



HILLINGDON
LONDON



Audit Committee

Members of the Committee

John Chesshire (Chair)
Councillor Nick Denys (Vice-Chair)
Councillor Tony Burles
Councillor Henry Higgins
Councillor June Nelson
Councillor Philip Corthorne MCIPD

Date: WEDNESDAY, 14 MAY 2025

Time: 5.10 PM

Venue: COMMITTEE ROOM 5 -
CIVIC CENTRE

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Terms of Reference

The Constitution defines the terms of reference for the Audit Committee as:

Introduction

The Audit Committee's role will be to:

- Review and monitor the Council's audit, governance, risk management framework and the associated control environment, as an independent assurance mechanism;
- Review and monitor the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and/or weakens the control environment;
- Oversee the financial reporting process of the Statement of Accounts.

Decisions in respect of strategy, policy and service delivery or improvement are reserved to the Cabinet or delegated to Officers.

Internal Audit

1. Review and approve (but not direct) the Internal Audit Strategy to ensure that it meets the Council's overall strategic direction.
2. Review, approve and monitor (but not direct) Internal Audit's planned programme of work, paying particular attention to whether there is sufficient and appropriate coverage.
3. Through quarterly Internal Audit summary reports of work done, monitor progress against the Internal Audit Plan and assess whether adequate skills and resources are available to provide an effective Internal Audit function. Monitor the main Internal Audit recommendations and consider whether management responses to the recommendations raised are appropriate, with due regard to risk, materiality and coverage.
4. Make recommendations to the Leader of the Council or Cabinet Member for Finance, Property and Business Services on any changes to the Council's Internal Audit Strategy and Internal Audit Plans.
5. Review the Annual Internal Audit Report and Opinion Statement and the level of assurance this provides over the Council's corporate governance arrangements, risk management framework and system of internal controls.
6. Consider reports dealing with the activity, management and performance of Internal Audit.
7. Following a request to the Corporate Director of Finance, and in consultation with the Leader of the Council or Cabinet Member for Finance, Property and Business Services, to request work from Internal Audit.

External Audit

8. Receive and consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
9. Monitor management action in response to issues raised by External Audit.
10. Receive and consider specific reports as agreed with the External Auditor.
11. Comment on the scope and depth of External Audit work and ensure that it gives value for money, making any recommendations to the Corporate Director of Finance.
12. Be consulted by the Corporate Director of Finance over the appointment of the Council's External Auditor.
13. Following a request to the Corporate Director of Finance, and in consultation with the Leader of the Council or Cabinet Member for Finance, Property and Business Services, to commission work from External Audit.
14. Monitor arrangements for ensuring effective liaison between Internal Audit and External Audit, in consultation with the Corporate Director of Finance.

Governance Framework

15. Maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations and where necessary bring proposals to the Leader of the Council or the Cabinet for their development.
16. Review any issue referred to it by the Chief Executive, Deputy Chief Executive, Corporate Director, any Council body or external assurance providers including Inspection agencies.
17. Monitor and review, but not direct, the authority's risk management arrangements, including regularly reviewing the Corporate Risk Register and seeking assurances that appropriate action is being taken on managing risks.
18. Review and monitor Council strategy and policies on anti-fraud and anti-corruption including the 'Raising Concerns at Work' policy, making any recommendations on changes to the relevant Corporate Director in consultation with the Leader of the Council.
19. Oversee the production of the authority's Annual Governance Statement and recommend its adoption.
20. Review the Council's arrangements for corporate governance and make recommendations to the Corporate Director of Finance on suggested actions to improve alignment with best practice.
21. Where requested by the Leader of the Council or Cabinet Member for Finance, Property and Business Services or Corporate Director of Finance, provide recommendations on the Council's compliance with its own and other published standards and controls.

Accounts

22. Review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from financial statements or from the external auditor that need to be brought to the attention of the Council.
23. Consider the External Auditor's report to those charged with governance on issues arising from the external audit of the accounts.

Review and reporting

24. Undertake an annual independent review of the Audit Committee's effectiveness and submit an annual report to Council on the activity of the Audit Committee.

Formal duty of senior officers to attend

Whilst Council officers will invariably attend meetings voluntarily, in fulfilling its role, and should it be required, the Committee may require the Head of Paid Service and/or any senior officer (third tier and above) to attend before it to explain in relation to matters within its remit and it shall be the duty of those persons to attend if so required.

Where any senior officer is required to attend the Committee under this provision, the Chairman will inform the Head of Democratic Services. The Head of Democratic Services shall inform the officer in writing or by email giving at least 10 working days' notice of the meeting at which he/she is required to attend. The notice will state the nature of the item on which he/she is required to attend to give account and whether any papers are required to be produced for the Committee. Where the account to be given to the Committee will require the production of a report, then the officer concerned will be given sufficient notice to allow for preparation of that documentation.

Where, in exceptional circumstances, the officer is unable to attend on the required date, then the Committee shall, in consultation with the officer, arrange an alternative date for attendance.

When calling senior officers under this provision, the Committee will remain bound by the Code of Conduct for Members and Co-opted Members, ensure questioning is conducted in a fair and balanced manner and not of a personal critical nature.

Agenda

PART I

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APPOINTMENT OF AUDIT COMMITTEE CHAIR

Committee name	Audit Committee
Officer reporting	Ryan Dell, Democratic Services
Papers with report	None
Ward	All

HEADLINES

This report is to enable the Audit Committee to appoint its Chair for the 2025-2026 municipal year.

RECOMMENDATION:

That the Audit Committee appoints Mr John Chesshire as Chair of the Audit Committee for the 2025-26 municipal year.

SUPPORTING INFORMATION

None.

BACKGROUND PAPERS

None.

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APPOINTMENT OF AUDIT COMMITTEE VICE-CHAIR

Committee name	Audit Committee
Officer reporting	Ryan Dell, Democratic Services
Papers with report	None
Ward	All

HEADLINES

This report is to enable the Audit Committee to appoint its Vice-Chair for the 2025-2026 municipal year.

RECOMMENDATIONS

That the Audit Committee appoints Councillor Nick Denys as Vice-Chair of the Audit Committee for the 2025-26 municipal year.

SUPPORTING INFORMATION

None.

BACKGROUND PAPERS

None.

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Minutes

AUDIT COMMITTEE

11 February 2025

Meeting held at Committee Room 6 - Civic Centre,
High Street, Uxbridge UB8 1UW



	<p>Committee Members Present: Mr John Chesshire (Chair) Councillors Nick Denys (Vice-Chair), Tony Burles, Philip Corthorne, Henry Higgins, and June Nelson</p> <p>Officers Present: Richard Ennis – Corporate Director of Finance, Andrew Macleod – Chief Accountant Claire Baker – Head of Internal Audit and Risk Assurance, Alex Brown – Head of Counter Fraud, Matt Davis – Director of Strategic & Operational Finance Matthew Wallbridge – Chief Operating Officer Tony Zaman – Chief Executive Officer Ryan Dell – Democratic Services Officer</p> <p>Also Present: Ruth Plucknett, Ernst & Young Stephen Reid, Ernst & Young Mark Rutter, Ernst & Young</p>
25.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>None.</p>
26.	<p>DECLARATIONS OF INTEREST (<i>Agenda Item 2</i>)</p> <p>None.</p>
27.	<p>TO CONFIRM THAT ALL ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THAT ANY ITEMS MARKED PART II WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 3</i>)</p>
28.	<p>MINUTES OF THE PREVIOUS MEETING (<i>Agenda Item 4</i>)</p> <p>RESOLVED: That the minutes of the previous meeting be agreed as a correct record.</p>
29.	<p>TRANSFORMATION, DIGITAL & TECHNOLOGY RISK MANAGEMENT (<i>Agenda Item 5</i>)</p> <p>The Chief Operating Officer presented the Transformation, Digital & Technology Risk Management item, noting the importance of risk management in the context of</p>

transformation, digital, and technology. The Chief Operating Officer oversaw corporate services, including legal, HR, and technology departments.

The Corporate Risk Register showed risks impacting the entire Council. Overspending was a significant risk when linked to Digital Transformation and Technology. On the Corporate Risk Register, amber risks included systems becoming unfit and outdated ICT architecture. Cybersecurity was also a concern.

The Operational Risk Register identified and managed risks specific to services. This included technical risks, cyber attacks, and environmental risks (power outages, floods, fires). Technology Investment Risks included outdated systems. Staff Risks included lack of skills and availability of talent. Supply Chain Risks included cybersecurity, data risks, and outages. Data Risks included confidentiality, integrity, availability. Cybersecurity was the biggest risk and there were regular assessments and compliance programmes.

For specific projects, risks were managed through the project lifecycle, from design to post-implementation. In terms of governance, there were regular programme boards and project boards to review risks and mitigations. Budget management was conducted by addressing overspending risks through the target operating model and savings programme.

ICT and Digital risks involved managing outdated systems and cybersecurity threats. Investment planning ensured systems were up-to-date and integrated. Technical Controls involved monitoring infrastructure and cyber risks.

Officers discussed a variety of mitigation strategies:

- Investment Planning involved a three-year plan for system replacements and integrations, and regular reviews to adapt to changing technologies.
- Technical Controls included monitoring infrastructure and cyber risks, and performance monitoring and saving schedules.
- Governance involved regular meetings with Cabinet Members and senior management teams; and reporting to the public via budget reports. There was strong and robust governance to manage risks and assess their impacts.
- Training and awareness included training staff on cybersecurity and phishing attacks and business continuity tests.

There were regular internal audits that looked at IT systems and external advice was sought.

In monitoring the savings schedule, the Digital team worked closely with the Finance team. Corporate Directors were challenged on a three weekly bases around how they were delivering their savings.

Members asked about the depreciation of IT equipment and the possibility of leasing instead of buying. Officers noted the rollout of new devices and explained the depreciation process and the benefits of buying and leasing. This related to operating systems and life cycles.

Members asked about an annual update on the digital strategy. Officers confirmed the

	<p>commitment to provide an annual report.</p> <p>Members asked about the frequency of cyber attacks and the Council's monitoring system. Officers explained the sophisticated monitoring system that tracked cyber threats and emphasised the importance of regular checks and detailed analysis.</p> <p>Members expressed concerns about understanding and managing digital systems. Officers agreed to provide additional training and development for Members to ensure effective use of digital tools.</p> <p>RESOLVED: That the Committee noted the presentation</p>
30.	<p>EXTERNAL AUDIT UPDATE (<i>Agenda Item 6</i>)</p> <p><i>This item was taken before item 5.</i></p> <p>Officers introduced the external audit update.</p> <p>The Committee were reminded that the 2022/23 accounts were disclaimed. 2023/24 accounts were also to be disclaimed. As at 28 February only 77 opinions on Council or public sectors accounts had been issued out of 459. Only 1% of the prior year accounts were audited on time. This was a sector wide issue. Officers recognised the need to improve the capability and capacity to deal with preparing working papers. Runover from the 2022/23 disclaimed accounts had a knock on effect on the 2023/24 accounts. CIPFA were due to be engaged with as part of a finance improvement programme. Members asked about the engagement with CIPFA. A contract would be signed quickly to allow CIPFA to meet with key officers and Members. The complexity of local authority accounts continued to grow and there were more requirements on external auditors.</p> <p>Officers had issued the new set of accounts in June, without the annual governance statement as this had not been signed off by Members or the Leader of the Council at that point. Officers had previously aimed to have the accounts disclaimed and signed off by the 28 February. This was going to be pushed back to 13 March because of a statutory scrutiny period.</p> <p>Key adjustments had been made around valuations, including an error by valuers on Ruislip Golf Course (officers had corrected for this) and difficulties in valuing school assets. Changes included a £3 million debtors/ creditors issue relating to the DSG, a roughly £2 million difference in earmarked reserves, and a £7.5 million reduction in capital receipts reserves. Future complexities included IFRS 16 and improving the quality of working papers for external audits.</p> <p>Before the Committee this evening were the provisional audit results report for the 2023/24 financial year. EY's audit was complete. This audit had been a challenging process which was linked to the 2022/23 position, and also to turnover in officers. EY noted that there were good and positive relationships with the finance team. EY also thanked the finance team for supporting their work. EY intended to issue a disclaimed opinion on the 2023/24 financial statements, linked to the disclaimer on the 2022/23 financial statements. Appendix 1 of the report set out the areas that EY had been unable to complete as part of the 2023/24 audit. The Council had not run a compliant inspection period, which had to be rerun, expiring in March. EY would look to complete their reporting and issue an opinion on the financial statements in March. This meant that the Council will not have met the legislative backstop date of 28 February.</p>

Two significant weaknesses were identified: financial reporting and financial sustainability. The Council's financial sustainability was at risk due to the growing schools deficit and the need for robust forecasting.

Weaknesses in the Council's arrangements for financial sustainability and the quality of data were highlighted. Recommendations were made to address these, including improving the quality of data and ensuring robust financial forecasting. The Chair asked if EY believed that the quality of data had declined dramatically from the previous year to 2023/24 or more gradually. EY noted that it had been more gradual. It concerned bringing data up to date.

Officers explained the Council's negative DSG balances, whereby the Council had spent more supporting children than it received through the grant. 91 Councils had such negative balances due to high needs. The government had allowed these negative balances not to impact the Council's ability to fund other services. The statutory override was due to cease in a year's time, but officers expected it to be extended and national solutions to come forward. Government had introduced the safety valve agreement to help Councils lower their deficits via grants, but the Council's safety valve grant had been paused pending further information. Discussions were ongoing with the DfE. Officers noted that the Office for Budget Responsibility recognised that there needed to be a national solution. The funding provided to local authorities for special educational needs had not been sufficient.

Members asked about the impact of the safety valve suspension on the Council's services and budget. Efforts were ongoing to reduce the deficit, and discussions were ongoing with the DfE.

The Chair noted that there had been an expectation to complete by the backstop date and asked why this had not occurred. It was noted that a prioritisation piece was being conducted as not all of the work would be completed. In this regard, the audit did not complete. Extra resources were put on to the audit in order to maximise the amount of work completed by the backstop date.

Members asked how much money was received at the start of the safety valve agreement, and if this would be backdated. Officers noted that there was an expectation that it would be backdated. Officers would confirm the exact figure owed. It was noted that the Council was putting in £4million a year towards this out of capitalisation receipts, subject to MHCLGs agreement.

Members asked about repeated issues in valuations year on year. EY noted that the challenge related to assurance over external valuations. Ruislip Golf Course was a good example, valued at around £3million in the previous year and £18million this year. There was a control recommendation in the report about this. This was also related to data quality.

EY presented their pension fund audit plan to the April Committee, and the audit had been carried out in accordance with that plan, with one difference which related to the updating of materiality based on the year end accounts.

The audit was substantially complete. Three larger differences had been identified.

The first related to updating investment asset valuations. This was where more up to date fund manager reports came in after the production of the financial

	<p>statements. This was a standard timing difference.</p> <p>The second related to the recording of investment income where there was an unidentified error and so did not match the fund manager valuation.</p> <p>The third related to a new investment with Blackstone which was incorrectly disclosed as level 2 and should have been level 3.</p> <p>The Chair noted a line in the report that read “If we are not satisfied with the Council’s response to our recommendations, or the implementation of that response, we will consider exercising our further powers by making formal statutory recommendations” and asked what this meant. EY noted that as an appointed external auditor, there were a number of statutory powers which are available to them. This included the public interest report or the making of statutory recommendations. Given the significance of the financial challenges facing the authority, then EY will consider the degree of progress, and the pace of progress made. Statutory recommendations would place specific obligations on the authority.</p> <p>It was reiterated that there was a good relationship with EY.</p> <p>RESOLVED: That the Audit Committee:</p> <ol style="list-style-type: none"> 1. Noted the position regarding the audit of the 2023/24 Statement of Accounts and delegated authority to the Corporate Director of Finance (in consultation with the Chair and incorporating any views from other Members of the Audit Committee) to approve the final 2023/24 Statement of Accounts and Audit Results Report on behalf of the Committee and to report back to the next Audit Committee meeting on these matters for ratification; and 2. Noted the Hillingdon Pension Fund draft Audit Results Report.
19.	<p>RISK MANAGEMENT & STRATEGIC RISK REPORTS Q3 (<i>Agenda Item 7</i>)</p> <p>Officers introduced the risk management and strategic risk reports for Q3.</p> <p>The number of risks had increased to 250, with red risks rising from 14 to 20.</p> <p>The number of unscored risks had decreased significantly from 90 to 31. Of these, 26 had original risk scores but not current risk scores. Actions had been set to address this.</p> <p>23 new risks had been identified, six of which related to financials due to the Council's financial pressures. Only three risks had been closed.</p> <p>The timescale for how long risks remained in the system without movement was being monitored. A new graph had been included in the report to track this, with further development planned for the next quarter update.</p> <p>61 risks were overdue for review, up from 48 at the end of quarter 2. This included seven graduated risks and 36 overdue actions. Automated emails were sent to risk owners. A governance board was being established to hold people accountable for updating risks.</p>

	<p>On the Corporate Risk Register, seven red rated risks had been added, and one removed. The largest risks included balancing the budget in the short and medium term. There was a new A1 risk relating to insurance valuations due to poor asset data. Discussions were ongoing regarding CMT reviewing the risk registers and strategic risks and around setting up the new governance board.</p> <p>The Chair suggested that the Committee could send a letter to colleagues who had overdue risks or red risks without actions. It was proposed that the Chief Executive could take this forward and report back to the Committee. The need for better engagement with the risk management process was emphasised. It was also suggested that the Chair could take this forward.</p> <p>Members asked about the implementation of lead responsibility for risk management. Officers explained that each risk had a risk officer who received automated emails to update risks. There were also risk champions within each directorate. Officers were working on establishing a Directorate and Governance Group to take this forward.</p> <p>Officers noted that the focus on transformation and financial pressures may lead to less attention on routine risk management tasks. Officers emphasised the need to balance these priorities. The Chair reiterated the importance of managing risks effectively.</p> <p>RESOLVED: That the Audit Committee noted the reports and provide feedback on the content and level of assurance received.</p>
20.	<p>INTERNAL AUDIT STRATEGY, CHARTER AND PLAN (<i>Agenda Item 8</i>)</p> <p>Officers addressed the strategic risk register. Risks had remained consistent with previous reports, but new KPIs had been included. A new dashboard had been developed with more KPI information. These indicators had been integrated into the strategic risk report to ensure consistency and accuracy.</p> <p>Officers explained that data was extracted directly from the risk management system to ensure accuracy. This data was reviewed by the Corporate Management Team prior to being presented to the Audit Committee.</p> <p>The Chair highlighted the ongoing financial risks and the Committee's concern about these issues.</p> <p><u>Internal Audit Charter</u></p> <p>New global internal audit standards required compliance by 01 April. The Internal Audit Charter had been updated to reflect these standards, including more information on the role of the Audit Committee and senior management. The Charter ensured the independence of internal audit and included guidance from the Institute of Internal Auditors (IIA) and the Chartered Institute of Public Finance and Accountancy (CIPFA). Officers noted that additional changes would be made to the Charter based on new guidance. The Chair emphasised the importance of the Audit Committee's role in supporting internal audit.</p> <p>Members inquired about the roles and expectations in the updated charter. Officers clarified that the majority of the charter reflected existing practices, with additional focus on independence and support from the Audit Committee.</p> <p><u>Internal Audit Strategy</u></p> <p>Officers presented the Internal Audit Strategy for the next three years. The strategy</p>

