50yr PWLB Rate												
	NOW	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Group	2.40%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%
Capital Economics	2.40%	2.40%	2.20%	2.20%	2.20%	2.20%	2.20%	-	-	-	-	-

The BoE reduced its Bank rate to 0.1% on 19 March 2020 and LAS expect it to remain at that rate until the end of 2021. Interest rates across all periods are expected to remain lower for longer than the LAS forecast set out in the approved TMSS.

**Appendix B**

**Table 1 breakdown of Deposits at 30<sup>th</sup> September 2020**

<b>Institution Type</b>	<b>Start date</b>	<b>Maturity</b>	<b>Rate</b>	<b>Amount</b>
<b>UK Bank</b>				
Santander UK plc – 95 days call account	01/06/18		0.9000%	15,000,000.00
Goldman Sachs International	15/10/19	13/10/20	1.0100%	5,000,000.00
<b>Local Authorities &amp; Other Public Sectors</b>				
Newcastle upon Tyne City Council	29/02/16	26/02/21	1.8000%	5,000,000.00
London Borough of Islington	26/04/16	26/04/21	1.7500%	5,000,000.00
Northumberland County Council	16/11/16	16/11/20	1.0000%	5,000,000.00
Northumberland County Council	16/11/16	16/11/21	1.1000%	5,000,000.00
Powys County Council	22/02/18	22/02/21	1.4500%	5,000,000.00
Cambridgeshire County Council	08/05/18	09/11/20	1.5000%	5,000,000.00
London Borough of Croydon	04/10/19	02/10/20	0.8000%	5,000,000.00
Slough Borough Council	22/11/19	20/11/20	0.9500%	5,000,000.00
Aberdeenshire Council	31/10/19	29/10/20	0.8000%	5,000,000.00
Lancashire County Council	29/11/19	27/11/20	0.8500%	5,000,000.00
Salford City Council	14/11/19	12/11/20	0.9500%	5,000,000.00
London Borough of Southwark	20/11/19	18/11/20	0.9500%	5,000,000.00
Folkestone & Hythe District Council	03/02/20	01/02/21	1.0000%	5,000,000.00
Dudley Metropolitan Borough Council	17/04/20	16/04/21	1.6000%	5,000,000.00
Mid Suffolk District Council	06/07/20	05/07/21	0.8500%	5,000,000.00
Swale Borough Council	25/08/20	24/08/21	0.2700%	5,000,000.00
Plymouth City Council	24/09/20	23/09/21	0.3200%	5,000,000.00
London Borough of Waltham Forest	23/09/20	22/09/21	0.3300%	5,000,000.00
Walsall Metropolitan Borough Council	14/02/20	12/02/21	1.0000%	5,000,000.00
<b>Money Market Fund</b>				
Federated Prime Rate Sterling Liquidity 3	13/11/18		0.0620%	2,900,000.00
<b>Unrated Corporate Bonds</b>				
Rockfire Capital Ltd	15/02/18		3.9999%	3,000,000.00
<b>TOTAL</b>				<b>120,900,000.00</b>



## Appendix C

### Compliance Report

All treasury management activities undertaken during the half year complied fully with the CIPFA Code of Practice and the authority's approved Treasury Management Strategy. Compliance with specific treasury limits is demonstrated in tables below.

#### 1.1 Interest Rate Exposures

- 1.1.1 This indicator is set to control the Authority's exposure to interest rate risk on its debt portfolio. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of gross principal borrowed will be:

Table1: Interest rate exposure activity

	2020/21 Limit %	2020/21 Q2 Actual %	2021/22 Limit %	2022/23 Limit %
Upper limit on fixed interest rate exposure	100	96.60	100	100
Upper limit on variable interest rate exposure	25	3.40	30	35

Fixed rate borrowings are those borrowings where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

- 1.1.2 Having larger amounts of fixed interest rate borrowing gives the Authority greater stability with regards to its interest payments and reduces the risk of higher interest costs should interest rates rise. Traditionally local authorities have taken advantage of fixing interest rates long term to reduce interest rate exposure. The table excludes Salix Finance loans as these are held at zero interest hence no interest rate exposure.

