

Audit, Pensions and Standards Committee

Agenda

Wednesday 7 December 2016

7.00 pm

COMMITTEE ROOM 1 - HAMMERSMITH TOWN HALL

MEMBERSHIP

Administration:	Opposition
Councillor Iain Cassidy (Chair) Councillor Ben Coleman Councillor PJ Murphy Councillor Guy Vincent Councillor Michael Cartwright	Councillor Michael Adam Councillor Nicholas Botterill Councillor Mark Loveday Councillor Donald Johnson

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www.lbhf.gov.uk/Directory/Council_and_Democracy

Members of the public are welcome to attend. A loop system for hearing impairment is provided, along with disabled access to the building.

Audit, Pensions and Standards Committee Agenda

7 December 2016

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1. MINUTES OF THE PREVIOUS MEETING	To approve the minutes of the meeting held on 13 September 2016.	1 - 8
2. APOLOGIES FOR ABSENCE		
3. DECLARATIONS OF INTEREST	<p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Audit, Pensions and Standards Committee.</p>	
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| 15. | DATES OF FUTURE MEETINGS
The next meeting is scheduled for 21 March 2017. | |
| 16. | EXCLUSION OF THE PUBLIC AND PRESS
The Committee is invited to resolve, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information. | |
| 17. | EXEMPT MINUTES OF THE PREVIOUS MEETING | |

London Borough of Hammersmith & Fulham



Audit, Pensions and Standards Committee Minutes

13 September 2016

PRESENT

Committee Members: Councillor Iain Cassidy, Ben Coleman, PJ Murphy, Guy Vincent, Michael Cartwright, Mark Loveday, Michael Adam, and Donald Johnson

Officers: Hitesh Jolapara, Chris Harris, Geoff Drake, George Bruce, Nicola Webb, Halfield Jackman, Dave McNamara, Michael Hainge, Paul Monforte, Stan Grant, and David Abbott

Guests: Andrew Sayers (KPMG) and Jennifer Townsend (KPMG)

1. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 15 June 2016 were agreed as a correct record and were signed by the Chair.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Nicholas Botterill.

Apologies for lateness were received from Councillor PJ Murphy and Donald Johnson.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. ANNUAL STATEMENT OF ACCOUNTS 2015-16

Hitesh Jolapara, Strategic Finance Director, introduced the report that recommended the Committee to note the auditor's findings and recommendations, approve the management representation letter, approve the Statement of Accounts for 2015/16 including the Pension Fund, to note the Annual Governance Statement, and approve the Pension Fund Annual Report 2015/16. He noted the following key points from the Narrative Statement of the Statement of Accounts:

- A General Fund revenue account under-spend of £4.5m
- A General Fund balance of £19.0m.
- A Housing Revenue Account (HRA) surplus of £5.3m for the year, increasing its working balance to £18.5m.
- Earmarked reserves at 31 March 2016 of £112.9m.

Andrew Sayers, KPMG, noted that they were anticipating issuing an unqualified audit opinion on the Council's financial statements and that the Annual Governance Statement complied with the guidance issued by CIPFA/SOLACE in June 2007.

Three audit adjustments were identified above the threshold of £600,000 which required reporting. The impact of these adjustments was to decrease the gross balance of Debtors and Creditors on the balance sheet by £2.2 million (less than 0.2% of net assets) and did not impact the balance on the general fund and HRA account as at 31 March 2016.

The following key audit risks were identified in the 2015/16 external audit plan issued in June 2016:

- Management override of controls
- Valuation of Property, Plant and Equipment
- Managed Services implementation (affecting Cash, Debtors, Creditors, Journals and Payroll)

Andrew Sayers noted that the auditors had discussed these issues with officers throughout the year and they were satisfied that adequate controls had been put in place. Further work was required for the Pensions Fund on valuations, benefits and contributions but there was comfort on the overall figures. There had been some issues with membership data following the recent transfer of contracts from Capita to Surrey County Council but the auditors now had all of the information they needed and anticipated being able to hit the 30 September deadline. It was noted that if any non-significant changes were required, such as changes to disclosure notes, the Strategic Finance Director would authorise these and inform the Chair.

The Chair invited questions from the Committee.

Councillor Guy Vincent, with reference to page 142 of the agenda, noted that the auditor had concerns about significant numbers of queries and the accuracy of data related to pensions. He asked if that was primarily a managed services issue. Andrew Sayers responded that the 'logic check' the auditors carried out on contributions and benefits was heavily dependent on membership data. When the check was completed it highlighted some concerns around the timing of people coming in and out of the scheme. When looking into the issue in greater detail they didn't find any errors in payments made and they believed it was purely a data issue, of which an element was due to managed services, but was also due to the move from Capita to Surrey County Council. Once Surrey County Council were more comfortable with the data (carried out data cleansing etc.) it was advised that internal audit should carry out a further check on the data to ensure the issues had been resolved.

Councillor Vincent, with reference to page 162 of the report, asked if the auditors had found any issues in relation to procurement and contract management. Andrew Sayers responded that they had looked at contract management and were aware of issues such as the SEN passenger transport contract and managed services that had caused major problems for the Council. The auditors were satisfied that those issues had been identified and were being improved. He advised that procurement and contract management were fit for purpose but could have been improved – problems with those areas were common issues in local government. Councillor Ben Coleman noted that the two contracts mentioned above were let by Westminster City Council as part of the tri-borough, not Hammersmith and Fulham.

Councillor PJ Murphy, with reference to page 22 of the agenda, noted the significant underspends in the General Fund outturn table and asked what proportion of that was due to unfilled posts. Hitesh Jolapara said he could share the outturn report that showed the breakdown of those figures outside of the meeting.

Councillor Michael Adam, noted that the reported underspend of £4,478,000 was fairly significant at a time when Council budgets were being reduced – and this raised questions about why the money had not been allocated. Councillor Murphy asked what percent of the budget the underspend represented and whether that was consistent with previous underspends. Hitesh Jolapara responded that the underspend was a relatively small percentage of the overall budget – successive years of austerity had created a culture where managers were very careful with their budgets. Councillor Adam noted the Controlled Parking Accounts underspend of £2,170,000 (page 22 of the agenda) and asked for a breakdown of that figure.

Councillor Adam noted that there appeared to be quite a bit of cash flow variance and asked what had caused it. Chris Harris referred members to the list of short term investments on page 33 and the cash flow statement on page 34 – he said the variances were largely due to the complexities of how investments and cash were managed.

Councillor Adam noted the pensions deficit of £490,000,000, which was higher than the pensions fund account - were officers using a different discount rate to measure liabilities? Officers responded that a range of actuary assumptions could be used to measure the liabilities.

Councillor Vincent, referring to the pensions fund account on page 210 of the agenda, noted that there was a net decrease of £12,000,000 this year but management expenses had increased. He asked officers to look again at fee structures with a view towards rebalancing in favour of performance.

Councillor Vincent noted that there were vague mentions of Brexit in the main accounts and it had been reported that some final salary pension schemes would be facing difficulties – he asked if the Committee should anticipate problems going forward. George Bruce responded that the pensions fund was a long term vehicle (50-60 years) and financial markets were not always stable. 2014-15 was very good year whereas last year was relatively flat. Since the year-end the markets have responded exceptionally well. Private sector pensions schemes had faced

difficulties due to their gilt-based discount rate but the Local Government Pension Scheme was different, facing only slight reductions in discount rates.

Councillor Loveday, with reference to the list of transfers to and from reserves on page 58 of the agenda, asked if the Council matched money leaving reserves with the purpose that it was originally earmarked for.

Hitesh Jolapara responded that the Council chooses to reallocate funds based on need and they did look at the earmarked purpose first. Reallocations went through the Council's standard governance processes and there was a clear audit trail for all transactions. Councillor Loveday asked if he could see information on what the reserves were used for.

Councillor Murphy asked if the increase in earmarked reserves from £92,589,000 at 31 March 2014 to £112,852,000 at 31 March 2016 was a good thing. Hitesh Jolapara informed members that reserves were all earmarked for specific purposes and they also gave the Council the resources for invest-to-save initiatives in the future.

The Chair, on behalf of the Committee, thanked Hitesh Jolapara and Councillor Max Schmid for their hard work in achieving an unqualified audit opinion.

RESOLVED

1. That the Committee noted the content of the auditor's 'Report to those Charged with Governance (ISA260)' (appendix 2 of the report) stating that the accounts will receive an unqualified opinion, the Council has an adequate internal control environment and has made proper arrangements to secure economy, efficiency and effectiveness in the use of resources.
2. That the Committee noted the auditor's findings, recommendations and the Council's response to those recommendations as set-out in the Report to those Charged with Governance (ISA260).
3. That the Committee approved the management representation letter (as included at appendix 3 of the report).
4. That the Committee approved the Statement of Accounts for 2015/16, including the Pension Fund (as included at appendix 1 of the report).
5. That the Committee noted the Annual Governance Statement which is included in the Statement of Accounts on pages 106-114 of the report.
6. That the Committee approved the Pension Fund Annual Report 2015/16 (as included at appendix 4 of the report).

5. TREASURY OUTTURN REPORT 2015-16

George Bruce presented the Council's Outturn Treasury Report for 2015/16 and noted that it would be formally signed off by Full Council in October. The Chair invited questions from the Committee.

Councillor Michael Adam, with reference to page 244 of the agenda, said it was not clear how the maturity of debt matched declining investment. George Bruce referenced section 5.29 of the report that showed the breakdown of the £60m

reduction in investment balances - debt maturities was only one element of that. The major element was higher cash balances at year end.

Councillor Adam noted the return of 0.6 percent and asked if any benchmarking had been done to compare our performance with that of other authorities. George Bruce responded that the London average at March was around 0.85 percent but that represented a range of risk profiles. The Council had more of a focus on security. Councillor Max Schmid and Hitesh Jolapara were however looking at options going forward to enhance the return.

RESOLVED

That the Committee noted the report.

6. INTERNAL AUDIT QUARTERLY REPORT - APRIL TO JUNE 2016

Geoff Drake presented the report that summarised internal audit activity in respect of audit reports issued during the period 1 April to 30 June 2016 as well as reporting on the performance of the Internal Audit service. At the time of the meeting there were 64 audit recommendations outstanding.

Geoff Drake noted that Ed Garcez, Chief Information Officer, was unable to attend the meeting due to a long-standing commitment. The Chair said he would meet with him to discuss the outstanding recommendations and request a note for the rest of the committee.

Fulham Primary School

Councillor Mark Loveday noted that the internal audit report on Fulham Primary School was in the exempt agenda but information on the school's outstanding audit recommendations were contained in the audit summary in the quarterly report which was in the open agenda. He asked that officers considered whether audit reports really needed to be kept exempt in future or whether they could be made public.

Councillor PJ Murphy, with reference to the high number of outstanding recommendations relating to schools, asked if there was a legal requirement to audit schools. Dave McNamara responded that the Council was obliged through a statutory framework to test whether proper controls were in place. In this instance the reminder sent to schools asking them to respond was sent a short time before the summer break and the report for committee was written before they came back so there was only a short time for them to provide updates. Schools do take the process seriously and are concerned if they receive nil or limited assurance. He also noted that some schools disagreed with the auditor's opinions but find it difficult to articulate why. Councillor Murphy said would be helpful to have that information in reports going forward so at least the Committee is aware that some action is being taken. Dave McNamara suggested audit should meet with the bursars as they were keen to understand the process in more detail.

Councillor Mark Loveday, with reference to pages 253 and 254, noted that the overall picture on audit seemed to be presenting a deterioration. There were more nil-assurance returns which were defined as where 'controls are generally weak

open to significant abuse'. In addition, outstanding recommendations were remaining outstanding for longer. He asked what the cause of that was. Geoff Drake responded that a small number of schools were responsible for a significant proportion of outstanding recommendations and both of the nil returns. Dave McNamara noted that Fulham Primary School did not feel the recommendations reflected the judgement and a nil assurance opinion was not an accurate reflection of the severity of the situation. Geoff Drake countered that internal audit took a consistent line on opinions and nil assurance reports were always reviewed by the Head of Audit – he offered to meet with Children's Services officers to resolve this issue.

The Committee agreed that the Chair should write to the Chair of Governors at the school inviting them and the Headteacher to attend the next meeting of the committee to discuss the issues highlighted in the report. The Chair noted that going forward the Committee would require Chairs of Governors and Headteachers to attend in cases of limited and nil assurance audits.

Corporate Procurement

Michael Hainge, Commercial Director, presented the recommendations for Corporate Procurement (recommendations 40 and 41). He apologised to the Committee for not meeting the agreed deadlines. He noted that a procurement strategy had been drafted and would be finalised by the end of October. The biggest changes related to contract standing orders – all contracts above £100,000 in value would have a strategy from the outset, giving Cabinet opportunity to have their input and ensure that the contract reflected the administrations priorities from the outset. He also informed the Committee that 30 staff had undertaken an online procurement training course from IACC. In addition to this over 80 staff had been trained on the new contract standing orders. Councillor PJ Murphy noted that the best learning was through experience. Training needed to be followed up regularly to be effective.

Councillor Guy Vincent asked what the next steps were. Michael Hainge responded that internal audit would follow up with the service and confirm the implementation of the recommendations.

7. HEAD OF INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2015-16

Geoff Drake presented the report that summarised all audit work undertaken during the 2015/16 financial year and provided assurances on the overall System of Internal Control, the System of Internal Financial Control, Corporate Governance and Risk Management. The work carried out by internal audit found that internal control systems were generally effective with 81.4 percent of audits undertaken receiving a positive assurance opinion.

Councillor Michael Adam asked why there were fewer recommendations this year than in previous years. Geoff Drake responded that the audit programme was roughly the same size as previous years and the number of recommendations reflected the findings of the audits undertaken.

8. INTERNAL AUDIT CHARTER AND STRATEGY

Geoff Drake presented the updated version of the Internal Audit Charter and Strategy.

RESOLVED

That the Committee noted the contents of the report.

9. DATES OF FUTURE MEETINGS

The next meeting was scheduled for 7 December 2016.

10. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED

That under Section 100A(4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

11. EXEMPT MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the exempt minutes of the meeting held on 15 June 2016 were agreed as a correct record and were signed by the Chair.

12. FINAL INTERNAL AUDIT REPORT - FULHAM PRIMARY SCHOOL 2015-16

The Chair noted that the Committee had agreed earlier to invite the Chair of Governors and Headteacher to the next meeting to discuss the findings of the audit report.

RESOLVED

That the Chair write a letter inviting the Chair of Governors and the Headteacher of Fulham Primary School to the next meeting of the Committee to discuss the findings of the audit report.


13. FINAL INTERNAL AUDIT REPORT - MITIE HEALTH AND SAFETY CHECKS 2015-16

The Committee discussed the report.

Meeting started: 7.00 pm
Meeting ended: 10.00 pm

Chair

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London Borough of Hammersmith & Fulham AUDIT PENSIONS AND STANDARDS COMMITTEE 7 December 2016		 hammersmith & fulham
ANNUAL AUDIT LETTER 2015/16		
Report of the Strategic Finance Director		
Open Report		
Classification: For Information Key Decision: No		
Wards Affected: None		
Accountable Director: Hitesh Jolapara, Strategic Finance Director		
Report Author: Christopher Harris, Head of Corporate Accountancy and Capital		Contact Details: Tel: 0208 753 6440 christopher.harris@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. The Council's external auditor – KPMG - have issued their Annual Audit Letter. The letter notes that, following the authorisation of the 2015/16 Statement of Accounts by the Committee on 13th September 2016, KPMG issued the following on 30th September 2016:
 - An unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16.
 - An unqualified opinion on the Authority's 2015/16 financial statements.
 - An unqualified opinion on the 2015/16 Pension Fund.
 - The 2015/16 Audit certificate. The certificate confirms that the auditor has concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.
- 1.2. The letter also summarises the findings and recommendations of the 2015/16 audit which were previously presented to the Committee in September. The auditor has also formalised their recommendation concerning Pension Fund membership data which was raised verbally at the September Committee. Management have agreed this recommendation.
- 1.3. The audit fee for the main audit was £163,950 which is in line with the planned fee.

