



LONDON FIRE BRIGADE

MINUTES

AUDIT COMMITTEE

DATE	Monday, 16 September 2024	TIME	2.00 pm
VENUE	G-02 - Ground Floor, 169 Union Street, London SE1 0LL		

Minutes of the proceedings of the meeting of Audit Committee held G-02 - Ground Floor, 169 Union Street, London SE1 0LL on Monday, 16 September 2024

Present:

Marta Phillips OBE, Independent Member (Chair)
Kay Boycott, Independent Member
Seyi Obakin OBE, Independent Member
Martin Spencer, Independent Member

In Attendance:

Andy Roe, Commissioner
Bijel Thakrar, Chief of Staff to the Commissioner
Ben Lazarus, Partner, Ernst and Young
Chloe Wilkinson, Manager, Government & Public Sector Assurance, Ernst & Young LLP
Lindsey Heaphy, Head of Assurance and Audit MOPAC
Karen Mason, Group Internal Audit Lead
Ross Jardine, Head of Fire, GLA
Mostaque Ahmed, Director for Corporate Services
Adrian Bloomfield, Assistant Director, Finance
Kevin Lendor, Head of Business Assurance
Susan Ellison-Bunce, Assistant Director, Strategic Planning
Catharine Gregory, Assistant Director Finance, Transformation
Senita Rani Robinson, Professional Head of Performance Improvement & Business Intelligence
Sean Cosgrove, Principal Financial Accountant
Hameera Darr, Lawyer, General Counsel
Alexandra Bukowska-Fijolek, Internal Audit
Andrew Beesley, Head of Governance
Anna Flatley, Governance Manager

1. Apologies

There were no apologies for absence.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the Previous Meeting

The minutes of the meeting held on 13 May 2024 were agreed as a correct record and the updated actions noted.

4. LFC Executive Summary of Current Events

Andy Roe, London Fire Commissioner provided a verbal update on the current situation which the Committee asked questions on and discussed. He noted that there were two key issues, set within the macro political environment which covered most of the present business as follows.

- a) HMICFRS Inspection – The full inspection was completed in July and the report was expected in November and he hoped that the report would reflect the change and transformation implemented across the Brigade over the last four years.
- b) Grenfell Tower Inquiry Phase 2 Report – It was noted that this was a difficult and painful read. The Commissioner recommended that Members read the report, and in particular Chapter 8 which focused on the Brigade. The Phase 2 report dealt with how the LFB operated in a wider context, in contrast to the Phase 1 report.

It was noted that there had been five years of significant change and this had been evidenced at recent incidents, for example the recent fire in Dagenham. Operational staff were better trained, prepared and equipped to respond to fires in high-rise buildings. Due to the complex and evolving nature of London's built environment the Commissioner explained that the LFB's ability to be aware of all risks to high rise buildings was dependent on resources and the fact that many risks were hidden. The poor legislative and fragmented regulatory environment had contributed to this. It was further noted that local authority building control had been significantly cut and had very limited capacity.

The Commissioner confirmed that there were 13 recommendations under the LFB section of the report. Five were directed to all Fire and Rescue Services and one was specifically aimed at LFB. The Commissioner confirmed that he had tasked the Assistant Commissioner cadre to undertake a gap analysis of the recommendations against the work undertaken since Phase 1. LFB would prepare a draft response which would be shared with key stakeholders and in particular Grenfell community groups to ensure the response was developed in consultation and collaboration with them.

In response to questions on training it was noted that good progress had been made in some areas strategically, such as Incident Command training, but more was required, especially around volume, agility and real fire training. The recommendation for a national College of Fire and Rescue was welcomed but it was noted that it was essential that it should be properly funded and provide education and set standards to a nationally mandated model.

The Committee further noted an independent piece of work was being undertaken, led by external Kings Counsels, to consider the legal ramifications of the report.

The Committee then discussed further the shortfalls of the current legislation for regulatory and inspection of buildings and noted that whilst the LFB would continue to help in this area there was a recognition that it could not hold all these risks and this needed to be addressed by Government.

The Chair thanked the Commissioner for his update and it was agreed that he attend a further meeting of the Committee in 2025.