#### 1.2 Maturity Structure of Borrowing

- 1.2.1 This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

Table 2: Loan maturity structure

	<b>Upper %</b>	<b>Lower %</b>	<b>Actual %</b>
Under 12 months	40	0	6.65
12 months and within 24 months	60	0	0.00
24 months and within 5 years	80	0	0.49
5 years and within 10 years	100	0	25.06
10 years and above	100	0	67.80

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

### **1.3 Principal Sums Invested for Periods Longer than 365 days**

- 1.3.1 The purpose of this indicator is to control the authority's exposure to the risk of incurring losses by seeking early repayment of its investments.
- 1.3.2 The limits set in the 2020/21 treasury management strategy in comparison to the half year are set below. It is the authority's policy to classify available for sale investments with maturities exceeding one year as short term investments.

Table 3: Investments for periods longer than 365 days

	<b>2020/21 Limit £m</b>	<b>2020/21 Actual 31.09.20 at £m</b>	<b>2021/22 Limit £m</b>
Limit on principal invested beyond year end	75	38	75

### **1.4 Gross Debt and the Capital Financing Requirement (CFR)**

- 1.4.1 In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. This is a key indicator of prudence.

Table 4: Gross debt and the CFR

	<b>31.03.20 Actual £m</b>	<b>31.03.21 Original Estimate £m</b>	<b>31.03.22 Revised Estimate £m</b>	<b>31.03.23 Estimate £m</b>
Long Term External Debt	235.234	235.234	235.234	235.234
CFR	353.427	573.532	689.048	780.078
Internal Borrowing	118.193	338.298	453.814	544.844

- 1.4.2 Total debt is expected to remain below the CFR during the year. The actual debt levels are monitored against the Operational Boundary and authorised Limit for External Debt, below. Officers will replace internal borrowing with external borrowing when it is favourable to do so.

## **1.5 Operational Boundary for External Debt**

- 1.5.1 The operational boundary is based on the authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. The Authority long term debt as at 30.09.2020 is £235m and no limit has been exceeded.

Table 5: Operational Boundary

<b>Operational Boundary</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>
Borrowing	465.000	558.000	631.000
Other long-term liabilities	10.000	10.000	10.000
<b>Total</b>	<b>475.000</b>	<b>568.000</b>	<b>641.000</b>

## **1.6 Authorised Limit for External Debt**

- 1.6.1 The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Table 6: Authorised limit for external debt

<b>Authorised Limit</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>
Borrowing	698.000	837.000	946.000
Other long-term liabilities	10.000	10.000	10.000
<b>Total Debt</b>	<b>708.000</b>	<b>847.000</b>	<b>956.000</b>
Long Term Debt	235.234	235.234	235.234
<b>Headroom</b>	<b>472.766</b>	<b>611.766</b>	<b>750.766</b>

## Glossary of Terms

## Appendix D

**A bond** is a debt instrument in which an investor lends money for a specified period of time at a fixed rate of interest. The issuing entity could be corporate, financial or government.

**A floating rate note (FRN)** is a money market instrument with a Floating/variable rate of interest, which re-fixes over a reference rate, for example 3 month LIBOR.

**Bail in** is rescuing a financial institution on the brink of failure by making its creditors and depositors take a loss on their holdings. A bail-in is the opposite of a bail-out, which involves the rescue of a financial institution by external parties, typically governments using taxpayer's money.

**Certificates of deposit (CDs)** are a negotiable form of fixed deposit, ranked pari passu with fixed deposits. The difference is that you are not obligated to hold the CD to maturity, you can realise the cash by selling in the secondary market.

**Coupon** is the total amount of interest a security will pay. The coupon period depends on the security. A CD will often pay interest at maturity, while a bond may pay semi annually or annually and an FRN will most likely pay every 3 months.

**Covered bond** Covered bonds are conventional bonds (fixed or floating) issued by financial institutions, that are backed by a separate group of loans, usually prime residential mortgages. This lowers the creditor's exposure to default risk, enhancing the credit. This is why the issue is usually rated AAA, higher than the rating given to the issuer reduces exposure to bail-in risk.

