

Audit Committee

Agenda

Wednesday 26 July 2023 at 7.00 pm

Room 9 (1st Floor)- 3 Shortlands, Hammersmith, W6 8DA

Watch the meeting live: [youtube.com/hammersmithandfulham](https://www.youtube.com/hammersmithandfulham)

MEMBERSHIP

Administration	Opposition
Councillor Patrick Walsh (Chair) Councillor Paul Alexander Councillor Florian Chevoppe-Verdier Councillor Ashok Patel	Councillor Adrian Pascu-Tulbure

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Members of the public are welcome to attend, but spaces are limited so please contact debbie.yau@lbhf.gov.uk if you'd like to attend. The building has disabled access.

Date Issued: 18 July 2023
Date Updated: 19 July 2023

Audit Committee Agenda

<u>Item</u>		<u>Pages</u>
1. APOLOGIES FOR ABSENCE		
2. DECLARATIONS OF INTEREST		
	<p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Standards Committee.</p>	
3. MINUTES OF THE PREVIOUS MEETING		4 - 9
	<p>To approve the minutes of the previous meeting and to note any outstanding actions.</p>	
4. ANNUAL HEALTH AND SAFETY AT WORK REPORT FOR THE FINANCIAL YEAR 2022/2023		10 - 33
	<p>This report highlights the Council's activities and performance in health and safety at work for the financial year 2022/2023.</p>	
5. CORPORATE ANTI-FRAUD SERVICE END OF YEAR REPORT - 1 APRIL 2022 TO 31 MARCH 2023		34 - 55
	<p>This report provides an account of fraud-related activity during the past year to minimise the risk of fraud, bribery and corruption occurring within and against the Council.</p>	

6. RISK MANAGEMENT UPDATE 56 - 70

The purpose of this report is to provide members of the Audit Committee with an update on risk management across the Council.

7. HEAD OF INTERNAL AUDIT ANNUAL REPORT 2022/23 71 - 87

This report summarises the work of Internal Audit in 2022/23 and provides the opinion of the Director of Audit, Fraud, Risk and Insurance on the adequacy and effectiveness of the Council's framework of governance, risk management and control.

8. CYBER SECURITY UPDATE 88 - 89

This item includes appendices that contain exempt information. Discussion of the appendices will require passing the proposed resolution at the end of the agenda to exclude members of the public and press.

This report provides an update on Hammersmith & Fulham's cyber-security readiness.

9. DATES OF FUTURE MEETINGS

To note the following dates of future meetings:

- 12 September 2023
- 27 November 2023
- 11 March 2024

10. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)

Proposed resolution:

The Committee is invited to resolve, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

Agenda Item 3

London Borough of Hammersmith & Fulham

Audit Committee Minutes



Monday 13 March 2023

PRESENT

Committee members: Councillors Patrick Walsh (Chair), Paul Alexander, Florian Chevoppe-Verdier and Ashok Patel

Other Councillors

Councillor Rowan Ree (Cabinet Member for Finance and Reform) (attended remotely)

Officers

David Hughes (Director of Audit, Fraud, Risk and Insurance)

Moira Mackie (Head of Internal Audit)

Sharon Lea (Interim Chief Executive)

Jon Pickstone (Strategic Director of Economy)

Sukvinder Kalsi (Director of Finance) (attended remotely)

Chris Harris (Head of Finance)

David Abbott (Head of Governance)

Guests

Andy Conlan (Grant Thornton)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Adrian Pascu-Tulbure.

Apologies for lateness were received from Councillor Paul Alexander (who entered the meeting at 7.35pm).

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

Councillor Florian Chevoppe-Verdier asked for an update on outstanding actions. David Hughes said he would circulate an update.

ACTION: David Hughes

The minutes of the previous meeting held on 23 November 2022 were agreed as an accurate record.

4. STATEMENT OF ACCOUNTS 2021/22 - AUDIT PROGRESS REPORT

Andy Conlan (Grant Thornton) introduced the item which provided members with an update on the progress of the audit of the 2021/22 accounts and the finalisation of the 2020/21 accounts. He noted that there had been substantial progress on the audit, despite the challenges of Covid, working from home, and resourcing highlighted in the report. He said Grant Thornton expected the 2020-21 accounts to be completed in the coming weeks.

The Chair asked if the 75% completion rate was comparable with other councils of H&F's size. Andy Conlan said progress on H&F audit was comparable or faster than other similar councils. The turnaround from finance officers had been fast. He noted that delays on these accounts were common across the sector, with only around 20% signed off at the time of the meeting.

RESOLVED

That the Committee noted the contents of the external auditor's Audit Progress Report.

5. RISK MANAGEMENT HIGHLIGHT REPORT

David Hughes (Director of Audit, Fraud, Risk and Insurance) presented the report which provided members with an update on risk management across the Council.

Councillor Ashok Patel noted that he had requested the Council's business plan but had not yet received it. David Hughes clarified that the business plan had been circulated and was available on the Council's website.

Councillor Patel asked why the Council's whistleblowing arrangements didn't appear on the risk register. David Hughes explained that there was a risk on fraud that encompassed whistleblowing.

Councillor Florian Chevoppe-Verdier welcomed the report and was pleased to see risks were moving down. He highlighted the reduction in risk 6 and noted that all nursing homes in the borough were now rated good or outstanding.

The Chair asked if all holders of risk were aware of the register and their duties and responsibilities. Sharon Lea (Chief Executive) said risks were discussed within teams and at Directorate and Senior Leadership Team levels. All Directorates had their own individual registers. Risk management was a high-profile area for the Council, and it was important that staff were engaged and felt they could discuss areas of risk and ways to mitigate them as part of our everyday business.

The Chair asked if officers agreed with the external auditor's recommendation to reduce the size of the register. Sharon Lea said they had taken the recommendation on board.

RESOLVED

That the Committee reviewed, noted and commented on the report.

6. INTERNAL AUDIT PROGRESS REPORT

Moira Mackie (Head of Internal Audit) presented the report which summarised the status of work included in the 2022/23 Internal Audit Plan as at the end of February 2023. She noted that nine audits had been finalised, seven of which received Satisfactory assurance and two Limited assurance.

Councillor Ashok Patel asked if the new approach of a '3 plus 9-month' plan had been tested. David Hughes said they started the new approach in 2020 using learning from the pandemic, allowing audits to be more agile and dynamic. He said the approach had been very successful. Councillor Patel felt three months was too short a period.

Councillor Patel, in reference to the school findings on page 48, asked what should be done to ensure it didn't happen again. Moira Mackie said often there were checks made but they weren't evidenced. Some schools had very simple systems and processes. Officers had sent clear messages about the separation of duties and controls. David Hughes added that officers carried out follow-ups to school audits to ensure the proper controls were now in place.

Councillor Patel noted that some school funds had not been audited since 2015 and asked why. David Hughes said they were small funds used for school trips etc. Schools had trouble finding people with the right skills to review them.

Councillor Florian Chevoppe-Verdier noted that in Pension Fund Committee meetings members heard that some schools were struggling to provide pensions information. He asked if it was due to a lack of resourcing and if there were ways the Council could support them. Moira Mackie said schools did sometimes find it difficult to resource those areas, but the Schools Finance team helped them with financial matters and the Council's HR team helped them with DBS checks and other matters.

The Chair asked if there had been any training for staff to help them. Moira Mackie said officers did tell them in advance what areas would be looked at and what records needed to be available. The finance team was very supportive. Audit officers also attended school business managers forum meetings to provide guidance.

The Chair, referring to school finance systems, noted staff turnover was an issue and asked if there were robust processes and security in place so someone new coming in could take over. David Hughes said almost all schools used the same system so it was easy for people to move between jobs. He noted that each school controlled their own access to ensure security.

The Chair noted the one school that didn't use the same system as the others had run into some issues. He asked why they opted out. Moira Mackie said it was a decision for the school. They chose a more commercial accounting system but it was not set up in way that worked well for a school.

The Chair asked if the system they were using would be able to provide the information necessary for a complete audit. Moira Mackie said it would, but it may not be able to provide certain financial returns and reports as quickly as the more widely used system.

Councillor Patel, in reference to the disrepair claims, asked if there had been further developments since the report was written. Moira Mackie said there had been progress. Officers would conduct a follow-up and report back.

Councillor Paul Alexander noted the risk around major projects did not reflect the issues experienced at ground level. David Hughes said that should be dealt with through contract management, but he could take away any specific examples.

RESOLVED

1. To note and comment on the report.

7. INTERNAL AUDIT PLAN 2023-24

Moira Mackie (Head of Internal Audit) introduced the report which presented the Strategic Audit Plan and the Annual Audit Plan for review and comment.

Councillor Florian Chevoppe-Verdier asked if the annual plan included things like staff accidentally sharing private information. David Hughes said they worked closely with the information governance team to raise awareness and look at issues of non-compliance. Sharon Lea (Chief Executive) noted that Digital Services had put digital solutions to these types of problems in place and sent regular reminders to staff to be security conscious. Councillor Chevoppe-Verdier said he would like to see examples of staff training.

ACTION: David Hughes / Veronica Barella

Councillor Ashok Patel, in reference to housing on page 56, noted the condition of the housing stock came up regularly for residents and asked for more information. David Hughes said it was a key area of focus for the Council, hence the higher risk. He said there should be frequent audits there.

Councillor Paul Alexander asked if there was an escalation process, so more checks were carried out when faults were found. David Hughes said during the audit process officers took a sample and report numbers based on that sample. But he expected there would be more robust checks and call-backs on the contract management side if problems were discovered. Councillor Alexander felt there needed to be a more robust regime of checks on housing repairs.

RESOLVED

1. The Committee reviewed the draft Strategic Audit Plan, as set out in Appendix 1, and considered whether it covered the persistent risks that the Council faces and outlined the business areas or themes that need to be considered as part of a five-year plan.
2. The Committee reviewed the draft of the Annual Audit Plan, as set out in Appendix 2, and commented on the audit work due to be undertaken in the first quarter of 2023/24 and identified any specific audits to be considered during the coming year.

8. INTERNAL AUDIT CHARTER AND STRATEGY

Moira Mackie (Head of Internal Audit) presented the report on the Internal Audit Charter, maintained by the Director of Audit, Fraud, Risk and Insurance. The Charter was reviewed annually to ensure that it reflected audit standards. The strategy set out the approach to the delivery of the Internal Audit service.

Councillor Florian Chevoppe-Verdier asked if the document would be made available to the public. David Hughes said it was available as part of the Audit Committee papers but he would see if there was a suitable place for it on the Council's website too.

ACTION: David Hughes

Councillor Ashok Patel asked if in future members could make contributions in addition to the Chair. The Chair said members could their comments to him and he would ensure those contributions were included in the final document.

RESOLVED

1. The Committee reviewed and approved the Internal Audit Charter and Strategy.
2. The Committee noted the commencement of a review of the effectiveness of the Committee in line with the recent guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA) on Audit Committees and that a report will be provided on the outcome of the review at a future meeting.

9. DATES OF FUTURE MEETINGS

The following dates of future meetings were noted:

- 19 June 2023 (it was later agreed to move this meeting to 26 July)
- 12 September 2023
- 27 November 2023
- 11 March 2024

Meeting started: 7.04 pm
Meeting ended: 8.04 pm

Chair

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Agenda Item 4

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Audit Committee

Date: SLT Assurance 21st June 2023
Audit Committee 26th July 2023

Subject: Annual health and safety at work report for the financial year 2022/2023

Report of: The Health and Safety Board

Report author: Paul Neary, Head of Corporate Health and Safety

Responsible Director: Jon Pickstone, Strategic Director for Economy

SUMMARY

This report highlights the Council's activities and performance in health and safety at work for the financial year 2022/2023.

RECOMMENDATIONS

1. Note the health and safety at work performance of the council during the financial year 2022/2023
-

Wards Affected: All wards.

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	Good health and safety performance has the goal of eliminating and reducing workplace accidents. Accidents come at a cost (human and financial) to the council and the injured person. A shared prosperity between the organisation, the employee and the residents is achieved by the eliminating and reducing accidents.
Creating a compassionate council	Good health and safety management has a moral objective. To learn of family, friends, colleagues, or residents killed, or seriously injured, in a workplace accident is profoundly distressing. Therefore, a compassionate council must embrace the moral aspect of health and safety at work, not merely

	the economic and legal aspects of it.
Doing things with residents, not to them	Good health and safety at work performance includes the safety of the residents with whom we interact in the everyday aspects of our core business activities.
Being ruthlessly financially efficient	Good health and safety management is financially efficient because it prevents fines for breach of statutory duty or settlement of civil claims brought against the council.
Taking pride in H&F	We take pride in a good health and safety at work performance because it reflects the image of the borough as portrayed to our residents and to others.
Rising to the challenge of the climate and ecological emergency	Good health and safety management plays a part in tackling the climate emergency in many ways. For instance, the requirement to seek less hazardous workplace substances for employee health, for example, replacing solvents with water-based products during COSHH assessment review.

FINANCIAL IMPACT

1. A budget is allocated for training of safety responders (Nominated First Aiders, Fire Evacuation Officers, Evacuation Chair Operators) as identified in policy, which is coordinated by Corporate Health and Safety. Health and safety induction training is funded for all employees and coordinated through the 'Be-online Awaken' software program. Specific health and safety training is identified through risk assessment, verified through audit and funded by the respective department.
2. In Hammersmith and Fulham Council health and safety at work is equal to all other business. Strategic directors and assistant directors / chief officers are required under policy to budget for health and safety requirements at work. Similarly, under policy the council must ensure the decisions take account of health and safety and that resources are allocated for this purpose.

LEGAL IMPLICATIONS

3. 'Except in such cases as may be prescribed, it shall be the duty of every employer to prepare and as often as may be appropriate revise a written statement of [the] general policy with respect to the health and safety at work of [the] employees and the organisation and arrangements for the time being in force for carrying out that policy and to bring the statement and any revision of it to the notice of all of [the] employees. (Health and Safety at Work etc. Act 1974. section 2(3)).
4. The policy statement, signed by the leader and the head of paid service, is displayed in all LBHF workplaces. The statement is valid until September 2023, unless a change in head of paid service and/or leadership occurs first, in which case the statement must be

renewed sooner. The organisation and arrangements for health and safety at work in LBHF are found on the intranet.

CONTACT OFFICERS

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Name: Andre Mark

Position: Health and Safety Board. Member of the Board representing Finance

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KEY POINTS OF NOTE

5. No enforcement action was taken against the Council by the Health and Safety Executive (HSE) during financial year 2022/2023. Nine cases were reported to the HSE during this year and information is shown below.
6. Support continues for those relocated to the home environment to carry out duties remotely. With circa 1,700 employees working from home, the continued partnership between Digital Services and Corporate Health and Safety enabled supplementary display screen equipment to be deployed to employee homes, where the need was identified by a risk assessment. We are now seeing more employees and teams returning to the office environment for set days of the working week.
7. Wellbeing is spearheaded by the People and Talent Team and supported by the Corporate Health and Safety team. Diverse wide-ranging wellbeing initiatives continued to support the personal resilience of the workforce and recovery during the year.
8. The success of these initiatives was demonstrated through positive outcomes evidenced from the 'outstanding' employee attendance statistics and survey results. The datasets demonstrate significant employee engagement, which had a direct positive impact on the resilience of H&F to support the delivery of critical key services throughout an extremely challenging and difficult period.
9. Wellbeing Wednesday sessions continue to be a popular success and the 'supporting your personal resilience' intranet pages continue to be a success. There are now 48 Wellbeing Champions, trained in mental health first aid, with representatives across all directorates. This is a major enhancement to supporting the wellbeing of staff.

ACCIDENTS, INJURIES AND NEAR-MISS INCIDENTS

10. Appendix A details accidents, injuries and near-miss for the period 1st April 2022 to 31st March 2023. Nine RIDDORS were reported to the HSE.
11. Table 1 provides an overview of incidents reported to HSE.

Date	Category	Type	Department
15/06/2022	Over 7-day injury	Slip, trip or fall	Schools
14/07/2022	Over 7-day injury	Other, loss of control of machinery, transport or equipment	Environment
25/07/2022	Over 7-day injury	Struck by object	Environment
01/09/2022	Physical assault	Violence and aggression	Housing
12/10/2022	Cut, laceration needing hospital treatment	Fall from height	Schools
01/12/2022	Physical assault	Violence and aggression	Schools
17/01/2023	Cut, laceration needing hospital treatment	Struck by object	Schools
17/03/2023	Over 7-day injury	Slip, trip or fall	Schools
23/03/2023	Over 7-day injury	Slip, trip or fall	Schools

There was no follow up response from HSE regarding RIDDOR reports submitted.

Table 1. Incidents reported to HSE in financial year 2022/23

12. All incidents that are reportable to the HSE are investigated by the Corporate H&S team, seeking to make recommendations to prevent recurrence and requiring services to review risk assessments. There were a total of 286 incidents reported for this period. This included:

- 204 incidents reported by council departments (non-school) and 82 incidents reported by schools.
- 61 injury incidents reported by council departments (non-school) and 75 injury incidents reported by schools.
- 22 injury incidents were reported as caused by violence and aggression, 17 for non-school departments and 5 for schools.
- 129 near miss incidents were reported for this reporting period, this included 125 for non-schools and 4 for schools.
- 81 near misses were reported as violence and aggression incidents, all from non-school departments.
- 14 incidents of property damage were reported, all from non-school departments.
- 3 incidents of dangerous occurrences were reported, all from non-school departments.
- 4 illness incidents were reported, 1 from a non-school department and 3 from schools.

13. A total of 704 days are confirmed as lost to the council due to safety related incidents at work during the period. This includes 564 for non-school staff and 140 for school staff.

14. Most incidents relating to violence and aggression were reported by front facing staff. However, at the period of year 2022/23, there is not an increasing trend although there was a spike in October 2022. No obvious reasons.

15. Incidents of violence against staff are reported to the police. Crime numbers are recorded in incident reports. Service managers are required to follow-up with the police and to progress prosecutions against perpetrators where evidence can be substantiated. The addition of body cameras to our higher risk employment groups continued to assist in the evidence gathering process, as well as acting as a deterrent and will continue to do so to protect staff. Solo Assist Monitors have been provided to councillors for use

during site visits and surgery meetings. Corporate Health and Safety, prior to surgery consultations, carried out surgery site risk assessments to all properties.

16. Table 2 shows comparison between the safety incident reporting figures for this period and for the three previous financial years.

2022/2023		2021 / 2022		2020 / 2021		2019 / 2020	
Accidents resulting in injury (Including schools)	136	Accidents resulting in injury	51	Accidents resulting in injury	53	Accidents resulting in injury	88
Violence and Aggression (Injury and Near Miss including schools)	103	Violence and intimidation	81	Violence and intimidation	41	Violence and intimidation	105
Near miss (Including schools)	129	Near miss (other)	68	Near miss (other)	39	Near miss (other)	83
Dangerous occurrence	3	Dangerous occurrence	0	Dangerous occurrence	3	Dangerous occurrence	7

Table 2 comparison between the safety incident reporting figures for this period and for the three previous financial years. Please note, a new incident recording system came into operation in 2021, which is currently AssessNET.

HEALTH AND SAFETY BOARD - SUMMARY OF THE FINANCIAL YEAR 2022 / 2023

17. The function of the H&S board is:

- a) To promote the recommendations from the previous year's annual report, driving consultation on policy review and change at strategic level through directorate senior management teams (DMTs) and trades unions (TU Forum).
- b) Examine and advise on matters reactive in nature that arise during the year, either through internal sources or external sources. For example, scrutiny of emerging trends in incidents (internal sources) to identify process or procedural changes via risk assessment review. This is done with a view to preventing recurrence, eliminating future risk, or reducing risk to the lowest level, so far as is reasonably practicable.

18. During year 2022 / 2023 the board has advised on and moved forward the following items: -

19. **Hello Hybrid Future (HHF)**. Although slightly set back by a further pandemic lockdown (2020/22), the HHF new way of working was launched. Spearheaded by a group of 'pioneers' the new way of working is still emerging and taking shape fast. More staff are now returning to work in their offices across Council buildings. New guidance for managers and staff was produced by the Corporate Health and Safety team to accompany HHF. Further into the year a strategic risk assessment for hybrid working, including information to supplement a wellbeing strategy, was discussed.

20. **Premises controller policy and guidance document**. Revised policies for premises controllers with accompanying guidance were approved by the board. One was designed for schools and the other for all other council buildings. The revision provided a

more lucid 'at a glance' style to help premises controllers and to give better understanding of the client role that the Council undertakes within the Construction design and management regulations (CDM). The corporate safety team continue to provide training to premises controllers through 1-1 training and class training sessions.

21. **Preventing violence and aggression towards staff.** A series of draft posters and messaging was presented and discussed aiming to reduce violence and aggression against staff in the period 2021/22. The posters were forwarded on to printers and have now been received and have been delivered to some frontline facing sites, such as libraries, training centres and 145 King Street and housing offices. Further posters will be posted in all other LBHF premises in the coming weeks. The imaging and intentionally sparse text were based on similar campaign material from the NHS and TfL. A conflict management training module has been produced and will be added to the suite of courses from April 2023 to further enhance additional support for staff.
22. **A new lone working guidance document,** 'How to stay safe when lone working' has been produced to supplement the council's Employee Protection and Lone working policy. This document has been presented at managers' and staff forums including the Women in Engineering Day event (June 2022). Self-defence classes are being sourced and arranged to prepare staff for possible physical confrontation.
23. **Water hygiene management.** An internal audit of water hygiene management in council buildings was undertaken by the Corporate Health and Safety team at the request of SLT. The overall findings showed a good level of compliance in most areas, although premises controller training was identified as an area for improvement. Corporate safety and the FM compliance team continue to monitor water hygiene in LBHF properties including schools.
24. **Operational risk register.** An amendment to the operational risk register meant that red and amber outstanding actions were forwarded from the Board to DMTs and that the register will be available to councillors of the Audit Committee upon request.
25. **Audit of health and safety management.** An audit of the council's health and safety management system was undertaken by Mazars 2022. The audit concluded with recommendations for improvements in the areas of risk assessment compliance, record keeping and completion of health and safety induction training.

HEALTH AND SAFETY AUDIT AND VISIT PROGRAMME

26. The H&S and visit programme alongside FM workplace inspection visits continues (Appendix B). In addition, 19 risk-based visits to surgery locations in preparation for councillor surgeries which commenced in October 2022. Looking at security and suitability of premises. This includes, site security, lighting, CCTV provision, accessibility, and adequate safe and secure premises for councillor activities as well as the provision of Solo Protect devices.

OPERATIONAL PERFORMANCE OVERVIEW

27. The operational risk register covers reactive and proactive monitoring. The register is distributed to the H&S Board at regular planned meetings from where it is taken by representatives to directorate management teams (DMTs) for updating.

