

Audit Committee Minutes

Monday 1 December 2025

PRESENT

Committee members: Councillors Patrick Walsh (Chair), Lisa Homan, Callum Nimmo, Adrian Pascu-Tulbure and David Morton

Other Councillors: Councillor Rowan Ree (Cabinet Member for Finance & Reform)

Independent Member: Charlotte Moar

Officers:

Sukvinder Kalsi (Executive Director of Finance & Corporate Services)

James Newman (Assistant Director of Finance)

Moir Mackie (Head of Internal Audit)

Andy Hyatt (Head of Fraud)

Jules Binney (Risk and Assurance Manager)

Ian Church (Assistant Director, Corporate Property and Health & Safety)

Patrick Rowe (Senior Financial Manager - Treasury and Pensions)

Sophie Green (Treasury Manager)

Debbie Yau (Committee Coordinator)

1. APOLOGIES FOR ABSENCE

Apologise for absence were received from Sharon Lea, Chief Executive and David Hughes, Director of Audit, Fraud, Risk and Insurance.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the minutes and exempt minutes of the meeting held on 27 October 2025 were agreed as accurate record.

In reply to the concern raised by Charlotte Moar (Independent Member), Sukvinder Kalsi (Executive Director of Finance & Corporate Services) undertook to discuss with the Governance team on keeping track of the outstanding actions to be taken for issues raised at the meetings.

ACTION: Sukvinder Kalsi and Governance

4. ANNUAL REPORT OF THE AUDIT COMMITTEE - MUNICIPAL YEAR 2024/25

Moira Mackie (Head of Internal Audit) introduced the report. She said that pursuant to the Workshop on the Review of Effectiveness of the Audit Committee held in April 2025, one of the recommendations was to enhance the Committee's effectiveness by providing an annual report to the Council on its work and performance every municipal year. This annual report, being the first prepared by this Committee to demonstrate its work and performance and to enhance transparency, was published a little later than its normal timing of June/July.

Councillor Adrian Pascu-Tulbure suggested including the cost of external audit services year-on-year for members' reference. The Chair remarked that while agreeing to the suggestion, information on audit fees should be provided in the context of the value for money achieved to justify its substantial increase in recent years. Sukvinder Kalsi (Executive Director of Finance & Corporate Services) added that the requested information was in the Audit Plan reports presented to the Audit Committee. Moira Mackie agreed to put a reference on the meeting when the audit fees were discussed.

ACTION: Moira Mackie

Noting the Committee's outstanding recommendations to review its terms of reference, to hold private meetings in respect of external and internal audits and so on, Charlotte Moar (Independent Member) considered only upon the completion of these actions would enable the Committee to be potentially compliant to the self-assessment and hence be assured that it was performing its role in line with CIPFA's best practice. In her opinion, the aforesaid recommendations plus having a work programme were just basic practices.

Moira Mackie noted that the level of compliance varied among local authorities. For example, the appointment of Independent Member was not mandatory but started getting more attention in recent years while some other recommendations were good practice carried out by various local authorities in different ways. Moira highlighted that LBHF had achieved very good scores against the standards/framework of self-assessment. Yet, there were still room for improvement in certain areas.

As regards Charlotte Moar's further questions, Moira Mackie said in line with other councils, the Committee's annual report was prepared by municipal year. She clarified that the annual report for the municipal year 2024/25 covered the Committee's review of the Council's activities during that period which included items such as the Annual Accounts and Annual Governance Statement which related to the financial year 2023/24. At members' suggestion, Moira agreed to update the progress of the recommendations for the Chair's review before presenting the report to the Full Council at its meeting in January 2026.

ACTION: Moira Mackie

The Chair took the opportunity to thank past and present members for their work and dedication as well as officers' engagement in the process. He shared Moira's view that the review process was evolving with a view to achieving the best practice in the years to come.

