



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, 20  
NOVEMBER 2024

**Time:** 6.00 PM

**Venue:** COMMITTEE ROOM 5 -  
CIVIC CENTRE

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**Published:** Tuesday, 12 November 2024

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Lloyd White  
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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**

- 1** Election of Chair
- 2** Election of Vice-Chair
- 3** Apologies for absence
- 4** Declarations of interest
- 5** 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
- 6** Minutes of the Meeting held on 28 August 2024 1 - 8
- 7** External Audit update TO FOLLOW
- 8** Audit Committee Annual Report 9 - 16
- 9** Internal Audit progress report 24-25 Q2 17 - 30
- 10** Rick Management & Strategic Risk report 24-25 Q2 31 - 60
- 11** Counter Fraud progress report 24-25 Q2 61 - 74
- 12** Work Programme 75 - 78

## Minutes

### AUDIT COMMITTEE

28 August 2024

Meeting held at Committee Room 5 - Civic Centre,  
High Street, Uxbridge UB8 1UW



	<p><b>Committee Members Present:</b> Councillors Nick Denys, Tony Burles, Henry Higgins, June Nelson, and Philip Corthorne</p> <p><b>Officers Present:</b> Richard Ennis – Corporate Director of Finance, James Lake – Director - Pensions, Treasury and Statutory Accounts, Claire Baker – Head of Internal Audit and Risk Assurance, Mark O’Halloran – Counter Fraud Manager, Tony Zaman – Chief Executive Officer, and Ryan Dell – Democratic Services Officer</p> <p><b>Also Present:</b> Councillor Martin Goddard, Cabinet Member for Finance, (present for items 8-13) 3x Candidates for new Independent Chair of the Audit Committee (present for item 6, one present virtually)</p>
1.	<p><b>ELECTION OF CHAIR (FOR THIS MEETING)</b> (<i>Agenda Item 1</i>)</p> <p>The Democratic Services Officer opened the meeting by asking if there were any nominations for a Chair of the meeting. Members proposed, seconded and agreed to appoint Cllr Denys as Chair of the meeting.</p> <p><b>RESOLVED: That the Audit Committee appointed Cllr Nick Denys as Chair for the current meeting</b></p>
2.	<p><b>APOLOGIES FOR ABSENCE</b> (<i>Agenda Item 2</i>)</p> <p>Apologies had been received from John Chesshire.</p>
3.	<p><b>DECLARATIONS OF INTEREST</b> (<i>Agenda Item 3</i>)</p> <p>None.</p>
4.	<p><b>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</b> (<i>Agenda Item 4</i>)</p> <p>It was confirmed that item 6 would be heard in private. All other items would be heard in public.</p>
5.	<p><b>MINUTES OF THE MEETING HELD ON 30 APRIL 2024</b> (<i>Agenda Item 5</i>)</p>

	<p><b>RESOLVED: That the minutes of the meeting held on 30 April 2024 be approved as a correct record</b></p>
6.	<p><b>INTERVIEWS FOR THE INDEPENDENT CHAIR OF THE AUDIT COMMITTEE</b> <i>(Agenda Item 6)</i></p> <p><i>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed 'information relating to any individual' (paragraph 1 of the schedule to the Act).</i></p> <p><b>RESOLVED: That the Committee declined to recommend to Council the appointment of an Independent Chair of the Audit Committee</b></p>
7.	<p><b>EXTERNAL AUDIT UPDATE</b> <i>(Agenda Item 7)</i></p> <p>This item was considered in public before item 6.</p> <p>The Council published the draft 2023/24 Statement of Accounts on 28 June 2024. EY were aiming to complete the 2022/23 and 2023/24 audits by the end of November and ahead of the revised backstop dates. The revised and newly proposed backstop date for financial years up to an including 2022/23 was now 13 December 2024, which had been extended from September.</p> <p>The field work had been completed for the 2022/23 Housing Benefit Assurance Process and was currently at the Partner review stage. EY expected this to be completed in September 2024.</p> <p>Members referred to 'disclaimed'/ 'modified' opinions (where auditors have been unable to complete audits, they will issue a 'disclaimed' or 'modified' audit opinion) and asked if this was to be expected. Officers noted that it was. Modified opinions were expected as a result of the government measures to remedy the national audit backlog. It was noted that Hillingdon was in a similar situation to other local authorities with outstanding audits.</p> <p>Members noted that previous audits had been held up due to differences in valuation around PPE and national issues relating to the accounting for infrastructure and IAS19. Delays relating to infrastructure and IAS19 were unlikely to happen during the 23/24 audit, however it was expected that there would be differences in PPE valuations which would need to be managed.</p> <p><b>RESOLVED: That the Committee noted the report</b></p>
8.	<p><b>AUDIT COMMITTEE ANNUAL REPORT</b> <i>(Agenda Item 8)</i></p> <p>The meeting started streaming to YouTube and it was noted that the private part of the meeting had just concluded. It was also noted that items 7 and 14 were conducted prior to item 6 and so were not on the public broadcast.</p> <p>Officers presented the draft Annual Report of the Audit Committee for 2023/24. It had been drafted by the Head of Internal Audit on behalf of the Audit Committee and reflected their opinion of the work that had been undertaken during 2023-24. Feedback and amendments were invited from Members.</p>



Members requested that the input of the Independent Chair of the Committee be sought.

**RESOLVED: That approval of the Draft Audit Committee Annual Report for 2023/24 be deferred to the next meeting.**

9. **INTERNAL AUDIT PROGRESS REPORT 24-25 Q1** (*Agenda Item 9*)

Officers presented the Internal Audit Progress Report. Since the last Audit Committee meeting, 10 reports had been finalised: two substantial assurance; four reasonable assurance; one advisory review in relation to Organisation Culture; one limited assurance; and two no assurance reports.

The limited assurance report was around performance information. This was a known area of improvement and it was part of the digital strategy and digital programme, looking at performance indicators, and developing a dashboard for CMT level. Services had KPIs in place, but they were not aligned with the objectives of the service or the Council's strategic objectives. KPIs had not been reviewed or monitored consistently.

Members asked about the process of reprioritising workload when new managers requested internal audits. Officers explained the process, emphasising flexibility and the importance of obtaining necessary information. If items were being added to the plan, this was positive as people were engaging. If items were requested to come off of the plan, this would be challenged where appropriate.

Members asked about the impact of zero-based budgeting. Officers noted that outcomes from zero-based budgeting were monitored and influenced the internal audit plan.

The no assurance reports were around SEND Data Quality and Uninspected B&Bs. Members asked for more detail on these. SEND Data Quality was added to the plan because there were concerns around significant overspends against the agreed targets with the Council's Dedicated Schools Grant Safety Valve. Ongoing work had since improved processes. On B&Bs, insufficient evidence of checks had led to no assurance. This did not necessarily mean that those checks had not been completed. Efforts were ongoing to address this. It was noted that a lot of B&Bs were used to house residents in temporary accommodation. It would be ensured during follow-ups that any recommendations were implemented.

Members asked and officers clarified that they developed a plan for the full year, and officers were roughly where they would expect to be at this point in the year (Quarter 1). It tended to get busier at year-end. Officer tried to bring things forward into Quarters 2 and 3. In terms of ratings, there were not usually as many limited and no assurance reports, however, this may be because there had been more focus on risk areas and a lot of work had been done on the risk register and increasing risk awareness.

Members asked and officers further clarified that the audits were prioritised by the risk register and ratings within it. It was the role of Internal Audit to provide assurance to the Committee that there were controls in place. Officers would also consider if there were things coming out from other Councils or if KPIs were being missed. There were a lot of different elements involved.

Officers noted that they had included a paper on the new internal audit standards.

These were new global standards and would create more oversight for the Audit Committee. More guidance was expected on the public sector focus.

Further to this, Members asked when they could expect a full explanation of how this applied to Hillingdon and how it would affect Members' role as an Audit Committee. The paper listed essential conditions which were things that the Audit Committee were required to do. More public sector guidance was expected in September/ October and so it is hoped that by November officers would be able to give more guidance on the rules and regulations.

**RESOLVED: That the Audit Committee noted the IA Progress since the last Committee meeting and the new Global Internal Audit Standards**

10. **RISK MANAGEMENT REPORT 24-25 Q1** (*Agenda Item 10*)

The new risk management system was being rolled out across the different directorates. Positive feedback had been received and the system had been described as easy to use. As at the end of June there were 221 risks on the system. The current total was 230. Of these, 16 were red-rated risks, and these formed the Corporate Risk Register.

New Key Performance Indicators (KPIs) had been presented to the Corporate Risk Management Group on 24 June. They were responsible for implementing and managing the risk register.

The Counter Fraud team had moved their risks onto the new system at the end of the quarter, which had led to an increase in the number of fraud risks. These were not new risks, just newly on the system. Risks had been added without a risk score to encourage active management and mitigation.

Officers asked for feedback on things that could be added to aid Members' understanding.

Members asked about the 12 risks overdue for review. The Corporate Risk Management Group and CMT were responsible for managing these risks. Red-rated risks should be reviewed monthly, if not, weekly. If any were out of date and not recently reviewed, officers from those areas could be invited to the Audit Committee to discuss.

Members asked about actions being taken for high-risk items. Officers noted that items that were red on the Corporate Risk Register should align with the strategic risks. Detailed actions were included in the Strategic Risk Report. The Strategic Risk Register was still in its infancy and had been aligned with the new CMT dashboard. Members noted that it would be useful, for the bigger risks, to know what actions were being taken and if items were remaining on the register, why this was the case. This was noted as an action to be discussed outside of the meeting.

On changing risk status, Members asked how risks were closed or replaced, and about accountability for this. Risks had been reviewed and split into more specific categories. Explanatory notes would be added to future reports for clarity. KPIs on closed risks were monitored through the Corporate Risk Management Group, and red-rated risks required justification for closure.

Members asked how actions were being recorded and followed-up. Actions were

expected to be recorded on the new system. The Corporate Risk Management Group would challenge any lack of action.

Members noted it may be useful to include how risk ratings had changed from the previous meeting to the current meeting. It was noted that this was done for corporate risks, it listed Quarter 4 and Quarter 1. It was proposed to use colour coding to show changes.

Members asked about the table of review date and rating. It was noted that the 'Meeting Housing Need', 'Workforce Sufficiency' and 'Children's Care Placements' risks has been closed/ replaced. Officers noted that when items were added to the new risk management system, previous risks were reviewed. 'Meeting Housing Need' was a catch-all risk and so had been split into smaller risks such as decent homes, high levels of homelessness demand, and housing landlord service. Children's Care Placements was replaced with increasing costs of external residential provision and the high need SEN placements were replaced with uncertainty of safety valve agreement. Members suggested that an explanatory note could be added to the report to explain this.

Members noted that the report read "It is expected officers are taking actions to reduce the risks in practice" and asked for some clarification on this. Officers noted that every new risk put on the new risk management system were proactively being managed. Actions were not recorded on the system. As this was a new system, the focus was on putting the risks on it. If risks were added and actions not taken, this would be challenged through the Corporate Risk Management Group.

**RESOLVED: That the Audit Committee noted the report and provided feedback on the content and level of assurance received**

11. **STRATEGIC RISK REPORT 24-25 Q1** (*Agenda Item 11*)

Officers introduced the Strategic Risk Report, noting its alignment with the strategic objectives and the operational risk register. The report aimed to provide assurance that the objectives will be met by collating strategic risks into a simplified, public-friendly version. Key updates included the integration of KPIs on the new dashboard and risk ratings from the new risk management system.

Officers highlighted that the Corporate Management Team (CMT) owned each risk and should discuss them with the relevant Cabinet lead. A meeting with the new Corporate Director of Finance was planned.

Members asked for clarity on the strategic risk of 'high levels of homelessness and housing needs demand', noting the change from the initial rating of B1 to the current rating of C2. It was noted that there were linked operation risks of legal disrepair; damp and mould; and decent homes/ thermal efficiencies. Officers explained that the strategic risk of 'high levels of homelessness and housing needs demand' aligned with the strategic objective of 'safe and strong communities'.

The linked operational risks impacted the achievement of this objective and were included in the Corporate Risk Register and the new risk management system. These were things that impacted on achieving the objective and impacted on the risk score. The current rating incorporated the ratings of the linked operational risks.

Officers elaborated on the risk scoring methodology, noting that the overall risk score was a collective assessment rather than a simple aggregation of individual scores. For

example, fraud risks were scored high at a strategic level due to their potential impact, but when broken down into specific operational risks, the scores may be lower.

**RESOLVED: That the Audit Committee noted the Strategic Risk Report and provided feedback on the content and the level of assurance received**

12. **COUNTER FRAUD ANNUAL REPORT 23-24** (*Agenda Item 12*)

Officers introduced the Counter Fraud annual report for 2023-24.

This was an extremely successful year for the team. They had achieved savings of £11.2 million. The team had won the Public Finance Awards in both the Outstanding Fraud Prevention, Detection, and Recovery category and the overall Grand Prix. The team's success had led to greater national recognition, with other councils and fraud teams seeking to learn from their best practices.

On housing, 103 properties were recovered, representing a 23% increase from the previous year and a record for the team. Additional billing in revenues amounted to around £4 million, positively impacting Council finances.

Just over £300,000 in social care savings had been achieved, demonstrating an improving work stream and better relationships with Social Care.

Members asked officers to pass on their congratulations to the team for their achievements. Members also commended the report and the national award.

Members asked about the fraud awareness campaign mentioned in the report. Officers noted that fraud awareness was embedded through mandatory e-learning for new staff and ongoing presentations. While empirical evidence was limited, anecdotal feedback suggested the campaign was building better relationships and awareness across the Council.

Members asked about HMOs and methods of obtaining information via site visits. Officers noted that due to changes to the way the government had listed HMOs in terms of Council Tax, they did not fall under the remit of the Counter Fraud team and fell under private sector housing, which would fall under the remit of the Residents' Services Select Committee. Officers advised that when they were looking at unregistered dwellings, such as beds in sheds, their visits were all unannounced.

Members and officers discussed hybrid working and people running businesses from home and the implications of this on business rates. This would have a planning element regarding the use of properties.

Members asked about staffing levels. Officers confirmed the team was at full complement, noting that staff had been seconded in over the last six months to take up part of the B&B project.

Members asked about blue badge fraud, noting that the figures had been consistent across the year and then dropped off to zero at year end. Officers explained that the flow of cases through the system affected quarterly results. Blue Badge Days of Action were resource intensive, and once these days had been conducted, items were referred to the criminal justice system where appropriate.

