

Minutes from Online Audit and Risk meeting - Non-Confidential held 10th November 2022

Attendance	John Rawson (JR) (Chair), David Clowes (DC) (Vice Chair), Christine Gore (CG), Andrew Parfitt (AP), Ian Mason (IM), Richard Pineger (RP), Emma Wall (EW), Vicky Day (VD), Adam Waller (AW), Lucy Cater (LC) SWAP, Emma Cathcart (EC) Counter Fraud and Enforcement Unit
Recorder	Rhian Watts (RW)
Apologies	None
Quorate?	Yes

Item	Notes	Action for
1	<p>Meeting commenced at 17:30</p> <p>No apologies received.</p> <p>No declarations of interest.</p>	
2	<p><u>Vice Chair of the Committee (Verbal)</u></p> <p>The Committee appointed David Clowes as Vice Chair of the Committee.</p>	
3	<p><u>Board Champion for Risk (Verbal)</u></p> <p>DC updated the Committee on his recent activities as Board Champion for Risk, noting that he had met with AW and IM and discussed the Institute of Internal Auditors 3 lines of defence. He explained that this consisted of colleagues managing risk on a day-to-day basis, the 2nd line of defence provided by AW and his team, and the 3rd line provide by the auditors and Risk Champion. DC highlighted the reassurance that this had provided on the robust way risk is managed throughout CBH and the strong engagement and ownership across the different lines of defence. AW thanked DC for his contribution to the development of risk management at</p>	

	<p>CBH over the last few years and emphasised the importance and value that the work of the Risk Champion has provided.</p> <p>DC noted that they had also discussed the recent situation at Peabody where it had been discovered that a tenant had died and not been discovered for 2.5 years. He explained that he had sought reassurance that steps were in place to preventing this happening at CBH. DC noted that they had discussed a number of regular contact points that CBH tenants receive including the annual gas safety inspections and the QL system which allows us to identify high demand customers. He added that colleagues are also currently developing reports to consider scenarios where there is a lack of contact or a change of contact to allow us to proactively contact potentially vulnerable customers. DC commented that they had also discussed the difficulty for customers who may not be contacting us because they don't speak English and the additional support and translation services available to them. He suggested that this may be an area where the Committee would benefit from a more detailed review of how we look after the most vulnerable people in our communities. JR agreed and noted this was also relevant to the Fire Safety Policy included on the agenda.</p> <p>ACTION – Schedule a Risk Review into management and support of high demand/low contact tenants</p> <p>RP noted that it was also important to remember that customers not considered vulnerable might also die alone. He commented that it was a good idea to use the data we have to flag changes in customer contact. RP asked if we would be able to make similar reports to flag potential cuckooing situations where people have moved in with customers through coercive control. EC commented that this is considered through the Counter Fraud and Enforcement Units (CFEU) serious and organised crime risk. She explained that the CFEU are currently developing service specific fraud risk registers which aim to make these risks more relatable and understandable to teams on the ground. EC noted that they were currently developing the risk register for revenue and benefit</p>	<p>CW/AW</p>
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	<p>fraud, and would be working on housing and tenancy fraud next. She highlighted that cuckooing would be part of this register and that this would be developed and shared with CBH.</p> <p>The Committee noted the contents of the verbal update.</p>	
4	<p><u>Board Champion for Health, Wellbeing and Safety (Verbal)</u></p> <p>CG updated the Committee on her recent activities as Health, Wellbeing and Safety Champion noting that she had met with DC to discuss his approach to the Champion role and the overlap between their roles and how this would be managed to ensure work isn't being duplicated. She explained that she had also met with Andy Tootell (Health & Safety Manager) (AT) and had identified specific areas that they will discuss more closely in the future. CG highlighted that AT had taken her through the new health & safety management system and they had discussed the benefit of having everything in one place digitally, visible to senior management and with automatic reminders to ensure real oversight at every level. She noted that they had also reviewed the new system for tracking personal safety devices (PSDs) which was also impressive. CG added that they had discussed whether there had been any resistance to the new system from colleagues but that AT had reassured her that as teams had been involved in trialling different systems they had seen positive engagement from the start. She noted that she had gained a great deal of reassurance from the meeting.</p> <p>The Committee noted the contents of the verbal update.</p>	
5	<p><u>Agree non-confidential minutes of the 20.09.2022 meeting and note progress on current action points</u></p> <p>The Committee agreed that the non-confidential minutes of the 20.09.2022 meeting were a true record and noted that all current action points were complete.</p>	