The Chair noted that the Agenda Pack was very large and commented that it was not practical to expect Members to read and digest all of it, and noted that she would discuss how this would be addressed in future meetings with the Head of Governance.

5. Statement of Assurance 2023/24

The Head of Business Assurance introduced the report by noting this met the annual requirement to provide assurance on financial, governance and operational matters. He noted that this was the first complete year of delivering the Community Risk Management Plan for 2023-29. He then highlighted key aspects of the report, including Marauding Terrorist Attacks, Home Fire Safety Visits, and Lithium Batteries which the Committee then discussed.

The Committee welcomed the progress made in the assurance process and noted how the data was collected. The Committee queried how emerging risks on the front line would be communicated up and further to discussion it was agreed that the Committee be provided with more information on this process. It was noted that this report dealt with assurance and there was a separate item on the assessment of risk. The next report updated on the frameworks for assurance, business resilience and risk.

The Committee noted that the Statement of Assurance (reference paragraph 53) presented a higher level of assurance on the regulatory side than the Commissioner had indicated in the previous item. Whilst the Committee appreciated that this may not be the appropriate vehicle to articulate these concerns it stressed the need to consider how this would be articulated further, which officers undertook to do for future.

The Audit Committee then noted the report.

6. Quarterly Business Resilience Report

The Head of Business Assurance introduced the report by noting that this report provided a combined update on risk, business continuity and assurance frameworks, which the Committee then discussed.

The Head of Business Assurance highlighted that there had been no change to the overall number of red risks, but Artificial Intelligence was an emerging risk which would be discussed later in this month. He also noted that progress had been made on the department and station Business Continuity Plans, and the Enterprise Assurance Framework.

Further to discussion the Committee welcomed the increased level of engagement with staff on the processes.

The Committee then discussed the red risk on People Services (workforce planning) and Culture, noting that a huge amount of work and progress had been achieved in this area. In response officers reported that there was ongoing discussion as to whether these risks could be reduced to amber and stressed the need for this to stay dynamic. The restructure of People Services Department had been a difficult journey and not all the resulting changes had been completed yet, but it was an important part of the wider transformation and there were definite signs of improvement. It was noted that there would be a further staff survey in October which would provide more data to assist in analysing what progress had been made across the Brigade on culture and associated people issues. The Committee welcomed that and asked that an update on this be provided to the next meeting of the Committee.

The Chair said she welcomed the brevity and clarity of the report but suggested there should be some narrative to address what the aspiration for risk was once all has been done to mitigate against them.

The Head of Business Assurance undertook to provide an update to Members of the Committee separately on the dates which had passed on the Audit recommendations on page 75 of the Agenda pack. It was also suggested that consideration needed to be undertaken on whether these recommendations were still required.

The Audit Committee then noted the report.

7. Quarterly KPI Report (Quarter 1)

The Professional Head of Performance Improvement and Business Resilience introduced the report by drawing attention in particular to the off target Key Performance Indicators as set out on page 83 of the Agenda pack, which the Committee then discussed.

The Committee discussed staff composition in regard to women, noting that more targeted outreach work and selective transfers were being undertaken to address the fact that this was off target. It was noted that the target for ethnic minorities was likely to be met. However the target for staff with disabilities remained a challenge, which was exacerbated by the fact that many were not declared. It was hoped that the new Payroll system (iTrent) and revisions to some questions would assist with improving declaration rates by staff.

The Committee discussed sickness which it noted had increased for the last five months, noting that officers were engaged in gathering more evidence on the reasons for this. It was recognised that good steps had been put in place to help staff manage stress and it was likely that these figures were being impacted by external pressures. The Committee flagged the level of change which staff were having to cope with and the inevitable impact that would have. Whilst acknowledging that much of this change was necessary, the Committee queried whether there was sufficient capacity for it and whether there were other steps which could be taken to better prepare staff. Officers acknowledged this and confirmed they were looking at the pace of change, although to an extent this was dependent on the outcomes of the HMI report. The Committee welcomed this and also stated that how change was articulated was important with the need for staff to see positive impacts were being achieved as a result of these changes. Officers agreed with this and indicated that Portfolio and Business Change Managers were tasked with this.