2. RECOMMENDATIONS

2.1. To note the contents of auditor's letter.

3. REASONS FOR DECISION

3.1. Not applicable.

4. EQUALITY IMPLICATIONS

4.1. Not applicable.

5. LEGAL IMPLICATIONS

5.1. Not applicable.

6. FINANCIAL AND RESOURCES IMPLICATIONS

6.1. Not applicable.

7. RISK MANAGEMENT

7.1. Not applicable

8. PROCUREMENT AND IT STRATEGY IMPLICATIONS

8.1. Not applicable.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	KPMG reports (Presented to Sep 2016 Audit Committee)	Christopher Harris, 020 8753 6440	Corporate Accountancy and Capital, Room 10, Hammersmith Town Hall

LIST OF APPENDICES:

Appendix 1 – KPMG Annual Audit Letter 2015/16



Annual Audit Letter 2015/16

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London Borough of Hammersmith and
Fulham

—
26 October 2016



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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Sayers, the engagement lead to the Authority and lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, who will try to resolve your complaint. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This Annual Audit Letter summarises the outcome from our audit work at London Borough of Hammersmith and Fulham in relation to their 2015/16 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

VFM conclusion	We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on the 30 September 2016. This means we are satisfied that during the year the Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.
VFM risk areas	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>Our work focussed on the following areas:</p> <ul style="list-style-type: none"> ▪ <i>Managed Services implementation:</i> Included within our assessment was the consideration of information provided to management and those charged with governance to support effective decision making. ▪ <i>Procurement and contract management:</i> We reviewed the contract management arrangements surrounding the Authorities SEN transport and the managed services contracts; and ▪ <i>Sustainable resource deployment:</i> Through review of the medium term financial plan we considered the robustness of the underlying assumptions. We reviewed a sample of cost improvement plans and we assessed the controls in place to ensure the deliverability of plan against quality considerations. <p>There are no matters of significance arising as a result of our audit work on these VFM focus areas.</p>
Audit opinion	We issued an unqualified opinion on the Authority's financial statements on the 30 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the pension fund.
Financial statements audit	<p>Within our plan we identified four financial statement risks. In addition to the rebuttable presumption of the fraud risk from revenue recognition, we identified the following key financial statement audit risks in our 15/16 External audit plan issued in June 2016.</p> <ul style="list-style-type: none"> ▪ Management override of controls; ▪ Valuation of Property, Plant and Equipment; and ▪ Managed Services implementation (affecting Cash, Debtors, Creditors, Journals and Payroll). <p>The materiality level for this year's audit was set at £12 million. Audit differences below £600,000 were not considered significant. Our audit identified a total of three audit adjustments greater than £600K which required reporting to those charged with governance. The impact of these adjustments was to decrease the gross balance of Debtors and Creditors on the balance sheet by £2.2 million (less than 0.2% of net assets), but did not impact the balance on the general fund and HRA account as at 31 March 2016. All of these were agreed with officers and adjusted by the Authority.</p>

Our opinions on the pension fund and the Whole of Government Accounts were provided on the 30 September 2016.

Annual Governance Statement	We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding and that it complied with 'Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE'.
Pension fund audit	<p>We issued an unqualified opinion on the Pension Fund on the 30 September 2016.</p> <p>In 2015/16 the administration of the pension fund transferred from CAPITA to Surrey County Council (SCC). This highlighted a number of data exceptions which the Authority and SCC will work together to cleanse over the next 6 months. Linked to this, as part of our testing of membership data, we identified a number of exceptions, specifically in relation to active members.</p> <p>In 2015/16, the fund contained level 2 and 3 assets with valuation of fund managers of over £245 million. Typically, we would expect the custodian to provide assurance over the valuation of these assets. In 2015/16, this was not provided by the custodian and therefore we obtained assurances from the fund managers themselves.</p> <p>A number of elements of the pension fund testing was outstanding at the time our ISA260 was presented to the Audit and Transparency Committee. We discussed at the committee the need for additional assurances following the completion of the above data cleanse. We have included a high priority recommendation within Appendix 1 to this report which sets out our expectation. This has been agreed with management.</p>
Whole of Government Accounts	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. On the 30 September 2016, we reported that the Authority's pack was consistent with the audited financial statements.
High priority recommendations	<p>We included one high priority recommendation which was reported within our ISA 260. These are detailed in Appendix 1 together with the action plan agreed by management.</p> <ul style="list-style-type: none"> — Transactions processed by service organisation (BT): Where a service organisation is used for financial transactional processing, we would typically expect to receive an assurance report on controls at the service organisation (ISAE 3402). The report would be issued by a third party and provide an assessment of the financial control environment. This was not provided (or commissioned) by BT. We did not receive this in 2015/16 and have recommended that an ISAE 3402 is commissioned, or that specific internal audit work is undertaken at BT to provide this assurance. <p>We will formally follow up progress against all recommendations as part of our 2016/17 work.</p>
Certificate	We issued our certificate on the 30 September 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.
Audit fee	Our fee for 2015/16 was £163,950, excluding VAT (£216,000 in 2014/15). Our fee in relation to the audit of the pension fund was £21,000 plus VAT (£21,000 in 2014/15). This fee was in line with that highlighted within our audit plan agreed by the Audit and Transparency Committee in June 2016. Further detail is contained in Appendix 3.

Appendix 1: Key issues and recommendations

We raised one high priority recommendations as a result of our 2015/16 audit work.

We noted that the Authority did not have any high priority recommendations highlighted in the previous year.

Priority rating for recommendations		
1	Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2
2	Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	3
3	Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.	

Follow up of previous recommendations

As part of our audit work we followed up on the Authority’s progress against previous audit recommendations. We noted that the Authority did not have any high priority recommendations highlighted in the previous year.

No.	Issue and recommendation	Management response / responsible officer / due date
1	<p>Transactions processed by service organisation</p> <p>During our testwork over journal transactions, we were unable to view supporting evidence or verify segregation of duties for transactions initiated at BT.</p> <p>During other areas of our testwork, including debtors and pensions, we noted several instances of transactions that were originally posted incorrectly by BT and detected/corrected by local finance staff.</p> <p>Typically, service organisations provide an assurance report on controls at the service organisation (ISAE 3402). The report would be issued by a third party and provide an assessment of the financial control environment. This was not provided (or commissioned) by BT.</p> <p>Recommendation</p> <p>The Council should consider how to obtain assurance over the control environment at BT. This can be achieved through the commissioning of an ISAE 3402 as noted above or specific internal audit work undertaken at BT. The resulting report should be reviewed by management and any areas for local consideration should be actioned accordingly.</p>	<p>We will investigate and consider options as to how we can obtain increased assurance over the control environment at BT. This may include an internal review of controls, an externally certified review, or a combination of both. Management will review any findings and ensure that any areas for local consideration are actioned accordingly.</p> <p>Strategic Finance Director March 2017</p>

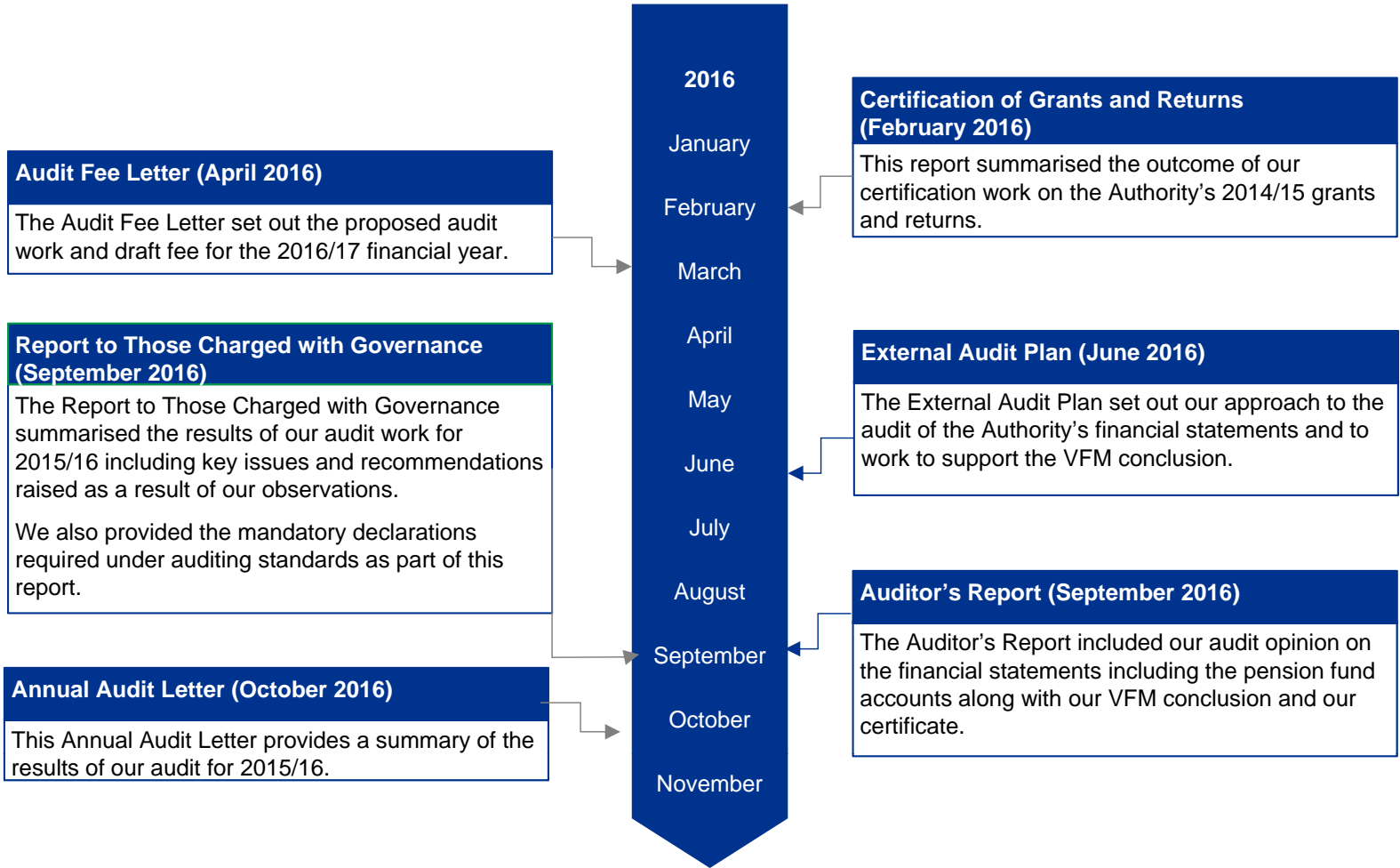
Appendix 1: Key issues and recommendations

We have agreed that following the cleansing of membership data, that the Authority will complete an internal audit of data to provide assurance that data issues have been resolved.

No.	Issue and recommendation	Management response / responsible officer / due date
2	<p>Pension Fund membership data</p> <p>Pension fund data integrity has been impacted by both the transfer of administering responsibilities from Capita to Surrey County Council (SCC), and through the introduction of a new financial ledger through the managed services program.</p> <p>We undertake a number of analytical procedures within the pension fund audit. As part of this, we need to gain assurance over the pension fund membership data through detailed sample testing.</p> <p>During our initial testing of membership data on contributions and pension benefits, we found a number of issues which required us to expand our sample in order to be able to reach an opinion on the financial statements</p> <p>The Council is aware of the issues encountered with the handover of data from Capita to SCC both in terms of technical difficulties and completeness/accuracy of data held; and also the lack of a direct interface between BT managed services systems and SCCs pensions administration systems. Consequently, there is a comprehensive plan to ensure all membership data is complete and accurate within the next 6-12 months.</p> <p>Recommendation</p> <p>Once the cleansing of membership data is complete and all parties are agreed that this is the case, LBH&F should ensure that a detailed assurance exercise is undertaken. This exercise will need to be more detailed than an audit and could be externally procured or completed by Internal Audit.</p> <p>LBH&F should also ensure that it is able to routinely reconcile appropriate information between BT managed services systems and SCCs pensions administration systems. This would provide assurance throughout the year that all contributions are being collected by LBH&F and passed to the Pension Fund.</p>	<p>The Council will ensure that a detailed assurance exercise is put in place to tackle the historical casework backlog inherited from Capita as well as the proposals for cleansing inherited data on the pensions administration system where required. The aim will be to complete the work within a one year period starting on 1 October 2016, although it is recognised that some aspects could take longer if any complicating factors arise.</p> <p>The Council agrees that the reconciliation of pension contributions between BT Managed Services and the Pension Fund needs to be more robust and transparent. The Pensions and Treasury Service is leading on the review of the current processes and will put satisfactory arrangements in place before the end of the current financial year.</p> <p>The Council will commence a reconciliation of appropriate scheme member information between BT Managed Services and Surrey County Council before the end of the current financial year.</p> <p>Responsible Officer: Debbie Morris, Bi-Borough Director of HR</p> <p>Due dates: Reconciliation processes will be place by 31 March 2017 with the majority of the casework to be cleared by 30 September 2017"</p>

Appendix 2: Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.



Appendix 3: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

External audit

Our final fee for the 2015/16 audit of the Authority was £ 163,950 which is in line with the planned fee.

Our planned fee for the 2015/16 audit of the Pension Fund was £21,000 plus VAT. The final fee is under review.

Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments (PSAA) we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing.

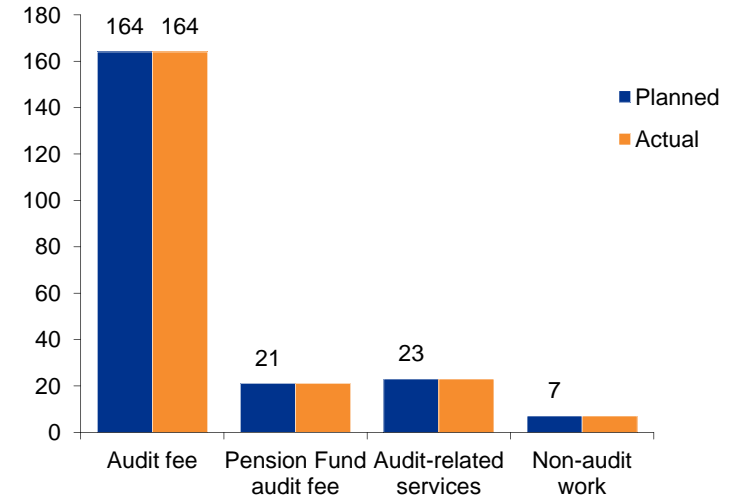
The scale fee for certification of grant claims for Housing Benefits is planned at £23,756 plus VAT (£31,720 in 2014/15). Final fees will be agreed upon completion and reported in January 2017.

Other services

We will complete the audit of the Teachers' Pension grant claim and Pooling Capital Receipts return, which are outside the PSAA certification regime.

Work is ongoing in relation to these. We would anticipate a fee of £7k in relation to this (£7k in 2014/15). We will report the final fee in January 2017.

External audit fees 2015/16 (£'000)





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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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Agenda Item 5

<p>London Borough of Hammersmith & Fulham</p> <p>AUDIT PENSIONS AND STANDARDS COMMITTEE</p> <p>7 December 2016</p>	
APPOINTMENT OF EXTERNAL AUDITORS	
Report of the Chair of the Audit, Pensions, and Standards Committee	
Open Report	
Classification: For Decision Key Decision: Yes	
Wards Affected: ALL	
Accountable Director: Hitesh Jolapara, Strategic Finance Director	
Report Author: Christopher Harris, Head of Corporate Accountancy and Capital	Contact Details: Tel: 0208 753 6440 christopher.harris@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. This report outlines the approach for appointing the Council's External Auditors further to the end of the transitional arrangements which have been in place since the end of the Audit Commission. It recommends that Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

2. RECOMMENDATIONS

- 2.1. To approve that the Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

3. REASONS FOR DECISION

- 3.1. Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt-in to the new appointment arrangements must be made by Full Council. The PSAA have requested that any decision is made by February 2017.

4. INTRODUCTION AND BACKGROUND

- 4.1. The Council's External Auditors were previously appointed by the Audit Commission. Following the demise of the Commission, transitional appointment arrangements were put in place running up to and including the audit of the financial year 2017/18. The Council must ensure it has arrangements in place for the appointment of External Auditors for the financial year 2018/19 onwards.
- 4.2. The Local Audit and Accountability Act 2014 requires authorities to either opt in to the appointing person regime – i.e. as part of a sector-wide consortium - or to establish an auditor panel and conduct their own procurement exercise.
- 4.3. In July 2016 the Department for Communities and Local Government (DCLG) confirmed Public Sector Audit Appointments (PSAA) as the appointing person for this purpose.
- 4.4. The PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission and is a company owned by the Local Government Association's Improvement and Development Agency (IDeA). It is the body to whom existing External Audit contracts were novated following the end of the Audit Commission.
- 4.5. The Council must now decide to opt into the PSAA arrangements or undertake its own audit selection and procurement process.
- 4.6. It is recommended that Council opts in to the appointing person arrangements made by PSAA for the appointment of external auditors.
- 4.7. Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by Full Council. The PSAA have requested that any decision is made prior to February 2017.