	<p>focused on compliance with global internal audit standards, key financial controls, governance, transformation, and digital initiatives. Officers highlighted the importance of data quality in internal audits. The strategy would be updated as needed based on emerging risks and priorities.</p> <p>The Chair expressed approval of the Internal Audit Strategy and emphasised the need for strong business cases to ensure financial benefits.</p> <p>Members raised concerns about the volume of data and its usability. Officers explained the pyramid of data approach, focusing on key indicators at the top and detailed data at lower levels.</p> <p>Members asked about the construction of dashboards and performance indicators. Officers explained that the business intelligence team sources data from various systems and external sources.</p> <p><u>Internal Audit Plan</u></p> <p>Officers introduced the Internal Audit Plan which was risk-based and divided into quarters. Officers explained that quarter one was relatively fixed, while quarters three and four were more likely to change based on emerging risks and priorities. The plan included data quality audits for each directorate, spread throughout the year. The plan would be tracked and monitored through progress reports.</p> <p>The Chair noted their satisfaction with the plan and encouraged the Committee to approve it. The Chair emphasised the importance of focusing on key risk areas and adapting the plan as needed.</p> <p>RESOLVED: That the Audit Committee:</p> <ol style="list-style-type: none"> 1. Noted the IA Strategy and Charter; and 2. Approved the IA plan for 2025/26
21.	<p>INTERNAL AUDIT PROGRESS REPORT Q3 (<i>Agenda Item 9</i>)</p> <p>Officers introduced the Internal Audit progress report for quarter 3. Officers highlighted the completion of three reasonable assurance reports, two advisory reports, two limited assurance reports and one no assurance report since the last meeting.</p> <p>On advisory reports, one related to culture and was focused on the perception of culture across the organisation, interviewing staff members, and reviewing actions taken since the All Staff Survey. Findings indicated a consistent perception of culture, with no significant negativity despite ongoing transformation.</p> <p>The other advisory report related to directorate governance, due to limited capacity within directorates to focus on governance areas. The review aimed to develop a framework and proposals for improving governance at the directorate level.</p> <p>The no assurance report related to rent arrears. There were issues with poor documentation, lack of collaboration between services, and poor management oversight. Actions were being taken to address these issues.</p> <p>On limited assurance reports, one related to HRA rent arrears. Similar issues as rent arrears, with actions already being taken to address them.</p>

	<p>The other limited assurance report related to Contract Management Oversight. This focused on preparing for the Procurement Act and ensuring contracts are up to date and monitored.</p> <p>Six reports were currently in draft. Officers were finalising terms of reference for community safety and the safety valve audits. The looked after children audit had been shifted to Q1 of the next year.</p> <p>Members asked about the addition of the Rural Activity Garden Centre review. Officers explained that it was a high-level advisory review to understand the activities and future development of the Rural Activity Garden Centre.</p> <p>Members inquired about the data quality report and its findings. Officers explained that the report from July of the previous year had four high findings, particularly around linking between systems. These were currently still due for review.</p> <p>Officers emphasised the importance of addressing the high number of no and limited assurance reports. Officers also highlighted the need for management to proactively address issues rather than waiting for audit reports.</p> <p>Members expressed concern about the number of no and limited assurance reports but acknowledged the importance of identifying and addressing issues. Members highlighted the importance of taking staff survey results seriously and improving governance during times of transformation.</p> <p>Members asked for clarification on the implementation of lead responsibility for risk management. Officers noted the role of risk officers and the establishment of a Directorate and Governance Group.</p> <p>Officers emphasised the need to balance priorities between transformation and routine risk management tasks.</p> <p>RESOLVED: That the Audit Committee noted the IA Progress since the last Committee meeting</p>
22.	<p>COUNTER FRAUD OPERATIONAL PLAN 2025/26 (Agenda Item 10)</p> <p>Officers introduced the Counter Fraud Operational Plan for 2025 to 2028.</p> <p>Officers noted closer alignment between the Counter Fraud and Internal Audit teams, which had made a significant difference. Both reviewed the other's plans before presenting them to the Corporate Management Team, and subsequently to the Audit Committee.</p> <p>Officers noted that the report gave the Committee a strategic and operational overview of the service's approach. The fraud risk assessment had been refreshed, with 27 risks listed. The plan was fully risk-based, focusing on three main areas: housing, social care, and revenue.</p> <p>Officers explained that low-level fraud activity and non-fraud related work were being transferred back to service areas, allowing the team to focus on higher-risk areas. Bespoke projects in social care around direct payments and care were now included.</p>

	<p>The work plan was data-driven, with reviewed KPIs and increased targets. The capital target for 2025/26 had been set at £8.8 million, a 10% increase from the previous year. Appendix D of the report outlined the methodology for recording savings.</p> <p>Members noted lower-risk fraud work being passed back to service areas and asked if there was a checklist of actions to complete. Officers noted that there were various meetings to discuss this. Officers were also looking at digital methods of improving this. Training and support would be offered where necessary.</p> <p>Members asked about staffing levels, and if the team had enough capacity to meet increased targets. Officers noted that they did have the necessary staff.</p> <p>The Chair acknowledged the ambitious plan and targets and expressed confidence in the team's ability to exceed previous targets and achieve the necessary savings.</p> <p>RESOLVED: That the Audit Committee:</p> <ol style="list-style-type: none"> 1. Noted the Counter Fraud Annual Operational Plan for 2025/26; and 2. Suggested any amendments/ comments.
23.	<p>COUNTER FRAUD STRATEGY 2023-2028 (<i>Agenda Item 11</i>)</p> <p><i>This item was taken before item 10.</i></p> <p>Officers presented the Counter Fraud Strategy.</p> <p>The strategy was being presented for input and feedback from the Audit Committee before being presented to Cabinet for formal approval in March.</p> <p>The core fundamentals of the strategy have been in place since 2017, and included a risk-based approach, partnership and engagement, protection and deterrence, and innovation and modernisation. Those fundamentals remained in the reviewed and updated strategy.</p> <p>Innovation and modernisation were a key focus moving forward. Governance around this included weekly stand up meetings. New technologies were being looked into in a move towards going paperless. Digital processes were being looked into to support efficiencies.</p> <p>The Chair acknowledged the effectiveness of the strategy to date and noted that the Committee were happy to endorse it.</p> <p>RESOLVED: That the Committee:</p> <ol style="list-style-type: none"> 1. Noted the Counter Fraud Strategy 2025 to 2028; and 2. Suggested any amendments/ comments prior to submission to Cabinet for approval.
24.	<p>COUNTER FRAUD PROGRESS REPORT Q3 (<i>Agenda Item 12</i>)</p> <p>Officers introduced the Counter Fraud progress report for quarter 3.</p>

The team had achieved £2.5 million in savings for Q3, bringing the year-to-date total to just over £9 million. 28 properties had been recovered, bringing the year-to-date total to 90. Officers expected to surpass 100 properties by the time of the annual report. There were currently 128 live cases under investigation, with a sustained 40-50% increase in cases since COVID. Nine emergency accommodation units had been closed for non-occupation, saving £172,000.

Officers had conducted activities during International Fraud Awareness Week and started an awareness programme in adult social care, engaging over 100 staff members.

The team had been shortlisted for the Local Excellence award, and the Counter Fraud Manager for Housing had been shortlisted for Pioneer of the Year. The awards ceremony was due to be held on 12 March 2025.

Future plans included reviewing the operating model of counter fraud and adapting to the authority's financial challenges. The savings target had increased by 10%, with a focus on high-risk areas of fraud and transferring low-level cases back to services. There had been a small reduction in resources by three FTEs, with one vacancy never filled. This will create capacity for other work in social care and ensure the service remained lean, efficient, and effective.

Members asked about the turnaround time for recovered properties to be reallocated. Officers explained that the process involved the repairs department and the Council's allocation policy and added that the void turnaround has been audited and KPIs were monitored.

Members inquired about learning from identified cases to tighten processes moving forward. Officers explained that the fraud team worked closely with the relevant departments to address issues and improve processes. Weekly tracking of issues and monthly meetings with the responsible officers helped resolve operational problems.

Members raised concerns about beds in sheds and unlisted properties. Officers explained that the focus was on identifying properties that should be paying Council Tax and referring other issues to the appropriate services, i.e. Private Sector Housing and Planning.

Members congratulated the team on the four prosecutions related to Blue Badge fraud.

Members emphasised the importance of maintaining an efficient and effective service, despite the need for savings. Officers assured that the new operating model was efficient and effective, and any changes in the future will be discussed.

Members emphasised the importance of investing in the Counter Fraud team to save money for the Council. Officers agreed and stated that they were comfortable with the current structure and would discuss any future investment opportunities.

The Chair congratulated the Counter Fraud team on their achievements.

RESOLVED: That the Audit Committee:

- 1. Noted the Counter Fraud Progress Report for 2024/25 Quarter 3; and**
- 2. Suggested any comments/ amendments.**

25.	<p>WORK PROGRAMME (<i>Agenda Item 13</i>)</p> <p>Officers highlighted a provisional date of 20 March for the next Member training session, subject to Member availability.</p> <p>RESOLVED: That the Audit Committee noted the dates for Audit Committee meetings.</p>
	The meeting, which commenced at 5.10 pm, closed at 7:55 pm.

These are the minutes of the above meeting. For more information on any of the resolutions please contact Democratic Services on 01895 250636 or email: democratic@hillingdon.gov.uk. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

The public part of this meeting was filmed live on the Council's YouTube Channel to increase transparency in decision-making, however these minutes remain the official and definitive record of proceedings.

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INTERNAL AUDIT 2024/25 ANNUAL REPORT

Committee name	Audit Committee
Officer reporting	Claire Baker, Head of Internal Audit & Risk Assurance
Papers with report	IA1. 2024/25 IA Annual Report
Ward	All

HEADLINES

The CIPFA Global Internal Audit Standards in the UK Public Sector Application Note requires the Head of Internal Audit to deliver an Annual Internal Audit Report and Opinion Statement that can be used by the Council to inform and support its Annual Governance Statement.

This report and opinion statement summarises the work performed by Internal Audit during 2024/25.

RECOMMENDATION:

That the Audit Committee notes the IA Annual Report for 2024/25.

SUPPORTING INFORMATION

IA provides an independent appraisal and consultancy service that underpins good governance, which is essential in helping the Council achieve its strategic objectives and realise its vision for the borough of Hillingdon.

BACKGROUND PAPERS

None.

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INTERNAL AUDIT ANNUAL REPORT & OPINION STATEMENT

2024/25

24 April 2025



HILLINGDON
LONDON

Contents

The key contacts in connection with this document are:

Claire Baker
Head of Internal Audit
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1. INTRODUCTION

- 1.1 Internal Audit (IA) provides an independent assurance and advisory service that underpins good governance. IA gives an objective opinion on whether the control environment is operating as expected to help the Council achieve its strategic objectives and realise its vision for the borough of Hillingdon (LBH). It is also a requirement of the Local Government Accounts and Audit Regulations 2015 that the Authority undertakes an effective IA to evaluate the effectiveness of its risk management, internal control and corporate governance processes, taking into account public sector internal auditing standards or guidance.
- 1.2 The UK Public Sector IA Standards (PSIAS) in place during 2024/25 promote further improvement in the professionalism, quality, consistency and effectiveness of IA across the public sector. They stress the importance of robust, independent and objective IA arrangements to provide senior management with the key assurances they need to support them both in managing the organisation and in producing the Annual Governance Statement (AGS). Going forward into 2025/26 the PSIAS have been replaced by the Global Internal Audit Standards.
- 1.3 This annual report summarises the main findings arising from the 2024/25 IA work and the annual Head of Internal Audit (HIA) opinion as required by the PSIAS. The report also provides IA key stakeholders, including the Council's Corporate Management Team (CMT) and the Audit Committee, with an opportunity to review the performance of the IA service on the delivery of the 2024/25 IA Plan and on the effectiveness of the IA service.

2. SUMMARY OF 2024/25 INTERNAL AUDIT WORK

- 2.1 In total **45** pieces of IA work were delivered as part of the 2024/25 IA plan as at the beginning of April 2025. This included **29** assurance reviews, **10** advisory reviews and **7** grant claim audits. This is consistent with the level of reviews completed in the prior year, despite a 2FTE reduction in the team.

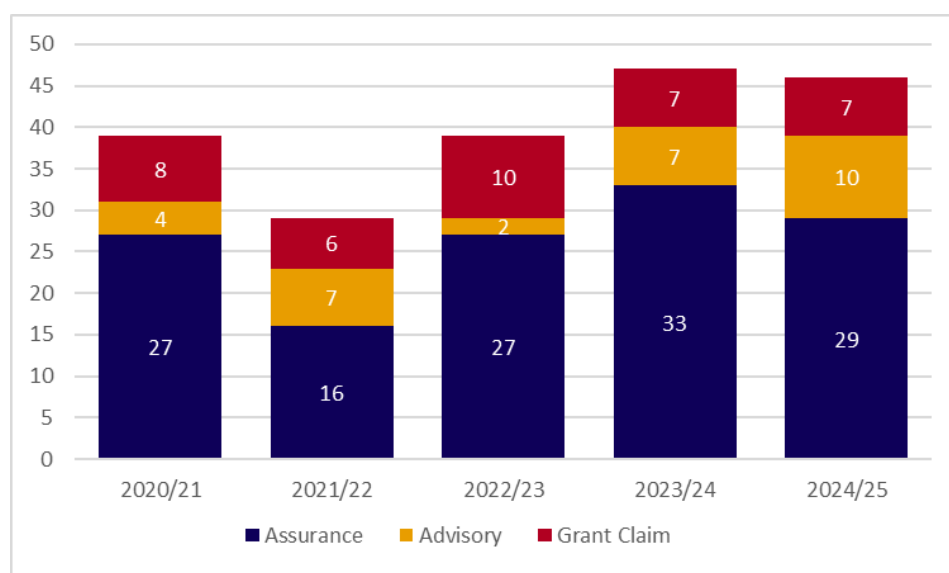


FIGURE 1: IA WORK COMPLETED BY REVIEW TYPE

- 2.2 Two planned reports are currently being finalised and a further two are being drafted. These will be reflected in the ongoing 2025/26 IA workplan. Any significant findings from these reviews have been taken into consideration as part of the Annual HIA Opinion reported below.
- 2.3 Of the 29 assurance reviews completed in the year, only **48%** resulted in a **SUBSTANTIAL** or **REASONABLE** assurance opinion. This is a significant decrease from 63% in 2023/24. Overall, **38%** of the assurance reviews resulted in **LIMITED** opinions and there were **four NO** assurance reviews (13%). Definitions of the IA assurance levels are included at Appendix C.

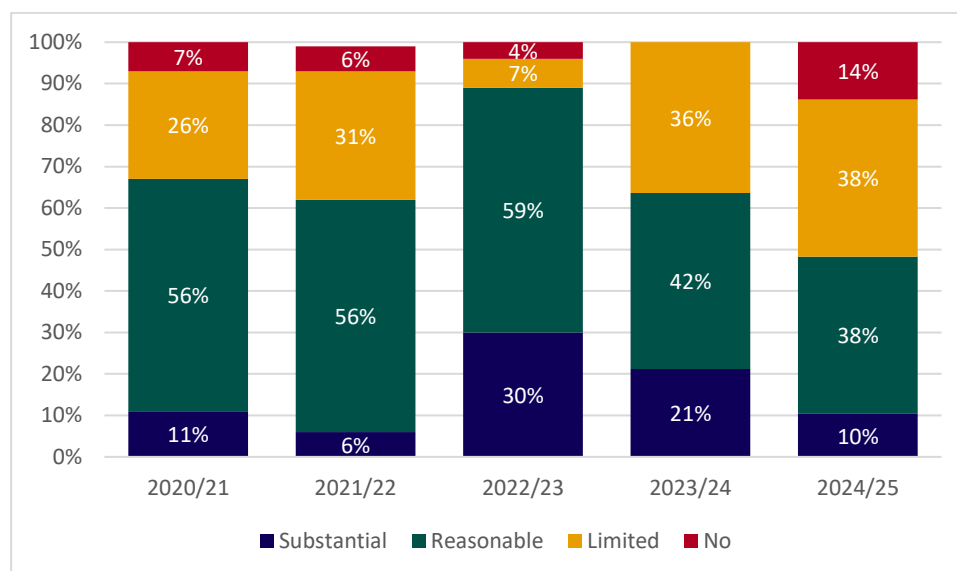


FIGURE 2 IA ASSURANCE RATINGS AS A PERCENTAGE OF ASSURANCE REVIEWS COMPLETED

- 2.4 Within the 29 IA assurance reviews completed in 2024/25, we raised **127** IA assurance recommendations in total. This is a slight **increase** compared to prior years and the higher number of high and medium rated recommendations reflects the increase in no and limited assurance reports.