**Credit rating** A measure of the credit worthiness of a borrower. A credit rating can be assigned to country, organisation or specific debt issue/ financial obligation. There are a number of credit ratings agencies but the main 3 are Standard & Poor's, Fitch or Moody's.

**MIFID** is the Markets in Financial Instruments Directive. A European Union Directive.

Principal is the total amount being borrowed or lent.

**Spread** is the difference between the buy and sell price of a security. It can also be the gap, usually in basis points, between the yield of a security and the benchmark security.

**Monetary Policy Committee (MPC)** is a committee of the [Bank of England](#), which meets for three and a half days, eight times a year, to decide the official [interest rate](#) in the [United Kingdom](#) (the [Bank of England Base Rate](#)).

**CPIH (Consumer Prices Index including owner occupiers' housing costs)** The new additional measure of consumer price inflation including a measure of owner occupiers' housing costs (OOH).

**Treasury bills (T-bills)** are UK government rated, short-dated form of Government debt, issued by the Debt Management Office (DMO) via a weekly tender. T-bills are normally issued for one, three or six month duration.

**Borrowing Requirements** The principal amount the Council requires to borrow to finance capital expenditure and loan redemptions.

**Capital Financing Requirement (CFR)** Capital Financing Requirement- a measure of the Council's underlying need to borrow to fund capital expenditure.

**Counterparties** Organisations or Institutions the Council lends money to e.g. Banks; Local Authorities and MMFs.

**Credit Default Swap (CDS)** A kind of protection that can be purchased by MMF companies from insurance companies (for their investment) in exchange for a payoff if the organisation they have invested in does not repay the loan i.e. they default.

**Credit Watch** A scoring system issued by credit rating agencies such as Fitch, Moody's and Standard & Poors that indicate the financial strength and other factors of a bank or similar Institution.

**Interest Rate Exposures** A measure of the proportion of money invested and what impact movements in the financial markets would have on them.

**Market Loans** Loans from banks available from the London Money Market including LOBOS (Lender Option, Borrowing Option) which enable the authority to take advantage of low fixed interest for a number of years before an agreed variable rate comes into force.

**Money Market Fund (MMF)** A 'pool' of different types of investments managed by a fund manager that invests in lightly liquid short term financial instruments with high credit rating.

**Minimum Revenue Provision (MRP)** This is the amount which must be set aside from the revenue budget each year to cover future repayment of loans.

## AUDIT COMMITTEE

### Subject Heading:

### Whistleblowing Policy

### SLT Lead:

Jane West  
Chief Operating Officer

### Report Author and contact details:

Jeremy Welburn  
Head of Assurance  
Tel: 01708 432610 / 07976539248  
E-mail: [jeremy.welburn@onesource.co.uk](mailto:jeremy.welburn@onesource.co.uk)

### Policy context:

To update the Committee on the arrangements in place.

### Financial summary:

There are no financial implications arising directly from this report which is for noting and/or providing an opportunity for questions to be raised.

### The subject matter of this report deals with the following Council Objectives

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

### SUMMARY

Robust arrangements regarding Whistleblowing, also known as 'Confidential Reporting', is a key in maintaining effective governance arrangements within the Public Sector. It is a process used to "empower the honest majority" in the fight against fraud and corruption.

The review of the Council's Whistleblowing arrangements was undertaken in January 2020. No specific actions have arisen from the review. The on-going promotion of the policy is part of the action plan to implement the anti-fraud and corruption strategy.

## **RECOMMENDATIONS**

- 1 To note and comment on the contents of the report.
- 2 To approve the updated Confidential Reporting Policy.

## **REPORT DETAIL**

- 1.1 The Confidential Reporting Policy is more commonly referred to as the 'Whistleblowing Policy' and forms part of the Council's Corporate Governance Framework.
- 1.2 The Whistleblowing information is located with the Human Resources policies and procedures on the intranet. All new starters to the organisation receive a copy of the policy as part of their induction pack, which they are asked to sign a declaration indicating they have received and read. Information on Whistleblowing is also included within the managers induction days and other training/awareness workshops.
- 1.3 On approval by the Committee the updated policy will be publicised to all relevant parties and will be made available on the intranet.