5. REASONS FOR THE PROPOSED DECISION

- 5.1. It is likely that a sector-wide procurement conducted by PSAA will produce significantly better outcomes for the Council than any self-determined procurement. Use of the PSAA will:
 - Be less resource intensive than establishing an auditor panel and conducting our own procurement.
 - Harness the bulk buying power of the sector led procurement, leading to reduced audit fee.
 - Harness the expertise vested in the PSAA. The PSAA has wide support across local government.
- 5.2. The advantages of a sector led body procurement are:
 - Assure timely auditor appointments
 - Manage independence of auditors

- Secure highly competitive prices
- Save on procurement costs
- Save time and effort needed on auditor panels
- Focus on audit quality
- Operate on a not for profit basis and distribute any surplus funds to scheme members.

6. EQUALITY IMPLICATIONS

6.1. There are no direct equalities implications in relation to this report.

7. LEGAL IMPLICATIONS

7.1. There are no direct legal implications in relation to this report.

7.2. Implications verified/completed by: David Walker, Principal Solicitor, Commercial and Corporate Property, 020 7361 2211.

8. FINANCIAL IMPLICATIONS

8.1. Recent Audit fees are shown below:

Year	Audit fee (£'000)
2015/16	164
2014/15	216
2013/14	216
2012/13	216

Source: Statement of Accounts, excludes grant claim fees

The most recent audit fee reflects the assumed future budgets for this area.

8.2. Implications completed by: Christopher Harris, Head of Finance – Corporate Accountancy and Capital, Tel: 020 8753 6440

9. IMPLICATIONS FOR BUSINESS

9.1. External Audit underpins the Council's arrangements for sound financial control and achieving value for money. This will encompass a number of areas likely to impact on local businesses including:

- Ensuring that arrangements are in place to pay suppliers in a timely and accurate manner;
- Ensuring transparency in the Council's financial information and processes enabling local taxpayers and businesses to hold the Council to account;
- Ensuring that the Council's arrangements for procurement are fair, accessible, and equitable.

9.2. Implications completed by: Antonia Hollingsworth, Principal Business Investment Officer. Tel: 020 8753 1698

10. RISK MANAGEMENT

10.1. Auditing is a cornerstone of good public sector governance. By providing unbiased, objective assessments of whether public resources are managed responsibly and effectively to achieve intended results, auditors help councils achieve accountability and integrity, improve operations, and instil confidence among local citizens and taxpayers. The public sector auditor's role supports the governance responsibilities of oversight, insight, and foresight. Oversight addresses whether public sector entities are doing what they are supposed to do and serves to detect and deter public corruption. Insight assists decision-makers by providing an independent assessment of public sector programs, policies, operations, and results. Foresight identifies trends and emerging challenges. Auditors use tools such as financial audits, performance audits, investigations, and advisory services to fulfil each of these roles.

10.2. An effective public sector audit activity strengthens governance by materially increasing citizens' ability to hold their public sector entity accountable. Auditors perform an especially important function in those aspects of governance that are crucial for promoting credibility, equity, and appropriate behaviour of public sector officials, while reducing the risk of public corruption. Therefore, it is crucial that audit activities are configured appropriately and have a broad mandate to achieve these objectives. The audit activity must be empowered to act with integrity and produce reliable services, although the specific means by which auditors are appointed vary. The proposed route seeks to deliver the best possible service at least cost to the local taxpayer, the recommended route therefore is in accord with management of risk associated with Market Testing and Delivering Statutory Duties both expressed on the Council's Risk Register.

10.3. Implications completed by: Michael Sloniowski, Shared Services Risk Manager ext. 2587

11. PROCUREMENT IMPLICATIONS


11.1. Use of the PSAA framework represents an efficient and sensible route for the procurement of external audit. In establishing the framework of external audit providers, the PSAA will need to comply with the requirements of the Public Contracts Regulations 2015.

11.2. Implications verified/completed by: John Francis, Interim Head of Procurement (Job-Share) - 020 8753 2582.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

Agenda Item 6

<p>London Borough of Hammersmith & Fulham</p> <p>Audit, Pensions and Standards Committee</p> <p>7 December 2016</p>	 <p>hammersmith & fulham</p>
TREASURY MANAGEMENT STRATEGY REPORT 2017/18	
Report of the Cabinet Member for Finance – Councillor Max Schmid	
Open Report	
Classification - For Review & Comment Key Decision: Yes	
Wards Affected: ALL	
Accountable Executive Director: Hitesh Jolapara, Strategic Finance Director	
Report Author: Halfield Jackman, Treasury Manager	Contact Details: Tel: 0207 641 4354 E-mail: hjackman@westminster.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 The report sets out the Council's Treasury Management Strategy for 2017/18. It seeks approval for the Strategic Finance Director to arrange the Treasury Management Strategy in 2017/18 as set out in this report.

2. RECOMMENDATIONS

- 2.1 That approval is given to the future borrowing and investment strategies as outlined in this report and that the Strategic Finance Director be authorised to arrange the Council's cash flow, borrowing and investments in 2017/18.
- 2.2 In relation to the Council's overall borrowing for the financial year, to note the comments and the Prudential Indicators as set out in this report and the four year capital programme 2017/18 to 2020/21.
- 2.3 That approval is given to pay the Housing Revenue Account (HRA) investment income on unapplied HRA receipts and other HRA cash balances calculated at the average rate of interest (approximately 0.40% p.a.) earned on temporary investments throughout the year to the 31st March 2017.

3. BACKGROUND

- 3.1 The Council is required to set a balanced budget, which means that income raised during the year is budgeted to meet expenditure. Part of the treasury

management operation is to ensure that this cash flow is adequately planned, with cash being available when needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

- 3.2 The second main function of the treasury management service is the funding of the Council's capital plans. These plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 3.3 CIPFA¹ defines treasury management as:
"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 3.4 The Council is required to receive and approve, as a minimum, three main reports each year: a Treasury Strategy Report (this report), Mid-year report and an Outturn report. These reports are required to be adequately scrutinised before being recommended to the Council by the Cabinet. This role is undertaken by the Audit, Pensions and Standards Committee and the Finance and Delivery PAC.
- 3.5 The Treasury Management Strategy is set out in section 7 of this report, and the remainder of the report covers the list below. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and CLG Investment Guidance. This includes:
- * prospects for interest rates;
 - * economic background;
 - * current treasury position;
 - * proposed investment strategy;
 - * borrowing strategy;
 - * prudential indicators; and,
 - * approach to debt rescheduling.
- 3.6 Section 7 of this report sets out the investment approach, and takes account of the specified and non-specified² approach. The Council is likely only to consider non-specified investments where an investment is made for longer than one year.
- 3.7 The CIPFA recommendations contained in the Code of Practice and Cross-Sectoral Guidance Notes issued as a revised version in 2011 for Treasury Management in the Public Services require that each Local Authority has a

¹ Chartered institute of Public Finance and Accountancy

² Specified and non-specified investments are defined in Section 7.17 to 7.19

Treasury Management Policy Statement that is approved by the Full Council. This is set out in Appendix A of this report.

4. PROSPECTS FOR INTEREST RATES

4.1 A key driver of both investment and debt decisions are prospective interest rates and the rates by which the Council can borrow funds. The Table in Appendix B (provided by our Treasury Consultants – Capita) set out the present rates.

5. ECONOMIC BACKGROUND

5.1 The importance of external economic factors is also a key driver in external parties setting rates and also availability of instruments in which to invest and borrow. Appendix C sets out the present views of our Treasury Consultants Capita

6. CURRENT TREASURY POSITION

6.1 At the 16th November 2016, the Council had £367 million cash investments. The cash is made up of the Council's usable reserves, capital receipts and unspent government grants. The level of cash has remained broadly at the same level as the start of the financial year, and it is anticipated the cash levels at the end the financial year will be approximately £300 - £330 million.

6.2 The Capital Financing Requirement (CFR) is stated below with and without schools' windows in the table below. This is because the Dedicated Schools Grant (DSG) will compensate the council for any cost of borrowing associated with the Schools' Windows programme. The forecast closing General Fund debt as measured by the CFR for 2016/17 is £46.51m. This is subject to the application of forecast capital receipt surpluses to debt reduction at the year-end. The CFR with the DSG-funded Schools Windows will be £ 56.85m.³

Forecast Movement in the General Fund Capital Financing Requirement (CFR)

4

£m	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Closing Capital Finance Requirement (Including DSG-funded Schools Windows borrowing)	56.85	62.98	64.08	64.88	xx.xx
Closing Capital Finance Requirement (Excluding DSG-funded Schools Windows borrowing)	46.51	43.68	45.30	46.86	xx.xx

³ All references to CFR are taken from the latest Financial Monitoring documents & Capital Monitoring & Budget Variations report

⁴ It should be noted that because of the timing of the report process the CFR figures will change before reaching Full Council in February 2016.

- 6.3 The CFR measures an authority's underlying need to borrow for a capital purpose. It is considered by the Chartered Institute of Public Finance Accountancy (CIPFA) as the best measure of Council debt as it reflects both external and internal borrowing. It was introduced by the Government in 2004 and replaced the 'credit ceiling' as the Council's measure of debt.
- 6.4 The CFR is the difference between capital expenditure incurred and the resources set aside to pay for this expenditure. Put simply it can be thought of as capital expenditure incurred but not yet financed in-full and serves as a measure of an authority's indebtedness. An important caveat is that the CFR does not necessarily equal the outstanding loans of the authority. A council may be 'cash rich' and pay for a new asset in full without entering into new loans. However unless the council simultaneously sets aside reserves (either through recognising a revenue cost or transferring existing reserves from 'usable' to 'unusable') the CFR will increase. In this example the authority has effectively borrowed internally. The CFR should therefore be thought of as the total of internal and external borrowing.
- 6.5 There are 5 Prudential Indicators for 2017/18 relating to capital stated in the Capital Programme 2017/18 to 2020/21 report to Budget Council in February 2017, (to meet CIPFA's Prudential Code requirements).
- 6.6 The Council's borrowing and Capital Financing Requirement (CFR) positions are summarised in the tables.

Current Portfolio Position

£'000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Borrowing at 1 April	247,599	231,897	224,822	217,405	212,841	207,136
Expected change in borrowing during the year	(15,703)	(7,074)	(7,418)	(4,564)	(5,705)	-
Actual Borrowing at 31 March	231,897	224,822	217,405	212,841	207,136	207,136
Total investments at 31 March	(299,237)	(330,000)	(300,000)	(300,000)	(300,000)	(300,000)
Net borrowing/ (investment)	(67,340)	(105,177)	(82,595)	(87,159)	(92,864)	(92,864)

Split between the Housing Revenue Account and General Fund: External borrowing (PWLB) position at Year End

£'000 External Borrowing only	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Housing Revenue A/c (HRA)	192,283	186,417	180,266	176,482	171,752	171,752
General Fund (GF)	39,614	38,406	37,139	36,359	35,384	35,384
Total borrowing at year end	231,897	224,823	217,405	212,841	207,136	207,136

Sets out the Closing Capital Financing Requirement analysed between General Fund and Housing Revenue Account.

Closing CFR only £'000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
GF CFR (Excluding DSG funded Schools Windows Borrowing)	44,260	42,167	37,919	39,788	41,613	41,613
GF CFR (DSG funded Schools Windows borrowing)	1,000	10,340	19,295	18,755	17,955	17,955
HRA CFR	210,009	221,483	235,856	254,617	254,617	254,617
TOTAL CFR	255,269	273,990	293,070	313,160	314,185	314,185

7. ANNUAL INVESTMENT STRATEGY

- 7.1 The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a rating 'uplift' due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed.
- 7.2 It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into rating through the financial crisis. In keeping with the agencies' new methodologies, the rating element of our own credit assessment process now focuses on the Short and Long Term ratings of an institution as well as Credit Default Swaps⁵ (CDS).
- 7.3 The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, the Council typically assigned

⁵ Credit ratings are based on historical information and Credit Default Swaps (CDS) reflect current market sentiment if the CDS value raises significantly over a short period this could be an early warning of possible changes in credit rating and trigger further investigation. (see Appendix D for a definition)

the highest sovereign rating to their criteria, the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While this authority understands the changes that have taken place, it will continue to specify a **minimum sovereign rating of AA+**. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

Investment Policy

- 7.4 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, and then return.
- 7.5 In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 7.6 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
- 7.7 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 7.8 This section sets out the Council's annual investment strategy for 2017/18 and any proposed changes from the 2016/17 Treasury Management Strategy, the table overleaf summarises the maximum amounts and tenors of investments that the Council can hold. The table also shows the maximum proposed limits that Officers can work within.

Institution Type	Minimum Long Term Credit Rating Required 2017/18 (S&P / Moodys / Fitch)	Maximum Individual Counterparty Investment limit 2017/18 (£m)	Maximum tenor of deposit / investment 2017/18	Changes from the 2016/17 Strategy
DMO Deposits	UK Government Rating AA+	Unlimited	6 months	No change
UK Government (Gilts / T-Bills / Repos)	UK Government Rating AA+	Unlimited	Unlimited	No change
Supra-national Banks	AA- / Aa3 / AA-	£100m	5 years	No change
European Agencies	AA- / Aa3 / AA-	£100m	5 year	No change
Network Rail	UK Government Rating	£200m	Oct 2052	No change
TFL	AA- / Aa3 / AA-	£100m	3 years	No change
GLA	N/A	£100m	3 years	No change
UK Local Authorities	N/A	£20m per Local Authority, £100m in aggregate	3 years	Increased from £10m to £20m per Local Authority and aggregate from £50m to £100m Extension of duration from 1 to 3 years
Commercial Paper issued in sterling by UK and European corporate	Long Term AA- / Aa3 / AA- Short Term F2/ P-2 /A-3	£20m per name, £80m in aggregate	1 year	No change
Covered Bonds issued in sterling by UK and European corporate	AA+/Aa1/AA+ The bond issue; Investment grade of underlying assets	£100m	5 years	No change

Institution Type	Minimum Long Term Credit Rating Required 2017/18 (S&P / Moodys / Fitch)	Maximum Individual Counterparty Investment limit 2017/18 (£m)	Maximum tenor of deposit / investment 2017/18	Changes from the 2016/17 Strategy
Money Market Funds MMF	AAA by at least one of the credit agencies	£30m per fund manager, £200m in aggregate	Up to three day notice	No change
Enhanced Money Funds	AAA by at least one of the credit agencies	£20m per fund manager, £60m in aggregate	Up to seven day notice	No change
UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	AA- / Aa3 / AA- and above (or UK Government ownership of greater than 25%) Short Term F2/ P-2 /A-3	£70m	5 years	No change
UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	Long Term A- / A3 / A- Short Term F2/ P-2 /A-3	£50m	3 years	No change
Non-UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	Long term AA- / Aa2 / AA- Short Term F2/ P-2 /A-3	£50m	3 years	No change
Non-UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	Long Term A / A2 / A Short Term F2/ P-2 /A-3	£30m	1 year	No change
Building Societies Fixed Deposits / Short Dated Bonds	Long Term A / A2 / A Short Term F2/ P-2 /A-3	£20m	1 years	New category

7.9 The remainder of this section covers the following in further detail:

- Current investment types
- Proposed changes to investment limits and tenors
- Non-specified investments
- Creditworthiness criteria
- Country limits.
- Potential Alternative Investments

Current Investment Types⁶

7.10 As per the 2016/17 Treasury Management Strategy, it is proposed that for 2017/18 the Council can continue to invest in financial institutions, external funds and certain capital market instruments as set out below. All investments would be in Sterling. The investment types listed below are as per the current TMSS.

- (i) Investment with the Debt Management Office with no financial limit (UK government)
- (ii) Investment in financial institutions of a minimum Long and Short Term credit rating, with the parent company domiciled only in certain jurisdictions;
- (iii) Investment in UK Treasury Bills (T-Bills) and Gilts (conventional or indexed-linked) with no financial limit (UK government guaranteed)
- (iv) Investments in UK Government repurchase agreements (“Repos” and “Reverse Repos”);
- (v) Lending to certain public authorities (Unitary Authorities, Local Authorities, Borough and District Councils, Met Police, Fire and Police Authorities)
- (vi) Investment in close to maturity AA-rated corporate bonds and commercial paper backed by UK Government guarantees;
- (vii) Investment in Supra-national Banks/European Agencies AA- rated issuer bonds and commercial paper;
- (viii) Investment in AAA-rated Sterling Money Market Funds and Enhanced Money Funds.
- (ix) Investment in commercial paper (CP) of UK domiciled entities with minimum short term credit rating of A3/P-2/F-2.
- (x) Investment in Certificate of Deposit (CD) issued by a financial institution short length tenor entities with minimum short term credit rating of A3/P-2/F-2.

⁶ Appendix E provides more detail on the various asset classes.

- (xi) Investment in Covered Bonds debt instruments issued by a financial institutions where security has been granted over a pool of underlying assets.

