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AUDIT AND RISK MANAGEMENT COMMITTEE - 1.11.2017

MINUTES OF THE MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE HELD ON WEDNESDAY, 1 NOVEMBER 2017

COUNCILLORS

PRESENT Mary Maguire, Guney Dogan, Doris Jiagge, Robert Hayward, George Savva MBE and Toby Simon

ABSENT Andy Milne, Vivian Uzoechi (Insurance Manager) & Jayne Middleton-Albooye (Head of Legal Services)

CO-OPTED

OFFICERS: James Rolfe (Executive Director – Finance, Resources & Customer Services), Sally McTernan (Assistant Director Community Housing Services), Sally Sanders (Head of Financial Assessment), Christine Webster (Head of Internal Audit and Risk Management), Neil Goddard (Head - Budget Challenge), Alison Trew (Head of Corporate Policy and Performance), Paul Vernham (Head of Hub Procurement & Commissioning), Claire Reilly (Head of Procurement & Commissioning Corporate Markets), Gary Barnes (Acting Executive Director - Regeneration & Environment) and Ian Davis (Chief Executive) and Metin Halil (Secretary)

Also Attending: David Eagles (BDO), Andrew Barnes (BDO)

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WELCOME AND APOLOGIES FOR ABSENCE - 19:00 - 19:05

Councillor Maguire (Chair) welcomed everyone to the meeting.

Apologies for absence were received from Councillor Andy Milne, Jayne Middleton-Albooye (Interim Assistant Director – Legal & Governance), Alison Trew (Head of Corporate Policy & Performance) and Vivian Uzoechi (Insurance & Risk Manager).

There was a private meeting between Members and BDO (External Audit), before the start of the scheduled Committee meeting at 06:45pm in Room 6.

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DECLARATION OF INTEREST - 19:05 - 19:10

There were no declarations of interest.

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BDO - ANNUAL AUDIT LETTER 2016/17 - 19:10 - 19:20

RECEIVED from BDO (external auditors) the Annual Audit Letter 2016/17.

NOTED

1. The report was introduced by Andrew Barnes (BDO), highlighting the following:
 - a. This was BDO's Annual Audit Letter, which is a requirement of the National Audit Office (NAO) which will also be available on the NAO web site. This was a distillation of the report that was brought to the last Committee meeting on 28 September 2017 and is flagging up a few issues that arose in reporting the audit, how those issues were addressed and what BDO's overall conclusions are.
 - b. The overall findings, are detailed at page 2 of the report, and confirms that BDO had now issued their true and fair opinions on both the Council's accounts and Pension fund financial accounts. This had been discussed at the last committee meeting, which was late, but had now been completed. Within the financial accounts there were some uncorrected mistakes, but as they were of such small magnitude and not material to the financial statements, they were not required to be adjusted.
 - c. As reported previously, BDO did have some difficulties with the evidence to support the valuation of housing stock, but are now happy that the reporting position is materially accurate and therefore adjustment wasn't required as was previously reported.
 - d. In terms of the use of resources opinion, BDO gave a clean opinion. From comments made in this report and the previous one, the committee had been made aware about the financial challenges the Council is facing. Work was in place to meet the requirements needed by the council, to keep the balance partnership and to deliver the savings the council needed to deliver.
 - e. BDO also looked at the council's regeneration projects where challenges are being dealt with and BDO were happy with the evidence seen to take these forward.
2. The following issues raised in response to the report:
 - a. Councillor Simon referred to page 13 of the report and the fact that BDO were unable to issue the audit certificate to close the audit, until work in respect of objections to the 2015/16 accounts were completed. Councillor Simon asked if this work was still outstanding and the fact that an audit opinion could be provided but not the certificate. David Eagles (BDO) clarified that external audit have to consider whether the issues raised by the

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objections could materially influence the accounts or materially influence the conclusion in respect of use of resources. None of the three objections that are being looked at are considered to have an impact on the accounts or use of resources.