## **IMPLICATIONS AND RISKS**

### **Financial implications and risks:**

Fraud and corruption will often lead to financial loss to the authority. By maintaining robust anti-fraud and corruption arrangements and a clear strategy in this area, the risk of such losses will be reduced. Arrangements must be sufficient to ensure that controls are implemented, based on risk, to prevent, deter and detect fraud. The work of the fraud team often identifies losses which may be recouped by the Council. There are no financial implications or risks arising directly from this report.

### **Legal implications and risks:**

None arising directly from this report.



**Human Resources implications and risks:**

There are no HR implications arising from this report, HR are involved with investigations resulting from reports particularly where an investigation triggers a disciplinary process. All action taken in response to an investigation under the Confidential Reporting Policy would be taken in accordance with the Council's Disciplinary Policy and Procedures and or the Council's Fraud Strategy.

**Equalities implications and risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

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# Whistleblowing



Whistleblowing	Applies to all Council employees, contractors, partners and those supplying goods and services
Last Amended: January 2020	Document Owner: Human Resources

## Introduction

**This policy explains how an employee may report – “blow the whistle” – instances of malpractice or wrong doing within their workplace.**

This policy has been prepared in response to the Public Interest Disclosure Act 1998, and it provides a safeguard for employees who ‘Blow the Whistle’ when instances of malpractice are reported in the public interest. This policy explains the process for an employee – who acting in the public interest – and who genuinely believes that wrongdoing is evident or has occurred - to make a disclosure in confidence, **without fear of detriment or victimisation**. The Council is committed to the highest standards of openness, integrity and accountably. Malpractice is taken very seriously. In line with this commitment, all employees, Contractors, suppliers and those providing services under a contract with the Council within their own premises (e.g. Care Homes) and partner agencies who wish to make a disclosure of malpractice, in the public interest, should come forward and voice their concern(s).

## Contents

1	The Policy
2	The Procedure
A1	The Whistleblowing Contact Officers - Appendix 1
A2	Prescribed Persons – Appendix 2

## 1 The Policy

### 1.0 Policy Statement

This policy applies to all employees of the Council, Contractors working for the Council, the Council's Partners and those supplying goods and services to the Council. The Council is committed to the highest standards of openness, integrity and accountability. Malpractice is taken very seriously. In line with this commitment, all employees and other agencies who wish to make a disclosure of malpractice, in the public interest, should come forward and voice their concern(s).

### 1.1 The purpose of this policy is to:

- Draw employees' attention to the Public Information Disclosure Act 1998;
- Meet Statutory obligations and ensure compliance with relevant codes of practice;
- Provide avenues for employees to raise concerns of wrongdoing and malpractice;
- Ensure that employees receive a response to their concerns and disclosures;
- Provide support to employees who raise concerns about wrongdoing or malpractice;
- Promote accountability and integrity throughout the Council;
- Help to uphold the reputation of the Council and maintain public confidence;
- Deter Malpractice.

All concerns/disclosures raised with the Council will be treated in the strictest confidence, and every effort will be made to conceal the identity of the discloser if anonymity is requested. If the Council is unable to resolve an employee's concern/disclosure without revealing their identity, (for example, where the evidence may be needed in Court), this will be discussed with the employee, in confidence, before court proceedings commence.

### 1.2 You can get further support from:

- The Council's Assurance Service
- The Council's Human Resources Service
- Department for Business, Energy & Industrial Strategy ACAS website – [www.acas.org.uk](http://www.acas.org.uk)
- Protect (formerly Public Concern at Work) - <https://protect-advice.org.uk/>
- Public Interest Disclosure

## 2 The Procedure

### 2.0 The purpose and principles of this procedure :

- Enable employees, Contractors working for the Council, the Council's Partners and those supplying goods and services to the Council to report any serious concerns they have about service provision, conduct of Officers and representatives of the Council; Everyone should be aware of the importance of preventing and eliminating wrongdoing at work. Employees should

be watchful for illegal or unethical conduct and report anything of that nature that they become aware of;