7.11 In determining whether to place deposits with any institution or fund, the Treasury Manager will remain within the limits set out above, but take into account the following when deciding how much to invest within the limit set out above:

- (xii) the financial position and jurisdiction of the institution;
- (xiii) the market pricing of credit default swaps for the institution;
- (xiv) Standard & Poor's, Moody's and Fitch's short and long term credit ratings;
- (xv) Core Tier 1 capital ratios; and
- (xvi) other external views as necessary.

7.12 The investment portfolio average balance has been £335 million throughout the year to date. The shape of the current yield curve, the likely low level of interest rates for the immediate future and the opportunities for investment, it is proposed that limits and tenors of investment also remains at the same for the majority of investment types.

7.13 The graph (to be added) above shows a steep current and one-year forward yield curve, and that marginally higher returns for tenors up to five years (for a core level of cash) would provide greater returns rather than a shorter investment. In summary, the bank investment limits are shown in the table below (no change from 2016/17).

Institution Type	Minimum Credit Rating Required (S&P / Moodys / Fitch)	Maximum Individual Counterparty Investment limit (£m)	Maximum tenor of deposit / investment
UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	AA- / Aa3 / AA- and above (or UK Government ownership of greater than 25%) Short Term F2/ P-2 /A-3	70	No change
UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	Long Term A- / A3 / A- Short Term F2/ P-2 /A-3	50	No change
Non-UK Bank Fixed Deposits / Certificates of	Long term AA- / Aa2 / AA- Short Term	50	No change

Deposit / Short Dated Bonds	F2/ P-2 /A-3		
Non-UK Bank Fixed Deposits / Certificates of Deposit / Short Dated Bonds	Long Term A / A2 / A Short Term F2/ P-2 /A-3	30	No change

Proposed changes to investment limits and tenors

Building Societies

- 7.14 Financial/ Mutual institutions which pays interest on investments by its members and lends capital for the purchase or improvement of houses. The top five building societies currently have credit ratings and only three are within the minimum short term credit rating of A3/P-2/F-2.
- 7.15 Local Authorities category has been extended to reflect the growth in this area.
- 7.16 A Green Investment policy is still under-going review once completed, it will be included in later drafts of this report for approval.

Non-specified investments

- 7.17 Under section 15(1) of the Local Government Act 2003, restrictions are placed on Local Authorities around the use of so-called specified and non-specified investments. A specified investment is defined as an investment which satisfies all of the conditions below:
- (i) The investment and any associated cash flows are denominated in sterling;
 - (ii) The investment has a maximum maturity of one year;
 - (iii) The investment is not defined as capital expenditure; and
 - (iv) The investment is made with a body or in an investment scheme of high credit quality; or with the UK Government, a UK Local Authority or parish/community council.
- 7.18 A non-specified investment is any investment that does not meet all the conditions above. The only likely non-specified investment that the Council may make is for any investment greater than one year. For such an investment, a proposal will be made to the Strategic Finance Director on the recommendation from the Director of Treasury and Pensions after taking into

account cash flow requirements, the outlook for short to medium term interest rates and the proposed investment counterparty.

- 7.19 Long term investments (for periods over 364 days) will be limited to no more than £120 million with a tenor of up to five year.

Creditworthiness Criteria

- 7.20 As has been the case for 2016/17, the Council's investment priorities continue to be the security of capital and the liquidity of its investments. The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to security of its investments.
- 7.21 In accordance with this, and in order to minimise the risk to investments, the Council has set the minimum acceptable credit quality of counterparties for inclusion on the lending list. As at present, if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, any further use will be stopped immediately and any existing investments will be matured at the earliest possible convenience.
- 7.22 For the financial institution sector, the Council will invest in entities with a minimum credit as set out above (A-/A3/A- for a UK bank, and A/A2/A for a non-UK bank as appropriate), as long as that entity has a short term rating F2/P-2/A-3 or better. Where a split rating applies the lowest rating will be used. This methodology excludes banks with UK Government ownership. Banks would need to be rated by at least two of the three main credit rating agencies and where there was a split rating the lower rating would be used.
- 7.23 The limits can change if there are rating changes, however the maximum limit would never be more than specified by institution type in paragraph 7.8. Officers are likely to work well within these limits to ensure headroom for short term liquidity.

Country Limits

- 7.24 The Council has determined that it will only use approved counterparties from any one country outside the United Kingdom with a minimum sovereign credit rating of AA+. The current TMSS is based on a ratings approach to country of domicile, for 2017/18, it is proposed that deposits / investments are made with financial entities domiciled only in the following countries: Australia, Canada, Denmark, Finland, France, Germany, Japan, Luxembourg, Netherlands, Norway, Singapore, Sweden, Switzerland, UK and USA (see Appendix G).

8. BORROWING STRATEGY

- 8.1 The Council is currently maintaining an under-borrowed (internal borrowing) position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with external loan debt as cash supporting the Council's Reserves, balances and cash flow has been used as

a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

- 8.2 The HRA will fund its requirements from additional internal borrowing. The General Fund has no expectation of borrowing in the near future.
- 8.3 Against this background and the investment risks described in this paper, caution will be adopted with the 2017/18 treasury operations. The treasury team will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances and advise the Strategic Finance Director accordingly.
- 8.4 If there was a significant risk of a much sharper rise in long and short term rates than the currently forecast, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.
- 8.5 The General Fund has a debt strategy of no new borrowing and where borrowing has fallen due for repayment it has not been replaced. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with borrowing, as cash balances and cash flow has been used as a temporary measure instead. This strategy is prudent as investment returns are low and counterparty risk is high. HRA's funding requirements differ from the General Fund's and external borrowing in the HRA may be required in 2017/18 as a result of the rent reduction, 1% each year for the next four years, imposed by Government in July 2015.
- 8.6 Under the regulatory requirement, there are three borrowing related treasury activity limits. The purpose of these are to monitor and control the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are:
- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position.
 - Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
 - Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.
- 8.7 The tables below sets out these treasury indicators and limits. The Council is currently compliant with all these indicators. The Council's existing level of fixed interest rate exposure is 100.0% and variable rate exposure is 0.0%.

Interest Rate Exposure for borrowing

£m / %	2016/17		2017/18		2018/19		2019/20	
Upper Gross Borrowing Limits on fixed interest rates	385	100%	385	100%	385	100%	385	100%
Upper Gross Borrowing Limits on variable interest rates	77	20%	77	20%	77	20%	77	20%

Structure limits for debt maturity

Maturity structure of fixed rate borrowing during 2016/17	Upper Limit	Lower Limit	Actual Limits as at 30 September 2016
Under 12 months	15%	0%	4.4%
12 months and within 24 months	15%	0%	2.0%
24 months and within 5 years	60%	0%	9.3%
5 years and within 10 years	75%	0%	11.3%
10 years and above	100%	0%	73.0%

9. POLICY ON BORROWING IN ADVANCE OF NEED

- 9.1 Under CIPFA's Prudential Code, any decision to borrow in advance of need has to be:
- Within forward approved Capital Financing Requirement (CFR) estimates.
 - Would have to be considered carefully to ensure that value for money can be demonstrated;
 - And that the Council can ensure the security of such funds.

10. PRUDENTIAL INDICATORS FOR TO BORROWING ACTIVITY

- 10.1 The Prudential Code requires that the Council set certain limits on the level and type of borrowing before the start of the financial year together with a number of prudential indicators, for the next three years ensuring the capital investment plans are affordable, prudent and sustainable.
- 10.2 The Authorised Limit for external borrowing. A control on the maximum level of borrowing and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

Authorised Limit

£m	2015/16 Actual	2016/17	2017/18	2018/19	2019/20	2020/21
Borrowing	325	325	325	325	325	325
Other long term liabilities	20	20	20	20	20	20
Total	345	345	345	345	345	345

- 10.3 The Operational Boundary is the focus of day to day treasury management activity within the authority and is set at £50m below authorised limit for borrowing. It is a means by which the Council manages its external debt to ensure that it remains within the self-imposed Authorised Limit. Sustained breaches of the Operational Boundary would give an indication that the Authority may be in danger of stepping beyond the Prudential Indicators it set itself.

Operational Boundary

£m	2015/16 Actual	2016/17	2017/18	2018/19	2019/20	2020/21
Borrowing	275	275	275	275	275	275
Other long term liabilities	15	15	15	15	15	15
Total	290	290	290	290	290	290

- 10.4 The HRA CFR is required to remain within a 'Debt Cap' as set by the Department for Communities and Local Government as part of the transition to HRA self-financing. The Council's debt cap is currently set at £XX.XXm. (tbc with Chris Harris)
- 10.5 The Strategic Finance Director reports that the Council complied with the prudential indicators in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

11. DEBT RESCHEDULING

- 11.1 Consideration will be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 11.2 However, these savings will need to be considered in the light of the current treasury position and premia incurred in prematurely repaying debt. Given the current approach, Officers monitor the situation continually for an opportunity to repay voluntary any debt. The reasons for any rescheduling to take place will include:
- Generating cash savings.
 - Enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

12. HOUSING REVENUE ACCOUNT

- 12.1 For the period 2017/18 – 2020/21, based on the planned four year capital programme and other sources of capital resources, borrowing will be funded principally from internal resources.
- 12.2 The availability of internal borrowing is achieved through the use of monies received classed as capital receipts. Use of this money is classed as borrowing as although cash is received from developers on a phased basis, receipts are only deemed usable for funding purposes as assets transfer to the purchaser. This does not prevent the Council from spending the cash it receives, but until such time that assets transfer any such use is classed as borrowing. This borrowing unwinds when the receipt becomes usable. The total available to the HRA for the purposes of internal borrowing is the difference between the HRA CFR and the external borrowing in each year. This is shown in the table in paragraph 6.6 above.
- 12.3 Full details of the Housing Revenue Account's likely borrowing requirements is set out in the Long Term Financial Plan for Council Homes which is also being presented to Cabinet on the 6th February 2017.

13. TRAINING

- 13.1 The CIPFA Code requires the lead officer to ensure that Members with Treasury Management responsibilities receive adequate training in Treasury Management. This especially applies to Members responsible for scrutiny. Members will be offered training and arrangements will be made as required.
- 13.2 The Council is a member of the CIPFA treasury management network which provides a forum for the exchange of views of treasury management staff independent of the treasury management consultants. Officers attend the CIPFA network and other providers meetings on a regular basis throughout the year to ensure that they are up to date at all times on developments in treasury management and continue to develop their expertise in this area.
- 13.3 The training needs of the Treasury Management team are periodically reviewed.

14. GOVERNANCE

- 14.1 The revised CIPFA Treasury Management Code (2011) requires the Council to outline a scheme of delegation thereby delegating the role of scrutiny of treasury management strategy and policy to a specific named body (Audit, Pensions and Standards Committee). In this way treasury management performance and policy setting will be subject to proper scrutiny. The Code also requires that members are provided adequate skills and training to effectively discharge this function.
- 14.2 The role of the Section 151 officer is delegated to the Strategic Director of Finance (the S151 Officer), pursuant to Section 101 of the Local Government

Act 1972 and by the Executive under Section 15 of the Local Government Act 2000.

- 14.3 The S151 Officer may authorise officers to exercise on their behalf, functions delegated to them. Any decisions taken under this authority shall remain the responsibility of the S151 Officer and must be taken within the guidelines of the Treasury Management Strategy.
- 14.4 The S151 Officer has full delegated powers from the Council and is responsible for the following activities:
- Investment management arrangements and strategy;
 - Borrowing and debt strategy;
 - Monitoring investment activity and performance;
 - Overseeing administrative activities;
 - Ensuring compliance with relevant laws and regulations;
 - Provision of guidance to officers and members in exercising delegated powers.

Monitoring and Reporting

- 14.5 The Treasury Management activities during the year will be included in the monitoring reports to the Audit, Pensions and Standards Committee.
- 14.6 The Council's Treasury Management Strategy will be approved annually by full Council and there will also be a mid-year report. The aim of these reporting arrangements is to ensure that those with the responsibility for treasury management policies and activities and those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting. The Council will adopt the following reporting arrangements in accordance with the requirements of the revised code:

Area of Responsibility	Council / Committee / Officer	Frequency
Treasury Management Strategy	Full Council	Annually, at meeting before the start of the financial year.
Scrutiny of Treasury Management Strategy	Audit, Pensions and Standards Committee	Annually
Treasury Management Strategy: Mid-year report	1. Audit, Pensions and Standards Committee 2. Finance and Delivery PAC	Annually, after the first half of the financial year

Treasury Management Strategy: Updates / revisions at other times	1. Audit, Pensions and Standards Committee 2. Finance and Delivery PAC 3. Full Council	As and when required
Treasury Out-turn Report	1. Audit, Pensions and Standards Committee 2. Finance and Delivery PAC 3. Full Council	Annually, after year-end
Treasury Management Monitoring Reports	Director for Finance	Monthly

15. FINANCIAL AND RESOURCE IMPLICATIONS

- 15.1 The comments of the Strategic Director of Financial Services are contained within this report.
- 15.2 This report is wholly of a financial nature.

16. LEGAL IMPLICATIONS

- 16.1 The statutory requirements are set out in the body of the report.
- 16.2 Implications verified by: xx.

17. COMMENTS OF THE AUDIT, PENSIONS AND STANDARDS COMMITTEE

- 17.1 Any comments from the Committee will be reported verbally at the meeting.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.

THE TREASURY MANAGEMENT POLICY STATEMENT

The CIPFA recommendations contained in the Code of Practice and Cross-Sectoral Guidance Notes issued as a revised version in 2009 and 2011 for Treasury Management in the Public Services require that each Local Authority has a Treasury Management Policy Statement that is approved by the Full Council.

CIPFA recommends that the Council's treasury management policy statement adopts the following form of words below to define the policies and objectives of its treasury management activities.

This Council defines its Treasury Management activities as:

- The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

This Council acknowledges that effective Treasury Management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance.

APPENDIX B

Interest Rate Forecast dated 15th November 2016

	NOW	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
BANK RATE	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.75	0.75
3 month LIBID	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.40	0.50	0.60	0.70	0.80	0.90
6 month LIBID	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.50	0.60	0.70	0.80	0.90	1.00
12 month LIBID	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.80	0.80	0.90	1.00	1.10	1.20	1.30	1.40
5 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.90	1.90	2.00	2.00
10 yr PWLB	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.70
25 yr PWLB	3.00	2.90	2.90	2.90	2.90	3.00	3.00	3.00	3.10	3.10	3.20	3.20	3.30	3.30	3.40
50 yr PWLB	2.70	2.70	2.70	2.70	2.70	2.80	2.80	2.80	2.90	2.90	3.00	3.00	3.10	3.10	3.20

Source: Capita Treasury Advisory Service

Economic Background**Source: Capita Treasury Advisory Service**

UK. GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back to +0.4% (2.0% y/y) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% y/y) in quarter 2. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme.

The referendum vote for Brexit in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post positive growth numbers through the second half of 2016 and in 2017, albeit at a slower pace than in the first half of 2016.

The Monetary Policy Committee (MPC) meeting on 4th August was dominated by consideration of the initial shock fall in business surveys and the expected sharp slowdown in growth. The result was a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing for banks to use to lend to businesses and individuals. The Bank of England quarterly Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8% and the forecast for 2018 to 1.8%. However, some forecasters think that the Bank has been too pessimistic with its forecasts; since then, later statistics and the sharp recovery in business surveys have provided support for this view. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor, Phillip Hammond, announced, after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on 23rd November.

The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI had already started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 18% fall in the value of sterling on a trade

weighted basis, (as at late October), is likely to result in additional upward pressure on CPI. However, this further increase in inflationary pressures will take 2-3 years to gradually work its way through the economy so is unlikely to cause major concern to the MPC unless the increases are stronger than anticipated. The MPC is, therefore, on balance, expected to look through this one off upward blip in inflation from the devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures arising from within the UK economy. The Bank of England will most probably have to revise its inflation forecasts significantly higher in its 3rd November quarterly Inflation Report: this rise in inflation expectations has caused investors in gilts to demand a sharp rise in longer term gilt yields, which have already risen by around fifty basis points since mid-August. It should be noted that 27% of gilts are held by overseas investors who will have seen the value of their gilt investments fall by 18% as a result of the devaluation of sterling, (if their investments had not been currency hedged). In addition, the price of gilts has fallen further due to a reversal of the blip up in gilt prices in early August after further quantitative easing was announced - which initially drove yields down, (i.e. prices up). Another factor that is likely to dampen gilt investor sentiment will be a likely increase in the supply of gilts if the Chancellor slows down the pace of austerity and the pace of reduction in the budget deficit in the Autumn Statement - as he has already promised. However, if there was a more serious escalation of upward pressure on gilt yields, this could prompt the MPC to respond by embarking on even more quantitative easing, (purchases of gilts), to drive gilt yields back down.