- b. Councillor Simon asked what the issues were in respect of the objections. David Eagles clarified the following:
 - Objection relating to the Council's non-use of Compulsory Purchase Orders (CPO) in respect of Meridian Water scheme land, which had been concluded by means of a written statement of reasons to the objector.
 - Objection relating to the purchase of land on/around the Chase Farm site, connected to the education provision. Where feedback had been received, there were some additional questions to resolve but BDO's current view is that this will be rejected as well.
 - Objection relating to car parking in Palace Gardens. BDO clarified that none of the above issues had a material impact on the accounts or use of resources.
- c. Councillor Savva questioned where the objections came from and if there was a deadline by which that objections cannot be accepted. David Eagles clarified that the objections all related to the 2015/16 accounts and they had to be received by 11 August 2016, which they were. The deadline for objections relating to this year's audits was 11 August 2017, where BDO did receive 2 potential objections but were received after this date and therefore missed the deadline. BDO considered that they had no impact to the accounts at all. Objections to accounts are completed as quickly as possible. The PSA contract (Production Sharing Agreement) states that objections should be sorted out within 9 months of receipt, however, BDO still have issues with 2 of the objections and both were related to the Meridian Water Scheme. These were complicated and significant areas to look into by external audit.
- d. James Rolfe also clarified that when the Council had received objections in the past, of a similar complex nature, it had taken a similar amount of time to look into by external auditors as it meant burrowing into quite a lot of detail to resolve the issues.
- e. Councillor Simon asked if the cost of dealing with objections a separate fee or included in the scale fees and if there would be a report on the cost of these objections. David Eagles clarified that there would be a separate cost and this would be reported.
- f. The Chair reported that discussions had taken place with BDO regarding next year's audit and that an action plan would be drawn up so that the audit is finished on time.

3. The Chair thanked Andrew Barnes for his report.

AGREED that the Annual Audit Letter 2016/17 be noted.

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BDO PROGRESS REPORT - 19:20 - 19:30

RECEIVED from BDO (external auditors) the Audit Progress Report to 26 October 2017.

1. This report highlighted where BDO were in the Audit Cycle.
2. As detailed on page 20 of the report, BDO had now completed their financial statements audit and issued their opinion (24.10.17). They were now working through the Whole of Government Accounts audit. Whereby, the finance team have to report up to DCLG (Dept. of Communities & Local Government) in a technical format.
3. As detailed on page 21 of the report, work was still ongoing on the Housing Benefit subsidy claim but was largely completed. There were some queries outstanding with the benefits team but work was on target to be finished by the end of November 2017.
4. As detailed on page 22 of the report, the Audit Certificate is still open and will be issued on completion of the audit of the financial statements, Whole of Government accounts and the resolution to the objection to the accounts. The Annual Audit Letter to be drafted upon completion of audit work and the grants report to be drafted after certification work has been concluded.
5. The Chair thanked Andrew Barnes (BDO) for his report.

AGREED to note the progress report on the external audit to 26 October 2017.

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SERVICE ENABLING RISK REGISTER UPDATE - 19:30 - 19:45

RECEIVED the report of the Executive Director of Finance, Resources & Customer Services (No.85) presenting registers for the Service Enabling operating areas of the Chief Executive's and Finance, Resources & Customer Services.

NOTED

1. The report was introduced by Christine Webster (Head – Internal Audit & Risk Management).
2. The report presents the risk registers for the service enabling operating areas which complies the Chief Executive's department and the Finance, Resources & Customer Services department risk registers.
3. As detailed at 3.5 (page 2), the table shows 9 risks in total, with 4 (44%) of those assessed as green (low) and 5 (56%) assessed as

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medium risk. The Service Enabling risk register is also provided at Appendix 1 on pages 5 – 7 of the report, detailing the risks.

4. The Strategic Risk Register was presented to the Committee on 28 September 2017 and is not presented in this report in detail. The Chief Executive (Ian Davis) was present to answer any questions concerning the Chief Executive's element of the risk registers and James Rolfe was present to answer any questions relating to FRCS element of the risk registers.
5. The following issues raised in response to the report:
 - a. Councillor Simon queried the green rating against risk No.7 relating to Information Security. He felt that to score this risk as green seemed to understate what is quite a substantial risk and that it felt that it should be red. Councillor Simon also referred to a guide the National Audit Office (NAO) had produced relating to cyber security and that this NAO guidance should be evaluated against the Council's performance looking at these risks. James Rolfe clarified that he felt that the risk should still be green as the dot denoting the assessment was in the wrong place. As detailed in appendix 1 (page 6) of the report, the dot at present shows a low impact and a high likelihood whereas the impact after mitigations is a relatively low probability. There is an imminent chance of a cyber-attack, but all the diagnostics the Council does and controls that have been put in place suggest the likelihood of it succeeding was relatively low.
 - b. James Rolfe confirmed that he was happy to provide the paper Councillor Simon had asked for regarding the NAO guide to cyber security and evaluation against the Council's performance. He would also update the committee on the new duty on Information Security requirements that are coming in April 2018.
ACTION: James Rolfe (Executive Director – Finance, Resources & Customer Services).
6. The Chair thanked Christine Webster for the report.