- Any matter raised under this procedure will be investigated thoroughly, promptly and confidentially;
- No employee will be victimised for raising a matter under this procedure. This means that the continued employment and opportunities for future promotion or training of the employee will not be prejudiced because he/she has raised a legitimate concern;
- Victimisation of an employee for raising a qualified disclosure will be a disciplinary offence.
- If misconduct is discovered as a result of any investigation under this procedure the organisation's disciplinary procedure will be used, in addition to any appropriate external measures;
- Maliciously making a false allegation is a disciplinary offence;  
An instruction to cover up wrongdoing is itself a disciplinary offence. If told not to raise or pursue any concern, even by a person in authority such as a manager, employees contractors, Council partners and those supplying goods and services to the Council should not agree to remain silent. They should report the matter to the Head of Assurance.

## **2.1 What is not covered:**

This procedure is for disclosures about matters other than a breach of an employee's own contract of employment. If an employee is concerned that his/her own contract has been, or is likely to be, broken, he/she should use the organisation's grievance procedure.

You cannot use this procedure to deal with serious and/or sensitive matters that are covered by other Council policies and procedures, for example:

- Staff complaints about their employment;
- Customer complaints about Council services should be dealt with via the Council's Complaints Procedure;
- Issues that have already been settled by means of other Council procedures;
- Where a manager has concerns about a member of staff whom they manage;

## **2.2 The Council's expectations:**

The Council has an obligation to its employees and service users. The Council expects its employees and other organisations that it deals with to bring to its attention any issues of concerns of malpractice, in the public interest. The Council is committed to the highest possible standards of openness, probity and accountability. For this reason, concerns/disclosures about malpractice will be taken very seriously. The organisation encourages employees to raise their concerns under this procedure in the first instance.

## **2.3 The Council's commitment:**

The law provides protection for employees who raise legitimate concerns about specified matters (Qualifying disclosures – see 2.6). Employees who raise a concern and/or make a disclosure can be assured that they will not suffer any form of retribution, victimisation or detriment as a result of making a general disclosure about something they consider being of real concern, in the public interest.

## 2.4 Confidentiality

The Council will do its best to protect Whistle-blower's identities when they raise a concern or make a disclosure and wish to remain anonymous. Every effort will be made to preserve confidentiality. However if the evidence is required in Court proceedings then it may not be possible to maintain anonymity; this will be subject to the decision of the Courts.

## 2.5 Harassment and Victimisation

The Council will not tolerate any harassment, victimisation or informal pressures of its employees. The Council recognises that the decision to report a concern can be a difficult one to make. An employee who makes such a protected disclosure has the right not to be dismissed, subjected to any other detriment, or victimised, because he/she has made a disclosure.

The Council will initiate appropriate action to protect any employee who blows the whistle in the public's interest.

Any investigation undertaken in response to a concern or a disclosure, will not influence, or be influenced by any disciplinary or redundancy procedures that already affects an employee.

## 2.6 Qualifying Disclosures

A qualifying disclosure is one made in the public interest by an employee who has a reasonable belief that:

- a criminal offence;
- a miscarriage of justice;
- an act creating risk to health and safety;
- an act causing damage to the environment;
- a breach of any other legal obligation; or
- concealment of any of the above;

is being, has been, or is likely to be, committed. It is not necessary for the employee to have proof that such an act is being, has been, or is likely to be, committed - a reasonable belief is sufficient. The employee has no responsibility for investigating the matter - it is the organisation's responsibility to ensure that an investigation takes place.

## 2.7 Contact Officers

The Council have officers who are a point of contact for concerns and disclosures raised under this whistleblowing policy and procedure. Contact Officers will be impartial, and will take an independent view of any concern or disclosure that an employee brings to their attention. (**See Appendix 1**).

## 2.8 How to raise a concern or disclosure

In the first instance you should raise your concern/disclosure with one of the Council's 'Contact Officers' (**See Appendix 1**).

You can raise your concern and/or disclosure verbally, or in writing by stating the:-

- Reason why you are concerned about a situation;
- Background and history of the concern, providing relevant dates ;
- Extent to which you have personally witnessed or experienced the problem (**if possible provide documentary evidence**).

