

Meeting of the Council of the London Borough of Barnet

TO BE HELD ON

TUESDAY 8TH SEPTEMBER, 2020 AT 7.00 PM

VENUE

VIRTUAL

SUMMONS AND AGENDA



All Councillors are hereby summoned to attend the Council Meeting for the transaction of the business set out.

Agenda and Timetable
Tuesday 8th September, 2020

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1.	Prayer		
2.	Apologies for Absence		
3.	Election of Mayor		
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	Report of Committees		
10.	Report of the Audit Committee - Annual Report of the Audit Committee 2019-20		17 - 35

Andrew Charlwood, Head of Governance
2 Bristol Avenue, Colindale, NW9 4EW

Minutes

OF THE MEETING OF THE COUNCIL OF THE LONDON BOROUGH OF BARNET
held at Hendon Town Hall, The Burroughs, London NW4 4BQ, on 21 May 2019

AGENDA ITEM 4

PRESENT:-

The Worshipful the Mayor (Councillor Reuben Thompstone)
The Deputy Mayor (Councillor Caroline Stock)

Councillors:

Bokaei	Brian Gordon	Wendy Prentice
Jess Brayne	Eva Greenspan	Sachin Rajput
Felix Byers	Jennifer Grocock	Barry Rawlings
Anne Clarke	Rohit Grover	Helene Richman
Pauline Coakley Webb	Lachhya Gurung	Danny Rich
Dean Cohen	John Hart	Gabriel Rozenberg
Melvin Cohen	Ross Houston	Lisa Rutter
Sara Conway	Anne Hutton	Shimon Ryde
Geof Cooke	Laithe Jajeh	Gill Sargeant
Jo Cooper	Kathy Levine	Alan Schneiderman
Alison Cornelius	David Longstaff	Mark Shooter
Richard Cornelius	John Marshall	Elliot Simberg
Saira Don	Kath McGuirk	Thomas Smith
Val Duschinsky	Arjun Mittra	Stephen Sowerby
Paul Edwards	Alison Moore	Julian Teare
Claire Farrier	Ammar Naqvi	Daniel Thomas
Anthony Finn	Nagus Narenthira	Sarah Wardle
Nizza Fluss	Charlie O-Macauley	Roberto Weeden-Sanz
Linda Freedman	Alex Prager	Peter Zinkin

Apologies for Absence

Councillor Reema Patel	Councillor Laurie Williams
Councillor Tim Roberts	Councillor Zakia Zubairi

1. PRAYER

The Mayor's Chaplain, Father Gladstone Liddle, offered prayers.

2. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillor Reema Patel, Councillor Tim Roberts, Councillor Zakia Zubairi, and Councillor Laurie Williams, who was unwell in hospital. The Council wished him a speedy recovery.

Apologies for lateness had been received from Councillor Helene Richman and Councillor Gill Sargent.

3. ELECTION OF MAYOR

The Worshipful the Mayor called for nominations for the election of Mayor of the London Borough of Barnet for the ensuing municipal year.

Councillor Richard Cornelius moved, seconded by Councillor Alison Cornelius, that Councillor Caroline Stock be elected Mayor.

Upon being put to the vote the nomination for Councillor Caroline Stock was declared carried.

RESOLVED – that Councillor Caroline Stock be elected Mayor of the London Borough of Barnet for the ensuing municipal year 2019-2020.

Councillor Caroline Stock then left the Council Chamber to robe. Upon her return, she was invested with the badge and chain of the office of Mayor.

THE WORSHIPFUL THE MAYOR COUNCILLOR CAROLINE STOCK IN THE CHAIR

The Worshipful the Mayor thanked the Council for the honour conferred upon her by her election and informed the Council that she would be supporting Home-Start and Cherry Lodge as her charities.

The Worshipful the Mayor announced the appointment of Councillor Lachhya Bahadur Gurung to act as Deputy Mayor during her term of office.

The Worshipful the Mayor noted that she would be appointing Rabbi Mariam Berger to act as Mayor's Chaplain during her term of office.

4. MINUTES

The minutes of the Council meeting and the minutes of the Council as Trustee meeting both held on 5 March 2019 were agreed as a correct record.

5. DECLARATIONS OF INTEREST

There were none.

6. OFFICIAL ANNOUNCEMENTS

The Worshipful the Mayor noted she was deeply saddened to announce the passing of former Councillor, Mukesh Depala, a young man, hugely respected in the council and the community. Councillors Richard Cornelius, Ruben Thompstone, Daniel Thomas and Barry Rawlings each spoke in remembrance of former councillor, Mukesh Depala.

Council held a minute's silence.

The Worshipful the Mayor was pleased to announce the results of the Civic Awards held on 3rd April 2019 that were presided over by former Mayor, Councillor Ruben

Thompstone. She advised Council that 10 Civic Award framed vellums had been given for: -

- Lifetime Achievement to: Peter Cragg, Olive Dawes and John Barry Russell.
- Outstanding Service to the Community to: Rosa Croci, Reverend Peter Liddlelow, Jocelyn McAuliffe, Reverend Helen Shannon, Maxine Weber and to The Clitterhouse Farm Project; and
- In the Young Citizens Category to the SOS – Stamp Out Stigma Mental Health team, Hendon School.

The Worshipful the Mayor also noted that Councillor Thompstone had visited Kreis Siegen Wittgenstein in Germany to deliver the signed Council resolution to reaffirm relations on the 70th anniversary of the municipal link.