6	<p><u>Approve Committee Workplan for 2023-2024</u></p> <p>AW introduced the draft Committee workplan for 2023-24 and noted that it followed the pattern established in 2022-23 with the addition of a meeting scheduled for September which will be used if there is a delay in the accounts. He noted that there were some quite large agendas and that he would be discussing with JR and DC areas where we may be able to amalgamate items and make the best use of the Committee's time.</p> <p>JR commented that in September Board had reviewed the Regulator's consumer and economic standards and it had been recommended that progress would be updated via an enhanced report to Audit & Risk. He noted that this had only had 3 areas of non-compliance reported so would not need to be included in every agenda. AW confirmed that it was the intention to bring a report on these standards and the new Tenant Satisfaction Measures (TSMs) to Audit & Risk in February. He noted that we will also be reviewing the TSMs through existing reports.</p> <p>The Committee approved the Committee Workplan and Meeting Schedule for 2023-24.</p>	
7	<p><u>Property Compliance Policies – Fire Safety Policy</u></p> <p>VD introduced the updated Fire Safety Policy explaining that this had been reviewed to bring it in line with the requirements of the new legislation in the Building Safety Act, Fire Safety Act, Fire Safety Regulations, and Smoke and Carbon Monoxide Alarms (Amendment) regulations. She noted that the Building Safety Act would have more implications for CBH during new build work rather than in the management of existing buildings. VD highlighted the relevant requirements of the Fire Safety Act, including the need for fire risk assessments (FRAs) for blocks of flats where there are no internal communal areas, and the wider scope of components that now need to be included in FRAs such as external fabrics. She added that the Fire Safety Regulations require</p>	

	<p>us to carry out quarterly fire door checks for all communal fire doors and an annual inspection of all fire doors for blocks of flats over 11 meters tall. VD explained that the Smoke and Carbon Monoxide Alarm Regulations previously hadn't applied to social housing but now the properties require a carbon monoxide detector in any room with an applicable gas appliance and smoke detectors on each level within a property. She noted that we had been compliant with this since 2012 but that work has been required to evidence this.</p> <p>VD highlighted that our compliance with the new regulations represents a significant piece of work. She highlighted that are also additional requirements relating to communication with residents around fire safety.</p> <p>The Committee thanked VD and her team for the work and the detail included in the Policy and report. VD noted that the majority of work had been carried out by Alan Coates and that she would pass on the Committee's thanks. EW added her thanks and highlighted how positive it had been that colleagues across the business had been included in the development of the Policy.</p> <p>IM commented that it will be important to ensure that we are also able to communicate with residents where English is not their first language. He noted that there may also be benefits in using our data to target the most vulnerable residents who need the most support. VD confirmed that we will be developing a communication plan for all areas of health & safety around properties, which will include consideration of language and accessibility needs. She highlighted that this will go beyond out traditional approaches of paper communication, and will make use of digital communication and social media. VD added that we will also be making greater use of graphics to reduce language barriers and will be making use of best practice drawn from other organisations.</p>	
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	<p>IM noted that there were a number of different roles mentioned in the Policy, including a new Estates Compliance Officer position, and commented that it could be beneficial to include an appendix that lays out where these roles sit within the business. VD confirmed that a new Estates Compliance Officer role will be recruited to as soon as possible, which will have responsibility for checking corridors are clear, fire door and emergency lighting checks are completed and that illegal alterations have not been made, for example to balconies. She noted that whilst these are Estate roles they will sit within the Compliance team to ensure their focus remains on compliance. VD agreed that it would be useful to include a structure chart in the Policy to outline the lines of responsibility.</p> <p>ACTION – Include a structure chart within the Fire Safety Policy.</p> <p>RP asked whether the financial implications of the additional work required had been fully costed. VD confirmed that the additional roles had been included within the budget proposals for 2023-24 and would pick up the majority of the extra duties introduced in the new legislation. JR noted that it will be vital to stress the importance the Regulator of Social Housing (RSH) has placed on health and safety when the budget is considered.</p> <p>CG noted there was some confusing language on page 14 of the Policy around whether alarms would be fitted into communal areas, which could benefit from further clarification. VD explained that alarms aren't installed as standard in communal areas as the majority of our block are under 'Stay Put' policies, so alarms are not required. She confirmed that the wording would be updated to aid clarity.</p> <p>ACTION – Update wording on page 14 of the Fire Safety Policy to clarify alarm requirements for communal areas.</p> <p>DC asked what the potential issues could be with leaseholders within blocks of flats. VD explained that in a number of compliance areas leaseholders are exempt from requirements, such as gas safety checks or the installation of smoke or carbon monoxide</p>	<p>VD</p> <p>VD</p>
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	<p>detectors. She agreed that this can lead to issues with building compliance but that there is no legislative power to enforce leaseholders to comply. VD highlighted that there are areas where we can make changes, such as front entrance doors to leaseholders' flats which legally belong to CBC and so will be replaced as part of the upgrade programme and will be included in annual checks. She added that where leaseholders are letting properties, they are required to provide and maintain smoke and carbon monoxide detectors but that we don't have the authority to request evidence that they are complying with this.</p> <p>DC noted that whilst overall responsibility lies with the CEO there are a number of delegations. He asked for reassurance that this will be managed to ensure that people are fulfilling their responsibilities and an audit trail will be in place. VD explained that compliance with the requirements will be included in the quarterly compliance report and that a suite of operational KPIs will be developed that the Compliance Manager will regularly review. She added that we will also be making use of QL and the Target 100 health and safety system to manage compliance.</p> <p>JR asked how health & safety related repairs would be prioritised effectively. VD confirmed that as repairs are identified they will be prioritised based on the nature and urgency of the repair. She noted that we have also updated the reporting process to ensure that work is not closed if customers refuse access but are escalated and kept open until complete.</p> <p>The Committee reviewed and commented upon the proposed new Fire Safety Policy, prior to its presentation to Board for approval.</p>	
8	<p><u>Internal Audit Update 2022-23 and Draft Internal Audit Plan 2023-24</u></p> <p>LC introduced the Internal Audit update and noted that 2 audits had been finalised since the last update – health & safety which had received a high reasonable assurance and rent management</p>	