USA. The American economy had a patchy 2015 with sharp swings in the quarterly growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 disappointed at +0.8% on an annualised basis while quarter 2 improved, but only to a lacklustre +1.4%. However, forward indicators are pointing towards a pickup in growth in the rest of 2016. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December 2016. Overall, despite some data setbacks, the US is still probably the best positioned of the major world economies to make solid progress towards a balanced combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis.

EZ. In the Eurozone, the ECB commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 1 2016, (1.7% y/y), but slowed to +0.3%, (+1.6% y/y), in quarter 2. Forward indications are that economic growth in the EU is

likely to continue at moderate levels with Germany continuing to outperform other major European economies. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.

There are also significant political risks within the EZ in as much as Spain has held two general elections since December 2015 and still been unable to form a functioning government holding a majority of seats, while the Netherlands, France and Germany face general elections in 2017. A further cause of major political tension and political conflict, is one of the four core principals of the EU – the free movement of people within the EU, (note – not in just the Eurozone common currency area). In addition, Greece has been a cause of major concern in terms of its slowness in delivering on implementing fundamental reforms required by the EU to reduce its budget deficit in exchange for the allocation of further bailout money.

Another area of major concern is that many Italian banks are exposed to substantial amounts of underperforming loans and are undercapitalised. Some German banks are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their vulnerable financial state. However, they are also ‘too big, and too important to their national economies, to be allowed to fail’.

Asia. Economic growth in China has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending. However, the central bank has a track record of supporting growth through various monetary policy measures which further stimulate the growth of credit risks and so increase the existing major imbalances within the economy.

Economic growth in Japan is still anaemic, and skirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.

Emerging countries. There are also concerns around the vulnerability of some emerging countries which are particularly exposed to the downturn in demand for commodities from China or to competition from the increase in supply of American shale oil and gas reaching world markets. Financial markets could also be vulnerable to risks from major sovereign wealth funds of those countries that are highly exposed to the falls in commodity prices from the levels prevailing before 2015, especially oil, and which, therefore, may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years if the price of oil does not return to pre-2015 levels.

Clients may wish to consider whether it would be helpful to include some information on the Brexit timetable and process.

APPENDIX D

A Credit Default Swap (CDS) is a contract between two counterparties in which the buyer of the contract makes quarterly payments to the seller of the contract in exchange for a payoff if there is a credit event of the reference entity. The reference entity is the third party on whom the contract is based. A credit event depends on the Doc Clause (terms and conditions) of the CDS agreement but this usually includes events such as default on coupon payments, restructuring of debt, bankruptcy etc.

The contract essentially gives protection, or “insurance”, to the buyer of the CDS in the case of a credit event of the reference entity. As the CDS market is currently unregulated, it cannot technically be seen as insurance as the seller of the contract does not have to set aside any reserves for any possible future credit event.

As with all swap contracts, a CDS has 2 legs: a fee leg and a contingent leg. The fee leg of the CDS is the leg in which the buyer of the protection pays quarterly payments to the seller. The contingent leg of the CDS is the leg in which the seller of the CDS pays the buyer if a credit event occurs.

The fee leg payments are based on the spread currently traded in the market. The spread of a CDS indicates the market perception of the likelihood of a credit event occurring.

The higher the spread, the higher the cost of protecting against a credit event, the more likely the market considers a credit event will occur. The spread can be likened to an insurance premium paid on.

APPENDIX E

UK T-Bills: UK Government Treasury Bills (T-Bills) are short term promissory notes issued by the UK Government at a discount to par, for tenors of up to one year. T-Bills provide a greater yield than cash deposits with the DMO and can be bought at the primary sale (by market makers), or in the secondary market.

UK Gilts: UK Government Gilts provide a greater yield than cash deposits with the DMO. At present, there are a limited number of gilts that will mature in the next two years, and as the shorter dated gilts were issued in a higher interest rate environment than at present, the coupons on these gilts are higher than current interest rates.

UK Government repurchase agreements (Repos): UK Government repurchase agreements are the purchase of UK Government securities with an agreement to resell them back at a higher price at a specific future date. By their nature, repos are short term secured investments in UK Government bonds which provide a greater return than cash deposits with the DMO. Ownership of the UK Government bond is temporarily transferred to the Council, thereby providing security over the funds invested.

Commercial Paper (CP) is similar to a very short term bond issue (up to one year), issued to investors on a discounted basis, and with the interest rate based on prevailing rates at the time of pricing.

Supra-national institutions are those that sovereign backed or supported institutions that span more than one country, such as the European Investment Bank, the European Bank of Reconstruction and Development, the World Bank, etc.

Network Rail: All Network Rail infrastructure debt is directly and explicitly backed by a financial indemnity from the Secretary of State for Transport acting for and on behalf of the government of the United Kingdom of Great Britain. The financial indemnity is a direct UK sovereign obligation of the crown and cannot be cancelled for any reason (prior to its termination date in October 2052). Propose to change TMS limit to unlimited and set the maximum maturity to Oct 2052.

CREDIT RATINGS

Long term ratings	Fitch	Moody's	S&P
<i>Investment Grade</i> Focuses on liquidity and ability to meet payment obligations on time	AAA	Aaa	AAA
	AA+	Aa1	AA+
	AA	Aa2	AA
	AA-	Aa3	AA-
	A+	A1	A+
	A	A2	A
	A-	A3	A-
	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
<i>Non-investment grade (junk)</i> Focus on recovery percentage in the event of partial or total default	BBB-	Baa3	BBB-
	BB+	Ba1	BB+
	BB	Ba2	BB
	BB-	Ba3	BB-
	B+	B1	B+
	B	B2	B
	B-	B3	B-
	CCC	Caa	CCC
	CC	Ca	CC
	C	C	C
D		D	

Short term ratings	Fitch	Moody's	S&P
Investment Grade	F1+	Prime-1	A-1+
	F1	Prime-2	A-1
	F2	Prime-3	A-2
	F3		A-3
Non-investment grade	B	Not Prime	B
	C		C
	D		D

Approved countries for investments

November 2016


AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- Netherlands
- UK
- USA

Agenda Item 7

London Borough of Hammersmith & Fulham AUDIT, PENSIONS AND STANDARDS COMMITTEE 7 December 2016		 hammersmith & fulham
UPDATE ON HOUSING HEALTH AND SAFETY CHECKS		
Report of the Director for Housing Services		
Open Report		
Classification: Review and Comment Key Decision: No		
Wards Affected: All		
Accountable Director: Nilavra Mukerji (Director of Housing Services)		
Report Author: Paul Monforte, Head of Operations	Contact Details: Tel: 0208 753 4394 E-mail: paul.monforte@lbhf.gov.uk	

1. EXECUTIVE SUMMARY

- 1.1 This report provides an update to the committee in regards of actions taken by officers in respect of the recommendations made within the Internal Audit report on Health and Safety dated July 2016. This report also updates the committee in regards of the external independent audit of the EICR Testing programme as instructed by the Committee on the 13th September 2016.

2. RECOMMENDATIONS

- 2.1. The Committee notes the contents of this report and the actions taken to date by officers.
- 2.2 The committee are invited to make comments and suggestions on the approach.

3.0 BACKGROUND

- 3.1 An internal audit report dated July 2016 in regards of Health and Safety, reviewed a number of different areas of compliance. Based on their findings, Audit could only provide a Limited Assurance, this was mainly because of shortcomings found in respect of the EICR communal testing. In respect of the other compliance areas audited, controls were found to be in place and operating effectively.

3.2 In respect of the EICR communal testing programme, at the 13th September 2016 Audit Committee meeting, the committee instructed officers to carry out a further audit on a sample of 125 completed tests. Following a tender process, officers instructed an Independent external electrical specialist Phoenix Compliance Management Ltd (PCM) to carry out the audit. The audit commenced in early November 2016 and is due to complete early December 2016. An interim report and findings, dated 18th November 2016 has been provided by PCM and is attached as **Appendix 2**.

4.0 AUDIT RECOMMENDATIONS

4.1 Within Appendix 1 the Internal Audit report provides detailed recommendations for improvement. The table below, details those recommendations and the actions taken to date against them.

	Recommendation	Progress To Date
1	Corporate policies to be reviewed and updated	The corporate policies have all been updated by Environmental Health are due to be presented at the next safety committee in January 2017.
2	HRD policies – Provision of local Electrical Policy	An Electrical Safety policy has been developed and peer reviewed by Frankham Risk Management Services Limited and the policy has been approved by them on the 23 rd November 2016. The policy is now in place and is scheduled for a review in 24 months, unless regulatory / legislative changes trigger an earlier review. The policy document is provided in Appendix 3
3	The newly developed policies will be placed on the LBHF intranet	As new policies are developed and approved, they will be migrated to the LBHF intranet. A log of policies and procedures, including the last dated updated and future review date is being set up and will be maintained.
4	The implementation of the new gas database on lworld	This is now complete, Gassys is now closed down and gas data has been transferred to lworld (Councils Housing Management system.)
5	When Mitie amends their booked appointment this should be recorded	An audit of this process was carried out by H&F officers in October 2016 and the booking and recording system managed by Mitie was deemed to be satisfactory.
6	Satisfactory performance of EICR checks	For update please see section 5 of this report
7	Asbestos Management – contracts	Contract has been drawn up and officers are seeking Cabinet Member for Housing approval to proceed. This will be complete by December 2106.
8	Asbestos Management programme- Monthly monitoring reports	The Asbestos Survey programme commenced 31 st October 2016 and the contractor will supply monthly performance reports on progress
9	completion of communal hot water tank chlorination tests	This recommendation was implemented prior to the July 2016 Audit report

4.2 H&F carried out a peer review of the Electrical Safety policy through an external independent consultancy. H&F have employed, a dedicated resource with the necessary expertise to lead on a contract review of the Mitie contract, as well as providing support on several key areas, including Health & Safety, and progress against the audit recommendations.

5.0 INTERIM ELECTRICAL AUDIT REPORT FROM PCM

5.1 To date a total of 68 desktop audits have been completed at the time of writing this report. Of the 68 audits, 51 were deemed to be satisfactory and passed with minor discrepancies noted. The remaining 17 audits were classified as having major discrepancies, and PCM have recommended that further investigation is required.

5.2 The conclusion to date from PCM is that the quality of documentation provided by Mitie from the completed EICR tests is not to an acceptable standard. The high majority of those reviewed fall within administrative errors, which do not constitute an onsite hazard or a failure of the installation and its safety for continued use. PCM have recommended by that where major discrepancies within a test report have been found, Mitie should revisit these and ensure the highlighted issues are resolved. Mitie have been asked to address this issue as part of their Service Improvement Plan – see 5.4.

5.3 To date 6 physical re-tests have been carried out, and these installations were found to be compliant. The results from the tests carried out by Mitie are comparable to the results found by PCM and were deemed to be within the acceptable industry parameters laid out in BS7671. These were therefore considered to be safe installations.

5.4 Following receipt of the interim results, H&F officers have in accordance with the contract, served notice requesting a Service Improvement Plan from Mitie, to be submitted by 5th December 2016, to address the following areas:

- Detail how and by when they will remedy the deficiencies within the audits carried out by PCM, and confirm those electrical installations are safe and compliant.
- How Mitie will provide assurance to H&F that the remaining circa 600 EICR tests not audited by PCM are safe and compliant. Officers will determine whether a full re-test of these installations is required, once the Service Improvement Plan has been received from Mitie and PCM have provided their full report and recommendations. The report from PCM is due to be completed by 6th December 2016.
- How Mitie will improve the service provided to H&F going forward, to ensure there is a robust and consistent testing process, and quality management systems in place in respect of the future testing programmes.

5.5 In accordance with the Term Partnering Contract conditions, an Early Warning Notice has been issued to Mitie. Service of this Notice triggers an urgent

Strategic Core Group (joint strategic group that oversees the contract) to be convened, to discuss the issues highlighted, and consider how the necessary improvements to ensure safety compliance will be delivered, and a clear timescale. Committee will be given a verbal update at the meeting.

5.6 LBHF officers have been meeting monthly with management from Mitie to develop improvements to the testing processes **Appendix 4** details the actions developed by the group.

5.7 A pre-scheduled Internal Audit of quality control and quality management processes for the Mitie TPC is underway, and Committee will receive the findings of this Audit as part of their reporting cycle.

6.0 Equality Implications

6.1 The issues raised within this report could potentially be a risk to the health and safety of H&F residents as well as staff, 3rd parties and contractors who visit and work on our housing stock.

7.0 Legal Implications

7.1 The Council is responsible for health and safety checks in a range of premises, both as an employer and a landlord. It has statutory obligations under various pieces of legislation, a contractual obligation to its tenants and leaseholders and a duty of care to ensure the safety of residents.

7.2 It is important that the Council has robust procedures and policies to ensure compliance with its legal obligations. Non-compliance could pose a health safety risk and result in a criminal prosecution. The report highlights action has been taken against MITIE in accordance with Term Collaborating contract arrangements. Legal Services can provide advice on the escalation process if it necessary.

7.3 Implications completed by: Janette Mullins, Senior Solicitor (Housing Litigation), 0208 753 2744

8.0 Financial Implications

8.1 At present, any financial risks in relation to re-inspections are expected to be borne by the contractor and to date Mitie have agreed to pay for a full desktop review of all the remaining EICR tests completed by Mitie.

8.2 Mitie have also agreed to pay for further Electrical/visual tests on any subsequent highlighted circuits, estimated at this time to be 150 properties and will pay for Phoenix Compliancy Management to oversee any such tests and rectifications works, including post inspecting those works.

8.3 Mitie have agreed to reimburse the costs to the council for the current audit carried out by PCM as instructed by the council.

8.4 Implications completed by: Danny Rochford, Head of Finance, 020 8753 4023.

9 Implications for Business

9.3 There are no impacts for businesses in the Borough.

10 Other Implications

10.1 None

11 Background Papers Used In Preparing This Report

None

LIST OF APPENDICES:

Appendix 1: Internal Audit Final Report on Health and Safety Checks - not included in this pack as it is exempt – contact david.abbott@lbhf.gov.uk for more info

Appendix 2: Interim Electrical Audit report by PCM dated 18th November 2016

Appendix 3: Policy for Electrical safety

Appendix 4: Joint H&F/Mitie process improvement action plan



INTERIM ELECTRICAL AUDIT REPORT

for



Report Prepared by
Phoenix Compliancy Management

Date: 18 November 2016

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INTERIM

EXECUTIVE SUMMARY

Phoenix Compliancy Management (PCM) have been engaged by Hammersmith and Fulham Council to undertake an independent Third Party audit of the electrical testing carried out by the insubordinate partner contractor Mitie.

The audit will specifically cover the following:

- To undertake a Third Party Desktop analysis on 125 submitted Electrical Installation Condition Report (EICR)
- To undertake 125 post inspection site audits to clarify C1 and C2 observations have been completed by the contractor
- To undertake 25 sample tests to the installations to confirm recorded readings of the contractors test results

Mitie are the principle partnering contractor engaged to carry out the electrical contractor testing, they have subsequently sub-let the works to an electrical contractor, Calbarrie Compliance Services, Barrington House, Kingsditch Lane, Cheltenham Gloucestershire, GL51 9NN. They are a registered NICEIC contractor enrolment number 000367-006,

It was established that the contractor had completed some 708 EICR tests since June 2015, of which PCM randomly selected 125 for the purpose of the audit.

As this is an interim report a total of 68 desktop audits have been completed at the time of writing this report, of the 68 audits 51 were deemed to be satisfactory and passed with minor discrepancies noted, the remaining 17 audits were classified as failures with major discrepancies and further investigation required.

1.0 DESK TOP AUDIT

A total of 68 desktop audits have been completed at the time of writing this report, of the 68 audits 51 were deemed to be satisfactory and passed with minor discrepancies. Minor discrepancies are details recorded on the report that are arithmetically or administrative errors in the documentation, they do not constitute an on-site hazard nor do they represent a failure of the installation and its safety for continued use, a sample of examples are listed below:

- customer acceptance has not been signed by the client
- details of the Client incorrectly recorded. The Client is London Borough of Hammersmith & Fulham
- no clear signature detailed in the report
- no access to complete test due to height
- no access to rooms.
- unable to trace circuit

The remaining 17 audits were classified as failures with major discrepancies. Major discrepancies are items in the report that are classified as “immediately dangerous C1”, “potentially dangerous C2” or readings recorded in the report if accurate would render the installation unsafe for continued use. A sample of major discrepancies found within the reports are listed below.

- cables undersized for breaker/fuse capacity
- incorrect classification code recorded

2.0 POST INSPECTION

We can confirm that the following onsite post inspections were completed to:

- 07-15 Crefeld Close, Bayonne Estate, London, W6 8EL
- 21-29 Crefeld Close, Bayonne Estate, London, W6 8EL
- 46-69 Crefeld Close, Bayonne Estate, London, W6 8EL
- 70-73 Crefeld Close, Bayonne Estate, London, W6 8EL
- 24-49 Paynes Walk, Bayonne Estate, London, W6 8PF

The above sites were found to be in a satisfactory condition

The site 38-45 Crefeld Close was identified by the contractor as having two C1 classifications.