**RESOLVED: That the Audit Committee:**

	<p><b>1. Noted the Counter Fraud Annual Report for 2023/24; and</b></p> <p><b>2. Suggested any comments/ amendments</b></p>
13	<p><b>COUNTER FRAUD PROGRESS REPORT 24-25 Q1</b> (<i>Agenda Item 13</i>)</p> <p>Officers introduced the Counter Fraud Progress Report.</p> <p>The team had achieved savings of £3.3 million in Q1, marking a strong start to the year.</p> <p>On tenancy fraud, 30 properties were recovered, setting a new record for a single quarter.</p> <p>There were 34 cases ongoing within the criminal justice system.</p> <p>£783,000 had been generated in additional billing in quarter 1.</p> <p>23 unregistered dwellings had been identified.</p> <p>All fraud risks had been added to the Corporate Risk Register, facilitating closer collaboration between Internal Audit and Counter Fraud teams.</p> <p>There were planned workshops with service areas to improve fraud risk knowledge, management and relationships.</p> <p>Officers noted the importance of ongoing efforts to manage and mitigate fraud risks.</p> <p>The Committee acknowledged the impressive results and ongoing efforts in counter fraud activities.</p> <p><b>RESOLVED: That the Audit Committee:</b></p> <p><b>1. Noted the Counter Fraud Progress Report for 2024/25 Quarter 1; and</b></p> <p><b>2. Suggested any comments/ amendments</b></p>
14.	<p><b>WORK PROGRAMME</b> (<i>Agenda Item 14</i>)</p> <p>This item was considered in public before item 6.</p> <p>Members referred to the training programme and suggested holding all of the training sessions in one sitting. This was agreed.</p> <p>It was confirmed that the Skills Matrix would be shared with new Committee Members.</p> <p><b>RESOLVED: That the Audit Committee:</b></p> <p><b>1. Noted the dates for Audit Committee meetings: and</b></p> <p><b>2. Made suggestions for future agenda items, working practices and/ or reviews</b></p>

The meeting, which commenced at 5.10 pm, closed at 8:45 pm
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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.**

## AUDIT COMMITTEE ANNUAL REPORT FOR 2023/24

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Claire Baker, Head of Internal Audit
<b>Papers with report</b>	Draft Audit Committee Annual Report for 2023/24
<b>Ward</b>	All

### HEADLINES

This draft report summarises the work of the Audit Committee during 2023/24 and how it has undertaken its responsibilities for reviewing the key areas within its remit.

In line with good governance, the Audit Committee should ensure that the wider Council is aware of the breadth and extent of the work completed by the Committee on its behalf.

This draft report contains the information that is proposed to be presented to Council, so that it can be assured that the Audit Committee is acting appropriately on its behalf.

This report was presented to the previous meeting and has been updated with the Chair's amendments.

### RECOMMENDATION:

**That the Audit Committee reviews and approves the Draft Audit Committee Annual Report for 2023/24 and/ or suggests any amendments that should be made, where necessary, before the report is presented to Council.**

### SUPPORTING INFORMATION

None.

### BACKGROUND PAPERS

None.

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# DRAFT ANNUAL REPORT OF THE AUDIT COMMITTEE

2023/24

## Report Distribution

- Audit Committee: 28<sup>th</sup> August 2024
- Council: TBC 2024



**HILLINGDON**  
LONDON

## 1. INTRODUCTION

- 1.1 In line with best practice guidance, the Audit Committee is required to submit an annual report to Council outlining the Committee's activities over the previous year. This report summarises the work of the Audit Committee during 2023/24 and how it has undertaken its responsibilities for reviewing the key areas within its remit. Specifically, these include:
- Internal Audit
  - External Audit
  - Counter Fraud
  - Risk Management
  - Financial reporting process of the Statement of Accounts.
- 1.2 In compliance with the Accounts and Audit (Amended) (England) Regulations 2021 the Audit Committee has reviewed the effectiveness of the systems of internal control by receiving regular reports from these areas above that contribute to the control framework. This report provides an opportunity for Council Members to review the work of the Audit Committee and comment on its contribution and performance.

## 2. Key Activities of the Audit Committee

- 2.1 The Terms of Reference (ToR) of the Committee are attached at [Appendix A](#). These were last amended at the Council meeting held on 11 May 2017, following an Internal Audit review of the Effectiveness of the Audit Committee.
- 2.2 During the 2023/24 municipal year the Audit Committee met on four occasions: 27 April 2023, 8 August 2023, 22 November 2023 and 12 February 2024.
- 2.3 Membership and attendance of the Audit Committee comprised as follows:

Member Name	Member Appointment	2023/24 Meeting Attendance
Mr John Chesshire (Independent Chairman)	Initially appointed on 2 November 2017 to present	Attended all four meetings
Cllr Reeta Chamdal	Appointed May 2022 to present	Attended all four meetings
Cllr Tony Burles	Appointed May 2022 to present	Attended all four meetings
Cllr Nick Denys	Appointed May 2022 to present	Attended April 23, November 23 and February 24
Cllr Henry Higgins	Appointed August 2023 – present	Attended all four meetings (April 2023 as a Substitute)
Cllr June Nelson	Appointed August 2023 - present	Attended November 23 and February 24
Cllr Stuart Mathers	Non-Member	Attended in April 2023 as a Substitute
Cllr Kishan Bhatt	Non-Member	Attended in August 2023 as a Substitute

- 2.4 The current Independent Chairman has over 24 years' experience in the public and private sectors working in the internal audit, risk management, business improvement and governance fields.

2.5 The role delegated by the Council to the Audit Committee is to provide independent assurance over the governance, risk management and the system of internal control in operation at the Council. The Audit Committee has fulfilled this role by undertaking the following key activities:

**a) Oversight of Internal Audit**

- The Audit Committee oversaw the activity of the Council's Internal Audit service to assist it in its role of monitoring the internal control, risk management and governance arrangements of the Council's operations. During 2023/24, the Audit Committee reviewed the 2022/23 Annual Internal Audit Report and Head of Internal Audit Opinion Statement, the 2023/24 Annual Internal Audit Plan, and quarterly progress reports and operational plans;
- The Audit Committee also reviewed the key findings from Internal Audit reviews and sought explanations from the Head of Internal Audit about the recommendations emanating from 'Limited' or 'No' assurance audits.
- The Audit Committee continued to monitor the performance of the Internal Audit Service. The Committee has received assurances from the Head of Internal Audit that all actions from the External Quality Assessment of the Internal Audit Service, completed at the end of 2022/23, were confirmed to have been completed during 2023/24.

***The Audit Committee is satisfied that Internal Audit is effective and adds value to the Council.***

**b) Oversight of External Audit**

- The Committee has reviewed the activity of the Council's External Auditors (Ernst & Young) to assist it in its role of monitoring the internal control, risk management and governance arrangements of the Council's operations. The Committee has received and considered the external audit plan, progress updates and reviewed EY performance.
- The Committee confirmed the completion of the 2021/22 annual accounts audit and acknowledged the ongoing national delays in relation to the 2022/23 accounts audit which are consistent with other local authorities. The Committee also monitored the completion of the draft Value for Money and Pension Fund audit results for 2022/23, which were presented in April 2024.

***The Audit Committee is satisfied with the Council's External Audit arrangements during 2023/24***

**c) Prevention and Detection of Fraud and Corruption**

- The Council operates a zero-tolerance policy towards all fraud and corruption. The Counter Fraud Team (CFT) is embedded into all major fraud risks across the three largest areas of expenditure Revenues, Social Care and Housing. The team conducts proactive and reactive counter fraud activity to highlight fraud, loss and error. This minimises the Council's exposure to fraud and maximises its preventative savings.
- The National Fraud Initiative (NFI), is embedded in practice in the CFT through detecting potential fraud by matching electronic data sets within and between public and private sector bodies. Relevant service areas across the Council review

the initial data matches and then refer them to the CFT for investigation (where appropriate to do so).

- The Audit Committee has received consolidated quarterly progress reports from the CFT, a detailed 2023/24 Annual Plan and Annual Report for 2022/23. The team has responsibility for the oversight of the effectiveness of the Council's policies and procedures to prevent and detect fraud and corruption.
- In 2023/24 the CFT had achieved a number of successful outcomes including a total of c£11.2m in loss prevention savings across Council services. These savings included the recovery of 103 council properties due to tenancy fraud.

***The Audit Committee is satisfied with the effectiveness of the Council's counter fraud arrangements during 2023/24.***

#### **d) Risk Management & Corporate Governance**

- The Audit Committee monitored the implementation of the new Risk Management system and processes throughout 2023/24 as part of the Committee's role to independently assess the Council's corporate risk management arrangements.
- They received quarterly risk management reports, including the Corporate Risk Register, and a new Strategic Risk Report in February 2024. These provided assurance that action was being taken on risk related issues.
- The Audit Committee also oversee the production of the Council's Annual Governance Statement (AGS). The AGS for 2022/23 was drafted and submitted to External Audit during the year, however as the 2022/23 audit of the annual accounts has been delayed the final accounts were not presented to the Committee during the year.

***The Audit Committee is satisfied that the Risk Management arrangements enable it to provide sufficient challenge to officers around the identification and management of the key risks to the Council.***

#### **e) Approval of Financial Accounts**

- Throughout 2023/24 the Audit Committee was provided with audit progress reports on the Council's annual statement of accounts for 2021/22. This included considering whether appropriate accounting policies have been followed in relation to the 2022/23 accounts.
- Due to national delays finalising the audit of the 2022/23 annual accounts the Audit Committee had not received the final audit of the accounts by the end of 2023/24. This will be taken forward during 2024/25.

## **3. Conclusion**

- 3.1 The Audit Committee considers that it has continued to make a significant contribution to ensuring that the key elements of the governance framework are given proper consideration and are appropriately challenged. It will continue to develop this role and contribute to strengthen internal control, risk management and governance throughout the authority.

**APPENDIX A: AUDIT COMMITTEE TERMS OF REFERENCE**

The Constitution defines the Terms of Reference for the Audit Committee as:

The Audit Committee's role is 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 programmes 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 and Cabinet Member for Finance on any changes to the Council's Internal Audit Strategy and plans.
- 5) Review the Annual 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 services.
- 7) Following a request to the Corporate Director of Finance and, subject to the approval of the Leader of the Council or Cabinet Member for Finance, 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, subject to the approval of the Leader of the Council or Cabinet Member for Finance, 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, Corporate or Executive 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 risk.
- 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 Leader of the Council and relevant Corporate / Executive Director.
- 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, Cabinet Member for Finance 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.



## INTERNAL AUDIT PROGRESS REPORT

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Claire Baker, Head of Internal Audit & Risk Assurance
<b>Papers with report</b>	Internal Audit Progress Report
<b>Ward</b>	All

### HEADLINES

The attached Progress Report presents the Audit Committee with a summary of the Internal Audit (IA) work covered since the last Committee meeting. It also provides an opportunity for the Head of Internal Audit to highlight to the Audit Committee any significant issues that they need be aware of that have arisen since the last IA Progress Report.

Further, it enables the Audit Committee to hold the Head of Internal Audit to account on delivery of the IA work plan, and Officers to account for managing risk and control weaknesses identified during the course of IA activity.

### RECOMMENDATION:

**That the Audit Committee notes the IA Progress since the last Committee meeting**

### SUPPORTING INFORMATION

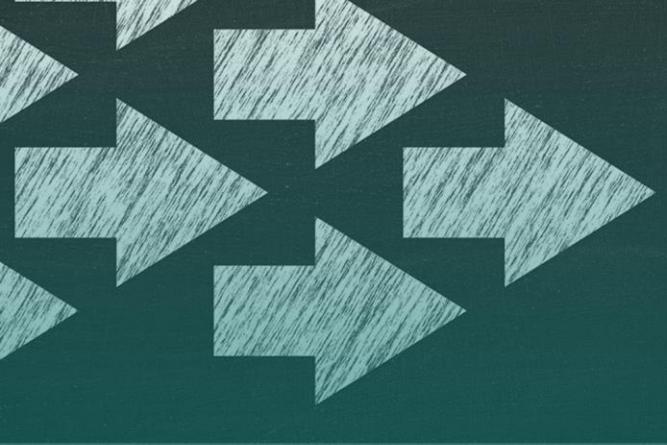
IA provides an independent appraisal and consultancy service that underpins good governance, which is essential in helping the Council achieve its strategic objectives and realise its vision for the borough of Hillingdon.

### BACKGROUND PAPERS

NIL.

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# INTERNAL AUDIT PROGRESS REPORT

8 November 2024



# CONTENTS

The key contacts in connection with this document are:

**Claire Baker**  
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## 1. INTRODUCTION

### The Role of Internal Audit

Internal Audit (IA) provides an independent assurance and consultancy service that underpins good governance, essential in helping the Council achieve its corporate objectives and realise its vision for the borough of Hillingdon. It is also a requirement of the Accounts and Audit (Amendment) Regulations 2021 that the Authority undertakes an effective IA to evaluate the effectiveness of its risk management, internal control and corporate governance processes, taking into account the UK Public Sector IA Standards.

### The Purpose of the Internal Audit Progress Report

This progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all IA work completed since the last Audit Committee meeting. In addition, it provides an opportunity for the Council's Head of Internal Audit (HIA), to highlight any significant issues which have arisen from IA work.

## 2. SUMMARY OF INTERNAL AUDIT ACTIVITY

Internal Audit are continuing to progress a number of reviews in the 2024/25 IA workplan. Since the last Audit Committee meeting, **six** reviews were completed to final report stage. These include:

- **two ADVISORY** reviews: Schools Finances Part 1, where a formal report will be issued at the end of the Part 2 review which is currently ongoing, and Telecare (Intelligent Lilli) which was designed as an advisory review to identify areas of improvement following the recent changes in the service.
- **Three LIMITED** assurance reports and one **NO** assurance report relating to the following areas:

<p>Asset Management (Corporate Properties) (No Assurance)</p>	<p>This review was added to the plan following a request from the Corporate Directorate as it was a known area of improvement. We confirmed there was a lack of appropriate governance controls in place, including no Asset Management Strategy or policies and procedures in place, and no centralised asset management system or register. Without a centralised asset management system or asset register we found there was inconsistent information and collaboration between different services across the Council, with services receiving information at different times when assets are purchased or disposed of.</p> <p>However, Internal Audit did acknowledge initial steps had already been taken by the services to improve the asset management arrangements. Including plans in place to procure an asset management system, and to improve the governance arrangements by forming an Asset Management Board to improve collaboration and oversee the necessary improvements.</p>
<p>Thematic Schools Audit (Limited)</p>	<p>This review assessed the arrangements in place within schools to ensure they are spending their allocated Special Educational Needs (SEN) funding appropriately. We looked at a sample of four schools, with a sample of five students per school, however the findings will be shared with all schools.</p> <p>We reviewed the most recent termly review and provision map for each of the students and confirmed the schools had arrangements in place for matching SEN support to the individual child's needs, and identifying the specific provision required from the school. The schools then reviewed the effectiveness of the support provided through statutory annual reviews, including monitoring the outcomes against their Education and Health Care Plans (EHCPs).</p> <p>However, although the sufficiency of provision was assessed via the child's outcomes and annual review, insufficient evidence was available to verify the funding received had been spent in line with the EHCP and national High Needs Funding 2023 – 2024 Operational Guidance. In particular in relation to the allocation of Teaching Assistants (TAs) as there was no evidence to reconcile actual TA time against the agreed provision.</p>

<p>Section 202 &amp; 204 Appeals (Limited)</p>	<p>Section 202 of the Housing Act 1996 gives applicants the right to appeal and request a review of any decision regarding their eligibility for assistance. This audit reviewed the appeals process, including how feedback was provided to Housing Officers regarding overturned appeals.</p> <p>We tested 27 appeals from the Council's tracker spreadsheet, including eight overturned cases, and found 13 did not adhere to the Regulation 9 timelines and we were unable to verify compliance with Regulation 9 in 11 cases. We also identified gaps in the evidence maintained, for instance 18 cases had insufficient source documentation uploaded to the case file, and none of the overturned cases had documentation detailing how the reviewing officer arrived at their decision or evidence of documented feedback to highlight any areas of improvement with the original decision.</p>
<p>Overtime, Expenses &amp; Mileage Payments (Limited)</p>	<p>This review focused on testing a sample of overtime and expense payments to confirm whether they have been approved and processed in line with the Council's policy.</p> <p>The Business Intelligence Team separately analysed Overtime and Expenses payments over the last three years, and this analysis was used to avoid duplicating the work of the BI team. This review was also completed as a joint review with Counter Fraud due to the potential fraud risks associated with overtime and expense claims.</p> <p>No fraudulent overtime or expense claims were identified through this review. However, control weaknesses were identified, including unclear policies that lead to inconsistent interpretations across teams, poor approval processes that were often after the overtime or expenses had been incurred, and insufficient evidence attached to individual claim forms which prevented effective scrutiny of the appropriateness of the expenditure.</p>

**Four** further reviews are at a draft report stage and should be finalised before the next Audit Committee. For details of these reviews please see *Appendix A*.