Congratulations were given to James Davis, a local Barnet boy and former Councillor Agnes Slocombe's grandson, who had won the Men's Foil British Nationals Championship in April and was now training for a place in the 2020 Olympics.

On behalf of the Council, the Worshipful the Mayor congratulated Saracens for winning their third successive European Champions Cup after beating Leinster in the final in Newcastle on 11th May 2019.

7. APPOINTMENT OF THE LEADER

Following the resignation of Councillor Richard Cornelius, the Worshipful the Mayor called for nominations for a new leader.

Councillor Richard Cornelius moved that Councillor Daniel Thomas be elected Leader of the Council for the remainder of the Council term until May 2022. This was duly seconded by Councillor Jennifer Grocock.

Councillor Ross Houston moved that Councillor Barry Rawlings be elected Leader of the Council for the remainder of the Council term until May 2022. This was duly seconded by Councillor Pauline Coakley Webb.

The Mayor moved to the vote and votes were recorded as follows:

For Councillor Daniel Thomas - 38
For Councillor Barry Rawlings - 21

RESOLVED – that Councillor Daniel Thomas be elected Leader of the Council for the remainder of the Council term until May 2022.

8. NOTING THE APPOINTMENT OF THE DEPUTY LEADER

RESOLVED – that Council note the Leader's appointment of Councillor David Longstaff as Deputy Leader of the Council.

9. NOTING THE APPOINTMENT OF THE LEADER OF THE OPPOSITION

RESOLVED – that Council note the appointment of Councillor Barry Rawlings as Leader of the Opposition.

10. REPORT OF THE LEADER

There is none.

11. REPORT OF THE MONITORING OFFICER - POLITICAL PROPORTIONALITY

Council considered the Calculation of Political Balance (proportionality) report which provided for the seats on each committee to be correctly allocated in accordance with legislation on proportionality.

RESOLVED that:

1. Council note the political balance of the Council is:

- **38 Members of the Conservative Group;**
- **24 Members of the Labour Group; and**
- **1 Independent Member**

2. Council note that the it was agreed on 5 March 2019 to waive the political balance requirement for the Health Overview & Scrutiny Committee to enable the Labour Group to appoint 4 Members instead of their strict entitlement of 3 committee seats.

12. REPORT OF THE HEAD OF GOVERNANCE - APPOINTMENTS TO COMMITTEES

Council considered the nominations for appointments to Committees and other bodies as set out in Appendix A and Appendix B.

The Worshipful the Mayor noted that a block vote would be taken on the Conservative nominations for Vice-Chairman as there was no contest for these roles. A vote was taken on the nominations for Vice-Chairman which was unanimously carried.

The Worshipful the Mayor noted that a block vote on the nominations for Chairman. Councillor Alex Prager moved the Conservative nominations in his name and Councillor Arjun Mittra moved the Labour nominations in his name.

Upon the Conservative nominations being put to the vote, the votes were declared as follows:

For	38
Against	21
Abstain	0
Absent	4
Total	63

Upon the Labour nominations being put to the vote, the votes were declared as follows:

For	21
Against	38
Abstain	0
Absent	4
Total	63

The Conservative nominations were declared carried.

The Worshipful the Mayor noted that a separate vote would be taken for the bodies and appointments where there was a competition for Membership as follows:

- Health and Wellbeing Board
- Children’s Partnership Board
- Safer Communities Partnership Board
- Lead Member for Children’s Services
- Lead Member for Strategic Planning and Placemaking
- Lead Member for Policing and Community Safety
- North Central London Joint Health Overview and Scrutiny Committee
- West London Economic Prosperity Board
- Diabetes Champion
- Natural Environment Champion
- Design and Heritage Champion
- Ageing Well and Mental Health Champion
- Small Business Champion
- NCL Joint Commissioning Committee

Upon the Conservative nominations being put to the vote, the votes were declared as follows:

For	37
Against	21
Abstain	1
Absent	4
Total	63

Upon the Labour nominations being put to the vote, the votes were declared as follows:

For	21
Against	37
Abstain	1
Absent	4
Total	63

The Conservative nominations were declared carried.

A vote was taken on the remaining nominations in Appendix A that were uncontested which were unanimously carried.

A vote was taken on the Non-Councillor appointments in Appendix B which were unanimously carried.

RESOLVED:

- 1. That the nominations for Chairman and Vice-Chairman as put forward by the Conservative Group in Appendix A be agreed.**
- 2. That the Conservative Group nominations for the following bodies as set out in Appendix A be approved:**

- Health and Wellbeing Board
 - Children’s Partnership Board
 - Safer Communities Partnership Board
 - Lead Member for Children’s Services
 - Lead Member for Strategic Planning and Placemaking
 - Lead Member for Policing and Community Safety
 - North Central London Joint Health Overview and Scrutiny Committee
 - West London Economic Prosperity Board
 - Diabetes Champion
 - Natural Environment Champion
 - Design and Heritage Champion
 - Ageing Well and Mental Health Champion
 - Small Business Champion
 - NCL Joint Commissioning Committee
3. That the remaining nominations that were uncontested as set out in Appendix A be agreed.
4. That Council approve the Independent, Co-opted, Partner and Officer Members of Committees whose membership is expiring, as follows:
- Audit Committee: Geraldine Chadwick to 20 May 2023.
 - Local Pension Board: Stephen Ross to 20 May 2023.
 - Local Pension Board: Geoffrey Alderman to 20 May 2023.
5. That the continuing appointments of Independent, Co-opted, Partner and Officer Members as listed in Appendix B be noted.