PERFORMANCE ON PRIORITIES FOR THE YEAR 2023/2024

28. Performance on priorities for the period 2023/2024 is reported as follows: -

29. **Fire safety management.** A review of the corporate fire safety management took place. It was led by Housing Services, in respect of forthcoming significant amendment to the Regulatory Reform (Fire Safety) Order 2005, via the Fire Safety Act 2021 and the provisions outlined in the Building Safety Bill. Three fire safety managers were appointed to Housing Services and a thorough review of all 45 residential buildings over seven storeys in height was undertaken. The safety-first team in Housing continue their work with residents to review personal emergency evacuation plans (PEEPs) for those who would require assistance. PEEP information is now contained in personal information boxes, to which the emergency services have secure exclusive access upon 'blue-light' arrival. This work will continue into the new financial year, starting from the higher storey blocks down to the lower storey blocks as a reasonably practicable priority sequence. To date 78 resident PEEPs are completed.
30. **Training.** Review and substantial revision of the H&S training policy, including revision of the health and safety training matrix was completed. A consolidated corporate policy with clear guidelines on the type of training required across all employment groups in the council is now available. This corporate approach enables aligned health and safety training to crosscut all departments. This was achieved by pooling resources and trainer skills through partnership working between Learning and Careers (leading), the Adult Learning and Skills Service, Corporate Health and Safety and Housing Services health and safety team. A new corporate health and safety training programme was offered to voluntary and other not for profit organisations within the borough for a very competitive rate, thus encouraging a shared prosperity and taking pride in H&F by promulgating a safer workplace culture within the borough to reduce accidents at work in these sectors.
31. Throughout the 2023/24 financial year Corporate Safety are offering additional training monthly on the accident and incident recording system AssessNET as well as on the new Risk Assessment module which will be added and going live on 11/5/2023.
32. The IOSH (Institute of Occupational Safety and Health) Managing Safely 3-day course continues to be delivered to managers and supervisors from teams and who have had a 100% success rate in achieving the award. Teams who have completed the training include HR Business Partners, Housing, Direct Labour Organisation, Fire Team, Social Care, Parks Teams, Library Managers, Events Team, School Premises Managers, Environment and Civil Enforcement Officers. Local Enforcement Team supervisors completed the course in April 2023. This course will continue to be run monthly between May 2023 and March 2024.
33. **Work-related stress prevention.** The introduction of a work-related stress indicator tool survey was achieved. Designed for the improved monitoring and support of staff wellbeing and to inform policy in the ongoing management of work-related stress risk, the indicator tool was developed in partnership working between Corporate Health and Safety and Digital Services to an HSE approved model. The work-related stress indicator tool has been digitalised. The electronic version successfully completed the testing phase and is currently in use. Corporate Health and Safety continues to advise managers on completing the mandatory Management of Work-related Stress risk assessment for their team(s). This pre-populated risk assessment template provides a list of the controls required to manage the six contributory factors (Demands, Controls,

Roles, Responsibilities, Change and Support), that can contribute and/or cause work-related stress.

34. **Training and assessment for working in the home environment.** With up to 1,700 employees working at home at the start of the financial year and many of this number continuing to work from home, display screen equipment (DSE) training and self-assessment compliance was an area of focus. Training sessions were delivered at the managers' forum, through DMTs and in service meetings. A revised guidance document was produced to assist managers with DSE case referrals. Compliance has improved but further work is needed, particularly on new starters and this priority will be carried over and monitored by the Health and Safety Board during the next financial year. The DSE training and self-assessment modules are being completed and management data shows that 52% of staff have completed DSE training and self-assessment and 54% of staff have completed a DSE re-assessment (Appendix C).

35. Staff are sent automated reminder emails to undertake DSE training and assessment when they join the council and for refresher re-training and assessment every two years. DMTs are made aware of outstanding compliance issues.

36. The need for a reassessment will be sooner if there is a major change:

- to the user's software
- to any of the equipment (screen, keyboard, input devices)
- in the amount of time required to be spent using DSE
- in other task requirements (for example, greater speed or accuracy)
- Or if the workstation is relocated (even if all equipment and furniture stays the same)

DSE ASSESSMENT

37. Corporate H&S continue to carry out 30-to-60-minute one-to-one virtual DSE assessments with staff where specialist DSE and/or reasonable adjustments are required. Specialist ergonomic advice is provided as part of this process. Referrals are generated from the Wellness Centre, TT&I and staff DSE self-assessment referrals.

DSE TRAINING

38. DSE awareness training has been delivered to managers and staff. The training presentation covers the importance of effective display screen equipment management and the review and closure of self-assessments for staff within their teams.

MENTAL HEALTH AND WELLBEING

39. Corporate Health and Safety has worked together with People and Talent Team, with leading on the wellbeing 'coffee' break meetings. These 30-minute meetings are held monthly and provide a safe space for staff to raise concerns with regards to mental health. It served as a 'drop-in' with the flexibility to leave the meeting as and when required. Monthly support meetings were also held to provide support, information, and guidance to the council's cohort of 48 wellbeing champions.

40. **Fire safety management.** Ongoing work in respect of the Fire Safety Act 2021: To continue the work by Housing Services to identify residents requiring reviews of personal emergency evacuation plans; to continue the work of the building safety managers in Housing Services; to deliver training of all non-housing LBHF workplace premises controllers in the IOSH Fire Safety Manager certificate; to consider a third-party independent consultant to provide specialist assurance to the corporate estate (not social Housing, who have their own set-up under HRA) of fire safety compliance and competent advice in this field where there is cause identified through Corporate Health and Safety active and reactive monitoring.
41. **Policy review.** A revised health, safety and wellbeing policy statement was signed by the Chief Executive and the Leader of the council in September 2022 and is due for renewal September 2023. The policy statement of intent is posted on notice boards in the borough.
42. **Driver safety management.** Further consideration of software management systems available and modest administration resources to oversee the introduction and ongoing usage of such a system, compared with in-house procedures already available. A system has been sourced and finance agreed, and a project manager has been allocated to follow this through with the supplier. The expected time of delivery is July 2023.
43. **Induction training compliance.** To achieve 96% compliance of induction and induction refresher training by the end of the coming financial year. This includes display screen equipment (DSE) training and self-assessment compliance at induction, or at the two-yearly refresher training and assessment period as outlined in policy. Corporate health and safety will continue to monitor the upward trend.
44. **Improvement to the health and safety management system (risk assessments).** Making the risk assessment process digital to enable improved performance management of risk assessment compliance across all departments. A digital solution added to the current management system software contract that will meet recommendations made by the external auditor.
45. **Water hygiene management training for premises controllers.** Following on from last year's audit, a water hygiene management training course is recommended for all H&F premises controllers and that this to be completed by the end of this financial year.

EQUALITY, DIVERSITY, AND INCLUSIVITY IMPLICATIONS

46. There are no equality, diversity, and inclusivity implications in this report. Corporate health and safety continue to provide detailed advice and guidance on personal emergency evacuation plans for colleagues that are disabled.

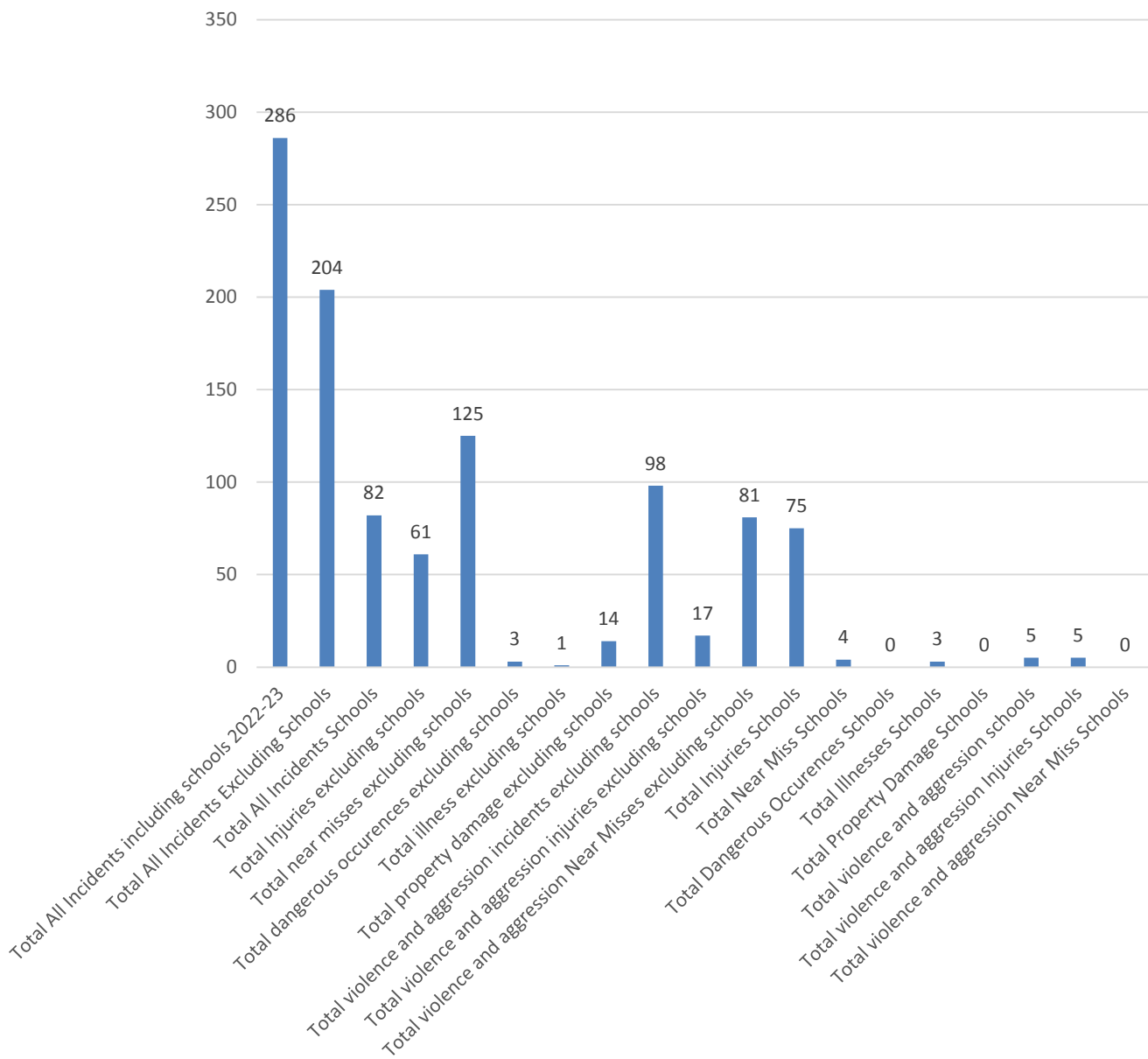
LIST OF APPENDICES

Appendix A. Safety incident reporting 2022/2023 by incident type.

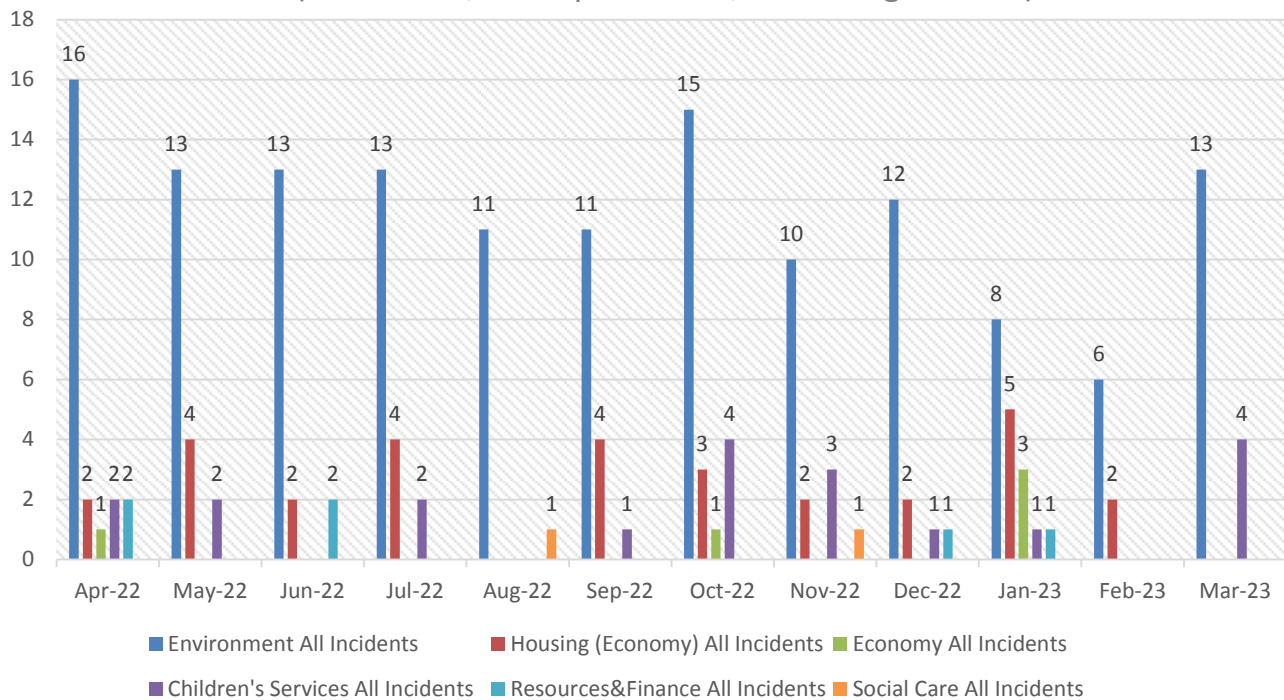
Appendix B. Property & FM Statutory Compliance Report for 1 April 2023.

Appendix C. Health and Safety on-line DSE training and self-assessment training status report.

ALL INCIDENTS INCLUDING SCHOOLS REPORTED TO ASSESSNET 1ST
APRIL 2022 - 31ST MARCH 2023

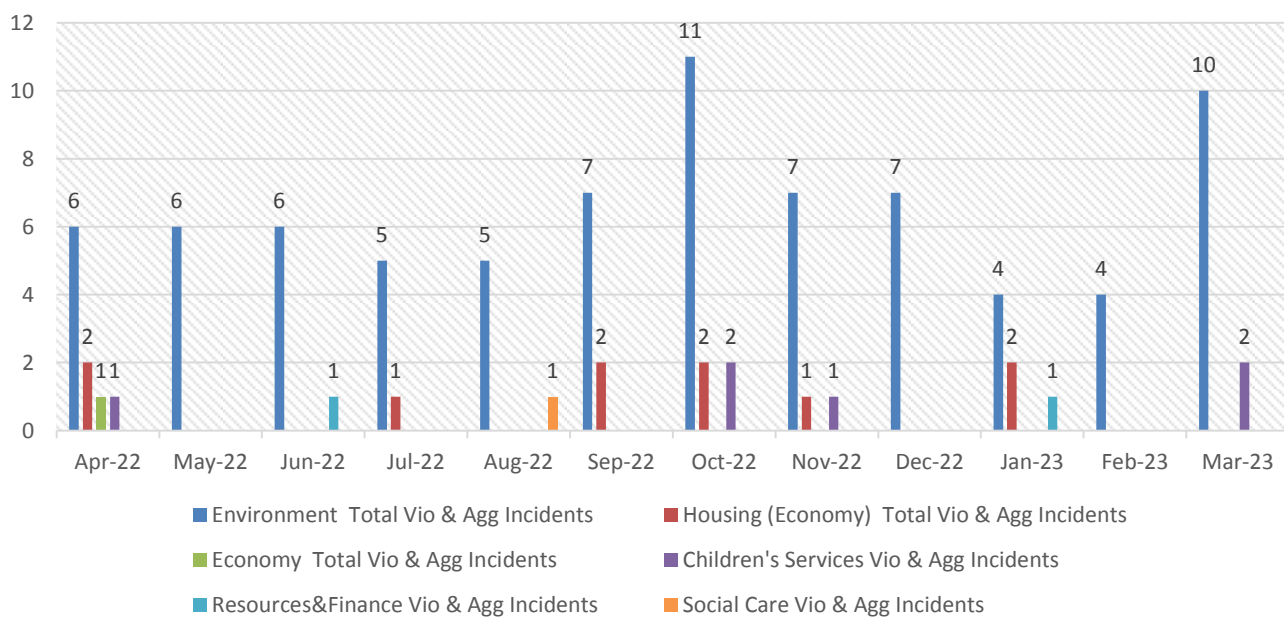


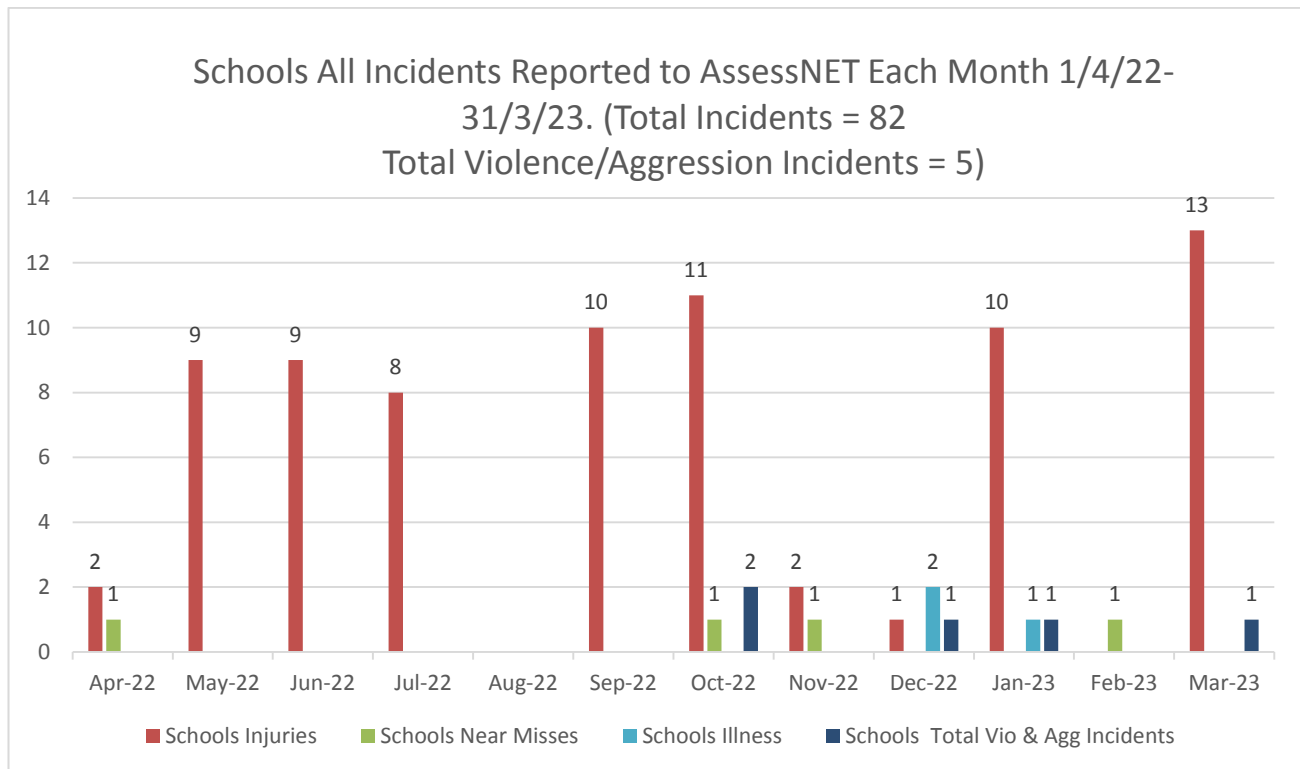
All Incidents Reported to AssessNET 1st April 2022 - 31st March 2023 (Per Month, All Departments, Excluding Schools)



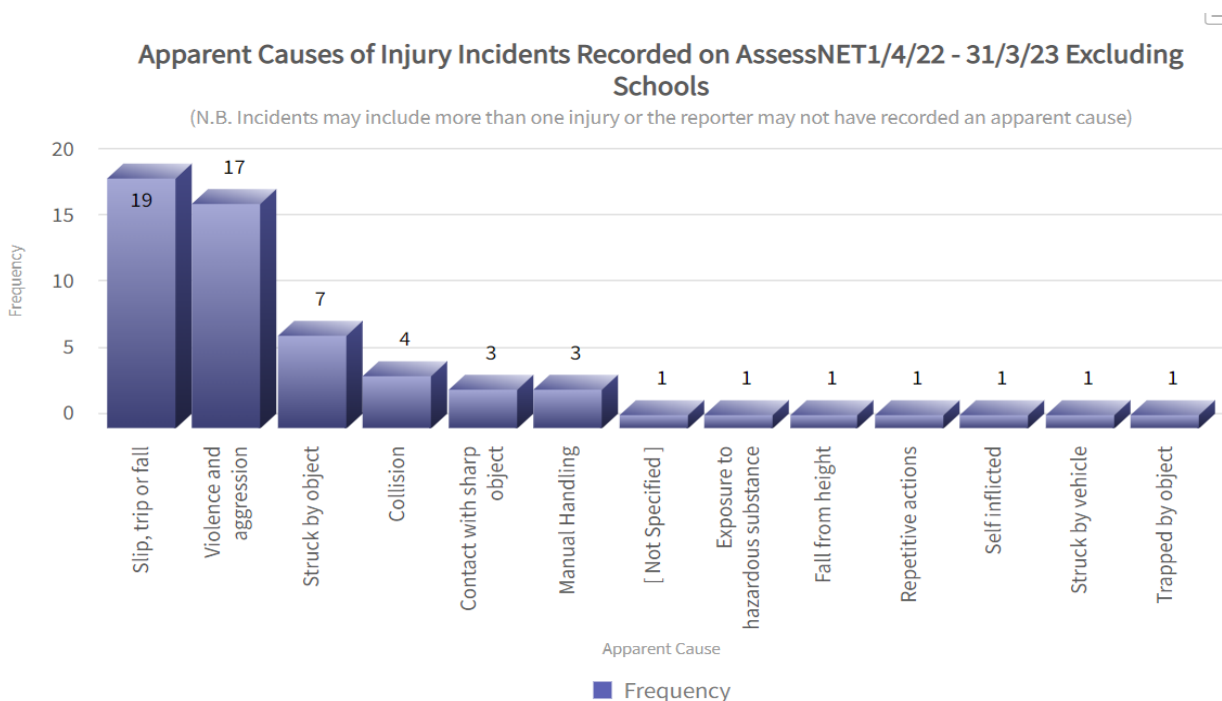
The large number of incidents reported from the Environment Dept are attributed to the fact they are mainly teams in direct contact with the public i.e. Libraries, Law Enforcement Team, Civil Enforcement Team and residents attending Contact Centres.

Total Violence and Aggression Incidents (Injury and Near Miss) Reported to AssessNET 1st April 2022 - 31st March 2023 (Per Month, All Departments, Excluding Schools)

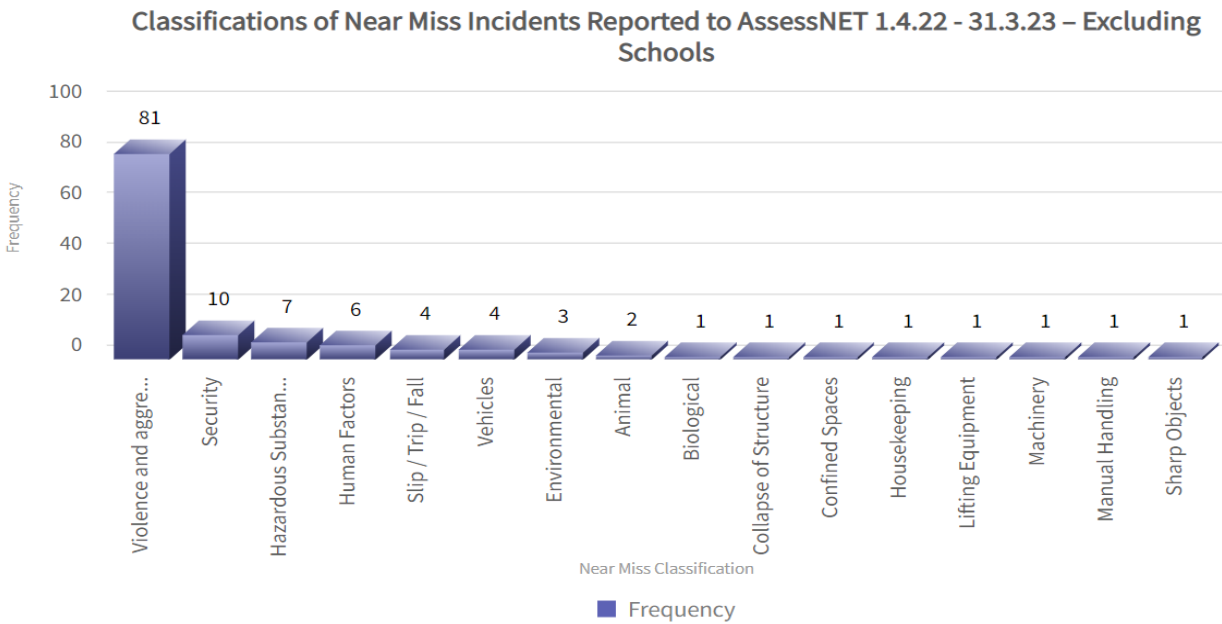




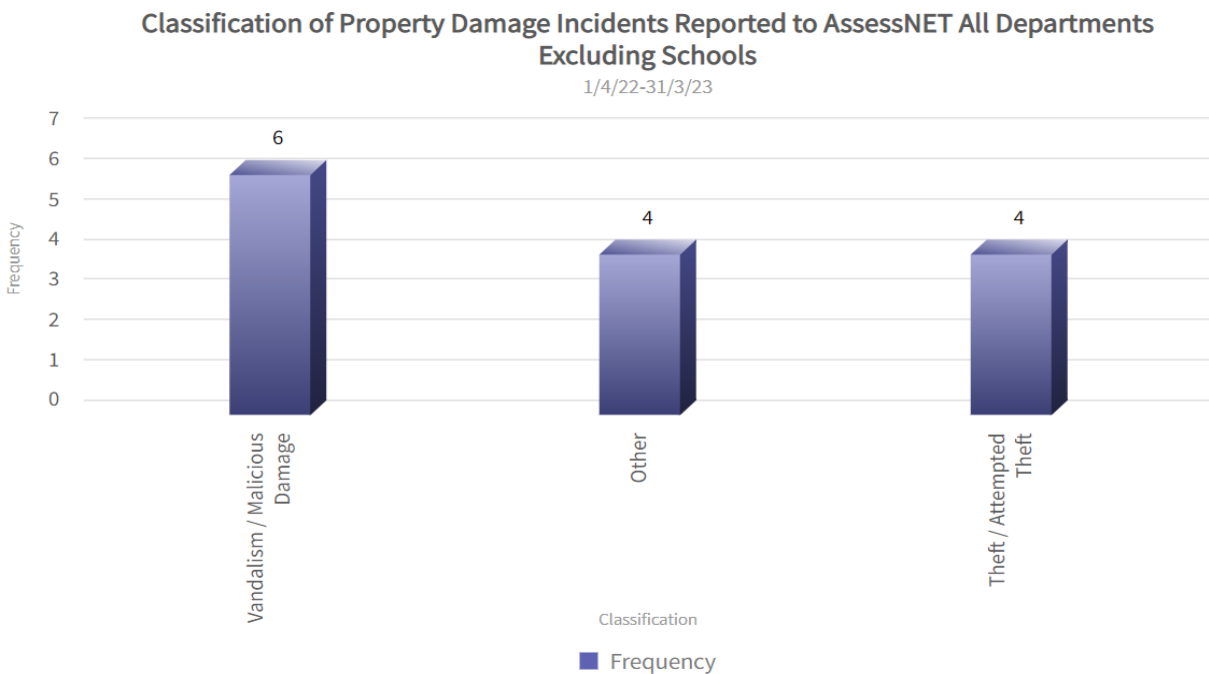
Most school incidents are playground injuries, which are not reportable under RIDDOR. Violence and aggression incidents are few and infrequent, but all are investigated by the schools and the Corporate Health and Safety Schools Adviser.