Since the last Audit Committee IA has also completed grant claim verification work for the Q2 Supported Families return, the Bus Subsidy Grant Claim and significant work towards the Housing Benefits Grant Claim. Work has also been completed on the review of Business Continuity Plans. For details of the grant claims and ad hoc consultancy reviews currently planned for 2024/25 please see *Appendix B*.

**Changes to the Internal Audit Workplan**

Since the last Audit Committee there has been increased focus across the Council on new ways of working, service redesign and innovation linked to the budget setting process. This has led to a number of changes to the Internal Audit Plan to avoid duplicating other planned transformation work in high-risk areas, and to avoid reviewing areas which are known to be changing or where previous plans have been postponed for higher priority projects.

Due to the ongoing changes across the Council the following reviews have been removed from the plan: Waste Services has been replaced by a review of the Capital Programme as it was a higher priority area, Digital Inclusion and Devise Usage have been postponed until 2025/26 as the planned areas for the review are still being implemented, and Social Care Charges, Utilisation of Housing Stock and Private Sector Housing Procurement have been delayed until 2025/26 as there are significant projects starting in these area to address known areas of improvement.

**3. FOLLOW UP OF MANAGEMENT ACTIONS**

The table in *Appendix C* outlines the agreed management actions followed up since the last Audit Committee meeting. Actions are marked as verified once IA have received evidence to demonstrate the action has been fully implemented. Once all actions from an individual report are verified the report is marked closed and will be removed from the tracker.

In total 62/70 (89%) management actions due to have been implemented were marked as verified or complete. Three were marked as not complete and a new implementation dates are being set when these will be followed up again.

At the time of this report five were marked as unknown as we have not received confirmation from the responsible officer. During the quarter there has been a number of organisational changes and

several responsible officers have left the Council. Meetings are being arranged with the relevant services to agree a new responsible officer.

## **4. FORWARD LOOK**

Over the next quarter the IA team will continue to focus on fieldwork for the 2024/25 reviews and adapting the plan as new priorities emerge through the ongoing transformation work across the Council. We will also start to develop our Internal Audit Plan for 2025/26.

IA would like to take this opportunity to formally thank all staff throughout the Council with whom IA had contact. There are no other matters that the HIA needs to bring to the attention of the CMT and Audit Committee at this time.

**APPENDIX A: IA REVIEWS**

IA Ref.	IA Review Area	Current Status	Assurance Level	Actions & Risk Rating			
				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 2024	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 2024	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	-	-	-	-
24.S15	Overtime, Expenses & Mileage Payments	Final report issued 08 November 2024	LIMITED	5	2	-	-
24.S18	B&B Rent Arrears	Draft report issued 22 October 2024	TBC once final report issued				
24.S16	Personal Appraisals	Draft report issued 21 October 2024	TBC once final report issued				
24.X01	Directorate Governance	Draft report issued 07 October 2024	TBC once final report issued				
24.S01	Organisation Culture (Part Two)	Draft report issued 06 November 2024	TBC once final report issued				
24.C03	Schools Admissions	Report Drafting	TBC once final report issued				
24.S03	Recruitment & Pre-employment checks (Eploy)	Report Drafting	TBC once final report issued				

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IA = Internal Audit	H = High Risk	M = Medium Risk	L = Low Risk	O = Observation
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IA Ref.	IA Review Area	Current Status	Assurance Level	Actions & Risk Rating			
				H	M	L	O
24.P03	Leasehold Management & Service Charges	Report Drafting	<i>TBC once final report issued</i>				
24.S13	HRA Rent arrears	Fieldwork	<i>TBC once final report issued</i>				
24.A02	Transport provider	Fieldwork	<i>TBC once final report issued</i>				
24.A01	Commissioned & Direct Payments	Fieldwork	<i>TBC once final report issued</i>				
24.S05	Decent Homes Standards	Fieldwork	<i>TBC once final report issued</i>				
24.D05	Hillingdon First Card	Fieldwork	<i>TBC once final report issued</i>				
24.F03	Contract Management Oversight	Fieldwork	<i>TBC once final report issued</i>				
24.F04	Debtors	Planning	<i>TBC once final report issued</i>				
24.P02	Capital Programme	Planning	<i>TBC once final report issued</i>				
24.S02	Mandatory Training & Induction	Planning	<i>TBC once final report issued</i>				
24.F06	Budgetary Controls	Planning	<i>TBC once final report issued</i>				
24.S11	HRA Acquisitions (Previously Temporary Accommodation)	Planning	<i>TBC once final report issued</i>				
24.S10	Physical Security	Planning	<i>TBC once final report issued</i>				
24.F02	Key Financial Controls	Planning	<i>TBC once final report issued</i>				
24.C01	Safety Valve Plan (Part 2)	Planning	<i>TBC once final report issued</i>				
24.F01	Post Oracle Implementation	Planning	<i>TBC once final report issued</i>				
24.P01	Community Safety	<i>Planned for Q3 2024</i>	<i>TBC once final report issued</i>				
24.D03	Cyber Security (2)	<i>Delayed to Q4 2024</i>	<i>TBC once final report issued</i>				
24.X03	Savings Programme	<i>Delayed to Q4 2024</i>	<i>TBC once final report issued</i>				
24.X04	Corporate Policies and Procedures	<i>Delayed to Q4 2024</i>	<i>TBC once final report issued</i>				
24.S08	Emergency Evacuation Procedures	<i>Planned for Q4 2024</i>	<i>TBC once final report issued</i>				
<b>Total Number of IA Management Actions Raised</b>				<b>14</b>	<b>29</b>	<b>13</b>	<b>1</b>

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**APPENDIX B: IA AD-HOC CONSULTANCY & GRANT CLAIM VERIFICATION REVIEWS**

IA Ref.	IA Review Area	Current Status
24.G1	Supported Families Q1	<i>Complete - Memo Issued 12 June 2024</i>
24.G1	Supported Families Q2	<i>Complete - Memo Issued 12 June 2024</i>
24.G1	Supported Families Q3	<i>Planned for Q3</i>
24.G1	Supported Families Q4	<i>Planned for Q4</i>
24.G2	Housing Benefit Grant	<i>Fieldwork</i>
24.G3	Mayors Charity Accounts	<i>Planned for Q4</i>
24.G4	Bus Subsidy Grant Claim	<i>Complete</i>
24.Z02	Business continuity plans	<i>Complete</i>
24.Z03	TSM Technical Requirements	<i>Complete</i>



**APPENDIX C: IA FOLLOW UP OF MANAGEMENT ACTIONS**

Ref	Review	Number of Actions		Current Status of Actions:										Comments	
				Verified		Completed		Overdue		Unknown		Not Due			
		H	M	H	M	H	M	H	M	H	M	H	M		
19.A01	Schools Payroll Arrangements	-	8	-	4	-	4	-	-	-	-	-	-	-	
20.A03	Cemeteries: Bereavement Service and Ground Maintenance	2	4	-	-	-	-	-	-	-	-	-	2	4	Due March 2025
20.A06	Estates - Lease Management	1	1	-	1	-	-	-	-	-	-	-	-	1	Due November 2024
20.A31	Exclusions or Education Cases for Vulnerable Young People	-	4	-	3	-	-	-	-	-	-	-	-	1	Due March 2025
21.A03	ICT Service Desk	-	2	-	2	-	-	-	-	-	-	-	-	-	CLOSED
21.A06	Transport Contract Management	-	1	-	1	-	-	-	-	-	-	-	-	-	CLOSED
21.A07	Fostering Service	-	3	-	-	-	3	-	-	-	-	-	-	-	
21.A14	Birth Registration Service	-	3	-	3	-	-	-	-	-	-	-	-	-	CLOSED
21.A16	Procurement – Contract Compliance Management	1	1	1	1	-	-	-	-	-	-	-	-	-	CLOSED
22.A39	Stronger families HUB	1	1	-	-	1	1	-	-	-	-	-	-	-	
22.A42	Fraud prevention controls in tendering & contacts	-	4	-	2	-	-	-	-	-	-	-	-	2	Due April 2025
22.A43	Registrars cash handling	-	1	-	-	-	1	-	-	-	-	-	-	-	Change of officer
22.A45	Adult social care referrals and assessment	-	2	-	1	-	-	-	-	-	-	-	-	1	Due January 2025
22.A46	Colham road	-	2	-	2	-	-	-	-	-	-	-	-	-	CLOSED
22.A58	Merrimans Respite Care Unit	-	1	-	-	-	1	-	-	-	-	-	-	-	
22.C59	Care Leavers Allowances	1	1	-	-	1	1	-	-	-	-	-	-	-	
22.P52	Trading Standards POCA	1	2	-	2	-	-	1	-	-	-	-	-	-	New Date: April 2025
23.A04	Contract Management	-	3	-	-	-	3	-	-	-	-	-	-	-	
23.A06	Neglect (Adults)	-	2	-	1	-	-	-	1	-	-	-	-	-	New Date TBC
23.C04	Neglect (Children's)	-	2	-	-	-	2	-	-	-	-	-	-	-	
23.F01	Risk Management	1	5	1	4	-	-	-	-	-	-	-	-	1	Due March 2025
23.F03	Effectiveness of the Pension Committee	-	2	-	2	-	-	-	-	-	-	-	-	-	CLOSED
23.F04	Oracle Programme	-	1	-	-	-	-	-	1	-	-	-	-	-	New Date: January 2025
23.P01	Private Sector Housing	-	1	-	-	-	1	-	-	-	-	-	-	-	

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23.P02	Capital Programme	1	2	-	-	-	-	-	-	-	-	1	2	Due March 2025
23.P03	Parking Service Income	-	3	-	-	-	2	-	-	-	1	-	-	
23.P05	Climate Action	1	1	-	-	-	-	-	-	-	-	1	1	Due March 2025
23.P06	Facilities Management	-	3	-	-	-	-	-	-	-	-	-	3	Due October 2024
23.S01	IT Application - ContrOCC	-	2	-	-	-	-	-	-	-	-	-	2	Due January 2025
23.S02	Workforce Planning, Establishment & Recruitment	2	2	-	-	-	-	-	-	2	1	-	1	Due March 2025
23.S10	Homeless Housing Applications	1	1	1	1	-	-	-	-	-	-	-	-	CLOSED
23.S12	Social Housing Applications	1	1	1	-	-	1	-	-	-	-	-	-	
23.F02	Payment Card Data Security Standard (PCI DSS)	1	-	-	-	-	-	-	-	1	-	-	-	Change of officer
23.P11	Building Control Action Plan	-	1	-	-	-	1	-	-	-	-	-	-	
23.F07	Fleet Damage	-	4	-	1	-	-	-	-	-	-	-	3	Due March 2025
23.S13	Pool Cars	2	3	-	-	2	2	-	-	-	-	-	1	Due March 2025
23.C03	SEND Data Quality	4	1	-	-	-	-	-	-	-	-	4	1	Due March 2025
23.D02	Performance Information	-	3	-	-	-	-	-	-	-	-	-	3	Due March 2025
23.S14	Uninspected B&Bs	2	3	-	-	-	-	-	-	-	-	2	3	Due March 2025
24.S07	Void Process	-	5	-	-	-	-	-	-	-	-	-	5	Due October 2024
24.D02	Cyber Security (1)	-	3	-	-	-	-	-	-	-	-	-	3	Due December 2024
	<b>SUBTOTAL</b>	23	95	4	31	4	23	1	2	3	2	10	38	
	<b>TOTAL</b>		<b>118</b>	<b>35</b>		<b>27</b>		<b>3</b>		<b>5</b>		<b>48</b>		

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IA = Internal Audit	H = High Risk	M = Medium Risk	L = Low Risk	O = Observation
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## APPENDIX D: INTERNAL AUDIT KEY PERFORMANCE INDICATORS

The Key Performance Indicators (KPIs) for IA quarterly reporting to CMT and the Audit Committee in 2024/25 are set out below:

KPI	Performance Measure	Target	2023/24	Current Status
KPI 1	Planning to be initiated at least six weeks before the planned fieldwork start date to allow the relevant service to prepare documents and ensure staff availability.	80%	82%	83%
KPI 2	Draft Reports to be issued three weeks after the end of fieldwork meeting with the key contact	80%	83%	100%
KPI 3	Final Reports to be issued one week after the final approval received from the Audit Sponsor.	80%	100%	100%
KPI 4	Annual IA Plan delivered to draft report stage by 31st March	90%	91%	TBC
KPI 5	Annual IA Plan delivered to final report stage by 31st March	80%	76%	TBC
KPI 6	Initial documentation requests outlined at the planning meeting to be received by the audit fieldwork start date.	80%	80%	82%
KPI 7	Final approval of the management responses to be received two weeks after the updated report is issued	80%	77%	85%
KPI 8	HIGH and MEDIUM risk IA Management Actions completed within the agreed timescale	80%	65%	89%
KPI 9	HIGH and MEDIUM risk IA Management Action where positive management action is proposed	95%	100%	100%
KPI 10	Client Satisfaction Rating from Feedback Questionnaires	85%	85%	100%

**Key for future reporting on actual KPI performance:**

- **RED** = currently this performance target is not being met (significantly [>5%] short of target performance).
- **AMBER** = currently not meeting this performance target (just short [<5%] of target performance).
- **GREEN** = currently meeting or exceeding this performance target

**APPENDIX E: ASSURANCE LEVELS AND ACTION RISK RATINGS**

ASSURANCE LEVEL	DEFINITION
<b>SUBSTANTIAL</b>	There is a <b>good level of assurance</b> 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 <b>positive assurance</b> that objectives will be achieved.
<b>REASONABLE</b>	There is a <b>reasonable level of assurance</b> over the management of the key risks to the Council objectives. The control environment is in need of 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 <b>some risk</b> that objectives will not be achieved.
<b>LIMITED</b>	There is a <b>limited level of assurance</b> 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 <b>significant risk</b> that objectives will not be achieved.
<b>NO</b>	There is <b>no assurance</b> 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 <b>high risk</b> that objectives will not be achieved.

