

Audit Committee Minutes

Wednesday 26 July 2023

PRESENT

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

Other Councillor: Councillor Alexandra Sanderson (Cabinet Member for Children and Education)

Officers

Sharon Lea (Chief Executive)

Sukvinder Kalsi (Strategic Director of Finance) (attended remotely)

Jacqui McShannon (Strategic Director of Children's Services) (attended remotely)

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

Paul Neary (Head of Corporate Health and Safety)

Andy Hyatt (Head of Fraud)

Moira Mackie (Head of Internal Audit)

Jules Binney (Risk and Assurance Manager)

Ben Savage (Head of Information & DPO, Digital Services) (attended remotely)

Tina Akpogheneta (Interim Chief Digital Officer, Digital Services)

Debbie Yau (Committee Coordinator)

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 13 March 2023 were agreed as an accurate record.

4. ANNUAL HEALTH AND SAFETY AT WORK REPORT FOR THE FINANCIAL YEAR 2022/2023

Paul Neary (Head of Corporate Health and Safety) presented the report on the Council's activities and performance in health and safety at work for the financial year 2022/2023. He said that no enforcement action had been taken against the

Council by the Health and Safety Executive (HSE) during 2022/2023 and there were no cases requiring further investigation.

In reply to Councillor Paul Alexander's question relating to the number of reporting of injuries, diseases and dangerous occurrence regulations (RIDDORs), Paul Neary advised that all of the nine RIDDORs reported to the HSE in 2022/23 were incidents of a minor nature.

Councillor Adrian Pascu-Tulbure asked if the lower number of safety incident reporting figures in the previous two years on Table 2 were due to lockdown. Paul Neary responded that following more employees and teams returning to work in the office, there were more incidents in 2022/23 and more anonymously reported cases after training than the two previous years.

On Councillor Pascu-Tulbure's further questions about training provided to the front-facing staff to prevent violence and aggression towards them, Paul Neary said that a conflict management training module had been produced, with dates of delivery to be set soon. As regards the action analysis of the Property and FM Statutory Compliance Report in Appendix B, Paul Neary said that the report, reflecting the overall compliance of the Council's 69 buildings, was a snapshot of circumstance on the 1st of every month, and these could go up and down on a daily basis.

Councillor Ashok Patel referred to holding his Councillor surgery alone at St Matthew Church Hall and expressed concerns about Councillor safety. Paul Neary noted that Corporate Health and Safety had carried out site risk assessments for all surgery locations, looking at security and suitability of the premises, including lighting, CCTV provision, and accessibility. Solo Assist Monitors had been provided to Councillors for use during surgeries. Councillor Alexandra Sanderson advised that, if necessary, arrangement could be made for councillors to conduct surgeries together to make sure no Councillor would be on their own.

The Chair noted that working from home was becoming more prevalent and enquired whether risk assessments and staff training were provided under the Hello Hybrid Future programme to avoid staff injuries. He also asked if homeworkers had requested adequate equipment. In response, Paul Neary referred to the display screen equipment training and self-assessment compliance completed by all staff working in the home environment. Staff could request equipment required for working from home through an online questionnaire.

Sharon Lea (Chief Executive) said that some of the Council's workforce were able to do hybrid working involving some home working while others due to their job nature could not perform duties from home and needed to be present in Borough. Staff were provided with a laptop for use at home or in the office, they received training, and engaged in development opportunities via teams or in person. She remarked that the health and safety of staff was a top priority for the Strategic Leadership Team, particularly for in person interactions under challenging circumstances involving confrontational or even violent expressions where enforcement activities were taking place. Hence, apart from staff training, the Council also sent messages to residents advising them to treat Council staff with respect.

RESOLVED

That the Committee noted the health and safety at work performance of the council during the financial year 2022/2023.

5. **CORPORATE ANTI-FRAUD SERVICE END OF YEAR REPORT - 1 APRIL 2022 TO 31 MARCH 2023**

Andy Hyatt (Head of Fraud) presented the report which provided an account of fraud-related activities during 2022/23 to minimise the risk of fraud, bribery and corruption occurring within and against the Council. He highlighted the following:

- The Corporate Anti-Fraud Service (CAFS) identified 154 positive outcomes with a total notional value of over £857,000, recovering 36 properties by detecting the tenancy fraud (Council and registered providers). CAFS was able to recover 14 more properties than last year by focusing resources on detecting tenancy fraud;
- The ongoing lack of affordable housing and the cost-of-living crisis meant individuals taking more risk than before to look for additional income from subletting or via moonlighting (working at a second job) which, though still rare due to effective controls in place, was on the rise. The two cases reported had come to light due to the effective operation of management controls; and
- The Council's Anti-Fraud & Corruption Strategy covering 2020/23 was based on five key themes: i) Govern, ii) Acknowledge, iii) Prevent, iv) Pursue and v) Protect.

