

Audit Committee Minutes

Monday 27 November 2023

PRESENT

Committee members: Councillors Patrick Walsh (Chair), Florian Chevoppe-Verdier, Ashok Patel, Adrian Pascu-Tulbure and David Morton

Other Councillors: Councillors Paul Alexander and Bora Kwon

Officers:

Sukvinder Kalsi (Strategic Director of Finance)
Jon Pickstone (Strategic Director of Economy)
Phil Triggs (Director of Treasury & Pensions)
James Newman (Assistant Director – Finance)
Moirra Mackie (Head of Internal Audit)
Andy Hyatt (Head of Fraud)
Jules Binney (Risk and Assurance Manager)
Debbie Yau (Committee Coordinator)

Guests:

Paul Dossett (Key Audit Partner, Grant Thornton)
Alexa Ngini (Public Services Consulting Manager, Grant Thornton)

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 12 September 2023 were agreed as an accurate record.

4. ANNUAL AUDIT REPORT (VALUE FOR MONEY) 2021/22 AND 2022/23

Sukvinder Kalsi (Strategic Director of Finance) introduced the report and explained that the Annual Audit Report (Value for money) 2021/22 and 2022/23 concerned Hammersmith and Fulham Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. He invited the Council's External Auditor –

Grant Thornton LLP (GT) to brief the Committee on its Interim Annual Auditor's Report.

Paul Dossett (Key Audit Partner, GT) gave an overview of the report and highlighted their role in commenting on the local authority's arrangements in respect of financial sustainability, governance, and improving economy, efficiency and effectiveness. The report covered both 2021/22 and 2022/23, with differentiated comments and assessment presented separately for the Council's General Fund Account and Housing Revenue Account (HRA).

Alexa Ngini (Public Services Consulting Manager, GT) briefed members on each of the three areas for the General Fund Account in 2021/22 and 2022/23. In terms of financial sustainability, the Council was able to deliver a stable financial outturn against the general fund revenue budget in both years and finishing them with underspends. The Council's strong budget management and its relatively healthy reserves balance made its medium-term position better than that of some local authorities. The Auditor considered the current savings plan was generally achievable though required greater development to meet the medium-term gap. On governance, the Council had appropriate risk management arrangement in place for both years and improvement recommendations had been made relating to risk management and the Audit Committee. Lastly, the Council had adequate arrangements to safeguard value for money regarding performance management, procurement and partnership working.

Alexa Ngini continued that significant weakness had been identified in Housing relating to the financial sustainability of the HRA. It was also noted that the Housing Service at the Council had been underperforming, as demonstrated in the high number of maladministration findings, poor complaint-handling, and a lack of reasonable communication with the tenants. She referred members to the key recommendations in the report.

Councillor Florian Chevoppe-Verdier sought elaboration about the strategy of maintaining a minimum HRA balance of £5 million, i.e., at about 6% of all rent/service charge income (page 24). Paul Dossett considered that the Council was currently managing a situation that was risky to a local authority's governance. He said that with a robust management of the General Fund Account, there was a need to keep the balance at a strong level to meet future demand. He anticipated that future demand might happen in 2024 as exemplified by continuing inflation, spiking costs in the housing services for children and increasing homelessness across the sector. Paul remarked that the Council was not alone as the whole spectrum of difficulties in housing management had posed real challenges for local authorities across the country, but the Council's General Fund Account was in a relatively strong position compared to that in other councils that GT was working with.

Noting the response, Councillor Chevoppe-Verdier asked about the general trends on medium-term forecast that had set this Council apart from its counterparts. Paul Dossett noted that most councils had drawn up its medium-term forecast to last for 3 to 4 years, with the level of savings predicted being quite high to ameliorate uncertainties beyond 2026/27. Uncertainties included the increasing demand for housing services from homelessness and particularly children, and the income

profile including central government funding support and other means of incomes. Paul highlighted that what set H&F Council apart was its good track record of delivery and it had started the challenging plan from the right place.