13. REPORT OF HEAD OF GOVERNANCE - APPOINTMENTS TO OUTSIDE BODIES

Council considered the nominations for appointments to Outside Bodies as set out in Appendix A, Appendix A1, Appendix B and Appendix C.

Councillor Alex Prager moved the Conservative nominations in his name and Councillor Arjun Mittra moved the Labour nominations in his name.

The Worshipful the Mayor noted that a separate vote would be taken for the outside bodies where there was a competition for Membership as follows:

- Colindale Communities Trust
- Eleanor Palmers Trust
- Lancelot Hasluck Trust, East Barnet
- London Youth Games Ltd
- SACRE – one position
- Youth Sport and Leisure Foundation

Upon the Conservative nominations being put to the vote, the votes were declared as follows:

For	37
Against	21
Abstain	1
Absent	4

Total	63
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Upon the Labour nominations being put to the vote, the votes were declared as follows:

For	21
Against	37
Abstain	1
Absent	4
Total	63

The Conservative nominations were declared carried.

The Worshipful the Mayor noted that a block vote would be taken on the remaining uncontested nominations in Appendices A and A1. The nominations were put to the vote and unanimously carried.

The Worshipful the Mayor noted that a separate vote would be taken for the outside body subject to political proportionality as set out in Appendix B where there was a competition for Membership as follows:

- London Councils - Transport and Environment Committee

Upon the Conservative nominations being put to the vote, the votes were declared as follows:

For	37
Against	21
Abstain	1
Absent	4
Total	63

Upon the Labour nominations being put to the vote, the votes were declared as follows:

For	21
Against	37
Abstain	1
Absent	4
Total	63

The Conservative nominations were declared carried.

The Worshipful the Mayor noted that a block vote would be taken on the remaining uncontested nominations in Appendix B. The nominations were put to the vote and unanimously carried.

A vote was taken on the Officers appointments to Outside Bodies as set out in Appendix C which was unanimously carried.

RESOLVED:

1. That the Conservative Group nominations for the following bodies be agreed:
 - Colindale Communities Trust

- Eleanor Palmers Trust
- Lancelot Hasluck Trust, East Barnet
- London Youth Games Ltd
- SACRE – one position
- Youth Sport and Leisure Foundation

2. That the remaining uncontested nominations in Appendices A and A1 be agreed.
3. That the Conservative Group nominations for the following body be agreed:
 - London Councils - Transport and Environment Committee
4. That the remaining uncontested appointments to outside bodies subject to political proportionality as set out in Appendix B be agreed.
5. That Council approve the Officers appointments to Outside Bodies as set out in Appendix C.

14. REPORT OF THE HEAD OF GOVERNANCE - APPOINTMENT OF CHIEF OFFICER

Council considered the report. The recommendations in the report were put to the vote and unanimously carried.

RESOLVED:

That Council to note the appointment of Anisa Darr as the Director of Finance (Chief Finance Officer / Section 151 Officer).

15. REPORT OF THE CONSTITUTION & GENERAL PURPOSES COMMITTEE

The Worshipful the Mayor introduced the report and addendum. Debate ensued.

During the debate, Chairman of the Constitution and General Purposes Committee, Councillor Melvin Cohen, gave an assurance to Councillor Barry Rawlings that his proposed amendment to Article 7, Section 3.5 would be included on the agenda for the forthcoming Constitution and General Purposes Committee on 25 June 2019. On that basis, Councillor Rawlings withdrew his tabled amendment.

The Worshipful the Mayor noted that a separate vote would be taken on the proposed change No. 14 - Article 2 (Residents and Public Participation) Article 7 (Committees, Forums and Working Groups) on "The Six-Month Rule".

For	38
Against	21
Abstain	0
Absent	4
Total	63

On the rest of the recommendations in the report were put to the vote and unanimously carried.

RESOLVED that:

1. Council

- **Approve the recommendations contained in the report from the Constitution Ethics & Probity Committee at Annexe 1;**
- **Note the changes agreed by the Committee as detailed in Annex 1A; and**
- **Approve the track change versions attached at Appendix A to Appendix F.**
-

2. The Monitoring Officer and Chief Legal Advisor be authorised to implement these revisions and publish a revised Constitution.

The meeting finished at 8.35 pm

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Calculation of Political Balance (Proportionality)

AGENDA ITEM 7

The Council must allocate seats on Committees and other prescribed bodies to give effect to the political balance rules. The rules for the allocation of seats are set out in Sections 15 and 16 of the Local Government and Housing Act 1989 and Local Government Regulations 1990.

Section 15(5) of the Local Government and Housing Act 1989 sets out the principles as follows:

- a) that not all the seats on the body are allocated to the same political group;
- b) that the majority of the seats on the body is allocated to a particular political group if the number of persons belonging to that group is a majority of the authority's membership;
- c) subject to paragraphs (a) and (b) above, that the number of seats on the ordinary committees of a relevant authority which are allocated to each political group bears the same proportion to the total of all the seats on the ordinary committees of that authority as is borne by the number of members of that group to the membership of the authority; and
- d) subject to paragraphs (a) to (c) above, that the number of the seats on the body which are allocated to each political group bears the same proportion to the number of all the seats on that body as is borne by the number of members of that group to the membership of the authority.

For political balance, a group is required to have at least two members in order to be formally constituted as a political group.