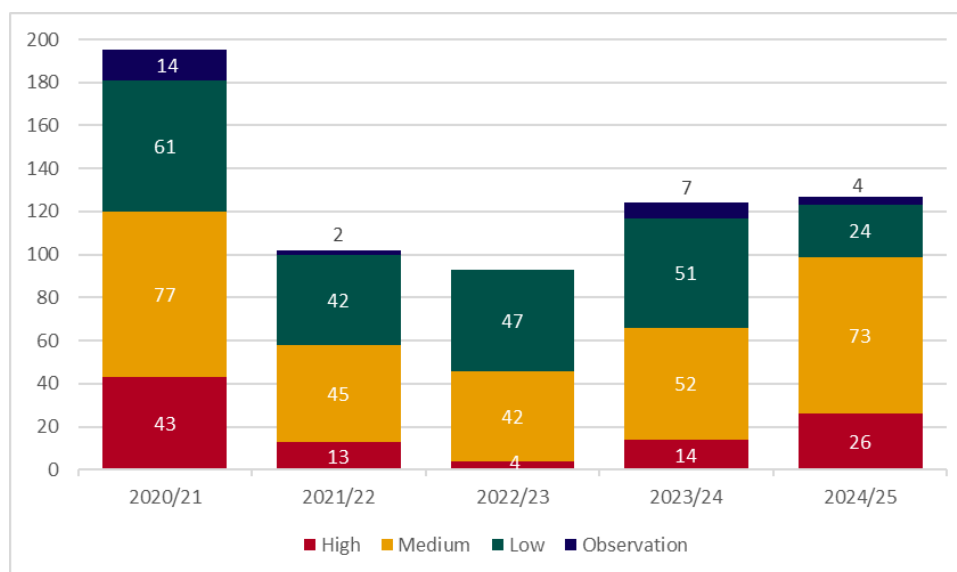


FIGURE 3 IA ASSURANCE RECOMMENDATIONS BY SIGNIFICANCE RATING

- 2.5 The individual assurance reviews carried out during 2024/25 are listed in Appendix A, including the assurance levels achieved and the number of IA recommendations made.
- 2.6 Five planned advisory reviews and five ad-hoc advisory reviews were also completed during the year, and seven grant claim audits. These are also detailed in Appendix A. Ad-hoc advisory work includes providing supportive advice and guidance to services across the Council, enhancing the role of IA in helping Council services improve as part of a collaborative approach.
- 2.7 The IA team staffing structure has remained relatively consistent during 2024/25. Although two members of the team left at the beginning of the year these were expected changes, and the IA plan was delivered by the remaining team without any external support. Following the introduction of the Global Internal Audit Standards the team have also undertaken a review of their working practices and developed a Quality Improvement Action Plan for 2025/26, which will be presented to the next Audit Committee meeting and taken forward throughout 2025/26.

3. HEAD OF INTERNAL AUDIT OPINION STATEMENT 2024/25

- 3.1 The role of the IA service is to provide the Audit Committee and CMT with an independent assessment of the adequacy and effectiveness of the internal control, risk management and governance arrangements to ensure the achievement of the organisation's objectives. The opinion statement is also a source of assurance for the Chief Executive and Leader of the Council in completing the Annual Governance Statement (AGS), which forms part of the statutory Statement of Accounts.
- 3.2 During 2024/25 the IA service had unrestricted access across the Council, received reasonable co-operation from officers, and had sufficient resources to enable it to provide adequate coverage of the Council's control environment. Therefore, there are no qualifications to the 2024/25 HIA opinion statement. Our approach also complies with the Public Sector Internal Audit Standards and the Global Internal Audit Standards introduced at the year end.
- 3.3 Our IA work during 2024/25 was carried out in accordance with the IA work plan approved by CMT and the Audit Committee. The overarching opinion in this report takes into consideration the areas and risks reviewed by IA in the year, as well as the wider control environment and other sources of assurance received during the year.
- 3.4 2024/25 was a particularly difficult year for the Council due to significant demand pressures in key areas such as adult social care, children and young people services and homelessness, with limited funding and capacity within the services. The Council is not unique in facing these challenges, evidenced by the number of other Local Authorities seeking additional financial support.
- 3.5 To address these pressures there was significant focus on developing new ways of working and fast paced change during 2024/25. This included engaging external consultants to undertake a Council-wide zero-based budgeting exercise, followed by extensive senior officer challenge sessions and star chamber sessions.
- 3.6 The increased focus on cost saving proposals was essential given the financial challenges facing the Council. However, this also led to increased uncertainty around forward planning, weakened oversight controls due to limited capacity at a senior level, and significantly reduced focus on core areas of governance. This was particularly highlighted through the Internal Audit reviews into Directorate Governance, Asset Management and Performance Information.
- 3.7 Financial governance was also significantly impacted during the year due to issues with the implementation of the Oracle finance system. These issues were highlighted through the Budget Monitoring IA report, and wider reports from external consultants. Key issues include a lack of confidence in using the system by budget managers, insufficient accountability for budgets at a service level, and data quality issues with the finance and system data. These issues were further exacerbated during 2024/25 by staffing shortages in key roles in the finance directorate.
- 3.8 Overall, 38% of the IA reports completed in 2024/25 were given a Limited assurance opinion, and 14% were given No Assurance. This is a significant increase in the number of Limited and No assurance reviews and include some key areas of governance, for example Asset Management, Contract Management Oversight and Budget Monitoring.
- 3.9 The HIA also takes into consideration the scope of individual reviews, and the wider context why the review was included in the IA plan. For example, the Pre-employment checks review (reasonable assurance) only focused on the Eploy system introduced for new employees as it had already been acknowledged there were significant weaknesses with the records maintained for existing staff. Similarly, the Decent Homes Standards review (reasonable assurance) only focused on the Council's action plan to address the high levels of non-decency in the housing stock, it did not test compliance with the standards as this was a known area of improvement.

- 3.10 Common themes arising from the Internal Audit findings raised in 2024/25 include poor data quality and poor oversight controls, often due to limited capacity at a senior management level due to the increased focus on Council-wide transformation. At an operational level governance arrangements were often sporadic and related to specific areas rather than a consistent, overarching reporting framework. However, IA note there has been a positive drive towards developing consistent performance dashboards across the Council towards the year end, to facilitate better governance arrangements going forwards. There is further work required to ensure these are aligned to overarching objectives and formal monitoring arrangements, however this is planned for 2025/26.
- 3.11 Due to the challenges noted above, weaknesses in the governance arrangements have been recognised by CMT, and a Governance Review Improvement Plan has been developed to take forward during 2025/26. Overall, it is the HIA's opinion that Internal Audit can provide **NO** assurance over the internal control, risk management and governance arrangements in place during 2024/25, however initial steps have been taken to address the issues going forward.
- 3.12 A Corporate Governance Group has recently been established to oversee the Governance Review Improvement Action plan. The HIA has offered their support to this group and will ensure any additional areas of improvement are shared during 2025/26.

4. Risk Management

- 4.1 Risk Management is the process by which risks are identified and evaluated so that appropriate actions can be taken to reduce the likelihood and impact of risks materialising. In the event a risk materialises, this could inhibit the Council from achieving its objectives and fulfilling its strategic priorities.
- 4.2 The IA opinion on the effectiveness of the Council's Risk Management arrangements is based on the Chartered Institute of Internal Auditors' Risk Maturity Model. The IA assessment of the Council's Risk Management maturity is that the Council was **RISK AWARE** as at the end of April 2025, the second of the five maturity levels and consistent with the prior year.
- 4.3 There has been an improved focus on risk management through the introduction of the risk management system in 2024/25, leading to a significant increase in the number of risks documented and reviewed. However there are still a number of ongoing actions to embed risk management as a proactive process, including ensuring there are set actions in place to address the risks identified.

5. INTERNAL AUDIT FOLLOW-UP 2024/25

- 5.1 Progress towards implementing recommended management actions is also taken into consideration as part of the HIA annual opinion. If actions are not implemented in a timely manner then weaknesses in control and governance frameworks will remain in place. A proactive approach to implement recommendations quickly demonstrates management's commitment to the maintenance of a robust control environment.

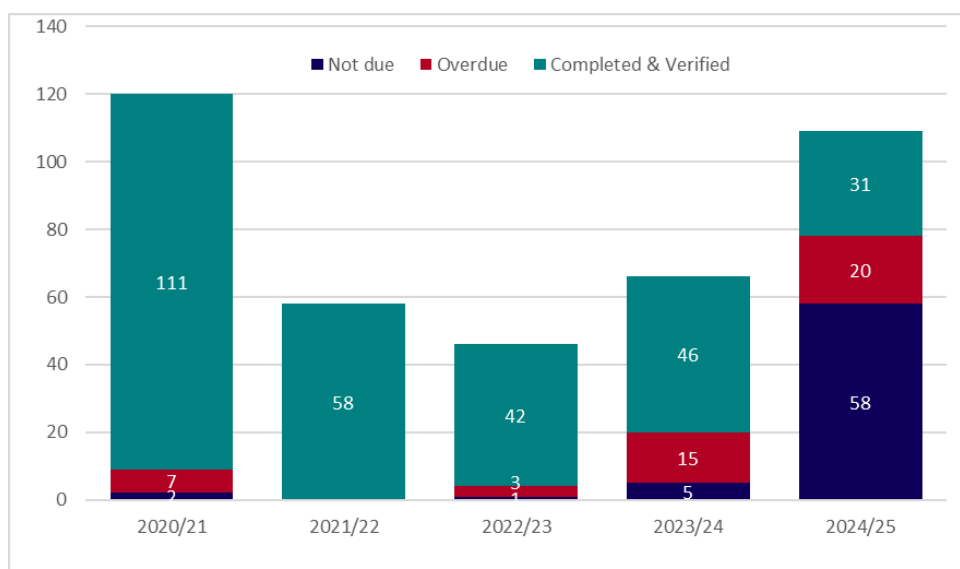


FIGURE 4 Status of IA Recommended Actions at the year end.

- 5.2 Updates on all outstanding IA management actions are reported in the quarterly IA progress reports for CMT and Audit Committee. Due to the transformational changes ongoing across the council, many of the actions have been delayed as they are incorporated into wider changes or if the responsible officer has left the organisation. These recommendations are allocated new responsible officers and implementation dates and will continue to be followed up until they are completed and verified.

6. REVIEW OF INTERNAL AUDIT PERFORMANCE 2024/25

- 6.1 The significant challenges facing the Council during 2024/25 also impacted on the Internal Audit team. Other services had less capacity to engage with IA reviews, there were many key officer changes and substantial restructures, and the plan was extensively adjusted to reflect emerging priority areas and other sources of assurance. In total 907 IA days were undertaken (2024/25 budget: 909 days) and 47 pieces of work were delivered, consistent with the prior year.
- 6.2 IA Key Performance Indicators (KPIs) measure the quality, efficiency and effectiveness of the IA service. Performance against the IA KPIs is reported to the Audit Committee quarterly through the IA Progress Report. At the year-end IA fully achieved all **eight** of the agreed KPIs in relation to the IA work.
- 6.3 Two further KPIs relating to management engagement with IA were partially met. The IA team has limited control over these KPIs, however they are used to indicate the level of engagement from other services and monitor the final outcomes of the IA work. Increasing engagement with services during 2025/26 will hopefully improve this KPI going forward and the IA team are already looking to develop monitoring dashboards to support Corporate Directors monitor IA work and recommended actions within their areas.
- 6.4 Finally, during 2024/25 the new Global Internal Audit Standards were introduced and became mandatory in the UK Public Sector from the beginning of 2025/26. The IA undertook a self-assessment of compliance against the standards during the year and found no significant areas of non-compliance. A Quality Improvement Action Plan has been developed and will be taken forward throughout 2025/26 to ensure compliance with the Standards.

APPENDIX A: DETAILED INTERNAL AUDIT ACTIVITY

PLANNED ASSURANCE & ADVISORY REVIEWS

IA Ref.	IA Review Area	Date Final Report was Issued	Assurance Level	Management Actions			
				H	M	L	O
23.S04	Organisation Culture	Final report issued 03 July 2024	N/A: ADVISORY	-	-	-	-
23.C03	SEND Data Quality	Final report issued 30 July 2024	No	4	1	1	-
23.C06	Thematic Schools Audit	Final report issued 28 October 2024	Limited	-	3	1	1
23.F04	Oracle Programme	Final report issued 28 May 2024	Reasonable	-	1	-	-
23.A08	ARCH Social Work Outputs	Final report issued 13 June 2024	Substantial	-	-	-	-
23.A06	Neglect (Adults)	Final report issued 11 July 2024	Reasonable	-	2	2	-
23.P09	Uninspected B&Bs	Final report issued 2 August 2024	No	2	3	1	-
23.P10	Statutory Servicing, Engineering & Maintenance Contracts	Final report issued 22 July 2024	Substantial	-	-	1	-
23.S08	Performance Information	Final report issued 31 July 2024	Limited	1	3	-	-
24.D02	Cyber Security (1)	Final report issued 26 June 2024	Reasonable	-	3	2	-
24.S07	Voids Processes	Final report issued 06 August	Reasonable	-	5	3	-
24.P04	Asset Management (Corporate Properties)	Final report issued 08 October 2024	No	2	2	-	-
24.S17	Section 202 & 204 Appeals	Final report issued 16 September	Limited	-	4	2	-
24.A03	Telecare (Intelligent Lilli)	Final report issued 25 October 2024	N/A: ADVISORY	-	-	-	-
24.C02	Schools Finances (Part One)	Memo completed 25 October 2024	N/A: ADVISORY	-	-	-	-
24.S15	Overtime, Expenses & Mileage Payments	Final report issued 08 November 2024	Limited	5	2	-	-
24.S18	B&B Rent Arrears	Final report issued 17 January 2025	No	3	2	-	-
24.S01	Organisation Culture (Part Two)	Final report issued 19 December 2024	N/A: ADVISORY	-	-	-	-
24.S13	HRA Rent Arrears	Final report issued 17 January 2025	Limited	1	3	1	-

Key:

IA = Internal Audit	H = High Risk	M = Medium Risk	L = Low Risk	O = Observation
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IA Ref.	IA Review Area	Date Final Report was Issued	Assurance Level	Management Actions			
				H	M	L	O
24.S05	Decent Homes Standards	Final report issued 17 January 2025	Reasonable	-	2	1	-
24.F03	Contract Management Oversight	Final report issued 21 January 2025	Limited	1	2	-	-
24.X01	Directorate Governance	Final report issued 22 January 2025	N/A: ADVISORY	-	-	-	-
24.S03	Pre-employment checks (Eploy)	Final report issued 27 January 2025	Reasonable	-	3	-	-
24.S16	Personal Appraisals	Final report issued 30 January 2025	Reasonable	-	3	1	-
24.P03	Leasehold Management & Service Charges	Final report issued 13 February 2025	Reasonable	-	2	-	-
24.D05	Hillingdon First Card	Final report issued 19 February 2025	Limited	-	4	-	-
24.A02	Transport Provider	Final report issued 03 March 2025	Reasonable	-	3	2	-
24.D03	Cyber Security (2)	Final report issued 12 March 2025	Substantial	-	-	-	-
24.C03	Schools Admissions	Final report issued 31 March 2025	Reasonable	1	4	1	1
24.C02	Schools Finances (Part Two)	Final report issued 08 April 2025	Limited	2	4	2	-
24.F04	Debtors	Final report issued 24 April 2025	Reasonable	-	3	1	2
24.S02	Mandatory Training & Induction	Final report issued 30 April 2025	Limited	1	2	-	-
24.F06	Budget Monitoring	Final report issued 1 May 2025	Limited	-	6	-	-
14.F02	Key Financial Controls (Cash Handling)	Final report issued 1 May 2025	Limited	2	1	2	-
Total Number of IA Recommendations Raised				25	73	24	4

Key:

IA = Internal Audit	H = High Risk	M = Medium Risk	L = Low Risk	O = Observation
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IA AD-HOC CONSULTANCY & GRANT CLAIM VERIFICATION REVIEWS

IA Ref.	IA Review Area	Current Status at end of Q3 2023/24
24.G1	Supporting Families Grant – Quarter 1	Complete – Memo Issued
24.G1	Supporting Families Grant – Quarter 2	Complete – Memo Issued
24.G1	Supporting Families Grant – Quarter 3	Complete – Memo Issued
24.G1	Supporting Families Grant – Quarter 4	Complete – Memo Issued
24.G2	Housing Benefit Grant	Memo issued 12 December 2024
24.G3	Mayors Charity Accounts	Memo issued 13 January 2025
24.G4	Bus Subsidy Grant Claim	Memo Issued October 2024
24.Z01	TSM Technical Requirements	Memo issued June 2024
24.Z02	Business Continuity Plans	Memo Issued
24.Z03	ASC Uplift	Memo Issued
24.Z04	Section 202 Follow Up	Memo Issued
24.Z05	Uninspected B&B's Follow Up	Memo Issued

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Key:

IA = Internal Audit	H = High Risk	M = Medium Risk	L = Low Risk	O = Observation
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APPENDIX B: IN YEAR CHANGES TO THE INTERNAL AUDIT PLAN

Internal Audit is most effective when it adapts to emerging risks and other sources of assurance received to avoid duplication. The IA team maintain an audit monitoring spreadsheet which is used to track all audit reviews, including new areas added in year, and identify any areas that can be postponed where capacity is needed for higher risk areas.

The original Internal Audit plan presented to the Audit Committee in January 2024/25 included 39 planned audits. Of these, 18 reviews were removed from the plan during the year (listed below) and 15 audits were added. This resulted in 34 planned reviews completed in the year, as listed in Appendix A.