AGREED to note the risks recorded in the service enabling risk registers.

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2017/18 INTERNAL AUDIT SERVICE PROGRESS REPORT - 19:45 - 19:55

RECEIVED the report of the Director of Finance, Resources & Customer Services (No.84) summarising the work of the Internal Audit & Risk Management Service for the period between 1 April and 23 October 2017.

NOTED

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1. During the review period, the Internal Audit Team had commenced 58 assignments of which 14 had been completed, as detailed at 3.4 and Chart 1 (page 10) of the report.
2. As detailed at 3.4/Chart 1 (page 10) of the report, 4% of assignments were at draft report stage but the team were on track to achieve their performance indicator of 95% by the year end.
3. As summarised in 3.5/Chart 2 (page 11) of the report, there had been some changes to the audit plan since it was agreed. With 11 assignments added to the plan and 2 deferred/cancelled. More detail of these can be found in Appendix 2 (page 21) of the report.
4. As detailed at 3.6/Table 1 (page 11) of the report, there is a list of completed audits along with audit opinions for each one. There have been 2 audits with limited assurance so far, as detailed at 3.8 & 3.9 (pages 12 – 13) of the report. Chart 3 (page 12) of the report highlights the number of findings for different risk themes identified from the completed audits.
5. Details for the 2 audits with limited assurance opinions are as follows:
 - a. Regeneration projects – where the team looked at the governance structure and financial controls for the Meridian Water Development Programme and identified 2 main risks relating to:
 - Format and information for budget reporting of the programme which had not been clarified at the time.
 - The governance structure, which was relatively cumbersome given the size of the project.
 - b. St. Pauls CE Primary School – two high risk issues were identified relating to:
 - Expenditure
 - Private Fund Records
6. Managers' progress with implementing internal audit recommendations, as detailed at 3.10 (page 13) of the report. Since the start of the year, the team have followed up 220 recommendations and as of October 2017 42% of high risk actions have been fully implemented and 38% of medium priority risks have been implemented. Chart 4 (page 14) summarises the progress for the different departments in implementing management actions. This was an improvement since the last meeting.
7. In terms of counter fraud actions, para 3.13/table 2 (page 14) of the report summarises the teams progress against annual targets. Whilst the team are doing well on the savings from the investigations and preventative work, they have fallen slightly behind on council housing recoveries. However, they are ahead from where they should be, at this time of the year, for temporary accommodation recoveries. Table 3 (page 15) of the report provides more detail of counter fraud savings, broken down by different types of activity.
8. In terms of quality assurance, as detailed at para 3.17 (page 15) of the report and at table 4 (page 16). The Key Performance Indicator (KPI) that hadn't made the target related to days between the team issuing the draft report to management and then receipt of their comments. The team feel that this KPI has been skewed because a number of draft reports were issued to schools just before the summer holidays

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and therefore staff were away and could not respond to the team until they returned.

9. The following issues raised in response to the report:
 - a. The Chair's comments that more progress was needed in implementing management actions by managers. The Chair also asked if Christine Webster could further comment about the annual target regarding council housing recoveries. Christine Webster clarified that the team relied heavily on the neighbourhood team for referrals in order to investigate where there could be potential sub-letting or issues for council housing. The neighbourhood team have been pre-occupied with visiting high rise flats after the fire at Grenfell Tower. So no referrals were received around that time.
However, the team have had many referrals recently regarding high rise towers and identifying people who should not be in the high rise blocks or suspicions. Under staffing, in the early part of this year, is the other reason why the counter fraud team have fallen behind with council housing recoveries.
 - b. The Chair was also concerned with the days taken from issue of draft report to receipt of management comments (table 4, page 16). The target is 15 days but the actual average figure is 31 days. The Chief Executive would raise this issue at the next Executive Management Team meeting.
10. The Chair thanked Christine Webster for her report.