On receipt of your concern and/or disclosure, the Council will undertake a preliminary enquiry to establish whether a formal investigation is appropriate and what form it should take. Concerns/disclosures that fall within the scope of specific procedures (for example child protection, or unlawful discrimination issues) will normally be referred for consideration under those procedures.

The earlier your concern is raised with a contact person, the easier it is to take action. You should demonstrate to the contact person your reasonable grounds for concern. Some concerns may be resolved by agreed action without the need for formal investigation. The Whistleblower will not be consulted on the Council's approach to dealing with concerns raised

Complaints against Councillors raised under the Whistleblowing Policy will be reviewed by the Council's Monitoring Officer (MO) in the first instance. If the MO determines that the complaint falls within the Code of Conduct then it can be considered under the Code, however may also be considered under the Whistleblowing Policy where a qualifying disclosure is met (e.g. in a case of fraud in the member's official capacity).

Guidance on how to raise matters of concern and/or disclosure can be obtained from:

Human Resources  
Service Heads  
Assurance Services (Internal Audit/Counter Fraud)  
Public Concern at Work

## 2.9 How will the Council respond?

The Council will acknowledge receipt of your concern/disclosure, where possible, **within 5 working days** of your written or verbal communication.

The Head of Assurance, in liaison with Human Resources, will nominate an Investigation Officer to undertake a preliminary investigation to determine whether a full investigation is required, and to protect both the individual(s) accused and the discloser.

All concerns and disclosures received:

- Will be looked into/investigate as speedily and sensitively as possible;
- May involve the Council's Counter Fraud; and/or
- The Metropolitan Police and/or appropriate external agencies.

Every effort will be made to minimise any difficulties that the Whistle-blower may experience as a result of raising a concern. For instance, if the formal investigation finds that malpractice/wrongdoing has occurred, the Whistle-blower may be required to give evidence at a disciplinary hearing or at court. In such circumstances the Council will arrange for the Whistle-blower to receive advice and support throughout the process.

The Council will endeavour to complete any investigations as soon as is practicably possible.

## **2.10 Outcome of Review of concerns/Investigation:**

If the investigation finds that misconduct and/or gross misconduct has occurred, disciplinary action may be initiated in accordance with the Council's Disciplinary procedures.

In all cases the Council will seek the most appropriate sanction against employees that it considers guilty of malpractice. This includes instigating disciplinary action, which may include dismissal, and, in conjunction with Counter Fraud and law enforcement agencies, instituting criminal proceedings.

The whistle-blower will be informed on completion of the investigation. The nature of any action taken will remain confidential.

**Where an investigation relates to abuse against either a vulnerable adult or a child at risk which has been substantiated, the Council has a duty of care to make a referral to the Disclosure and Barring Service. Any referral will be approved by the Director of the Service with appropriate advice from HR.**

## **2.11 Appeal (Internal procedure)**

If on conclusion of the investigation the Whistle-blower reasonably believes that the appropriate action has not been taken, he/she should raise their concerns, in the first instance, with the Director of Legal and Governance.

An employee who is dismissed, following an allegation under this policy and procedure will have the right of appeal against dismissal, as set out in the Council's Disciplinary Policy

## **2.12 Anonymous – Confidential Disclosures**

Employees are encouraged as individuals to put their name to any disclosures they make. Concerns/disclosures that are expressed anonymously are much less powerful, and will be considered at the discretion of the Head of Assurance.

In exercising this discretion, the factors for consideration will include the :

- seriousness of the concern;
- credibility of the concern;
- likelihood of confirming the disclosure satisfactorily.

If a Whistle-blower requests to have their identity concealed, all possible steps will be taken to comply with the request.

## **2.13 Malicious Disclosures**

Employees, who victimise others for blowing the whistle or who knowingly make a malicious disclosure against another employee, may be disciplined under the Council's Disciplinary Procedure.