FINDING RATING	DEFINITION
<b>HIGH</b>	The finding relates to a <b>significant threat</b> that impacts the Council's corporate objectives. i.e. a high number of key business risks remain unidentified and/or unmanaged as control systems do not exist and/or do not operate effectively. <b>The risk requires senior management attention as soon as possible</b> as it may result in the breakdown of part/whole of the service.
<b>MEDIUM</b>	The finding relates to a <b>potentially significant threat</b> that impacts on either corporate or operational objectives. This includes weaknesses in the control systems that are not considered serious but may have some impact on the service. <b>The risk requires management attention</b> and should be addressed within six months to ensure full compliance with expected controls.
<b>LOW</b>	The finding relates to a <b>minor threat</b> that impacts on operational objectives, this includes non-compliance with best practice or local procedures, and minimal impacts on the Service's reputation or budget. <b>The risk may be tolerable in the medium term</b> but management should take action within the next year to improve the control framework to ensure full compliance with expected controls.
<b>OBSERVATION</b>	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 <b>should be shared with others</b> , potential concerns raised during the audit that are <b>outside the scope of the review</b> 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 REPORTS

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Claire Baker, Head of Internal Audit & Risk Assurance
<b>Papers with report</b>	Q2 Risk Management Report Strategic Risk Report Draft Risk Management Policy
<b>Ward</b>	All

The Q2 Risk Management Report presents to the Audit Committee a summary of the Council's risks from the Risk Management System at the end of September 2024. This includes key performance indicators to support the Committee gain assurance risks are being managed effectively across the Council 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 as at the end of September.

The Strategic Risk Report aligns the Strategic Objectives of the Council with the Corporate Risks from the Corporate Risk Register that could impact on those objectives. Due to ongoing changes to the Corporate Management Team the Strategic Risks within this report will be reviewed before the next Audit Committee.

Finally, the draft Risk Management Policy has been updated to reflect the new risk management system and remove incorrect references. This has been shared with the Committee for review and is on the Cabinet forward agenda for approval in January.

### RECOMMENDATION

**That the Audit Committee note the reports and provide feedback on the content and level of assurance received.**

### SUPPORTING INFORMATION

None

### BACKGROUND PAPERS

NIL.

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# RISK MANAGEMENT REPORT

**Q2 2024/25**

30 September 2024



**HILLINGDON**  
LONDON

# CONTENTS

The key contacts in connection with this document are:

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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 about managing opportunities and threats to objectives to help create an environment of “no surprises”. It 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.
- 1.2 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 there are clear roles, responsibilities and methodologies for identifying, recording and managing risks.
- 1.3 This report summarises the Council’s Risk Register as at the end of the quarter and outlines the work undertaken during the quarter to improve risk management arrangements. It is designed to support the Audit Committee to monitor and review (but not direct) the authority’s risk management arrangements, as per the Committee’s terms of reference.

## 2. DIRECTORATE RISK REGISTER UPDATE

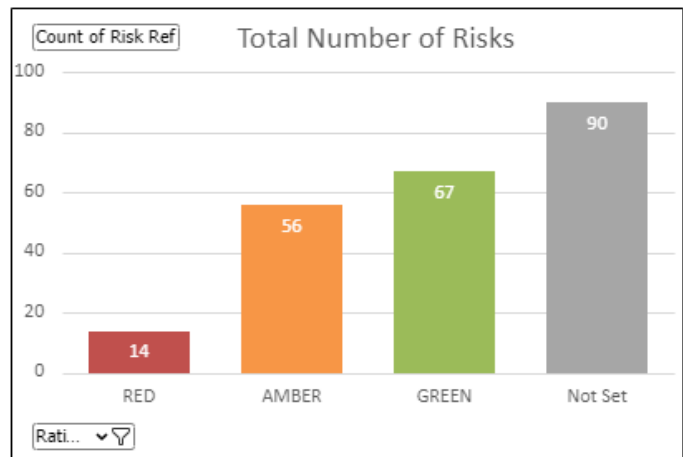
2.1 There were **227 total risks** recorded on the Risk Management System at the end of September 2024. This is only a slight increase from 221 risks at the end of June, and consistent with expectations now the system has been rolled out.

2.2 There were **14 red rated risks** on the risk register (a decrease from 16 at the end of June), which are shown on the corporate risk register in section four of this report.

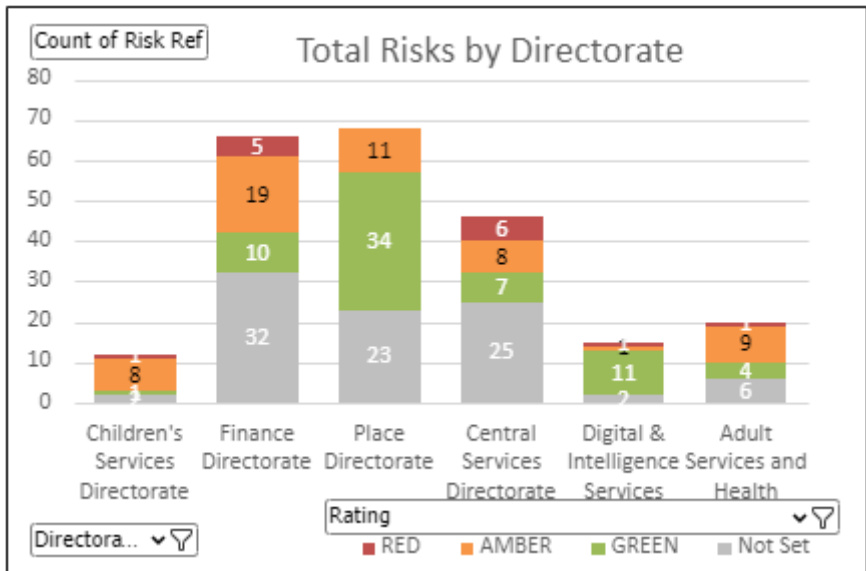
2.3 There were **90 unscored risks** at the end of the quarter (a decrease from 116 at the end of June).

The large number at the end of June related to the Counter Fraud risks that were transferred onto the risk management system at the end of the quarter. These should have been reviewed and scored by the relevant service during quarter two, and therefore it is concerning there are a large number outstanding at the end of September. All risks should be scored in line with the Council’s Risk Scoring Methodology (see Appendix A) to ensure they are escalated and monitored appropriately.

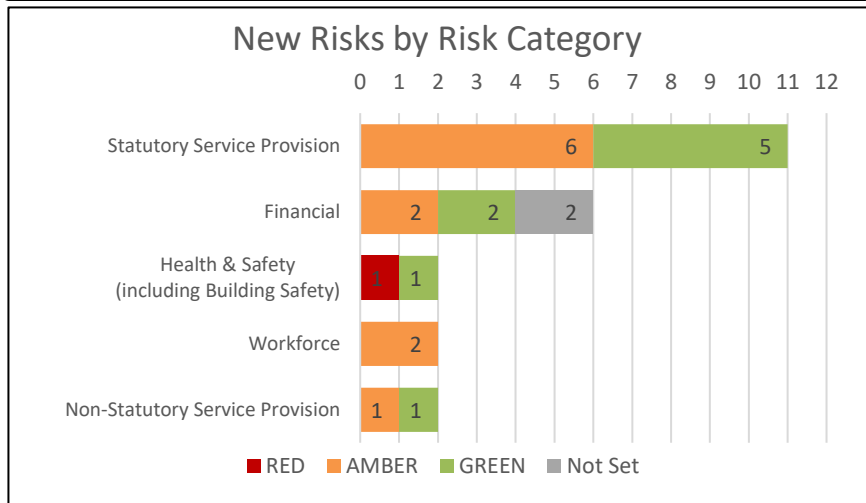
2.4 The high number of unscored risks at the end of the quarter has been raised with the Corporate Risk Management Group and Corporate Management Team. If there continues to be a large number outstanding at the end of the next quarter a more detailed breakdown will be provided to the next Audit Committee to highlight individual services that have not taken action to address these risks.



2.5 The Place Directorate had the highest number of risks per directorate at the end of Q2. Finance had the highest number of risks at the end of June as a large proportion of the fraud risks added to the system related to Services within the Finance Directorate. However many of these risks were reviewed and closed as expected during Q2.

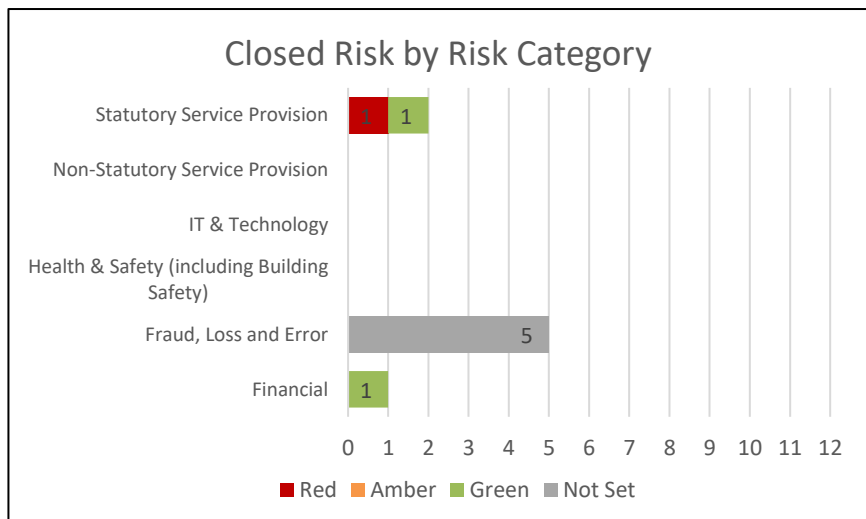


2.6 During Q2 there was a large increase in the number of Statutory Service Provision risks. Including six amber rated risks.



2.7 Three of these six amber risks relate to Community Safety & Enforcement following a review of their risk register by the service, two relate to insufficient workforce capacity within different teams, and one relates to sourcing children's care placements.

2.8 There has also been an increase in financial risks, which is consistent with the overall financial position of the Council.



2.9 During Q2 **8 risks have been closed** on the system. This includes five unscored fraud risks which were reviewed by the relevant service and closed as tolerated, and one red rated risk relating to publishing the draft statutory accounts by the deadline which was closed when the accounts were published.

2.10 At the end of Q2 there were **48 risks overdue** for review on the system. This is a significant increase from 12 risks overdue for review at the end of Q1. Six of these were red rated risks which should be reviewed every month.

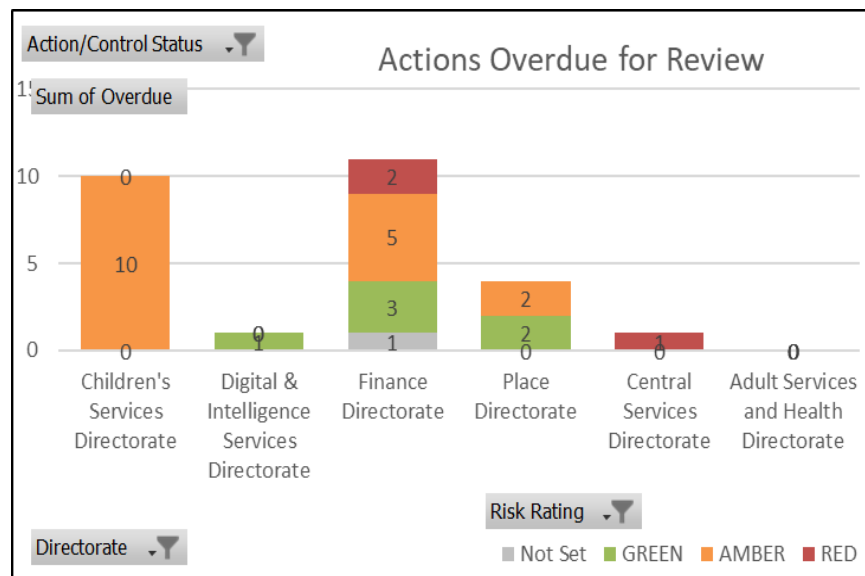
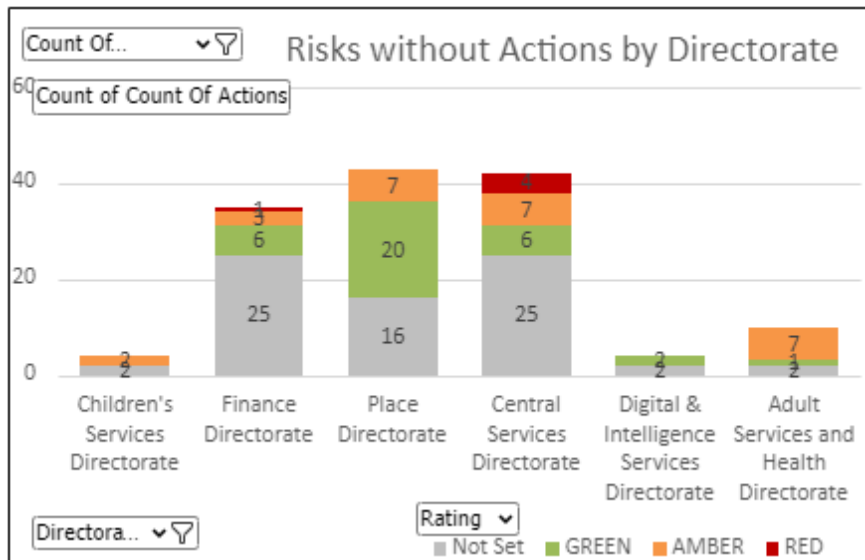
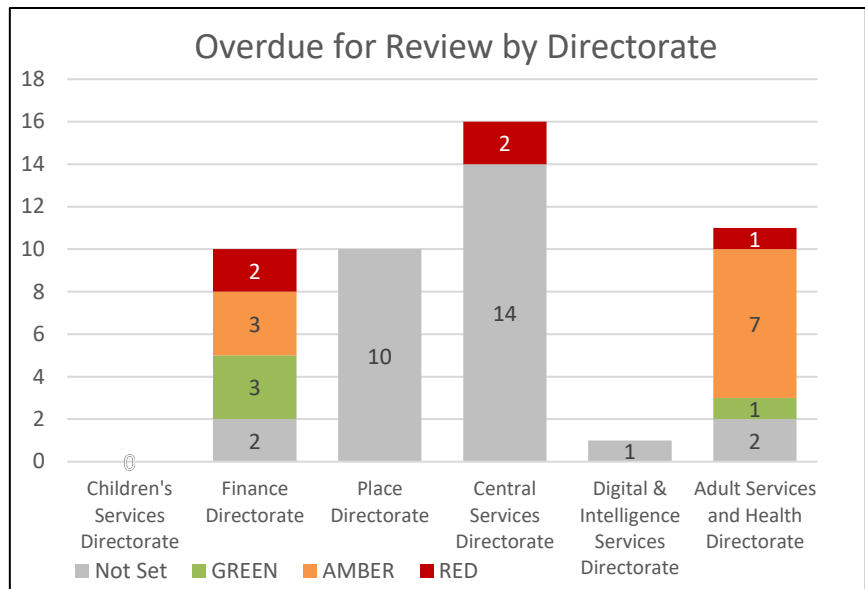
2.11 All risks overdue for review are highlighted through the Corporate Risk Management Group and Corporate Management Team.