Councillor David Morton highlighted the Council's maladministration findings noted by the Housing Ombudsman and reductions to the HRA's reserve since 2021. He asked what could be done to improve the reserve position.

Paul Dossett said that it was necessary to restore the financial health of HRA by maintaining and improving its performance, for example, by setting rental levels to the maximum allowable. Sukvinder Kalsi added that the Council had reduced the structural deficit of HRA from £4.1 million in 2022/23 to £1.4 million in 2023/24 and planned to eradicate it totally when drawing up the HRA's business plan for approval at the Cabinet meeting in February 2024. Sukvinder further advised that the current balance of HRA reserve stood at a good position of about £10 million, with over-spending lowered from the expected £2.3 million to £1.5 million. He considered a balance of reserve pitched at £5 million and up was at the right level unless provisions had been set aside to cover known arrears and liabilities.

Councillor Chevoppe-Verdier requested to put on record his view that while the Council might have lost out on rent receivable due to the decision not to raise rent by the cap allowable at the beginning of 2022/23 (page 23), he considered the decision helped residents cope with the rising cost of living.

In terms of follow-up to previous recommendations, Councillor Ashok Patel was concerned that the recommendation of "the Council should develop a sustainable strategy for the HRA" was not addressed since it was raised in September 2022 (page 54). Alexa Ngini advised that at the time of writing the report, GT was not aware about the Council's action to address the problem of HRA's structural deficit and hence had not documented any progress. She added that concerns surrounding the overall position of the HRA remained.

Noting that the Council had a 40-year financial business plan for the HRA (page 23), Councillor Patel asked about the plan and outcomes of examination, if any. Sukvinder Kalsi confirmed that the business plan had been considered by the Cabinet at its meeting in February 2022. Since then, a lot of changes had happened to the sector, such as the introduction of the Social Regulations Act. He reiterated that the HRA's business plan would be updated and reported to the Cabinet for consideration again in February 2024 when members would be briefed on its assumptions, outcomes, and achievements.

Councillor Adrian Pascu-Tulbure referred to the under-performance of the Council's Housing Service, its significant weakness and effort towards improving the service as set out on pages 25 to 27. While noting that improvement would take time, he was concerned whether tangible changes could take effect as quickly as possible instead of taking two or three years for them to begin to materialise.

Jon Pickstone (Strategic Director of Economy) remarked that the issues facing the Housing department as well as those in many local authorities included national trends and involved intrinsic systems. He said that it might take some time to

achieve a full recovery of the Housing Service. The department had worked hard to improve the performance of the repairs service, for example, there were now fewer outstanding repairs jobs, much less outstanding damp and mould cases and no overdue Stage 1 or 2 complaints related to repairs since last September. This had been achieved by coordinated efforts among officers from the Finance and Housing departments. He added that the Housing Service would work with local firms to deal with disrepairs and void cases in the coming months.

Sukvinder Kalsi remarked that the improvements were made possible after implementing a number of governance changes to the Housing Service. A Housing Task Force chaired by the Chief Executive was set up to meet monthly to discuss improvement performance planning. He also noted the Budget Board, and other transformation and improvement boards looking at each aspect of the service. The new Director of Housing had been appointed in April and extra capacity was brought to help in this difficult period. The team had also worked closely with the regulators like the Housing Ombudsman. He emphasised that incremental changes took time and the local authority would expedite the process and hope to see more progress over the next 12 months.

Councillor Chevoppe-Verdier noted that the Council was reforming its housing repairs service, including successfully exiting an underfunded 10-year maintenance contract in 2019 (page 25), and sought elaboration. Sukvinder Kalsi said that the Council had exercised strong contractual management for repairs service by terminating existing under-performed contractors to allow others to come forward and provide better quality of repairs service. Jon Pickstone added that the Council had learnt not to be overly reliant on a small number of large firms. The current diverse model led by the Housing Task Force was better for the local economy and the Council's risk, and in terms of the Council's responsiveness and management efficiency.