The Council can only depart from these rules by passing a resolution with no member voting against the resolution.

The political proportionality rules also apply to those outside bodies dealing with local government matters to which the Council representatives.

This proportionality report is based on the principles described above. This report is requested to be agreed by Council to ensure the seats are allocated using the appropriate principles as based in law.

When calculating political balance, to comply with sections (c) and (d) of Section 15(5) of the Local Government and Housing Act 1989 it is usual practice to round up the seat allocation when the strict allocation comes above 0.5 and round down when the strict allocation comes below 0.5. To achieve political balance and give the Liberal Democrats their overall seat entitlement (4 seats), there are some instances where all Groups (Conservative, Labour and Liberal Democrats) will be given slightly less or more than their strict entitlement specifically: Policy & Resources Committee; Children, Education & Safeguarding Committee; Planning Committee; Licensing Committee; and Health Overview & Scrutiny Committee. Rounding in this way is necessary to achieve political balance overall.

The political composition of the Council is as follows:

	Council	Conservative	Labour	Liberal Democrats
Members	63	37	24	2
Percentage	100%	58.73%	38.10%	3.17%

Non-Politically Proportionate Bodies

Bodies to which proportionality does not or need not apply:

- Health and Wellbeing Boards – Section 15 of the Local Government and Housing Act 1989 (and Section 16 and Schedule 1), namely the duty to allocate seats on committees on a proportional basis to political groups, does not apply to Health and Wellbeing Boards under regulation 7 Part 2 of the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny Regulations 2013 SI 2013/218.
- Standards Committee – Council agreed on 8 December 2015 to waive the requirements under the Local Government and Housing Act 1989 for political balance for the Standards Committee, and that each of the two political Groups on the Council shall have two seats on the Committee (with two substitute members for each Group)
- Consultative bodies established for consultation with staff are not regarded as council committees subject to the political balance rules. Each has a special composition.
- The Council appoints or nominates Members to a variety of special statutory bodies, or informal or consultative bodies that are not council committees of the Council. The political balance rules do not apply to these bodies.

Regulation 16A Local Government (Committees and Political Groups) Regulations 1990 SI 1553/1990 provides an exception from the political balance requirements where a committee is established to discharge functions of the authority or to advise the authority or another committee of the authority in respect of any part of the area of the authority, and –

- (i) the authority is a county, district or London borough council; and
- (ii) the voting members of the committee consist solely of persons who are elected for electoral divisions or wards which are wholly or partly within that part; and
- (iii) the area of that part does not exceed two-fifths of the total area of the authority; or
- (iv) the population of that part, as estimated by the authority, does not exceed two-fifths of the total population of the area of the authority as so estimated.

This allows the Area Committees and Area Planning Committees to be constituted on a Ward Member basis.

Achieving Political Balance:

An allocation of seats is set out in the table below. The number of Members, and any specific requirements of membership, are taken from the Council's Constitution, Article 7 (Committees, Forums, Working Groups and Partnerships):

Seat allocations on politically proportional bodies

Seat allocations on non-politically proportional bodies

COMMITTEE	NUMBER OF MEMBERS	CONSERVATIVE	LABOUR	LIBERAL DEMOCRATS
Policy & Resources	13	7 (7.63)	5 (4.95)	1 (0.41)
Financial Performance & Contracts	8	5 (4.70)	3 (3.05)	0 (0.25)
Children, Education and Safeguarding	11	7 (6.46)	4 (4.19)	0 (0.35)
Environment	10	6 (5.87)	4 (3.81)	0 (0.32)
Housing & Growth	10	6 (5.87)	4 (3.81)	0 (0.32)
Community Leadership & Libraries	10	6 (5.87)	4 (3.81)	0 (0.32)
Adults and Safeguarding	11	6 (6.46)	4 (4.19)	1 (0.35)
Licensing	12	7 (7.05)	4 (4.57)	1 (0.38)
Audit	7	4 (4.11)	3 (2.68)	0 (0.22)
Planning	12	7 (7.05)	4 (4.57)	1 (0.38)
Health Overview & Scrutiny	9	5 (5.29)	4 (3.43)	0 (0.28)
Constitution & General Purposes	7	4 (4.11)	3 (2.68)	0 (0.22)
Pension Fund	7	4 (4.11)	3 (2.68)	0 (0.22)
Urgency Committee	3	2 (1.76)	1 (1.14)	0 (0.10)
Chief Officer Appointment Panel	5	3 (2.93)	2 (1.90)	0 (0.16)
Total	135	79	52	4
Percentages	100%	58.52%	38.51%	3.05%

Seat Allocations on Non-Politically Proportional Bodies

Area based Committees

Committee	Membership	Seat Allocations		
		Cons	Lab	Lib Dem
Finchley and Golders Green Area	7	4	3	0
Chipping Barnet Area	7	4	3	0
Hendon Area	7	5	2	0

Finchley and Golders Green Area Planning	7	4	3	0
Chipping Barnet Area Planning	7	4	3	0
Hendon Area Planning	7	5	2	0

Bodies where the political balance requirements have been waived

Committee	Membership	Seat Allocations		
		Cons	Lab	Lib Dem
Standards	4	2	2	0

Health and Wellbeing Board

Committee	Membership	Seat Allocations		
		Cons	Lab	Lib Dem
Health & Wellbeing Board	3	3	0	0

Special statutory bodies or informal or consultative bodies that are not council committees – Membership requirements as detailed in Article 7.