	<p>which had received a high substantial assurance. She noted that following a meeting with Stafford Cruse (SC) last week 1 change has been made to the 2022-23 audit plan to include an audit around estates cleaning, focused on communal areas. LC explained that this had replaced the planned audit on the rent deposit guarantee scheme.</p> <p>CG noted that she had discussed the healthy & safety audit with AT and he had confirmed that the recommendations made had either been implemented or were in progress.</p> <p>LC introduced the draft internal audit plan for 2023-24 for comment. DC noted that compliance reviews had been scheduled around electric and fire and asked whether it was anticipated that the Pennington Choices recommendations in these areas would be complete by then. VD explained that the audits had been to address a recommendation from Pennington Choices to complete internal audit reviews of each of the 6 big property compliance areas every 2 years. She noted that we have regularly reviewed gas in the past and were aiming to review 3 areas each year. VD also confirmed that the audits would begin in summer 2023 and the majority of the Pennington Choices actions would be completed by this point.</p> <p>The Committee noted the Internal Audit Update report and considered the assurances provided and the agreed actions, commented on its content. The Committee considered and commented on the content of the draft Internal Audit Plan for 2023-24.</p>	
9	<p><u>Internal Audit Priority 3 Recommendations Update</u></p> <p>AW introduced the report on the priority 3 internal audit recommendations. He noted that 3 recommendations had been carried from the previous report, 2 of which were now complete, with the final recommendation outstanding with an extended time frame. AW explained that 3 new recommendations had been</p>	

	<p>added, 2 of which had been completed and 1 of which was outstanding within its original target time.</p> <p>CG noted her concern that the recommendation around procurement training had been extended by more than 2 years to allow for new legislation to be introduced. She asked for reassurance that any training needs would also be addressed in the meantime to ensure our procurement remains efficient and effective. EW explained this recommendation related to a specific role in the business although a number of colleagues are involved in procurement. She noted that the role in question had still received CBC procurement training, fully understands the procurement process and receives external support from Publica. EW highlighted that as no deficiencies had been found during the internal audit review and the support was in place, there were no concerns about delaying the training until the regulation changes were finalised. RP asked if we could provide further insight into the planned changes. EW explained that an updated Procurement Bill which would impact Public Sector procurement was due to be introduced which would determine how we tender for works in a way that is public and transparent. She noted that CBC, CBH and Publica will all need to undertake additional training in this area once the regulations have been confirmed. AW asked if the Committee would be happy to close this recommendation given the assurance that this had been captured on future action plans. The Committee confirmed that they were.</p> <p>ACTION – Close recommendation relating to procurement.</p> <p>The Committee noted progress on Priority 3 Internal Audit Management recommendations.</p>	AW
10	<p><u>Counter Fraud and Enforcement Unit Update</u></p> <p>EC introduced the Counter Fraud and Enforcement Unit update on their recent activities. She highlighted the verification and prevention work that has been completed since the last report and noted that they had also begun the regular review of the housing</p>	