Councillor Patel expressed concern about the strong language used by the Housing Ombudsman who found the Council had "the highest number of maladministration findings for damp and mould" and had "the third highest number of complaint handling failure determinations in comparison to other London Boroughs" (page 25). Sukvinder Kalsi highlighted the context that the lack of central government funding for some of the investments the Council needed to comply with the national building safety standards had led to some of the Housing Ombudsman's findings. He said that a lot of improvements had been made to address the concerns as detailed in the report for item 7 on the agenda. He expected that 's performance servicing 12,000 tenants and 4,000 leaseholders would be improved and reflected in the Housing Ombudsman's next report to be released in late December.

Jon Pickstone added that several external factors had also contributed to the repairs backlog, including the lack of labour due to COVID-19 pandemic and the associated lockdowns. Similarly, the Housing Ombudsman also experienced a backlog for about 18 months and the complaints did not reflect the current policy. It was hoped that the introduction of the customer and complaint resolution services would help reduce the number of cases escalating to the Housing Ombudsman while improvements in repairs service would help drive out the complaints. The Council had apologised and

offered compensation for the past cases and would work closely with the Housing Ombudsman in observing their code and advice.

Councillor Pascu-Tulbure asked about the assumptions for potential increase of council tax and other financial commitments such as payroll for the next couple of years. Paul Dossett advised that the External Auditor relied on the Council's own financial plan and assumptions that worked around the savings required to undertake the analysis and assessment. Sukvinder Kalsi noted that the Council always made prudent assumptions and subject to further review pursuant to the central government's funding to be made known by late December, there were assumptions of 3% increase for prices and 4% for general price inflation.

The Chair noted that information at the CIPFA Report was up to 31 March 2023, and asked if it was due to ongoing audit issues with the local authorities if no updated figures further to that date was available. Alexa Ngini said due to many local authorities failing to produce their accounts in time, it was the latest CIPFA Report. She said that GT was happy to provide up-to-date CIPFA report once available.

ACTION: Grant Thornton/ Sukvinder Kalsi/ Chris Harris

Councillor Patel sought elaboration about the recommendation of the separation of executive roles and Audit Committee membership and made it the rule that a period of two years should elapse before a councillor who previously held a senior policy role joined the Audit Committee in line with *CIPFA's guidance Audit Committees: Practical Guidance for Local Authorities and Police (2022)* (page 47). Alexa Ngini noted it represented the best practice recommended by CIPFA to achieve gold star standard and greater independence for the Audit Committee.

Councillor Chevoppe-Verdier noted that the Council's gross external debt was towards the lower risk end of the scale as an indicator of financial stress, and its debt position was not considered to be a significant risk at the time of writing (page 36). He asked for the national picture in respect of debt position. Paul Dossett advised that in terms of the London position, H&F Council's external debt was in the lower risk end which was partly due to its prudent approach in deploying resources, such as capital grants assigned to support capital works. Moreover, the Council had invested in properties in proportion to its size. As regards the national picture, Paul said that external debt was one of the key drivers behind Section 114 notice served by some local authorities to indicate the authority was about to incur expenditure that was unlawful according to the Local Government Finance Act 1988. He confirmed that the Council had a good track record and stayed nowhere near such a risk.

The Chair commended finance officers for their diligent management of the Council's financial resources and delivering a balanced budget as many councils across the country were facing serious financial challenges.

RESOLVED

That the Committee agreed to note the contents of the "Interim Annual Auditor's Report on Hammersmith and Fulham Council 2021/22 and 2022/23" from Grant Thornton LLP at Appendix 1.

