



LONDON FIRE BRIGADE

MINUTES

AUDIT COMMITTEE

DATE	Monday, 3 March 2025	TIME	1.30 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, 3 March 2025

Present:

Marta Phillips OBE, Independent Member (Chair)

Kay Boycott, Independent Member

Seyi Obakin OBE, Independent Member

Martin Spencer, Independent Member

In Attendance:

Nastasha Naidoo, Senior Audit Manager, Ernst and Young

Karen Mason, Group Internal Audit Lead

Mostaque Ahmed, Director for Corporate Services

Fiona Dolman, Director for Transformation

Catharine Gregory, Assistant Director Finance, Transformation

Jess McMonagle, Professional Head of Business Resilience

Daniel Ingram, Head of Risk

Jerry Kirkby, Programme Director – Culture Transformation

Jackie Knowler, Chief Information Security Officer

Julian Martin, Chief Information Officer

Andy Mobbs, Head of Information Governance

Craig Carter, Assistant Commissioner, Prevention and Protection

Olu Oyesanwo, Prevention and Protection Assurance Manager

Andrew Beesley, Head of Governance

Anna Flatley, Governance Manager

1. Apologies

There were no apologies.

The Chair noted that she had had a briefing with Ben Lazarus, External Auditor Partner the previous week and had told him she was sorry that he was unable to attend this meeting, for which he sent his apologies. She noted that he had confirmed he had the future meeting dates in his diary and that Nastasha Naidoo, Senior Audit Manager, Ernst and Young, was attending the meeting on his behalf.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the Previous Meeting

The minutes of the meeting held on 2 December 2024 were agreed as a correct record, subject to the amendment that Fiona Dolman's name be removed from the list of attendees.

The Committee noted the updates to the actions and welcomed the fact that all were completed or in progress.

4. LFC Executive Summary of Current Events

The Director for Corporate Services provided a verbal update on key current events which the Committee then discussed.

The following issues were raised and discussed:

- I) Retirement of Andy Roe, London Fire Commissioner. The Director noted that the Commissioner had written to Members of the Audit Committee expressing his gratitude for their work, particularly in relation to the LFB's transformation journey. It was confirmed that the recruitment of his successor which was subject to Mayoral approval was being led by the GLA. It was noted that the advertisement was live with a closing date of 17 March, and interviews would take place in the week commencing 28 April.

- II) LFC Budget. The Director noted that the budget for 2025/26 was being finalised and acknowledged the additional funding support provided by the Mayor to bridge the remaining gap of £18m after the identified savings had been accounted for. The Committee noted that these savings, which were major and included both staff and non-staff savings, protected the frontline. Further announcements on these savings and their impact on staff would be made shortly.

The Committee commented that realising the savings would not be easy and queried how savings decisions had been made. Officers acknowledged this and assured the Committee that a considerable amount of work and planning had been undertaken, with detailed analysis carried out on the impact of the savings on the organisation. A number of programmes had been delayed or paused. It was noted that statutory requirements would still be met.

Following further conversation, the Committee asked that more detail on the budget and the trade offs made to provide savings be presented to the next meeting of the Committee. The Committee added that the work on the risk appetite, which was programmed for later on the agenda, would be useful in assisting discussions on options for flexibility.

- III) Comprehensive spending review. It was noted that it was expected that this would provide for a multi-year settlement from 2026/27 which provided a strategic opportunity, in conjunction with the GLA and NFCC, to make the case for funding for LFB, noting the challenging fiscal climate. The process has started and would conclude in June.
- IV) Grenfell Tower Inquiry Phase 2 report. It was noted that the government accepted the Inquiry's findings and had committed to delivering a strong response to all the recommendations. 49 of the recommendations had been accepted in full by the government and other responsible organisations. The remaining 9, which were all directed at government, had been accepted in principle and the government had set out in its response on how they would be implemented.

The government further accepted the intent of the Inquiry's recommendation to draw together functions relating to the construction industry under a single regulator. The government had published a construction products green paper, which set out its proposals for system-wide reform of the construction products sector, the regulatory regime that governs it and the institutions that must fulfil their responsibilities in assuring safe products are used in constructing buildings.

The government also announced it would consult on the most appropriate functions a College of Fire and Rescue could fulfil and how it could be structured and delivered. It undertook to introduce new requirements for principal designers and work with the sector to consider how a licensing scheme for principal contractors on higher-risk buildings can best work.

- V) A Prime Ministerial announcement had noted that responsibility for Fire would be moved from the Home Office to MHCLG from 1 April, bringing together fire and building regulations and building safety under one Secretary of State.

The Committee noted that a deep dive into building fire safety had been scheduled for its next meeting.

- VI) A new permanent Director for People, Sally Hopkins, had joined the LFB at the beginning of January, which should provide for greater stability in this area. The Committee noted that a deep dive into the culture was programmed for later on this meeting's agenda.