AGREED to note the progress made in delivering the Audit and Risk Management Service's 2017/18 work plan and the outcomes achieved and to note managers' progress with the implementation of internal audit recommendations.

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AUDIT & RISK MANAGEMENT COMMITTEE ASSESSMENT OF GOOD PRACTISE AND EFFECTIVENESS - 19:55 - 20:05

RECEIVED the report of the Director of Finance, Resources & Customer Services (No.86) presenting the results of the Audit & Risk management Committee's self-assessment of good practise and effectiveness.

NOTED

1. Christine Webster (Head – Internal Audit & Risk Management) had met with members of the committee, to obtain their self-assessment of the committee's good practise and effectiveness.
2. This report presents the results of that review, which was undertaken against CIPFA's guidance on Audit Committees. It covered good practise areas including the Audit Committee purpose, governance and membership support. There was some debate around effectiveness of the committee.

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3. The detailed results are presented at Appendix 1 (page 31-33) of the report. Summaries of the outcomes, on the way forward, have been detailed in table 1 (page 26-28).
Where the responses only partly complied with the standard or did not comply, there is a comment and proposed action to make some improvements.
4. The following comments/questions raised in respect of the actions proposed as a result of members discussions with Christine Webster:
 - a. Councillor Simon's request that with a new committee coming in May 2018, it's important to identify what member training needs are so as to communicate this to members. As the Chair of the Members & Democratic Services Group (MDSG), the group is meeting in January 2018 to look at training for new councillors. He has requested that the governance team look at training plans, not only for Audit & Risk Management Committee but also for committees like planning, pension investment, etc. In order that new members can be told that training is available if members want to sit on a particular committee.
Planning committee has a rule that members can only sit on one meeting before completing mandatory training which could be applied as a workable rule for other committees.
ACTION: Metin Halil (Committee Administrator)
 - b. Councillor Simon's further comments that the committees Terms of Reference should have indications as to the sort of things that can be considered in terms of undertaking a wider role. The committee should not be duplicating considerations with other committees i.e. councillor conduct committee. Considerations where a governance need isn't assured by some other committee.
 - c. The committee agreed the proposed actions identified in Table 1 (pages 26 – 28) of the report apart from the second proposed action relating to governance and whether a wider role for the committee would be beneficial. The committee agreed that a recommendation would be made when the new Audit & Risk Management Committee comes in next July 2018.
5. The Chair thanked Christine Webster for her report.

AGREED to note the results of the assessment of Committee's good practise, effectiveness and actions for improvement.

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WAIVERS REPORT AND UPDATE ON PROCUREMENT SPEND - 20:05 - 20:20

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RECEIVED the report of the Director of Finance, Resources & Customer Services (No.82) presenting Contract Waiver Monitoring and Procurement Spend 2016/17.

NOTED

1. The report was introduced by Paul Vernham (Head – Hub Procurement & Commissioning)
2. The Contract Waiver Monitoring report last came to committee in 2016.
3. The report provides a summary of contract waivers issued for the period May 2016 to September 2017. The number of waivers for this period was 4 representing a total contract value of £221,505 as detailed at Appendix 2 (pages 40-44) of the report.
4. For the previous year (2015/16) there were 17 waivers with a total spend of £1.2M and for 2014/15 there were 40 waivers with a total spend of £6.5M. So, there has been a change leading to a downward trend of waivers.
5. The procurement team are working a lot more closely with colleagues across the Council to minimise waivers. There were no waivers in the last 12 months and the other 3 were actually in 2016.
6. The following comments made in response to the report:
 - a. The Chair thanked Paul Vernham for the good progress made in reducing waivers.
 - b. The Juvenile Appropriate Adult Service is being jointly procured with Haringey Council.
 - c. The table at page 47 of the report summarises the spend in 2016/17 financial year.
7. The Chair thanked Paul Vernham and Claire Reilly for their report.

AGREED to note the contract waivers in the reporting period, the reduction in the number of waivers and the procurement spend in 2016/17.

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REVIEW OF CONTRACT PROCEDURE RULES 2017 - 20:20 - 20:30

RECEIVED the report of the Executive Director of Finance, Resources & Customer Services (No.83) presenting a Review of the Contract Procedure Rules (CPR).