The majority of injury incidents reported can be seen as slips, trips and falls and violence and aggression.

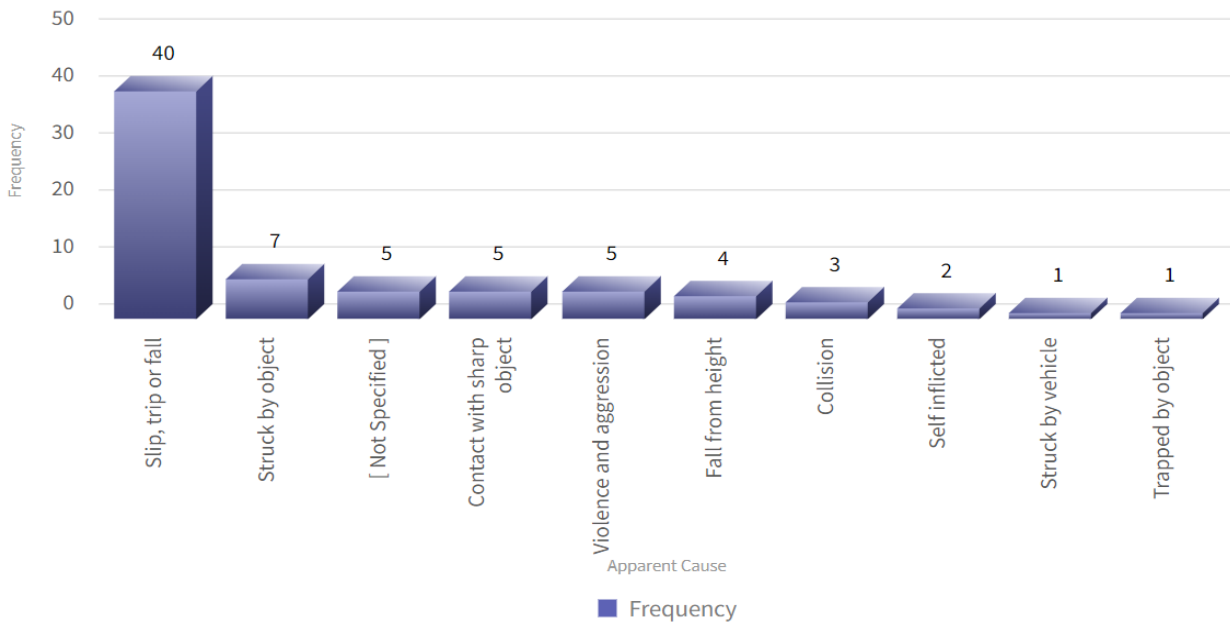


Near miss reporting has increased following Corporate Safety advising all departments to ensure all incidents including near misses are reported so as to ascertain whether further training is required.



Apparent Causes of Injury Incidents Reported to AssessNET by Schools

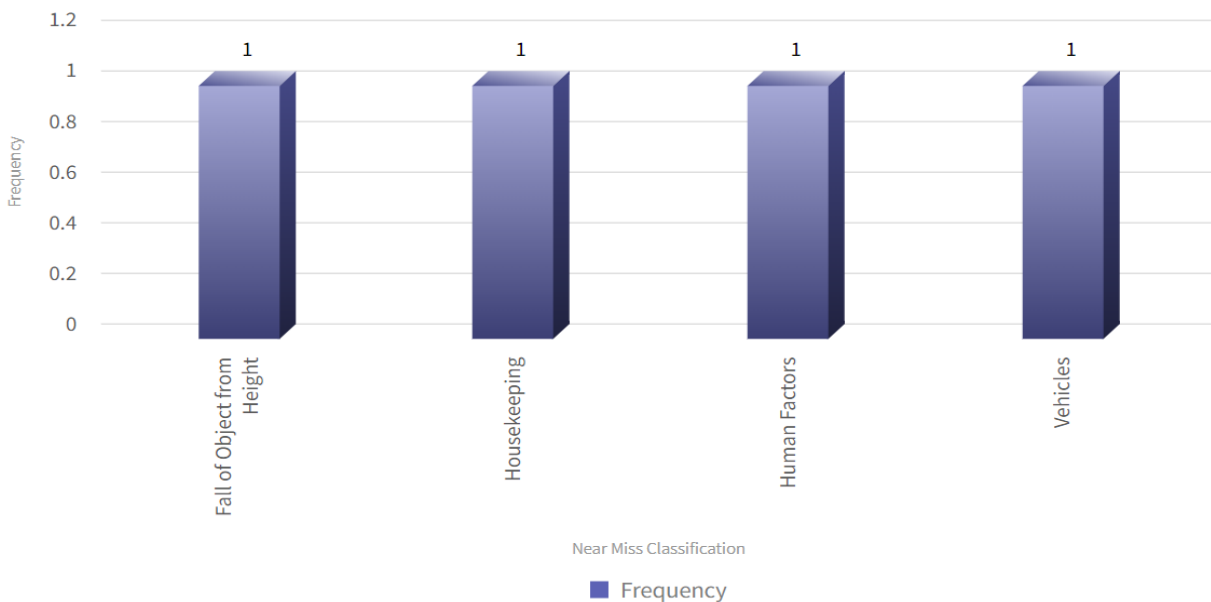
1/4/22-31/3/23



N.B Incidents may have more than one injury recorded or the reporter may not have entered a cause on AssessNET.

Classifications of Near Miss Incidents Reported to AssessNET by Schools

1/4/22-31/3/23



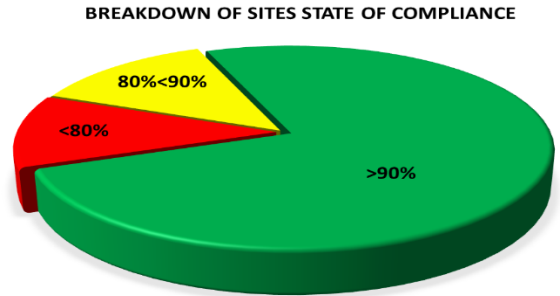
N.B No Property Damage Incidents were reported by schools during the year.

Statutory Compliance Report for 1st June 2023

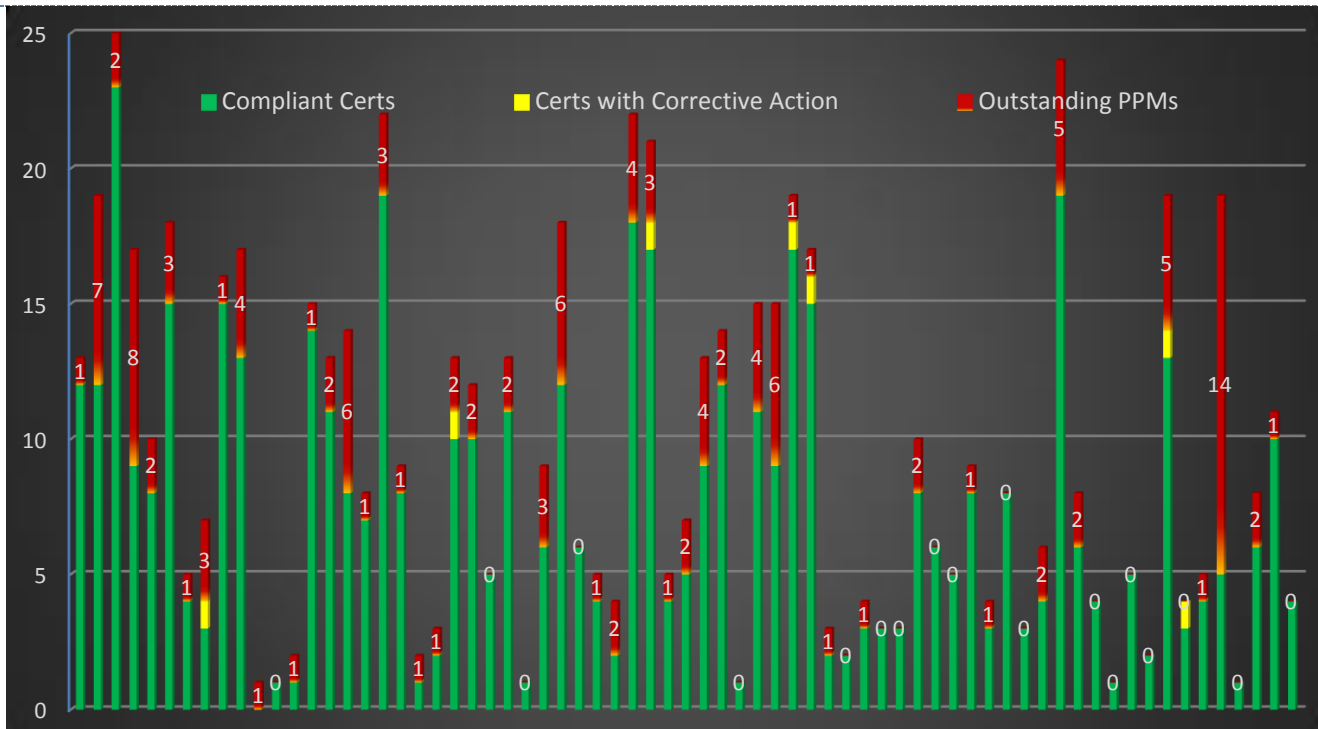
The report shows the overall compliance of its estate of 69 buildings that Property and FM manages directly and provides full FM support. It is a snapshot of circumstance on the 1st of every month, these can go up and down on a daily basis. There are 7 core statutory compliance sections covering a total of 35 legally required workstreams.

Current Overview of State of Corporate Compliance

	1st May 2023		1st June 2023	
No. of Sites <80% Compliant	8	11%	8	11%
Sites 80% < 90% Compliant	10	15%	9	13%
No. of Sites <90% Compliant	51	74%	52	76%
Estate Compliant as a Whole	69	92.9%	69	91.5%

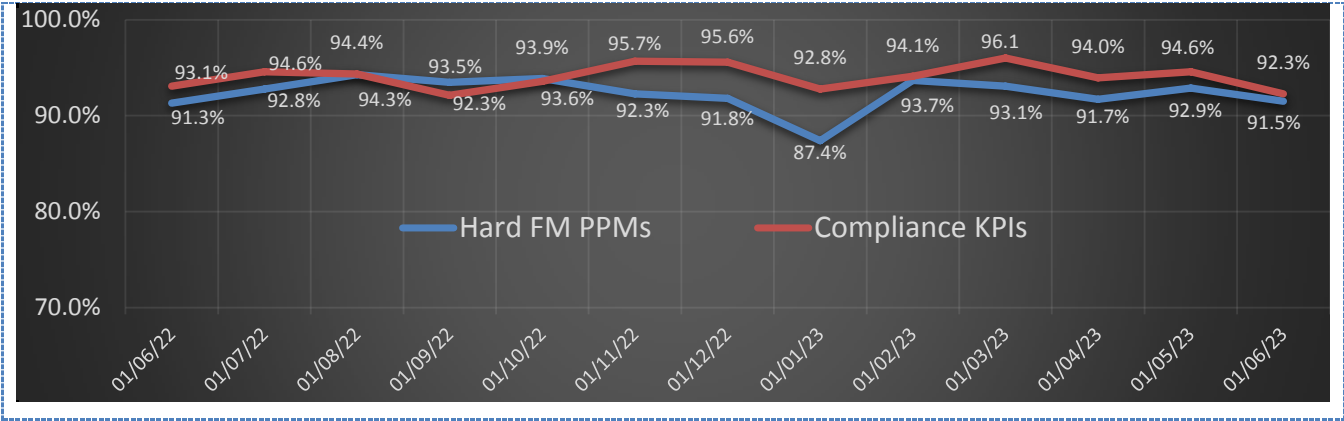


Please note that not all of the 35 workstreams are applicable to each site. Below is a representation of all 69 sites which have all their relevant statutory checks completed, which not only include certification but as well includes any recommended remedial works required to maintain their fitness and compliant status.



Above table represents each site and its state of Compliance

- Green - Compliance PPM Completed with No Remedial Actions Required
- Yellow – Compliance PPM Completed with Outstanding Remedial
- Red – Compliance PPM Not Completed yet



Fire Management Compliance	RAG Status
-----------------------------------	------------

Overall, Fire Management dropped from 93% to 91%

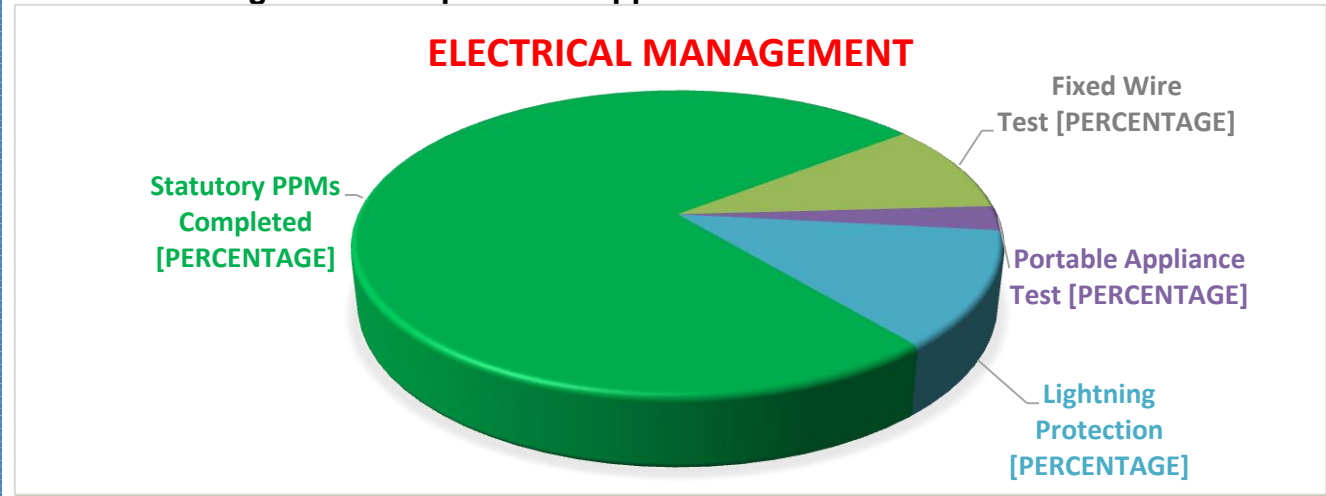


Action Plan:

1. All FRA's completed and signed off	100%
2. Fire Alarms maintenance checks carried out. 8 out of 42 Sites remain to be done.	76.2%
3. 6 out of 49 Sites require Annual emergency lighting test to be completed	87.8%
4. One new site outstanding to have the Fire extinguishers serviced due to access issues. 1 of 3.	97.5%
5. One new site required their Water Suppression system to be serviced. 1 out of 3	66.7%
6. Fire door surveys been carried out. One new site remains to be done. 1 out of 31	93.5%
7. All building containing Fire Shutters all in date.	100%
8. Maintenance on all Fire Dampers completed	100%
9. Maintenance on all Kitchen Ductwork completed	100%

Electrical Management Compliance	RAG Status
---	-------------------

Electrical Management Compliance dropped from 96% to 94%



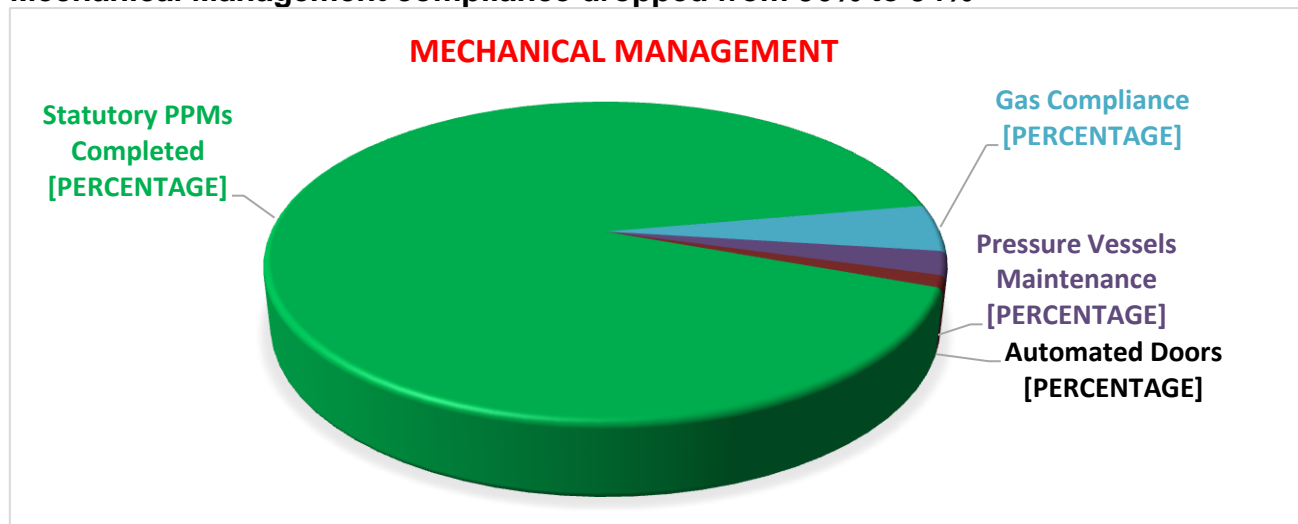
Action Plan

1. Backup generators all serviced	100%
2. 2 out of 67 sites needs new FWT and 3 sites have outstanding remedials	92.6%
3. On new site requires PAT to be carried out. 1 out of 32	96.9%
4. On new site requires lightning protection testing to be carried out. 1 out of 14	92.9%

Mechanical Management Compliance

RAG Status

Mechanical Management compliance dropped from 96% to 94%



Action Plan

1. All LEVs up to date	100%
2. All Commercial gas supply safety checks completed	100%
3. Oil boiler combustion isolated so no further checks required.	100%
4. 2 out of 33 gas boilers need their service	93.9%
5. 2 out of 25 pressure vessels need their service	92.3%
6. All insurance pressure safety checks completed	100%
7. 1 out of 10 sites Automatic Doors maintenance need completing	90%
8. All electrical gates serviced	100%

Lifting Operations and Lifting Equipment Compliance	RAG Status
--	------------

Lift and Lifting Equipment compliance dropped from 89% to 86%



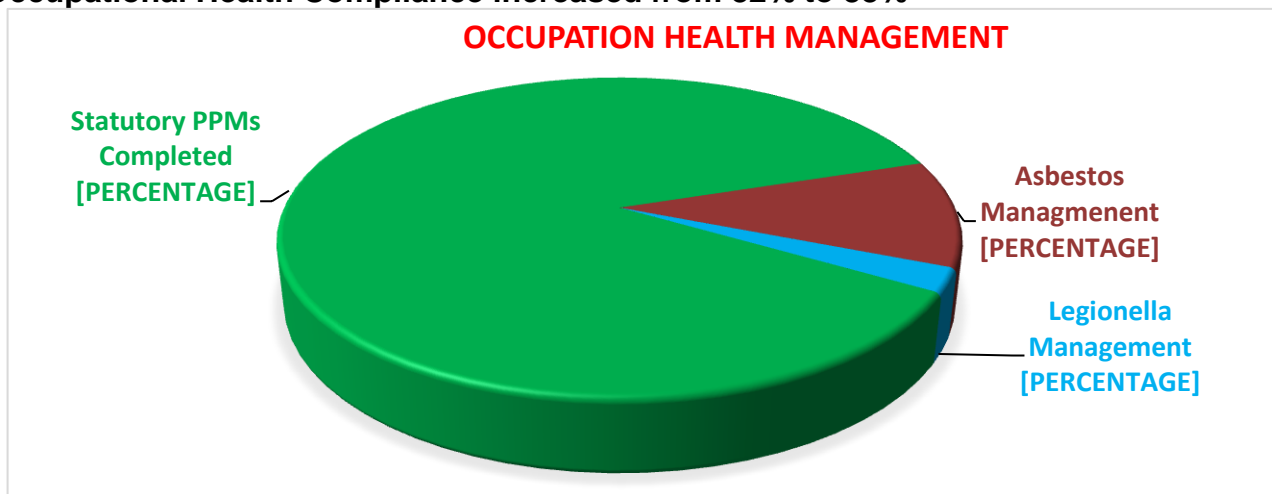
Action Plan

1. 4 out of 13 sites need to have lift maintenance carried out	69.2%
2. 3 out of 13 sites lift safety insurance checks are due to be carried	76.9%
3. All sites Hoists inspected	100%
4. All sites containing evacuation chairs were checked	100%
5. All External Staircases and gantries inspected	100%
6. All Fall arrest systems certified.	100%