- VII) Work was ongoing in response to HMiCFRS round 3 inspections.

- VIII) Ali Hay, who was the Independent Advisor on operational assurance had left at the end of his contract and his replacement was being recruited.

The Audit Committee then noted the verbal update, and acknowledged that there were lots of challenges for the organisation..

5. Statement of Accounts 2023/24

The Chair noted that a closed session had taken place prior to this meeting between Members of the Committee and both external and internal auditors.

The Assistant Director, Finance introduced the report which presented the draft Audit Results report, noting that these had been signed and published the previous week. She added that there was a disclaimer of opinion for the 2023/24 accounts because the previous year's balances were unaudited as part of the Government's decision to address significant backlogs of audits for local bodies. Steps were now in place to move towards achieving an unqualified opinion by 2025/26, the details of which were included in the report. The Senior Audit Manager, Ernst and Young, confirmed that detailed discussions had taken place to that end.

The Committee noted the lessons learnt detailed in the report and in response to questions the Assistant Director, Finance confirmed that early preparation and face to face discussions were key in driving improvements.

With regard to the Annual Governance Statement the Committee commented that it did not contain much on the quality of the service and suggested that this be considered for future Statements, noting that the 2023/24 Statement had now been published. In addition it was suggested that the performance data could be presented as annual figures rather than quarterly. The Head of Governance undertook to consider these points further, noting that there had been some discussions about the production of an LFB Annual Report which might have a bearing on this.

The Chair added that in future the text in the Statement of Accounts and Annual Governance Statement should not be fully justified as this was not inclusive.

With regard the External Audit Report the Committee noted with concern the number of outstanding recommendations, some of which had been outstanding for some time, as set out on pages 197-99 of the agenda pack. The Committee added that some of these were pretty basic recommendations and queried whether there was sufficient capability to address these. The Assistant Director, Finance commented that the new finance system which was due to go live in April would provide greater capability. After further discussion it was agreed that colleagues should be given some time with the new system which was likely to address these points and that a deep dive be programmed to a future Committee meeting on finance capability in early 2026.

The Audit Committee then noted the report.

6. Treasury Management Mid-Year Report 2024/25

The Assistant Director, Finance introduced the report which presented the treasury management mid-year performance report for 2022/23, noting that this was a standard report. She noted that the Treasury Management Strategy was in the process of being finalised with no major changes planned.

The Committee then discussed the report noting that treasury management activities were carried out by the Greater London Authority under a shared service agreement. Specifically the Committee queried the short term borrowing of £30m to cover cashflow requirements, which officers reported happened every year due to the timing of government grant funding. The Chair noted that this was not acceptable and suggested that with the move from the Home Office to the MHCLG this was an appropriate time to lobby on this. The Committee added that as part of this lobbying the views of the LFC Audit Committee should be quoted.

The Audit Committee then noted the report.

7. Changes to LFB Board Meetings

The Head of Governance provided a verbal update on the changes to the LFB Board structure which had been implemented from January 2025 following a board effectiveness survey. The changes addressed concerns of increasing pressures on a small number of senior officers and provided for a greater balance between performance, risk and assurance and portfolio elements.

In summary the Performance, Risk and Assurance Board (PRAB) had been decommissioned and separate Portfolio and Risk & Assurance Boards had been established. As a result responsibility for overseeing the delivery of targeted results by monitoring performance against corporate priorities had transferred from PRAB to the Service Delivery Board. Further

to questions it was agreed that the terms of reference of the new boards would be distributed to members of the Committee.

The Committee particularly welcomed the establishment of the Risk and Assurance (R&A) Board and suggested this board should take ownership of outstanding actions. It further noted that the R&A Board should allow the Audit Committee to take a more strategic role on risk and assurance, and undertook to consider this further, in conjunction with the Head of Governance.

The Audit Committee then noted the update.

8. Internal Audit - Quarterly Progress Reports for 2024/25

The Internal Audit Lead introduced the internal audit quarterly progress reports by summarising the key highlights, which the Committee then discussed.

The Internal Audit lead highlighted that there had been two advisory reports, one of which was board effectiveness which related to the discussion under the previous item. In relation to the risk and assurance reports she commented that there was evidence of green shoots and that that risk and control frameworks were being appropriately considered at a strategic level. It was important that this filtered down to the grass roots.

With regard to follow up reports there was concern that there were a large number not being implemented and Internal Audit were working with Risk and Assurance to take this forward. It was noted that the responses to these reports were varied and acceptance was not always immediate. Further to discussion it was acknowledged that Internal Audit follow up on actions and subsequently outstanding actions are followed up by Business Resilience. It was noted that it was a decision for management whether outstanding actions are accepted and that there was a need to strike a balance between addressing actions and other work.