	<p>waiting lists to ensure that no-one is on the list who shouldn't be. EC highlighted that the report also includes the broad risk strategy that will form the background to the service specific risks. She explained that these were being developed for each partner council and would also include CBH.</p> <p>DC noted that an agreement had been reached between Kensington and Chelsea council and Air BnB concerning illegal subletting and asked whether CBH would also be able to check whether any of our properties were being listed. EC explained that Air BnB had received a court order to share the information with Kensington and Chelsea council. She noted that it would be possible for us to pursue this through the court as well as long as we could prove there was a subletting concern. EC added that there was likely to be some subletting in Cheltenham due to the races and festivals, particularly with the cost of living crisis. She noted that with the added pressures of the crisis we also needed to be sensitive to increased risks around internal fraud and procurement. EC highlighted that the introduction of the service specific risk registers would help mitigate against this in the future.</p> <p>AP asked whether CFEU considers lessons learnt when fraud has been committed and whether they had noticed the types of fraud we were experiencing changing. EC confirmed that they do proactively consider learnings and reports are prepared for management to identify any areas of the work that could be improved. She added that there is also significant sharing of best practice between teams and with partner organisations such as CBH. EC explained that fraud does change all the time, particularly as technology changes. As an example she highlighted the growth in business grant fraud following the pandemic as that had become a significant opportunity for fraudsters. EC noted however that there are also long running areas of fraud that it is equally important to remain conscious of and continue to work to prevent. She highlighted that one of the strongest mitigations is to work with colleagues and tenants and ensure they know how to refer issues and promote the prevention work carried out.</p>	
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	<p>RP left the meeting.</p> <p>JR asked whether there is a sense that the work carried out for CBC and CBH are separate or whether there is no clear dividing line due to our work being closely integrated. EC confirmed that the team does consider us as separate clients but that CBH work is also reported to the CBC Audit, Compliance and Governance Committee to ensure that they are aware of any risks.</p> <p>The Committee considered the report and commented on its content.</p>	
11	<p><u>Big Six Audit Action Plan</u></p> <p>VD introduced the report and explained that it provided an update on the progress of the actions from the Compliance Healthcheck that had been presented to the Committee in July 2022. She highlighted that significant work had taken place and that of the 20 recommendations made, 8 are ongoing, 10 are partially complete and 2 are fully complete. VD explained that we are currently working through changes to data and systems, which is taking a little longer.</p> <p>IM noted the reference to a disappointing discussion with Aareon that had revealed that QL did not currently have the functionality we require. He commented that Board have received reassurances in the past that progress would be made in a number of areas once QL functionality improves. IM asked whether this was functionality that had been promised or whether it related to new areas we were requesting. VD explained that we introduced QL 3 years ago and that it provides a wide package bespoke to social housing. She confirmed that it is able to do the vast majority of what we need but there are some areas where it isn't effective, such as reporting actions that cover all our stock emerging from fire risk assessments or the recording of temperatures for Legionella. VD noted that originally Aareon had suggested that QL would be able to manage</p>	

	<p>this but that the system wasn't currently set up to effectively manage compliance. She added that we have had a furthermore positive meeting and they are currently looking at developing the product to meet this need. VD highlighted that in the meantime we are exploring whether our health & safety management system, Target 100 can provide the functionality for areas that can't be managed through QL. EW commented that this is partly due to the current legislation changes changing housing providers needs. She highlighted that to meet the requirements of the Smoke and Carbon Monoxide Alarm Amendment Regulations, systems will need to have been completely changed and rolled out to clients within 6 months and noted that most systems do not have this level of agility. EW explained that we will still be documenting compliance through the other systems we have in place but until QL develops it will not be in the integrated system we were hoping for. She added that we will continue to work with Aareon on developing the system in line with our compliance requirements and noted that it was positive that CBH's specific needs were being considered in the design of the new system. AP commented that this was quite a common situation and that it sounded like progress was moving in the right direction. He noted that as the legislation changes enhancements to QL will be beneficial to other organisations as well and will be positive to Aareon in the long term. EW agreed and noted that all suppliers of housing software are currently in the same position as Aareon.</p> <p>The Committee thanked VD and her team for the thorough and enlightening report and the detail and assurance it has provided.</p> <p>The Committee noted and considered progress made against the 'Big Six' Compliance Healthcheck Action Plan</p>	
12	<p><u>Health, Safety & Wellbeing Update and Compliance Summary</u></p> <p>EW introduced the Health, Safety & Wellbeing Update and noted that it included an update on the Hand Arm Vibration case that was reported in the last update.</p>	