IA Ref.	IA Review Removed from the Plan	Reason for the Change
24.X02	Cabinet Engagement	Delayed to 25/26 & replaced with Directorate Governance
24.X03	Transformation Programme	Delayed to 25/26 due to ongoing work in the area
24.X04	Corporate Policies and Procedures	Delayed to 25/26 due to ongoing work in the area
24.S04	Gifts, Hospitality & Conflicts of Interest	Replaced with Section 202 & 204 Appeals
24.S06	Utilisation of Housing Stock	Removed due to alternative assurance
24.S08	Emergency Planning	Replaced with Personal Evaluation Plans
24.S09	Dangerous Structures	Replaced with advisory work on Tenancy KPIs
24.S11	Temporary Accommodation	Replaced with B&B Rent Arrears
24.S12	Private Sector Housing Procurement	Replaced with HRA Acquisitions
24.S14	Registrars	Replaced with Schools Admissions
24.C01	Safety Valve Plan (Part 2)	Delayed to 25/26 due to ongoing work in the area
24.F01	Post Oracle Implementation	Removed due to alternative external assurance
24.F05	Social Care Charges	Delayed to 25/26 due to ongoing work in the area
24.F06	Budget Setting	Replaced with Budget Monitoring
24.D01	Data Quality (Liquid Logic)	Replaced with Data Quality (ContrOCC) & delayed to 25/26
24.D04	Device Usage	Replaced with Performance Information
24.D06	Digital Inclusion	Replaced with Personal Appraisals
24.P02	Waste Services	Replaced with Capital Programme

APPENDIX C: INTERNAL AUDIT DEFINITIONS

ASSURANCE LEVEL	DEFINITION
SUBSTANTIAL	There is a good level of assurance over the management of the key risks to the Council objectives. The control environment is robust with no major weaknesses in design or operation. There is positive assurance that objectives will be achieved.
REASONABLE	There is a reasonable level of assurance over the management of the key risks to the Council objectives. The control environment needs some improvement in either design or operation. There is a misalignment of the level of residual risk to the objectives and the designated risk appetite. There remains some risk that objectives will not be achieved.
LIMITED	There is a limited level of assurance over the management of the key risks to the Council objectives. The control environment has significant weaknesses in either design and/or operation. The level of residual risk to the objectives is not aligned to the relevant risk appetite. There is a significant risk that objectives will not be achieved.
NO	There is no assurance to be derived from the management of key risks to the Council objectives. There is an absence of several key elements of the control environment in design and/or operation. There are extensive improvements to be made. There is a substantial variance between the risk appetite and the residual risk to objectives. There is a high risk that objectives will not be achieved.

RISK	DEFINITION
HIGH	The recommendation relates to a significant threat or opportunity that impacts the Council's corporate objectives. The action required is to mitigate a substantial risk to the Council. In particular it has an impact on the Council's reputation, statutory compliance, finances or key corporate objectives. The risk requires senior management attention.
MEDIUM	The recommendation relates to a potentially significant threat or opportunity that impacts on either corporate or operational objectives. The action required is to mitigate a moderate level of risk to the Council. In particular an adverse impact on the Department's reputation, adherence to Council policy, the departmental budget or service plan objectives. The risk requires management attention.
LOW	The recommendation relates to a minor threat or opportunity that impacts on operational objectives. The action required is to mitigate a minor risk to the Council as a whole. This may be compliance with best practice or minimal impacts on the Service's reputation, adherence to local procedures, local budget or Section objectives. The risk may be tolerable in the medium term.
OBSERVATION	This includes any items Internal Audit would like to highlight that may not directly relate to a finding. This includes notable performance and innovative controls that should be shared with others , potential concerns raised during the audit that are outside the scope of the review and will be considered separately, and any areas of improvement that had already been addressed by management at the time of the review.

RISK MANAGEMENT ANNUAL REPORT 2024/25

Committee name	Audit Committee
Officer reporting	Claire Baker, Head of Internal Audit & Risk Assurance
Papers with report	RM1. Risk Management Annual Report for 2024/25
Ward	All

HEADLINES

This report presents to the Audit Committee a summary of the Risk Management work undertaken across the Council during 2024/25. The report provides assurance to the Audit Committee that risks are being managed within the relevant services and mitigating actions are being implemented.

The report also includes a summary of the Council's red rated risks, also known as the Corporate Risk Register throughout the year.

RECOMMENDATION:

That the Audit Committee note the Risk Management Annual Report and progress to improve the risk management arrangements.

SUPPORTING INFORMATION

None.

BACKGROUND PAPERS

None.

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RISK MANAGEMENT ANNUAL REPORT

2024/25

14 April 2025



HILLINGDON
LONDON

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1. INTRODUCTION

- 1.1 Hillingdon Council has a statutory responsibility to ensure arrangements are in place for managing risks. Risk management is a crucial element of good management and a key part of corporate governance. Although risks can never be entirely eliminated, proportionate and targeted action can be taken to reduce risks to an acceptable level.
- 1.3 Managing risk should be viewed as a mainstream activity and something that is an integral part of everyday management. Risk Management involves the early identification of risks, assessing their potential consequences, and determining the most effective way to reduce the likelihood and/or impact of the risk. The Council's Risk Management Policy provides a framework to ensure:
- Clear accountabilities and well defined roles and responsibilities for managing risks
 - Risks are promptly identified and their likelihood and impact on Council business is accurately assessed and appropriate action is taken to mitigate the potential risk
 - Employees have the knowledge and skills to identify and manage risks
 - Decisions are taken having considered relevant risks
 - The impact of risk management is evaluated

2. EMBEDDING EFFECTIVE RISK MANAGEMENT IN 2024/25

- 2.1 This section of the report describes some of the key ways risk management is promoted and embedded throughout the Council during 2024/25.

2.2 Risk Management System

- 2.2.1 The focus throughout 2024/25 has been ensuring risks are recorded in the new risk management system purchased and developed during 2023/24. Training sessions were provided to each directorate Senior Management Team by the Head of Internal Audit, introducing the new risk system and facilitating directorate level discussions on the risks that needed to be added.
- 2.2.2 The new system has helped facilitate an ongoing culture change moving accountability for managing risks to the individual services and Directorates. The new system allows greater collaboration between services in relation to risks and improves transparency of risks across the Council, whilst also reducing the time required to update the register on an ongoing basis.
- 2.2.3 Following the initial roll out of the system ongoing one to one support has been provided by the Head of Internal Audit to individual officers when requested. Training on risk management was also provided for Members of the Audit Committee as part of their Training and Development Plan co-ordinated by Democratic Services.

2.3 Aligning Risk and Performance

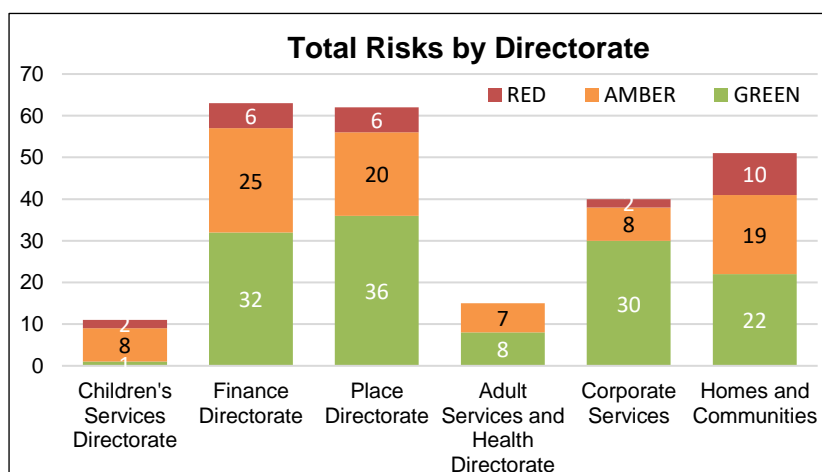
- 2.3.1 Key Performance Indicators in relation to risk management were implemented at the beginning of the year and are reported through CMT and the Audit Committee to ensure the new risk management system is embedded effectively. These include the number of risks overdue for review, the number of unscored risks and the number of risks with no mitigating actions assigned.
- 2.3.2 Further work was also undertaken to align the corporate risks from the risk management system to the Council's strategic objectives through a Strategic Risk Report. This aligns the high scoring operational risks from the Corporate Risk Register to cross cutting strategic risks against the relevant strategic objective. During the year the Head of Internal Audit has also worked with the Business Intelligence team to align the strategic risks to the wider performance reports being developed and the key performance indicators. Going forwards this will help provide assurance that actions taken to reduce the risks are having the intended impact.

- 2.3.3 Finally, during 2024/25 the Corporate Risk Management Group (CRMG) was integrated into a wider Corporate Governance Group chaired by the Council's Monitoring Officer. The new Group met prior to the year end to review the Council's risk register and key performance indicators. Going forwards this group will provide management oversight of the Council's Risk Register to ensure individual risk owners are held accountable for managing risks.

3. YEAR END RISK REGISTER UPDATE

- 3.1 As highlighted above, work has been ongoing to develop the risk management arrangements across the Council during 2024/25. Including fully embedding the new risk system into the day-to-day operations within individual services.

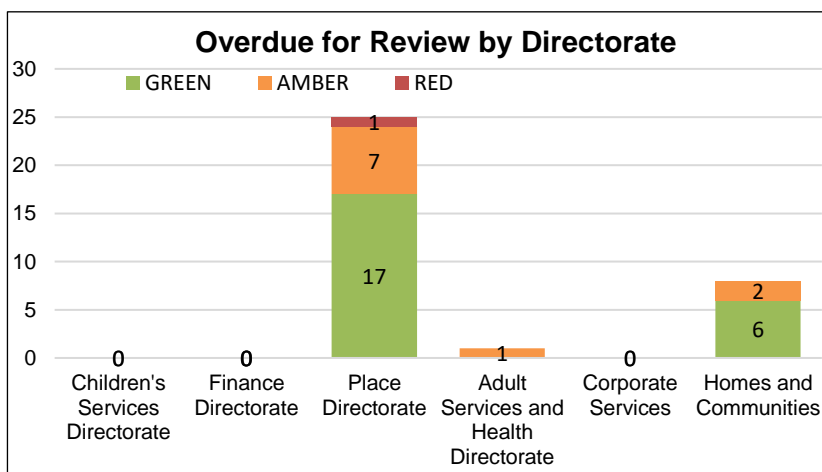
- 3.2 The number of risks recorded in the central risk register had increased from 107 risks at the end of 2023/24 to **242 risks at the end of 2024/25**. This demonstrates the increased focus on proactively highlighting risks at all levels of the organisation, which will continue to improve awareness of emerging issues.



- 3.3 There were **26 red** rated risks on the risk register at the year end, which have been escalated to the corporate risk register shown in section four of this report, in line with the Risk Management Policy.

- 3.4 At the year-end there were **no unscored risks on the risk register** (a decrease from 31 at the end of Q3). This had been raised as an area of concern during the year due to the large number of unscored risks at the end of Q2. All risks should be scored in line with the Council's Risk Scoring Methodology to ensure they are escalated and monitored appropriately.

- 3.5 At the end of the year there were **34 risks overdue for review**, a positive decrease from 61 risks at the end of Q3. The majority of these were green rated risks in the Place directorate, and were overdue for review due to staffing vacancies in the directorate.

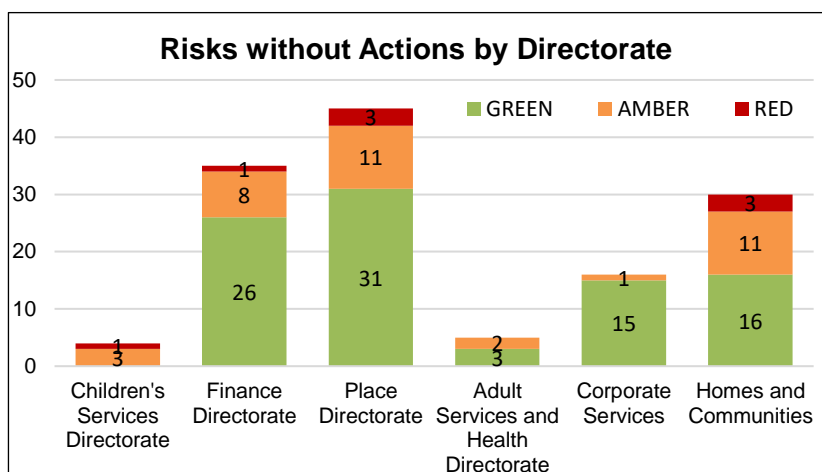


- 3.6 There was one red rated risk overdue for review at the year-end relating to Section 106 funding. It was only due to be reviewed at the very end of March and was missed due to annual leave. It was reviewed on the 3 April 2025 and the risk score reduced to amber.

- 3.7 All risks added to the Risk Management System should have actions allocated to reduce the likelihood or impact of the risk. If a risk does not have actions in place to reduce the risk score

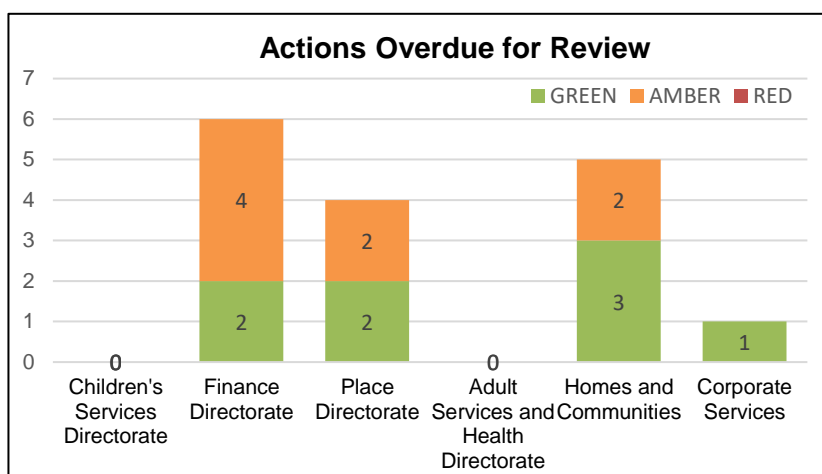
it should be considered whether the risk is being tolerated, and whether it is within the Council's risk appetite to tolerate the risk at that level.

3.8 At the end of 2024/25 there were **135 risks without actions** allocated on the risk management system. This is 56% of all risks, a reduction from 61% of all risks at the end of Q3. This includes eight red rated risks.

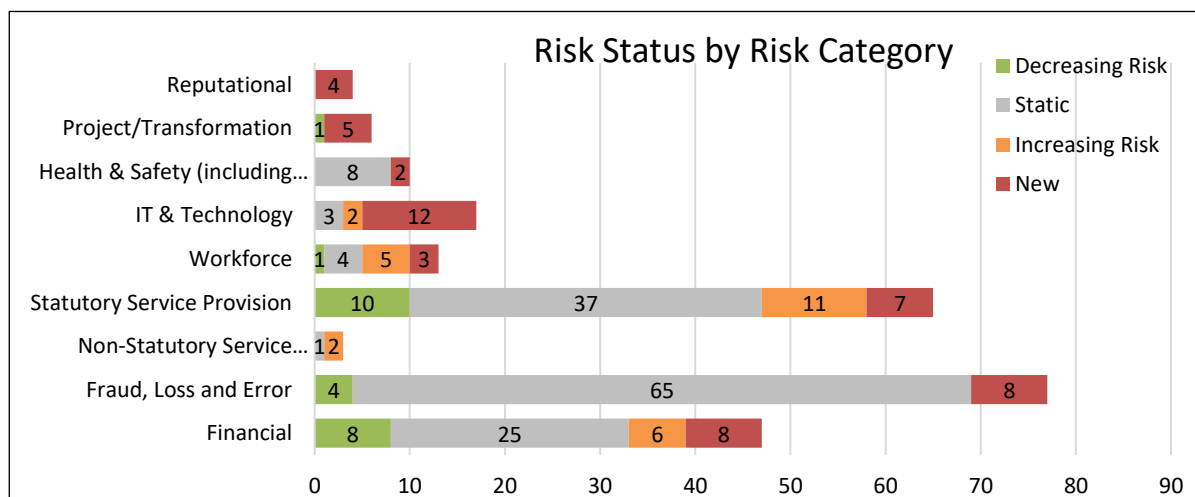


3.9 Ensuring all risks have action plans in place is a priority area of improvement for 2025/26. This will also involve reviewing the Council's risk appetite statement to ensure actions are not closed as tolerated above the acceptable level.

3.10 At the year-end there were 153 actions allocated against 107 risks on the system. Of these **only 16 were actions overdue for review** (10%). The Head of Internal Audit and Corporate Governance Group will continue to monitor this during 2025/26 as they push to ensure all risks have appropriate actions allocated.



3.11 Finally, the graph below shows the risk status for each risk, as recorded by the risk owner, split between the different risk categories. The highest proportion of risks were categorised as Fraud, Loss and Error risks. These risks were added when the counter fraud risk register was transferred onto the system during the year. 90% of these risks are rated green, and as many of these risks remain static, we expect them to be tolerated and closed during 2025/26.



4. CORPORATE RISK REGISTER (CRR)

- 4.1 The Council's Corporate Risk Register (CRR) is an essential part of the Local Authority's Risk Management arrangements. The CRR documents any operational risks from the risk management system which are graded 'red' due to their potential likelihood and impact on the Council. These risks are then monitored by the Corporate Management Team and used to inform the Strategic Risks presented to the Audit Committee in the Strategic Risk Report. The Corporate Risk Register is outlined in Appendix A.
- 4.2 The CRR is presented to the Corporate Management Team (CMT), Corporate Governance Group and the Audit Committee quarterly. The Corporate Management Team is responsible for ensuring the identified risks are being managed and mitigating actions are being implemented. The Corporate Governance Group and Audit Committee maintain oversight of the risk management arrangements and monitor the CRR to gain assurance the arrangements are working effectively.
- 4.3 During 2024/25 the new Risk Management system was implemented, giving greater ownership of risks to individual services and enabling risks to be escalated to the CRR as soon as they emerge. This has led to a more dynamic CRR as risks are escalated then addressed and reduced more regularly. Further work will be ongoing during 2025/26 to align the CRR to other performance dashboards and wider governance arrangements.

4.4 Analysis of Corporate Risk Register

Number of Corporate Risks brought forward from 2023/24	16
Number of new Corporate Risks in 2024/25	21
Number of retired Corporate Risks in 2024/25	11
Number of Corporate Risks where the Risk Scores have increased	3
Number of Corporate Risks where the Risk Scores have decreased	2
Number of Corporate Risks where the Risk Scores have remained static	2
Total Number of Corporate Risks at the end of 2024/25	26

5. 2024/25 FORWARD PLAN

5.1 Move to 'Risk Defined'

- 5.1.1 The Chartered Institute for Internal Audit's Risk Maturity Model is a benchmarking tool to assess the Council's organisation's risk maturity. In accordance with this model our current risk maturity level is '**Risk Aware**', the second of the five maturity levels. This is consistent with the score at the end of 2023/24.
- 5.1.2 It is an aspiration to develop the organisation's risk maturity to the next level of '**Risk Defined**'. Work is ongoing to align risk information with the wider performance reporting dashboards to enable Corporate Directors to monitor risks within their areas more effectively and hold officers accountable for managing their risks.
- 5.1.3 The focus for 2025/26 will also be to improve the number of actions recorded in the system to evidence what steps are being taken to mitigating the risks identified.