Committees
Local Pension Board
Residents Forums (Finchley and Golders Green; Chipping Barnet; and Hendon)
Local Strategic Partnership (Barnet Partnership Board)
Children's Partnership Board
Safer Communities Partnership Board

RECOMMEND that:

1. Council note the political balance of the Council is:
 - 37 Members of the Conservative Group;
 - 24 Members of the Labour Group; and
 - 2 Members of the Liberal Democrat Group
2. Council agree the allocation of seats as set out in the tables above in order to comply with the political balance regulations requiring seats to be allocated proportionately to the political groups on Council.



Annual Council

AGENDA ITEM 10

8th September 2020

Title	Referral from Audit Committee – Annual Report of the Audit Committee 2019-20
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Report of	Chairman of the Audit Committee
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Wards	N/A
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Status	Public
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Enclosures	Annex 1 – Annual Report of the Audit Committee 2019-20
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Officer Contact Details	Clair Green, Director of Assurance clair.green@barnet.gov.uk
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Summary

The Constitution, Article 7 includes the following within the Audit Committee's terms of reference:

“The Audit Committee shall prepare a report to Full Council on an annual basis on its activity and effectiveness.”

The Audit Committee at the meeting on the 14th July 2020. approved the recommendation for the Annual Report of the Audit Committee to be recommended for approval to Council.

Officers Recommendations

- 1. Council to note and approve the Annual Report of the Audit Committee for 2019-20 as an accurate record of the outcomes and work programme for the year.**

1. WHY THIS REPORT IS NEEDED

- 1.1 At its meeting on the 14th July 2020, the Audit Committee approved the recommendation for the Annual report of the Audit Committee to be recommended for approval to Council.
- 1.2 As minuted in the Audit Committee minutes 14th July 2020 regarding the Annual Report of the Audit Committee, it was RESOLVED that:
the Committee recommend Full Council to note and approve the Annual Report of the Audit Committee for 2019-20 as an accurate record of the outcomes and work programme for the year.

2. REASONS FOR RECOMMENDATIONS

- 2.1 As set out in the report attached at Annex 1.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 As set out in the report at Annex 1.

4. POST DECISION IMPLEMENTATION

- 4.1 As set out in the report attached at Annex 1.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 As set out in the report attached at Annex 1.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 As set out in the report attached at Annex 1

5.3 Social Value

- 5.3.1 As set out in the report attached at Annex 1

5.4 Legal and Constitutional References

- 5.4.1 The Council's Constitution Article 7 states within the Audit Committee's terms of reference that the Audit Committee shall prepare a report to Full Council on an Annual basis on its activity and effectiveness.

5.5 Risk Management

5.5.1 As set out in the report attached at Annex 1.

5.6 **Equalities and Diversity**

5.6.1 As set out in the report attached at Annex 1.

5.7 **Corporate Parenting**

5.7.1 As set out in the report attached at Annex 1.

5.8 **Consultation and Engagement**

5.8.1 As set out in the report attached at Annex 1.

5.9 **Insight**

5.9.1 As set out in the report attached at Annex 1.

6. **BACKGROUND PAPERS**

6.1 N/A

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Audit Committee

14 July 2020

Title	Annual Report of the Audit Committee 2019-20
Report of	Chairman of the Audit Committee
Wards	N/A
Status	Public
Enclosures	Appendix A – Annual Report of the Audit Committee 2019-20
Officer Contact Details	Clair Green, Director of Assurance clair.green@barnet.gov.uk

Summary

The Constitution, Article 7 includes the following within the Audit Committee's terms of reference:

"The Audit Committee shall prepare a report to Full Council on an annual basis on its activity and effectiveness."

The attached Annual Report describes how the Audit Committee meets its objectives as well as detailing the work of the Committee to date and the outcomes it has achieved for 2019-20.

Recommendations

1. That the Committee recommend Full Council to note and approve the Annual Report of the Audit Committee for 2019-20 as an accurate record of the outcomes and work programme for the year.

1. WHY THIS REPORT IS NEEDED

1.1 The Annual Report describes the work of the Committee to date and the outcomes it has achieved for 2019-20.

1.2 The Committee is asked whether they wish to make any amendments and note that the report will be presented to Full Council in due course.

2. REASONS FOR RECOMMENDATIONS

2.1 It is a Constitutional requirement for the Audit Committee to present an Annual Report to full Council each year.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None.

4. POST DECISION IMPLEMENTATION

4.1 Once agreed by the Committee the report will be sent to the next Full Council meeting.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

The Audit Committee provides the Council with independent assurance and effective challenge and, therefore, the Committee is central to the provision of effective governance that supports delivery of all corporate priorities.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 None in context of this report

5.3 Social Value

5.3.1 None in the context of this report

5.4 Legal and Constitutional References

5.4.1 There are no legal issues in the context of this report.

5.4.2. The Audit Committee's terms of reference are noted in the Council's Constitution, Article 7. which states that the Audit Committee "shall prepare a report to Full Council on annual basis on its activity and effectiveness".

5.5 Risk Management

5.5.1 None in context of this report

5.6 Equalities and Diversity

- 5.6.1 Effective systems of audit, internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community to assist with compliance with the Council's duties under the 2010 Equality Act.