RESOLVED

1. That the Committee receive and approve the report.
2. That the report be forwarded to Full Council for information.

5. CORPORATE ANTI-FRAUD SERVICE HALF-YEAR PROGRESS REPORT - 1 APRIL 2025 TO 30 SEPTEMBER 2025

Andy Hyatt (Head of Fraud) gave an overview of the report. He referred to para. 1.8 of the report (page 25) and highlighted that when Corporate Anti-Fraud Services (CAFS) counter-fraud activity intervened and stopped fraud, CAFS would estimate the value of the losses that had been prevented going forward. This involved applying specific methodologies to calculate values according to the fraud type that would have been lost if the fraud had continued unchecked. For example, for a tenancy fraud costing the local authority £1,000 a week to keep someone in temporary accommodation, the future savings based on the guess estimated period that the fraud would continue before the authority intervened could then be worked out, Andy remarked that valuing counter-fraud efforts helped demonstrate the financial benefits of this activity, underlining the importance of fighting fraud, and showing possible savings achieved through prevention work.

Councillor Rowan Ree (Cabinet Member for Finance and Reform) remarked that putting the prevention figures was hugely important to give a proper perspective on the value of the services. He said that the anti-fraud report had always been the highlight of the year, reflecting CAFS' creative ways in holding people involved in wrongdoings and/or malpractices guilty and/or accountable. Councillor Ree referred to the recent use of Artificial Intelligence to launch the Fraud Recovery and Error Detection (FRED) programme which went through various data sets the council held for each individual and bring up the red flags committing potential fraud. The case of tenancy fraud – succession (case #2, appendix 1, page 31) whereby the late tenant had been receiving Single Person Discount was identified by FRED.

Noting from the tables under paras.1.4 and 1.8 (page 25) that there was a higher percentage of internal fraud (staff, contractor and agency) being proven than that for housing-related fraud, Councillor Lisa Homan sought elaboration.

Andy Hyatt explained that the housing-related fraud cases received contained quite raw information that required a lot of intelligence before they could go into live investigations. For internal cases, the managers or human resources colleagues had already identified the wrongdoings before referring the case for further actions and hence led to higher returns.

On Councillor Homan's further questions on whistleblowing, Andy Hyatt confirmed that there was none in the recent two years. He remarked that a lot of whistleblowing cases received by the independent hotline were not fraud cases in

the public interest but grievances or internal matters due to, for example, restructuring. Responding to Councillor Homan's suggestion, Andy said the CAFS did work with the gas teams to verify residency during gas checks or upon their referrals and recalled a couple of such cases highlighted in the last end of year report.

Charlotte Moar (Independent Member) appreciated the report which gave a lot of assurance, in particular the new estimated costings on the amount potentially lost to life along with the amount recovered. She sought information on the trend data, and the benchmark for fraud referrals.

Andy Hayatt remarked that the trend could be observed through the types of referrals received directly and the intelligence gathered from local authority networks/anti-fraud peers across London. The CAFS would assess whether it needed to be alert to anything in the identified trend. He added that as the recovery from tenancy fraud cases allowed more families to have access to affordable homes, they had remained CAFS' focus for a long time and together with other housing-related fraud, they accounted for 75% of all investigation cases.

On benchmarking, Andy Hyatt referred to the first survey conducted recently by the National Anti-Fraud Network, of which he was an executive board member, that looked at figures of anti-fraud activities across some 300 councils across the UK. Among the 129 responded councils, there was on average 17 recoveries from tenancy fraud per council for the surveyed year. Subject to the size and nature of the responded councils, LBHF was in a relatively good position of having recovered 14 tenancy fraud cases under this half-yearly report. Andy expected the National Anti-Fraud Network would conduct the survey regularly and hoped to get more responses from the councils with a view to giving rise to useful insights. He undertook to share the survey findings with the Committee after the meeting.

ACTION: Andy Hyatt

Charlotte Moar asked about full risk assessment around internal frauds to look at the controls and control awareness as she noticed such fraud cases might be committed through the collusion of external and internal people with certain behaviour, for example, did not take holiday leave.