Councillor Paul Alexander noted that under some tenancy fraud, the original tenant who signed the tenancy agreement was not a resident in the property. Andy Hyatt echoed his observations that of the 36 property recoveries, some were unlawful sublets while others were abandonment (where the original tenant no longer lived in the property and there were suspicions of unlawful subletting). He also noted that in 9 out of 10 cases, the sub-tenant and the original tenant had used the same address to apply for housing benefits or the Council Tax Relief Scheme, hence alerting officers to investigate further. Andy Hyatt advised that local authorities no longer had a jurisdiction over housing benefit fraud which was controlled by the Department for Work and Pensions (DWP) but could still consider issues relating to fraud under the Council Tax Relief Scheme.

Councillor Florian Chevoppe-Verdier welcomed the report which brought about more positive outcomes than the past years. He was keen to find out whether the Council was investing more to get greater returns. Andy Hyatt said that in arriving the aforesaid notional value, the Council's actual spending in housing a family's temporary accommodation was taken into account, instead of adopting the cost of buying a new unit which was ever-increasing. On staff cost, Andy Hyatt noted that the cost of his team was in the region of half a million per year. He highlighted the resource-intensive investigative work, with staff working in pairs at odd hours in order to track down unlawful sublettings. David Hughes (Director of Audit, Fraud, Risk and Insurance) noted that of the 36 recoveries, 24 involved the return of keys which was

a much quicker and cheaper process to re-possess the unit for reallocation without the need for lengthy and costly legal action.

Councillor Chevoppe-Verdier asked about the working mechanism of the London FraudHub. Andy Hyatt noted that the London FraudHub is a data matching exercise. The Council used that data in a range of areas, for example, to detect fraudulent moonlighting. In another example, following the monthly upload of DWP's deceased list onto the Hub, the Council was able to recover properties whose former tenants had passed away without the Council being notified. Andy Hyatt highlighted that work was underway to take all Council data into one place for use by all the departments across the Council. For example, an applicant on the waiting list for social housing might be found out by this internal system having had a property already.

Responding to Councillor Chevoppe-Verdier's enquiry, Andy Hyatt noted that mobile phone and email addresses were useful tools in combating frauds via data-matching and IP address checks. The initial matching helped CAFS move forward in the investigations.

Noting two instances of "moonlighting" were identified, the Chair asked if they involved the same employment agency. Andy Hyatt said no and noted that one instance was tracked down by data-matching against the Council's payroll. He added that sometimes, consultancy staff used limited companies to receive wages making it hard to detect anomalies. The Council had also matched payroll data to Companies House.

On the Chair's further enquiry about the Council's whistleblowing policy, Sharon Lea (Chief Executive) noted that the Council's whistleblowing policy continued to be the primary support route for staff reporting concerns. The Monitoring Officer had also encouraged all staff members to report any relevant issues anonymously.

In reply to Councillor Adrian Pascu-Tulbure's question, Andy Hyatt noted that there were 46 and 42 identified fraud cases of the Business Grants and Interruption Fund (COVID support) in 2021 and 2022 respectively.

Noting that the notional value of 5 Right to Buy frauds proved cases amounted to a notional value of £133,200, Councillor Ashok Patel sought an account for this and the number of prosecutions involved. Andy Hyatt remarked that fraud-related activities were undertaken to intervene, deter and disrupt fraud. He said it was prudent to keep the notional values of frauds identified at a realistic level. The values were determined by the information and evidence provided by the individuals concerned and if applicable, the value of any property recovered, discounting the administrative and ongoing staff costs. He hoped the figures reflected a genuine saving for the Council.

Andy Hyatt confirmed there had been no prosecutions in the last year due to the lag from the pandemic. Nevertheless, the service had a large number of cases in the pipeline with legal services. On cost incurred, Andy Hyatt noted that the valuation of the property for Right to Buy cases, was payable by the Council.

Councillor Patel noted the case description in Appendix 1 and expressed concern that some tenants were staying abroad while their properties were being repossessed by the Council. Andy Hyatt explained that these tenants were not going abroad for a short time, evidence showed that they had left the country for a long period of time and had no intention of coming back. He assured that the CAFS did not receive any complaints from the tenants in the process.

Addressing Councillor Chevoppe-Verdier's concerns, Andy Hyatt said that the innocent sub-tenant in the repossessed property would be given a grace period to move out and provided with housing solutions services.

Councillor Alexander quoted two scenarios relating to succession and assignment of tenancies. Andy Hyatt referred to the criteria of tenancy succession and said the Council could trace whether the claimant had resided with the late tenant for 12 months before death. Assignment, on the other hand, was harder to verify and housing colleagues would ask a number of questions during investigations. Addressing Councillor Alexander's further concerns, Andy Hyatt said that the Council, in implementing a succession policy, sought to protect the community and its own stock, while recognising the housing associations in the borough had their own succession criteria which might differ to the Council's.

RESOLVED

That the Committee noted the report.

6. RISK MANAGEMENT UPDATE

David Hughes (Director of Audit, Fraud, Risk and Insurance) introduced his new colleague, Jules Binney (Risk and Assurance Manager) who briefed members on his background and private sector experience in risk and assurance. Then, David Hughes presented the report which provided members with an update on risk management across the Council, including the Corporate Risk Register (CRR) set out in Appendix 1.