5.7 Corporate Parenting

- 5.7.1 None in the context of this decision

5.8 Consultation and Engagement

N/A

5.9 Insight

- 5.9.1 None in the context of this decision

6. BACKGROUND PAPERS

None

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Appendix 1

Audit Committee Annual Report 1st April 2019 – 31st March 2020

Clr Rohit Grover
Chairman of the Audit Committee
July 2020

Contents

1. Introduction and overview

2. Summary of Audit Committee outcomes during 2019-20

3. Conclusions

Annex 1 – Schedule of actual work 2019-20

1. Introduction and Overview

1.1 Good corporate governance requires independent, effective assurance about both the adequacy of financial management and reporting, and the management of other processes required to achieve the organisation's corporate and service objectives. Good practice from the wider public sector indicates that these functions are best delivered by an independent audit committee. In this context, "independence" means that an audit committee should be independent from any other executive function. Further, the National Audit Office regards "well-functioning Audit Committees as key to helping organisations achieve good corporate governance".

1.2 It is important that local authorities have independent assurance about the mechanisms underpinning these aspects of governance.

Specifically:

1.2.1 **independent assurance** of the adequacy of the control environment within the authority;

1.2.2 **independent review** of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and

1.2.3 **assurance** that any issues arising from the process of drawing up, auditing and certifying the authority's annual accounts are properly dealt with and that appropriate accounting policies have been applied.

1.3 Effective audit committees can bring many benefits to local authorities and these benefits are described in CIPFA's *Audit Committees - Practical Guidance for Local Authorities* as:

1.3.1 raising greater awareness of the need for internal control and the implementation of audit recommendations;

1.3.2 increasing public confidence in the objectivity and fairness of financial and other reporting;

1.3.3 reinforcing the importance and independence of internal and external audit and any other similar review process (for example, providing a view on the Annual Governance Statement); and

1.3.4 providing additional assurance through a process of independent and objective review.

1.3.5 Effective internal control and the establishment of an audit committee can never eliminate the risks of serious fraud, misconduct or misrepresentation of the financial position. However, an audit committee:

➤ **can give additional assurance through a process of independent and objective review**

➤ **can raise awareness of the need for sound control and the implementation of recommendations by internal and external audit**

1.4 **Audit Committee at Barnet Council**

The Council's Constitution includes the terms of reference for the Audit Committee, defining its core functions. The terms of reference describe the purpose of the Audit Committee as being:

“to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority’s financial and non-financial performance to the extent that it affects the authority’s exposure to risk and weakens the control environment, and to oversee the financial reporting process.”

- 1.4.1 To bring additional expertise from the sector and financial capability the Audit Committee also has two independent members.
- 1.4.2 The Audit Committee has a work programme that has been drawn up to effectively discharge its responsibilities as defined by the terms of reference.
- 1.4.3 The Committee relies upon independent, qualified professionals to provide assurance. Directors and Assistant Directors (or equivalent grade) have attended Committee to support the process and to aid in the Committee’s effectiveness/understanding.
- 1.4.4 During the year 2019-20 the Committee undertook all its meetings in the public domain. There was one instance whereby an item was considered exempt and was discussed in Part 2 of the meeting. This was 30 January 2020 - Corporate Anti-Fraud Team (CAFT) Q3 Progress Report 2019-20: Capita Employee Benefits – London Borough of Barnet Pension Scheme - Internal Fraud Summary Report. The committee meeting due to take place on 29 April 2020 was cancelled following the lockdown restrictions imposed due to the COVID-19 pandemic. The committee meeting on 14 July 2020 will be taking place virtually using Microsoft Teams. Registered speakers will be able to call into the meeting and the public will be able to access a live stream of the meeting through a link on the meeting webpage.
- 1.4.5 From the Local Election in May 2018 to the present, the Audit Committee has been chaired by two Councillors:
 - Councillor Anthony Finn from May 2018 to May 2019; and
 - Councillor Rohit Grover from May 2019 to the present.

With regards to the rest of the Committee following Local Elections two new Members were appointed in May 2018, Councillor Alex Prager and Councillor Laithe Jajeh -they replaced former Councillor Hugh Rayner and former Councillor Sury Khatri.

- 1.4.6 Between May 2019 – February 2020, two Member Briefing Sessions were arranged for Members of the Audit Committee:
 - 27 June 2019, Statement of Accounts; and
 - 5 February 2020, Fraud Awareness.
- 1.4.7 The Chairman during 2019-20 continued to require senior officer attendance where there were high priority Audit recommendations and has continued to encourage public participation at the Audit Committee. The Chairman has also encouraged the two independent members to be active participants in meetings of the Committee.

2. Summary of Audit Committee Outcomes during 2019-20

- 2.1 During the financial year (April 2019 – March 2020) the Audit Committee has demonstrated many outcomes with a focus on delivering improvement to the organisation. The way in which these were implemented were as follows: -

2.1.1 **Key controls and assurance mechanisms.** The Committee relies upon information presented from qualified, independent and objective officers and external assurance providers. The key controls and assurance mechanisms are as described within the Annual Governance Statement. The Audit Committee is not a working group, it does not carry out the work itself, but relies on the assurance framework to bring significant issues to the Committee for discussion and make recommendations for the Executive and officers to take forward. The Committee recognises that management are responsible for a sound control environment¹.

2.1.2 **Cross-Council Assurance Service (CCAS).** The Internal Audit service is delivered through a mixed economy model, which includes an in-house team and external provider, currently PwC. During Q4 a procurement exercise for CCAS was completed, with Barnet leading the process on behalf of a number of other London boroughs. The Framework contract was awarded to PwC for Internal Audit, Advisory and Anti-Fraud and Mazars for Risk Management. As the contract manager, Barnet will receive a 1% contract management fee for all invoiced work going through the Framework, which has a maximum OJEU limit of £50m over the contract term.