2.12 At the end of Q2 there were also **138 risks on the system without actions** assigned to them (61% of all risks). However, this is a slight improvement from 183 risks at the end of Q1 (83% of all risks).

2.13 This included five red rated risks did not have actions recorded (an improvement from nine at the end of Q1). It is expected officers are taking actions to reduce the risks in practice, however these are not documented on the Risk Management system.

2.14 Finally, at the end of the quarter there were **31 actions overdue for review**, an increase from three at the end of Q1. Three of these actions were allocated to red rated risks, this was reviewed and marked as complete following the end of the quarter.

2.15 Although there are some areas of improvement required to ensure all risks are updated and mitigated through actions, there has been a positive level of engagement in the new system and directorate/services taking ownership of their risks. The Head of Internal Audit will continue to work with services to ensure the system is fully embedded.



### 3. CORPORATE RISK REGISTER UPDATE

- 3.1 The Council's Corporate Risk Register (CRR) is an essential part of the Council's Risk Management arrangements. The CRR includes any operational risks from the Risk Management System graded 'red' due to their potential likelihood and impact.
- 3.2 During Q2 two new risks were added to the CRR and four were removed. The two that were added related to:
- Insufficient lone working devices creating a health and safety risk for officers when undertaking visits out in the community. This was a new risk added to the system and action has been taken to purchase devices which will reduce this risk before the next Audit Committee meeting.
  - non-compliance with the civil contingencies act. This was an existing risk in the system but increased to red during Q2 as the Emergency Planning Team has been reduced to one officer, creating a lack of resilience and reduced of resources to assist in an emergency.
- 3.3 The four risks that have been removed from the CRR, include:
- Community DOLs, which has been reduced to Amber following actions by the team to review the resources required to meet the demand.
  - Maintained Schools Funding, which has been reviewed and the rating removed. This may mean the risk has reduced however it may have also been removed incorrectly. This will be raised with the relevant risk owner to ensure it is re-scored before the next Audit Committee.
  - EHM Data, which has been reduced to amber following the work undertaken between the SEND Team and Finance Team to improve data quality.
  - Failure to publish the draft accounts, which was closed once the draft accounts were published in line with the required timeframe.
- 3.4 Red rated risks should be reviewed monthly however seven of the risks had not been reviewed in September and therefore were considered overdue for review. The risks overdue for review were raised through the Corporate Risk Management Group.

### 4. FORWARD PLAN

- 4.1 Over the next quarter the Head of Internal Audit will continue to monitor the use of the new Risk Management System on behalf of the Audit Committee and provide additional training where requested to ensure it is embedded effectively.
- 4.2 The Key Performance Indicators will also continue to be shared with the Corporate Risk Management Group and Corporate Management Team.

## APPENDIX A: SUMMARY OF CORPORATE RISKS AS AT Q2 2024



LIKELIHOOD	Very High (A)		(7)	(4)	(1)
	High (B)			(6)	(2) (3)
	Significant (C)			(10) (11) (12) (13) (14)	(5)
	Medium (D)				(8) (9)
	Low (E)				
	Very Low (F)				
		Small (4)	Medium (3)	Large (2)	Very Large (1)
<b>IMPACT</b>					

CRR Risk:		2024/25 Q1		2024/25 Q2	
		Review Date	Rating	Review Date	Rating
1	STRAF0002 - Ability to Deliver a Balanced Budget in the Short and Medium Term	15/05/2024	Increase A1	22/08/2024	Static A1
2	FINMAN0005 - Uncertainty over the Safety Valve Agreement and impact if it is not held by DfE	15/05/2024	New D1	10/07/2024	Increase B1
3	LANDB0004 - Decent Homes Non-Compliance	12/04/2024	Static B1	19/09/2024	Static B1
4	LANDB0011 - Housing Landlord Service - Not Meeting Regulatory Requirements	29/06/2024	New A2	29/06/2024	Static A2
5	TECH0001 - Cyber Security	17/06/2024	Static C1	17/06/2024	Static C1
6	LANDB0019 - Lone-working devices - no visiting officers within housing have lone working devices.	-	-	17/09/2024	New B2
7	PENS0014 - Failure of employers to deliver accurate and timely employee administration information	30/05/2024	New A3	29/08/2024	Static A3
8	TRSA0003 - Liquidity Risk	10/06/2024	New D1	17/09/2024	Static D1
9	HESAFE0001 - Non-compliance with the Civil Contingencies Act 2004	-	-	17/09/2024	New D1
10	PROCUR0002 - Financial Resilience of Contracts	12/03/2024	Decrease C2	23/09/2024	Static C2
11	LANDB0003 - Decarbonisation	12/04/2024	Static C2	19/09/2024	Static C2
12	DIRECC0005 - Home to School Transport	20/06/2024	Static C2	08/08/2024	Static C2
13	HOUSNE0001 - High Levels of Homelessness Demand	29/06/2024	New C2	29/06/2024	Static C2
14	CHILSC0012 - Increasing cost of external residential provision and reduced internal resilience	25/06/2024	Increase C2	26/09/2024	Static C2
-	LEARN0001 - Community DOL	18/06/2024	Static C2	Decreased to D3	
-	FINMAN0016 - Maintained Schools Funding	21/06/2024	Static D1	Decreased to Unscored	
-	FINMAN0003 - The risk that our child level data in EHM may not be correct	22/04/2024	New B1	Decreased to D3	
-	TRSA0004 - Failure to publish draft accounts within statutory deadline	10/06/2024	New A3	Closed 25/07/2024	

**APPENDIX B: RISK SCORING METHODOLOGY**

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

# 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: Meeting Care Placements and SEND Support	C1
	HLBC0010: Adult Social Care Demand	D2
	<i>No Strategic Risks Recorded</i>	N/A
	<i>No Strategic Risks Recorded</i>	N/A



Strategic Objective:		<b>Safe and strong communities</b> - 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:	<b>B1</b>	Linked Operational Risks:	CRR Rating
Exec Lead:	Dan Kennedy	Current Rating:	<b>C2</b>	LANDB0006: Legal Disrepair – HRA	<b>C3</b>
Date Added:	01/11/2023			LANDB0005: Damp and Mould	<b>C3</b>
Last Review:	21/06/2024	Target Rating:	<b>E2</b>	LANDB0004: Decent Homes/ Thermal efficiencies	<b>B1</b>
Next Review Date:	21/09/2024	Change:	<b>Static</b>		
Risk Description		Primary Controls		Sources of Assurance	Key Performance Indicators
<p>The buoyant housing market and increased housing regulations has led to a decreased supply of affordable housing, whilst Welfare Reforms and inflation has led to an increase in homelessness and housing demand.</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, however inadequate housing can lead to a detrimental impact on the health, wellbeing, and educational attainment of residents. The risk is also increased due to Heathrow Airport located within the borough leading to significant numbers of individuals seeking asylum within the area.</p>		<ul style="list-style-type: none"> <li>The Council has implemented a programme of new developments and buying back former 'Right to Buy' (RTB) and vacant properties.</li> <li>As part of the Council's transformation programme we are implementing, additional measures to help reduce demand on services. This includes providing more intensive advice and signposting at an earlier stage.</li> <li>Decent homes improvement programmes are in place and a significant fire safety works programme is nearing completion.</li> </ul>		<p>Level 1: Housing Action plan</p> <p>Level 2: Housing Steering Group Reports, Housing Board, KPIs</p> <p>Level 3: Internal Audit review into Decent Home Standards</p>	<p>Homelessness Advice this month: <b>501</b></p> <p>Housing Supply this month: <b>29</b></p> <p><b>5 decrease from last month</b></p> <p><b>9 increase from last month</b></p>
Actions:				Review Date:	
<p>Transformation programme in place to review the delivery of the project plan. Key actions:</p> <ul style="list-style-type: none"> <li>- acquire 300 additional social rented LBH homes by 31 March 2025</li> <li>- increase procurement of Private Rented Sector accommodation by 31 March to reduce B&amp;B numbers to 233 (budget plan)</li> <li>- review / implement changes to the homelessness pathway and triage process</li> </ul>				Dan Kennedy: 16 September 2024	



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:	None	CRR Rating
Exec Lead:	Richard Ennis	Current Rating:	B1			
Date Added:	01/11/2023	Target Rating:	E1			
Last Review:	17/10/2024	Change:	Increasing			
Next Review Date:	17/12/2024					

Risk Description	Primary Controls	Sources of Assurance	Key Performance Indicators
<p>This risk arises from the significant reductions in funding from Central Government whilst at the same time 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 interest rates, inflation and wider demand-led and demographic pressures on statutory services.</p> <p>This increases the potential that the Council will be unable to meet its statutory obligation to set and operate within a balanced budget, and moving forward more increased transformation savings targets will need to be delivered. The Council ended 2023/24 with usable reserves of £35.2m only slightly above the recommended minimum and lower than forecast when setting the 2024/25 budget. The cumulative DSG deficit now stands at circa £60m which is greater than the usable reserves.</p>	<ul style="list-style-type: none"> <li>Governance arrangements for the Council's Business Transformation Programme have been agreed by the Leader of the Council. Business Transformation projects are now captured in one place to help ensure they are all closely aligned to the MTFF.</li> <li>Budget holders engaged in budget setting process and ongoing budget monitoring.</li> </ul>	<p>Level 1: MTFF</p> <p>Level 2: Monthly budget monitoring reports</p> <p>Level 3: Internal Audit of the budget monitoring arrangements</p>	TBC

Actions: Review Date:

ZBB and Star Chambers  
SMM leadership team cascades  
Spending control panel

Richard Ennis, 17/12/2024

Strategic Objective:		<b>A digital-enabled, modern, well-run council</b> - 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	Target Rating:	D3		
Last Review:	19/09/2024	Change:	Static		
Next Review Date:	19/12/2024				
Risk Description	Primary Controls	Sources of Assurance	Key Performance Indicators		
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.	<ul style="list-style-type: none"> <li>Digital and Intelligence Directorate digital transformation programme.</li> </ul>	Level 1:  Level 2: Hillingdon Information Assurance Group (HIAG) programme of work  Level 3: Cyber360 assessment scheduled for 2024/25	Email demand this month: <b>10k</b>	1k increase from last month	
			Phone demand this month: <b>83k</b>	2k increase from last month	
Actions:			Review Date:		
None					

Strategic Objective:	<b>A digital-enabled, modern, well-run council</b> - 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	Target Rating:	E3		
Last Review:	13 June 2024	Change:	Static		
Next Review Date:	13 September 2024				
Risk Description	Primary Controls	Sources of Assurance	Key Performance Indicators		
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. This results in a serious disruption to the service, impacting on residents, and potentially significant unplanned costs whilst alternative providers are sourced.	<ul style="list-style-type: none"> <li>Contract management arrangements within each service to monitor suppliers and identify any who may potentially be at risk of failure through the monitoring of their ongoing performance.</li> </ul>	Level 1: contract management arrangements at a service level  Level 2:  Level 3: Internal Audits into contract management			
Actions:				Review Date:	
Ongoing procurement transformation programme, including strengthening the training for contract managers to raise any concerns in relation to potential concerns with contractors.				Andy Evans: 11/10/2024	

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: Meeting Care Placements and SEND Support			
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:	18/09/2024	Change:	Static		
Next Review Date:	24/01/2025				
Risk Description	Primary Controls	Sources of Assurance	Key Performance Indicators		
<p>Market conditions and the outsourcing of placements has reduced the availability for children and inflated the price.</p> <p>Although there is a smaller number of children requiring care, there is an increased complexity of needs and a reduction in post Covid numbers of foster carers equipped to meet the needs of children with complex needs. The change to regulatory requirements for 16-17 year olds is also likely to reduce further availability for this group</p>	<ul style="list-style-type: none"> <li>Participation in the regional development of plans aimed at better meeting the demand.</li> <li>Review of the existing placements to ensure age-appropriate placements and maximising inhouse provision.</li> <li>Joined Pan London Vehicle that leads the development of a London Secure Home</li> <li>SEND Sufficiency plan developed, including improved projections and forecasting of need and improved rigour to use more local mainstream provision where appropriate so only the most complex have high cost INMSS placements.</li> <li>Substantial increase of placements through building more SRPs, DUs, assessment base and improving local SEND provision</li> </ul>	<p>Level 1:</p> <p>Level 2: Monitoring placement requests through HARP and Complex HARP and High-Cost panel.</p> <p>Level 3:</p>	<p>SEN Placement Costs this Month: <b>£2.9M</b></p> <p>LAC Placement Costs this month <b>£2M</b></p>	<p>£7k increase from last month</p> <p>£513k decrease from last month</p>	
Actions:				Review Date:	
<ol style="list-style-type: none"> <li>Two new properties registered with Ofsted, and support for semi-independent providers to register with Ofsted</li> <li>Brokerage transformations projects with ASC, reviewing the Fostering offer and identify additional residential beds</li> <li>Review of the existing placements to ensure age-appropriate placements and maximising inhouse provision.</li> <li>DSG Recovery Programme including banding and OAP Review and placement analysis across all provisions.</li> </ol>				<p>Completed 28/06/2024</p> <p>Completed 28/06/2024</p> <p>Completed 28/06/2024</p> <p>Abi Preston: 11/01/2025</p>	

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 Controls	Sources of Assurance	Key Performance Indicators		
<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. 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>	<ul style="list-style-type: none"> <li>Work to develop a new social care 'front door' using AI to answer calls for social care and first level triage has proved successful.</li> <li>A full upgrade of the client system will take place on 9th January, 2024 to improve data and monitoring of the demand.</li> <li>Targeted early intervention through reablement and the introduction of 'Intelligent Lilli' to give better insights into care needs address demand through the front door for adults. Additionally, the development of reablement for people with mental health needs is being worked up.</li> <li>Work with NHS partners is ongoing to address acuity following issues that have escalated following the pandemic.</li> <li>Intensive work on the BCF and reviewing and aligning system funding and priorities to ensure that these address the needs of residents in the community.</li> </ul>	<p>Level 1: BCF and community based review of spending with GT</p> <p>Level 2: Output data from reablement &amp; intelligent Lilli and ASCOF measure of still at home 91 days later</p> <p>Level 3: Completion of the upgrades to the client system</p>	<p>ASC Placement Costs this month: <b>£9.7M</b></p>	<p><b>£3.6m Increase from last month</b></p>	
Actions:					Review Date:
<ol style="list-style-type: none"> <li>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</li> <li>Submit a fully complete BCF Assurance document within the required timelines</li> <li>Implement and monitor the outputs of Intelligent lilli pilot.</li> </ol>					<p>Sandra Taylor: 1 November 2024 Sandra Taylor: 2 November 2026 Sandra Taylor: 1 November 2024</p>