5. EXTERNAL AUDITOR PROGRESS AND SECTOR UPDATE

Paul Dossett (Key Audit Partner, GT) introduced the report. He briefed members on the audit progress in November 2023 and explained the reasons for delayed publication of audited local authority accounts in England including the current local audit deadline “unachievable”. He expected to complete the ongoing work for the Financial Statement Audit 2021/22 soon and sign the unqualified auditor’s report prior to Christmas 2023. As regards the Financial Statement Audit 2022/23, he said that it was the central government’s initial plan to set a statutory cut-off date by 31 March 2024 to deal with the backlog, and to introduce a statutory disclaimer qualified opinion for those who failed to do so. Regardless whether the backstop plan would proceed or otherwise, Paul said he was confident that the final Audit Finding Report for the Financial Statement Audit 2022/23 could be considered by this Committee at its March 2024 meeting, with the audits to be signed off right after. He added that the value for money report and sector update for both 2021/22 and 2022/23 had been done.

Noting the current September audit deadline was unlikely to be met due to, among others, low capacity in council finance team (page 73), Councillor Ashok Patel was concerned about the implications of audit delays as some councils had years of unaudited accounts when they declared themselves effectively bankrupt due to excessive levels of debt (page 75).

Paul Dossett outlined the three causes of delays, namely, capacity gap in audit firms, increasing volume of Audit work for 30% – 40% in the last 5 years and the increasing complexity of the local authority accounts. In some councils, there was a lack of capacity in their finance department which might not be able to deliver a compliant set of accounts or fail to produce them for several years. Paul said that the accounts produced by the Council’s finance team was relatively up-to-date.

Regarding the Chair’ question on officers’ providing timely updates to the External Auditor and their interaction, Sukvinder Kalsi (Strategic Director of Finance) highlighted that regular meetings between the two sides were held every week to follow up matters on the action lists. Finance officers were fully supported by service colleagues in responding promptly to the External Auditor’s queries. They also forwarded to the External Auditor any questions or concerns received in the first instance. Sukvinder remarked that he would ensure the Finance team had the right expertise and capacity to carry out the statutory duties up to the required standards.

RESOLVED

That the Committee agreed to note the External Auditor Progress Report and Sector Update.

6. TREASURY MANAGEMENT STRATEGY: MID-YEAR REVIEW 2023/24

Phil Triggs (Director of Treasury & Pensions) introduced the report which provided an update (six months up to 30 September 2023) on the implementation of the 2023/24 Treasury Management Strategy and its mid-year review. He briefed members on the Council’s debt and investment positions (paragraph 3), borrowing

position (paragraph 9), treasury investments (paragraphs 10 -15), and Prudential Indicators (paragraphs 16 – 18).

Noting the levels of cash deposits for money market funds and term deposits, Councillor Ashok Patel asked whether consideration could be given to putting more monies to term deposits. Phil Triggs noted this was the case as the money market funds was used much less in September than six months' ago. He assured that both of them were very secure way of investing with a reasonable rate of return.

Councillor Florian Chevoppe-Verdier commended the good work of the Treasury team which had managed very well the Council's Treasury and Pensions responsibilities (as reflected in the recent national award).

RESOLVED

That the Committee agreed to note the Treasury Management Strategy: Mid-year Review 2023/24.

7. HOUSING OMBUDSMAN COMPLAINT HANDLING CODE SELF ASSESSMENT

Sukvinder Kalsi (Strategic Director of Finance) briefed members on the report which set out the Council's self-assessment against the Housing Ombudsman Complaint Handling Code. He said that the Council had prioritised and focused considerable resources on improving complaint handling, especially around Housing Services. Over the past year, the Council's Corporate Complaints Policy had been reviewed and updated to ensure compliance with the best practice. Appendix A set out a positive picture of compliance with the code with some actions for further improvement.

Jon Pickstone (Strategic Director of the Economy) highlighted the integration of several teams, including the Resident Experience Team and the dedicated Dispute Resolution Team into a more strategic single function. Housing repairs and housing management complaints were brought into the one-stop Housing Hub where complaints were handled by officers experienced in customer service to address the failings of not handling complaints well in the past. This involved investment on additional staff training on both effective complaint handling and wider customer service skills both of which should be exercised alongside the physical intervention of the property by the Repairs Team under the wholistic approach.