2.2. External Audit financial resilience and value for money. For 2019/20, BDO continue to be the Council's appointed external auditors.

2.2.1 In September 2019, in accordance with International Standard on Auditing (ISA) 260, the council's external auditors (BDO) provided a final report on matters arising from the audit of the Council's Accounts. The ISA 260 report has to be considered by "those charged with governance" (The Audit Committee) before the external auditor can sign the accounts, which legally had to be done by 30 September 2019.

2.2.2 The key messages arising from the audit of the 2018/19 financial statements were that they:

- gave a true and fair view of the financial position of the group as at 31 March 2019 and of its expenditure and income for the year then ended; and
- were prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19; and
- were prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

2.2.3 In providing the opinion on the financial statements, the external auditors, concluded on what is known as the Value for Money Conclusion. The Council received an unqualified opinion which means that the External Auditors were satisfied the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019. This was an improvement on the previous year where the Inadequate Ofsted rating for Children's Services meant that the 2017/18 VFM conclusion was qualified.

2.4 Improvement agenda – the Audit Committee is committed to improving shortfalls in the control environment, rather than apportioning blame.

¹The control environment comprises the systems of governance, risk management and internal control

2.4.1 The Audit Committee has been provided with assurances on internal audit high priority recommendations and the progress against these quarter by quarter. The Audit Committee and its Chairman has asked that leading officers (Directors or Assistant Directors / Strategic Leads) to attend the Audit Committee to explain any deficiencies identified by Internal Audit and how they intend to address and action them. The important aspect that the Audit Committee has been assessing each quarter is whether the direction of travel from one quarter to the next has been improving via recommendations having been implemented. This focus on improving the control environment through follow-up and discussion has made Delivery Units accountable for improvement. We followed up a total of 156 recommendations that had been raised and were due to have been implemented by the end of 2019/20. Of those, we found that 118 had been fully implemented by the year end, with 15 ongoing and 23 outstanding due to COVID-19 delays. The direction of travel for implementing audit recommendations by year end was 76%, a deterioration on 2018/19 when 82% were confirmed as having been implemented within revised agreed timescales. The deterioration compared to the previous year can likely be attributed to the impact of COVID-19 on overall Council delivery and the reduced capacity to address audit findings in Q4.

A risk has been maintained on the Council's Strategic Risk Register which recognises that this performance needs to be improved as if audit actions are not implemented this could lead to a deterioration in the Council's control environment.

2.4.2 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation and is based on the work performed in 2019-20 but the conclusion should be considered in the context of the financial pressures facing the Council in a period where savings are required to be made but there is a greater demand for local services due to the borough's growing population. For 2019-20 a 'Reasonable' Annual Internal Audit Opinion was given, which shows improvement on the previous two years when a 'Limited' Opinion was given.

2.4.3 In line with the Scheme of Financing Schools, the Chief Finance Officer is required to deploy internal audit to examine the control frameworks operating within schools under the control of the Local Education Authority ("LEA"). In 2019-20, Internal Audit performed 23 schools' visits and undertook 4 follow-up reviews. At the year-end four reports had still to be agreed by the school due to COVID-19

2.4.4 The **Internal Audit and the Corporate Anti-Fraud Team (CAFT)** functions, which are organisationally independent from the rest of the Council, have a combined Annual Plan approved annually by Audit Committee which demonstrates their commitment to joint working, making the best use of resources and avoidance of duplication of effort. This also enables them to ensure that any control weaknesses identified through fraudulent activity are followed up with recommendations to strengthen the control environment and noted on the service risk registers.

2.5 Issues external and internal assurances – during the year the Audit Committee has been presented with various reports regarding control weaknesses. Areas that received an Internal

Audit 'No / Limited' assurance rating, or where a management letter identified areas of weaknesses and high priority recommendations, are listed below. The Committee has also continued to follow up all High priority recommendations within Reasonable Assurance reports where those recommendations are not implemented within the agreed timeframes. 2019-20, a new approach was adopted whereby Internal Audit now also follow-up a sample of Medium priority recommendations and report the outcome to the Audit Committee.

Review Title	Assurance rating	Number of High Priority recommendations	Number of Medium Priority recommendations
Highways Programme	No	6	0
Banking & Payment Arrangements – Accounts Payable	Limited	2	4
Accounts Receivable	Limited	1	6
Banking & Payment Arrangements – Cash & Bank	Limited	0	7
Pension Fund Finance and Investment	Limited	2	1
Mosaic – Application Review	Limited	1	3
Domestic Violence	Reasonable	1	2
Adults Safeguarding	Reasonable	1	2
Re Operational Review Follow-Up	Partially Implemented	1	0
Teachers' Pensions	Reasonable	1	0
Menorah Foundation School	Limited	2	5
St. Michael's Catholic Grammar School	Limited	1	6
St Mary's CE School EN4	Reasonable	1	2

2.6 Anti-Fraud – during the year the CAFT operated to an anti-fraud strategy and annual work plan which was approved by the Audit Committee. The Audit Committee has also received quarterly progress as well as an Annual report from CAFT which provide detailed summary on outcomes including preventative, proactive and reactive anti-fraud work undertaken.