Occupational Health Compliance

RAG Status

Occupational Health Compliance increased from 82% to 88%

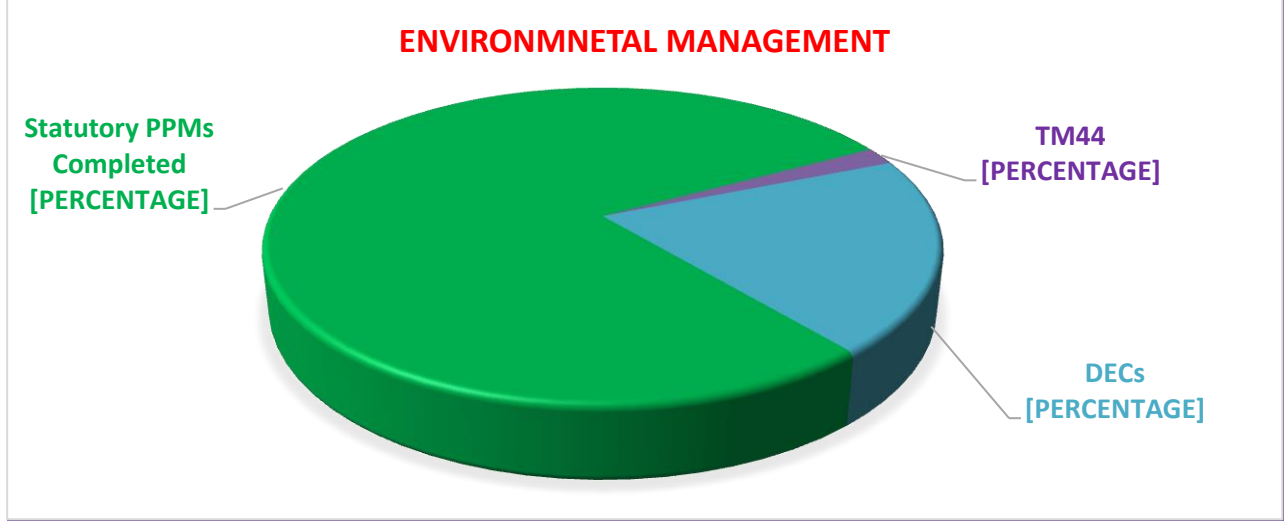


Action Plan

- | | |
|--|-------|
| 1. 8 out of 38 sites needs asbestos reinspections carried out. | 78.9% |
| 2. 1 out of 43 sites require a new Legionella Risk Assessment | 95.3% |
| 3. All sites requiring COSHH assessments completed and in place. | 100% |

Environmental Compliance	RAG Status
---------------------------------	------------

Environmental Management Compliance remains at 98%



Action Plan

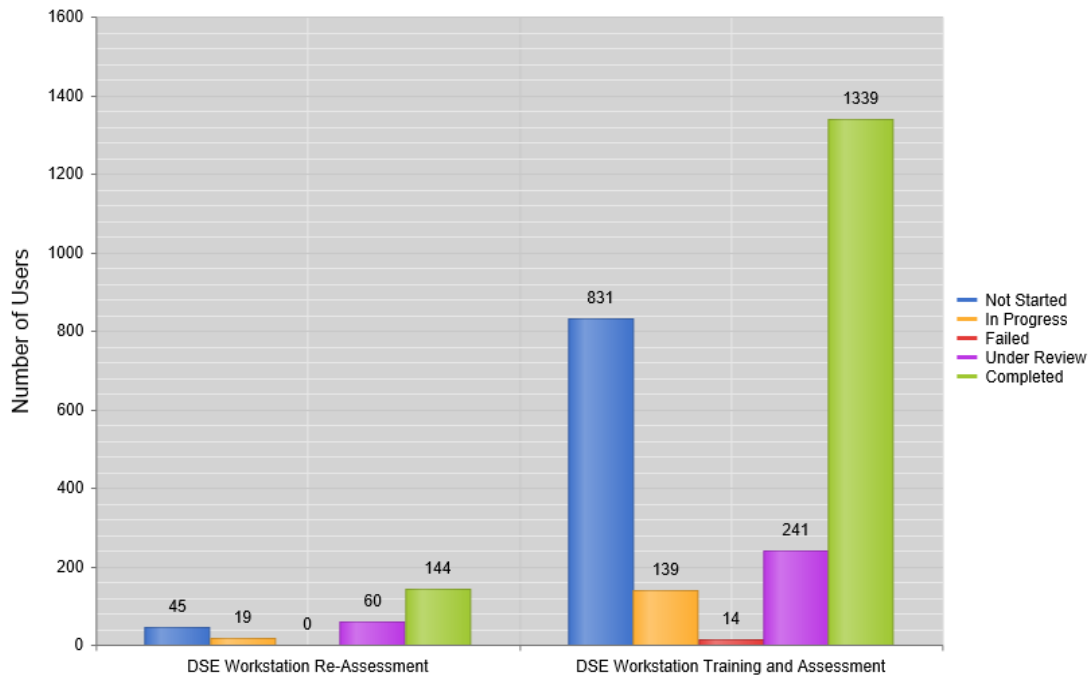
1. 1 new site require a TM44 energy efficiency certification of air conditioning. 1 of 11	90.9%
2. All A/C Servicing and FGAS servicing completed	100%
3. Mortuary Fridges have a full service	100%
4. Awaiting Utility usage to complete last DECs for 1 site and 2 new DECs are required to be carried out. 3 of 22	84.6%
5. Oil bunding inspections completed.	100%

Awaken DSE Training and Self-Assessment Status Report 31st March 2023

Training Status Report

Date Range To:31/03/2023 • Number of Packages 2

Close



Package	Not Started	In Progress	Failed	Under Review	Completed
DSE Workstation Re-Assessment	45	19	0	60	144
DSE Workstation Training and Assessment	831	139	14	241	1339

Export Results to CSV

Export Results to Excel

Agenda Item 5

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 26/07/2023

Subject: Corporate Anti-Fraud Service End of Year Report – 1 April 2022 to 31 March 2023

Report of: David Hughes, Shared Services Director for Audit, Fraud, Risk and Insurance

Responsible Director: Director for Audit, Fraud, Risk and Insurance

Summary

The Council takes its responsibilities to protect the public purse very seriously and is committed to protecting the public funds it administers. This report provides an account of fraud-related activity during the past year to minimise the risk of fraud, bribery and corruption occurring within and against the Council.

Work is undertaken by the Corporate Anti-Fraud Service (CAFS), providing a complete, professional counter-fraud and investigation service for fraud attempted or committed against the Council and reinforces the Council's commitment to preventing, detecting and deterring fraud and corruption.

From 1 April 2022 to 31 March 2023, CAFS identified 96 positive outcomes, including 36 recovered Council properties. The fraud identified has a notional value of over £850,000.

Recommendation

1. For the Committee to note and comment on the report.
-

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Priorities
Building shared prosperity	CAFS undertakes a number of proactive (preventative) and reactive (investigations) work across a wide range of Council services. Preventing and detecting fraud, and recovering money and assets obtained through fraud, protects vital frontline services and assets which are available to local residents.
Creating a compassionate council	CAFS undertakes a number of proactive (preventative) and reactive (investigations) work across a wide range of Council services. Preventing and detecting fraud, and

	recovering money and assets obtained through fraud, protects vital frontline services which support vulnerable local residents.
Doing things with local residents, not to them	CAFS engages with local residents and provides multiple reporting channels so that concerns about fraud against the council can be reported and investigated.
Being ruthlessly financially efficient	CAFS supports the Council in its statutory obligation under Section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of preventing and detecting fraud and corruption.
Taking pride in H&F	CAFS works closely with a wide range of services to build fraud prevention into its processes. The service promotes its work, particularly successful outcomes achieved, to demonstrate the borough's commitment to tackling fraud.
Rising to the challenge of the climate and ecological emergency	CAFS seeks to ensure that the service supports the Council's aims and objectives around climate change and carbon reduction.

Contact Officer(s):

Name: Andy Hyatt
Position: Head of Fraud
Telephone: 020 7361 2777
Email: andy.hyatt@lbhf.gov.uk

Background Papers Used in Preparing This Report

None

1. INTRODUCTION

- 1.1. This report provides an account of fraud-related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2022 to 31 March 2023 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.
- 1.2. CAFS remains a shared service providing the Council with a complete, professional counter-fraud and investigation service for fraud attempted or committed against the authority.
- 1.3. All CAFS work is conducted within the appropriate legislation and through the powers and responsibilities set out within the financial regulations section of the Council's constitution. CAFS ensures the Council fulfils its statutory obligation under the Local Government Act 1972 to protect public funds and to have an effective system of preventing and detecting fraud and corruption.

- 1.4. The report also details activity and performance against the Council's Anti-Fraud and Corruption Strategy to assess its effectiveness, highlights some of the current and emerging areas of fraud risk and provides an overview of the effectiveness of the Council's arrangements to minimise the risk of fraud.
- 1.5. Between 1 April 2022 and 31 March 2023, CAFS investigated 433 cases, including 191 new referrals, and concluded 200 investigations. A conclusion ranges from a successful prosecution, through prevention activity, to action that deters fraud or no further action where there is no case to answer.
- 1.6. The table below shows this activity and details the fraud types.

Activity	Cases	Fraud types	Closed	Live
Live cases as at 01/04/22	242	Tenancy & Housing cases	106	178
New referrals received	191	Internal Staff	10	12
Closed investigations (Positive outcome 154)	200	High/Medium risk fraud	64	16
		Low-risk fraud	18	8
Live cases as at 01/04/23	233	POCA	2	19

- 1.7. Between 1 April 2022 and 31 March 2023, CAFS identified 154 positive outcomes. The fraud identified has a notional value of over £857,000, detailed in the following table. In comparison, notional values for the previous two years were £750,000 and £670,000 respectively.

Activity	Fraud proved.	Notional Values (£'s)
Housing application fraud (<i>incl. tenancy correction</i>)	12	34,260
Right to Buy	5	133,200
Advisory Reports (pro-active)	6	18,100
Prevention subtotal	23	185,560
Tenancy Fraud (Council and Registered Providers)	36	569,514
Internal Staff	2	10,000
Business Grants and Interruption Fund (COVID support)	-	-
National Fraud Initiative & FraudHub	58	45,958
High/Medium risk fraud (e.g. NNDR, Parking, Social Care)	4	28,215
Low-risk fraud (e.g. Freedom passes, Council Tax, SPD)	30	15,973
Detection subtotal	130	669,660
Proceeds of Crime (POCA)	1	2,060
Deterrence subtotal	1	2,060
Total	154	857,280

- 1.8. Notional values estimate the financial savings from counter-fraud work and reinforce the importance of tackling fraud head-on, particularly when every penny should be invested in delivering high-quality services to local people.
- 1.9. These values provide a good indicator of the financial benefits of counter-fraud work, and in some instances, this will include savings attributed to preventative measures. However, not all the cause-and-effect of fraud can be financially valued, for example:

- Disruption to service delivery,
- Reputation damage and loss of public trust,
- Negative impact on the organisational culture, especially significant effect on staff morale, recruitment, and retention, or
- Damage to relationships with partners and stakeholders

1.10 Details of noteworthy cases are reported in Appendix 1.

2. EMERGING RISKS AND TRENDS

2.1 This section informs members about new fraud types, emerging trends, or risks.

2.2 Monitoring trends to mitigate fraud risks becomes even more important during economic downturns. This includes current issues impacting the cost of living when people struggle to make ends meet and may become desperate to find ways to make money. Financial stress can lead to more impulsive decision-making and poor judgement and could result in some individuals turning to fraudulent activities to generate income. This highlights another reason why helping residents through the cost-of-living crisis is an urgent priority at LBHF.

2.3 During downturns, it is not uncommon to discover new fraud types that emerge from the shadows or to witness increases in existing risks. To this effect, CAFS remains alert to changes, and this year they have focused on two significant fraud types.

- a) Tenancy fraud
- b) "Moonlighting"

a) Tenancy fraud is an area that has remained a constant fraud threat since 2014 when the Audit Commission cited it as a significant risk in their Protecting the Public Purse report. Unfortunately, it continues to increase due to the many drivers that persist.

- A need for more affordable housing in the private sector.
- Shrinking or stagnant incomes are linked to the cost of living.
- Easier short-term or holiday-letting using online platforms, feeding a shortage of longer-term tenancies.
- Continuous pressure on the affordable housing providers' budgets, staffing and skills.

The Council has responded by funding an additional investigator post from 1 April 2023 and joining the London FraudHub to share data across the capital to prevent and detect fraud more effectively, including housing and tenancy fraud.

CAFS has also ensured that resources have been focused in this area, collaborating with Housing Officers to prevent and detect fraud. Working

together has helped the Council to successfully recover 36 properties that can now be allocated to those in genuine need of assistance.

- b) "Moonlighting" is a term used to describe working at a second job besides your regular employment. The phrase originated from an extra job being taken secretly and at night, hence "moonlighting".

Taking secondary employment is not a complete breach of the Code of Conduct. However, all employees SO1 or above must devote their whole-time service to the work of the Council and may not engage in any other business or take up any additional employment/ appointment/private work without the express consent of their Director or Strategic Director, who must ensure that it does not impact their contractual obligations or create conflicts of interest.

Employees on a salary scale of 1-6 can engage in private work or take up an outside appointment (paid or unpaid) but must advise their manager so they can ensure there are no conflicts of interest or detrimental effects to the Council.

It is not unusual for an employee who works office hours to have a part-time evening or weekend job, so long as it doesn't affect their contractual working hours. However, it becomes theft of time and fraud when an employee knowingly collects two full-time salaries but splits their hours so they only work 50% of the time for each one.

The pandemic created additional risks when it normalised working from home and hybrid working. While this increases flexibility, it also creates new types of risks when during a cost-of-living crisis, a second income becomes very alluring.

Working across CAFS's counter-fraud networks, several instances have been identified where a Council employee has been fraudulently working simultaneously (full-time) for other organisations. In one example, an LBHF employee was identified working for another London Borough simultaneously, but they resigned before further action could be taken. Additionally, another employee was identified as undertaking privately paid work during their LBHF working hours. The disciplinary case remains ongoing.

There have been many more examples of this new and emerging fraud type across other London Boroughs and public sector organisations. However, through CAFS's vital networks, including the London FraudHub membership, a London-wide data-matching exercise is planned in collaboration with several employment agencies to prevent and detect fraudulent moonlighting.

3. WHISTLEBLOWING

- 3.1 The Council's whistleblowing policy continues to be the primary support route for staff reporting concerns.

3.2 Since April 2022, CAFS has received no new referrals via the Council's whistleblowing policy.

4. ANTI-FRAUD AND CORRUPTION STRATEGY

4.1 The Council's Anti-Fraud & Corruption Strategy covering 2020/23 is based on five key themes: i) GOVERN, ii) ACKNOWLEDGE, iii) PREVENT, iv) PURSUE and v) PROTECT.

4.2 The Strategy, due for renewal during this financial year, continues to drive the Council's fraud resilience and demonstrate its protection and stewardship of public funds.

i) GOVERN

4.3 This strategy element focuses on those charged with Governance and ensuring they support the counter-fraud activities by ensuring anti-fraud, bribery and corruption measures are embedded throughout the organisation.

4.4 To this effect, the Council has a robust framework of procedures and policies, which combine to act as an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption.

4.5 CAFS update the anti-fraud policies to support and guide Council staff, ensure compliance with laws and regulations, guide decision-making, and streamline internal processes. They are regularly presented to the Audit Committee for approval and a twice-yearly report detailing counter-fraud activities.

4.6 Members can note the outcomes secured by the Corporate Anti-fraud Service, along with the emerging risks and trends identified, and consider whether there are any areas the Committee would like to explore further.

ii) ACKNOWLEDGE

4.7 The Strategy denotes that the Council needs to understand fraud risks and then demonstrate this by committing the right support and appropriate resource for tackling fraud.

Committing support and resource to tackle fraud

4.6 The Council can call upon competent, professionally trained officers to investigate suspected fraud. All CAFS investigators are members of the Government Counter Fraud Profession (GCFP), which provides a professional structure with common standards and competencies for those in counter-fraud roles.

4.7 By identifying risks, CAFS ensure that resources have also been focused in key areas, as demonstrated by the work on tackling tenancy fraud. It has

ensured that the Council has successfully recovered 36 properties that can now be allocated to those in genuine need of assistance.

- 4.8 Additionally, the Council has also responded by funding an additional investigator post from April 2023 as well as joining the London FraudHub to share data across the capital to prevent and detect fraud more effectively, including housing and tenancy fraud.

Demonstrating that it has a robust anti-fraud response

- 4.9 Counter-fraud activity is reported to the Audit Committee twice per year, detailing performance and action in line with the Anti-Fraud and Corruption Strategy.
- 4.10 CAFS report on investigation outcomes, including successful prosecutions, prevention activity, actions that deter fraud, or no further action where assurance is obtained that there is no case to answer.

iii) PREVENT

- 4.11 Fraud can be prevented and detected by enhancing fraud controls and processes, making better use of information and technology and developing a more effective anti-fraud culture.
- 4.12 CAFS also provide advice and support across the organisation, including the Council's partners and contractors. The advice varies between fraud risk reviews, fraud prevention and detection, money laundering and other criminal activity, and misconduct and misuse of public funds. Some matters may progress to a criminal investigation, but appropriate action, including disciplinary or loss recovery, is taken in all cases.
- 4.13 Details of a selection of risk review activities are reported in Appendix 1.

Corporate Investigations

- 4.14 Corporate investigations cover a wide range of different counter-fraud activities. The work in this area is varied and extends beyond counter-fraud investigations to incorporate activities contributing to the organisation's assurance framework.
- 4.15 Since 1 April 2022, corporate investigation work has included:

Internal fraud	<p>Several suspicious procurement card payments were identified as part of the reconciliation process, a critical control measure ensuring underlying data reconciling with the accounting records has been processed correctly and the transaction adheres to Council policy.</p> <p>A subsequent investigation by CAFS revealed the transactions were not sanctioned business expenditures. An investigation report was presented to senior management, and Human Resources took appropriate action.</p>
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Moonlighting	<p>Two instances of "moonlighting" were identified. In both cases, the individuals had been employed via a recruitment agency and were temporary staff.</p> <p>In the first, the individual undertook part-time work for his local Council while contracted with H&F. There were discrepancies between working hours. However, the individual resigned before further enquiries were required.</p> <p>A similar situation arose with a second agency employee; however, due to swift action, the pay was held back to recover overpayments due to overlapping contractual hours.</p>
Direct payments Adult Social Care	<p>Direct payments are council funds given to people in need of care. The scheme allows care users to manage their money and provides independence in choosing what kind of care they want. For instance, people use direct payments to employ their carers.</p> <p>Family members can manage direct payments on behalf of the care user, which sometimes leaves the scheme open to abuse. Where funds are spent on things other than what's included in a care plan, this may constitute fraud.</p> <p>Direct payment fraud can also be committed by carers, who may falsify timesheets or expense claims to earn more wages than they should.</p> <p>Additionally, cases could involve false or exaggerated care needs. If someone purports to have needs they do not, receives money to pay a carer, then keeps the money for themselves, this is social care fraud.</p> <p>Since April 2022, CAFS has detected four instances where direct payments were misused and identified wrongfully claimed funding of over £28,000. Recovery action has commenced in all cases; some cases are reported in more detail in Appendix 1.</p>
Malicious emails	<p>The Council received a serious allegation regarding Council staff. The information was from an anonymous email claiming to be the victim and demanding the Council compensate them.</p> <p>CAFS immediately referred the matter to the appropriate law enforcement agency. They confirmed that their enquiry had been closed following analysis and advised the Council to treat the allegation as a hoax. Historically they had received two identical copies of the same allegation, the email address was fake, and the alleged victim had failed to reply to their request for more detailed information.</p> <p>However, the emails continued, and CAFS were able to undertake some forensic examination of the data. They traced it to a public library and potentially identified the culprit via the library CCTV. Investigations remain ongoing.</p>

4.16 Details of noteworthy cases are reported in Appendix 1.

Housing/Tenancy Fraud

- 4.17 CAFS provides an investigative service to all aspects of housing, including requests for the succession or assignment of tenancies, allegations of subletting or other forms of tenancy breaches, and right-to-buy applications.
- 4.18 Between 1 April 2022 to 31 March 2023, CAFS successfully recovered 36 properties which were being misused. These have now been allocated or made available to those in genuine need of housing support within the community.
- 4.19 Units recovered included the recovery of seven residential properties comprising three or four bedrooms in high demand by families needing support and assistance. Furthermore, of the 36 recoveries, 24 involved the return of keys and vacant possession without the need for lengthy and costly legal action and ensuring properties could be promptly reallocated.
- 4.20 Full details of the successful investigation activity regarding social housing are detailed below:

Landlord	Location	Postcode	Size (bedrooms)	Reason for recovery	Outcome
Council	New Kings Road	SW6	4	Abandonment	Keys returned
Council	Westway	W12	4	Abandonment	Court Possession
Council	Sharnbrook House	W14	3	Abandonment	Court Possession
Council	Havelock Close	W12	3	Subletting	Keys returned
Council	Aisgill Avenue	W14	3	Subletting	Keys returned
Council	Terrick Street	W12	3	False succession	Keys returned
Council	Harold Wilson House	SW6	3	Abandonment	Keys returned
Council	Barton House	SW6	2	Subletting	Court Possession
SBHG	Northcroft Court	W12	2	Subletting	Court Possession
Council	Tom Williams House	SW6	2	False statement	Court Possession
Council	Ashcroft Square	W6	2	Abandonment	Keys returned
Council	Jim Griffiths House	SW6	2	Abandonment	Keys returned
Council	Canning House	W12	2	Subletting	Keys returned
Council	Chaplain House	W12	2	Non-residency	Keys returned
Council	Nasmyth Street	W6	2	Subletting	Court Possession
Council	Ashcroft Square	W6	1	Subletting	Keys returned
Council	Linacre Court	W6	1	Subletting	Keys returned
Council	Cornwallis House	W12	1	Subletting	Keys returned
Council	Greyhound Road	W6	1	Abandonment	Keys returned
Council	Sullivan Court	SW6	1	Abandonment	Court Possession
Council	West Kensington	W14	1	Abandonment	Keys returned
SBHG	Vespan Road	W12	1	False succession	Court Possession
Council	Comeragh Road	W14	1	Subletting	Court Possession
Council	Malabar Court	W12	1	False statement	Court Possession
Council	Sullivan Court	SW6	1	False statement	Keys returned
Council	Barton Road	W14	1	Subletting	Keys returned
Council	Laurel Bank Gardens	SW6	1	Abandonment	Keys returned
Council	Vernon Street	W14	1	False statement	Keys returned
Council	Charcroft Court	W14	1	Abandonment	Keys returned
Council	Browning Court	W14	1	False succession	Keys returned
Council	Ancill Close	W6	1	False statement	Keys returned
Council	Broxholme House	SW6	1	False statement	Court Possession
Council	Ashcroft Square	W6	1	False succession	Court Possession
Council	Philpot Square	SW6	1	Abandonment	Keys returned
Council	Browning Court	W14	1	Subletting	Keys returned

Council	Burlington Road	SW6	1	Abandonment	Keys returned
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iv) PURSUE

- 4.21 Stopping fraud and corruption from happening in the first place must be our primary aim. However, those who keep on trying may still succeed. It is, therefore, essential that a robust enforcement response is available to pursue fraudsters and deter others.
- 4.22 Within CAFS, the Senior Investigator, Richard Murphy, is also an Accredited Financial Investigator and his hard work in this field were recently recognised by the Federation Against Copyright Theft (FACT), which bestowed an Excellence Award on him and his colleague Doug Love from Trading Standards, for their outstanding contributions towards combating intellectual property crime.
- 4.23 FACT's Excellence Awards recognise the exceptional efforts of Police and other law enforcement individuals across the UK for their support in the fight against piracy.
- 4.24 Richard and Doug received their award after a joint investigation into illegal internet streaming of sports and other subscription channels with FACT and the Premier League.
- 4.25 The case resulted in five guilty pleas and one conviction after a trial, and at Derby Crown Court, one of the gang's members was sentenced to 11 years in prison. Four other members were sentenced to between three and more than five years.
- 4.26 The financial investigation remains ongoing, with significant sums of money and assets frozen.

National Fraud Initiative

- 4.27 Another element of the Strategy is making better use of information and technology. CAFS ensures the Council participates in the biennial National Fraud Initiative (NFI), a data-matching exercise that helps public sector organisations identify and prevent fraudulent activity.
- 4.28 The NFI uses analytic techniques to compare data held by different public bodies. The data can include payroll records, council tax data and electoral registers. By comparing this information, the NFI can identify discrepancies or anomalies that might suggest fraud, passing the information on to the relevant organisations for further investigation.
- 4.29 The 2022/2023 NFI exercise began with a data extraction in September 2022, and initial referrals were disseminated to participants in March 2023. Since then, LBHF has scrutinised and closed over 343 matches, although 32 cases remain under investigation. Early outcomes are detailed below.