APPENDIX A: CORPORATE RISK REGISTER

CRR Risk:	2023/24 Q4	2024/25 Q1	2024/25 Q2	2024/25 Q3	2024/25 Q4	Reviewed Date
The General Data Protection Regulations	Static D1	Removed - Decreased				
Capital Programmes	Static C2	Removed - Decreased				
Rent arrears	Static A3	Removed - Decreased				
Workforce Sufficiency	Static C2	Removed - Decreased				
Meeting Housing Needs	Static A1	Removed – Replaced (HOUSNE0001)				
Children's Care placements	Static C2	Removed – Replaced (CHILSC0012)				
High Needs SEN placements	Decrease D1	Removed – Replaced (EDUSEN0004)				
Increased levels of fraud	Static B1	Removed – Replaced (Multiple risks)				
LEARN0001 - Community DOL	Static C2	Static C2	Removed - Decreased			
FINMAN0029 - Maintained Schools Funding	Static D1	Static D1	Removed - Decreased			
DIRECC0005 - Home to School Transport	New C2	Static C2	Static C2	Removed - Decreased		
PROCUR0002 - Financial Resilience of Contracts	Increase B2	Decrease C2	Static C2	Static C2	Static C2	11/02/2025
TECH0001 - Cyber Security	Static C1	Static C1	Static C1	Static C1	Decrease D1	27/12/2024
STRAF0002 - Ability to Deliver a Balanced Budget in the Short & Medium Term	Static D1	Increase A1	Static A1	Static A1	Static A1	19/03/2025
LANNB0004 - Decent Homes/ Thermal efficiencies	New B1	Static B1	Static B1	Static B1	Static B1	31/03/2025
LANDB0003 - Decarbonisation	New C2	Static C2	Static C2	Static C2	Static C2	31/03/2025
EDUSEN0004 - Uncertainty over the Safety Valve Agreement and impact if it is not held by DfE		New D1	Increase B1	Static B1	Static B1	19/03/2025
PENS0015 - Failure of employers to deliver accurate and timely employee administration information		New A3	Static A3	Static A3	Static A3	09/01/2025
TRSA0003 - Liquidity Risk		New D1	Static D1	Static D1	Static D1	25/03/2025
CHILSC0012 - Increasing cost of external residential provision and reduce internal resilience		New C2	Static C2	Static C2	Static C2	13/02/2025
HOUSNE0001 - High Levels of Homelessness Demand		New C2	Static C2	Static C2	Static C2	12/03/2025
LANDB0011 - Housing Landlord Service - Not Meeting Regulatory Requirements		New A2	Static A2	Static A2	Static A2	01/04/2025

LANDB0019 - Lone-working devices - no visiting officers within housing have lone working devices.			New B2	Static B2	Static B2	03/03/2025
PROPER0001 - Disposal Programme				New D1	Static D1	31/03/2025
PROPER0006 - Insurance Valuations				New A1	Static A1	31/03/2025
FINMAN0007 - Insufficient capacity to meet support demand				New C2	Static C2	19/03/2025
PLANRE0008 - Planning, Building Control and Land Charges System (Ocella) unsupported and unfunded from Jan 2027				New A2	Static A2	17/02/2025
PLANRE0010 - Delivery of Carbon Neutrality by 2030				New C2	Static C2	24/12/2024
PLANRE0015 - Unable to spend S106 funding on time				New D1	Static D1	27/12/2024
PENS0011 - Failure of the pool in management of funds / access to funds					New D1	12/02/2025
LANDB0021 - Compliance IT systems and reliance on spreadsheets					New C2	17/03/2025
HOUMAN0024 - Current RSH inspection notice - Reputational risk of failing against the standards required.					New C2	03/03/2025
HOUMAN0025 - Rent increasing because of operating model and structure of the line management.					New B2	03/03/2025
HOUMAN0026 - There is concern in all areas of the service with Data Quality and Performance analysis					New B2	03/03/2025
HOUMAN0027 - Complaint reporting and management					New C2	31/03/2025
ASSETS0018 - Upcoming Regulatory Compliance and Enhanced Operational Efficiency					New C2	03/03/2025
BUSTRA0001 - The transformation programme required to deliver significant savings in order for the Council to achieve a balanced budget.					New C2	24/03/2025

APPENDIX B: RISK SCORING METHODOLOGY

LIKELIHOOD			RISK SCORE			
Greater than 90%	This Week	Very High (A)	A4 (6)	A3 (12)	A2 (18)	A1 (24)
70% to 90%	Next Week / This Month	High (B)	B4 (5)	B3 (10)	B2 (15)	B1 (20)
50% to 70%	This Year	Significant (C)	C4 (4)	C3 (8)	C2 (12)	C1 (16)
30% to 50%	Next Year	Medium (D)	D4 (3)	D3 (6)	D2 (9)	D1 (12)
10% to 30%	Next 5 Years	Low (E)	E4 (2)	E3 (4)	E2 (6)	E1 (8)
Less than 10%	Next 10 Years	Very Low (F)	F4 (1)	F3 (2)	F2 (3)	F1 (4)
			IMPACT			
			Small (4)	Medium (3)	Large (2)	Very Large (1)
Financial:			Up to £250k	£250k - £1million	£1million - £5million	Over £5million
Service Provision:			Slightly reduced	Service suspended short term	Service suspended long term / statutory duties not delivered	
Health & Safety:			First Aider required	Broken Bones/Illness	Loss of life / Major illness	Major loss of life / large scale major illness
Workforce:			Negative morale	Some hostility / minor non cooperation	Industrial action	Mass staff leaving
Reputation:			Minor Letters	Adverse local media	Adverse national publicity	Remembered for years
Government Relations:			Poor assessment		Service taken over temporarily	Service taken over permanently

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STRATEGIC RISK REPORT

Committee name	Audit Committee
Officer reporting	Claire Baker, Head of Internal Audit
Papers with report	Strategic Risk Report
Ward	All

The Strategic Risk Report aligns the Strategic Objectives of the Council with the overarching Strategic Risks that could impact on those objectives, and the Corporate Risks from the Corporate Risk Register.

CMT are currently working on their risk management reporting framework, which will take into consideration the Strategic Risks and how they are presented to the Audit Committee and other Committees.

RECOMMENDATION:

That the Audit Committee note the Strategic Risk Report and provide feedback on the content and level of assurance received.

SUPPORTING INFORMATION

None.

BACKGROUND PAPERS

None.

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STRATEGIC RISK REGISTER

Strategic Objective	Strategic Risk	Current Risk Rating
	HLBC0005: High Levels of Homelessness and Housing Needs Demand	C2
	HLBC0006: Ability to Deliver a Balanced Budget in the Short and Medium Term	B1
	HLBC0007: Digital Transformation & Cyber Security	B3
	HLBC0008: Resilience of Contractors	D2
	HLBC0009: Education and Care Placement Sufficiency	C1
	HLBC0010: Adult Social Care Demand	D2
	No Strategic Risks Recorded	N/A
	No Strategic Risks Recorded	N/A

Strategic Objective:	Safe and strong communities - Hillingdon is a safe place with resilient, strong communities with access to good quality, affordable housing.				
Strategic Risk:	HLBC0005: High Levels of Homelessness and Housing Needs Demand				
Cllr Lead:	Cllr S Tuckwell	Initial Rating:	B1	Linked Operational Risks from JCAD:	CRR Rating
Exec Lead:	Dan Kennedy	Current Rating:	C2	None	
Date Added:	01/11/2023	Target Rating:	E2		
Last Review:	12/03/2025	Change:	Static		
Next Review Date:	12/06/2025				
Risk Description	Primary Actions:		Sources of Assurance/KPIs		
<p>In line with the London picture, demand from homeless households in Hillingdon remains high and has increased by more than 50% since 2022/23. The unit cost of interim accommodation is rising by more than 30% per year. The rise in homelessness is due to the changing market conditions, the high purchase cost of homes and high rental costs combined with the Borough being a port authority with the associated infrastructure which leads to Hillingdon experiencing a higher relative level of need than many other Boroughs. The competing demands on social housing providers to improve the condition of their existing homes is also re-directing resources away from providing new housing supply.</p> <p>The lack of affordable housing puts significant pressure on the Council's finances and ability to meet its statutory responsibilities in this area. Insufficient supply of affordable good quality housing in both the private and public sector can lead to a detrimental impact on the health, wellbeing and educational attainment of residents.</p>	<p>Transformation programme in place 25/26.</p> <p>Key actions:</p> <ul style="list-style-type: none"> - increase proactive, homeless prevention actions with those evicting, to reduce levels of homeless presentations (reduce by 25 placements per month) -implement a price cap for all TA nightly charged placements -secure 100 new leases for use as TA in 2025/26 -increase the supply of private rented accommodation by 25 units (total=349 units in 25/26 for general fund placements) -increase the supply of social rented homes available to homeless households, to include delivery of 245 new LBH properties in 2025/26. <p>• Dan Kennedy: 12/03/25</p>		By 31 March 2026, no more than 64 households in nightly charged temporary accommodation (baseline 31/03/25 = 725)		
			No more than 50 new nightly charged TA placements per month (baseline = 75 in 2024/25)		
			599 lettings to homeless families in 2025/26 (baseline = 352 in 2024/25)		
			Zero temporary accommodation tenancies above the price cap (baseline = 327 March 2025)		
			349 private sector lets to homeless households in 2025/26 (baseline = 324 in 2024/25)		

Strategic Objective:	A digital-enabled, modern, well-run council - We are a well-run, sustainable council with sound financial management, achieving positive outcomes for residents.				
Strategic Risk:	HLBC0006: Ability to Deliver a Balanced Budget in the Short and Medium Term				
Cllr Lead:	Cllr. M. Goddard	Initial Rating:	C1	Linked Operational Risks:	CRR Rating
Exec Lead:	Richard Ennis	Current Rating:	B1	None	
Date Added:	01/11/2023				
Last Review:	20/12/2024	Target Rating:	E1		
Next Review Date:	20/02/2025	Change:	Static		
Risk Description		Primary Actions:		Sources of Assurance/KPIs	
<p>Ability to deliver the budget savings in 2025/26 and 2026/27 and the need to mitigate against overspending in 2024/25.</p> <p>This risk primarily arises from the significant reductions in funding from Central Government over many years whilst at the same time Government increasing the burden on Local Authorities. This is against a backdrop of increasing expectations from Residents, the legacy impact of Covid-19, high baked in inflation and wider demand-led and demographic pressures on statutory and non-statutory services. Inadequate supply in areas such as temporary housing are putting significant pressures on the Councils budget. The Council continues to prioritise universal services for the benefit of wider residents alongside significant provision of demand led adults and children's services.</p> <p>All these factors increase the potential that the Council will be unable to meet its statutory obligation to set and operate within a balanced budget and require Exceptional Financial Support from Government, and therefore the Council must deliver significant transformation alongside and the Target Operating Model work to avoid this and resolve these significant challenges. Transformation requires greater capital receipts than forecast.</p>		<p>ZBB and Star Chambers</p> <p>SMM leadership team cascades</p> <p>Spending control panel</p> <p>Leadership and culture financial focus</p> <p>Robust financial challenge</p> <p>Contingency plan for non-delivery</p>		Council budget report	
				Section 25 s151 officer statement	
				Early pressures review work	
				Month 2 Monitor	
				Capitalisation	
				Oracle progress	
				CIPFA improvement plan	

Strategic Objective:		A digital-enabled, modern, well-run council - We are a well-run, sustainable council with sound financial management, achieving positive outcomes for residents.				
Strategic Risk:		HLBC0007: Digital Transformation & Cyber Security				
Cllr Lead:	Cllr. M. Goddard	Initial Rating:	B3	Linked Operational Risks:		CRR Rating
Exec Lead:	Matthew Wallbridge	Current Rating:	B3	None		
Date Added:	01/11/2023					
Last Review:	30/12/2024					
		Target Rating:	D3			
Next Review Date:	30/03/2025	Change:	Static			
Risk Description			Primary Actions:		Sources of Assurance/KPIs	
ICT systems becoming unfit to meet the Council’s needs, due to insufficient momentum, collaboration or funding to implement the digital transformation programme. This impacts on service delivery, staff morale and governance arrangements due to poor data quality. Outdated ICT architecture and poor security also increases the risk of ransomware, malware, viruses and external cyber-threats. These can lead to data breaches and potential reputational, operational, and financial damage if attacks to our network are successful and the Council’s ICT systems are adversely affected for a significant time-period.			• Digital and Intelligence Directorate digital transformation programme.		Cyber Threats (Target <240)	
					Phishing Threats (Target <3500)	

Strategic Objective:	A digital-enabled, modern, well-run council - We are a well-run, sustainable council with sound financial management, achieving positive outcomes for residents.				
Strategic Risk:	HLBC0008: Resilience of Contractors				
Cllr Lead:	Cllr. I. Edwards	Initial Rating:	D2	Linked Operational Risks: CRR Rating	
Exec Lead:	Tony Zaman	Current Rating:	D2	PROCUR0002 - Financial Resilience of Contracts	C2
Date Added:	01/11/2023				
Last Review:	14/01/2025	Target Rating:	E3		
Next Review Date:	14/04/2025	Change:	Static		
Risk Description		Primary Actions:		Sources of Assurance/KPIs	
<p>The risk that key suppliers/contractors are suddenly unable to provide an expected service and there are insufficient business continuity arrangements in place to deliver alternative arrangements.</p> <p>This results in a serious disruption to the service, impacting residents, and potentially significant unplanned costs whilst alternative providers are sourced.</p>		<p>Ongoing procurement transformation programme, including strengthening the training for contract managers to raise any concerns in relation to potential concerns with contractors.</p>		TBC	

Strategic Objective:	Thriving, healthy households - Children, young people, their families and vulnerable adults and older people live healthy, active and independent lives.				
Strategic Risk:	HLBC0009: Education and Care Placement Sufficiency				
Cllr Lead:	Cllr. S. O'Brien	Initial Rating:	C1	Linked Operational Risks:	CRR Rating
Exec Lead:	Julie Kelly	Current Rating:	C1	None	
Date Added:	24/01/2024	Target Rating:	D2		
Last Review:	13.03.2025	Change:	Static		
Next Review Date:	13.06.2025				
Risk Description	Primary Actions:	Sources of Assurance/KPIs			
<p>Social care market conditions has resulted in inflated costs and lack of choice for residential and IFA care options for Looked After Children. This results in a significant risk to financial stability of Children's services and the Council as a whole. It also poses a risk to regulatory outcomes for children.</p> <p>In SEND, primary legislation promoting parental choice coupled with limited provision for ASD conditions increases reliance on INMSS which creates a financial risk.</p>	<ol style="list-style-type: none"> 1. DSG Recovery Plan 2. SEND Improvement Plan 3. Fostering Transformation Programme 4. Charville Residential Project 5. CWD Respite Project 6. Care Offer 7. Social Work Delivery Model 	High Cost Residential Placements (Target <19)			
		% EHCP in mainstream Provision			
		Mother & Baby Placements (Target <5)			
		Children Placed in INMSS in year			
		Reduction in DSG deficit in year			
		New Foster Care Households (Target 1 per month)			
		Final EHCP Issued in 20 weeks (Target >85%)			

Strategic Objective:	Thriving, healthy households - Children, young people, their families and vulnerable adults and older people live healthy, active and independent lives.				
Strategic Risk:	HLBC0010: Adult Social Care Demand				
Cllr Lead:	Cllr. J. Palmer	Initial Rating:	D2	Linked Operational Risks:	CRR Rating
Exec Lead:	Sandra Taylor	Current Rating:	D2	None	
Date Added:	01/11/2023				
Last Review:	1 August 2024	Target Rating:	E2		
Next Review Date:	22 March 2025	Change:	Static		
Risk Description		Primary Actions:		Sources of Assurance/KPIs	
<p>This risk arises from the increasing demand across Adult Social Care services due to changing demographics in the population, the transition of children into adult social care, and the raised expectations from residents for high quality social care services.</p> <p>This is all within the context of the major changes to the legislative framework including the Care Act, Better Care Fund and Deprivation of Liberty Safeguards. This increase in demand is impacting on the Council's ability to provide the statutory services within the available resources and funding available.</p>		<ol style="list-style-type: none"> Progress the transformation of the front door, but increasing the capability and presence of third sector providers to support residents before they enter social care Submit a fully complete BCF Assurance document within the required timelines Implement and monitor the outputs of Intelligent lilli pilot. 		Number of Contacts (Target <4500)	
				Number of Referrals (Target <600)	
				No Further Action (Target >1250)	
				Info and advice Given (Target >50)	
				Residents in Home Care (Target <1300)	
				Placement Costs (Target TBC)	
				Active Services (Target <5150)	
				Average Cost of Placements (Target TBC)	
				Hours of Support Given (Target <53)	

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2024/25 COUNTER FRAUD ANNUAL REPORT

Committee name	Audit Committee
Officer reporting	Alex Brown – Head of Counter Fraud
Papers with report	2024/25 Counter Fraud Annual Report
Ward	All

HEADLINES

The attached report presents the Audit Committee with summary information on all Counter Fraud work covered in relation to 2024/25 and assurance in this respect. It also provides an opportunity for the Head of Counter Fraud to highlight to the Audit Committee any significant Counter Fraud issues that have arisen which they need to be aware of. Further, the report enables the Audit Committee to hold the Head of Counter Fraud to account on delivery of the Counter Fraud Strategic Plan and facilitates in holding management to account for managing issues identified during the course of the Counter Fraud Team activity.

RECOMMENDATIONS:

That the Audit Committee:

- 1. Note the Counter Fraud Annual Report for 2024/25; and**
- 2. Suggests any comments/ amendments.**

SUPPORTING INFORMATION

The Counter Fraud Team supports the Council in meeting its statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The work of the team underpins the Council's commitment to a zero tolerance approach to fraud, bribery, corruption, and other irregularities, including any money laundering activity.