LIKELIHOOD			RISK SCORE			
Greater than 90%	This Week	<b>Very High (A)</b>	<b>A4</b> (6)	<b>A3</b> (12)	<b>A2</b> (18)	<b>A1</b> (24)
70% to 90%	Next Week / This Month	<b>High (B)</b>	<b>B4</b> (5)	<b>B3</b> (10)	<b>B2</b> (15)	<b>B1</b> (20)
50% to 70%	This Year	<b>Significant (C)</b>	<b>C4</b> (4)	<b>C3</b> (8)	<b>C2</b> (12)	<b>C1</b> (16)
30% to 50%	Next Year	<b>Medium (D)</b>	<b>D4</b> (3)	<b>D3</b> (6)	<b>D2</b> (9)	<b>D1</b> (12)
10% to 30%	Next 5 Years	<b>Low (E)</b>	<b>E4</b> (2)	<b>E3</b> (4)	<b>E2</b> (6)	<b>E1</b> (8)
Less than 10%	Next 10 Years	<b>Very Low (F)</b>	<b>F4</b> (1)	<b>F3</b> (2)	<b>F2</b> (3)	<b>F1</b> (4)

IMPACT				
	<b>Small (4)</b>	<b>Medium (3)</b>	<b>Large (2)</b>	<b>Very Large (1)</b>
<b>Financial:</b>	Up to £250k	£250k - £1million	£1million - £5million	Over £5million
<b>Service Provision:</b>	Slightly reduced	Service suspended short term	Service suspended long term / statutory duties not delivered	
<b>Health &amp; Safety:</b>	First Aider required	Broken Bones/Illness	Loss of life / Major illness	Major loss of life / large scale major illness
<b>Workforce:</b>	Negative morale	Some hostility / minor non cooperation	Industrial action	Mass staff leaving
<b>Reputation:</b>	Minor Letters	Adverse local media	Adverse national publicity	Remembered for years
<b>Government Relations:</b>	Poor assessment		Service taken over temporarily	Service taken over permanently

# Risk Management Policy

(DRAFT: October 2024)



**HILLINGDON**  
LONDON

[www.hillingdon.gov.uk](http://www.hillingdon.gov.uk)

## 1. INTRODUCTION

- 1.1 The London Borough of Hillingdon (LBH) has a statutory responsibility to ensure arrangements are in place for managing risks. Risk management should be embedded into the culture of the organisation, with members and officers recognising that risk management is part of their role.
- 1.2 Risk Management is about managing opportunities and threats to objectives and in doing so helps create an environment of “no surprises”. It is a crucial element of good management and a key part of corporate governance. Risks can never be entirely eliminated but proportionate and targeted action should be taken to reduce risks to an acceptable level.
- 1.3 Managing risk is part of everyday business for the Council and is a process that 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. This policy and guidance provides a framework to ensure:
  - Clear accountabilities and well defined roles and responsibilities for managing risks
  - Employees have the knowledge and skills to identify and manage risks
  - Risks are identified at an early enough stage and their likelihood and impact on Council business is accurately assessed and appropriate action is taken to mitigate the potential risk
  - Decisions are taken having considered relevant risks
  - The impact of risk management is evaluated.
- 1.4 The Chief Executive, the Corporate Management Team (CMT), Senior Management Teams (SMTs), Members of the Audit Committee, Members of Cabinet and Full Council should be familiar with this policy and guidance. This document applies to all employees of the Council, with the exception of schools as they are required to put in place their own local risk management arrangements.

## 2. PURPOSE

- 2.1 The Council is committed to providing high quality services in the most efficient and cost effective way that puts its residents first. The management of risk is a core element of corporate governance to ensure the Council's priorities for improvement as well as day to day services are delivered as expected. For the purpose of this policy and guidance, risk is considered to mean anything that will, or has the potential to, adversely affect the achievement of Council objectives and/ or disrupt day-to-day operational service delivery.

## 3. RISK MANAGEMENT FRAMEWORK

- 3.1 To ensure effective risk management, the Council will:
  - Incorporate risk management into service improvement and everyday management arrangements
  - Identify, assess and manage risks so as to minimise the potential costs and disruption to services caused by undesired events
  - Raise employee awareness of risk management through promotion, training, performance management and review



- Make informed decisions based on a balance between risk and the benefits that may be realised from opportunities for service improvement
  - Encourage innovation and improvement through taking calculated and well managed risks to improve services for residents
  - Support the Annual Governance Statement in relation to the authority's system of internal control, corporate governance arrangements and risk management framework
  - Work in partnership to manage risks.
- 3.2 Risks should be recorded, escalated and communicated as appropriate. At a Service and Directorate level, risks should be escalated to SMT leads for consideration, and where appropriate escalated to Corporate Directors for discussion with CMT. Cabinet Members and the Leader of the Council must be informed of all Strategic and Corporate risks as well as any key risks appearing in the Directorate Risk Registers, with a decision sought on the recommended mitigating action, where appropriate.
- 3.3 The Council's approach to risk management requires managers and staff to undertake the following steps:
- 1) Risk Identification
  - 2) Risk Analysis & Evaluation
  - 3) Risk Response
  - 4) Risk Monitoring & Review
  - 5) Risk Reporting

## 4. RISK MANAGEMENT CYCLE

### Risk Identification

- 4.1 There are many different types of risks that could affect Council business. These include risks to the Council's finances, the delivery of services, the health and safety of staff and residents, and anything that affects the reputation of the Council. Managers must ensure they, and their teams, are alert to risks and consider how risks could affect service delivery and service improvement.
- 4.2 The annual planning and ongoing performance review process as part of the Council's corporate governance arrangements is also an opportunity to identify potential risks to service delivery or achieving the service objectives. Managers and their teams are expected to discuss any potential and emerging risks as they are identified.

### Risk Analysis & Evaluation

- 4.3 Officers must use the Council's risk management scoring methodology to assess a risk (refer to **Appendix A**). The assessment of a risk is based on a combined score from the likelihood of the risk occurring and the impact in the event that the risk is fully realised. The risk scoring methodology shows the risk criteria in use to guide officers when assessing the likelihood/impact of the risk and the score the assessment will produce.
- 4.4 All risks must be recorded in the Council's risk management system. The risk assessment will lead to the risk being graded either 'red', 'amber' or 'green'. Those risks with the greatest likelihood and/or the greatest impact to Council business will be graded 'red'. 'Red' graded risks will be escalated to CMT to be regularly reviewed and lead officers must prioritise actions to minimise the Council's exposure to these risks. 'Amber' graded risks should be escalated to Directorate SMT to be regularly reviewed and actions monitored at a Directorate

level. 'Green' graded risks should be managed at a local level and reviewed through service level team meetings and action plans.

- 4.5 Managers can record project specific risks as part of service risk register or in a separate project risk register on the risk management system. Where risks impact on more than one service area the relevant Heads of Service should agree which service will lead on the risk, or whether it would be more appropriate to add two separate linked risks.

### Risk Response

- 4.6 Managers must agree and take action to mitigate the impact and/or likelihood of all risks to an acceptable level. The action to be taken and the lead senior officer accountable to progress the action must be recorded on the risk management system.
- 4.7 Managers should consider all options available when identifying actions to mitigate or prevent a risk. Actions for Amber and Red rated risks should be agreed with CMT or the relevant SMT, these could include agreeing not to proceed with a proposal which has significant risks attached to it. For example, the cost of proceeding with a proposed service improvement may outweigh the benefits to be realised and therefore the proposal may have to be reconsidered.
- 4.8 A risk may be removed from the risk register where it is no longer thought necessary to keep it under review or where the risk has been terminated. A justification should be added to the risk record on the risk management system to document why the risk is no longer required. Typically this will be because the mitigating actions have been fully implemented and the residual risk is considered acceptable.

### Risk Monitoring & Review

- 4.9 All risks must be regularly reviewed and the risk management system updated as required. There are governance arrangements for monitoring and reviewing risks (refer to **Appendix B**). This includes:
- As a minimum, a quarterly review of corporate ('red' rated) and directorate ('amber' rated) risks by the Directorate SMTs and CMT
  - A quarterly review of the strategic and corporate risks by senior managers through the Corporate Risk Management Group (CRMG), see **Appendix D** for terms of reference.
  - A quarterly review of the strategic and corporate risks by the Leader of the Council, Cabinet Member for Risk and Audit Committee.

### Risk Reporting

- 4.11 All red rated risks are presented to CRMG and the Audit Committee on a quarterly basis. Key performance indicators relating to the effectiveness of the Council's risk register and risk management arrangements are also presented to CRMG and the Audit Committee on a quarterly basis. A summary of the Risk Management arrangements over the year is included in the annual Risk Management Report.

### Risk Appetite

- 4.12 Risk appetite is the phrase used to describe how much risk the Council is prepared to take in pursuit of its objectives. Due to its diverse range of services the Council does not have a single risk tolerance and the appetite for risk will vary between different risk categories.
- 4.13 Considering and setting risk appetite enables the Council to optimise its risk taking and accepting calculated risks by enabling risk-reward decision making. Equally, it reduces the likelihood of unpleasant surprises. Risk targets should be determined for each risk based on the overarching risk appetite.

## 4 ROLES AND RESPONSIBILITIES

5.1 It is the responsibility of all employees to identify and manage risk effectively. The following roles and responsibilities underpin effective officer leadership for risk management. Further information about the wider roles and responsibilities for risk management and the governance arrangements for reviewing and mitigating risks can be found in [Appendix B](#).

### 5.2 Directors/Deputy Directors

- Are accountable for effective risk management in their Directorate
- Provide leadership within their Directorate for risk management
- Ensure that arrangements for identifying, mitigating and reviewing risks are working effectively and in line with relevant policies, procedures and guidelines
- Review and update the risks for the Directorate with the relevant Lead Member on a quarterly basis.

### 5.3 Heads of Service/Service Managers

- Must actively identify and take action to mitigate any risks which could affect service delivery and service improvement
- Bring significant (rated amber or red) or escalating risks to the attention of the Directorate SMT
- Ensure that staff within each of the service areas understand and are alert to all potential risks
- Ensure that members of staff attend relevant and appropriate training
- Provide regular updates on risk management as required.

### 5.4 All Staff

- All members of staff have a responsibility to identify, assess and manage risks effectively in their job, report risks to their managers and to work within the appropriate risk management process.

## 5 Wider Risk Management Arrangements

### Service and Financial Planning

6.1 Risk management is part of service and financial planning. Managing strategic risks is a core responsibility for senior managers in close liaison with Elected Members. The annual planning process requires services and directorates to consider and report risks that may affect or arise from service improvement and financial budget proposals. The Council's capital programme includes risk management as part of the criteria used to allocate resources.

### Project Management

6.2 Hillingdon has a Council-wide approach to project management. The management of risks is seen as one of the key requirements for delivering successful projects. Where a project management approach is required, the risks to achieving the project are monitored throughout the life of the project.

### Contractual Arrangements

- 6.3 Risks identified through the contract management process are recorded and managed for individual service providers and kept under review as part of the Council's contract management framework.

## 7. Promotion, Training and Support

- 7.1 To support the development of a robust approach to risk management in the Council, all managers are encouraged to complete the e-learning risk management module. The Corporate Risk Management Group will monitor training and support for risk management and provide further information/ briefings on risk management as and when needed.
- 7.2 Training on risk management for Elected Members and the Independent Chair of the Audit Committee is facilitated by the Risk Assurance team. This is provided on an individual basis through the induction process, as part of the annual Member Development Day, or as a specific session within the corporate Training & Development Plan co-ordinated by Democratic Services.

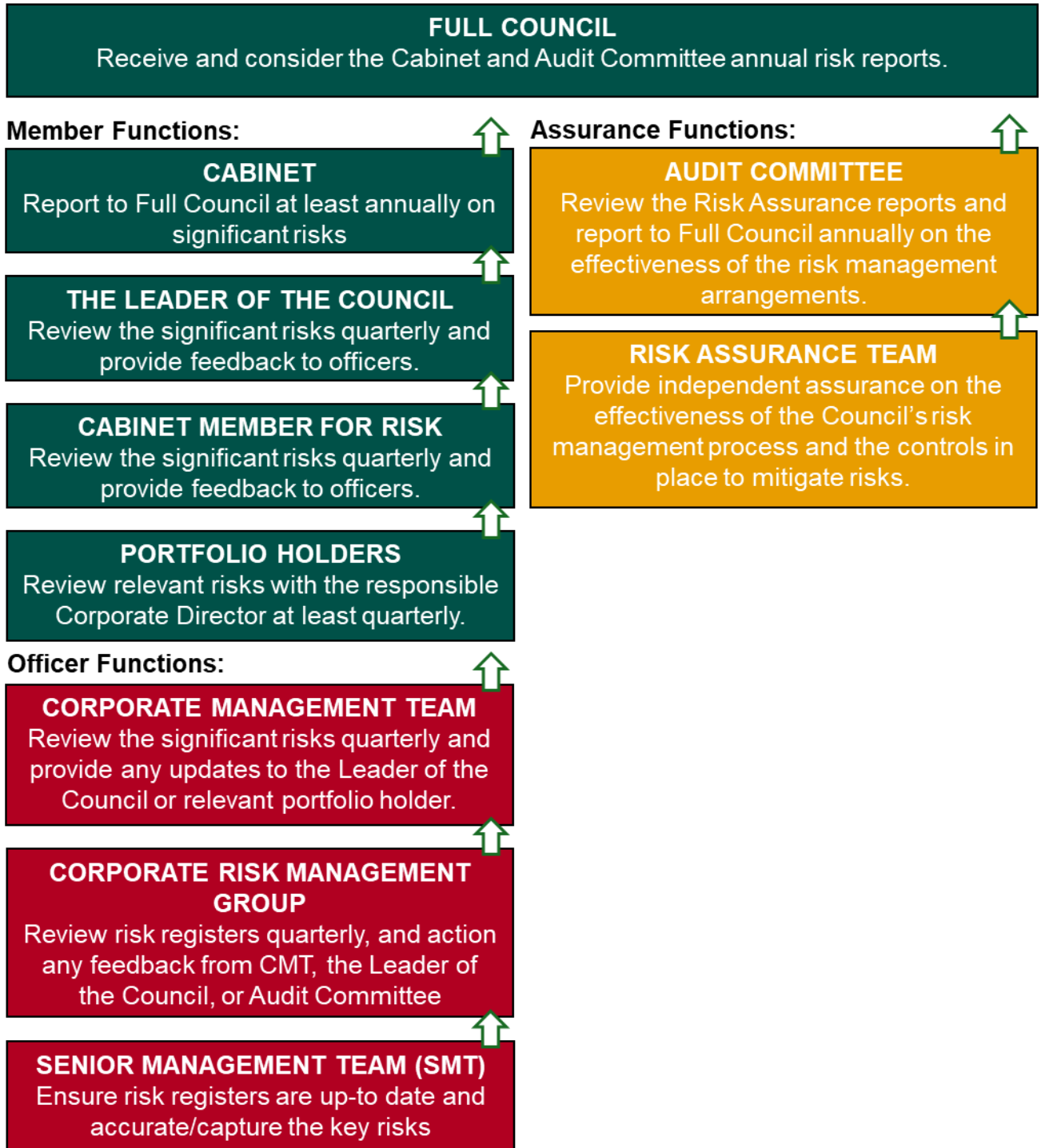
## 8. Review Cycle

- 8.1 The Council's Risk Management Policy and Guidance will be updated periodically (as and when required) and be subject to a detailed review every 3 years to ensure it is up to date with best practice in this area. The next detailed review is planned for September 2027.