Councillor Ashok Patel asked about the initial cost involved due to "Failure to deliver the Civic Campus Programme" (CRR #14). Sharon Lea (Chief Executive) advised that the additional cost was not known yet because discussions with the contractor involving commercially sensitive matters were still underway.

On Councillor Patel's further enquiry about "Unable to retain talented people in key posts at LBHF" (CRR #12), David Hughes noted that London boroughs relied heavily on agency workers in job areas like social care and planning as these professional roles were difficult to recruit and retain. While all London boroughs were facing similar challenges, H&F's retention and turnover rates were stable, as the People and Talent team continued to lead on activities to attract and retain staff. The Council was committed to developing existing staff. Sharon Lea added that it was easy for employees to move around among the 32 London boroughs, but she was impressed with the significant number of H&F staff receiving the Long Service Awards between 20 to 40 years.

Councillor Florian Chevoppe-Verdier appreciated the authority keeping the CRR with granular details. He observed that following Brexit, the country was building up its skilled labour market locally. Echoing his observation, David Hughes cited the field of social care as an example whereby smaller local providers offering smaller contracts helped stimulate market resilience. The successful apprenticeship programme in H&F also helped sustain the ageing workforce by attracting and retaining new talents. Sharon Lea remarked that new staff were encouraged to move through the ranks via the Get Ahead Programme. H&F also encouraged gender and ethnic diversity amongst colleagues for the Council to benefit from the best from a mixed team.

Councillor Paul Alexander referred to the experience of some tenants on their request for downsizing from 2-bed to 1-bed between the Council and housing associations' units. Sometimes, the process took 3 to 4 months to complete or the request record was purged after 6 months and had to re-start again. He called for streamlining the transfer system so that the 2-bed could be released earlier for reallocation. Sharon Lea said that the Council supported tenants to downsize and undertook to look into the matter and revert with more updated information.

ACTION: Sharon Lea / David Hughes

Councillor Adrian Pascu-Tulbure noted performance concerns persisted with regard to completion of repairs and resolving complaints which had aroused the attention of both the Housing Ombudsman and Social Housing Regulator. Sharon Lea responded that the Council had achieved good results in key standards, decent homes standards such as fire, gas and electricity monitoring etc. However, the Council had regrettably received a number of Ombudsman judgments of severe maladministration, the majority of which were triggered during the pandemic in 2021. Having analysed them, the relevant teams had drawn lessons from the issues involved and were determined to change the processes, put more contractor capacity in place, improve complaint handling, and enhance staff training.

As regards Councillor Pascu-Tulbure's concern about the closure of Hammersmith Bridge, Sharon Lea advised that stabilisation work of the Bridge was expected to conclude in the early Autumn. The next step was to discuss with the Department for Transport and Transport for London on reviewing the business plan for the refurbishment of the bridge under the tripartite arrangements.

RESOLVED

That the Committee noted the report.

7. HEAD OF INTERNAL AUDIT ANNUAL REPORT 2022/23

Moira Mackie (Head of Internal Audit) introduced the report which summarised the work of Internal Audit in 2022/23 and provided 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 was used to support the Council's Annual Governance Statement. The report also set out a consistent level of assurance being obtained and provided for 2022/23 through the

work of internal audit, including Limited Assurance reviews for a few areas with a total of 5 audits, and five Substantial Assurance reviews involving three schools.

Councillor Ashok Patel asked why the percentage of audits receiving a positive assurance opinion had dropped from 91% in 2021/22 to 86% in 2022/23. David Hughes (Director of Audit, Fraud, Risk and Insurance) assured that the systems of internal control were effective and the audits undertaken received a consistent positive assurance opinion. He said that the small fluctuation was just denoting that two areas, ie. tenant service charges and disrepair legal claims, were at higher risk.

Addressing Councillor Patel's further question relating to Old Oak Primary (2021/22), David Hughes and Moira Mackle recalled that at the March Committee meeting, 4 high priority recommendations were made for the school. The school had agreed to take corresponding actions and there had been a lot of changes going on. However, as evidence could not be provided during this period, follow up on the recommendations would be carried out in Autumn. That was why the high priority recommendations remained as 4.

RESOLVED

That the Committee noted the Head of Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment.

8. CYBER SECURITY UPDATE

Tina Akpogheneta (Interim Chief Digital Officer, Digital Services) introduced that the report provided an update on Hammersmith & Fulham's cyber-security readiness.

Exclusion of the public and press

The Committee resolved, 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 contained 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 outweighed the public interest in disclosing the information.

The Committee held further discussions in private session.

RESOLVED

That the Committee noted the report, including the exempt Appendix 1.

9. DATES OF FUTURE MEETINGS

The following dates of future meetings were noted:

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

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

Please see Item 8.

Meeting started: 7.00 pm
Meeting ended: 9.15 pm

Chair

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