C1-Live parts accessible without the use of tools (picture sent) [DB LANDLORD 38-45 (MEM) / 04-S-1]

PCM can confirm that LBHF and Mitie have not received any pictures from the sub-contractor Calbarrie. The observation recorded does not indicate the location of the defect on the circuit. Due to the lack of information provided we are unable to confirm if the works have been rectified. We can confirm that there was an external light fitting on the first-floor balcony that was missing a diffuser, with live parts exposed

C1- Live parts accessible without the use of tools (picture sent) [DB LANDLORD 38-45 (MEM) / 07-S-1]

PCM can confirm that LBHF and Mitie have not received any pictures from the sub-contractor Calbarrie. The observation recorded does not indicate the location of the defect on the circuit. Due to the lack of information provided we are unable to confirm if the works have been rectified. We can confirm that outside flat 40 on the ceiling there is a surface patress box with a 20mm knockout missing.

3.0 CONCLUSION

From the audit carried thus far we can confirm that the quality of documentation provided by the incumbent contractor is not to an acceptable standard and the discrepancies have been recorded in appendix 1 (AUDIT LIST HAM&FUL summary sheet 04 EIDTA - 2nd save) however the minor discrepancies of details recorded on the report that are arithmetically or administrative errors in the documentation, they do not constitute an on-site hazard nor do they represent a failure of the installation and its safety for continued use. The reports that failed the desk top audit will need to be revisited by the contractor to verify or rectify the identified discrepancies that have been recorded in appendix 1.

Even though PCM have only visited a low number of sites we can confirm that the installations visited are in a satisfactory condition with the exception of 38-45 Crefeld Close that requires repair to the light fitting on the first floor balcony.

4.0 RECOMMENDATIONS

Given the above PCM would recommend that the client gives consideration to the following:

- PCM to complete the desktop audit of 125 completed EICR's
- PCM to complete 125 post inspection site audits to clarify C1 and C2 observations have been completed
- PCM to complete 25 sample tests to the installations to confirm recorded readings of the contractors test results
- On-going review and quality control of the current electrical testing programme

5.0 SUPPORTING INFORMATION

APPENDIX 1

AUDIT LIST HAM&FUL summary sheet 04 EIDTA - 2nd save

APPENDIX 2

AUDIT LIST HAM&FUL summary sheet 03PIA

APPENDIX 3

AUDIT LIST HAM&FUL summary sheet 01 EICA

Housing Property Services Policy for Electrical Safety

AUTHORISED BY:
.....
.....
.....
25/11/16

Department	Housing Property Services
Responsible person	Director for Housing Services
Approval date	25 th November 2016.
Next review date	25 th November 2018
Version number	V1/2016

1. Introduction

- 1.1. This policy details how the Housing Department will ensure that the electrical installations and equipment it is responsible for managing, is safe and in good operable condition. It details the standards required for electrical safety, installation, repairs and testing within the properties owned and managed by Hammersmith and Fulham (H&F) Housing Department. It covers all housing stock managed by the Department and associated communal areas, garages, hostels and, Tenant halls, outbuildings and remote plant.
- 1.2. This policy is developed to keep residents, visitors and contractors from harm and to ensure we comply with the current legislation and good practice
- 1.3 The implementation of this policy requires the co-operation of all members of management and staff, as well as any contractors hired to carry out work involving electrical equipment and installations and the policy document and associated guidance and procedures will be made available to staff and contractors delivering services or undertaking works to electrical installations and equipment.

2. Policy Aims

2.1 The aims and objectives of this Policy and Associated Procedures are;

- To ensure the Health and Safety of Employees, Residents, visitor, Contractors etc. who may come into contact with such installations and equipment within H&F premises.
- To clarify the approach to inspections and testing to ensure that Electrical Installations and Equipment are maintained in safe working order and condition and comply with all current legislation and good practice
- To provide clear lines of responsibility within the Housing Department of H&F for the management of electrical safety
- To provide Managers and Staff with suitable and sufficient Information and Guidance to ensure that ALL Electrical Installation Works and/or Repairs, undertaken by H&F Contractor Personnel are, undertaken in compliance with current Health and Safety Legislation relating to Electricity and Electrical Safety
- To ensure that Electrical Installation Works and/or Repairs are undertaken, managed and/or supervised by Competent and Capable LBHF or Contractor Personnel
- To ensure a clear plan for reviewing and monitoring electrical safety compliance is in place

3. Purpose

3.1. Hammersmith and Fulham (H&F) have a Duty of care to ensure that residents and visitors can use and visit its buildings and Facilities safely. This extends to taking all reasonable steps to mitigate any risks associated with electrical installations and appliances in properties owned by H&F

3.2. This policy is developed to keep residents and visitors from harm and to ensure we comply with the following legislation and regulations

- Landlord and tenant Act 1985
- Defective Premises Act 1972
- Health and Safety at work Act 1974
- Electricity at Work Regulations (EAWR) 1989
- Provision and Use of Work Equipment 1998
- Personal Protective Equipment (PPE) Regulations 1992
- BS 7671 (IEE 17th Edition Wiring Regulations or its Successors)
- Building Regulations 2004: Approved Document P
- IEE 4th Edition Code of Practice for in Service Inspection and Testing of Electrical Equipment

3.3. This policy outlines how we will manage our electrical installations and equipment within our housing stock and associated buildings and details the testing regimes to those installations to ensure they are safe and well maintained. This policy also covers Portable appliance testing for equipment to communal areas to hostels, sheltered Housing schemes and welfare facilities where provided, IE caretakers.

4. Scope

4.1. The policy covers the electrical installations and equipment to the housing stock managed by the Housing department and associated communal areas, garages, hostels, short term lettings, Tenant halls, outbuildings and remote plant.

4.2. The scope of this document covers the following

- Maintenance and testing of electrical Installations to flats and houses which equates to approximately 12,500 units and to communal areas, including blocks, houses and estates
- In Service Inspection and Testing of Electrical Equipment of portable and fixed equipment owned by H&F equipment to hostels, sheltered Housing schemes and areas provided for welfare facilities.

4.3 The policy is governed by a number of different pieces of legislation and these are detailed in 3.2 of this document.

4.4 This policy does not cover corporate buildings owned and managed by H&F.

4.5 The testing of electrical installations within dwellings only extends to rented properties. Leaseholders are responsible for the maintenance and testing of their own installations within the demise of their property. H&F have maintenance obligations on electrical installations to communal areas including the lateral mains within the building. The responsibility for the communal areas includes those properties where leaseholders

reside in the building. The only exceptions being where communal installations are part of the leaseholder's demise and this will be stated within the lease.

5 Policy

5.1 The aim of the policy is to ensure that our electrical installations and equipment are safe and in good condition and the following statements detail how we aim to do this

5.2 Standards for Installation

- Our electrical installations will comply with BS 7671 Institution of Engineering & Technology (IET) wiring Regulations and Part P of the Building Regulations
- All new, rewires and partial modifications to existing wiring will be issued with an electrical test certificate. These will be held on an accessible system at all times

5.3 In Service Inspection and Testing of Electrical Equipment owned by H&F to hostels, sheltered Housing schemes and areas provided for welfare facilities

- All portable and fixed equipment will be PAT tested at intervals based on a risk assessment approach and guidance provided by the HSE and IEE 4th Edition Code of Practice for in Service Inspection and Testing of Electrical Equipment. An inspection and testing schedule detailing testing frequencies is detailed with Electrical Safety Guidance document.
- All test certificates will be held on an accessible system at all times

5.4 Electrical Testing Programme

- Ensure that all properties managed by the housing department and communal areas have a current electrical safety certificate which will be held on an accessible system at all times
- Deliver a 5 year rolling programme of electrical inspection, testing and upgrades to common areas of our housing stock to ensure we meet all current statutory requirements. Timings of later tests periods will be determined by the test engineer and built into the future test programme agreed with H&F.
- Deliver a 5 year rolling programme of electrical inspections, testing and upgrades to all tenanted properties and sheltered housing schemes managed by the Housing Department. Timings of later tests periods will be determined by the test engineer.
- All new and rewired installations will be inspected and tested 10 years from the date of installation. Interim visual inspections of these installations will be carried out as part of an annual property inspection programme and an inspection and test of the installation will be carried out, if the property becomes void.
- All void properties are tested and a valid test certificate supplied prior to letting.
- Prior to any Mutual Exchanges, the units owned by H&F will be tested and a valid test certificate will be provided prior to the exchange, in accordance with the council's Mutual Exchange policy.
- Ensure that appropriate legal action is taken should residents refuse to provide access for testing and maintenance and a no access procedure is put in place.
- Have a clear procedure for electrical testing, with clearly defined roles and responsibilities and timescales for completion of repairs and upgrades

5.5 Maintenance and Investment

- Electrical repairs are reported to our long term partnering contractor Mitie, who will allocate a suitable electrician/electrical contractor to carry out the repair in accordance with contractual response times

- Ensure that all installations and equipment are maintained, upgraded and renewed as required to ensure they are safe and in good condition.
- Develop an annual capital programme for rewires and upgrades which will be based on the results of the electrical testing regime.

5.6 As part of its commitment to maintaining its housing stock to the highest standards, H&F carry out an annual property inspection to all of its rented units. The property inspection includes a visual inspection of the electrical installation within each unit to identify any maintenance issues.

5.7 Competency

- We will only use contractors employing competent persons who are registered with a relevant scheme provide IE National Inspection Council for Electrical Installation Contracting (NICEIC). Contractors carrying out electrical inspections and testing on behalf of H&F will be required to provide proof to H&F of the competency of their operatives carrying out testing on a 6 monthly basis
- Ensure that all staff responsible for carrying out this policy receive regular training to the appropriate level.

5.8 Leaseholders

- Ensure that leaseholders are advised in regards of electrical safety and the importance of ensuring the installation within their demise is inspected by a competent electrician at regular intervals.

6 Responsibility

- 6.1 The Director of Housing Services is responsible for ensuring that a robust Electrical safety management system is established and maintained for all H&F housing stock and associated communal areas
- 6.2 The Director of Housing will delegate this to the Head of Operations for Housing Property Services who will oversee the implementation of the electrical safety policy and will ensure that progress towards meeting the policy is reported upwards.
- 6.3 Delivery of responsive repairs, inspection and testing programmes, repairs and upgrades to electrical installations is through H&F's long term Service Provider "Mitie".
- 6.4 Monitoring and management of Mitie's performance and delivery of the testing and investment programmes will be carried out by the Operations and Engineering team who report to the Head of Operations.

7 Monitoring, Review and Evaluation

- 7.1 The inspection and testing programme will be closely monitored by the Operations and Engineering team within Housing Property Services and progress. Monitoring will be done through monthly updates from Mitie on progress and monthly operations and Core Group Meetings.
- 7.2 A tracker sheet has been developed to enable progress against programme to be monitored.
- 7.3 The Operations and Engineering team will carry out post inspections of completed electrical inspections and tests to ensure compliance with our requirements and

specifications. All post inspections will be recorded. Post inspections will consist of the following;

- Minimum 20% desktop review of completed electrical inspections and tests.
- Minimum 10% on site post inspections of electrical inspections and tests and associated repairs and improvements.

7.4 Performance will be reported to Departmental Management team on a quarterly basis at performance Departmental Management Team.

7.5 We will Commission an independent annual audit on a percentage of the electrical inspections and tests carried out to provide a quality and sense check. We will aim to review a minimum 10% of those completed inspections annually and will include a mix of desktop and on site audits.

7.6 The policy will be reviewed every 2 years and/or where there is a change of policy or mandatory or statutory standards.

8. Peer Review

8.1 This policy was reviewed by Frankham Risk Management Services Limited and approved by them on the 23rd November 2016

9 Associated policies and documents

9.1 H&F Corporate Health and Safety Policy

9.2 H&F Corporate Equipment Safety Policy

9.3 Housing Property Services Electrical Safety Guidance Document

9.4 Electrical installation condition report testing process document

9.5 Housing Property Services – Electrical Testing specification.

9.6 The Equality Impact Assessment.

Action	Recommendation	Actions To date	Completion Date
1	Sample surveys of 125 completed Electrical inspections to be carried out by External independent consultant Phoenix Compliance Management and report provided on findings	Audit is ongoing and is due to complete early December 2016 with report provided.	Dec-06
2	Review group of LBHF officers and Mitie officers has been set up to review gaps in process and implement action plan for changes	Group has been meeting Monthly since June and actions for improvement have been developed, as detailed within this action plan	Ongoing
3	Monitoring of tests and subsequent repairs needs improvement	A tracker sheet has been developed, tracking status of both tests and subsequent repairs. The sheet will be used as monitoring tool by both LBHF and Mitie. Address list to be resolved	Complete
4	Monitoring of tests and subsequent repairs needs improvement	The post inspection process is to be enhanced with both LBHF and Mitie carrying out a minimum 10% post inspections of all tests completed. All post inspections are to be recorded on a post inspection sheet. A post inspection checklist is currently being finalised.	Nov-16
5	Monitoring of tests and subsequent repairs needs improvement	A monthly engineers meeting is now held to monitor performance and to discuss and resolve issues. Performance will be recorded at Operational core groups. Meeting now to be held last Tuesday of each month	Ongoing
6	Monitoring of tests and subsequent repairs needs improvement	All key documents and certificates to be stored on Mities Mi housing system and LBHF staff will be provided with	Complete
7	Poor performance of Sub contractors	Mitie are phasing out use of sub contractors for testing and are moving to a in house model whereby both tests and repairs are carried out by directly employed labour	Complete
8	Electrical Policy and associated process documents need to be developed	Draft policy has been written and peer reviewed by Frankhams Risk Management Consultancy. Document for final sign off has been sent to Cabinet Member of housing	Nov-16
9	Issues raised by PCM during Audit - Review of Electrical test specification and the limitations within the specification are to ensure that the contractor can adequately cover all the councils requirements and ensure full compliance	Group to begin carrying out review from Dec 16	Feb-17
10	Service Improvement Plan and Early Warning Notice	In accordance with the contractual arrangements within the TPC contract H&F has issued a request for a Service Improvement Plan from Mitie, which is due to be completed by 5th December 2016. An Early warning Notice has also been issued in accordance with the contract and a meeting of the Strategic Core Group has been arranged to review the issues and agree a way forward.	Dec-16

11	Issues to re resolved from PCM review	Group as stated in nos 9 are to review the electrical tests sheets to ensure that all necessary information is clearly provided and all relevant signatories are added.	Feb-17
12	Monitoring of tests and subsequent repairs needs improvement	Mitie to review and address the issues raised within the EICR tests catergorised as having major discprencies as highlighted by the current PCM audit. Mitie to provide a programme for this work.	TBA
13	Monitoring of tests and subsequent repairs needs improvement	Mitie to carry out full desktop review of circa 600 remaining EICR tests not audited by PCM. Mitie to provide programme for this work	TBA
14	Monitoring of tests and subsequent repairs needs improvement	Based on desktop review in 12, Mitie to develop a programme of testing and visual inspections to those desktop audits that find major discrepancies. Programme to be agreed with PCM.	TBA

Agenda Item 8

London Borough of Hammersmith & Fulham AUDIT, PENSIONS AND STANDARDS COMMITTEE 7 December 2016	 hammersmith & fulham
RISK MANAGEMENT IN THE ENVIRONMENT GROUP OF SERVICES	
Report of the Director for Finance & Resources	
Open Report	
Classification: For review and comment	
Key Decision: No	
Wards Affected: All	
Accountable Director: Mark Jones, Director for Finance & Resources	
Report Author: Iain McCord Business Manager	Contact Details: Tel: 020 8753 4920 iain.mccord@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. The Audit Pensions and Standards Committee is responsible for reviewing the arrangements in place for identifying and managing key risks across the Council.
- 1.2. A forward plan has been put in place to enable each department or Group of Services to attend and present, one per Committee meeting, their risk management arrangements and high-level risk register to the Committee.
- 1.3. In accordance with that forward plan, this risk management report is a joint report for the Environment Group of Services, comprising all the services that previously made up Transport & Technical Services (TTS) and Environment, Leisure and Residents' Services (ELRS). It is presented to the Committee for information and review.

2. RECOMMENDATIONS

- 2.1. The Committee is requested to review the risk management arrangements that have been put in place by the Environment Group of Services, note the Strategic Risk Register attached as Appendix 1 and endorse the mitigating actions for each key high-level strategic risk identified in Section 6 below.