The Chair expressed concern about ownership of a particular complaints case at an early stage and resolving it by coordinated effort to prevent it falling through the cracks of the division of the three teams concerned. Jon Pickstone confirmed this was the case. He elaborated that it was important to improve the repairs service and get them done as quickly as possible because this would in turn help improve complaints handling. The teams would meet on a weekly basis to bring the cases under constant checks to prevent the complaints from escalating to the Housing Ombudsman.

Councillor Adrian Pascu-Tulbure was concerned whether the Council's updated policy and improvement measures would bring about a better experience with the Housing Ombudsman. Jon Pickstone believed they would as the Council had taken

a multi-facet approach by improving its policy alongside complaint handling measures and coaching skills.

Councillor Florian Chevoppe-Verdier asked about the accessibility to the feedback surveys linked to complaint responses launched by the Resident Experience Team and its formats between digital and in-person/post. Jon Pickstone said the Resident Experience Team was beginning the root cause analysis and exploring the organisational learning themes. The Council, through surveying satisfaction about housing/repairs works, was now more aware of the performance of individual contractors. He noted that satisfactory quality repairs had gone up in recent months as a result of the tighter management of the main contractors and clearance of repairs backlog. Jon further noted that to capture a more realistic picture of customer satisfaction via a bigger sample size, the Council would reach out to residents on different digital and non-digital ways from verbal response to text messaging. In reply to the Chair's enquiry, residents could still receive full range of housing services by phone with the Council's contact numbers being listed on its website.

Councillor Ashok Patel noted that according to the Code requirement, landlords must respond to the Stage one and two complaints within 10 and 20 working days respectively. He reiterated his suggestion of referring unresolved cases for external independent review before they reached the Housing Ombudsman. Jon Pickstone referred to the advice of the Housing Ombudsman that it was the resident's right to approach the Ombudsman if the complaint was not resolved to their satisfaction. The Housing Ombudsman was an independent third party within the system.

The Chair expressed concern about the expenses of commissioning external scrutiny and internal resources might have already been deployed for the purpose. Jon Pickstone remarked that a number of internal checks and balances were in place to deal with housing-related complaints arising possibly from, among others, some 4,000 repairs cases per months. Sukvinder Kalsi echoed substantial resources had been deployed for internal scrutiny.

RESOLVED

That the Committee agreed to note the Housing Ombudsman Complaint Handling Code Self-Assessment as set out in Appendix A.

8. RISK MANAGEMENT UPDATE

Jules Binney (Risk and Assurance Manager) introduced the report and said that the SLT Assurance had reviewed the Corporate Risk Register on 1 November 2023 and agreed to reduce the risk score for two risks (Risks 6 and 16) and amend the narrative for two risks (Risks 9 and 18). They also noted that there was no addition of new risks. Moira Mackie (Head of Internal Audit) added that the Corporate Risk Register was quite stable and the three risks (Risks 3, 18, 27) in high score were closely monitored.

Cllr David Morton asked why a risk related to the Community Schools Programme was not included in the Corporate Risk Register when £2.4m was committed to the programme. He said that while the Cabinet had recently approved £800k in respect

of Mund Street for decant accommodation for Avonmore School, the planning application had not yet been submitted and there was no indication that the Department of Education would approve the Council's plans. He noted that the Programme had been identified as a risk area by the Cabinet.

Moira Mackie said that for risks across the Council, some would sit on a local register but would not necessarily be included on the Corporate Risk Register. She agreed to provide the required information after discussing with the department concerned.

The Officers' response is attached at Appendix A

Councillor Morton asked about the financial impact resulting from the failure to deliver the Civic Campus Programme (Risk 14). Sukvinder Kalsi (Strategic Director of Finance) advised that it was a complicated and complex project involving a lot of issues. More detailed report would be submitted to the Council and the Audit Committee in due course.