Matches	Fraud/Error	Amounts
Student Loans	21	£39,313
Housing Benefits to deceased records	28	£2,241
CTRS	9	£4,430
	58	£45,984

V) PROTECT

Protecting the Authority and its' residents from fraud

- 4.30 This aspect of the Strategy covers counter-fraud activity to protect public funds, residents and the community from fraud and the Council from future scams.
- 4.31 In support of this, CAFS continue to provide an investigative capability for key stakeholders across the Borough. This is no more important than working with local housing associations to protect their stock from fraudulent misuse, ensuring affordable housing is available to those in the community who need it. During the year, CAFS recovered two properties for Shepherds Bush Housing Group that were being fraudulently misused.
- 4.32 CAFS also remain an active National Anti-Fraud Network (NAFN) member. NAFN disseminate national fraud alerts, which are circulated by CAFS, to the appropriate departments. The early warning about possible future scams helps to ensure that CAFS can protect the Council against new and emerging fraud risks.

CONSULTATION

- 5.1 The report has been subject to consultation with the Strategic Leadership Team.

EQUALITY IMPLICATIONS

- 6.1 There are no equality implications arising from this report.

LEGAL IMPLICATIONS

- 7.1 A range of legislation governs the work of CAFS, including the Police and Criminal Evidence Act, the Criminal Procedures Investigation Act, the Regulation of Investigatory Powers Act, the Fraud Act, the Prevention of Social Housing Fraud Act, the Proceeds of Crime Act, and Data Protect Act.
- 7.2 There are no particular legal implications arising from this report.

Implications verified by Grant Deg, Assistant Director, Legal Services on 29 June 2023.

FINANCIAL AND RESOURCES IMPLICATIONS

- 8.1 Resources required to deliver on the Council's Counter-Fraud Strategy are funded from the budget allocated to the Corporate Anti-fraud Service. There are no additional resource implications arising from this report. Successful investigations and prosecutions can lead to the recovery of Council assets and money, which are required to protect front-line services.

Implications verified by Sukvinder Kalsi, Director of Finance, on 26 June 2023.

RISK MANAGEMENT

- 9.1 The delivery of the counter-fraud strategy and associated policies contributes to the management of fraud risks faced by the Council, with proactive exercises supporting managers to put effective counter-fraud and corruption controls in place in their systems and processes.

Implications verified by Moira Mackie, Head of Internal Audit, on 26 June 2023.

List of Appendices:

Appendix 1 – Fraud risk reviews and notable cases.

Source	Fraud Review	Details
<p>Fraud Risk Review</p>	<p>The Executive Head Teacher of an H&F primary school raised a concern regarding the school's petty cash, which was the responsibility of the Schools Business Manager (SBM).</p> <p>The Head discovered several envelopes in the petty cash tin containing receipts and change but no corresponding expense claim forms.</p> <p>A decision was taken for Internal Audit and CAFS to conduct a visit to the school so that a review of processes could be undertaken, with CAFS focusing on petty cash processes and transactions.</p>	<p>A physical inspection found that the school's petty cash was securely stored in a lockable tin in the school office/reception area. Additionally, the school have a petty cash policy which outlines all the procedures and protocols for the appropriate management of petty cash. The policy specified the amount of money to be held and the authorisation process that staff must follow.</p> <p>Findings</p> <p>CAFS reviewed 62 petty cash transactions and found claims were not being uploaded onto the school's financial management system, and 17 claims lacked the appropriate authorisation. In addition, seven transactions had no supporting documentation or receipts.</p> <p>One transaction was recorded as 'Christmas Crackers and tablecloths for Christmas dinner for children', but investigations revealed that the same transaction included a Gin Gift Pack and an Irish Cream Gift Set.</p> <p>When investigators tried to reconcile the petty cash, they found transactions for November 2021 exceeded £1,300, although the policy clearly states that petty cash holding must not exceed £250 in a month.</p> <p>Overall, CAFS found numerous discrepancies and missing information, which showed that SBM had failed to maintain accurate record keeping of petty cash transactions. As a result, expense claims were processed that failed to follow the school's petty cash policy, and the SBM replenished the cash with amounts far above the prescribed limits.</p> <p>Conclusion</p> <p>CAFS presented a report to the Executive Head Teacher and a recommendation for Human Resources to review the failings of the SBM, including a failure to follow procedures. However, ahead of disciplinary action, the SBM tendered their resignation.</p>

<p>Fraud Risk Review</p>	<p>An anonymous letter was delivered to the Shared Service Director of Audit, Fraud, Risk and Insurance, raising concerns regarding the disposal process for abandoned bicycles across the Borough.</p> <p>The letter covered two main points.</p> <ul style="list-style-type: none"> i) A lack of controls attached to recording the seized abandoned bicycles and the physical security of items seized. ii) A concern regarding whether the Council was obtaining value for money from the disposal of the bicycles. 	<p>The Law Enforcement Team (LET) night team removes damaged and abandoned bicycles from the highway. These are often in a state of disrepair.</p> <p>LET have a documented process for managing removal, which was reviewed. It denotes that they are stored for at least 28 days before disposal.</p> <p>Originally a charity collected the bikes for repair and redistribution, but this project was not sustainable. Instead, LET has engaged with a waste carrier registered with the Environment Agency, which disposes of the items at zero cost to the Council.</p> <p>Findings</p> <p>The review found that LET has robust record keeping, including a record of each bike, the location where it was abandoned, its make and colour and a corresponding photograph. These records enable LET to locate and return a bicycle if the owner makes contact to claim it.</p> <p>There has been a recent build-up in the number of bikes stored, but there are no concerns regarding security and documentation.</p> <p>The review noted that the bikes removed from the highways are in poor disrepair and have little intrinsic value. Therefore, negotiating a zero-cost disposal process at the current time seemed the most viable solution; however, alternatives, including partnering with charitable organisations, continue to be explored.</p>
<p>Fraud Awareness</p>	<p>As CAFS build fraud resilience, it is essential that we continually refresh and fraud awareness training to enhance understanding and ensure staff are alert to the risks of fraud.</p>	<p>CAFS attended the Multi-Agency Safeguarding Hub to provide bespoke fraud awareness training to twenty-five managers and social workers in Social Care. The course focused on fraud risks associated with care provisions and direct payments, especially financial abuse. Topics included:</p> <ul style="list-style-type: none"> • Misspent funds – payments not being used as per the care agreement • False documents – timesheets, payslips, etc. • Financials - third-party fraud • Multiple claims – multiple care packages for the same assessed need • Falsifying worksheets - Provider claiming for work not carried out

<p>Fraud Risk Review</p>	<p>Discretionary Housing Payment (DHP) is a scheme designed to help people who need more financial support with their housing costs.</p> <p>The Benefits Service raised concerns with CAFS concerning three DHP applications, which appeared fraudulent. Vigilant DHP officers spotted three applications that had used identical details, such as a landlord, tenancy address and contact number, which suggested an organised fraud attempt.</p>	<p>The subsequent CAFS investigation found all three applications to be false. However, because the fraudsters had used false identities, CAFS could not trace the perpetrators to take further action.</p> <p>CAFS review of the claims found that the applicants had tried to circumvent existing controls by providing genuine names and addresses for landlords, but they had used fake documents to complete their DHP application.</p> <p>CAFS provided advice and guidance to strengthen the existing anti-fraud measures further. For example, CAFS suggested using the DWP's searchlight checking system and introducing a DHP database so that commonality between applications, which may indicate fraud, can be quickly identified.</p>
<p>Fraud Risk Review</p>	<p>CAFS was asked to investigate allegations from a business that felt they were no longer receiving sufficient work from the Council because an employee favoured alternative contractors. They also raised a concern about the employee's character and employment history.</p>	<p>The subsequent investigation found no evidence suggesting that the procurement process was not followed or that the business was being mistreated. Furthermore, the analysis found no evidence of employee wrongdoing.</p> <p>However, the enquiries, which included a review of the employee's recruitment records, did reveal a control weakness regarding employment references. It found the roles and responsibilities of who should check new starter references were unclear.</p> <p>CAFS provided recommendations for improvement, and additional work has been identified to support recruiting managers on the reference checking and verification process.</p>
<p>Fraud Risk Review</p>	<p>Referral from the Local Support Payments (LSP) Team following a complaint from a service user who had received payments via an eGift card, but when she tried to use the card, it had already been used.</p> <p>LSP is provided to help those in need following an emergency or a crisis. Payments are not given as cash but as goods or store vouchers for specific</p>	<p>The eGift to the value of £1,210 has been spent, and a balance of only £51 remains. The system showed that someone other than the correct recipient had used it to purchase electrical items from two stores located in Liverpool.</p> <p>Although the team passed the matter to the Police, they said they would not be taking further action regarding the missing funds. CAFS tried to locate the possible offender, but an alias appears to have been used, which was untraceable.</p> <p>CAFS undertook a risk review of the fraud controls, including changes made</p>

	goods in response to a particular need.	because of this fraud. CAFS used this information to update the risk register, including lowering residual risk.
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Case Description	
1.	<p>RIGHT TO BUY (RTB) - CAFS received a referral from the Right to Buy (RTB) Team when the valuer went to the one-bedroom property in Barton Road, W14, and found residents at the address who referred to the tenant as "landlord".</p> <p>Initial enquiries by CAFS investigators revealed little financial data to link the tenant to the address. Additionally, when officers enquired with the Council's gas safety team, the signatures on file did not match the tenant's.</p> <p>CAFS conducted several unannounced visits, and eventually, a female answered the door saying that she was the tenant and her landlord was based in Dubai. She was unaware that this was a Council property. Investigators obtained a witness statement from the subtenant, and she also showed officers receipts for rent and bank transfers.</p> <p>CAFS recommended that Housing serve a "notice seeking possession" on the property. This prompted the tenant to contact the investigators, although the tenant was reluctant to cooperate. Eventually, he submitted written authority to relinquish the tenancy, fearing any further action by the Council might affect his residency in UAE.</p> <p>CAFS intervention has ensured that the Council did not lose the property under the RTB scheme. It has now been allocated to someone in genuine need of assistance.</p>
2.	<p>DIRECT PAYMENTS: CAFS received a referral from Social Care concerning the potential misuse and mismanagement of direct payments.</p> <p>Direct payments are provided to individuals to organise their care and support package providing more flexibility over how it is arranged. Funds are paid directly to the client responsible for purchasing their care and support.</p> <p>The subsequent CAFS investigation soon found that funds were not being used appropriately. Social Care had assessed the client as requiring 56 hours of care per month at the cost of £900, but his financial records revealed he was not fully utilising these funds. However, there was no evidence that the care he purchased was insufficient or failed to support his needs, so the care package appeared excessive for his actual needs.</p> <p>The client was only not spending all the money on care, he was using £700 per month, but the excess was being spent on personal items, including travel, food and online purchases. Therefore, CAFS findings showed financial mismanagement and the misuse of personal budgets. CAFS recommended that Social Care reassess the care package to ensure it is commensurate with the client's needs.</p> <p>The reassessment identified a reduction of the care plan from 56 hours to 46 hours per month, reducing the spending accordingly and creating an</p>

	<p>annual saving for the Council of £1,934.</p> <p>Additionally, the client has since been invoiced for £2,771. The amount CAFS identified as wrongfully spent on personal transactions.</p>
3.	<p>DISCRETIONARY HOUSING PAYMENT (DHP): As part of the work that identified a need to review risks associated with the DHP process, CAFS was alerted to a suspicious claim for additional financial support regarding housing costs.</p> <p>The application was for a rental deposit of £1,200 and advanced rent. However, vigilant officers became suspicious of supporting evidence.</p> <p>CAFS investigation soon discovered that the application had provided a real name and address for a landlord. However, when approached, they knew nothing of the application or any proposed rental or tenancy in their name. Additionally, investigators found the evidence that supports the claim to be false.</p> <p>The bank account provided on the application form was a “mule” account. Fraudsters set up a mule account, usually using a stolen identity. Once open, it can be used to transfer illicit funds or receive stolen monies without authorities being able to trace any transactions back to the fraudster.</p> <p>With no traceable owner, the case was closed with no further action possible, although a false claim had been stopped and prevented.</p>
4.	<p>POCA CASH SEIZURE: CAFS provided Financial Investigator support for Trading Standards at Kensington & Chelsea, who were investigating a case of suspected "car clocking". Car clocking is a term used to describe the process of illegally reducing a car's recorded mileage, helping it appear fresher and more attractive to prospective buyers.</p> <p>Intelligence suggested this was a cash-based business, and officers obtained entry warrants under the Consumer Rights Act 2015 for two addresses. While searching a property in Shepherd's Bush, officers found a large bundle of cash in a safe. The money was secured in an evidence bag, labelled and seized. There were reasonable grounds to suspect that the money was from the proceeds of crime, which once counted totalled £10,300. Furthermore, evidence linked the address and subjects to the unlawful selling of vehicles.</p> <p>To effectively freeze the money, CAFS Accredited Financial Investigator (FI) applied to the court to grant detention of the cash pending further investigation regarding the source of the funds. In addition, the FI continued to work closely with RBKC Trading Standards gathering further evidence to link the money to the crime.</p> <p>Eventually, the two defendants were summonsed to court under the Fraud Act offences, but before the hearing, they forewent their claim to the monies and signed a disclaimer requesting that the funds be put towards costs.</p> <p>Following guilty pleas, both defendants received suspended sentences and electronically monitored curfews and unpaid work rehabilitation activities.</p>

	<p>In addition, the Judge ordered £10,300 to be paid towards costs, including payments to LBHF for the FI work.</p> <p>In passing sentence, the Judge commended the Trading Standards investigator and all officers who assisted her, including LBHF's FI.</p>
5.	<p>DWP SECURITY BREACH – The Department for Works and Pension (DWP) alerted the Council to a possible security incident regarding unauthorised access to DWP data on the Searchlight system. Searchlight is the Local Authority portal which allows designated Council officers to access DWP records and check customer information. DWP have very strict rules governing the use of Searchlight.</p> <p>The alert informed the Council that an officer had breached protocol. The information provided by the DWP included the audit trail and screenshots of the individual's activity in the Searchlight system. This showed that they had accessed the DWP records of a family member.</p> <p>Under the Memorandum of Understanding between the Council and DWP, where a person deliberately accesses, attempts to access or browses DWP data without a legitimate business reason or appropriate authorisation, the security breach is considered extremely serious. As a result, DWP removed their access to Searchlight pending investigation.</p> <p>The subsequent investigation found the officer had checked the welfare status of a family member, which is strictly against the system usage. However, there was no evidence of fraudulent activity or any attempts to commit fraud. The system is "read-only", and records cannot be changed or amended. Additionally, the individual provided substantial mitigation for their actions.</p> <p>Following an investigative interview in March 2022, CAFS presented the findings to Human Resources to progress the matter per the Council's Disciplinary Procedure. A Disciplinary Hearing was held in April 2022. The officer admitted the allegations to the Chair of the Hearing and detailed mitigating factors. A Final Written Warning was issued on the grounds of misconduct, and the warning would remain on the personnel file for 36 months. Any further incidents of misconduct could lead to termination of employment.</p>
6.	<p>TENANCY FRAUD (Shepherds Bush Housing Group): An anonymous call to the fraud hotline alleged that an SBHG property located on Becklow Road, W12, was being sublet.</p> <p>Visits made to the property with SBHG housing officers were unsuccessful, but an unknown female kept answering the intercom. She would not allow officers access but stated that the tenant was in Portsmouth with her son.</p> <p>Investigators then conducted a second out-of-hours visit to the address where the tenant's son answered the door. He confirmed his mother was not in Portsmouth but in Jamaica. A female was also present and admitted to being the person on the intercom and providing the wrong information. She said that she did not know what to say.</p> <p>Neither would admit subletting, saying they were looking after the property for the tenant while she was away. However, further enquiries revealed the tenant had been overseas for significantly long periods. This information and the evidence gathered during visits were used in the subsequent repossession hearing, where SBHG were granted outright possession.</p>

	<p>The two-bedroom property has now been relet to someone in the community who genuinely needs housing assistance.</p>
<p>7.</p>	<p>POCA CASE: A former tenant who was convicted of fraud for illegally subletting his council flat in Elgar Court was ordered to pay costs of over £61,000. However, he refused and chose to go to prison.</p> <p>The defendant was initially convicted in 2018 and sentenced to 18 months prison sentence suspended for 18 months but was also subject to action under the Proceeds of Crime Act 2002. In that matter, he was required to pay a Confiscation Order for £89,704 in 2020. He paid this amount in full. However, he did not pay the costs awarded by the court of £54,584.00.</p> <p>He appealed his conviction but lost the subsequent hearing incurring further costs of £4,200.</p> <p>The Council took him to court in an enforcement hearing at the City of London Magistrates Court in May 2022, and he was ordered to pay the original costs plus the appeal costs and a further £2,887.50 in respect of the enforcement hearing costs. He was ordered to pay the sum to the Council by 25 July 2022; a period of imprisonment in default was set at 12 months' imprisonment. He chose not to make the payment by the time the deadline expired, and he returned to court.</p> <p>In passing sentence, District Judge Cieciora said that the Crown Court and the Court of Appeal had assessed the defendant. In both courts, the defendant's claims of having no means to make payment were rejected because of the inconsistencies in their account, the lack of documentary evidence, and a lack of credibility.</p> <p>It was also remarked that the Court of Appeal concluded that the defendant had at least £26,000 of funds available but made no effort to pay the costs ordered by that court. The Judge was satisfied that there was no other method of dealing with the case which would be appropriate and therefore issued an immediate warrant of commitment, committing him to prison for the full 12 months.</p>
<p>8.</p>	<p>TENANCY FRAUD (Notting Hill Genesis): CAFS received a referral from Notting Hill Genesis (NHG) asking for assistance to investigate one of their properties suspected of being unlawfully sublet. The tenant had succeeded his late mother's two-bedroom flat in Nasmyth Street, W6. However, neighbours told the Housing Officer that he never lived at the address or moved in. The flat was renovated and let out straight away.</p> <p>CAFS investigation revealed that the tenant owned two other properties, both being let, but could not find an alternative address for him other than Nasmyth Street. Therefore, CAFS Investigators visited the address unannounced to verify his residency. When officers conducted the early morning visit, they found a young couple living at the address, but they refused to cooperate with CAFS officers or allow them access.</p> <p>CAFS obtained finance records for the tenant, which showed a few transactions with the subtenant's name as a reference. Further checks then exposed payments from estate agents Marsh & Parson. They were approached and confirmed they were the letting agents for the Nasmyth Street address. The tenant had instructed Marsh & Parson to collect rent and entered a rental collection agreement with them regarding the NHG tenancy</p>

	<p>address.</p> <p>CAFS presented the evidence to NHG, who began possession action with immediate effect, which swiftly concluded with the tenant's eviction.</p>
<p>9.</p>	<p>DIRECT PAYMENTS: CAFS received a referral from Adult Social Care concerning the potential misuse and mismanagement of direct payments, payments made to support an individual's care needs.</p> <p>If a person is eligible for council-funded support, they can choose how their money is managed. Some people have their support funding managed by a social worker, but others prefer more control over what happens to the money they are entitled to. These are direct payments.</p> <p>In this instance, the individual received payments directly into their bank account so they could choose the care provider and make arrangements themselves. Payments were being made to support approximately 60 hours per month of care. In addition, the care package provided payments to fund a live-in carer.</p> <p>The CAFS study found the payments to the carer were infrequent, suggesting possible mismanagement of the direct payments and a concern that the correct level of care needed to be provided. When challenged, the client explained that they transfer payments to a separate account and pay the carer from there. However, when the investigator examined this account, it showed further discrepancies, although there were no apparent signs the individual's actions were fraudulent.</p> <p>CAFS recommended that Adult Social Care undertake a review of the care plan, and this led to the following actions;</p> <ul style="list-style-type: none"> • The client had been overpaid £7,480. They were invoiced, and recovery has commenced. • The care plan was reduced to 44 hours per month, reducing the direct payments by £10,570 per annum.
<p>10.</p>	<p>TENANCY FRAUD: At the start of the pandemic, CAFS received a referral from an informant that the tenant of a property in Linacre Court was not a resident. They reported that several people had been seen moving in and out of the property over a long period.</p> <p>Unfortunately, the pandemic disrupted the CAFS investigation, where changes to legislation, per the Coronavirus Act 2020, and social distancing restrictions affected some of the proposed activities.</p> <p>The investigator commenced desk-based enquiries, including financial checks and the interrogation of Council data, but these proved negative, and open-source searches did not provide any breakthroughs. Additionally, reviews on utility data were inconclusive.</p> <p>Eventually, the investigator found a link via a previously unknown mobile phone number and traced its activity. This linked her to an alternative address, so she was invited for questioning. During the meeting, she confessed that she did not always stay at the property and that her family stayed there when they came to the UK. However, she refused to admit that it was not her main and principal home but agreed to give up her tenancy and signed a vacation notice on the basis that the matter was closed.</p>

	<p>The tenant returned the keys in April 2022, enabling the Council to secure vacant possession without needing a costly and lengthy possession hearing.</p>
11.	<p>SUCCESSION (Shepherds Bush Housing Group): SBHG asked CAFS for assistance in 2021 when they discovered the tenant of a flat in Vespan Road, W12, had passed away while in Grenada. She died in 2019, but her grandson had just applied for succession for himself and his daughter.</p> <p>Succession is a legal term used when a person takes over a tenancy when the tenant dies and relates to the statutory right of certain people to succeed in the tenancy. Sometimes, a qualifying family member can succeed if residing with the late tenant for 12 months before death.</p> <p>The grandson claimed to have lived at the address for the past three years, although initial checks by the investigator found no record of him linked to the property. Instead, they discovered that he held a social tenancy with Leeds City Council since 2017, where he claimed welfare benefits. He terminated this tenancy in March 2020, six months after his grandmother's death.</p> <p>Given the information obtained, SBHG served a notice to quit on the Vespan Road address, but the grandson challenged this defending his entitlement to succeed. However, he was invited to an interview where CAFS investigators reminded him of his Leeds tenancy. At that point, he decided not to pursue the claim for succession, returning the keys.</p>
12.	<p>NON-RESIDENCY - CAFS received an anonymous tip-off via the Fraud Hotline suggesting that the tenant's daughter had taken over a four-bedroom Council property in New Kings Road, having been permanently moved to a care home. A file review showed that the daughter had failed to notify the Council of the change. It suggested that she had taken on the property and circumvented the succession process.</p> <p>CAFS contacted Social Care to trace the tenant's whereabouts, revealing that the tenant was now in a care home in Kew. It also showed that this was a permanent move due to the tenant care requirements and long-term illness.</p> <p>Working with the Housing officer, contact was made with the daughter, who was quick to relinquish the property to avoid any further action, and keys were surrendered immediately to avoid any lengthy and costly court time.</p>
13.	<p>ABANDONMENT - A case was referred to CAFS following a failed gas safety inspection at a one-bedroom property in Laurel Bank Gardens, SW6. The Voids Officer advised CAFS that they attended a forced entry in response to a severe leak affecting the flat below the tenancy address. The Officer suspected the tenancy address was unoccupied as there were no made-up beds, boxes all packed up like someone was moving out and failed contact for at least two weeks before we forced entry.</p> <p>CAFS's initial attempts to trace and locate the tenant were unsuccessful, but a check with UK Border suggested that the tenant had departed the UK for Iraq at the end of 2019 and hadn't returned since. This intelligence was corroborated by electricity usage data, indicating minimal usage throughout the subject's absence from the UK.</p>

	<p>Given the above and the failed contact, CAFS advised Housing to serve a Notice to Quit on the property, after which keys were returned to Housing Management and the property recovered with vacant possession.</p>
<p>14.</p>	<p>ABANDONMENT - A case was referred to CAFS following a failed gas safety inspection at a one-bedroom property on Burlington Road, SW6. In cases of failed entry, CAFS work with the Voids Officers to locate tenants living elsewhere and amass evidence to expedite the recovery of Council properties no longer being lawfully used by the tenants.</p> <p>In this instance, the CAFS investigation traced the tenant to employment in Bournemouth before establishing an alternative address for them in Poole Road, Bournemouth. This showed that the tenant was not using Burlington Road as their main and principal home.</p> <p>CAFS presented the evidence to the Housing Officers who served Notices to Quit on the Burlington Road property. However, the tenant returned the keys and signed a vacation notice, avoiding the need for potentially lengthy and costly court action to regain possession. The one-bedroom accommodation has now been relet to someone genuinely needing support and assistance.</p>
<p>15.</p>	<p>ABANDONMENT – A housing case was referred to CAFS by the Housing Applications Team. The team had accepted duty and housed a large family in a four-bedroom property on the Westway, W12. However, they had received information that the family were not living there.</p> <p>Several visits by CAFS investigators to confirm residency were unsuccessful, and signs of non-residency were observed. Further enquiries, including travel movements and educational searches, revealed that the family, including five children, had left the UK for Kenya, and there was no information to suggest they had returned to England. Additionally, the educational checks found no trace of the children in local schools or any reference to homeschooling.</p> <p>The tenant's only contact method was email, and when a message was sent, they confirmed an intention to return to the UK. However, arranged appointments were not met, and the tenant always failed to attend any pre-arranged meeting.</p> <p>The evidence amassed was presented to Willesden County Court, where the Judge granted possession within 14 days. The property was repossessed, and the Council's duty to support the family was discharged.</p>

Agenda Item 6

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 26/07/2023

Subject: Risk Management Update

Report of: Director of Audit, Risk, Fraud and Insurance

SUMMARY

The purpose of this report is to provide members of the Audit Committee with an update on risk management across the Council.