Andy Hyatt referred to one of the four pillars of the Anti-fraud Corruption Strategy to help staff stay aware of the red flags, i.e. "understand and educate". He said that the Strategic Leadership Team had given green light to refresh and rescind colleagues' fraud awareness e-learning, with a particular focus on the red flags in respect of internal fraud and polygamous working (formerly known as "moonlighting") in addition to the independent whistleblowing hotline. Andy said he was finalizing the training to ensure compliant for implementation in the second half of the year.

Councillor Adrian Pascu-Tulbure noted that there was a decent amount of tenancy fraud which in his opinion might be emerging through some sort of implicit whistleblowing. He asked about the estimated number of undetected cases, if any and the resources allocated to tackle them.

Andy Hyatt highlighted that the Chief Executive was very supportive of the CAFS work and ensured sufficient resources was allocated to tackle housing-related fraud. She was keen for the CAFS to continue to work closely with the Housing teams to verify residency door by door while the housing colleagues could take the opportunity to check the conditions of the property. Nevertheless, the CAFS was aware of the need to contain the workload within the staff strength and decide to let the matter evolve naturally and slowly.

Andy Hyatt pointed out that there were delays in civil courts across the UK at the moment and the Director of Legal had spoken with local courts about reducing the waiting time. Instead of having lots of tenancy-fraud cases awaiting to be heard, CAFS had focused its efforts on investigation and presentation of solid evidence to the individuals to the point that they opted to return the keys to the property rather than going through the lengthy trials. For those cases involving court hearings, Andy, in reply to Councillor Callum Nimmo's enquiry, confirmed that the legal fees had not been factored onto the prevention and loss amounts but might do so going forward if the CAFS was unsuccessful in recovering the legal cost from the individuals concerned.

Councillor Nimmo sought elaboration on the prevention of £5,000 of a proved press release activity (para. 1.8, page 25). Andy Hyatt noted that it was a press release in a police report. The notional figure had been worked out based on different research areas by identifying the positive impact of the press release of having the deterrent of being caught.

Councillor David Morton recalled that a void property had been let for six years incurring a loss of revenue to the Council amounting to some £100,000 and asked if the incurred loss was reflected in the prevention and loss amount.

Andy Hyatt confirmed that the CAFS had taken on board his point and factored the void costs in terms of income loss during the void period into the notional value of the estimated loss of proven cases.

RESOLVED

That the Committee noted the report.

6. CORPORATE HEALTH AND SAFETY ANNUAL UPDATE 2024/25

Ian Church (Assistant Director, Corporate Property and Health & Safety) presented the report and elaborated the following:

- The strong performance of the housing team across the residential portfolio.
- Reported violence and aggression in library buildings continued to be an issue.
- The security of public meetings was being enhanced and reviewed.
- Health and safety preparation for the newly commissioned Civic Campus.

Charlotte Moar (Independent Member) asked about the target of mandatory training for staff and the achievement so far.

Ian Church noted that the target was always 100% as all staff joining the Council were mandated to take the online health and safety training course which included modules on fire safety, manual handling and workplace well-being. With the team's insistence in sending out reminders very regularly, the Council was hitting 96% at the moment, with a normal structural gap between people joining and actually undertaking the course. He said that in moving to the Civic Campus, all staff would be required to take the new mandatory health and safety refresher course before they could use their pass to access the new premises. Ian added that the relocation to Civic Campus had become a catalyst where opportunities had been taken to review and refresh risk assessments for Council activities to improve the systems and drive further employee engagement.

In response to Charlotte Moar's question about health and safety requirements for on-site contractors, Ian Church noted that before awarding the contracts, comprehensive pre-qualification checks would be conducted among shortlisted contractors to make sure only those already having compliant systems and competent people in place would be appointed.

Referring to the reported violence and aggression in library buildings, Councillor Lisa Homan was concerned about measures taken to enhance the security of the two smaller libraries, i.e. Askew Road Library and Avonmore Library. She said they were both operated by Citizens Advice of which she was a trustee. As she understood from the board meetings, staff did not feel safe in these libraries particularly the Avonmore Library which operated quite a lot of services. She was disappointed to note that only six councils had responded to the request made via London Councils on library security and asked about security practices that could be put in place further to having CCTV across all sites.