The Committee welcomed the external view that these reports provided and commented that some of this was fairly worrying. It added that it would be helpful to understand better the management's view on the actions. To that end the Committee suggested having a reset and decide which actions to accept or reject and to act accordingly. It suggested that the plan be reduced to allow this reset to take place. The Committee also suggested that follow up actions should be dealt with on a more low key basis, which was often the case elsewhere.

The Committee welcomed the role the new Risk and Assurance Board would have in this area and suggested it should undertake a piece of work on the actions from follow up reviews and whether those over 12 months were still relevant and if so what risk they posed. It added that the Board should be clear on the processes in place to oversee actions and what actions would be taken if they were not dealt with within a set period of time. The Committee noted the importance of the involvement of Heads of Service in actions within their departments and added that there should be procedures in place to involve Directors if necessary.

Further to discussion the Committee noted and welcomed, as detailed further in the next report on the agenda, that the Audit Plan for the following year had been reduced. Officers assured the Committee that management were indeed undertaking a reset and responding to internal audits robustly, and on occasions disagreeing with the recommendations. The Committee welcomed this but said there needed to be greater visibility of these responses and suggested that the cover report to the Internal Audit Reports should be produced by management rather than Internal Audit.

Officers then provided some more information on the steps being taken to progress this work, some of which was detailed in the next report, adding that the development of the risk appetite work, which was also on this agenda, would be key. There was also a move to have a more holistic approach to actions across all assurance providers. The Committee noted that a "way of working" document was being produced and would be reported back to the Committee.

The Committee then recorded its concern on the limited rating on the assurance report on staff pre-employment validation checks, to which officers responded that this was being addressed.

The Audit Committee then noted the reports.

9. Internal Audit - Draft Annual Plan for 2025/26

The Internal Audit Lead introduced the Internal Audit Draft Annual Plan for 2025/26 by highlighting the key points. She specifically noted that the number of days had been reduced from 728 to 530 which had been possible following increased assurance through the development of better line assurance. It was noted that the charge for internal audit services had increased although the reduction in days meant overall the cost was a reduction on the previous year, as detailed in the report.

The Committee then discussed the annual plan and, further to questions, the Internal Audit Lead assured the Committee that the reduced number of days was considered sufficient, with the proviso that there was more effective engagement around the development of quarterly plans and scope of engagements. It was noted, as discussed under the previous item, that engagement between Internal Audit and Business Assurance was improving through developing an integrated assurance plan. The Committee was also reassured that there was sufficient scope to both focus on statutory obligations and to respond to other areas of work as required.

The Committee also noted that the Audit Charter was being revised to reflect new global internal audit standards and this provided an opportunity to improve the way the process worked.

The Audit Committee then noted the report.

10. Risk and Assurance Update for the period July to December 2024

The Professional Head of Business Resilience introduced the report, which provided a Risk and Assurance update for the six-month period July to December 2024, by highlighting the key points; which the Committee then discussed.

It was noted that the risk and assurance indicators developed during the current financial year had given officers a more complete picture of the Brigade's overall risk and assurance profile.

Over the six-month period there has been a positive trend, with improvements being seen in several key areas, including the following:-

An increase from 80% to 90% in risks reviewed by department within the last 90 days;
An increase from 85% to 94% in risks with defined implementation dates for future controls;
and

An increase from 8 departments to 11 departments with Enterprise Assurance Frameworks (EAF) completed and assessed

The Committee also noted that there had been the development of "spotlight" assurance reviews which has allowed the Business Assurance team to conduct high-level assurance checks on potential areas of concern. These were then followed up as required with full thematic review or via EAFs which has helped to balance resourcing between EAFs and assurance reviews.

The Committee then specifically asked for examples where this work had reduced the red risks and where they had not resulted in any improvements. It was noted that culture, transformation and ICT for station users had all seen a positive shift. Training assurance remained more entrenched and there was a lot of targeted work being undertaken in this area. It was noted that the Risk and Assurance Board may undertake a deep dive into training.

The Audit Committee then noted the report.

11. Risk Appetite Statement

The Head of Risk introduced the report which presented the intended risk appetite statement for LFC, as detailed in the report. He noted that research had been conducted with other risk specialists and interested stakeholders and the proposed "cautious" appetite level for all its corporate risks was consistent with other local authority bodies.

The Committee welcomed the report and its clarity, which it believed would be very helpful to the LFC. The Committee then discussed the risk appetite in more detail. It commented that getting these messages across the organisations more widely would be a challenge and asked how this would be done to ensure it was reflected in everyday activities. Officers responded that this would be overseen by the Risk and Assurance Board and there would be many strands to this which would include:-publication, awareness sessions, setting clear expectations and ownership and ensuring challenge. The Committee welcomed this and commented that it expected that the key challenge would be within middle management to ensure this reached all parts of the organisation, and suggested that case studies be used to assist in this understanding.