ACTION: Sukvinder Kalsi

Councillor Adrian Pascu-Tulbure noted that contractual levers were being used to deal with performance failures under Risk 27 and asked for further information. Jon Pickstone (Strategic Director of the Economy) noted that weekly performance meetings were held with contractors on their schedules, capacity and attendance of repairs work to ensure their responsibility and accountability. In addition, there were ongoing commercial discussions with contractors around financial and operational arrangements.

Councillor Ashok Patel asked if there was any improvement to Risk 12 - Unable to retain talented people in key posts at LBHF. Sukvinder Kalsi (Strategic Director of Finance) gave a brief account on the changes to the key posts at LBHF because of staff turnover and most of them were now filled. He said that the Council was carefully monitoring its turnover position to identify workforce planning needs going forward.

The Chair recalled discussing Risk 12 with the Chief Executive at the July meeting and considered it worth noting that in regularly reviewing the Corporate Risk Register, the Committee could ensure the risks therein were adequately owned and managed.

RESOLVED

That the Committee agreed to note the Risk Management Update.

9. INTERNAL AUDIT PROGRESS REPORT (APRIL TO OCTOBER 2023)

Moira Mackie (Head of Internal Audit) presented the report which summarised the status of work included in the 2023/24 Internal Audit Plan as at the end of October 2023. She noted that two audits had been finalised, both of which received positive assurance opinions, with a further six audits at draft report stage. A total of 69 recommendations had been followed up in the year to date, and a majority of

medium and high priority recommendations had been fully implemented with some partly implemented. She then briefed members on the status of audits confirmed for inclusion within the Plan as shown in Appendix 2.

Councillor Ashok Patel asked about the recommendations for one of the finalised audits, i.e., Modern Slavery Strategy (2022/23). Moira Mackie noted that it was a good piece of tri-borough work attaining substantial assurance, with a sound system of internal control designed to achieve their objectives with good engagement, so there were no recommendations.

RESOLVED

That the Committee agreed to note the Internal Audit Progress Report (April to October 2023).

10. CORPORATE ANTI-FRAUD SERVICE HALF-YEAR REPORT (1 APRIL 2023 TO 30 SEPTEMBER 2023)

Andy Hyatt (Head of Fraud) briefed the Committee on the report and noted that for the period between 1 April and 30 September 2023, the Council had identified 235 positive outcomes and the fraud identified a notional value of over £680,000.

Councillor Florian Chevoppe-Verdier commended on the Corporate Anti-fraud Service's increasing value for money in terms of staff cost to notional value ratio. He asked about the reasons for abandonment of the Council's properties. Andy Hyatt referred to some tenancy cases whereby the tenants returned the keys after being found sub-letting the property. Although data matching and use of technique had helped identify possible frauds, there were cases of unproven sub-letting with the tenant leaving no associated financial footprint while the sub-tenant not answering the door upon investigator's visits.

Councillor Chevoppe-Verdier asked further question on people's moonlighting by working for two councils at the same time. Andy Hyatt noted that the local authority had just completed the data impact assessment and signed a data sharing agreement with some London agencies. Such data sharing might soon be expanded to nation-wide scale as the hybrid mode of working allowed people taking up jobs in London and another city simultaneously. As to how the local authority could share data with local and overseas banks, Andy referred to the Council's participation in the National Fraud Initiative's data matching exercise which helped uncover data identity theft in conjunction with the police.

Regarding the enquiry of Councillor Adrian Pascu-Tulbure about the calculation of the notional value, Andy Hyatt noted that it varied depending on the type and use of value for prevention or detection. For example, the formula adopted by the Tenancy Board was based on the amount of money spent on temporary accommodation linked to the number of rooms in the property concerned. Some local authorities would also take into account other actual loss such as benefits entitlement.

Councillor Ashok Patel referred to case 1 on Appendix 1 in which the tenant was an Albanian faking as a Kosovan homeless in late 2002 when he was granted a one-bed tenancy and housing benefits. He was found sub-letting the property between

July 2008 and October 2012 (during the period of his absence from the UK following deportation). All these came to light upon the due diligence checks on his right-to-buy application. Councillor Patel asked for the rationale behind the barrister's advice against criminal charges.