3. RISK MANAGEMENT ARRANGEMENTS

- 3.1 Until March 2016, a number of separate Strategic Risk Registers were held across the Environment Group of Services.
- 3.2 A decision was taken to develop a single Strategic Risk Register to help manage risks across the Environment Group of Services, including both Hammersmith & Fulham and Kensington & Chelsea where there are shared services. A joint document has been prepared and is attached in a format agreed with Internal Audit as Appendix 1 to this report.
- 3.3 Following the initial amalgamation of the various risk registers, the strategic document contained more than 40 identified risks across the Environment Group of Services. Using guidance from Internal Audit, only those with an inherently high risk or impact have been reported upwards to the Strategic Risk Register. All others remain on individual Service Risk Registers or specific Project Risk Registers as required. This has reduced the number of risks to be reported at a strategic level to a more manageable 8 – broadly in line with Internal Audit recommendations.

4. Current arrangements

- 4.1 The Environment Group Strategic Risk Register holds a record of those identified strategic risks likely to impact on the service area as a whole. All identified risks are assessed using the corporate scheme for rating impact and likelihood. Strategic risks are those rated with significant potential impact and are reported to the Departmental Management Team (DMT) on a quarterly basis. The Strategic Risk Register is maintained by a nominated Risk Officer, currently the Business Manager within Technical Support.
- 4.2 In addition to the Strategic Risk Register, individual services within the Group maintain their own risk registers. These are intended to identify and hold risks that are more operational in nature and specific to the work of that service. In addition, all major projects will have their own Risk Registers, identifying risks specific to those particular projects. These are all reviewed at least quarterly either by Senior Management Teams (SMTs) within each service or by Project Teams for individual projects.
- 4.3 The Strategic and Service Risk Registers are considered holistically and, on occasion, risks can arise either from within individual services or projects which could have strategic significance to the service and to the Council. These risks may be escalated upwards onto the Strategic Risk Register and thereby addressed by DMT each quarter. Equally, they may be de-escalated following review or actions taken to address the risks and mitigating measures put in place.
- 4.4 In line with Internal Audit advice, each risk has at least one named responsible officer. This may be a single officer within the Group or a number of officers at various levels within the Group's services.
- 4.5 A number of the current strategically significant risks within the Environment Group of Services are outlined in section 6 below. The full register is attached as Appendix 1.

5. Governance of Risk Registers

- 5.1 Departmental and Service management teams monitor, manage and report on risks to the business. DMT has the primary responsibility for ensuring that appropriate systems and processes are in place to deliver effective risk management across the services for which they are responsible. The Strategic Risk Register and Service Risk Registers are reviewed at least quarterly. Individual project registers are usually reviewed more frequently.
- 5.2 In addition to their key role in reviewing and mitigating current risks DMT also ensures that:
- There is full consideration of risk in services business planning processes and that actions from identified risks are fully factored in to developing targets and objectives.
 - There is regular horizon scanning by services and teams for emerging risk, both strategic and operational. All intelligence on such potential new risks is fed into the risk management and business planning processes.
- 5.3 Each Director and Head of Service is responsible for ensuring that risk management processes are adopted within their service area and that risks are appropriately managed. This means that they must ensure that those risks are included in Strategic, Service or Project Risk Registers and escalated or de-escalated as appropriate.
- 5.4 All line managers and staff are expected to be aware of their services' risk management policy and processes and to participate fully in regular risk reviews.
- 5.5 Although risk management and internal controls are management's responsibility, internal audit has a significant role to play in supporting the maintenance of effective internal control through its annual programme of audit work and reports.

6. MANAGING CURRENT STRATEGIC RISKS

- 6.1. The Environment Services Group Risk Register includes a record of all current key strategic risks which impact on the business and activities of the Group both across Hammersmith & Fulham and Kensington & Chelsea.

These are subject to quarterly management review by DMT with associated mitigating actions and may be escalated or de-escalated as necessary. A selection of the key strategic risks for the information of the committee is set out below.

6.1.1 Managing budgets and the risk of adverse budget variances (App 1 Risk 6)

The following measures have been put in place to mitigate against these risks;

- Regular finance and trading accounts monitoring
- Ongoing work within Planning & Development to secure Community Infrastructure Levy (CIL) and section 106 funding. Community Infrastructure Levy Board.
- A Medium Term Financial Strategy (MTFS) planning process.
- A Parking Control Board.
- A process by which any recruitment must be approved by DMT.
- Adverse variances are continually reviewed and an action plan is reported to DMT.
- Planning Workload and Income Group to review monthly workloads
- Regular Corporate Revenue Monitoring (CRM).
- Adjusting staffing to match workloads.
- A programme of audits to monitor processes, combat fraud and theft.

6.1.2 Risk of Ineffective programme and project management (App 1 Risk Ref 3).

Environment Services has a number of large projects within its portfolio. Current major projects include King Street regeneration, refurbishment of Hammersmith Town Hall, joint parking office IT implementation, the asset management strategy and cashless parking. The following measures have been put in place to mitigate against these risks;

- Each project has its own specific risk register which facilitates regular progress reports and corrective action to be taken as needed.
- Regular monitoring by our Finance team.
- A Group Project Manager and a project management toolkit.
- Effective governance arrangements are in place (programme and project boards and delivery teams).
- The establishment of Programme Management Boards.
- Expertise and experience throughout the Group is identified and utilised.
- Regular meetings involving Councillors and third parties as appropriate.

6.1.3 Health & Safety breaches affecting staff and others (App 1 Risk 2)

There are a number of contracts where health and safety is an important element of the service (e.g. waste operations and highways). We work proactively with service providers to ensure best practice.

The following measures have been put in place to mitigate against these risks;

- Safety audits
- Suitable Contractor management arrangements
- Construction Design and Management (CDM) controls in place.
- Maintenance and inspection programmes to underpin the engineering response to risk.
- Quality assured processes (including external accreditation)
- Learning and Development plans
- Ongoing training programme
- Established Departmental Health & Safety Committee
- Policies and procedures
- Service risk assessments

- Guidance issued with respect to cross-borough working and duty of care for both sets of employers
- Business Continuity Plans in place for Priority 1 and Priority 2 services.

7. CONSULTATION

7.1 Not applicable to this Report

8. EQUALITY IMPLICATIONS

8.1 Not applicable to this Report

9. LEGAL IMPLICATIONS

9.1 Failure to manage risk effectively may give rise to increased exposure to litigation, claims and complaints. As such the report contributes to the effective Corporate Governance of the council.

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1 Exposure to unplanned risk could be detrimental to the ongoing financial and reputational standing of the Council. Failure to innovate and take positive risks may result in loss of opportunity, reduced value for money and less positive customer and system outcomes. There are no direct financial implications with the report

11. RISK MANAGEMENT

11.1 It is the responsibility of management to mitigate risk to an acceptable level. Appropriate and proportionate mitigating actions to known risks are expressed in the Environment Group Risk Register and are subject to review as part of planned audit work and the Annual Governance Statement.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS


12.1 Failure to address risk in procurement may lead to a reduction in the expected benefits (Value for Money, Efficiency, Resilience, Quality of Service) and leave the council exposed to potential fraud and collusion as identified in the Bribery Act.

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

Appendix 1 – Environment Services Group Risk Register

Risk Number	Shared Services / RBKC / H&F	Key risks	Consequence	TYPE STRATEGIC/CHANGE (Portfolio, Programme, Project) or OPERATIONAL Risk (Business as Usual)	PESTLEcc	Inherent risk			Residual risk - Qtr 1 2016-17			Target Risk	Risk Monitoring	Responsible Officer	Existing controls	Proposed action to remedy gaps in control	Date of implementation of additional control or date of next review of risk
						Impact	Likelihood	Total	Impact	Likelihood	Total						
1	Shared Services / RBKC / H&F	<i>There is a risk that/of...</i> Failure to meet all new and existing Statutory requirements.	Possibility of legal challenge.	Operational	Legal	5	3	15	4	2	8	8	Keep under review	All Heads of Service	1. Managers to review legislative framework and update staff as appropriate. 2. Internal auditing 3. Match roles to legislation 4. Training 5. Legal and other specialist advice taken 6. Complaint monitoring 7. Business plans identify new and key existing statutory requirements and contain actions to address 8. Annual update of Scheme of Delegation 9. Equalities Impact Analysis in service delivery changes 10. Equalities Statement included in relevant reports	DMT review Qtr 2 2016 - 2017	
2	Shared Services / RBKC / H&F	Health & Safety breaches affecting staff and others. Systems, processes and resources are not joined up in the event of a Royal Borough of Kensington and Chelsea and a London Borough of Hammersmith and Fulham incident.	1. Injury to members of staff or the public 2. Liability as employers and managers	Operational	Human Resource Contractual Financial	5	3	15	3	3	9	9	Keep under review	All Managers	1. Safety audit 2. Suitable contractor management arrangements 3. Construction, Design and Management (CDM) controls in place 4. Maintenance and inspection schemes underpin the engineering response to risk 5. Quality assured processes (including external accreditation) 6. Learning and Development Plans 7. Ongoing training programme 8. Established Departmental Health & Safety Committee 9. Policies and procedures 10. Service risk assessments 12. Guidance issued with respect to cross borough working and duty of care for both sets of employers 13. Business Continuity Plan in place, Service Resilience Group regularly attended.	DMT review Qtr 2 2016 - 2017	
3	Shared Services / RBKC / H&F	Ineffective programme and project management especially - Joint Parking Office IT implementation - Cashless Parking - King Street regeneration (civic accommodation) - Accommodation programme - Asset management strategy - Earl's Court Regeneration - Parks Capital Programme - Meeting Climate Change programme targets (RBKC)	Programmes and Projects not delivered to time or budget.	Strategic	Political Economic Technological	4	4	16	4	2	8	8	Keep under review	All Heads of Service	1. Regular progress reporting, any corrective action taken. 2. Regular finance monitoring 3. Internal customer feedback. 5. Effective governance arrangements in place (programme and project boards and delivery teams) 6. Regular oversight by Parking Programme Management Board 7. Departmental Project Manager 8. Expertise and experience identified and utilised 9. Regular Meetings involving Cllrs and finance	DMT review Qtr 1 2016 - 2017	
4	Shared Services / RBKC / H&F	Failure to effectively manage significant contracts - The Link - Amey Community Ltd - Serco - GVA - Quadron - Greenwich Leisure - CETA - FM Conway - Suez	Adverse resource implications (Human resource and Financial). Potential disruption or non delivery of a key service.	Operational	Professional Financial Legal Human Resource	5	4	20	4	2	8	8	Keep under review	Maureen McDonald-Khan Mahmood Siddiqi Kathy May	1. Contracts in place and part of eSourcing system 2. Formal monthly monitoring 3. Performance monitoring report 4. Collaborative working 5. Quality Assurance 6. Bi-borough procurement protocols 7. Expertise and experience identified and utilised. Service review process will help minimise contract management issues 8. Withdrawal from the Link and the appointment of our own client to manage the AMEY contract 9. Monitor Creditsafe reports and fuel debt levels, taking appropriate debt recovery action. 10. Risk assessment conducted within projects. 11. Street Cleansing Tsar (LBHF)	DMT review Qtr 2 2016 - 2017	

Risk Number	Shared Services / RBKC / H&F	Key risks	Consequence	TYPE STRATEGIC/CHANGE (Portfolio, Programme, Project) or OPERATIONAL Risk (Business as Usual)	PESTLEcc	Inherent risk			Residual risk - Qtr 1 2016-17			Target Risk	Risk Monitoring	Responsible Officer	Existing controls	Proposed action to remedy gaps in control	Date of implementation of additional control or date of next review of risk
						Impact	Likelihood	Total	Impact	Likelihood	Total						
		<i>There is a risk that/of...</i>															
5	Shared Services RBKC / H&F	Failure to deliver MTFS efficiency savings		Operational	Financial	4	4	16	3	3	9	8	Monthly Monitoring	All DMT	1. Regular MTFS monitoring by DMT 2. Regular budget monitoring meetings held by Director of Finance & Resources with each Director. 3. Project management. 4. Regular monthly corporate monitoring reports.		DMT review Qtr 2 2016 - 2017
6	Shared Service/ RBKC / H&F	Managing budgets and the risk of adverse budget variances		Operational	Financial	4	5	20	3	5	15	15	Monthly monitoring	Directors and Heads of Service	1. Regular finance and trading accounts monitoring 2. Ongoing work within Planning & Development to secure Community Infrastructure Levy (CIL) and section 106 funding. Community Infrastructure Levy Board.		DMT review Qtr 2 2016 - 2017
7	H&F	Advertising Hoarding income falls	Income budgets not achieved (budget is £1.25)	Operational	Financial	5	3	15	4	3	12	9	Monthly monitoring	Maureen McDonald-Khan	1. Regular Finance monitoring. 2. Medium Term Financial Strategy (MTFS) planning process. 3. Review adverse variances and report action plan to Departmental Management Team (DMT). 4 Exploring further opportunities.	Monitor adverse variances, develop action plans to address if required. Consider what we do at the end of the contract in 2017	DMT review Qtr 2 2016 - 2017
8	H&F	Risk that the Fulham Coroners Office is not delivering to service KPI's and customers expectations.	Impact to the Mortuary process of delivering bodies to funeral parlours within expected timescales. Reputational risk to the council due to poor service.	Operational	Political/Legal/Customer	5	4	20	4	3	12	10	Monthly monitoring	Alistair Ayres	1 Complaint to JC10 re Senior Coroner. 2 Action Plan in place with MPS and Senior Coroner to address service. 3 Second Court to reduce backlog	1 In consultation with MPS and Senior Coroner to agree KPIs for service (Coroner Officers are all MPS employees. 2 Intern in place to assist with court admin. 3 Outcome of JC10 investigation may lead to action against/removal of the Senior Coroner.	DMT review Qtr 2 2016 - 2017

<p>London Borough of Hammersmith & Fulham</p> <p>AUDIT, PENSIONS AND STANDARDS COMMITTEE</p> <p>7 December 2016</p>	
<p>ANNUAL CORPORATE HEALTH AND SAFETY REPORT - APRIL 2015 TO MARCH 2016</p>	
<p>Report of the Director for Environmental Health: Nicholas Austin</p>	
<p>Open Report</p>	
<p>Classification – For Review & Comment Key Decision: No</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Nicholas Austin – Director for Environmental Health</p>	
<p>Report Author: Somayya Yaqub – Shared Services Corporate Health and Safety Manager (Interim)</p>	<p>Contact Details: Tel: 0208 753 3949 Email: Somayya.yaqub@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report summarises the safety performance of the council for the year April 2015 to March 2016 and the aims of the Corporate Health and Safety Team for the year ahead.
- 1.2. During this period, the council was not subject to any Health and Safety Executive prosecutions, prohibition, or improvement notices. The council was subject to three enforcement notices from the London Fire Brigade for housing deficiencies.

2. RECOMMENDATIONS

- 2.1. The Committee review and comment on the organisational health and safety performance.

3. REASONS FOR DECISION

- 3.1. To ensure the council complies with relevant health and safety legislation and reduce the risk of accidents, incidents, damage to property and subsequent enforcement action and fines.

4. PROPOSAL AND ISSUES

Background

- 4.1. The Council has a legal duty of care under health and safety legislation to safeguard its staff and those affected by its service activities. The corporate health and safety policy sets out responsibility for compliance. It is our policy to follow the principles of sensible risk management. Although it is impossible to entirely remove risk, we should:
- protect our employees and the public/service users;
 - ensure that those creating risks clearly understand that a failure to manage them could have serious consequences; and
 - highlight to all managers and staff that, whilst the measures are in place to protect them, they too should act in a responsible manner.
- 4.2. Health and safety performance reporting provides information on how the organisation is meeting its obligations. Best practice suggests, reporting should include;
- Significant health and safety risks and emerging issues;
 - Overall Council compliance with health and safety legislation; and
 - Areas of non-compliance and progress on taking corrective action.
- 4.3. The Council is a complex organisation with several delivery models such as Shared Services and third party providers, etc. running in parallel, which creates the potential for significant risk. With this comes a legal duty of care, which we cannot delegate, and extends to services provided by third party providers such as, Serco (Waste Management), Quadron (Parks) and AMEY (Total Facilities Management).
- 4.4. To summarise, the Council's legal duties include:
- Appoint someone competent to meet health and safety duties;
 - Provide a written health and safety policy;
 - Assess and control risks to employees, customers, partners, and any other people affected by its activities;
 - Implement health and safety management systems arrangements through Plan, Do, Check and Act (PDCA), thereby ensuring compliance
 - Have a statutory safety committee;
 - Consult with employees about the risks at work and the current preventative and protective measures in place;

- Provide health and safety training to staff
 - Respond to insurance claims, in compliance with Ministry of Justice protocols, brought against the Council following alleged acts of negligence
- 4.5. The Corporate Health and Safety team is the appointed 'competent person' for Council. The team checks compliance through regular auditing and inspection, provides advice to management and staff as necessary and sets out corporate policy and procedures in line the HSE safety management system. Ultimate responsibility for the health and safety of staff remains with senior management.
- 4.6. The Council shows how it will meet its statutory duties through the Corporate Health and Safety Policy and corporate codes of practice and guidance documents.
- 4.7. Elected members should ensure that health and safety is part of making decisions at a strategic level. The Deputy Leader, Councillor Cartwright, is the lead on Health and Safety matters.
- 4.8. The Director for Environmental Health is the Lead Director for Health and Safety.
- 4.9. New sentencing guidelines came into force 1 February 2016. Although these do not add any additional duties, they **significantly increase** the fines and introduce the potential for imprisonment. It is likely that fines for even public sector organisations will double.