NOTED

1. The report was introduced by Paul Vernham (Head – Hub Procurement & Commissioning) and Claire Reilly (Head – Procurement & Commissioning Market).
2. This was a review of the CPR's which set the guidelines for the Council to procure third party business services.

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3. The CPR review was not brought to committee last year given the changes around the Procurement Hub and legislative changes around procurement law. In addition to changes in the hubs around the council, there had been some changes within the Constitution.
4. The review of the CPR's had led to a reduction in the number of pages of the rules, easier to read and to make procurement law simpler and easier to read. The team has maintained the essence of what was in the CPR's before. There is still a guide line on the amount of quotes that someone is supposed to seek at each level for a job.
5. Claire Reilly talked about the handful of substantial changes to the document in more detail:
 - a. An index had been added to the front of the document so as to make it easier to navigate.
 - b. For clarity, plain English has been used and hyper-links have been used to further support information.
 - c. The order of the document had changed to match the process, by placing more important information to the front of the document.
 - d. The team had shaped governance around bands and framework for greater transparency.
 - e. There has been an added section on concession contracts in line with legislation.
 - f. Additional section around IR35 to mitigate the risks for HMRC regulations.
 - g. Additional section around prevention of corruption, declarations of interest and organised crime. To try and make the Council more transparent and mitigate risks.
 - h. There is still a section on sustainable procurement which has been re-worded for clarity.
 - i. Addition of a guidance document to partner the CPR's. Each of the rules are expanded to make it easier to understand and what officers should be doing.
6. The CPR review would promote better compliance and transparency to mitigate the risk to the Council.
7. The Chair thanked Paul Vernham and Claire Reilly for the report.

AGREED to approve and recommend the changes to the Contract Procedure Rules for inclusion within the Council's Constitution.

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DWP IMPLEMENTATION OF UNIVERSAL CREDIT IN ENFIELD - COUNCIL READINESS PLAN - 20:30 - 20:45

RECEIVED the report of the Executive Director of Health, Housing & Adult Social Care presenting the DWP Implementation of Universal Credit in Enfield – Readiness Plan.

NOTED

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1. The report was presented by Sally Mcternan (Assistant Director – Community Housing) and Sally Sanders (Head – Financial Assessment) and sets out the results of a recent workshop that took place recently in regards to the Council's readiness for the implementation of Universal Credit (UC) in Enfield.
2. The Department of Works and Pensions (DWP) are having a phased roll out of UC in Enfield. The initial roll out starts in November 2017 in post code areas EN1, EN2 and N9 plus 8 post codes. All other areas, the roll out starts in February 2018.
3. This was not a Council administered benefit change but was being driven by Central Government. This is the Council's readiness for the implementation of UC, looking at the duties that on behalf of the Council once UC rolls out and housing benefit ceases to be administered by the Council.
4. The Council is administering its readiness plan through a board structure. The board is chaired by James Rolfe (Executive Director – Finance, Resources & Customer Services, along with all projects management methodology to be undertaken in a risk workshop.
5. The risk table (page 113) is attached to the readiness plan and the team have managed to mitigate the risks currently identified. Most of them mitigated to green. However, there are two risks that the team have not been able to mitigate to green which are:
 - a. UC02 – Homelessness – impact around resources regarding the early stage of the rollout due to staffing levels at John Wilkes House. The Homelessness Reduction Act, to be rolled out from April 2018, will address staffing levels and resources required to meet the legislative requirement. This was a medium risk at present, but as staffing issues would have been resolved by February 2018, then it is expected to be a green rating.
 - b. UC04 – Debt Recovery – This was the most significant risk to the Council. The team have been unable to mitigate this risk away from a red rating. The Council will have a cash flow challenge as it waits for benefits to come through either as a result of an alternative payment arrangement or other arrangement with the tenants. The team were not confident to mitigate this risk beyond a red rating.
6. The following comments, questions and issues raised in response to the report:
 - a. The Chair re-iterated that the implementation of UC is a very serious situation residents will find themselves in. As a result, the council will have to deal with homelessness, debt recovery, etc. Concern raised about staffing levels at John Wilkes House to deal with UC rollout.
 - b. Sally Mcternan clarified that there was a new process around rent collection, negotiated with Housing service colleagues, and are in the process of changing the way in which income recovery procedures work directly with tenants. As part of the rent account monitoring the assessment hub will be very quick to act when rent arrears start to accumulate. The hub would be working closely with housing colleagues to ensure that procedures are very robust and

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fair so as not to take unnecessary action against people where there is a genuine challenge. The issue for the Council means that collection rates will be affected and the team will have to make a bad debt provision to ensure that the Council's accounts remain in a good state.