RECOMMENDATION

For the Committee to review, note and comment on the report.

Wards Affected: None

H&F Values	Summary of how this report aligns to the H&F Values
<ul style="list-style-type: none">• Building shared prosperity	<i>Good risk management helps to: maintain and promote the Council's reputation;</i>
<ul style="list-style-type: none">• Creating a compassionate council	<i>Is an enabling tool to help protect residents and staff including some of the most vulnerable in society;</i>
<ul style="list-style-type: none">• Doing things with local residents, not to them	<i>Place people, businesses and the wider community at the heart of everything we do;</i>
<ul style="list-style-type: none">• Being ruthlessly financially efficient	<i>Ensure robust financial and information management and supports internal control, opportunity and innovation;</i>
<ul style="list-style-type: none">• Taking pride in H&F	<i>Protect valuable assets and the built and natural environment.</i>
<ul style="list-style-type: none">• Rising to the challenge of the climate and ecological emergency	<i>Enabling an approach to climate-sensitive decision making</i>

Financial Impact

The current and future context for local government represents a significant risk to the council with the ongoing challenge of delivering services and increased demand with reduced funding levels. This is further impacted by wider economic factors leading to rising costs, inflation and further cuts expected in public spending. This has seen the council incur additional expenditure whilst at the same time seeing reductions in the level of resources available through a combination of lower income levels and inherent pressures that existed prior to Covid-19 which must also be managed.

There are no specific financial implications arising from this report. Services are expected to manage their risks within current budgets. Where additional funds are required to mitigate or manage risks, separate decisions reports will be required for the approval of unbudgeted expenditure. The council holds a corporate contingency budget and adequate levels of reserves to enable it to manage unforeseen costs.

A standing corporate risk, Financial Management of in-year budget and Medium-Term Planning, identifies the risks to balancing the budget in response to continued government funding and demand pressures faced by the Council and the sector more generally and is assessed as high risk. The in-year position is reported in the Corporate Revenue Monitor to Cabinet and includes financial risks. Other corporate risks also identify financial pressures arising from demand and complexity of service provision which need to be managed.

Comments verified by Sukvinder Kalsi, Director of Finance, 14 July 2023

Legal implications

There are no particular legal implications arising from this report.

Comments verified by Grant Deg, Assistant Director of Legal Services, 17 July 2023

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background

1. To achieve the ambitions, outcomes and priorities set out in our Business Plan, it is essential that we continue to understand, manage and communicate the diverse range of risks and challenges that could threaten the organisation and vital services. Risks originate from a variety of sources, many of which are out of our direct control for example global events such as the coronavirus pandemic, the Russian invasion of Ukraine, Brexit, economic or market shocks, austerity or from climate change. More localised incidents can impact on residents, individuals, services and infrastructure.

2. It is paramount that all risks are clearly identified, managed and reported through the relevant channel. Risks can never be eliminated entirely but proportionate and targeted action can be taken to reduce risks to an acceptable level. Furthermore, the work of the Council's Policy and Accountability Committees is acknowledged as a source of robust and additional assurance for the management of risk across its services.
3. Effective governance and management of risks are particularly significant as funding for local government has diminished authorities' objectives and are becoming increasingly fundamental and relate, for instance, to continuing to meet statutory service obligations. Arrangements must therefore be effective in a riskier, more time-pressured and less well-resourced context.
4. Local authorities are required to maintain a sound system of internal control, including risk management, internal audit, and whistleblowing arrangements. Risk management is the application of Council strategies, governance, policies and processes to identify and manage risks that are unacceptable to the Council. Managing risk processes effectively enables the Council to safeguard against potential threats and take advantage of potential opportunities to improve services whilst continuing to provide better value for money for residents, visitors, local businesses and service users.
5. The Council is accountable to the public for its performance and financial management. This means that the Council naturally has a low appetite for risk, however as financial challenges continue the Council will need to take carefully considered risks to develop new and innovative ways to deliver services, support communities and ensure the long-term wellbeing of communities is not impaired by decisions made in the short term. This makes good risk management essential.
6. As part of its governance arrangements, the Council's approach to risk management requires Directors, managers and staff, through their departmental Senior Management Teams to: identify risks; assess the risk; agree and take action to manage the risk; and monitor, review and escalate risks.
7. The Council has robust risk management arrangements in place which feed into the Corporate Risk Register, which is set out in Appendix 1. This register contains the most significant cross-cutting risks that could impact on the outcomes that are set out in the Council's priorities. These risks can be internal or external facing. The Corporate Risk Register is reviewed on a regular basis by the Council's Strategic Leadership Team (SLT) and then presented to the Audit Committee.
8. Internal risks relate to the organisation itself and cover areas such as programmes, workforce, business continuity, safety or technology. External risks are those that can affect the local area, its people, communities, businesses and infrastructure where the Council often has a role, in partnership, to mitigate them.
9. Officers continue to review and assess the impact of and implications for residents and the Council from the events in Ukraine. This includes ensuring that risks relating to the supply chain/contracts and cyber security are being appropriately and

robustly mitigated and where support is needed for those residents with families in Ukraine and neighbouring countries.

10. This report provides the Committee with an updated Corporate Risk Register, presenting a suite of risks as reviewed by SLT.

Changes made since March

11. SLT members and Risk Owners have reviewed the Corporate Risk Register and agreed a number of changes which are reflected in the updated Risk Register provided in Appendix 1.
12. A number of risks continue to recognise the significant economic uncertainty, particularly in respect of significant increases in inflation which is forecast to remain high over the coming months and with further increases in interest rates also likely.
13. SLT Assurance reviewed the Corporate Risk Register again on 5 July 2023, with the following changes being made:

Risk to be closed on the corporate register

- Risk 33 (Supported accommodation providers, SBH & NHG are exiting the market, by 2023) the score has been reduced due to was increased due to two factors: firstly the confirmation of sale of properties owned by NHG to Housing 21 and secondly, the approval under Leader's delegation to progress business cases for the Council to acquire properties owned by SBH. This risk will continued to be managed and monitored on the directorate risk register but, given the reduction in score, will be removed from the corporate register.

Reduction in risk score

- Risk 14 (Failure to deliver the Civic Campus Programme) has been reduced as work has now recommenced across the whole site since the incident which occurred in May 2022 with a revised build programme now in place and good progress has been made on contractual and commercial matters.

Amended risk narrative

- Risk 3 (Failure to maintain services to residents in the event of IT systems being compromised and affecting service resilience) has been amended to reflect the risk of failure to deliver key council services where the Council relies upon third parties for a number of systems and platforms, if that provider were to suffer from a serious incident impacting its availability. In mitigation, Digital Services are requesting those third parties to provide assurance over the adequacy of their cyber security controls to mitigate the impact on H&F services.

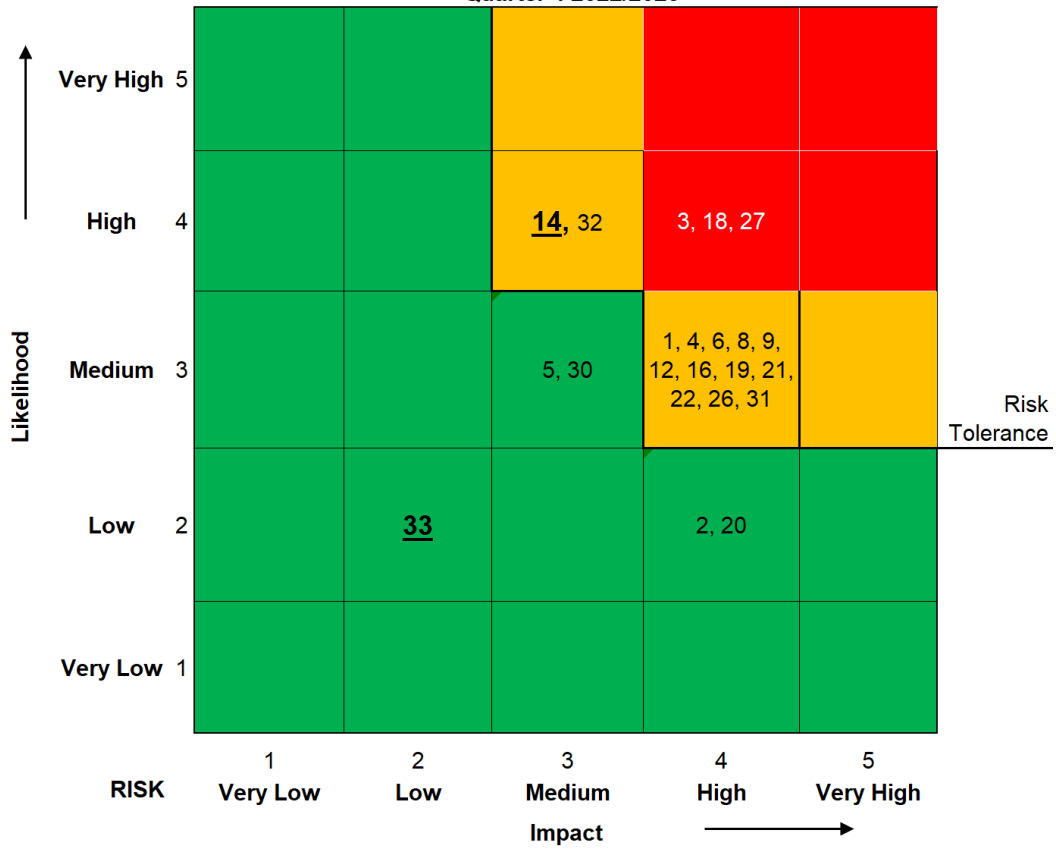
14. No new risks have been added to the register since March 2023.

Corporate risk register – heat map

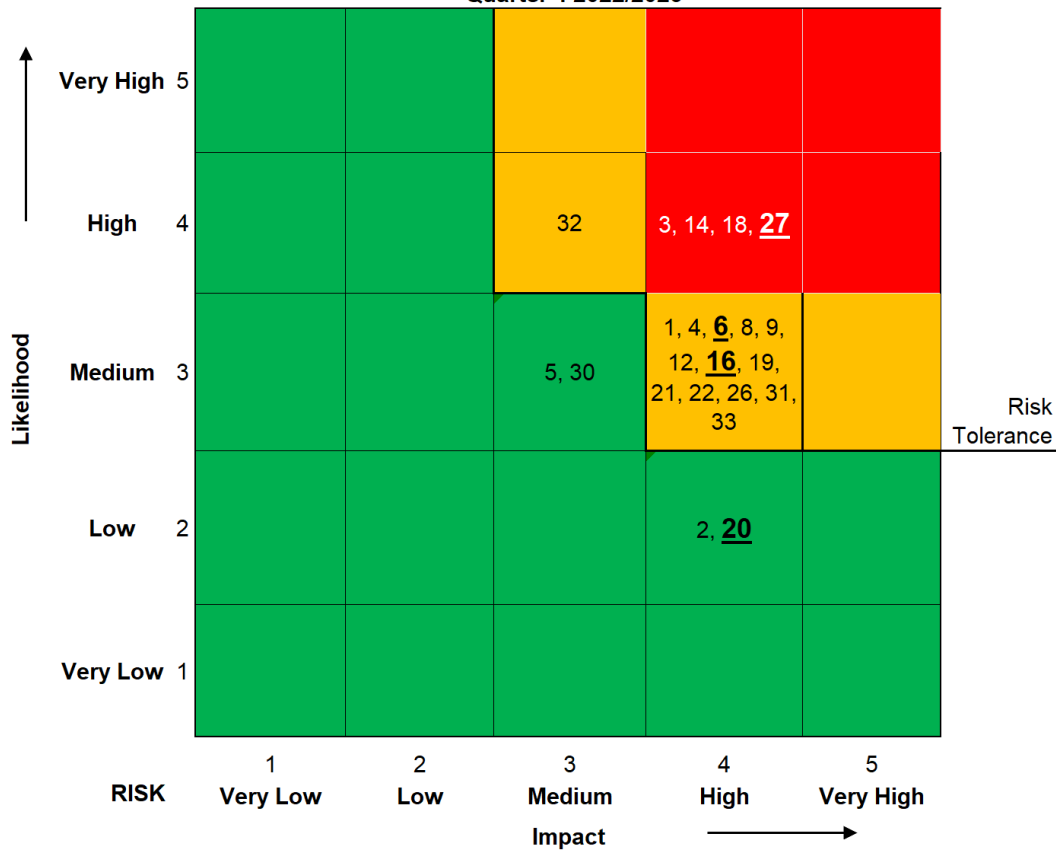
15. The Corporate Risk Register is set out in Appendix 1 and summarised in the following Heat Map as at Quarter 1 for 2023/24, with the Heat Map for Quarter 4 for 2022/23 provided for comparison. Risks which have been subject to change since the Quarter 4 2022/23 Risk Register which was reported to the Committee in March 2023 are shown in the larger bold underlined type:

OVERVIEW RISK HEAT MAP

Quarter 4 2022/2023



Quarter 4 2022/2023



Risk appetite

16. The Council remains accountable to the public for its performance and financial management. This means that the Council naturally has a low appetite for risk, however with the ongoing challenges faced by the Council, there is a need to continue to develop new and innovative ways to continue to deliver services, support and ensure the long-term wellbeing of communities is not impaired by decisions made in the short term. This makes good risk management essential.
17. The ongoing situation in Ukraine continues to impact on the cost of domestic and business energy costs and fuel costs for activities such as transport and heating. While there has been a slight reduction in costs over the past few months (still at much higher levels than 18 months ago) it is anticipated that energy costs will rise again later in the year. Inflation is still at a very high level and is forecast to remain high for some time, with interest rates expected to rise further having increased significantly over the past year. The cost of living crisis is also likely to lead to increased demand for services where residents will need more support.
18. These factors impact on the Council in a number of ways including its staffing costs (including the level of pay awards), the cost of borrowing (particularly where it is needed for ongoing/planned capital works), cost pressures on contractors providing Council services (staffing, fuel, materials). The impact will also be felt by partner organisations (such as schools and the voluntary and community sector, where officers will closely monitor the impact and consider any support the Council will be able to provide.
19. A key concern for the Council is the impact that the cost of living crisis being experienced by residents through inflation and rising energy costs as well as the ongoing economic uncertainty (including the potential for rising unemployment). A [range of support measures](#) are being offered to residents and officers will continue to assess the situation and consider what further actions can be taken.
20. These and other factors are kept under regular review by SLT. This is done to ensure that ongoing impacts are recognised and appropriate mitigations put in place to protect Council services and local residents.
21. This report provides assurance on the Council's corporate risk management arrangements, explaining the internal control arrangements in place at a strategic level. It provides one of the sources of assurance the Committee can consider when approving the Annual Governance Statement. It also enables the Committee to fulfil its roles under the Committee's Terms of Reference to review the adequacy of Council's Corporate Governance arrangements, including matters such as internal control and risk management.

Conclusions

22. Local authorities will continue to face significant pressures over the coming months, with the prospect of further reductions in public spending, combined with external economic pressures and concurrent demand led pressures. Council officers and services continue to respond with partners to changing circumstances at pace, interpreting and implementing new guidance and regulations as they arise.

LIST OF APPENDICES

Appendix 1 – Corporate Risk Register

SLT ASSURANCE - Corporate Risk Register – June 2023

Council Priority	Risk	Risk No.	Q4 22/23 Likelihood	Q4 22/23 Impact	Q1 23/24 Likelihood	Q1 23/24 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
Being ruthlessly financially efficient	Commercial, contract management and procurement risks, rules, outcomes, social value, management of spend and contractor performance management.	1	3	4	3	4	<p>The Council has a well-established Corporate Procurement Team. The Contracts Assurance Board meets weekly to ensure governance compliance, consider new future procurement legislation, the major medium-term procurements that are in progress and to update our policies e.g. Social Value Policy as necessary.</p> <p>Under the IT system category procurement portal, Digital Services supports departments through procurement process with Strategic Relationship Managers and project delivery team. A robust process to comply with standing orders exists as well as fortnightly contract monitoring process.</p> <p>The Assistant Director Procurement and Commercial is leading on a number of workstreams including Category Management (shared with SLT), Sourcing Strategy agreed at Cabinet, refresher training on procurement/evaluation of social value and progressing the operational delivery plans.</p> <p>A Forward Plan was also recently considered by SLT and further work is required by departments to refine their forward planning processes.</p> <p>The Council is also refreshing the reporting of performance against the main contracts, with a view to preparing for the new procurement regulations focus on performance.</p>	M	Stable	Sukvinder Kalsi
Being ruthlessly financially efficient Page 64	Failure to maintain services to residents in the event of IT systems being compromised and affecting service resilience.	3	4	4	4	4	<p>The Council continues to monitor and mitigate external risks which may affect its IT systems, including attempts to breach our network through cyber-attacks, on-going security patching, the robustness of our supplier chain and overall disaster recovery provision against a backdrop of increasing costs. Digital services held mitigation workshops with service leads to provide advice and prompt consideration of alternative options actions to take in the event of IT systems being unavailable. This will both inform Digital Services' disaster recovery plans and assist services to update business continuity plans where appropriate. Digital Services has enhanced its email security, improving the filtering and monitoring of traffic from devices to prevent phishing attacks and malware contained within email which may result in user credentials becoming compromised. Digital Services are strengthening the security of shared tenancy data through standardising H&F, RBKC and WCC policies and controls to reduce the risk that a compromise of one boroughs data could affect all. Internal Audit continue to provide assurance in this area, with the most recent audit report dated September 2022 on Ransomware Prevention finding the councils controls for an attack as providing 'satisfactory assurance'. In Feb 2023 Digital Services participated in an expert led cyber security workshop and will be working through the key recommendations of the Cyber Treatment Plan to identify opportunities to improve the security of our systems further. Digital Services are seeking assurances from third parties who provide/support multiple systems and platforms for the Council that they have adequate cyber security arrangements in place to mitigate the potential for loss of services provided.</p>	H	Stable	Nicola Ellis
Being ruthlessly financially efficient	Information management and digital continuity, regulations, legislation and compliance.	4	3	4	3	4	<p>The nature of the Council's business activities means that there are ongoing information governance risks, including network security, which continue to be managed. These risks are managed through a range of organisational measures including Information Management (IM) & Information security (IS) mandatory training, maintenance of policies, guidance documents, standards, and codes of practice. The Council deploys technical measures to protect its network and infrastructure. The Council continues to monitor the regulatory environment to ensure continued compliance with information governance obligations. Digital services engaged with services across the council to update H&F's Information Asset in 2021 and procured a software solution to enable the maintenance of H&F's asset register in 2022 leading to improved compliance with information assets laws and quicker identification, assessment, and mitigation of information related risks. work has begun in 2023 to improve the quality of data in the system working alongside service area contacts. In partnership with other London Boroughs and the London Office of Technology and Innovation (LOTI) H&F has documented data sharing agreements with the Police, Probation Service, Health Service, and other partners to support the lawful sharing of personal data in an efficient way. Digital Services has been recruiting to its new target operating model, and recruitment of a Senior Information Security Officer will begin in Q2 to support delivery of our Cyber Treatment Plan.</p>	M	Stable	Nicola Ellis
Creating a compassionate council	Managing statutory duties, equalities, human rights, duty of care regulations, highways. * Health and Safety moved to new Risk 32	5	3	3	3	3	<p>The Chief Executive chairs the Statutory Accountabilities Board, whose membership includes the Monitoring Officer (Director of Resources), Section 151 Officer (Director of Finance), Director of Children's Services, Director of Social Care and Director of Public Health. The remit of the Board is to review and consider the Council's compliance with its statutory duties.</p> <p>The potential for ongoing changes in the regulatory environment post-Brexit are kept under review, with reporting taking place to SLT and Finance PAC.</p>	M	Stable	All SLT Members

SLT ASSURANCE - Corporate Risk Register – June 2023

<p>Creating a compassionate council</p>	<p>i) Standards and delivery of care, protection of children and adults and associated data quality and information risks. ii) Reliance on external assurance providers and providers to identify and communicate issues arising from inspections e.g., Ofsted and Care Quality Commission</p>	<p>6</p>	<p>3</p>	<p>4</p>	<p>3</p>	<p>4</p>	<p><u>Children's Services</u> Ofsted: The new children's assessment team is now in place. Work is due to commence on updating the SEF. Inspection readiness activity continues with the frequency of meetings due to increase from the summer in anticipation of an ILACS later this / early next year. QA programme: Analysis of Practice Week held in April currently taking place with emerging themes informing the application of the QA Framework. A further Practice Week to be held in October. HMIP: July 2022 inspection rated the YJS outstanding. No further inspection expected for 2-3 years. Corporate BI: SEN2 statutory return completed. Continued focus on data requirements for the SEND Inspection Framework and on completion of CYPS statutory returns. School Improvement Team: 100% of schools are rated good or outstanding. SEND Inspection: SENCOs and Headteachers have been updated on the SEND inspection framework. Continuing to work with the team on QA specifically of EHCPs through a multi-agency QA process. The Haven Inspection: This has been confirmed as "good" with a strong report. We have recruited a new resident manager who is completing their registration.</p> <p><u>Adult Social Care</u> ASC commissioning work closely with commissioned providers to manage risk through regular and focused contract monitoring meetings. Contract monitoring meeting will now include an agenda focussed on what residents have said about services and what providers are doing to address these issues. For homecare providers, weekly SITREP meetings are held and commissioning in liaison with our Quality Assurance Leads also carry out regular visits to provider locations and carry out quality checks in residents' own homes. Quality Leads are focused on understanding home care provider systems and processes in order to suggest improvements have been assigned to each main homecare provider.</p> <p>For our four nursing homes focussed, monthly Joint Operational Group meetings involving the provider, health, GPs and H&F are held to support the entire health and social care system and hospital discharge pathway. Three out of four care homes are now rated as Care Quality Commission – Good. This is a significant improvement in quality and demonstrates the work that's gone into improve standards.</p> <p>Where providers evidence consistent poor performance contractual sanctions are considered and performance improvement plans put in place to support improvements and keep our residents safe. This feeds into discussions that take place at the monthly ASC Care Governance & Quality Assurance Board. The board meets to share, discuss and agree actions in relation to information received both internally and externally regarding providers of services. Monthly forums with all providers are in place. The Strategic Director also chairs a six-weekly CQC area leads meeting where all parties are keeping abreast on quality of care issues with regulated care providers.</p> <p>The cost of living crisis will have a potential impact on the care market as some providers may be forced to close.</p> <p>Shepherd's Bush Housing Group divestment is still ongoing but has been managed corporately. Discussions are ongoing between children's, adults, economy, Housing and property about how to best adapt and use council assets to meet needs and ensure more stable local provision is available going forward. Children services and community safety have purchased a number of the Shepherd's Bush housing group properties and this has lowered risks.</p> <p>Notting Hill Genesis services have been sold and novated over to Housing 21 who are keen to work with the council moving forward. Adult social care is developing a positive and constructive partnership with Housing 21.</p>	<p>M</p>	<p>Reduced</p>	<p>Jacqui McShannon/ Linda Jackson</p>
<p>Being ruthlessly financially efficient</p>	<p>Failure to identify and address internal and external fraud.</p>	<p>8</p>	<p>3</p>	<p>4</p>	<p>3</p>	<p>4</p>	<p>Policies are reviewed bi-annually at SLT Assurance and the Audit Committee. Refreshed Fraud Response Plan, Anti-Money Laundering and Bribery Policies have been reviewed and were presented to the Audit Committee in June 2021. The Council's Anti-Fraud and Corruption Strategy spans 2020-2023 and contains an action plan to provide SLT with a tool to ensure progress and transparency regarding counter-fraud activities. Performance is reported to both the Audit Committee and SLT to demonstrate how counter-fraud work aligns with the Strategy and contributes to the Council's overall fraud resilience. Reporting also identifies emerging fraud risks and proposed mitigations. Fraud Awareness training is available on the Learning Platform to all staff and a bespoke course was assigned to staff in the Social Care department.</p>	<p>M</p>	<p>Stable</p>	<p>David Hughes</p>