BACKGROUND PAPERS

The Counter Fraud team holds various background research documents in relation to the Counter Fraud Strategic Plan.

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COUNTER FRAUD ANNUAL REPORT TO AUDIT COMMITTEE: 2024/25

1st April 2025



HILLINGDON
LONDON

Contents

The Counter Fraud key contacts in connection with this report are:

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1. INTRODUCTION

1.1 The Role of the Counter Fraud Team

- 1.1.1 The Counter Fraud Team (CFT) supports the Council in meeting its statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The work of the CFT underpins the Council's commitment to a zero tolerance approach to fraud, bribery, corruption and other irregularities, including any money laundering activity.
- 1.1.2 As well as counter fraud activity, the CFT also conduct a range of other types of investigative work which do not necessarily have a criminal element to them i.e. revenue inspections, disciplinary investigations, etc. There is also a range of preventative work that the team is responsible for carrying out, such as fraud awareness training and ensuring the Council have up-to-date and appropriate corporate investigation policies and procedures. The CFT also leads on the Council's assessment of the risk of fraud and corruption across all council services.

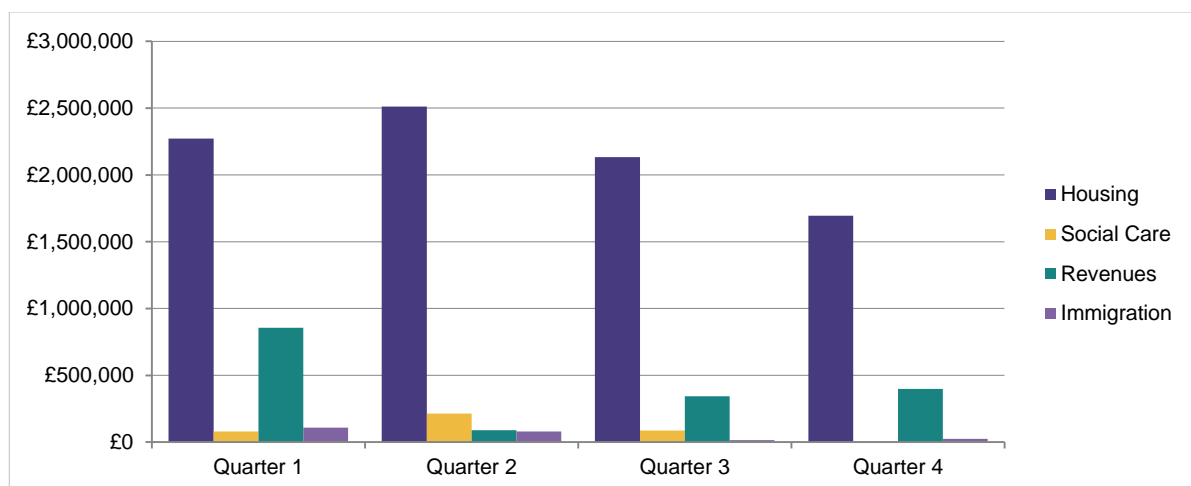
1.2 The Purpose of the Counter Fraud Annual Report

- 1.2.1 The Counter Fraud Annual Report 2024/25 provides the Council's Corporate Management Team (CMT) and the Audit Committee with information on the counter fraud work carried out during 2024/25. It summarises for CMT and the Audit Committee the key findings from the quarterly progress reports presented during the year. In addition, it provides an opportunity for the Head of Counter Fraud (HCF) to highlight any significant issues arising from the counter fraud work in 2024/25.
- 1.2.2 The Annual Report also highlights to CMT, the Audit Committee and other key stakeholders, the performance of the CFT in meeting its strategic and operational objectives (as set out in the Counter Fraud Strategy 2022 to 2025 and The Annual Operational Plan), which provides an opportunity for the HCF to be held to account in this respect.

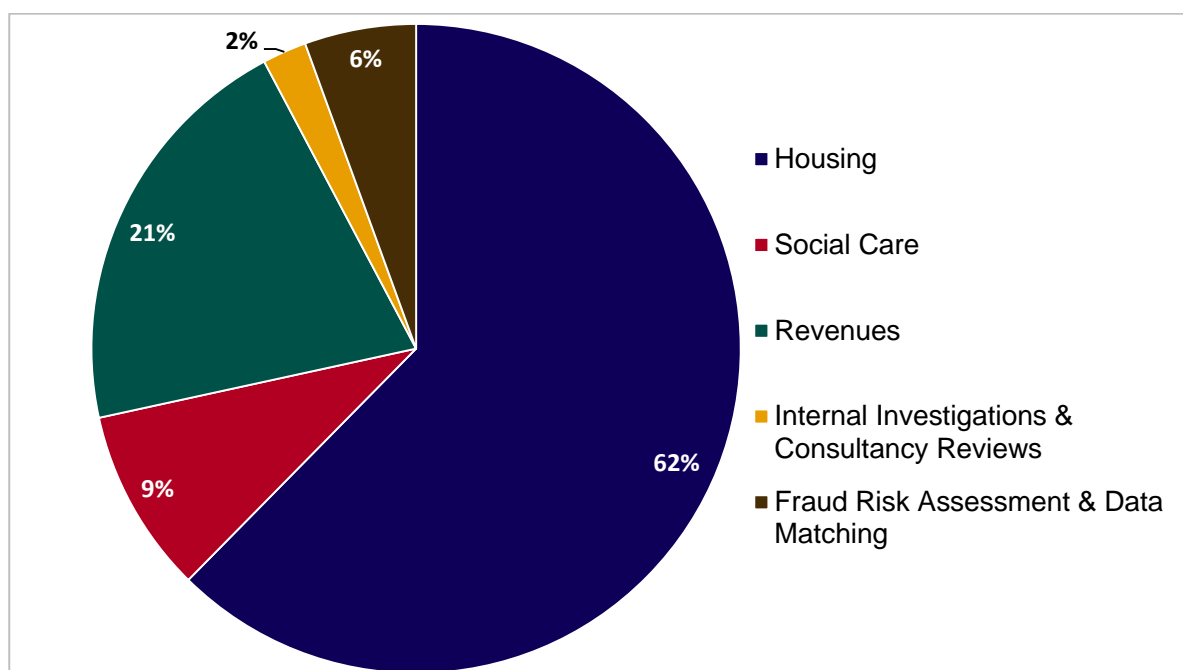
2. EXECUTIVE SUMMARY

- 2.1 The challenges faced by the public sector and in particular Local Authorities have been ever present in 2024/25. The current economic climate has created an environment where front line services have seen an unprecedented demand for support which in turn creates an opportunity for fraud to occur. However, through top level commitment the CFT is well resourced and placed across high fraud risk areas. **This approach has led the team to delivering c£10.9m of savings in 2024/25.**
- 2.2 Following on from the success of the CFT winning the outstanding fraud prevention, detection and recovery award and the Grand Prix Award at Public Finance 2023. The CFT management team entered the service into the Public Sector Fraud Awards 2025 for Local Excellence. In addition, Laura Piggott Counter Fraud Manager for Tenancy Fraud was also nominated for Female Pioneer of the Year for her fight against Tenancy Fraud. Both the team and Laura were shortlisted for the awards. Though unfortunately neither won in their respected categories, it is testament to where the team is in its journey in protecting the public purse.
- 2.3 In Q4 of 2024/25 the team have been through a small-scale restructure to realign its focus on high-risk areas of fraud. Some low-risk fraud activity has been transferred back to services and new areas of work have been added to the 2025/26 operational Workplan. This has led to a small reduction in resources (2.0 FTE). However, with the use of data, technology and digital processes coupled with a focused approach the HCF is confident that the CFT will deliver against its strategic objectives in 2025/26.

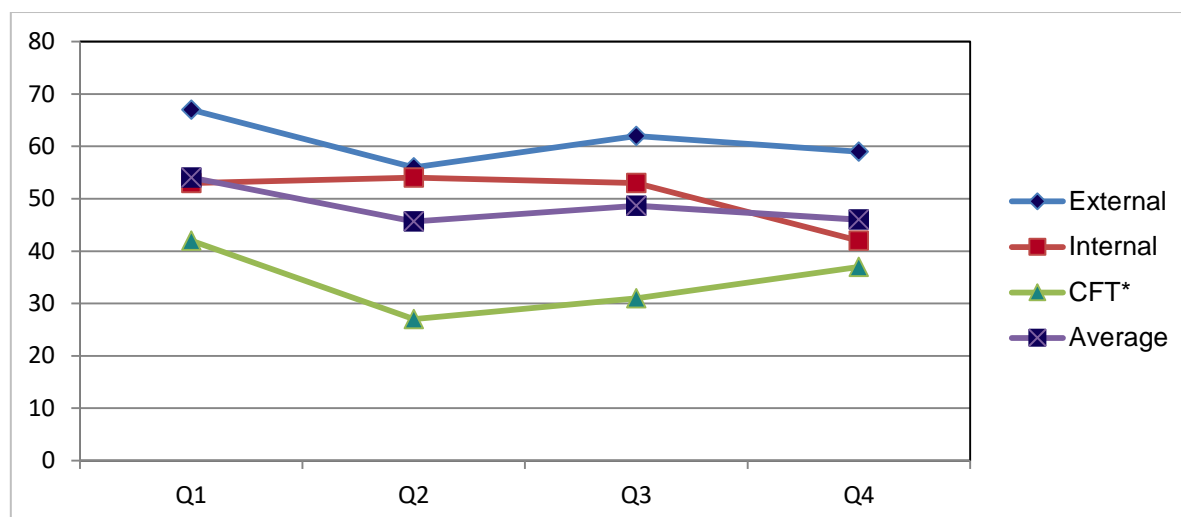
- 2.4 Housing fraud, in particular tenancy fraud, has remained the highest fraud risk to the Council and an area of focus for the CFT, with the team conducting civil and criminal investigations into suspected cases of housing fraud, alongside proactive loss prevention projects. This has achieved overall **loss prevention savings of c£7.8m** in 24/25. These savings included the **recovery of 112 Council properties** due to tenancy fraud, this represents an **8% increase** on the previous year's outcomes (23/24). The increase represents the highest property recovery achieved in a single year.
- 2.5 With the cost-of-living crisis Housing services have seen a significant rise in those requiring support due to homelessness over recent years. This has led to increased numbers currently in emergency accommodation. This increased demand presents the Council with a higher risk of fraud. The CFT currently have a secondee from Housing to residency check all emergency accommodation to highlight any occurrences of non-occupation or subletting. **In total 39 cases of accommodation placements were cancelled saving c£745k.** With this additional resource demonstrating significant loss prevention savings and a high return on investment, a permanent staffing solution will be sort in 25/26.
- 2.6 The CFT has focused its efforts into improving its coverage and activity within Social Care in 2023/24. In total **c£380k of financial savings have been identified**, demonstrating an **increase of 21%** on the previous year's outcomes. Though this demonstrates a positive move in the direction of travel in combating social care fraud, the HCF believes more can be done. Additional activity in the areas of direct payments and commissioned care are now built into the 25/26 work plan.
- 2.7 In the area of **Revenues**, the team has delivered **6,861 inspection visits** during 2024/25, which is a **0.5% increase** from 2023/24. The team has prioritised its work in areas that maximise revenue for the Council. This effective way of working has led to the **CFT to generating c£1.4m in additional business rates billings**. In 25/26 the team will continue this approach whilst also reviewing and improving processes using technology and digital solutions. This in turn will create greater capacity to increase revenue.
- 2.8 The CFT has operated with a **Home Office Onsite Immigration Official (OSIO)** integrated within the Counter Fraud Team since 2018. The OSIO supports the Council in decision making for those that require assistance for Housing or Social Care by providing real-time Home Office data. **In 2024/25 the OSIO contributed savings of c£226k to the overall counter fraud financial target.**
- 2.9 The CFT has continued to carry out focused proactive projects as part of its strategic approach to tackle fraud in the Council's highest risk areas. These areas are considered to be susceptible to fraud and financial loss. Per the table at **Appendix C** the CFT conducted **8** proactive projects in 2024/25. The proactive drives provide assurance across the Council and highlights, where needed, any further preventative measures.
- 2.10 Part of the CFT's remit is to create awareness internally and externally of fraud including promoting positive outcomes from its work. Across 24/25 the team has worked closely with the Communications Team to educate on the risk of fraud, how to report fraud and share some of the successes of the CFT. **Appendix F** showcases some of the media work delivered in 24/25.
- 2.11 **Chart 1** over the page, summarises the areas in which the CFT has achieved loss prevention savings (cost reductions) in 2024/25 by each quarter. The majority of loss prevention savings have been achieved by the CFT within Housing due to the team's work in tenancy fraud. A full breakdown of all CFT loss prevention savings can be found at **Appendix A**.

Chart 1 - CFT Loss Prevention Savings Achieved in 2024/25

- 2.12 **Chart 2** below summarises the allocation of CFT resource in 2024/25. Similar to previous years, the team has spent the majority of its time working within the area of Housing. The resourcing and time spent in Housing has increased by 11% compared to 23/24. This has directly correlated with the increase in tenancy fraud outcomes.

Chart 2 - CFT Allocated Resource in 2024/25

- 2.13 In 2024/25 the CFT received **a total of 584 referrals for investigation** from both internal and external sources (compared to 634 in 2023/24). **Chart 3** provides a summary of the trend in referrals over the year.
- 2.14 Though referrals have **decreased by 8%**, outcomes have remained in line with previous years. The HCF and management will plan another year of fraud awareness and engagement to create an anti-fraud culture and increase referrals in areas of high risk.

Chart 3 - Number of 2024/25 Referrals by Quarter

*Referrals generated through CFT proactive projects or data matching exercises

3. ANALYSIS OF COUNTER FRAUD ACTIVITY IN 2024/25

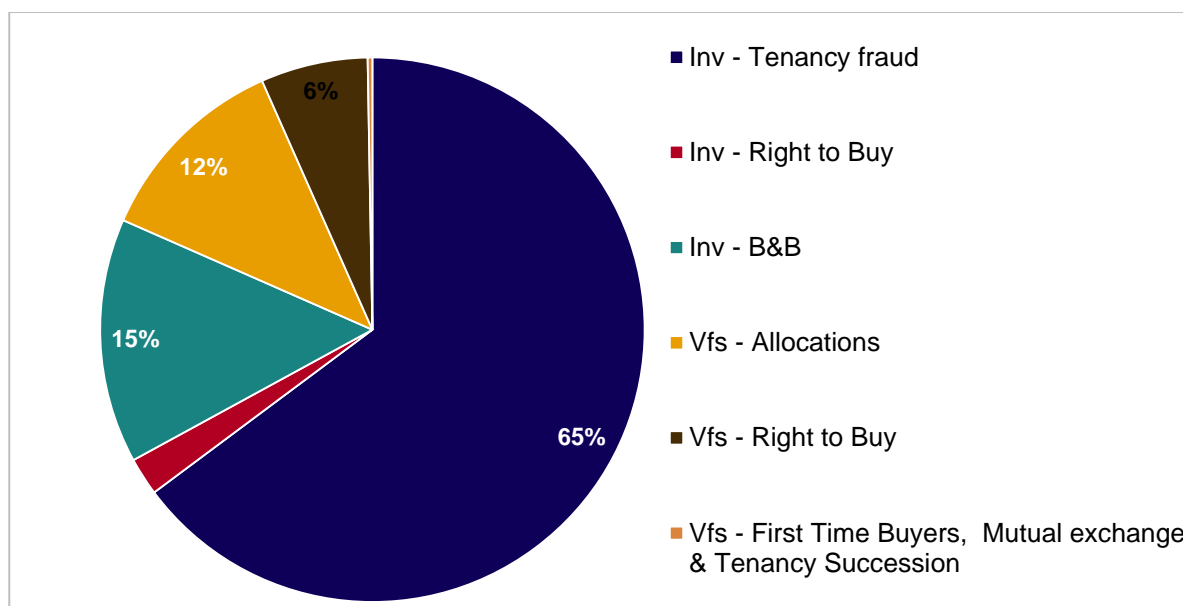
3.1 This section provides a more detailed analysis of the activities of the CFT during 2024/25, detailing specific work streams and the trends within each area for comparison and contrast. The activities of the CFT were predominantly focused on three main fraud areas of work: **Housing, Social Care and Revenues**. The CFT also conducted proactive **Blue Badge** operations during the year as well as investigating allegations of Blue Badge misuse.

3.2 Housing Fraud

3.2.1 Throughout 2024/25 tenancy fraud investigations, housing verifications and proactive project work in homelessness and tenancy management has continued to be the key areas of work for the CFT. The CFT continues to proactively identify and investigate instances of tenancy fraud. This combined approach has enabled the team to deliver effective loss prevention savings and recover a substantial amount of Council properties. The CFT has also continued to provide assurance to key stakeholders by undertaking verification checks in a variety of different areas, ensuring the applicants' eligibility for housing services are properly verified prior to being offered a tenancy. This provides assurance to key stakeholders that the risk of fraud in this area is being managed effectively.

3.2.2 During the year the Counter Fraud Management Team worked closely with stakeholders in Housing to improve the counter fraud culture and provide tailored support. Management provided guidance on potential fraudulent cases and interviewed clients in conjunction with housing staff to provide learning opportunities and demonstrate first hand interviewing techniques. This close support from the CFT has given housing staff the tools and confidence to challenge suspected fraudulent applications and work proactively in reducing the fraud risks within temporary accommodation. Though this work has taken place the HCF believes more can be done to ensure frontline staff are equipped and able to challenge fraudulent cases from the outset.

3.2.3 As per **Chart 4** over the page, most of the counter fraud activity that was conducted within housing is heavily focussed on tenancy fraud investigations which correlates to the increased outcomes in this area.

Chart 4 - CFT Work Within Housing Services in 2024/25

3.2.4 Per **Table 1** below, in 2024/25 the CFT successfully recovered an outstanding **112 Council properties**. This is an **8% increase on outcomes** from 2023/24 and represents the highest property recovery figure ever achieved by the CFT for the third consecutive year. The increased risk of tenancy fraud from the cost-of-living crisis, combined with the improvement in data matching, and the effective processing of investigations by the CFT has contributed to this success.