**APPENDIX A. RISK SCORING METHODOLOGY**

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

**Appendix B: Corporate Governance of Risk Management**



## **Appendix C: Risk Management Roles & Responsibilities**

### **Elected Members**

#### The Leader of the Council

- To review significant risks on a quarterly basis (or otherwise through direct contact with Cabinet Members) and provide feedback to officers as appropriate.

#### The Cabinet

- To promote risk management and take risk management issues into account when making decisions
- To receive annual Audit Committee reports on the risk management framework
- As portfolio holders, to review the relevant Risks on the Council's Register with Corporate Directors at least quarterly.

#### Cabinet Member for Risk Management

- To specifically champion risk management within the Council and to provide leadership on the issue amongst Elected Members
- To ensure that risk management is given due consideration in Cabinet discussions
- To attend Audit Committee meetings as required to present on the risk management arrangements

#### Audit Committee

- To periodically review the Council's Risk Management policy, guidelines and framework
- To review the effectiveness of the risk management arrangements at least quarterly
- To review significant risks (Corporate and Strategic risks) on a half yearly basis, or at such frequency as it considers necessary and provide feedback to officers as appropriate
- To report to Full Council annually providing assurance that the risk management process is operating effectively, and reporting concerns on specific risks on an exception basis.

#### All Service Policy and Overview Committees

- To oversee the application of risk management principles within their specific service areas
- To review the management of risks within individual services where appropriate.

#### Full Council

- Full Council has ultimate responsibility for risk management within Hillingdon and this responsibility is exercised via the Audit Committee. Full Council will need to consider the annual report from the Audit Committee.

## Officers

### Corporate Management Team (CMT)

- CMT has overall responsibility for the operation of the agreed risk management approach within the Council's business operations
- To give due consideration to risk management in strategic decision making and performance management, and ensure that advice to Cabinet and other member bodies takes full account of risk management considerations
- To review all significant risks at least quarterly, ensuring that all emerging risks have been identified and appropriate actions are being taken, and report comprehensively to the Leader of the Council
- To periodically review the Council's risk management policy, guidelines and the effectiveness of the risk management arrangements.

### Corporate Director of Finance (CMT Risk Management Lead)

- To act as the champion of risk management within the Council's management structure
- To lead on the development of the Council's risk management framework
- To ensure that the risk management strategy and framework meet appropriate standards of best practice
- Operational responsibility for the implementation of the risk management strategy and framework
- Co-ordination of the Corporate Risk Management Group

### Directors/Deputy Directors/Heads of Service

- Are accountable for effective risk management in their Directorate/Service
- Provide leadership within their Directorate/Service for risk management
- Nominate a risk champion at SMT level who will co-ordinate and promote risk management within the Directorate
- Ensure that arrangements for identifying, mitigating and reviewing risks are working effectively and in line with relevant policies, procedures and guidelines
- Review and update the risks for the Directorate with the relevant Lead Member on a quarterly basis

### Service Managers

- Actively identify and take action to mitigate any risks which could affect service delivery and service improvement
- To bring significant or escalating risks to the attention of the Directorate SMT
- Ensure that staff within their service areas understand and are alert to potential risks
- Ensure that members of staff attend relevant and appropriate training
- Provide regular updates on risk management as required

### Corporate Risk Management Group (CRMG)

- To share good practice on risk management and to promote risk management across the authority
- To meet on a quarterly basis to raise or discuss material risk management issues and ensure matters identified are appropriately progressed
- To report to CMT on risks and risk management issues



Risk Champions (representative from each Directorate)

- To promote risk management within their Directorate
- To provide support on risk management issues within their Directorate
- To ensure that the risk management framework is being applied within their Directorate
- To ensure appropriate reporting to SMT's and CRMG

Internal Audit & Risk Assurance

- To provide independent and objective assurance on the risk management process and the controls in place to mitigate risks
- To provide an Internal Audit Plan that is based on a reasonable evaluation of risk and to provide an annual assurance statement to the Council based on work undertaken in the previous year
- Production of reports for CMT, the Leader of the Council and Audit Committee on the operation of the risk management process and the current status of the high-level corporate risks

All Staff (whether permanent or temporary)

- Have a responsibility to ensure that they are aware of this policy and to ensure risks are identified and managed in line with relevant policies, procedures and guidelines; and
- Are to undertake training as required.

## Appendix D

# CORPORATE RISK MANAGEMENT GROUP TERMS OF REFERENCE

## 1. Purpose

- 1.1 The Corporate Risk Management Group (CRMG) is responsible for ensuring good practice in risk management as well as promoting risk management across the Council.
- 1.2 CRMG will ensure significant risks that may impact on the Council's objectives are appropriately identified, analysed, managed and reported to Corporate Management Team and Members on a quarterly basis.

## 2. Key Responsibilities

- 2.1 The key responsibilities of the CRMG are to:
  - Ensure there is consistent reporting and management of risks across the Council by monitoring and enforcing compliance against the Risk Management Policy and agreed risk management arrangements.
  - Raise awareness and promote the Council's risk management arrangements, including monitoring the delivery of risk management training, guidance and communications to ensure they are embedded effectively.
  - Review the Strategic and Red rated risks recorded in the Corporate and Strategic Risk Registers to ensure they reflect the actual risks facing the organisation, including risks identified or presented by external agencies, significant partnerships and advisors.
  - Review the Amber rated risks recorded in the Directorate Risk Registers and note any potentially increasing risks that should be considered for escalation to a red rating and included on the Corporate Risk Register.
  - The CRMG will ensure all risks presented to them have been comprehensively reviewed and consider if appropriate actions have been identified and implemented in line with the expected implementation timeline.

## 3. Members of the Corporate Risk Management Group

- 3.1 The Group will be chaired by the Corporate Director of Finance or in his absence the Head of Internal Audit and Risk Assurance.
- 3.2 Other members of the Group will include representatives from each of the Directorates. Relevant Group members are responsible for making arrangements for another officer to attend and deputise on their behalf if they are unable to attend a CRMG meeting. They may also request other officers to attend if they would aid the discussion of key risks.
- 3.4 Other Cabinet and Council Members may also be invited to attend based on the risks under discussion, subject to consultation with the Cabinet Member for Risk Management.

## 4. Frequency of Meetings

- 4.1 CRMG meetings will be held quarterly.

## 5. Review of Terms of Reference

- 5.1 Membership of CRMG and the Terms of Reference will be reviewed annually.

## 2024/25 QUARTER 2 COUNTER FRAUD PROGRESS REPORT

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Alex Brown, Head of Counter Fraud
<b>Papers with report</b>	2024/25 Quarter 2 Counter Fraud Progress Report
<b>Ward</b>	All

### HEADLINES

The attached report presents the Audit Committee with summary information on all Counter Fraud work covered in relation to 2024/25 Quarter 2 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 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. Notes the Counter Fraud Progress Report for 2024/25 Quarter 2; 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 Plan.

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# COUNTER FRAUD

## Report to Audit Committee: 2024/25 Quarter 2

30<sup>th</sup> September 2024



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The Counter Fraud key contacts in connection with this report are:	
Alex Brown	
Head of Counter Fraud	
t: 01895 556811	
e: abrown@hillingdon.gov.uk	
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## 1. INTRODUCTION

### The Role of the Counter Fraud Team

- 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.
- 1.2 As well as counter fraud activity, there is also a range of preventative work that the team is responsible for carrying out. This includes fraud awareness training and ensuring the Council have up-to-date and appropriate investigation policies and procedures.

### The Purpose of the Counter Fraud Progress Report

- 1.3 The Counter Fraud Progress Report provides the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all counter fraud work carried out during the Quarter 2(Q2) period (1<sup>st</sup> July to 30<sup>th</sup> September 2024). 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 Q2.
- 1.4 The progress 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), which provides an opportunity for the HCF to be held to account in this respect.

## 2. EXECUTIVE SUMMARY

- 2.1 In Q2 the CFT has focused its efforts into areas of high fraud risk. Officers have deployed across business critical areas such as Housing, Revenues and Social Care maximising opportunities to reduce fraud and provide financial savings. **In total during Q2 the CFT has accumulated loss prevention, actual savings and notional savings of c£2.9m. This brings the year to date total to c£6.2m.**
- 2.2 The majority of the CFT's work in Q2 has been undertaken in the area of Housing, in particular, reactive investigative work due to tenancy fraud. Currently the team are investigating 120 cases of Housing fraud which is consistent with previous quarters. In addition to these ongoing cases a large number of investigations have concluded in Q2, **leading to the team recovering 32 properties at a notional saving of c£2.2m.** The high number of properties recovered in the second quarter is consistent with first quarter performance and demonstrates the CFT are on track to deliver a significant amount of property recovery in line with previous years.
- 2.3 The CFT's work into combatting fraud risk within B&B emergency accommodation has continued in Q2. A programme of proactive visiting is in place to identify any possible non-occupation or subletting B&B accommodation. **In Q2 the CFT have investigated a number of cases which has led to the closure of 14 emergency accommodation providing savings of c£267k.** This work is vital to reducing the pressures on a frontline demand led service and making available accommodation for those in need.
- 2.4 The CFT has a dedicated sub team that proactively investigates cases relating to revenues and the collection fund, as well as undertaking council tax and business rates inspections. In Q2 the team focused on identifying properties that should be rated for Council Tax such as beds in sheds and Annexes. **In total 18 cases were added to the Council Tax Base and bills sent to respective charge payers to the value of c£21.8k.**

- 2.5 During Q2 the Management team have been working closely with the Councils Communications Team in preparation for **International Fraud Awareness Week** (w/c 18<sup>th</sup> November). The comms package will include a variety of press releases on the work of the team as well as raise awareness on fraud risks to residents. In addition, Fraud Awareness presentations have been arranged with services to create an internal culture of spotting and reporting fraud. More information on the campaign will be available in Q3 reporting.
- 2.6 As part of the CFT's preventative approach a variety of verification processes are in place across service areas whereby residents can access some form of funding, support or accommodation. These processes are in place to ensure applicants meet the eligibility criteria of each scheme before services are rendered. In Q2 the financial assessment verification process has highlighted numerous applicants that have failed to declare funds or assets which if undetected would have meant the Councils financial contribution towards their care would have been significantly higher. **In total 8 cases were highlighted with savings of c£205k identified.**

### 3. COUNTER FRAUD ACTIVITY IN QUARTER 2

#### 3.1 Housing Fraud

- 3.1.1 The CFT has had another impressive quarter, **recovering 32 properties** to Housing. This again is the highest number of properties recovered in a quarter, **generating a notional saving of c£2.2m.** It is worth noting that though the CFT use a notional saving as this is industry standard, the actual loss prevention in this area is the avoidance of emergency accommodation costs which is c£608k. These positive results stem from high quality referrals and data matching exercises that the CFT have undertaken and shows that tenancy fraud is continuing to be of high risk to the Council.
- 3.1.2 The Key Performance Indicator (KPI) 4 (refer to **Table 5** in **Appendix A**) requires the CFT to recover 30% of properties associated with tenancy fraud referrals. This quarter **the CFT has achieved an exceptional 67% of tenancy fraud referrals resulting in property recovery.** As per **Table 1** below, the case type of property recovery shows that non-occupation is still the highest area of tenancy fraud risk.

**Table 1 ~ Housing Tenancy Fraud Cases**

Case Type	Q1	Q2*	Total*	£k/value**
Abandonment	0	0	<b>0</b>	<b>£0</b>
Deceased	10	7	<b>17</b>	<b>£1,190k</b>
NFI Fraud Hub	9	6	<b>15</b>	<b>£1,050k</b>
Non-Occupation	9	8	<b>17</b>	<b>£1,190k</b>
Sub-Let	0	7	<b>7</b>	<b>£490k</b>
Wrongful Succession	2	4	<b>6</b>	<b>£420k</b>
<b>Total Properties Recovered</b>	<b>30</b>	<b>32</b>	<b>62</b>	<b>£4,340k</b>

\* As at end of Q2 (30<sup>th</sup> September 2024).

\*\* Tenancy Fraud Forum valuation.

- 3.1.3 Tenancy fraud is still the highest fraud risk faced by the Council, with the CFT currently investigating **120 cases relating to tenancy fraud.** The team have been granted 14 possession orders following legal proceedings, which are awaiting enforcement action, and a further **19 criminal and civil cases are currently with our legal team.**
- 3.1.4 In Q2 the team have also continued with proactively identifying cases of unknown deceased tenants with the assistance of the **NFI Fraud Hub.** The details of this work can be found in subsection 3.6 of this report. This work, though not classed as fraud, has continued to contribute to the number of properties recovered.



- 3.1.5 The ongoing pressures in the current economic climate continue to cause an increase in demand for housing and the need for **Bed and Breakfast (B&B) emergency accommodation**. In Q2 the CFT has **closed 14 emergency accommodation units due to non-occupation, resulting in savings of c£267k**. This brings the total closed this financial year to 22 accommodation units. A further **12 cases have been opened** highlighting concerns of suspected non-occupation.
- 3.1.6 The CFT carries out verification checks on all Right to Buy (RTB) applications submitted to the Council, to provide assurance that those who apply are eligible for the significant discount and that the funds used for the purchase abide by money laundering regulations. In Q2 the CFT have **6 cases under investigation for suspicion of sub-letting and non-occupation**, with 3 cases referred to our Legal department to instigate criminal proceedings based on fraud offences. The CFT has also closed a further 2 RTB applications at verification stage due to the failure to provide financial information.
- 3.1.7 In Q2 the CFT completed **374** verification checks on applicants who have registered for social housing. Outlined in **Table 2** below, the team successfully **closed 3 housing register applications** due to reasons including non-occupation, or they have been found to already be adequately housed. Without the CFT's enhanced verification checks, these applicants may have been successful in obtaining a council property that they were not entitled to.

**Table 2 ~ Housing Tenancy Verification Cases**

Housing Tenancy Verification Cases	Q1	Q2*	Total
Total number of cases reviewed	281	374	655
% Identified by CFT for rejection	25%	19%	22%
Total number of applications closed	4	3	7

\* As at end of Q2 (30th September 2024).

- 3.1.8 KPI 2a (refer to **Table 5** in **Appendix A**) targets an outcome of **95%** of housing allocation verifications to be completed within the target date set by the Housing department. In Q2 the team has successfully achieved **100% of verifications** being completed within their target date.