In response, Ian Church assured members that LBHF's CCTV services was unique in terms of system response and staffing capabilities. He agreed to understand more about the incidents from the staff in the two libraries and provide more information on the relationship with LBHF as well as security measures / practices that were currently in place, and what improvements could be made to help guard against violence and aggression.

ACTION: Ian Church

Councillor Adrian Pascu-Tulbure said he was worried about the violence and aggression incidents he heard about in schools and mentioned two incidents in particular involving teachers.

Ian Church said same as the situations at the libraries, more reporting and data collected would enable the health and safety team to work out helpful measures. As he noted the reporting of near misses by schools was exceptionally low, he had raised more broadly with education colleagues about its reporting. He said that near misses were a valuable source of information in the prevention of health and safety incidents in the workplace as they enabled the conduct of investigation to drive immediate improvements and lesson learnt where no personal injury or property damage had been sustained. Nevertheless, Ian agreed to find out more details about the particular incidents mentioned.

ACTION: Ian Church

RESOLVED

That the Committee noted the report

7. MID-YEAR TREASURY MANAGEMENT REVIEW 2025/26

Sophie Green (Treasury Manager) outlined the report, highlighting the Council's investment and debt positions at the beginning of 2025/26 and at the six-month point (para.3, page 80) and liability benchmark (para. 9, page 81).

Patrick Rowe (Senior Financial Manager - Treasury and Pensions) noted that during the year, the Council had not operated within all the Treasury Limits and Prudential Indicators set out in the Treasury Management Strategy, with the Capital Financing Requirement (CFR) breaching the limit. He explained that these indicators, particularly the CFR, were forecasts and affordability measures which might fluctuate throughout the year. The approved limit of the CFR at the outset was derived from the capital programme at the beginning of the year and could vary during the period. He assured members that there was breach of statute, and that the key indicators of authorised limit and operational debt boundary were met.

Councillor Adrian Pascu-Tulbure asked about the extent of difficulties in sourcing funds due to the additional requirement for borrowing.

Patrick Rowe explained the impact of the capital programme on revenue budgets through borrowing costs and planned minimum revenue provision which were incorporated into the medium-term financial plan. He also discussed the risk in making borrowing assumptions, particularly interest rate assumptions, in setting the capital budget and HRA business plan. He highlighted that there was refinancing risk.

Councillor Rowan Ree (Cabinet Member for Finance and Reform) said he was happy with the current borrowing strategy, noting the Council's good position comparable to other local authorities. He said that the Council's current borrowing strategy was prudent.

The Chair noted that the Council had approved the Community Municipal Investment (CMI) (known locally as the "Green Investment Fund") of up to £5m at the end of 2023/24 and to date £3.3m had been raised in 4 separate tranches. He asked about the Council's communication with the local residents and investors on the expected returns.

Councillor Ree thanked for the timely question as the Council had just launched the fifth tranche of this CMI, aiming to raise up to £1m at a rate of 4.1%. On communication, he emphasised the importance of publicising the good work being delivered with the capital raised to encourage future investment. He noted that the CMI was an all-win scheme for investors, the Council and the environment. Councillor Ree highlighted that the Council was the first in the country to reach 5 tranches and its success would bring positive impact to the borough.

RESOLVED

That the Committee noted:

1. The Treasury Management Strategy 2025/26 mid-year review.
2. The forecast CFR for the General Fund and the Housing Revenue Account.
3. The current split between external and internal borrowing.

8. DIGITAL SERVICES CYBER-SECURITY UPDATE

This report was deferred to a later meeting.

9. DATE OF NEXT MEETING

The Committee noted the next meeting would be held on 16 March 2025.

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

The exempt item was not discussed.

Meeting started: 7.00 pm
Meeting ended: 8.12 pm

Chair

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