Andy Hyatt noted that criminal prosecution with a not guilty plea involved lengthy trial and high legal cost even if the technicalities of the case met the standard for prosecution. He remarked that in this instance, the Council was the Prosecuting Authority as only really big cases would go through the Crown Prosecution Service which might not incur cost to the Council. Andy said he was pleased to share with Councillor Patel outside the meeting more details as to why criminal charges were not pursued for this case.

ACTION: Andy Hyatt

Councillor Chevoppe-Verdier opined that those fraud tenants might not hand back the properties so readily if the Council was going to sue them. Moreover, the Council could re-allocate the recovered properties after housing the sub-tenants concerned in temporary accommodation. Andy Hyatt agreed and said the officers should explain the consequences to the residents in a skilful way.

RESOLVED

That the Committee agreed to note the report.

11. AUDIT FEES 2023/24

James Newman (Assistant Director – Finance) introduced the report which provided an update on the external audit fees for 2023/24 as set by Public Sector Audit Appointments (PSAA) and the Council's response to the recent consultation on the proposed framework for fees in Appendix 1. He said that it had provisionally been indicated to increase the scale fee for 2023/24 by 151%.

Councillor Adrian Pascu-Tulbure found the proposed fee increase disappointing and agreed it was necessary to address potential market failure. He asked if consideration could be given to engaging with other local authorities further at the ministerial level to deal with the situation.

James Newman said that the Council had carried out sizable engagements with different parties through various channels and provided a lot of feedbacks in addition to the Council's consultation response. He also noted that the procurement process was moving to a new kind of framework with a view to addressing the frailties and the weaknesses that had been seen in recent years.

Councillor Ashok Patel considered the proposed audit fee increase of 151% mindboggling and the agreed deadline might end up in failure. The Chair considered it might be helpful to outline PSAA's procurement process and any changes made during the period.

Sukvinder Kalsi (Strategic Director of Finance) noted that economies of scale had been achieved through the PSAA's external procurement process which validated

everything needed. To illustrate, Sukvinder noted the cash term fee in 2010 was in the order of £420,000, or 3 – 4 times in real term. He said that the audit sector had re-balanced itself having dealt with some structural and capacity issues. Sukvinder assured that the Council had expressed its general view in the response letter and would monitor the trend with a view to reducing the audit fees in the future.

Summing up, the Chair highlighted the Council's strong emphasis on achieving financial efficiency, to be reflected in the quality of service and timeliness of reports provided by the External Auditor.

RESOLVED

That the Committee agreed to note the update on the external audit fees as set by Public Sector Audit Appointments and the Council's response to the recent fee consultation (Appendix 1).

12. DATE OF NEXT MEETING

The Committee noted the next meeting would be held on 11 March 2024.

Meeting started: 7.00 pm
Meeting ended: 8.56 pm

Chair

Contact officer Debbie Yau
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Audit Committee 27 November 2023, Agenda Item 8 – Risk Management Update

Cllr Morton asked why a risk related to the Community Schools Programme wasn't included in the corporate risk register when £2.4m is committed to the programme, the Cabinet recently approved £800k in respect of Mund Street for decant accommodation for Avonmore School, the planning application had not yet been submitted and there is no indication that the DoE will approve the Council's plans. The Programme has been identified as a risk area by Cabinet.

The Operational Director for Education and SEND, Peter Haylock, has confirmed that the planning application for Avonmore School has been submitted, and would be live from 29 November 2023 on the Council's Planning portal. In addition, the application for the section 77 request has been submitted and a response is awaited.

The Strategic Head of Regeneration and Development, Matt Rumble, confirmed that there are risks related to the scheme on the development risk register but he was of the opinion that the abortive cost risk is not significant enough to require inclusion on the corporate risk register.

16 December 2023