SLT ASSURANCE - Corporate Risk Register – June 2023

Taking Pride in Hammersmith & Fulham, doing things with, not to residents	Failure to ensure compliance with the statutory duties to undertake inspection regimes covering management of asbestos, electrical testing, fire risk, plant and equipment, water testing/Legionella.	9	3	4	3	4	<p>Corporate property remains compliant with 90% compliant score over the last three years and completion of recommended remedials within the reports. Internal audit review is currently underway to assure FM's compliance and repairs practice.</p> <p>Housing stock remains compliant across key areas - gas, electrical safety, water, gas, asbestos and fire – monthly rolling monitoring programme in place. Risk based assessment in place for 19 buildings over 18+ metres with combustible spandrels/infill panels. Data uploaded to LFB portal. New Fire Safety Regulations came into force 23 Jan 23; systems in place, reporting will be via monthly compliance-based report. As of April 2023, the Building Safety Act requires all buildings over 18 metres must be registered with the new regulator by 30 September; after this date safety case files on structural and fire safety need to be logged at the regulators request. Process has commenced. Compliance based capital works, including fire door upgrades, sprinkler installation, dry riser installation etc continues. FRA actions (1,668) via minor fire safety work team continue with estimated two-year completion date: 0 P1s and 345 P2s. Programme of lone working training & devices continues to be rolled out to officers. Independent Audit undertaken by external auditors, Pennington, all areas satisfactory and audits by Mazars satisfactory too.</p> <p>Monthly Contract meetings remain in place with all contractors and reported to senior management teams. New commercial terms agreed with Morgan Sindall to ensure sustainable delivery model. Mears overheads agreed. Risk remains in the sector from high inflation, material supply chains and labour shortages.</p>	M	Stable	Jonathan Pickstone
All Council Values Page 66	Unable to retain talented people in key posts at LBHF.	12	3	4	3	4	<p>In terms of key posts, we have signed up to the social worker London Pledge to help control costs. Providing an opportunity to work as a region to stop this growing trend in its tracks by sticking to the capped pay rates in our recruitment of new agency candidates. The aim is to be able to stabilise agency pay rates and achieve reductions over time. The maximum pay rates in the London Pledge (which relates to children's social work) offer local authorities flexibility in times of need. Through London Councils, information is shared regularly relating to hard to fill / key posts. Work is underway at London Councils to broaden the appeal of Local Government in the employment market to make an impact on attracting suitable, high-quality candidates.</p> <p>We are carefully monitoring our turnover position and our HR Business Partners are working closely with SLT leads and their management teams to identify workforce planning needs going forward. Whilst we are seeing some churn, our retention and turnover rates are stable but under constant review.</p> <p>The People Strategy implementation including the 'H&F Way' culture change movement has been refreshed to align to 3 key focus areas – healthy workplace, inclusive workplace and agile workplace with input from our staff-led networks addressing the issues that most concern our workforce to improve our employer reputation and ability to retain talent.</p> <p>People and Talent continue to lead on activities to further improve our Employer Value Proposition (EVP) and ensure we can continue to attract and retain talent. In addition to our new Onboarding Portal, we have signed up to secure accreditation with Timewise which will help to promote H&F as a fair and flexible employer. We have moved up a level in our accreditation for Disability Confident and have signed up to Purple Space and Opening Doors. Other initiatives we are actively promoting to raise our EVP and secure talent for the future is our H&F Academy (apprenticeships, graduates, supported interns & Get Ahead) for which we have been shortlisted as finalists with PPMA Excellence in HR and the LGC (again this will ensure we can attract new talent and retain existing talent through reinforcement of our commitment to being a learning organisation. We have published our new Total Rewards intranet pages accessible to all internal staff (August 2022).</p> <p>The Council is committed to staff wellbeing, learning and development and continues to deliver online and virtual wellbeing and learning and development events including Get Ahead, World Class Managers, Aspiring World Class Managers, Emerging Leaders, an Introduction to Project Management and much more.</p>	H	Stable	Nicola Ellis
Doing things with, not to residents	Failure to deliver the Civic Campus Programme.	14	4	4	3	4	<p>The project has been delayed due to the impact of the site incident in May 22 and the consequences of the termination of the original architects by the contractor, together with wider commercial and contractual discussions. In terms of Contract A (Town Hall building), the collapsed steel work has been replaced and work is now progressing well on site and is being monitored on a daily basis. A revised build programme was received from the contractor in May 23 which includes a revised completion date of early summer 24. This is currently subject to detailed scrutiny and challenge by the management team. Additional expertise has also been brought into the Council team including in the areas of contract delay analysis and damp specialists. The commercial strategy for the town hall is being advanced, including the procurement strategy for various catering operations within the building.</p> <p>In terms of contract B (new build homes and commercial space) construction work continues to progress at a good pace with completion programmed for summer 24. The residential sales marketing suite and show apartment on King Street are complete and will be launching at the end of June 23.</p>	H	Stable	Jon Pickstone

SLT ASSURANCE - Corporate Risk Register – June 2023

Creating a compassionate council	High needs budget pressure continues, impacting on provision of services for vulnerable young residents.	16	3	4	3	4	<p>The SEND Transformation programme: Good progress continues to be made across the programme. Consultation closed on key strategic documents which are currently being progressed through internal governance for final sign off.</p> <p>Delivery savings targets: Delivered a small in year surplus in 2022/23 following delivery of £5.8m mitigation in year. Small surplus forecast for 2023/24 subject to delivery of agreed savings programme.</p> <p>COVID Impact: Positive signs that escalation to statutory processes is slowing as a result of the early intervention programme with growth at 6% in 2022 compared to national of 10% for the prior year. Targeted work underway including pump priming a new Early Years SEND Inclusion Team to support reducing escalation to statutory processes.</p> <p>Therapist shortages: Successful recent recruitment drive by the provider who continues to work in partnership with schools to ensure equity of provision.</p> <p>Additional budget to support Housing and repairs visiting vulnerable tenants to inspect damp and mould and disrepair issues</p>	H	Stable	Jacqui McShannon
All Council Values	Management of complaints, requests for information, members enquiries	18	4	4	4	4	<p>Performance concerns persist with regard to the completion of repairs and resolving complaints. However, an improvement plan is currently being developed and will be shared with SLT and politicians by July 2023.</p> <p>The Housing Ombudsman cases continues to present a significant ongoing risk as we are now under active investigation by them (June 2023). We have received nine judgments of severe maladministration, the majority of which are associated with historic cases (as noted previously) and we have undertaken their recommendations.</p> <p>The Social Housing Regulator has also requested a response to nine separate points in order to determine whether H&F have not met consumer standards for residents. We are meeting the Regulator in July to discuss our response to them.</p> <p>In order to mitigate against the complaint failures, we have also assembled a resilient ombudsman dispute and resolution team, and a dedicated complaints team, which have been instrumental in resolving historical cases and significantly reducing open complaints. As also previously reported, housing complaints performance is also overseen by an SLT chaired board, with regular oversight of the progress being made.</p> <p>We are also moving responsibility for stage 1 & stage 2 complaints into Housing from Corporate Complaints this summer, as part of our ongoing efforts to streamline and enhance our service quality.</p> <p>Risk remains high due to both outcomes following the Ombudsman Investigation and the response from the Social Housing Regulator and the repairs and complaints services still requiring further improvement.</p> <p>There is a potential risk concerning Subject Access Requests (SARs) performance and intervention from the Information Commissioner's Office (ICO). Compliance levels are currently low, and the ICO has intervened in other London Boroughs. Focused work is being conducted to identify the root cause and areas for improvement. Notably, there has been a significant improvement in SARs performance in the first month of quarter 4.</p>	H	Stable	Bram Kainth/ Jon Pickstone/ Nicola Ellis
Being ruthlessly financially efficient	Financial Management - Medium-Term Planning.	19	3	4	3	4	<p>The Council's financial operating environment remains challenging (with the macro-economic inflationary/interest pressures, lower household incomes and rising unemployment). This will increase all operating costs including pay and external service contracts, affect the affordability of regeneration programmes, reduce our commercial income and increase arrears on rents, council tax, business rates as households, visitors and businesses reduce costs. It will also impact of services especially homelessness and other welfare services. In addition, there are many national reforms in progress (business rates, social care funding, social housing rent caps) and there are substantial demographic and new legislative burdens.</p> <p>The Council has a well-developed and established medium term financial planning process (for revenue, capital and treasury management). SLT have been provided with a preliminary MTFS budget gap for the period 2024/25 to 2027/28. There will be considerable work taking place corporately across summer 2023 to meet the 2024/25 budget gap. The General Fund financial position is relatively strong (stable debt levels, reserves and cash balances) but the outlook is more difficult on the HRA (although the recent decision by Cabinet on the 6 February 2023 on rents/service charges has increased financial resilience of the HRA). The Council has established strong in-year financial governance arrangements (from Finance SLT to DMTs).</p>	M	Stable	Sukvinder Kalsi
Creating a compassionate council	Financial Management - in year budget 2022/2023 and Medium-Term Planning: Social Care	20	2	4	2	4	<p>The adult social care and public health budgets will balance this year 22/23 and have delivered their required savings.</p> <p>The required savings and growth have been agreed for 23/24 following the MTFS process.</p> <p>The adult social care budget continues to be very pressurised due to the requirements of the Fair Cost of Care funding reforms; inflation and price increases and the market volatility.</p>	M	Stable	Linda Jackson

SLT ASSURANCE - Corporate Risk Register – June 2023

All Council values	Corporate management of Health and Safety	21	3	4	3	4	<p>The health and safety board continues to meet every 8 weeks. Corporate health and safety report no HSE enforcement this quarter and for the previous quarter. KPIs for 2021 / 2022, agreed by APSC in June 2021 are on target: Fire safety policy review (to reflect new legislation); Coronavirus ongoing monitoring and provision of information to worker via IPC awareness; review of H&S training; improvements to driver safety management; risk profiling to realign council to new ways of working; reduction of work-related stress; training and assessment for the home working environment. A deep-dive audit of water hygiene compliance in all council buildings has been completed in all areas has been completed. A rise in assaults and threats on staff is noted this quarter and a safer workforce task and finish group, instructed by the CEO to review personal safety and lone working, has completed its findings and has presented 8 recommendations for reducing violence and other unacceptable behaviour against staff. The delivery of these recommendations will be KPIs for FY 2022 2023. A strategic risk assessment for hybrid working (including wellbeing) has been presented and is being formatted to a RAG rating status for ease of reference. An external audit has been presented from Mazars. It gives a score of satisfactory assurance but recommends improvements in risk assessment record keeping, review as well as training in risk assessment methods across many areas of the council to achieve a corporate integrated approach. These recommendations will be priorities for the council in 2022 / 2023 and driven through the health and safety board with support from the corporate health and safety service.</p> <p>A risk assessment training course has been added to the learning zone, and in addition a large part of the IOSH Managing Safely Course concentrates on risk, to date numerous teams across the council have successfully completed the course and attained IOSH accreditation. Those teams taking up the training have included HR, Events, Housing, Fire Teams and Adult Social Care. The risk assessment database has been added to the accident and reporting system and is now in operation with a training module attached as well as monthly training sessions for staff.</p>	M	Stable	Jonathan Pickstone
Taking Pride in Hammersmith & Fulham, Doing things with, not to residents	Impact on the local economy and businesses from the closure of Hammersmith Bridge to pedestrians, road and river traffic.	22	3	4	3	4	<p>Works for stabilisation is in the final stage with the jacking operation starting in late July. Procurement has started for the main works. CCSO and monitoring continues and 24/7 personnel on the bridge.</p>	4	Stable	Bram Kainth
Rising to the challenge of the climate and ecological emergency	Failure on the part of the Council to mobilise its response to the Climate Change emergency.	26	3	4	3	4	<p>The Climate Emergency Unit is now in place, with posts recruited to. A climate strategy for a net zero borough by 2030 has adopted. The resident-led commission has now been replaced with a new Climate Strategy Implementation Group to increase scrutiny and deliver actions at pace. A detailed audit of the Council's carbon footprint is now an annual activity to track progress against our action plan and to provide a robust evidence base for costing and prioritising organisational carbon reduction activity. Quick win workstreams to influence emissions through policy have been progressed, including emissions-based policies on parking, council fleet, energy procurement, and wider procurement. Engagement is underway with local businesses and organisations through the H&F Climate Alliance, and H&F has been a leader in designing and implementing the UN's climate education programme. Flooding has expedited the need for a climate adaptation plan to prepare residents, businesses and the council for more extreme weather including heavy rainfall and heatwaves. Individuals, households and infrastructure will need to adapt and prepare for more of occurrences and the council has an important supporting role.</p>	M	Increased	Bram Kainth
Taking Pride in Hammersmith & Fulham, Doing things with, not to residents	Repair system and contractor management not delivering performance at the required levels, leading to reputational damage, enforcement action and external intervention, legal disrepair cases and Category 1 Hazards, HHSRS, Damp, Mould, Falls, etc.	27	4	4	4	4	<p>Overall, we are trying to mitigate against this risk, in-line with direction set by internal audit, the monitoring officer, the Housing Ombudsman, and the Social Housing Regulator.</p> <p>We are improving management of our external contractors and our in-house Direct Labour Organisation (DLO). We are expanding the capacity of our DLO and we are recruiting additional external contractors, thereby augmenting our overall operational capacity. Two new external contractors are due to commence work with LBHF on 1st July with another two on 10th July. We are strengthening internal staffing, policy, procedures and culture in repairs and complaints.</p> <p>In order to fund this additional capacity, we have refocused £43 million of spend onto repairs over the forthcoming three years, in addition to existing repairs budgets. This is mostly capital spend given the complexity of many jobs in our backlog.</p> <p>We have several priorities including reducing the backlog of legal disrepair cases, complaints including Ombudsman cases, and keeping our residents safe. We also seek to reduce the backlog of work-in-progress (WIP) to sustainable levels and reduce revenue loss to the council by reducing the number of outstanding voids.</p> <p>Key risks remain: managing across multiple critical priorities and substantial long-term and ongoing challenges, managing a greater number of repairs contractors, and improving the repairs service without excessively pressuring the Housing Revenue Account.</p>	H	Increased	Jonathan Pickstone

SLT ASSURANCE - Corporate Risk Register – June 2023

Being ruthlessly financially efficient, Rising to the challenge of the climate and ecological emergency	Failure to manage the requirements of the New Environmental Act which will change the way in which the Waste service operates and how it contributes to the Council's carbon zero commitment.	30	3	3	3	3	Work to feed into any further Defra consultation on potential changes. Likely and foreseeable changes have been factored into the new waste service contract, however there is little clarity on how the Act will be implemented at present until detailed regulations and guidance have been published. We believe requirements specifically for food waste collections will be available imminently and we already have plans for introduction of food waste that we anticipate will meet these.	M	Stable	Bram Kainth
Taking pride in Hammersmith and Fulham	Failure to manage the negative impact of flooding, due to adverse weather conditions, on residents and businesses. Consequences of the Climate Emergency. One in a hundred events that lead to the overloading our surface water systems (gullies) which results in widespread flooding and consequent damage to homes and businesses. Fluvial flooding as the most at risk London Borough.	31	3	4	3	4	<p>Mitigations:</p> <ol style="list-style-type: none"> 1. Tree management system allowing water to collect underneath the tree and slow release into the ground has been installed in Bloemfontein Road, Seagrave Road, Overstone and Gallaway Roads. Number of green infrastructure are increasing. 7 more schemes in the programme for this year. 2. x 2 Countess Creek Project with Thames Water have been completed and are working the Thames water Independent Review confirm that they had worked during the flooding event on 12th July 2021. 3. Working with Economy on their regeneration projects to deliver enhance flood risk. 4. Continued to work with Thames water on delivering flood mitigation they have offered assistance on the de-paving programme we will roll out and offered flow data on the first phase of flood risk scheme in Brackenbury. 5. Developing our own programmes of works on the public highway Including doing further work on retrofit measures in a number of borough streets that will have impact on reducing flood risk. 6. Highways are delivery de-paving schemes. 7. Sewer network remains a Thames Water asset that we have no remit over so we will continue to work with them to ensure we reduce the water flow off our highway to a minimum where possible. 8. Flood Risk Board set up and meeting regularly and officers working Cllr Rowbottom (Flood Risk Czar) 9. Bi-monthly meetings with Thames Water set up – Challenge on action plan, programme and seek funding opportunities and joint working. 10. Action plan approved by SLT 11. Thames Water delivering a programme of adding Non Return Values (NRV) to often further protection to properties. 12. Thames water undertaking surveys to add further measures they have written to 1,461 properties in H&F. 331 of them that had previously reported their flooding and 1,500 believed to have flooded 13. Working with other boroughs such as Camden, Westminster and RBKC who are part of the chain of sewers that impact Hammersmith and Fulham on another initiatives such as lobbying for insurance provisions for London properties, joint bids for funding and aligning projects. 	M	Stable	Bram Kainth
All Priorities	Failure to maintain services to residents or progress works or development because of provider failure or market failure. (This includes a legal requirements to step in where care agencies fail even if the council does not commission them)	32	4	3	4	3	<p>The following frameworks are in place to mitigate the potential risks:</p> <ol style="list-style-type: none"> 1. Departments have well developed business plans and these are being refreshed. 2. Risk assessment of markets and high-risk contracts being undertaken by Contract. 3. Assurance Board to inform where alternative provision or arrangements may need to be planned. 4. Forward Plan of major contract re-procurements over the next 18 months has been developed. 5. Risk management plan established for any residents who may be impacted. 6. Regular reports to SLT Assurance. 	M	Stable	Sukvinder Kalsi
All Priorities	Supported accommodation providers, SBH & NHG are exiting the market, by 2023	33	3	4	2	2	<p>Mitigations</p> <ol style="list-style-type: none"> 1. Corporate Fortnightly meeting now stopped as risk has lowered due to Notting Hill Genesis NGH services being novated over to a new provider (Housing 21). There are ongoing discussions between children, adults and property services to explore how we can move from reacting to divestments by providers to being more self-sufficient through the adaptation of our council assets where possible. 2. Programme management plan in place 3. Risk management plans for all effected residents 4. Joint work with commissioners, operational response teams and providers 5. Regular reports to SLT have taken place. <p>NHG sales now confirmed to Housing 21 therefore risk is reduced. Leader's delegation regarding SBH and business cases now agreed. Further business cases are being developed regarding acquisition options across ASC, CHS and community safety. It is envisaged that in the next quarter a clearer picture of mitigating actions to be taken further to reduce risk on SBH.</p> <p>RISK TO BE CLOSED ON CORPORATE RISK REGISTER AND MAINTAINED ON DEPARTMENTAL REGISTER</p>	M	Stable	Linda Jackson

SLT ASSURANCE - Corporate Risk Register – June 2023

Key

16-25 Red	High risk, immediate management action is required.
11-15 Amber	Medium risk, review controls for appropriateness and effectiveness
1-10 Green	Low risk, monitor and if escalates quickly check controls
Blue	Opportunity risk

Likelihood and Impact Based on a 1 to 5 scale with 1 Very Low and 5 Very High, the Score then is automatically calculated by multiplying them together.

Help

Risk Description	Risk described in a language that articulates clearly what could go wrong or what opportunity could be achieved.
Residual Exposure	Extent of the risk once the controls are currently in place. This is known as the residual risk and is calculated by multiplying impact of risk and likelihood of occurrence.
Existing Controls	Not all risks can be managed, but those that can are managed using a variety of controls.
	The art of risk management is to apply controls that are effective and efficient in reducing the exposure.
Risk Owner	This is the person or team best positioned to manage the identified risk

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 26 July 2023

Subject: Head of Internal Audit Annual Report 2022/23

Report of: David Hughes, Director for Audit, Fraud, Risk and Insurance

Responsible Director: Director for Audit, Fraud, Risk and Insurance

Summary

This report summarises the work of Internal Audit in 2022/23 and provides the opinion of the Director of Audit, Fraud, Risk and Insurance on the adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion is provided for the use of the London Borough of Hammersmith and Fulham and is used to support its Annual Governance Statement.

The report sets out a consistent level of assurance being obtained and provided for 2022/23 through the work of internal audit. This reflects the commitment to a robust assurance framework being led by the Chief Executive, through monthly SLT Assurance meetings, and through the delivery of the Ruthlessly Financially Efficient programme of the Council.

Recommendation

For the Committee to note the Head of Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment (para 10) and to consider whether there are any areas the Committee would like to explore further.

Wards Affected: None

H&F Values

Our Values	Summary of how this report aligns to the H&F Priorities
Building a shared prosperity	Internal audit work covers a wide range of services including those which are delivered in partnership with local and national companies. Assurance may be required over governance arrangements to demonstrate the benefit to residents of co-delivered services.
Creating a compassionate council	Internal audit provides assurance that the Council's resources are managed appropriately to provide the most effective support to the most vulnerable residents.

Our Values	Summary of how this report aligns to the H&F Priorities
Doing things with residents, not to them	Where engagement with residents is part of service development, internal audit will consider how well co-production and resident access is embedded in a process.
Being ruthlessly financially efficient	The work undertaken by Internal Audit helps to ensure that management have robust controls and practices in place to safeguard the Council's assets, controlling expenditure and maximising potential income to protect and invest in essential frontline services which are in place to meet the Council's priorities.
Taking pride in H&F	Investment in public realm services such as waste collection, street cleaning and open/park spaces is significant. The internal audit strategy identifies services for cyclical review, including contract management for outsourced services and performance delivery for in-house services.
Rising to the challenge of the climate and ecological emergency	Internal Audit consider the impact of strategies, including, the Climate and Ecology Strategy, in a number of different reviews that form part of the Internal Audit Plan.

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Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

1. From the Internal Audit work undertaken in the financial year 2022/23, reasonable assurance can be provided that the systems of internal control are effective with 86% of the audits undertaken receiving a positive assurance opinion, with no Nil Assurance audits being reported for the seventh consecutive year (Appendix 1). The number of Substantial Assurance audits issued has remained consistent with previous years with 5 issued in 2022/23 (seven issued in 2021/22 and five in 2020/21). Given the way in which the Audit Plan is constructed, it is not unusual for some reviews to be given a Limited Assurance rating and this does not indicate that there are pervasive issues with the Council's control environment but that there are actions required in specific areas to improve controls.
2. There are some areas where control improvements are required and compliance with agreed systems could be improved. In each case, action plans are either in place, or have already been implemented, to remedy the weaknesses identified. These will be followed up by the internal audit team until they are completed.
3. The Council was found to be effective, in most areas, at implementing recommendations where concerns in respect of controls were identified.
4. The report is a key element of the evidence supporting the Annual Governance Statement (AGS), which will be presented separately to the Committee with the Annual Accounts.

Internal Audit Work 2022/23

5. The Audit and Accounts Regulations 2015 require the Council to conduct a review of effectiveness of the system of internal control. This contributes to the Council priority of being Ruthlessly Financially Efficient. Detailed reports on the performance and outcomes of the internal audit work undertaken, have been presented regularly to the Council's Section 151 Officer and at each meeting of the Audit Committee.
6. Wherever possible, when planned audits are postponed, alternative work is identified or alternative sources of assurance are sought. A small number of audits are shown as in progress in Appendix 1 and some audits were no longer appropriate or deferred until a future year, by agreement with the service, which are detailed in Appendix 2. The Internal Audit service has also liaised closely with the Council's senior managers to prioritise the audit work undertaken and to assist them in identifying other sources of assurance including the Directors' Assurance Statements which were completed at the end of the financial year.
7. The internal audit service has been provided in accordance with the UK Public Sector Internal Audit Standards (PSIAS). One of the requirements of the PSIAS is that the Head of Audit confirms to the Committee, at least annually, the organisational independence of the internal audit activity. The [Internal Audit Charter](#) reinforces this requirement.