The Committee also discussed how this could be utilised in future to help frame budget setting exercises. Whilst it noted that a lot of the risk would be amber it would be a tool to ensure service risk is clearly shown and therefore allow decisions to be made as to where acceptable limits lie.

Further to discussion it was noted that whilst green risks would no longer be shown on the register they would remain on an appendix and be reviewed on a regular basis. There would also be a quarterly report to the Risk and Assurance Board.

The Audit Committee then noted the report.

12. Deep Dive - People/Culture

The Programme Director, Culture Transformation noted that there were three documents included in the Agenda Pack -presentation slides giving an update on culture transformation; slides setting out the analysis from the YouGov LFB People Survey, and an article on Hotwire about the survey results. He then delivered the presentation, the details of which are in the agenda pack, specifically noting that the LFB had benefitted from 3rd party scrutiny and had

made significant improvements in its performance as evidenced by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and endorsed by the results of the survey.

The Committee noted and welcomed the fact that HMICFRS had now fully discharged the remaining cause of concern relating to culture. The Programme Director added that there was more to do but the recognition of change by the HMICFRS was a positive step forward, and noted that the establishment of the Professional Standards Unit was an important part towards this.

The Programme Director then highlighted the key points in the analysis from the People Survey which he noted was a rich source of data. He specifically noted that the completion rate of 74% was an improvement from last year and the results showed some significant improvement, ranging from 1 to 15 percentage points. He added that the LFC was not complacent and further work and analysis would be undertaken, including in the area of harassment which was the only static metric.

He then added that there were four Brigade-wide actions, as detailed in the slides, to help to measure progress when the 2025 survey is run; invest in Managers; prevent bullying, harassment and discrimination; improve senior leadership performance; and improved engagement and communication when delivering change.

The Committee then discussed the points raised in the presentation and in particular the following.

The risk that, with the changes to transformation and the reduction in staff on the Programme, as well as considerable competing pressures the culture improvements are not sustained. Officers acknowledged this danger and noted the steps in place to mitigate against this, including the role of the Professional Standards Board, the retention of the Programme Board for at least 6 months into 2025/26 (at which point this would be handed over formally to business as usual); and the extension of the Advisory Board until November 2025. In addition, the senior responsible officer remained the Deputy Commissioner and a new permanent Director of People had started in January 2025 with key priorities in place on people resourcing, outreach, progression and succession planning, as well as leadership and performance management. It was noted that there would be a further survey in 12 months to gauge progress.

The concern around senior leadership performance. It was noted that there was an element of mistrust against senior leaders, particularly amongst operational staff. Possible reasons for this were discussed and it was noted that poor management not dealing with issues was a factor.

The importance of communication and the need to ensure that steps taken against unacceptable behaviour should be made visible to all, subject to requirements of confidentiality. It was stressed that staff needed to be aware that management had zero tolerance of such behaviour, and this could be publicised more widely.

The Chair of the Committee then thanked the Programme Director who it was noted was leaving in April. The Committee thanked him for his leadership in this important area.

The Audit Committee then noted the presentation and welcomed the progress that had been made in this area.

13. ICT Security Report

The Chief Information Security Officer introduced the report and along with the Chief Information Officer answered questions from Members of the Committee. It was highlighted that the threat of cyber-attacks against UK and global organisations continued to increase and there had been a number of incidents recently, such as the one at Transport for London.

The Chief Information Security Officer then summarised the key points as set out in the confidential report which the Committee then discussed. The Committee noted and welcomed the progress made as detailed in the report.

Following further discussion on specific areas of the report the Committee asked that a further report be brought back to the Committee in due course with updates and to provide a gap analysis on future requirements for the Cyber Assessment Framework.

The Audit Committee then noted the report.

14. Annual Report on Information Rights 2023/24

The Information Manager introduced the report by outlining the key highlights, as set out in the report, noting that there had been a significant increase in total information requests (48 percent compared with 2021/22). He added that this increase was in the main related to staff involved in disciplinary cases. Further to questions it was noted that this increase was being seen across all sectors.

The Committee was assured that the Publication Scheme was being used to help in managing the demand, as well as the GLA Data Store, but the majority of requests related to individual cases so was outside of the scope of the information published

The Information Manager confirmed that trends were being monitored, as was the statutory deadlines, which he noted were running currently at 86%.

The Audit Committee then noted the report.

15. London Fire Commissioner Audit Committee Annual Report 2024

Due to lack of time the Chair asked that any specific points arising from the draft annual plan be directed to the Clerk.

16. Workplan

The Audit Committee noted the updated workplan.

17. Any Other Business

There was no other business.

18. Dates of Future Meetings

The next meeting of the Audit Committee is scheduled to take place on 28 May 2025.

Anna Flatley, Governance Manager
Clerk to Audit Committee