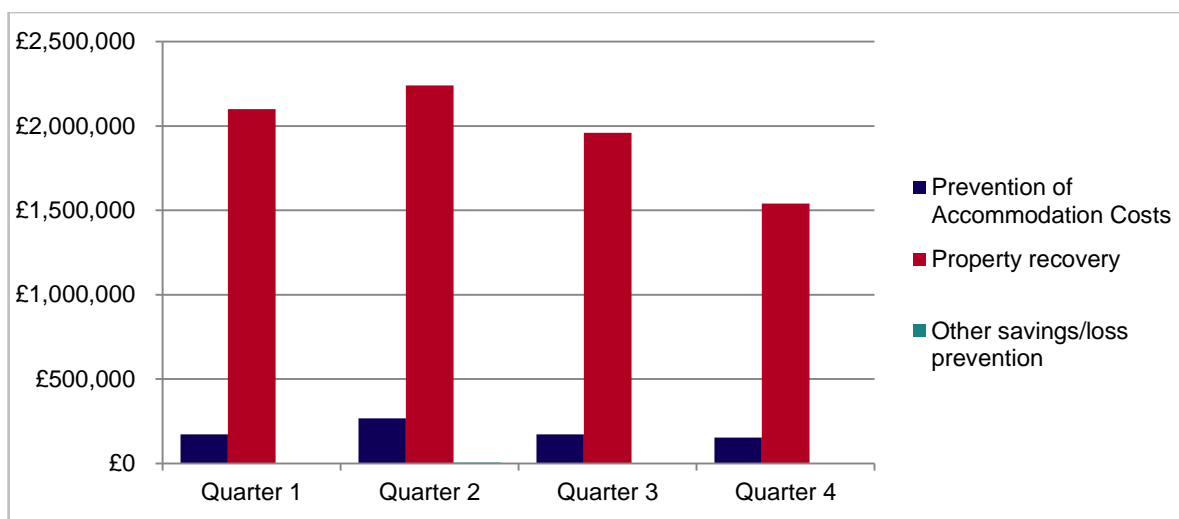
Table 1 ~ Housing Tenancy Fraud Cases

Housing Tenancy Fraud	2024/25		2023/24		2022/23	
	Cases	£k/value*	Cases	£k/value	Cases	£k/value
Total number of recovered properties	112	£7,840k	103	£5,768k	84	£4,704k

*Calculated using the new Tenancy Fraud Forum valuation.

3.2.5 **Chart 5** (over the page) summarises the loss prevention outcomes of the team by area of counter fraud activity within Housing. The team's high levels of property recovery have contributed to the majority of the savings. In addition, **the CFT identified and closed 39 emergency accommodation placements saving c£745k**. With the ongoing success of uncovering fraud within emergency accommodation the CFT will continue to allocate resources into the rolling visiting project for 2025/26.

3.2.6 In 2024/25 the CFT continued to carry out verifications as part of the housing allocations process. As per **Table 2** over the page, 1191 housing cases were processed for verification. These enhanced checks give assurance to management that housing applicants are genuine, entitled to be housed prior to allocation and highlight potential fraudulent applications for further investigation.

Chart 5 - CFT Loss Prevention Outcomes in Housing 2024/25

3.2.7 Of the **1191 housing verifications** carried out in 2024/25, the CFT identified **21% for rejection**, including the closure of **30 applications**. There are various reasons for a verification to be rejected or closed, and these include significant rent or Council Tax arrears, property ownership, no immigration status, or misrepresentation of circumstances. With a high demand for social housing assistance these checks continue to demonstrate their importance, as applicants may have been successful in obtaining a council property that they were not entitled to.

Table 2 ~ Housing Tenancy Verification Cases 2024/25

Housing Tenancy Verification Cases	Q1	Q2	Q3	Q4	Total
Total number of cases reviewed	281	376	286	248	1191
% Identified by CFT for rejection	30%	19%	17%	19%	21%
Total number of applications closed	5	6	8	11	30

3.3 Revenues

3.3.1 The CFT carries out **inspections of businesses and domestic properties in the borough**, Council Tax exemptions and discounts (such as SPD) and data matching work through the National Fraud Initiative (NFI), as well as maximising revenue through the identification of Beds in Sheds/Annexes. The work of the CFT aims to improve efficiency and increases productivity by applying proven effective visiting processes and investigative techniques to maximise revenue. This ensures that Business Rates and Council Tax are correctly applied to all properties, including business premises and new-build properties.

3.3.2 **Table 3** over the page, outlines the performance of the Revenues Inspection function against the previous year. The CFT has maintained its performance against the KPI, providing an effective and efficient service. The volume of inspections has remained largely stable allowing the team to remain focused in its approach of prioritising income generation through the Revenues Maximisation project.

Table 3 ~ Revenues Inspections Performance 2024/25

Revenues Inspections	2024/25	2023/24	Improvement
Total number of inspections completed	6,861	6,829	+32 / + 0.5%
Percentage within 10 day target	99%	99%	N/A

3.3.3 The CFT continued to proactively identify Beds in Sheds within the borough and a **total of 86 unregistered dwellings** during the year have been added to the Council Tax list. These previously unlisted properties resulted in **loss prevention savings of c£89k through additional council tax billing**. The identification of Beds in Sheds will continue to be a priority for the CFT with further work planned for 2025/26.

3.4 Revenue Maximisation

3.4.1 The continued focus on areas of loss prevention within NNDR has proven to be highly successful. The team have maintained its activity in this area identifying unknown businesses for ratings or those businesses that should have an increased RV through its own proactive projects and working with suppliers. **This has led to billings being issued to businesses to the value of c£1.4m** with the Council retaining 15% under the business rates retention model. This area of work highlighted the benefits of utilising data and using investigative practices to support inspections.

3.4.2 With positive financial outcomes across three financial years, the CFT will seek Cabinet Member approval for continued funding in this area for the next 2 years.

3.5 National Fraud Initiative

3.5.1 The National Fraud Initiative (NFI) is a bi-annual data matching exercise overseen by the Cabinet Office. Results from the NFI matching were received at the end of Q3 2024/25 with work commencing immediately to review this work stream.

3.5.2 The initial review of the NFI matches has provided significant outcomes in Q4 2024/25, including:

- **47 Housing register applications** being closed where the applicant's circumstances had changed, and they no longer qualified for housing support
- **181 Disabled parking badges being cancelled** where the Council had not been notified the badge holder had passed away
- **29 Resident parking permits being cancelled** where the Council had not been notified the permit holder had passed away.

3.5.3 There are four ongoing investigations where the NFI matching has identified suspicion of polygamous working with council employees being linked to multiple authorities.

3.5.4 Work will continue to review the NFI matching during 2025/26 with additional outcomes and savings expected throughout the year.

3.5.5 The NFI also produces an annual review of Council Tax Single Person Discount claims which are matched against Electoral Roll records which identified savings of **£108,077.09** during 2024/25. Matches for the new financial year were received during Q4 and are being reviewed.

- 3.5.6 The CFT is recognised as a leading member of the NFI backed **London Counter Fraud Hub (LCFH)** which aims to proactively identify instances of cross borough fraud and loss and to provide access to regularly updated data from other public sector bodies.
- 3.5.7 During 2024/25 the LCFH has provided fortnightly data matching between council tenancy records and death registration information. This has identified **33 properties** where the council was unaware of the death of the tenant, and which has led to the properties being recovered and returned to use earlier and more efficiently than would otherwise be the case. This has provided a notional financial saving of **£2,310,000**.

3.6 Blue Badge Fraud

- 3.6.1 The 2024/25 financial period marked the **CFT's most successful year** for supporting disabled motorists and protecting the blue badge scheme. Working collaboratively with the Metropolitan Police in tackling known hot spot areas and the team's participation in the National Blue Badge Day of Action, a total **18 offenders were put before the courts with c£7k in fines and costs** being issued.
- 3.6.2 The team's commitment in ensuring that Blue Badge holders could continue to access the parking facilities on offer across the borough was further demonstrated with the launch of the team's **first ever Blue Badge amnesty**. This heavily advertised campaign allowed for badges that should not have been in circulation returned to the Council without the fear of repercussions. This innovative approach led to the return of **14 badges and removed** the potential for any instances of future misuse occurring.

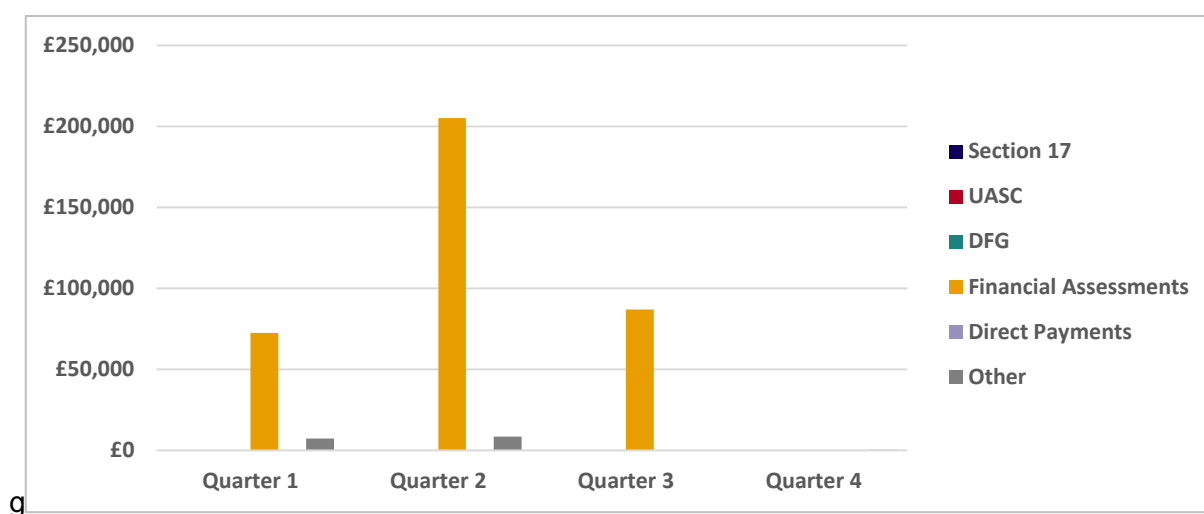
3.7 Social Care

- 3.7.1 During the year the CFT have continued to deploy resources to tackle fraud across various areas within Social Care. The team's approach has been to work proactively and reactively to reduce the Council's exposure to fraud in areas that pose considerable financial risk. The steps taken have enabled the team to cover vast areas within both adults and children's social care.
- 3.7.2 The proactive approach taken by the team within Financial Assessments, has seen over 630 verifications processed in-order to highlight instances where service users have misrepresented their circumstance or failed to disclose information as part of the financial assessment process. In total, 23 cases of suspected fraud have been investigated with these cases achieving **c£364k in loss prevention savings**. The team have seen year on year improvements in this area with the 2024/25 period marking the **team's most successful year** since the process was introduced and a remarkable **130% increase in reported financial outcomes for the same period last year**.
- 3.7.3 Over the course of 2024/25 CF received a number of referrals regarding the Homes for Ukraine Scheme. This government initiative allows individuals and organisations to offer accommodation to Ukrainians fleeing the war in Ukraine. As part of the scheme hosts accommodating those effected by the war are entitled to thank you payments. As a direct result of referrals received, CF identified two instances where overpayments had been made to hosts despite individuals having left the accommodation provided and achieved **loss prevention saving of c£1,700**.
- 3.7.4 Working collaboratively with both the Travel Assistance and SEN team, CF conducted its first investigation relating to personal transport budgets following concerns raised that travel assistance had been provided to an ineligible applicant. Travel assistance is provided to applicants to provide support with meeting school transportation costs. This cross-service investigation identified that travel assistance had been provided when the applicant was not entitled to support, this **resulted in c£6k in savings**.

3.7.5 Utilising the team's investigative capabilities a number of enquiries to trace debtors on behalf of the Corporate Collections Team were carried out over the 2024/25 period. Whilst these cases don't have a criminal element they do pose a financial risk to the Council. Deploying counter fraud resources debtor's whereabouts were established and **savings of c£8k achieved**.

3.7.6 **Chart 6** below, summarises the loss prevention outcomes of the team for the work carried out within Social Care. Over the course of 2024/25 the CFT has continued to raise its profile within these services and engage positively with stakeholders, which has **delivered loss prevention savings of c£380k**. The HCF notes that some areas of fraud risk have low outcomes. To address this, proactive project work for 25/26 has been added to the work programme.

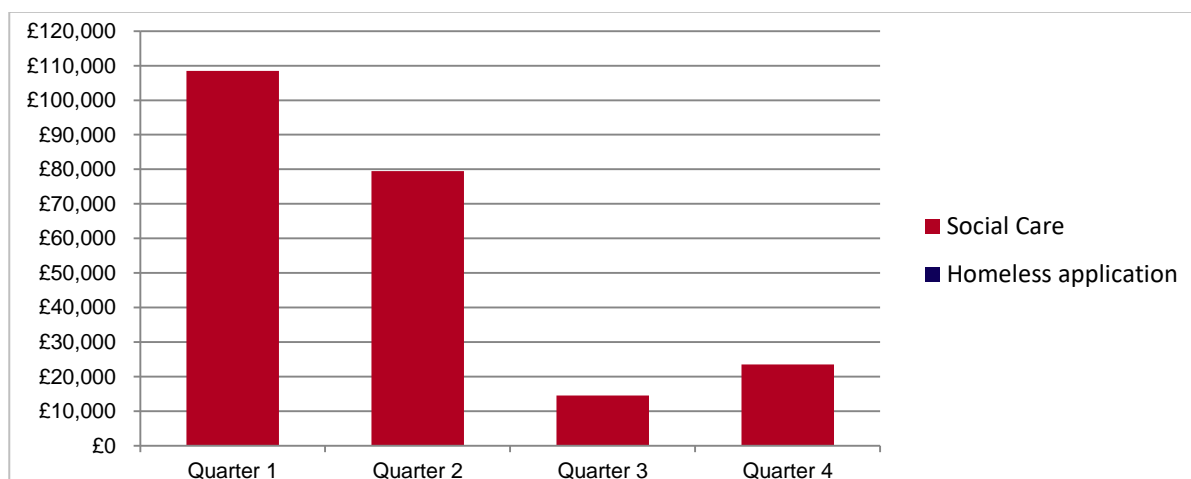
Chart 6 - CFT Loss Prevention Outcomes in Social Care 2024/25



3.8 Onsite Immigration Officer (OSIO)

3.8.1 **Chart 7** below, summarises the outcomes for the work of the OSIO within 2024/25. This is based on prudent cost estimates to the Council which are linked to immigration enquiries where the OSIO has been able to access Home Office databases and effectively communicated information derived from these to key council service areas. The total value of the OSIO work for 2024/25 is estimated at **c£226k**.

Chart 7 - OSIO Loss Prevention Outcomes 2024/25



3.9 Fraud Awareness Campaign

- 3.9.1 The CFT has continued to **embed an effective counter fraud culture** within the Council. A total of **9 Fraud Awareness sessions** were conducted over the course of the year. Each presentation was tailored to incorporate the different fraud risks encountered by each service area. These sessions give officers the tools to spot and report fraud, whilst encouraging them to champion a counter fraud culture organisation wide. One session was provided to local residents at Oak Farm Library helping to raise awareness of the work of CFT with the wider public and to provide general fraud prevention advice.
- 3.9.2 The Council's various social media platforms have been utilised by the CFT to raise awareness of the different types of fraud and scams that had become prevalent over the course of the year, as well as fraud risks and team outcomes. Tweets and online posts were shared to encourage residents to report suspected instances of fraud. Examples of the CFT's media campaign can be found in **Appendix F**. There has been a notable correlation between the quality and quantity of referrals following on from the Fraud Awareness campaign.

4. ANALYSIS OF THE COUNTER FRAUD TEAM PERFORMANCE 2024/25

- 4.1 The CFT introduced a suite of KPIs in 2018/19 which were agreed and implemented in liaison with CMT and the Audit Committee. The KPIs allow effective measurement of performance and enable the team and the HCF to be better held to account by CMT and Audit Committee. The table at **Appendix B** sets out the performance by the CFT against the KPIs throughout 2024/25 by quarter and previous years.
- 4.2 As illustrated in **Appendix B**, performance against KPIs has remained consistent throughout the financial year. The team has also **achieved 9 of the 9 KPI targets** which is a considerable achievement. The team's overall performance can be attributed to the management information available and the management team's engagement with staff around performance.
- 4.3 The table at **Appendix A** provides a detailed breakdown of the loss prevention performance of the Counter Fraud Team during 2024/25. The table highlights the **increase in Housing outcomes** mainly around property recovery.
- 4.4 During 2024/25 the CFT has actively sought to obtain data from each London Borough relating to counter fraud activity and produced benchmarking information which is set out at **Appendix D**. This data relates to reported figures in counter fraud annual reports to oversight committees for 2023/24. There is a significant inconsistency between authorities in terms of what they each report to their oversight committees and the variation in values they each place on individual activities. As a result, this makes comparison between authorities in terms of individual counter fraud work areas difficult to quantify.
- 4.5 Nevertheless, there are several areas of general commonality (as set out in **Appendix D**), including the performance on housing fraud and Blue Badge which are present across most London Boroughs.

5. FORWARD LOOK 2025/26

- 5.1 Looking ahead to 2025/26, the CFT as part of the Council's Counter Fraud Strategy 2025-28 will continue to develop its risk-based approach, focusing on the areas of highest fraud risk within services. Key to this is the continued engagement with service areas on fraud risk and controls to support and underpin the Council's "Fraud Universe" which steers the CFT Annual Operational Work Plan.
- 5.2 Moving ahead, there are a number of key priorities for the CFT. These include:

- **Implementation of the Counter Fraud Annual Operational Work Plan 2025/26**, with a full and ongoing reassessment of the fraud risk profile of the Council to ensure the CFT adapts to any emerging risks;
- To continue to embed a counter fraud culture across the Council through a successful **programme of Fraud Awareness**, alongside engagement with key stakeholders regarding fraud issues internally and externally;
- **Review and improve all processes** to ensure the team is efficient, effective and modernised through technology and digitalisation. This improvement programme started at the end of 24/25 with the aim of removing paper from all counter fraud activity.
- Maintain performance with suppliers to identify businesses that are not listed for ratings through our **Revenues Maximisation Project**, to increase the NNDR collectable by the Council, using open-source data and intelligence gathering;
- **Sustain the level of performance the team achieved in the last 3 years into 25/26**, by focusing on our strategic objectives, KPIs and the financial loss prevention target by deploying a risk based approach to fraud;
- Continue to work closely with **Housing key stakeholders around the increased risk of fraud**, with the view to conduct further proactive and reactive counter fraud activity in this area; and
- **Increase reach and activity across Social Care** to support the protection of budgets through reactive and proactive activity.