- c. James Rolfe commented that when the benefit cap first came in April 2013, the Council put in place the Welfare Assistance and Support Hub which was the Council, Job Centre Plus (JCP), Citizens Advice Bureau (CAB) and other agencies who work with people affected by this benefit change. Sally Sanders clarified that they had placed 2 health authority officers at job centre plus and are working closely with colleagues at DWP and CAB to try and mitigate the impact of UC. Sally Sanders team along with housing colleagues are providing some training for local JCP staff so they understand the issues around tenancy and tenancy matters better than they have previously needed to. An example of joint working.
- d. Sally Mcternan's response to Councillor Savva's request for leaflets regarding UC and that they will be with councillors by the end of the week so that local residents can receive effective advice.
- e. Councillor Dogan concern about the income collection risk as claimants have to wait 6 weeks in arrears for payment of UC. Did UC come from DWP directly to the Council's account or through residents' accounts. Sally Sanders clarified that it was through the residents accounts but tenants could elect to have their housing benefit paid direct to the Council. Sally Mcternan further clarified that claimants would have to initially wait for 7 days and then the DWP allow themselves 6 weeks to gather all the information relating to the claimant to make a calculation.
- f. Councillor Hayward asked what the benefit of the 6 week wait was for central government and if any tenants accrued debt after the 6 week period, would sufficient money come through to repay the debt. Sally Mcternan clarified that the scheme was designed to mimic work. So when people start work they work a month in arrears and is the same principle for people entering work at the end of the UC claim. Their first month of UC in arrears will tide them over in the first month of work.
- g. James Rolfe further clarified that one of the other issues that has arisen from other sites implementing UC is that there is evidence that people receiving large sums of money, intended for housing rent, spend it on the wrong things and this was one reason the council were working with CAB to provide as much advice as possible around financial management. So there is a risk here and is not as much about a 6 week wait. The issue about savings is that the expectation is that UC will be a cheaper system to administer because of fewer benefits being paid. The DWP have already made significant savings as they implement UC and move into a more digital online solution. So if people want to ask questions about UC they will have to use a call centre operated by the DWP rather than coming to the Civic Centre as people do with housing benefit. This will lead to a reduction in the number of people calling the Council

call centre resulting in a saving for the Council. The DWP will also make other savings, as time goes on, with the reduction of the housing benefit case load. This will lead to a reduction in the money they pay to local authorities to administer housing benefit and a reduction in staffing levels as well.

- h. Councillor Jiagge asked what the implications are on the Council's budget, what the impact is going to be on Council resources and if there will be any pressures on services that are being provided. Sally Mcternan clarified that the team were undertaking an impact assessment exercise which had not been concluded yet. In terms of budgeting, assumptions have been made about the level of income the council will have and the amount of income the council have at risk as a result of customer behaviour i.e. tenants not paying their rent.

This was very much a worst case scenario, as it touches on housing requirements and in many cases where people have other services from the Council. UC could potentially affect other council services including Adult Social Care, Schools and Children's Services, Housing, Finance, Financial Assessment Services, Housing Revenue Account and Housing Gateway. Further details of this will come through the impact assessment.

- i. In terms of financial impact, this could not be worked out until teams understand the service impact. Early indications are the Council has put sufficient funding aside already.
- j. Councillor Simon asked about rent collections for people in the 6 week waiting period and if they will be expected to pay at the usual rate or will they be allowed to accumulate debt. Sally Mcternan clarified that rent accounts will be carefully monitored. There is an arrangement in place, with Housing colleagues, around taking a risk based approach (through discussions & reminders) with people that when monies come through they must pay their rent. The Council are also seeking alternative payment arrangements where money is given direct to the Council. Additionally, each claimant would also be given a choice as to whether they want direct payments or not, by the DWP.
- k. Councillor Simon's comments that teams need to communicate to all social workers that if interrogating rent accounts, they need to be able to interpret them effectively. Sally Mcternan clarified that there had been cross council engagement and very close working with social workers.
- l. Councillor Simon asked about free school meals and if risks around this were being looked at. Sally Sanders clarified that free school meals were available to anyone in receipt of UC. However, the issue of the 1st 6 weeks wait for payment would affect people who are eligible for free school meals during this period. School would not receive payment for free school meals until claims have gone through the 6 week waiting period. Schools IT systems do not reveal whether payment has been received or are still awaiting payment. This was an area that the team would be re-visiting

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Croydon (pilot authority) about. There seemed to be a fault with the systems around the 6 week waiting period.