	<p>IM noted that the report confirms that asbestos surveys are now available for contractors via SharePoint and asked if there was any progress on making this accessible to customers. EW was unable to confirm the timeline at the meeting and will update committee. JR commented that the Asbestos Management Plan adopted earlier in the year had higher ambitions for surveys than originally included in the budget for 2022-23 and noted that it was important this was reflected in the HRA budget for 2023-24.</p> <p>ACTION – AD to update Committee around timeline for sharing asbestos surveys with customers.</p> <p>DC noted that in previous reports there has been concern that Personal Safe Devices (PSDs) not being used and commented that it was good to see use increasing with the new monitoring system. EW agreed that the new system was a great improvement allowing management to easily see who has been using the devices and providing AT with the ability to provide a central oversight. She highlighted that the feedback from teams was also very positive.</p> <p>DC asked for 2 details of the non-RIDDOR injuries reported from the Colleague Conference. EW explained that the day had featured a mixture of mental and physical activities, that colleagues could opt in or out of. She noted that 2 colleagues had experienced a knee and a wrist injury on the day. EW commented that it had been discussed whether physical activities shouldn't be included in the future but that they were very well received by colleagues.</p> <p>The Committee noted the information within the report.</p>	AD
13	<p><u>Three Year Plan – 6 monthly KPIs report, including overview of KPI Calculations</u></p> <p>AW introduced the 6 monthly KPI report and explained that the report provides the Committee with detail behind the KPIs to provide them with an opportunity to select an area for a deeper review if required. He highlighted that following a request from the Committee the report also includes details of how KPIs are built</p>	

	<p>within Clearview. AW explained that it would be very difficult to pull all the detail behind the KPIs into a single report but that he would be happy to review the Clearview system individually with NEDs if they wished. DC thanked AW for this background detail and suggested that it would be useful to include this as a reminder once a year.</p> <p>CG highlighted that whilst it was disappointing to see that 19 KPIs have declined the recent report to Board had provided clear understanding of the reasons for this and the steps that would be taken to address the issues. She noted that we are primarily seeing the impact of the challenges relating to recruitment.</p> <p>JR commented that it was concerning to see that performance against '% Contact Centre Calls Answered within 60 seconds' had fallen to 69.87%, as this was significantly below target. He noted that this will impact customers and affect their view of CBH. EW agreed that this was the area of largest concern at the moment and was due to significant recruitment and retention issues due to a number of colleagues leaving. She explained that we are having to recruit very quickly but that a plan has been put in place to ensure that we can get back to the performance we were delivering a couple of months ago, but that performance is unlikely to recover until January. EW highlighted that the introduction of the Complaints Handling Code has led to significant job opportunities in many areas for customer service staff. She added that whilst other housing providers are able to offer higher wages, we have been working to ensure the terms and conditions offered at CBH are strong. EW noted that we are also taking other steps including alternative management arrangements and secondments as this was a top priority for the business.</p> <p>AP noted that the number of new houses acquired in a year had been red for some time. AW commented that this was a complicated area as not everything is within CBH's power. EW explained that there are issues around inflation, the market and planning permission that has meant contractors and developers</p>	
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	<p>have not been able to progress as quickly as expected. She noted that we do still have a number of sites coming on stream which will be completed in the next year and that further details will be provided to Board through the Quarterly Development Update.</p> <p>The Committee considered the report and the requested extra information about the calculation of KPIs and confirmed that this provided sufficient insight.</p>	
14	<p><u>Corporate Risk Update</u></p> <p>AW introduced the Corporate Risk update and highlighted that 2 risks have changed since the last report. He explained that the risk score for 'loss of effective leadership' has decreased following the successful recruitment of the new Chair, Executive Director of Finance and Resources, and Head of People and Culture. AW noted that the risk score for 'loss of skills and knowledge' has increased due to difficulties seen across the business and sector in relation to recruitment and retention. DC agreed that it was good to see the risk register being used as a live document that reflects the difficulties seen in recruitment, particularly as we are beginning to see the impact. IM noted that the Bank of England has issued warnings about recession and a potential doubling of unemployment and commented that this could make it easier to recruit in the future.</p> <p>AP asked whether there should be concern that the risk relating to the HRA business plan being unviable has been our highest rated risk for some time. AW explained that it was likely to remain highly scored due to the high impact (which is squared for the risk calculation) and the consequence of pressures being placed on the HRA. He noted that SC is currently working with colleagues to prepare the budgets for CBC approval currently, which includes stress testing over a long period for the HRA. JR reminded the Committee that SC would be holding a session the following week on the HRA budget and stress testing which would be useful to attend.</p>	

	The Committee considered and challenged the information provided on current assessment levels of all Corporate Risks.	
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Meeting Closed at 19:21

J. O. Hammer

Signed.....

Date: 09/02/2023

Chair of the Audit and Risk Committee

(Digitally signed)