2.6.1 The Concessionary Travel Fraud Team investigated 347 cases of alleged Blue Badge misuse and Fraud. Of these, 37 cases were successfully prosecuted at Magistrates court with a further 74 cases resulting in a Formal Caution being administered by CAFT (after the offence was admitted during a formal interview under caution). These cases have resulted in more than £24,580.00 worth of costs being recovered. A further 94 cases also concluded in Warning letters being sent to the Badge Holders and offenders.

2.6.2 The Tenancy Fraud team has also continued to be successful this year, it has investigated 496 cases of alleged Tenancy Fraud in 2019-20. They were responsible for recovering 34 properties and preventing 27 Right to Buy applications due to the applicants not being eligible to purchase under the scheme. In addition to this Tenancy fraud officers prevented 5 new housing applications that were submitted by persons who were not eligible to be housed.

- 2.6.3 **The Corporate Fraud Team** investigated 102 cases of alleged fraud. These resulted in 2 members of staff resigning, as well as a number of cases where there are ongoing legal actions.
- 2.6.4 A comprehensive review of the **National Fraud Initiative (NFI)** reports was carried out using the new fraud risk scoring to prioritise resources on matches that scored over 75%. This led to 7524 cases being processed and as a result, CAFT were able to report overall overpayments of £603,448.82.
- 2.6.5 During 2019-20 the financial investigation on **Operation Rouble**, which was reported in 2018-19, continued and by using a range of powers authorised under the Proceeds of Crime Act the CAFT specialist financial Investigators were extremely effective by recovering £1,698,218.64 to compensate Capita's insurers, thereby reducing the loss from £2.063 million to less than £365,000.
- 2.6.6 The methods used comprised of confiscation and compensation orders as well as legal settlement agreements with entities that were registered 'off shore'. The work was extremely time consuming and complex and broke new ground in recovery. No other local authority has used these methods to recover proceeds of crime. This investigation received wide publicity with praise being given by Specialist Police Units, Senior Management and Members of the Council to the CAFT in relation to the response and subsequent criminal and financial investigation and Proceeds of Crime recovery conducted by the team.
- 2.6.7 In relation to **Proceeds of Crime (POCA) Investigation** CAFT Specialist Financial investigators received 29 cases in 2019-20. As well as carrying out PoCA investigation for the London Borough of Barnet, these specialist officers also assisted other local authorities with the PoCA element of their criminal cases resulting in the courts confiscating £2,313,388 from offenders.
- 2.6.8 **Whistleblowing** matters are also reported to the Audit Committee. There were no instances reported during the 2019-20 year

2.7 **Planned and unplanned work** – The Committee has completed its work plan in accordance with its planned level of activity as detailed at annex 1.

3. Conclusions

3.1 In conclusion the Audit Committee feels that it has demonstrated that it has added value to the Council's overall Governance Framework.

3.2 Throughout the rest of 2020-21, as the Council moves further into the COVID-19 'recovery' phase, at an appropriate the Audit Committee will resume inviting senior officers to attend Committee where their actions have not been completed and it is reasonable to expect them to have been implemented and / or they have not engaged in the follow-ups process. This will aid the Committee in its understanding of the services and the issues identified through the audit process, but mostly to ensure that internal and external recommendations are given the priority required and implemented on a timely basis.

3.3 The Audit Committee's focus will continue to be ensuring action is taken of internal control deficiencies and reviewing progress on a regular basis as well as commitment to improving shortfalls in the control environment, rather than apportioning blame.

Annex 1 – Schedule of actual work 2019-20

Detail Reports considered:

Audit Committee Meeting Date	Agenda Items
<p>1 May 2019</p>	<ul style="list-style-type: none"> • Improvements to financial controls; Progress report on the Grant Thornton recommendations and action plan • Internal Audit Exception Recommendations Report and Q4 Progress Report 1st January to 31st March 2019 • Corporate Anti-Fraud Team (CAFT) Annual Report 2018/19 • Internal Audit & Anti-Fraud Strategy and Annual Plan 2019-20 • Audit Progress Report • Certification of Grant Claims • Committee Forward Work Programme
<p>16 July 2019</p>	<ul style="list-style-type: none"> • Report of the Chief Executive • Annual Internal Audit Opinion 2018-19 • Annual Governance Statement and Code of Corporate Governance • Annual Report of the Audit Committee 2017-18 • Internal Audit Exception Recommendations Report and Q1 Progress Report 1st April to 30th June 2019 • Corporate Anti-Fraud Team (CAFT) Q1 Progress Report 2019-20

Audit Committee Meeting Date	Agenda Items
	<ul style="list-style-type: none"> • External Auditor's Audit Completion Report for the year 2018/19 • Committee Work Programme
30 October 2019	<ul style="list-style-type: none"> • Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2019 • Corporate Anti-Fraud Team (CAFT) Q2 Progress Report 2019-20 • Final external auditors report 2018-19 • Annual Audit Letter 2018/19 • Committee Forward Work Programme
30 January 2020	<ul style="list-style-type: none"> • Internal Audit Exception Recommendations Report and Q3 Progress Report 1st October to 30th December 2019 • External Audit Plan 2019/20 • External Auditor Progress Report - Verbal Update • Corporate Anti-Fraud Team (CAFT) Q3 Progress Report 2019-20 • Corporate Anti-Fraud Team (CAFT) Q3 Progress Report 2019-20: Capita Employee Benefits – London Borough of Barnet Pension Scheme - Internal Fraud Summary Report (Exempt Report) • Committee Forward Work Programme
29 April 2020	CANCELLED – due to lockdown restrictions.

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