5.3 The CFT would like to take this opportunity to formally record its thanks for the co-operation and support it has received from the management and staff of the Council, CMT and the Audit Committee during 2024/25.

Alex Brown APCIP
Head of Counter Fraud
1st April 2025

APPENDIX A: CFT Loss Prevention Performance 2024/25

Work Area	Description	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2024/25
Housing	Right to Buy discounts	£0	£0	£0	£0	£0
	Property Recovery (notional savings)	£2,100,000	£2,240,000	£1,960,000	£1,540,000	£7,840,000
	Other savings/loss prevention	£172,171	£272,844	£173,054	£153,922	£771,992
Social Care	Section 17 and UASC*	£0	£0	£0	£0	£0
	Financial Assessments	£72,585	£205,112	£86,840	£0	£364,537
	SGO	£0	£0	£0	£0	£0
	Direct Payments	£0	£0	£0	£0	£0
	Other	£7,290	£8,415	£0	£429	£16,135
Revenues	Single Person Discount	£22,527	£40,497	£16,120	£44,786	£123,931
	Council Tax Reduction & arrears	£4,551	£4,027	£15,772	£6,131	£30,482
	Unlisted Buildings	£31,758	£21,817	£25,256	£10,291	£89,123
	Housing Benefit Overpayments	£12,750	£18,648	£17,831	£16,065	£65,294
	NNDR**	£784,844	£4,492	£267,514	£320,284	£1,377,134
Blue Badge	Simple Caution & Financial Penalty	£2,512	£2,258	£731	£1,900	£7,401
Immigration Officer	Housing Homelessness Applications*	£0	£0	£0	£0	£0
	Social Care Savings	£108,480	£79,514	£14,560	£23,851	£226,405
Totals	Loss Prevention Savings	£360,196	£560,351	£273,241	£177,028	£1,370,817
	Notional Savings	£2,779,867	£2,262,466	£2,205,218	£1,828,306	£9,075,858
	Cashable Savings	£176,892	£72,551	£98,490	£110,425	£458,358
	Costs awarded and penalties	£2,512	£2,258	£731	£1,900	£7,401
	Total	£3,319,467	£2,897,626	£2,577,681	£2,117,659	£10,912,434

* Average weekly cost against average length of support. This figure fluctuates but has been provided by the Council's Business Performance Team.

** NNDR operates under a business rates retention model with the Council keeping 15% of income.

APPENDIX B: KPIs and Actual Performance 2024/25

CFT KPIs	Target	Q1	Q2	Q3	Q4	24/25	23/24
1. Percentage of fraud referrals risk assessed within 3 working days	95%	100%	99%	100%	99%	99%	99%
2. Verification work timescales for completion:							
a. Housing Allocations completion within the target date set by Housing	95%	100%	100%	100%	98%	99%	99%
b. Right to Buy case completion within 28 working days	95%	100%	96%	100%	100%	98%	100%
c. Financial Assessments completion within 7 working days	95%	100%	100%	100%	100%	100%	100%
d. Section 17 reviews completion within 7 working days	95%	100%	100%	100%	100%	100%	100%
3. Investigation plan completion within 5 working days of case allocation	95%	100%	100%	100%	99%	99%	98%
4. Tenancy fraud referrals received resulting in property recovery	30%	64%	67%	82%	59%	67%	46%
5. Investigations resulting in loss prevention/financial saving outcome	40%	47%	45%	50%	34%	43%	48%
6. Revenue inspections completed within 10 working days of referral date	95%	99%	99%	99%	99%	99%	99%

APPENDIX C: Proactive Counter Fraud Projects 2024/25

Proactive Project & Rationale	Project Outcomes
<p><u>Gas & Electrical Checks Access - Q1</u></p> <p>Working collaboratively with internal departments, the CFT conducted unannounced visits to all social housing properties that were overdue a gas safety or electrical safety check for 12 months or longer. The purpose of this project was to reduce the number of properties that were overdue these inspections, whilst also identifying potential cases of non-occupation or subletting</p>	<ul style="list-style-type: none"> • Number of properties visited - 165 • Properties Recovered - 8 • Investigations continuing - 3 • Financial Savings - £448,000
<p><u>Blue Badge Q1, Q2, Q3</u></p> <p>The CFT conducted a total of six proactive Blue Badge operations in identified high risk areas and 1 Blue Badge amnesty. Checks were carried out on all badges that were displayed to ensure that the badges were being used in accordance with the Blue Badge scheme. The operations included seizing expired badges, which removes them from circulation and prevents potential misuse in the future.</p>	<ul style="list-style-type: none"> • Number of badges checked - 231 • Number of badges seized - 28 • Number of fraudulent uses of badges – 12 • Number of investigations continuing - 6 • Total value of fines - £1,018 • Total value of awarded prosecution costs - £3,871
<p><u>Beds in Sheds – Q1 and ongoing</u></p> <p>'Beds in Sheds' is the term used to describe buildings or annexes on private properties that have been erected without the Valuation Office being made aware and that can be considered habitable. This means that the building or annexe should be charged Council Tax. The CFT carried out unannounced visits to properties that were highlighted via referrals and intelligence checks.</p>	<ul style="list-style-type: none"> • Number identified for bringing into Council Tax - 86 • Investigations continuing - 5 • Income generation - £89,123.11
<p><u>Temporary Accommodation Residency – Q3</u></p> <p>The CFT carried out unannounced residency checks on all service users residing in Temporary Accommodation properties. The purpose of the project was to identify any sub-letting of accommodation, instances of non-occupation, as well as verifying those that had applied for social housing and ensuring that they were still eligible.</p>	<ul style="list-style-type: none"> • Number of properties visited - 225 • Properties Recovered - 3 • Investigations continuing - 8 • Financial Savings - £176,412.25
<p><u>National Fraud Initiative (NFI) - Ongoing</u></p> <p>The National Fraud Initiative (NFI) main exercise is a bi-annual data match against numerous public and private sector data sources. The National Fraud Initiative (NFI) Recheck is an annual data match where SPD data is matched against the Electoral Roll.</p>	<ul style="list-style-type: none"> • £108,077.09 Savings from Single Person Discount matching

<p><u>London Counter Fraud Hub - Ongoing</u></p> <p>The London Counter Fraud Hub is designed to bring London Boroughs together, sharing data to identify cases of fraud, loss or error.</p> <p>The first in house data matching exercise using the LCFH, matched tenancy records against the death register. This highlights any properties that the Council are unaware that the tenant has passed away.</p>	<ul style="list-style-type: none"> • Number of properties returned - 33 • Financial Savings - £2,310,000
<p><u>Internal Revenues Maximisation - Ongoing</u></p> <p>The Revenues Investigation Unit have carried out a series of pro-active action days monitoring and reviewing business rates listings in high-risk areas which has identified new and improved premises to increase business rates billing.</p>	<ul style="list-style-type: none"> • Additional business rates billing - £450,871.54
<p><u>Council Tax Exemptions – Ongoing</u></p> <p>The CFT carried out desk top checks of Class E & F exemptions utilising data matching and in-house data. This highlighted any properties that the Council were unaware that the tenant had passed away or was residing elsewhere due to care needs.</p>	<ul style="list-style-type: none"> • Number of properties returned - 16 • Financial Savings - £1,120,000

APPENDIX D: Counter Fraud Benchmarking 2023/24

London Borough	Council Properties Returned	RTB Cancelled	Housing Applications Closed	Council Tax & CTRS	Blue Badge Outcomes*	Social Care
Barking & Dagenham	9					
Barnet	41	12	6	£39,836	69	
Bexley	27				36	
Brent	15		1	£1,129,121	38	
Bromley				£14,126	78	
Camden	52	10			62	
City of London	14	2	3	£13,218		
Croydon	26					
Ealing	13		119	£53,989		£254,000
Enfield	14	1	5	£2,098		
Greenwich	9				2	
Hackney	37	4	2		61	
Hammersmith & Fulham	18	22	13	£167,828		
Haringey	53	111				
Harrow	8	3	2			£43,003
Havering	14	3	1			
Hillingdon	103	3	29	£123,971	3	£313,864
Hounslow	14	1	9	£38,257		
Islington	47	2	6		9	
Kensington & Chelsea	50		26		20	
Kingston	8	12	32			
Lambeth	78	5		£26,179	126	
Lewisham						
Merton	5		4	£8,206		
Newham	32	8	3			
Redbridge	7	1				
Richmond	5		42			
Southwark	14	3	12			
Sutton	6	7	1	£15,510		
Tower Hamlets	48	9				
Waltham Forest	47	7	7	£712,707	8	
Wandsworth	36	14	17			
Westminster (City of)	38	3	18		2	

Where the cell is greyed out, the data was not available to us from the council in question.

* = Successful outcomes for Blue Badges are defined as fines and/or prosecutions but excludes seized badges.

APPENDIX E: Glossary of Terms

Beds in Sheds

'Beds in Sheds' is the term used to describe habitable outbuildings, or annexes to private properties being utilised without the awareness of the Council or the Valuation Office Agency (VOA).

Blue Badge

A Blue Badge provides parking concessions and helps people with **non-visible and visible disabilities or health conditions** park closer to their destination. The Blue Badge enables holders to park in designated disabled person's parking bays either on the public highway or privately owned car parks. In addition, badge holders can park on single or double yellow lines for up to 3 hours.

Direct Payments

The Council are responsible for administering direct payments to service users who have been assessed as needing care and support services. The payments are made to allow applicants to access care to meet their social care needs, such as support with living tasks and social activities.

Disabled Facility Grant

The council offers a range of financial support schemes for people with disabilities, such as the Disabled Facilities Grant (DFG). The DFG is a means tested scheme that allows eligible applicants to receive financial support to make adaptations to their home, if they, or someone living at the property is disabled.

Financial Assessments

The Council is under a financial and legal obligation to carry out this means tested assessment for each service user. The Financial Assessment (FA) identifies whether the applicant(s) is eligible to receive funding towards their care costs.

Fraud Hub (LCFH)

Utilising the existing Cabinet Office infrastructure and systems, most London based local authorities have agreed to upload internally held data sets for proactive data matching exercises. These regularly agreed upon exercises will lead to the identification of possible fraud, loss or error.

National Fraud Initiative

The National Fraud Initiative (NFI) is a data matching exercise co-ordinated by the Government Cabinet Office and conducted every 2 years. There is also an annual review of claimants in receipt of Single Persons discount data that is matched against the Electoral Roll data. The NFI matches data from over 1,200 organisations, including councils, the police, hospitals and almost 100 private companies to identify potential fraud and error.

New Homes Bonus

The New Homes Bonus (NHB) is a grant that is paid by central government to incentivise local housing growth.

Onsite Immigration Enforcement Official

The Onsite Immigration Enforcement Official (OSIO) provides enhanced access to Home Office data for the purpose of assessing cases involving immigration issues and for assisting in a range of counter fraud work.

Right to Buy

The Right to Buy (RTB) process is a statutory scheme whereby a tenant(s) can apply to purchase their property at a significant discount from its market value. There are strict conditions that must be met by the applicant(s) if they are to qualify for the discount.

Revenues Maximisation

The use of internally held data and the utilisation of external data partners to identify previously unlisted commercial and domestic properties, along with identifying commercial properties that have undertaken modifications or improvements that would result in the revaluation of its Rateable Value (RV). Commercial entities are under no obligation to inform Council Tax as to when they have started trading or if their RV needs to be recalculated. The Council will only retain 15% of the identified rates.

Section 17

The CFT provides assurance and mitigates the risk of fraud within Children's Social Care, in particular the allocation of emergency accommodation provided under Section 17 of the Children's Act 1989. The verification process seeks to validate a family's reason for approach as well as their financial circumstances, as applicants claim to be destitute and requiring accommodation and or financial support. The CFT conducts verification checks on all applicants approaching the Council.

Small business Rates Relief

The Small Business Rates Relief (SBRR) scheme is designed to reduce the amount of business rates payable by small businesses. This reduction is available to ratepayers who occupy a property with a rateable value of no more than £15,000.

Unaccompanied Asylum-Seeking Children

Unaccompanied Asylum-Seeking Children (UASC) are children and young people who are seeking asylum in the UK but have been separated from their parents or carers. Whilst their asylum claim is processed, they are cared for by the Council and provided with accommodation and or financial support.

APPENDIX F: Social Media Campaigns

Cracking down on Blue Badge fraudsters

A Blue Badge amnesty will be launched this month by the council to reduce incidents of disabled parking permit fraud.

The initiative, between Monday 18 November and Monday 2 December, is an opportunity for residents to hand in any badges which they are not entitled to with no questions asked or any ramifications.

More than 14,000 residents have Blue Badges issued by the council. The service is highly valued by people with disabilities and serious health conditions who struggle with mobility.

As part of Fraud Awareness Week (Sunday 17 to Saturday 23 November) the council is also raising awareness of common types of fraud, how it's tackling them and how residents can play their part in reporting deception.

The council's counter fraud team has prevented the loss of more than £5.8 million so far this financial year and the team is ranked one of the best in the country for recovering the most social housing (103 properties), thanks to its proactive investigative work.

Cllr Martin Goddard, Cabinet Member for Finance and Transformation, said: "Blue Badges help people with disabilities and health conditions park closer to their destination, but sadly they can be abused which is unfair on those that rely on the exemptions and dedicated parking spaces.

"We have prosecuted 11 people for Blue Badge fraud in the past year with each receiving a fine, and are giving people who may be misusing them this opportunity to return them, with no questions asked."

Residents can return Blue Badges that have expired, belong to another person or are no longer necessary to the collection boxes in the reception areas at the Civic Centre, Uxbridge; Botwell Green Library and Northwood Hills Library.

If you suspect that someone is committing fraud against the council, you can report it directly to us in confidence at www.hillingdon.gov.uk/report-fraud or by calling 0800 389 8313.

November/December 2024 **HILLINGDON people**

5



Counter fraud team regains homes

More than 100 properties were recovered in 2023/24 thanks to investigations by the council's award-winning counter fraud team.

In total, 103 homes, collectively valued at £5,712,000, were recovered.

In addition, the team also cancelled 42 accommodation placements due to non-occupation and false homelessness applications for the council's emergency accommodation since April 2023, saving the council approximately £353,000.

The team is responsible for investigating many types of tenancy fraud, including sub-letting, non-occupation, wrongful successions, and submitting false information on applications for homelessness and right to buy properties.

Tenancy fraud and other housing-related frauds deprives genuinely eligible families of a much-needed home. In November, the team's achievements were recognised at the

Public Finance Awards when they took home several trophies for their ingenuity, creative initiatives and success in tackling fraud.

Cllr Martin Goddard, Cabinet Member for Finance, said: "At a time where people are relying on our services more than ever, it is vital that we continue to protect our funds against fraud, so we have the resources to support our most vulnerable residents.

"It is thought that this year the council has the highest recovery rate across London, which is testament to the team's expertise and hard work."

If you suspect tenancy fraud is taking place, report it at www.hillingdon.gov.uk/report-fraud or by calling 0800 389 8313 (Monday to Friday, 9am to 5pm), by emailing fraud@hillington.gov.uk or sending a letter to the Counter Fraud Manager, 2N, Civic Centre, High Street, Uxbridge, UB8 1UW.



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WORK PROGRAMME 2024/25

Committee name	Audit Committee
Officer reporting	Ryan Dell, Democratic Services
Papers with report	None
Ward	All

HEADLINES

This report is to enable the Audit Committee to review planned meeting dates and the forward programme.

RECOMMENDATIONS

That the Audit Committee:

- 1. Notes the dates for Audit Committee meetings; and**
- 2. Makes suggestions for future agenda items, working practices and/ or reviews.**

SUPPORTING INFORMATION

The meeting on 28 August 2025 will start at 17:10.

Meetings	Room
28 August 2025	TBC
18 November 2025	TBC
10 February 2026	TBC
28 May 2026	TBC

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WORK PROGRAMME				2025/2026			
Audit Committee						2026	
Meeting Month	Feb	Mar	May	Aug	Nov	Feb	May
Meeting Date	11	18	14	28	18	10	28
Member training		a) Corporate Governance b) Risk Management c) Internal Audit d) Anti-Fraud and Anti-Corruption					
Pre-meet (17:00-17:10)	Corp. Dir. of Finance (RC)		Head of Counter Fraud	EY	Head of Internal Audit	TBC	Head of Counter Fraud
Appointment of Chair			X				
Appointment of Vice-Chair			X				
Interviews for Independent Chair of the Audit Committee							
External Audit item	X		X	X	X	X	X
Audit Committee Annual Report				24/25			
Risk Management Annual Report				X			
Risk Management Report	24/25 Q3		24/25 Q4	25/26 Q1	25/26 Q2	25/26 Q3	25/26 Q4
Corporate Risk Register							
Strategic Risk Report	24/25 Q3		24/25 Q4	25/26 Q1	25/26 Q2	25/26 Q3	25/26 Q4
Internal Audit Annual Report			24/25				25/26
Internal Audit Charter	X					X	
Internal Audit Plan	X						
Internal Audit Strategy	X						
Internal Audit Progress Report	24/25 Q3			25/26 Q1	25/26 Q2	25/26 Q3	
Counter Fraud Annual Report			24/25				25/26
Counter Fraud Operational Plan	25/26						
Counter Fraud Progress Report	24/25 Q3			25/26 Q1	25/26 Q2	25/26 Q3	
Counter Fraud Strategy 2025-2028	X						
IA Assurance Review of Contract Management Oversight				X			
REQUEST BY CTTEE: Transformation, Digital & Technology Risk Management	X					X	
Work Programme	X		X	X	X	X	X

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