Further to questions it was noted that it had been agreed that attendance to all Automatic Fire Alarms would not continue to be automatic. It was confirmed this had been the subject of discussion and decision and this would be shared with the Committee.

The Audit Committee then noted the report.

8. Update on the Assessment of Risk Process

The Assistant Director, Strategic Planning introduced the report which set out the current understanding of risks, noting that progress had been made on how risks were assessed; which the Committee then discussed. The Committee welcomed the report which was a useful summary, noting that the LFC had committed to having an annual review of Assessment of Risk, which it welcomed.

The Committee supported the implementation of a structure of layers to assess risk, as set out in the report, as well as external scrutiny from academics and subject matter experts. However the Committee stressed the need for the process to be as dynamic and agile as possible. Officers acknowledged this and noted that, whilst there had been improvements, there was more to do. This was in part being aided by the enhanced systems of collecting relevant data.

The Committee further noted the impact of extensive financial pressures within these risks and suggested that at some point increased risk might have to be accepted, if there was no new money forthcoming. The Committee also discussed whether there were areas where the amount of investment could be reduced.

The Audit Committee then noted the report.

9. Unaudited Draft Statement of Accounts and Annual Governance Statement 2023/24

The Principal Financial Accountant introduced the report by highlighting the background to the report as set out in the summary of the report. The Committee noted that the statutory deadline for the draft unaudited 2023/24 Statement of Accounts to be produced and published was met; and that the Annual Governance Statement was published with the Statement of Accounts. It was noted that some of the issues raised within the report would be addressed later on the agenda under the budget item.

The Committee then discussed the report, and specifically the number of unsuccessful phishing attacks on the LFC and the existing controls and procedures, as detailed in the Annual Governance Statement. The Committee noted that phishing attacks were very common and welcomed the additional cyber security software implemented. It noted its concern that if all IT systems were affected this would be a business continuity issue, which would be discussed further on the agenda.

Ben Lazarus, Partner, Ernst and Young then gave an update on the work of the External Auditors. It was noted that the 2022/23 Value for Money had been completed and closed down and there was a move to disclaimer for the 22/23 accounts due to the national backlog for audits, with the relevant legislation about to be enacted. The Committee were informed that whilst a disclaimer did not give much assurance the Value for Money work was very important in providing some assurance and there would only be a gap of one year with the outcome of 23/24 hopefully helping to bridge that gap.

He reported that there had been a good start for the 2023/24 Audit and although there had been some challenges and quality issues there had been positive discussions and he was confident the deadline of February 2025 would be met. It was noted that the External Auditors were back on site in October 2024. He added that planning work had commenced for the 2024/25 External Audit.

Further to discussion it was noted that the LFC Audit Committee was not legally responsible for the external audit, which fell to the LFC, but it was noted that the Committee, through the Chair, would be sighted and consulted on it.

The Committee noted the staffing and turnover issues in the LFC Finance Department that had contributed to the challenges in this work but acknowledged the progress which had been made and welcomed the greater stability. Further to questions it was confirmed that the new Finance System was expected to be implemented in April 2025.

The Audit Committee then noted the report.

10. 2024/25 Financial Position Report

The Assistant Director, Finance introduced the report noting that this report had already been through the governance process and was published in August. Considering this and the volume of paper included he added that the Committee may wish to consider considering this in a different way, possibly circulating separately. It was noted that the summary report covered the key points.

The Committee then discussed the report and noted the challenging financial circumstances as detailed in the report, and that the Mayor's budget had now been published.

The Committee specifically discussed the staff vacancies level, noting that the operational vacancies were running above the budgeted Average Vacancy Margin (AVM) by 50%, and queried to what extent this was impacting upon service delivery. It was recognised that the impact was being offset by operational overtime and also it was pointed out that 50% was still a relatively small number as the AVM for operational staff in the 2024/25 budget was set at 100 in the context of an operational establishment of nearly 5,000.

The Committee commented that if the LFC was to pitch for additional resources there needed to be further consideration and realism on operational overtime capability, staff unit costs and possible cost improvements. It was acknowledged that staff unit costs had become increasingly complex and the introduction of a new HR system was anticipated to assist with this.