## **2.14 Monitoring the Policy – who is responsible?**

- The Chief Executive has overall responsibility for the Whistleblowing Policy;
- The Head of Assurance will be responsible for undertaking formal assessment of the effectiveness of the policy, identifying any patterns and reporting this to the Audit Board and Chief Executive;



- The Council's Assurance Service will maintain a central register of all matters raised under the Whistleblowing Policy in order to assess the effectiveness of this policy and any emerging pattern;
- For further information on the Whistleblowing Policy, you should contact Assurance on Ext: 32616

Note: It is not the responsibility of Members to monitor this Policy or the disclosures made

#### **2.15 How the matter can be taken further (external procedure)**

This policy is intended to provide employees with a process for raising whistleblowing concerns. If, after exhausting the Council's Whistleblowing Policy internally, the Whistle-blower would like to take the matter further i.e., outside the Council, the list of 'Prescribed Persons' can be found at **Appendix 2:**

#### **2.16 Making allegations outside of the procedure**

An employee making an allegation, or passing on any allegation, by any means other than under this agreed Council procedure is strongly encouraged to seek the advice of a Council Contact Officer (see Appendix 1) before making an allegation outside of this procedure.

#### **2.17 GDPR/Data Protection**

When an individual makes a disclosure, the Council will process any personal data collected in accordance with its data protection policy, which is GDPR compliant. Data collected from the point at which the individual makes the report is held securely and accessed by, and disclosed to, individuals only for the purposes of dealing with disclosure.

### **WHISTLEBLOWING CONTACT OFFICERS (Internal)**

Head of Assurance, Tel: 01708 433307

Section 151 Officer: Tel: 01708 431994

Executive Director, oneSource, Tel: 01708 433754

Director, Legal and Governance, Tel: 01708 432714

Director, Human Resources & Organisational Development, Tel: 01708 434603

Or in writing' In Strictest confidence- Addressee Only' to:

The Head of Assurance  
London Borough of Havering Council  
Town Hall  
Main Road  
Romford  
Essex  
RM1 3BD

## Appendix 2

### LIST OF PRESCRIBED BODIES (External)

The Public Interest Disclosure Act 1998 provides for whistle-blowers to be able to contact specific organisations and enjoy the protection of the legislation.

The Public Interest Disclosure (Prescribed Persons) Order 2014 contains the list of prescribed persons: <https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies>

The list is not exhaustive; it identifies organisations that are most relevant to the local authority environment, and the matters that they deal with.

Organisation	Matters Dealt With
Following the Audit Commission's closure on 31 March 2015, disclosures relating to local authorities can be made to the external auditor of the relevant authority or the Comptroller and Auditor General.	
<b>Commissioners for Her Majesty's Revenue and Customs (HMRC)</b>  HMRC Fraud Hotline Cardiff CF14 5ZN  Tel: 0800 788 887 Website: <a href="https://www.gov.uk/government/organisations/hm-revenue-customs/contact/reporting-tax-evasion">www.gov.uk/government/organisations/hm-revenue-customs/contact/reporting-tax-evasion</a>	<ul style="list-style-type: none"> <li>• the administration of UK taxes</li> <li>• the administration of national insurance and tax credits systems</li> <li>• customs and border-related functions</li> <li>• criminal investigations</li> </ul>
<b>The Director of the Serious Fraud Office</b>  The Director of the Serious Fraud Office 2-4 Cockspur Street London SW1Y 5BS  Website: <a href="https://www.sfo.gov.uk/contact-us/reporting-serious-fraud-bribery-corruption">www.sfo.gov.uk/contact-us/reporting-serious-fraud-bribery-corruption</a>	Contact them about serious or complex fraud, including bribery and corruption, in England, Wales or Northern Ireland and civil recovery of the proceeds of unlawful conduct.