7. The Chair thanked Sally Mcternan and Sally Sanders for their report. This item would be monitored very closely with regular reports to the Committee.

AGREED to note the DWP Implementation of Universal Credit in Enfield – Readiness Plan.

331

MANAGING THE SAVINGS - 20:45 - 20:55

RECEIVED the report of the Director of Finance, Resources & Customer Services (No.87) presenting an overview of the savings monitoring process undertaken in determining the progress in achieving the savings for 2017/18.

NOTED

1. The report was presented by Neil Goddard (Head – Budget Challenge).
2. This report provided an overview of the Savings Monitoring Process for 2017/18 and the appendices included within the report reflect the latest position on the savings.
3. As part of the Annual Budget setting process departments are required to find budget savings in order to balance the Council's overall finances. At that point in time, finance categorise the savings in order of difficulty in achieving them using a traffic light system.
4. As detailed at 3.3 (page 25) of the report, a summary of the savings is produced as part of the Revenue Monitoring Process. The progress in achieving these savings is then reviewed each month and are categorised so as to compare them to the original classification. For 2017/18, the team have tried to enhance that risk based approach by introducing a numbering system alongside the traffic light system to add an extra level of detail to enable the team to focus on the high risk savings.
5. As part of the 2017/18 budget setting process, new savings which included increased income totalled £11.2M. The full year effects of previous year's savings totalled £13.3M. Therefore, overall for 2017/18 the savings to be made totalled £24.5M. The appendices within the report (pages 29-31) summarise the latest position.
6. Of the £24.5M, 11% of savings are categorised as blue and fully achieved, 54% are categorised as green and are on target, 19% are categorised as amber and 16% are categorised as red (as detailed at para 4.3 of the report).
7. The savings classified as red or amber go through further scrutiny and challenge by using a pro-forma which the relevant budget manager is asked to complete. Managers are then asked the reasons for the red or

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amber risk classification i.e. are all alternative options being considered, are actions being taken to mitigate the risk.

8. The following issues raised in response to the report:
 - a. Appendix C (page 31) of the report highlights the remaining likely shortfall for the highest risk savings, as detailed in the last column of the table.
 - b. Councillor Simon raised the issue of SEN Transport, listed in the table at Appendix C (page 31). This had been a savings shortfall for some time.
9. The Chair thanked Neil Goddard for presenting the report.

AGREED to note the contents of the Savings Monitor Update 2017/18 and to refer the report to Cabinet as part of the September 2017 Revenue Monitoring Report.

332 MINUTES

NOTED the progress update on actions identified at previous meetings.

AGREED that the minutes of the Audit & Risk Management Committee held on Thursday 28 September 2017 be approved and signed as a correct record.

333 EXCLUSION OF THE PRESS AND PUBLIC

At this point of the meeting a resolution was passed to move the meeting to Part 2.

RESOLVED, in accordance with Section 100(A) of the Local Government Act 1972 to exclude the press and public from the meeting for the items listed on part 2 of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information) of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

- **Meridian Water Update from the Cabinet meeting held Monday 30 October 2017.**

AUDIT AND RISK MANAGEMENT COMMITTEE - 1.11.2017

1. Gary Barnes (Acting Executive Director of Regeneration & Environment) provided an update on the Meridian Water Regeneration Scheme.

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**AUDIT & RISK MANAGEMENT COMMITTEE WORK PROGRAMME
2017/18 - 20:55 - 21:00**

RECEIVED and noted the Committee's updated work programme for 2017-18.

NOTED

1. To add the following to the Work Programme:
 - Meridian Water update reports
 - Quarterly Universal Credit Implementation reports

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DATES OF FUTURE MEETINGS

NOTED the dates of future meetings:

Thursday 11 January 2018 – 07:30pm
Wednesday 7 March 2018

(All meetings to commence at 7.00pm unless otherwise agreed.)