## 3.2 Revenues Fraud & Inspections

- 3.2.1 In the area of Revenues, the CFT has continued to maintain a high level of performance and again exceeded their KPI target (refer to **Table 5** at **Appendix A**). In Q2, as detailed in **Table 3** below, the CFT has **conducted 2,055 inspections, with 2,047 (99%) visited within the 10-day KPI target**.

**Table 3 ~ Revenues Inspections Performance 2023/24**

Revenues Inspections	Q1	Q2*	Total for 24/25
Total number of inspections completed	1,807	2055	3862
Percentage within 10 day target	99%	99%	99%

\*As at end of Q2 (30th September 2024).

- 3.2.2 During Q2 the CFT has identified a further **18 previously unlisted properties** made up of **'Beds in Sheds'**. As a result, an additional **c£21k of loss prevention savings** has been identified following the issue of revised Council Tax bills to the liable parties. Throughout the financial year the CFT will continue to work with other Council departments to identify beds in sheds and take appropriate action.

3.2.3 During Q2 the CFT have continued to receive reports from the programme of External Revenues Maximisation. This has identified **one business premises with previously unknown improvements** and **one previously unlisted residential property providing additional billing of £4,491**. Though outcomes in this area have been lower compared to previous quarters a significant amount of work is currently with the Valuation Office (VOA) awaiting decision.

**3.3 Social Care**

3.3.1 With preventive controls and reactive processes in place across fraud risks within Social Care, Q2 marks a successful quarter for the team with **c£213k in loss prevention savings identified**. These positive outcomes have predominantly stemmed from the verification process in Financial Assessments.

3.3.2 In line with the CFT’s risk-based loss prevention work within Financial Assessments has continued throughout Q2, with the team conducting **168 financial assessment verifications, 16 of which are undergoing further checks**. The verification process is designed to identify anomalies, such as hidden capital or assets prior to financial support being administered and to provide assurance that only eligible applicants are provided support.

3.3.3 Due to the sizeable financial cost to the Council in providing financial assistance in meeting service users care costs, the CFT is strategically placed to utilise the teams’ analytical capabilities to identify fraud, loss and error within the financial assessment verification process. During the course of Q2 the team concluded **8 cases where service users had failed to supply correct full details of their income and capital as part of their financial assessment leading to savings of c£205k**.

3.3.5 Section 17 of the Children’s Act 1989 places a duty on the Council to safeguard and promote the welfare of children in need. Section 17 support offers a range of services that includes providing accommodation and/or financial assistance to eligible applicants. The CFT undertake verification checks for all Section 17 applicants who approach Social Care. **Table 4** over the page, illustrates the outcomes derived from the preventive measures in place that ensure services provided are only accessed by those who meet the eligibility criteria.

**Table 4 ~ Section 17 Verification Cases 2024/25**

Section 17 Cases	Q1	Q2*	2024/25
Total number of cases reviewed	3	2	5
Total number verified as accurate	1	1	2
Total number of cases closed	2	1	3
Total number of cases under further checks	1	0	1
<b>Loss Prevention Savings</b>	0	0	0

\* As at end of Q2 (30th September 2024)

**3.4 Blue Badge**

3.4.1 In response to resident concerns in specific areas the CFT conducted **3 proactive Blue Badge operations across the borough during Q2**. Two of these operations were conducted jointly with the local Metropolitan Police Safer Neighbourhood Teams demonstrating the CFT’s commitment to partnership working. Officers reported positive feedback from residents for the visible joint operations. Over the course of all 3 operations, CF officers **inspected 102 badges and seized 10 badges due to suspected misuse**.

3.4.2 The team's commitment to ensuring that Blue Badge holders can continue to access the parking facilities on offer across the borough was further demonstrated in Q2 with the successful **prosecution of 4 Blue Badge cases** leading to a **total of £1,600 in prosecution costs awarded to the Council and over c£650 in fines issued to offenders**. A further 13 cases are due to be heard in court, with outcomes expected to be reported in Q3.

### 3.5 Onsite Immigration Official

3.5.1 During Q2 the teams OSIO has continued to proactively undertake loss prevention activity in the area of Childrens Social Care. Working collaboratively with the Childrens Resources Finance Team, this proactive approach has resulted in **c£80k in loss prevention savings**. Cases are identified where a change in the service user's immigration status enables the service users to be supported with making a claim for benefit. In return, these claims allow for the cost of providing accommodation to each service users to be funded by the welfare system. A further 5 cases remain under review, with savings expected to be reported in Q3.

### 3.6 London Counter Fraud Hub

3.6.1 The CFT is recognised as a leading member of the London Counter Fraud Hub. The hub is designed to bring London Boroughs together, sharing data to identify fraud, loss or error. This innovative approach will also use the power of data to uncover cross borough frauds.

3.6.2 The unique capabilities of the LCFH are now embedded in the CFT and this is producing referrals automatically every two weeks identifying cases where the Council may not be aware of tenants passing away. This has maximised loss prevention by ensuring that cases are identified at an early stage. A total of **six council properties** have been recovered and returned to use as a result of information provided by the LCFH during Q2.

3.6.3 The CFT have taken a leading role in an innovative pilot data match to identify possible fraudulent cross-border cases in the Homes for Ukraine Scheme which has provided significant assurance in this scheme at Hillingdon as no new cases have been identified.

### 3.7 National Fraud Initiative

3.7.1 The National Fraud Initiative (NFI) is a data matching exercise co-ordinated by the Cabinet Office and conducted every 2 years. The NFI matches data from over 1,300 organisations, including councils, the Police, hospitals and almost 100 private companies to identify potential fraud and error.

3.7.2 Data for the 2024/25 National Fraud Initiative exercise has been collated and submitted to the NFI in line with statutory requirements and subsequent referrals are expected in Q4.

3.7.4 In addition to the main NFI exercise there is an annual data match investigating instances of Single Person Discount (SPD) fraud and the data was received for this during Q1. The CFT have allocated resource to reviewing and investigating these matches, which has generated savings of **£33,764 in additional billing** during Q2 with further results from this match expected throughout the year.

### 3.8 Other Counter Fraud Activities

3.8.1 Recruitment for a new Counter Fraud Lead Investigator commenced during Q2 to provide an additional resource to further support to the CFT managers in the area of Housing Fraud. The selection process is expected to be completed during Q3.

- 3.8.2 New working groups have been established with other teams in the Housing Department to improve processes and procedures. This will also provide additional assurance that the risk of tenancy fraud is being mitigated as effectively as possible.

#### 4. COUNTER FRAUD PERFORMANCE IN Q2

- 4.1 Attached at **Appendix A** is **Table 5** which sets out the Q2 performance by the CFT against the nine KPIs. Also attached at **Appendix B** is **Table 6** which provides an overview of the financial performance of the team in Q2 within each of the main areas of counter fraud activity. The CFT's financial performance should be considered against a target of £8m for 2024/25.
- 4.2 The CFT has achieved a consistent level of performance across KPI's throughout the quarter. The details of this are that **9 out of 9 KPI's are above targeted performance**. The management team are pleased that all KPI's have been met and will be working closely with the team to ensure this level of performance is sustained.

#### 5. FORWARD LOOK

- 5.1 The CFT will be marking International Fraud Awareness Week during Q3 with internal and external communications campaigns to raise awareness of the work of CFT and the fraud risks faced by the Council. As part of this programme an extensive internal fraud awareness campaign will also begin during Q3 with all staff in Adult Social Care being required to attend a fraud awareness training.
- 5.2 The CFT in Q3 will continue to focus its resources into areas of high fraud and financial risks which includes its work in housing. The effective deployment of resources provides a high return of investment for the Council in areas of loss prevention and actual cashable savings.
- 5.3 As part of the teams planning process for the next financial year, the CFT management will complete a review of its methodology into how savings are recorded. The plan is to provide new ways of recording outcomes that are focused on cashable savings or loss prevention. This is so CMT and the Audit Committee can clearly see the impact CFT are having on budgets across the Council.
- 5.4 In addition, the HCF will also start to formulate a workplan for 2025/26 in liaison with the Corporate Director of Finance which will also be focused on areas of cashable and loss prevention savings. This will include re-aligning its priorities based on the financial budget pressures the Council is facing to maximise the financial impact of the CFT. This review will see low level fraud risk and/or non-financial work transferred back to service areas. This will give the flexibility for the service to take on new areas of risk including fraud related work in Adult Social Care.
- 5.5 To support the Council with its in year budget pressures the CFT will be working with Adult Social Care and Transactional Finance on a project to improve debt recovery. The team will be providing assistance in collecting money owed from service users that have not paid for services rendered. In addition, the team will also review opportunities for data matching in this area and provide early intervention support in the financial assessment process.
- 5.6 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 during this quarter. There are no other counter fraud matters that the HCF needs to bring to the attention of CMT or the Audit Committee at this time.

**Alex Brown** Head of Counter Fraud  
30<sup>th</sup> September 2024

**APPENDIX A: Table 5 - CFT KPIs and Actual Performance**

CFT KPIs	Target	Q1	Q2*	24/25*	23/24
1. Percentage of fraud referrals risk assessed within 3 working days	<b>95%</b>	100%	99%	<b>99%</b>	<b>99%</b>
2. Verification work timescales for completion:					
a. Housing Allocations completion within the target date set by Housing	<b>95%</b>	100%	100%	<b>100%</b>	<b>99%</b>
b. Right to Buy case completion within 28 working days	<b>95%</b>	100%	100%	<b>100%</b>	<b>100%</b>
c. Financial Assessments completion within 7 working days	<b>95%</b>	100%	100%	<b>100%</b>	<b>100%</b>
d. Section 17 reviews completion within 7 working days	<b>95%</b>	100%	100%	<b>100%</b>	<b>100%</b>
3. Investigation plan completion within 5 working days of case allocation	<b>95%</b>	100%	100%	<b>100%</b>	<b>98%</b>
4. Tenancy fraud referrals received resulting in property recovery	<b>30%</b>	64%	67%	<b>65%</b>	<b>46%</b>
5. Investigations resulting in loss prevention/financial saving outcome	<b>40%</b>	47%	45%	<b>46%</b>	<b>48%</b>
6. Revenue inspections completed within 10 working days of referral date	<b>95%</b>	99%	<b>99%</b>	<b>99%</b>	<b>99%</b>

\* As at end of Q2 (30<sup>th</sup> September 2024).

**APPENDIX B: Table 6 - CFT 2024/25 Financial Performance**

Work Area	Description	Quarter 1	Quarter 2*	Quarter 3	Quarter 4	2024/25*
<b>Housing</b>	Right to Buy discounts	£0	£0	£0	£0	£0
	Property Recovery (notional savings)	£2,100,000	£2,240,000	£0	£0	£4,340,000
	Other savings/loss prevention	£172,171	£272,844	£0	£0	£445,015
<b>Social Care</b>	Section 17 and UASC**	£0	£0	£0	£0	£0
	Financial Assessments	£72,585	£205,112	£0	£0	£277,697
	SGO	£0	£0	£0	£0	£0
	Direct Payments	£0	£0	£0	£0	£0
	Other	£7,290	£8,415	£0	£0	£15,705
<b>Revenues</b>	Single Person Discount	£22,527	£40,497	£0	£0	£63,024
	Council Tax Reduction & arrears	£4,551	£4,027	£0	£0	£8,579
	Unlisted Buildings	£31,758	£21,817	£0	£0	£53,575
	Housing Benefit Overpayments	£12,750	£18,648	£0	£0	£31,398
	NNDR	£784,844	£4,492	£0	£0	£789,336
<b>Blue Badge</b>	Simple Caution & Financial Penalty	£2,512	£2,258	£0	£0	£4,770
<b>Immigration Officer</b>	Housing Homelessness Applications**	£0	£0	£0	£0	£0
	Social Care Savings	£108,480	£79,514.20	£0	£0	£187,995
<b>Totals</b>	Loss Prevention Savings	£360,196	£560,351	£0	£0	£920,547
	Notional Savings	£2,779,867	£2,262,466	£0	£0	£5,042,333
	Cashable Savings	£176,892	£72,551	£0	£0	£249,443
	Costs awarded and penalties	£2,512	£2,258	£0	£0	£4,770
	<b>Total</b>	<b>£3,319,467</b>	<b>£2,897,626</b>	<b>£0</b>	<b>£0</b>	<b>£6,217,093</b>

\* As at end of Q2 (30<sup>th</sup> September 2024).

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



## APPENDIX C - 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 Grants:** 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:** 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.

**Revenue 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 mitigate 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.

**Tenancy Fraud Forum Valuation:** As of the 2022/23 financial year, the CFT will be using the new Tenancy Fraud Forum valuation for property recovery. Working in conjunction with the London Boroughs' Fraud Investigators' Group (LBFIG) a new formula has been created to determine how much tenancy fraud costs. The formula considers the annual average temporary accommodation cost per family, the average duration for tenancy fraud, as well as the average investigation, legal and void costs. The agreed calculation for tenancy fraud within the borough is now valued at £56k per property (Previously £18k). The new calculation allows Hillingdon Council to accurately calculate financial savings by factoring in local figures.

**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.



## WORK PROGRAMME 2024/25

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Ryan Dell, Democratic Services
<b>Papers with report</b>	None
<b>Ward</b>	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 18 November 2024 will start at 17:10.

<b>Meetings</b>	<b>Room</b>
11 February 2025	CR6
14 May 2025	CR5

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<b>WORK PROGRAMME</b>	<b>2024/2025</b>					
<b>Audit Committee</b>				<b>2025</b>		
<b>Meeting Month</b>	<b>Aug</b>	<b>Nov</b>	<b>Nov</b>	<b>Feb</b>	<b>Feb/ Mar</b>	<b>May</b>
<b>Meeting Date</b>	<b>28</b>	<b>6</b>	<b>20</b>	<b>11</b>	<b>TBC</b>	<b>24</b>
Member training		a) Role of the Audit Committee b) Statutory Accounts			a) Corporate Governance b) Risk Management c) Internal Audit d) Anti-Fraud and Anti-Corruption	
Pre-meet (17:00-17:10)			Head of Internal Audit	Corp. Dir. of Finance		Head of Counter Fraud
Appointment of Chair	Appt of Chair of current meeting		X			
Appointment of Vice-Chair			X			
Interviews for Independent Chair of the Audit Committee	X					
External Audit item	X		X	X		X
Audit Committee Annual Report	23/24		23/24			
Risk Management Annual Report						
Risk Management Report	24/25 Q1		24/25 Q2	24/25 Q3		24/25 Q4
Strategic Risk Report	24/25 Q1		24/25 Q2	24/25 Q3		24/25 Q4
Internal Audit Annual Report						24/25
Internal Audit Charter				X		
Internal Audit Plan				X		
Internal Audit Progress Report	24/25 Q1		24/25 Q2	24/25 Q3		
Counter Fraud Annual Report	23/24					
Counter Fraud Operational Plan				25/26		
Counter Fraud Progress Report	24/25 Q1		24/25 Q2	24/25 Q3		24/25 Q4
Work Programme	X		X	X		X

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