<p><b>The Environment Agency</b></p> <p>National Customer Contact Centre PO Box 544 Rotherham S60 1BY</p> <p>Tel: 03708 506 506 Website: <a href="http://www.gov.uk/environment-agency">www.gov.uk/environment-agency</a></p>	<p>Acts or omissions which have an actual or potential effect on the environment or the management or regulation of the environment, including those relating to pollution, abstraction of water, flooding, the flow in rivers, inland fisheries and migratory salmon or trout.</p>
<p><b>The Food Standards Agency (FSA)</b></p> <p>Food Standards Agency Floors 6 and 7 Clive House 70 Petty France London SW1H 9EX</p> <p>Tel: 020 7276 8829 Email: <a href="mailto:helpline@food.gov.uk">helpline@food.gov.uk</a> Website: <a href="http://www.food.gov.uk">www.food.gov.uk</a></p>	<p>Matters which may affect the health of any member of the public in relation to the consumption of food and other matters concerning the protection of the interests of consumers in relation to food.</p>
<p><b>The Health and Safety Executive</b></p> <p>Tel: 0300 003 1647 Online form: <a href="http://www.hse.gov.uk/contact/concerns.htm">www.hse.gov.uk/contact/concerns.htm</a></p>	<p>Matters which may affect the health or safety of any individual at work; matters, which may affect the health and safety of any member of the public, arising out of or in connection with the activities of persons at work.</p>
<p><b>Homes and Communities Agency</b></p> <p>Arpley House 110 Birchwood Boulevard Birchwood Warrington WA3 7QH</p> <p>Tel: 0300 1234 500 Email: <a href="mailto:mail@homesandcommunities.co.uk">mail@homesandcommunities.co.uk</a></p>	<p>Contact them about the conduct of the business of registered providers of social housing in England.</p>
<p><b>The Information Commissioner</b></p> <p>The Information Commissioner's Office Wycliffe House Water Lane Wilmslow</p>	<p>Compliance with the requirements of legislation relating to data protection and to freedom of information.</p>

<p>SK9 5AF</p> <p>Tel: 0303 123 1113</p> <p>Email: <a href="mailto:casework@ico.org.uk">casework@ico.org.uk</a></p> <p>Website: <a href="http://www.ico.org.uk">www.ico.org.uk</a></p>	
<p><b>Care Quality Commission</b></p> <p>CQC National Customer Service Centre Citygate Gallowgate Newcastle upon Tyne NE1 4PA</p> <p>Tel: 03000 616161</p> <p>Website: <a href="http://www.cqc.org.uk">www.cqc.org.uk</a></p>	<p>Contact them about matters relating to the provision of health and social care.</p>
<p><b>Protect (formerly Public Concern at Work)</b></p> <p>Tel: 020 3117 2520</p> <p>Email:</p> <p>Website: <a href="https://protect-advice.org.uk/">https://protect-advice.org.uk/</a></p>	<p>Protect is an independent authority on whistleblowing. They provide free help to prospective whistle blowers, advice on whistleblowing laws and help organisations create a culture where it is safe and accepted for staff to blow the whistle.</p>
<p><b>The Local Government Ombudsman</b></p> <p>Tel: 03000610614</p> <p>Website: <a href="http://www.lgo.org.uk">www.lgo.org.uk</a></p>	<p>Any concerns about maladministration</p>
<p><b>Children's Commissioner for England</b></p> <p>The Office of the Children's Commissioner Sanctuary Buildings 20 Great Smith Street London SW1P 3BT</p> <p>Tel: 020 7783 8330</p> <p>Email: <a href="mailto:info.request@childrenscommissioner.gov.uk">info.request@childrenscommissioner.gov.uk</a></p> <p>Website: <a href="http://www.childrenscommissioner.gov.uk">www.childrenscommissioner.gov.uk</a></p>	<p>Contact them about matters relating to the rights, welfare and interests of children in England.</p>
<p><b>The Comptroller and Auditor General</b></p> <p>The Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road London</p>	<p>Contact them about the proper conduct of public business, value for money, fraud and corruption in relation to the provision of public services.</p>

SW1W 9SP  Tel: 020 7798 7999 Website: <a href="http://www.nao.org.uk/contact-us/whistleblowing-disclosures/">www.nao.org.uk/contact-us/whistleblowing-disclosures/</a>	
<b>Disclosure and Barring Service Customer Services</b>  <a href="mailto:customerservices@dbb.gsi.gov.uk">customerservices@dbb.gsi.gov.uk</a> Telephone: 0870 909 0811 Minicom: 0870 909 0344	

<b>Policy owner:</b>	Assurance
<b>Approving body:</b>	Audit Committee
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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