The Committee noted that the LFC needed to more fully demonstrate that all possible savings had been considered and to state the areas which had been ringfenced. It was noted that the flexibility available to the LFC given operational demands was very limited and this needed to be clearly stated.

In response to questions it was reported that the development agreement with a private sector partner for 8 Albert Embankment, the former LFB HQ had been terminated. Further consideration would therefore follow on what the opportunities now were for this site, noting that the fire station itself would be required to remain.

The Chair then suggested that it would be helpful to have discussion on the budget prior to its completion, at least at a high level and the Assistant Director, in conjunction with the Head of Governance undertook to consider how this would be achieved.

The Audit Committee then noted the report.

11. Local Pension Board Annual Report 2023/24

The Audit Committee noted the report.

12. Internal Audit - Review of 2023/24

This item and the following two were considered concurrently.

The Head of Internal Audit introduced the Internal Audit Review of 2023/24, noting the overall opinion, which was not dissimilar from the previous year, as set out in the report, by summarising the key points. The Committee welcomed the finding that the control framework continued to develop but acknowledged that it was not fully effective in supporting the achievement of strategic objectives.

The Committee then discussed the report and noted that there were common themes arising from reviews including roles and responsibilities not being clearly defined, the need for greater strategy definition, the need for compliance of policies to be built in and greater data validation.

The Committee commented that there was no significant difference from the previous year's review and therefore asked what Internal Audit believed needed to change in order to develop. The Head of Internal Audit responded that it was very important to prioritise more effectively and the development of the risk appetite would assist with this. In addition she said she felt that internal controls were critical and that all staff needed to be aware of these and their importance in ensuring the 1st line of defence was working efficiently. Nevertheless she said progress had been seen and this was welcomed.

The Committee noted that this internal report was less confident than some other internal reports and it was important that there were clear communications.

The Committee then considered the progress reports and in particular expressed concern that some internal audit reviews were taking over 6 months to finalise. Officers responded that sometimes these were just not being signed off for a variety of reasons but this would be picked up at the next Performance Risk and Assurance Board meeting. The Chair said that the Committee may consider asking the senior officer responsible for the particular reviews to attend and answer questions at the Audit Committee. This was noted by officers. The Chair further asked that consideration be given to whether all outstanding actions were still relevant and whether some should be closed.

The Audit Committee then noted the Internal Audit Review of 2023/24 and the Quarter 4 Progress Report 2023/24 and the Quarter 1 Progress Report 2024/25.

13. Internal Audit - Quarter 4 Progress Report 2023/24

This was covered under item 12.

14. Internal Audit - Quarter 1 Progress Report 2024/25

This was covered under item 12.

15. Update to the Confidential Reporting (Whistleblowing Policy) PN569

The Lawyer from General Counsel's Department introduced the report by highlighting the key points as set out in the report, which the Committee then discussed, noting that this had already been approved through the governance process.

The Committee then discussed the report and welcomed the main update to the policy to establish an external reporting line for referrals to enhance confidence in the reporting system, which stemmed from the Culture Review and HMICRS.

The Committee commented that it was important that this was communicated to staff and in a way to ensure staff felt able and encouraged to report issues. Staff needed to be aware of how any issues raised, for example fraud, would be processed and what action would follow. Officers confirmed this would be communicated to staff soon in conjunction with Communications Department. In addition it was reported that individuals who raised an issue would be provided with an update.

It was noted that the numbers of issues reported would also be monitored to see if there was an increase as a result of the updates. There were currently very few complaints that fell within this policy. It was noted that this policy was currently overseen by the Monitoring Officer although it was intended to review this.

Further to questions it was noted that the actions from a recent Internal Audit on fraud were being addressed by Finance Department in conjunction with People Services and the fraud policy would be reviewed also to provide a more proactive approach on fraud.

The Audit Committee then noted the report.

16. London Fire Brigade, Gender, Ethnicity and Disability Pay Gap Report 2024

Due to lack of time this item was deferred to the next meeting of the Committee.

17. Workplan

The workplan was noted.

18. Any Other Business

There was no other business.

19. Dates of Future Meetings

The next meeting of the Committee is scheduled to take place on 2 December 2024.

Anna Flatley, Governance Manager
Clerk to Audit Committee