Declaration of independence and objectivity

The reporting and management arrangements in place are appropriate to ensure the organisational independence of the Internal Audit activity. Robust arrangements are in place to ensure that any threats to objectivity are managed at the individual auditor, engagement, functional and organisational levels. Nothing has occurred during the year that has impaired my personal independence or objectivity.

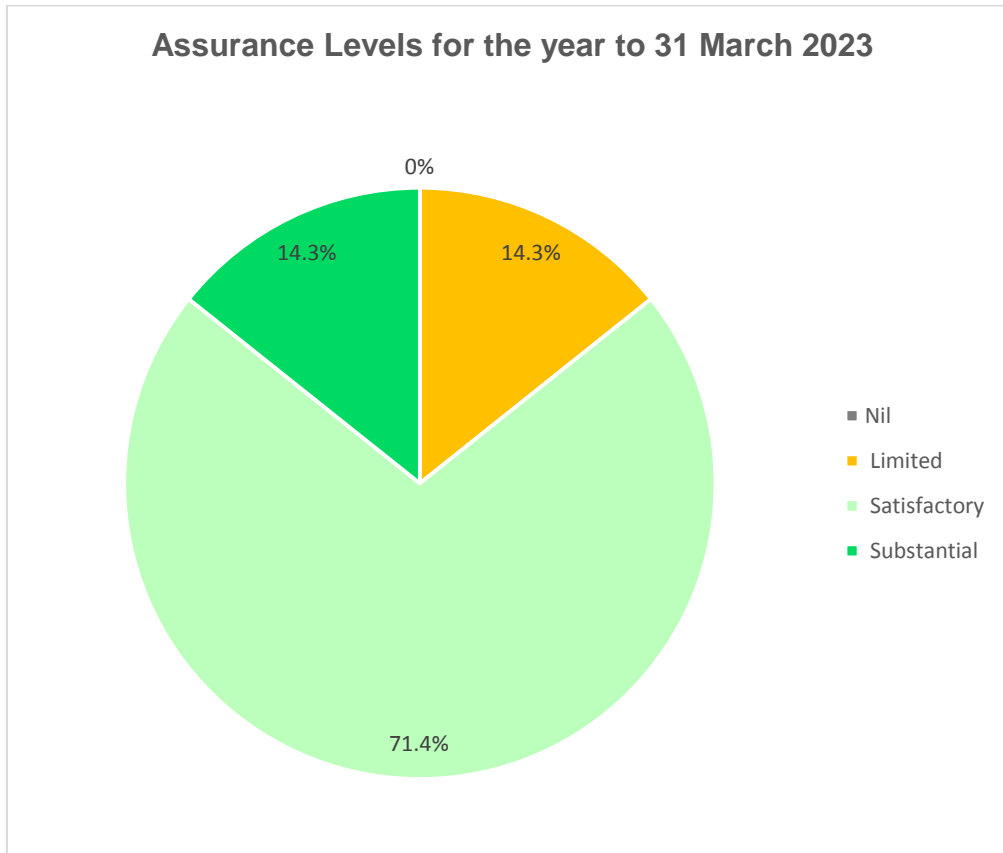
Head of Internal Audit

8. During 2022/23 the Internal Audit Service undertook a self-assessment to verify PSIAS compliance which has identified general compliance with the Standards. A peer review of compliance was deferred from 2022/23 and is now due to take place during 2023/24.

Internal Audit Opinion

9. As the provider of the internal audit service to the London Borough of Hammersmith and Fulham, the Director of Audit, Fraud, Risk and Insurance is required to provide the Section 151 Officer and the Audit Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. In giving this opinion it should be noted that assurance can never be absolute. Even sound systems of internal control can only provide reasonable and not absolute assurance.
10. The opinion is that, at the time of preparing this report and based upon the work completed this year, the Council's governance, risk management and internal control systems in the areas audited were adequate with the exception of those areas detailed as Limited Assurance (see paragraph 21 below and Appendix 1). This is a positive opinion which means that the Council generally has effective internal control systems with 86% of audits receiving a positive assurance opinion (91% in 2021/22). No Nil Assurance reports have been issued again this year.
11. In the above context it should be noted that:
 - This opinion is based solely upon the areas reviewed and the progress made by the Council to action internal audit recommendations.
 - Assurance can never be absolute neither can internal audit work be designed to identify or address all weaknesses that might exist.
 - Responsibility for maintaining adequate and appropriate systems of internal control resides with Council management, not internal audit.
12. Issues arising from Internal Audit work which have significant implications for the Council's assurance framework, will be included in the Annual Governance Statement which is reported separately to this Committee. The Annual Governance Statement also ensures that follow up action is taken to remedy the key control weaknesses found.

Chart Showing assurance levels:



Limited Assurance Reviews

13. There were a few areas where improvements in compliance with controls were needed with a total of five audits being designated as limited assurance as set out in the table below:

Service Area	Audited Area	Reported to Audit Committee
Schools	Old Oak Primary	March 2023
Schools	The Good Shepherd Primary	March 2023
Schools	William Morris 6 th Form	November 2022
Finance & Economy	Tenant Service Charges	November 2022
Economy & Legal	Disrepair Claims	September 2022

Substantial Assurance Reviews

14. As identified earlier in the report, five Substantial Assurance reviews were issued in 2022/23 which are set out in the table below:

Service Area	Audited Area	Reported to Audit Committee
Finance	Capitalisation of Works	July 2023
Economy	Housing Repairs Contact Centre	November 2022
Environment	Council Tax (2021/22)	September 2022
Environment	Housing Benefit (2021/22)	September 2022
Environment	NNDR (2021/22)	September 2022

Managed Services – Finance, HR and Payroll Systems

15. The Council's Finance, HR and Payroll systems are provided by the Integrated Business Centre (IBC) within Hampshire County Council (HCC). During 2022/23, HCC commissioned a Type 2 Report on the suitability of the design and operating effectiveness of service organisation controls which was prepared in accordance with the International Standard on Assurance Engagements (ISAE) 3402. The Report covered a sample of business processes in the following areas:
- General Ledger
 - Order to Cash
 - Purchase to Pay
 - Cash and Bank
 - HR and Payroll
 - IT General Controls.

The report was provided by HCC to the Director of Finance and provided reasonable assurance that the control objectives would be achieved.

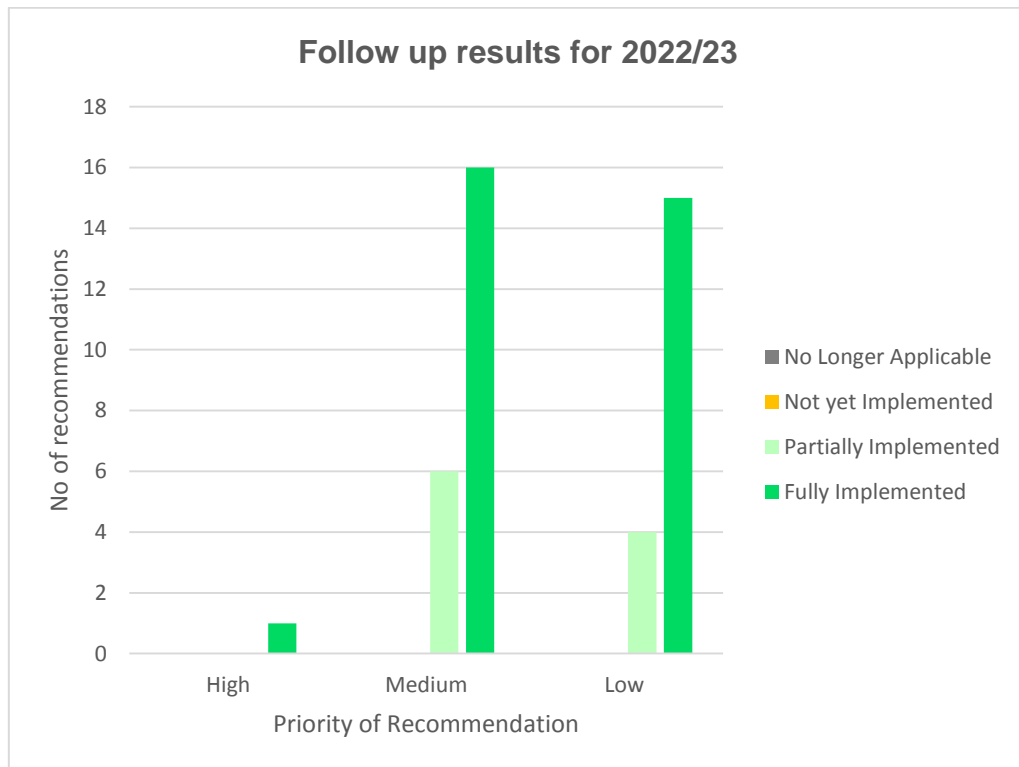
16. In addition to the assurances provided by HCC, the Council is required to apply complementary controls and a sample of these controls are tested during the year.

Follow ups

17. The implementation of audit recommendations is reported regularly to SLT Assurance and to the Audit Committee.
18. Follow up work is undertaken when the majority of the recommendations made are expected to have been implemented as indicated in an agreed management action plan. Sometimes recommendations cannot be fully implemented in the anticipated timescales. In these cases, where appropriate progress is being made to implement the recommendations, these are identified as partly implemented. Recommendations will be followed up until all high and medium priority recommendations are implemented or good progress in implementing them can be demonstrated. Where appropriate, the follow up is included in the next full audit of the area

19. Forty-two recommendations were followed up in 2022/23 and the implementation of medium and high priority recommendations had been consistently effective with 74% of recommendations fully implemented and the remaining 26% partly implemented.

Chart showing follow up outcomes:



Additional Sources of Assurance

20. In addition to assurance audits undertaken during the year, the service has provided support and guidance in a number of areas including:

- Equalities Impact Assessments
- Adaptive Tech
- Digital Services Audit Needs Assessment
- SEN
- No Recourse to Public Funds
- Raising Payments on Mosaic (Children’s Services Case Management System)
- Hospital Discharge
- Neighbourhood CIL
- VPACH Funding Claim
- Resident Engagement & Access Programme
- Library Service

This type of engagement with the services is taken into account when considering the overall opinion of the Council’s governance, risk management and internal control systems together with outcomes provided from internal

compliance and quality assurance checks, peer reviews and assessments from external bodies such Ofsted and the Care Quality Commission.

Assurance on Risk Management

21. As an organisation the Council must ensure that it is delivering against priorities and requirements (political, community and statutory), that it is managing its processes effectively (finance, procurement, governance) and making best use of its resources (money, assets, people). This requires the Council to look both inwardly (to ensure we have effective governance and controls) but also outwardly at risk (e.g., to the risk to citizens, to protect citizens and build resilience).
22. The Senior Leadership Team (SLT) is responsible for providing sufficient assurance against risks and opportunities that affect (or impact upon) the Council and its citizens and communities. It sets the standards and ensures the Council has the right policies, practices and behaviours in place for effective assurance and risk management and is responsible for ensuring that new and emerging risks are identified, captured and appropriate mitigations are put in place.
23. The Council's Corporate Risk Register is reviewed by the Senior Leadership Team at least four times a year and the Register is reported at regular intervals to the Audit Committee for review and comment. During 2022/23 the Committee received a Risk Management Highlight Report and the Corporate Risk Register at their meetings on 21 June 2022, 13 September 2022 and 13 March 2023.

Assurance on Corporate Governance

24. Officers have undertaken an internal review to support the preparation of the draft Annual Governance Statement which will be reported to the Committee alongside the Council's draft Annual Accounts 2022/23 at its July 2023 meeting.
25. Each year, the Council's Directors complete an Assurance Statement which is an opportunity for them to assess the governance arrangements and sources of assurance within their department. Any significant issues should be identified and would feed into the Council's Annual Governance Statement. Internal Audit periodically test the content of Directors Assurance Statements, both to confirm their accuracy and to build upon our own picture of assurance across the Council.
26. The Council's corporate governance framework is considered to comply with the best practice guidance on corporate governance issued by CIPFA/SOLACE.

Consultation

27. The Director of Audit, Fraud, Risk and Insurance is required to provide an annual report and opinion on the Council's system of internal control under the

Public Sector Internal Audit Standards. To enable this, an Internal Audit Plan covering the Council's key risks is devised in consultation with the Strategic Leadership Team and the work performed through this plan forms the basis of the annual opinion.

Legal Implications

28. Regulation 3 of the Accounts and Audit Regulations 2015 sets out the Council's responsibility for ensuring that it has a sound system of internal control which:
 - a. Facilitates the effective exercise of its functions and the achievement of its aims and objectives.
 - b. Ensures that the financial and operational management of the authority is effective, and
 - c. Includes effective arrangements for the management of risk.
29. Regulation 5 requires the Council to ensure that it undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
30. There are no particular legal implications arising from this report.

Implications verified by Grant Deg, Assistant Director, Legal Services on 29 June 2023.

Financial Implications

31. The internal audit plan was delivered within the approved revenue budget for the service for 2022/23. Actions required as a result of audit work, and any associated costs, are the responsibility of the service managers and directors responsible for the areas which are reviewed.
32. Any resource implications from the implementation of the recommendations by services have to be contained within the relevant Directorate approved budgets.

Implications verified by Sukvinder Kalsi, Director of Finance on 26 Jun 2023.

Risk Management

33. The internal audit plan is developed and delivered to cover the key risks faced by the Council, to provide assurance on the key controls in operation and the effective management of key risks.

Implications verified by Moira Mackie on 23 Jun 2023.

List of Appendices:

- Appendix 1 Audits completed in 2022/23 and work in progress
- Appendix 2 Changes to the 2022/23 Audit Plan

Appendix 3 Internal Audit Plan 2022/23 – Final Progress Report

Audit work completed in 2022/23

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
Cross-cutting	RFE	n/a	Satisfactory	0	0	0	Jul-23
Finance	Capitalisation of Works	Mar-23	Substantial	0	1	1	Jul-23
Corporate Services	Digital: Audit Needs Assessment	Mar-23	Advisory	0	0	0	Jul-23
Children's Services	Supporting People Claims	On-going	Satisfactory	0	0	0	Jul-23
Schools	Larmenier Sacred Heart Primary	Mar-23	Satisfactory	0	5	5	Jul-23
Schools	Addison Primary	Mar-23	Satisfactory	0	4	5	Jul-23
Schools	Melcombe Primary	Mar-23	Satisfactory	0	3	6	Jul-23
Schools	Normand Croft Primary	Apr-23	Satisfactory	0	4	5	Jul-23
Schools	St John's Walham Green	Mar-23	Satisfactory	0	3	7	Jul-23
Schools	Wormholt Primary	Jun-23	Satisfactory	0	3	4	Jul-23
Schools	St Peter's CE Primary	Jul-23	Satisfactory	0	3	7	Jul-23
Economy	Neighbourhood CIL	May-23	Advisory	2	1	1	Jul-23
Environment	Resident's Experience and Access Programme (REAP)	May-23	Advisory	0	8	0	Jul-23
Environment	Libraries	May-23	Advisory	0	5	5	Jul-23

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
Finance	Debt Management (2021/22)	Jan-23	Satisfactory	0	2	2	Mar-23
Finance	Pension Investments	Feb-23	Satisfactory	0	2	2	Mar-23
Resources	Registrar Service	Jan-23	Satisfactory	0	2	2	Mar-23
Resources	Adaptive Tech	Jan-23	Advisory	0	3	0	Mar-23
Children's / Finance	Raising Payments on Mosaic	Nov-22	Advisory	0	3	0	Mar-23
Schools	Old Oak Primary (2021/22)	Dec-22	Limited	4	4	1	Mar-23
Schools	The Good Shepherd Primary	Dec-22	Limited	1	8	0	Mar-22
Schools	Holy Cross Primary	Jan-23	Satisfactory	0	4	2	Mar-23
Schools	Jack Tizard	Feb-23	Satisfactory	0	2	6	Mar-23
Social Care	Hospital Discharge	Dec-22	Advisory	0	5	0	Mar-23
Economy/ Finance	HRA Cost Apportionment (2021/22)	Dec-22	Satisfactory	1	2	0	Mar-23
Economy	Capital Projects Post Completion Records (2021/22)	Dec-22	Satisfactory	0	4	0	Mar-23
Resources	Equalities Impact Assessment (2021/22)	Oct-22	Advisory	0	6	0	Nov-22
Resources	Mortuary	Oct-22	Satisfactory	0	3	1	Nov-22
Schools	William Morris 6 th Form (2021/22)	Oct-22	Limited	2	2	4	Nov-22

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
Economy/ Finance	Tenant Service Charges (2021/22)	Sep-22	Limited	2	3	0	Nov-22
Economy	Direct Labour Organisation (2021/22)	Oct-22	Satisfactory	1	3	2	Nov-22
Economy	Housing Repairs - Operations	Oct-22	Satisfactory	0	2	1	Nov-22
Economy	Housing Repairs – Call Centre	Oct-22	Substantial	0	0	2	Nov-22
Digital Services	IT Asset Management & Access Control	Sep-22	Satisfactory	0	0	1	Nov-22
Digital Services	IT Ransomware	Sep-22	Satisfactory	0	3	0	Nov-22
Children's Services	SEN Processes (2021/22)	Jun-22	Advisory	n/a	n/a	n/a	Sep-22
Children's Services	No Recourse to Public Funds (2021/22)	Jun-22	Advisory	3	4	1	Sep-22
Schools	Bayonne Nursery (2021/22)	Jul-22	Satisfactory	0	3	4	Sep-22
Schools	St John's XIII Primary	Jul-22	Advisory	8	8	2	Sep-22
Economy	Lift Maintenance (2021/22)	Aug-22	Satisfactory	0	2	0	Sep-22
Economy	Fire Safety (2021/22)	Aug-22	Satisfactory	0	4	1	Sep-22
Economy	Disrepair Legal Claims (2021/22)	Aug-22	Limited	3	6	0	Sep-22
Environment	Leisure Centres (2021/22)	Jun-22	Satisfactory	1	5	1	Sep-22
Environment	NNDR (2021/22)	Jul-22	Substantial	0	0	1	Sep-22

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
Environment	Council Tax (2021/22)	Jul-22	Substantial	0	0	1	Sep-22
Environment	Housing Benefit (2021/22)	Jul-22	Substantial	0	0	2	Sep-22
Environment	Funding Claim (VPACH)	May-22	Advisory	0	0	0	Sep-22

2022/23 Audit work in progress

Plan Area	Auditable Area	Status
Cross-cutting	Contract Management	Draft report due to be issued.
Cross-cutting	Grants (process review)	Summary of review drafted.
Finance	Pensions Administration	Ongoing oversight of service which will continue into 2023/24.
Children's Services	New Placements Team	Draft report issued (Mar-23). Management response due.
Social Care & Public Health	Disabled Facilities Grants	Draft report issued (Mar-23). Partial management response due, awaiting confirmation on one recommendation.

Changes to the 2022/23 Internal Audit Plan

The table below shows any audits removed from the 2022/23 plan, following discussions with management, or deferred to a future year.

Plan Area	Auditable Area	Reason Audit not Undertaken
Cross-cutting	VAT	Agreed to defer to future year due to priorities.
Cross-cutting	Risk Management	Deferred to 2023/24 when new Risk Manager in post.
Resources: People & Talent	Right to Work (advisory)	Reviewed and agreed Hants (IBC) controls sufficient.
Resources: Digital Services	Infrastructure Resilience & Disaster Recovery	Re-prioritised following review of services through Audit Needs Assessment.
Schools	Randolph Beresford Nursery	Request for deferral by the Nursery. Planned for 2023/24.
Children's Services	Shared Services Governance	Consider for future year due to priorities.
Children's Services	Business Support	Consider for future year due to priorities.
Children's Services	Safety Valve Funding	Not required in year due to priorities.
Children's Services	Post 16 Provision	Not required in year due to priorities.
Social Care & Public Health	Commissioning & Procurement – Equipment Contract	Due to change in provision, not a priority in year. Consider for future year.
Social Care & Public Health	Data Analytics	No longer required.
Economy	IHMS	Not required during implementation. To consider scope for future year.
Economy & Finance	Leaseholder Debt	2 reviews planned for 2023/24. One on project management and one on new system once implemented.

Internal Audit Plan 2022/23 – Final Progress Report

1. Executive Summary

- 1.1 The work carried out by the Council's Internal Audit Service since the last report to the Committee found that, in the areas audited, internal control systems were generally effective with one substantial and nine satisfactory assurance reviews being completed in the period.
- 1.2 The follow up reviews completed in the period on two audits confirmed that the implementation of recommendations has been generally effective with 100% of recommendations fully or partly implemented at the time of review.

2. Audit Outcomes

- 2.1 Four assurance levels are used and when an audit is completed, an assurance opinion is provided. A description of each of the assurance levels is summarised below:

Assurance Level	Description
Substantial Assurance:	There is a sound system of internal control designed to achieve their objectives and the control processes tested are being consistently applied.
Satisfactory Assurance:	While there is generally a sound system of internal control, there are weaknesses which put some of the objectives at risk; and/or there is evidence that the level of non-compliance with some of the control processes may put some of the objectives at risk.
Limited Assurance:	Weaknesses in the system of internal control are such as to put the objectives at risk; and/or the level of non-compliance puts the objectives at risk.
Nil Assurance:	Control processes are generally weak, leaving the processes/systems open to significant error or abuse; and/or Significant non-compliance with basic control processes/systems open to error or abuse.

2.2 Since the last report to Members, ten audits have been completed, none of which identified any significant areas of concern:

Audit	Assurance
RFE Testing	Satisfactory
Capitalisation of Works	Substantial
Supporting People Claims	Satisfactory
Larmenier Sacred Heart Primary School	Satisfactory
Addison Primary School	Satisfactory
Melcombe Primary School	Satisfactory
Normand Croft Primary School	Satisfactory
St John's CE Walham Green School	Satisfactory
St Peter's CE Primary School	Satisfactory
Wormholt Primary School	Satisfactory

2.2 In addition, four advisory reviews/ support have been undertaken in the following areas:

- Digital Services: Audit Needs Assessment
- Neighbourhood CIL
- Resident's Experience and Access Programme (REAP)
- Libraries

Recommendations arising from advisory reports are followed up and the implementation of these recommendations will be reported in summary to the Committee.

Agenda Item 8

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Audit Committee

Date: 26/07/2023

Subject: Cyber-Security Update

Report of: Ben Savage, Head of Information & DPO, Digital Services / Tina Akpogheneta, Interim Chief Digital Officer, Digital Services

Responsible Director: Nicola Ellis, Strategic Director, Chief Operating Officer, Corporate Services

SUMMARY

This report provides an update on Hammersmith & Fulham's cyber-security readiness.

RECOMMENDATIONS

1. That Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. That the Committee notes and comments on the report including appendix 1.

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	The delivery of appropriate levels of protection are reviewed against cost to deliver good value for money, balanced against levels of risk.
Taking pride in H&F	The protection of H&F from disruption helps to maintain the council's reputation.

Background papers/ references used in preparing this report

- **Capita breach updates** [Update on cyber incident Capita](#)

- **DMARC email rule changes** [Email authentication in Microsoft 365 - Office 365 | Microsoft Learn](#)
 - **Guidance on password policy change:** <https://www.ncsc.gov.uk/blog-post/problems-forcing-regular-password-expiry>
 - **Microsoft policy and password expiration:** <https://learn.microsoft.com/en-us/microsoft-365/admin/misc/password-policy-recommendations?view=o365-worldwide#password-expiration-requirements-for-users>
 - **The National Institute of Standards and Technology (NIST)** [NIST password guidelines vs. current practices - ManageEngine](#)
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DETAILED ANALYSIS

1. Appendix 1 gives an overview of H&F security controls to mitigate the risk of future cyber-attacks.

LIST OF APPENDICES

Exempt Appendix 1 – Analysis

Document is Restricted