5. HEALTH AND SAFETY PERFORMANCE: CORPORATE SERVICES

- 5.1. The corporate portfolio includes all key services, for example, adult social care, environment services, children services and libraries.

Risk Management

- 5.2. The law requires the Council to control risk from potential hazards so that it is as low as reasonably practicable. To manage risk, we profile hazards, their potential consequence, and the existing controls in place. Where required, we recommend additional controls. The Tri-borough Audit, Risk, Fraud, and Insurance service hold the risk register centrally and review quarterly.
- 5.3. The risk register for health and safety is in three broad categories: people, management, and premises. Sections 5.4 to 5.14 list the key organisational areas of risk.

People

- 5.4. As part of the current project to collate a central depository of risk assessments, the team is checking the control measures in place with a focus on lone working and aggression. For example, libraries report a high number of incidents, which is in part due to the nature of the service and interaction with the public.

- 5.5. Stress is one of the key causes of absence at work on a national scale. The team work closely with HR and Occupational Health to advise managers on how best to address stress. The team plays an active part in the Health and Wellbeing Board, which has put in place a strategy to improve well-being.
- 5.6. Slips, trips, and falls are one of the most common hazardous occurrences, which the team concentrates on when undertaking site inspections. Last year, there were 18 such reported incidents. The team follow up accidents/incident reports with the responsible manager, to ensure they take corrective action to prevent a recurrence.
- 5.7. The team have previously reviewed sickness absence information owing to musculoskeletal disorders (back and upper limbs) to highlight areas or teams, which may benefit from additional control measures. Unfortunately, the team have been unable to obtain information during 2015-2016 due to problems with the Council's external human resource system, Agresso. We will instead focus on this issue as part of the audit programme part of Health and Wellbeing.

Management

- 5.8. Flexible working practices mean the previous arrangement for Fire Wardens in Category 1 buildings such as the Town Hall is no longer practical. Site inspections have highlighted that this is an issue in all corporate buildings. Amey are responsible for holding this information but is not currently available.
- 5.9. Corporate Health and Safety is working with Amey to place minimum numbers of marshals per floor. Corporate Health and Safety will request senior managers put forward names of managers and staff to undertake this role. Fire Warden training is under review to make it more applicable to a Shared Services working environment.
- 5.10. The management of contractors is a high risk area for the Council. With many services provided by third parties, there should be robust monitoring arrangements in place by those sections of the Council responsible for managing the contracts such as Serco, Mitie, Pinnacle and Amey. There is scope for improvement. There is provision in the 2016/17 work plan for the team to review the effectiveness of these controls.

Premises

- 5.11. The team work closely with the LINK to ensure that Amey undertake the duties laid out in the agreed Service Level Agreement (SLA). The LINK, which comprises staff from all three authorities, monitors the performance of Amey. As part of the inspection and auditing process, we undertake checks on the main building compliance issues such as asbestos, gas, water hygiene and electrics.
- 5.12. The LINK reported compliance data, as per the Service Level Agreement, in May 2016. The data highlighted no immediate concerns. Amey have also supplied data demonstrating they are carrying out most of the legally required checks. Corporate Health and Safety Team audit programme for 2016/17 will validate this data.

Policy and procedure review

- 5.13. A review of the number of health and safety policies and procedures within the Council suggests there is significant scope for simplification and reduction.
- 5.14. A rationalisation of the safety management system, focused on significant risks, will help encourage a more positive safety culture in line with the Health and Safety Executive's strategy, 'Helping Great Britain work well 2016'. The system will emphasise the need to all work together, tackle ill-health, manage risk well, keep pace with change and share our success. Officers are aiming to complete the review by end of 2016.

Auditing Organisational Shared Services Health and Safety

- 5.15. There were three outstanding actions from the Internal Audit of Shared Services Health and Safety by MAZAR from 2015 as follows;

Action: A departmental training matrix should be created for each service line. They should be monitored to ensure any training gaps are recognised.

Response: A draft mandatory training matrix will now be available at January 2017 Shared Services Health and Safety Committee for agreement. This is outstanding due to the procurement of new health and safety training to reflect a new working environment.

Action: Service lines should provide a copy of their risk assessments to corporate health and safety, so that they can be uploaded to a centralised system

Response: It is a legal requirement to have a written risk assessment in place. We introduced generic risk assessment templates for key hazards (violence and aggression, lone working, stress, and musculoskeletal disorder) to simplify the process of risk assessment for managers. Managers then tailor to reflect service needs; the templates give managers structure and guidance. We are collating all risk assessments centrally. A number remain outstanding for children services but officers are working with managers to rectify.

Action: The regime for auditing health and safety arrangements in schools should be finalised

Response: The team has finalised the audit programme. A new programme of inspections is underway to support schools. The team provide a monthly update to senior managers within Children's Services and quarterly to the Children Services Committee.

Shared Services (LBHF/RBKC/WCC) Health and Safety Management

- 5.16. The organisational structure in TRI-B AIRS, the Council's accident/incident reporting system, relies on the council external human resource supplier, Agresso. Managers may not receive notification of an incident affecting a member of their staff or in their service area due to the incorrect reporting lines on Agresso. Work is in progress to ensure both the Corporate Health

and Safety Team and the relevant manager suitably follows-up all incidents. Communications such as 'message of the day', will remind staff.

Total Facilities Management

- 5.17. There has been a significant reorganisation within Amey. The management resource has increased, with an Account Manager for each Borough, a senior facilities manager and buildings' facilities managers and maintenance and engineer manager allocated.
- 5.18. We are waiting for premises controllers' information for category 1 sites (principal buildings, including Town Halls) from Amey and LINK. The absence of information makes it difficult to confirm that there are suitable arrangements in place to cover issues such as fire evacuation.
- 5.19. Corporate Health and Safety are working with the Head of LINK, and reporting significant issues, via the LINK services manager. In addition to this, the Corporate Health and Safety Manager and the LINK now meet fortnightly to ensure ongoing improvement and collaborative working.
- 5.20. Corporate Health and Safety undertook 80 premises audits during the financial year. The team made recommendations to Amey. A few of these remain unresolved and Corporate Safety continues to follow these up.

Accidents / Incidents

- 5.21. There were 313 incidents reported in LBHF during this period of which 11 are reportable under the Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations (RIDDOR) 1995.
- 5.22. Compared with 2014/15 when there were nine recorded incidents there has been increase due to staff recording incidents incorrectly, it is likely that once corrected this figure will be less.
- 5.23. We are adopting a new process to data cleanse and prevent future incorrect recording.
- 5.24. Statistics are in Appendix 1 of this report

Training

- 5.25. Training was organised for senior management across the Shared Services between October 2015 and March 2016. Over 150 attended. This entailed a two-hour health and safety presentation on legal duties, responsibilities and the organisational benefits of a positive health and safety culture. Senior managers were positive about training. We are arranging additional sessions.
- 5.26. Staff and managers require a minimum level of mandatory training when joining the organisation and thereafter on a routine basis to remain compliant. Corporate Health and Safety are working with Learning & Development to review the training offered to ensure it remains up to date and effective.

- 5.27. Corporate Health and Safety have requested senior managers ensure their staff complete mandatory on-line training and attend face-to-face training as required (e.g. mandatory health and safety training for managers).

6. HEALTH AND SAFETY PERFORMANCE: HOUSING

Regulatory Authorities update

- 6.1. There were no Health and Safety Executive prosecutions, prohibition, or improvement notices issued to Housing April 2015 to March 2016.
- 6.2. There were three enforcement notices issued by the Fire Brigade to the Housing Department from April 2015 to March 2016.

Fire Safety

- 6.3. There are 13 ongoing Notice of Deficiencies in place from the fire brigade. Action plans are in place for 9 of these received since December 2015 to June 2016 as listed below:
- 1 - 14 College Court, Queen Caroline St.
 - 17 - 28 College Court, Queen Caroline St.
 - 57 - 69 College Court, Queen Caroline St.
 - 1 - 26 St. Andrews Court, 50 Vereker Rd.
 - 54 - 56 Manor Court, 23 Bagley's Ln.
 - Main Blk Manor Court, 23 Bagley's Ln.
 - Lugard House, Bloemfontein Rd.
 - 111 Coningham Rd.
 - Barton House, Wandsworth Bridge Rd
- 6.4. The fire brigade served Housing with three new enforcement notices requiring fire safety measures at:
- Seagrave Lodge, 25 Seagrave Road
 - Malabar Court, India Way, White City Estate
 - Joanna House, Queen Caroline Street
- Works are underway to address the deficiencies.
- 6.5. Following a recent meeting with the London Fire Brigade, housing's health and safety team has submitted a sample summary of proposed fire risk assessments (FRA), overarching capital programme, and FRA ongoing upgrades as our risk base approach strategy and ongoing FRA review.
- 6.6. There are plans to research the standards of fire compartment following conversion. This is an area noted for remedial action/ review.

- 6.7. Street conversions are an area of concern highlighted by the Fire Brigade. Fire risk assessments remain outstanding.
- 6.8. Corporate Health and Safety is to undertake an audit of fire safety processes within Housing to identify any areas requiring further support. The audit will commence in January 2017.

Lift Servicing

- 6.9. There are 220 passenger lifts installed across the portfolio. Housing report they all have had their servicing carried out as part of an on-going programme. 130 lift upgrades are complete; 9 lift upgrades are on-going with 37 lift upgrades proposed at the time of this report.
- 6.10. There are 130 stair lifts installed across the borough all of which are compliant in terms of having had a 'thorough inspection' and annual servicing carried out as part of inspection programme.
- 6.11. The Council's insurers inspected all passenger /Stair lifts too, which is an annual on-going programme.

Gas Safety Compliance:

- 6.12. Housing report that they continue to meet their obligations under the gas safety regulations. All sites have had their annual Gas servicing / inspection carried out and operating with a valid certificate.
- 6.13. There is currently 100% compliance. The Gas Safe Team reported no RIDDOR related compliance reporting to HSE during this reporting period.
- 6.14. A procedure and process map, developed by Gas Safe Team, ensure senior management see all RIDDOR gas safety cases before submission to Health and Safety Executive (HSE).
- 6.15. Pressure vessels, associated with communal boiler plant, inspected as part of the council's insurance inspector on-going programme.
- 6.16. Corporate health and safety will undertake a series of quality checks in line with the corporate procedure in the last quarter to validate.

Water Hygiene

- 6.17. There are approximately 480 blocks of flats within the borough, 366 of which have current risk assessments and maintenance plans for water hygiene this is due to high-risk communal water tanks. The remaining 111 properties are mains water pressure, deemed low risk.
- 6.18. There are 20 sheltered accommodation blocks in the Borough. Everyone has a risk assessment and maintenance plan for thermostatic valves and showerhead cleaning in place.
- 6.19. There are six hostel accommodation blocks in the Borough; all have risk assessments and maintenance plan in place for water hygiene.

- 6.20. There are approximately, 1056 street properties generally of 1-4 flats in the borough. The properties surveyed in 2011 for communal water tanks. Of the 1056 properties, 702 are with water tanks, which are not to current standards. We have requested that the service contractor report on the number of premises where there was no access and proposed remedial action taken to gain access.
- 6.21. There are approximately 27 Tenants Halls / Community rooms. There is an on-going programme to change all to mains water pressure, therefore significantly reducing risk; 90% are now on mains pressure. Housing have requested the service contractor provide a report on remedial actions and proposed compliance testing programme, to address the remaining 10% in the interim.
- 6.22. A section on water hygiene is in the tenant's Repairs & Maintenance Hand Book.

Portable Appliance Testing (PAT)

- 6.23. Testing/ inspection of all sites are ongoing.

Electrical safety compliance checks:

- 6.24. Following a Limited Assurance Audit finding, and comments and recommendations at Audit Committee (13 September 2016), a sample review of communal area electrical checks has been commissioned and is underway. The findings and recommendations will be progressed by the service and reported to Audit Committee

Fire alarms & Emergency Lighting

- 6.25. Regular testing and inspection of fire alarms and emergency lighting installation within each building, reported compliant.

Risk register

- 6.26. The risk management group of stakeholders and coordinator continue to discuss and adjust the risk register for risk mitigation and corporate risk management as ongoing monitoring approach. Risk registers continue to be a feature of the management agenda item. The last review completed August 2016.

Asbestos Management & Compliance:

- 6.27. Mitie undertake works arising from surveys in housing properties under their Repairs and Maintenance contract and is ongoing.
- 6.28. As part of Housing's future asbestos management plan conditional surveys commenced in October 2016.

7. HEALTH AND SAFETY PERFORMANCE: SCHOOLS

- 7.1. The Council retains a duty of care in schools where it is the employer and/or there are lease arrangements in place. The council provides health, safety, and emergency planning support to schools dependent upon their status. All schools are aware of the service and able to take advantage.

- 7.2. There are 59 schools (excluding independents) in Hammersmith & Fulham. The council has a legal duty of care for all community schools.

TYPE	LBHF
	Number of Schools
NURSERY(COMMUNITY)	4
PRIMARY (COMMUNITY)	12
PRIMARY (VOLUNTARY AIDED)	13
PRIMARY (ACADEMY)	11
PRIMARY (FREE)	2
SECONDARY(COMMUNITY)	0
SECONDARY (VOLUNTARY AIDED)	0
SECONDARY(TRUST)	0
SECONDARY(ACADEMY)	12
SECONDARY(FREE)	1
SPECIALS(COMMUNITY)	4
<i>Totals</i>	<i>59</i>

- 7.3. A high number of establishments have or are moving to Academy status where, subject to building lease arrangements, the Council will no longer have a duty of care, which passes in its entirety to the Trust/Governing Body. We invite schools moving to Academy status to buy-back into the service level agreement. We are currently offering this to schools at the commencement of the autumn term 2016.
- 7.4. In 2015, AMEY commenced an audit of community schools. The Corporate Health and Safety team completed it in early 2016. Measures are in place to address several identified risks. A new programme of annual inspections has commenced.
- 7.5. New simplified standards, signed off by the Tri-Borough Director for Finances & Resources, on building compliance for schools are in place. These will help schools comply with the law, for example, around asbestos. It also includes a procedure for better communication between the schools, Corporate Health and Safety Team and Children's Services
- 7.6. 3BM (mutual company) continue to manage the on-going asbestos management system for schools. This follows completion of a corporate programme to ensure all schools were compliant in relation to asbestos management. The programme has identified a limited and minor number of remedial works in relation to ACM's in schools.

8. CONSULTATION

- 8.1. The Council has a legal duty to consult with officers and their representatives. Departmental representatives attend safety Committees held quarterly for Corporate, Environment, Adults, Children's Services, and Libraries.
- 8.2. The minutes and actions are available throughout the organisation on the internal website.

9. EQUALITY IMPLICATIONS

- 9.1. The Council has a legal obligation to ensure its services and buildings are accessible to all in and that there are suitable safety arrangements in place. The Corporate Health & Safety team monitor this as part of their audit programme.

10. LEGAL IMPLICATIONS

- 10.1. N/A

11. FINANCIAL IMPLICATIONS

- 11.1. N/A

12. IMPLICATIONS FOR BUSINESS

- 12.1. N/A

13. OTHER IMPLICATION PARAGRAPHS

14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
	N/A		

Appendix 1: Accident / incident statistics

Total number of Accident/Incident reports LBHF (table 1)

There has been a reduction of in the number of reported minor incidents to date, with a reduction in minor accidents to both employee and non-employees year on year.

Incident Category	2013/14		2014/15		2015/16	
	E	NE	E	NE	E	NE
Fatality	0	0	0	0	0	0
Specific injury	3	5	2	3	0	2
Dangerous Occurrence	2	0	2	1	4	11
Minor	63	45	40	43	26	43
Over 3-day	4	1	0	4	3	1
Over 7-day	9	0	4	4	7	4
Near misses	13	9	11	9	7	8
Violent incidents	107	79	75	61	68	64
All Other Incidents	16	5	32	31	18	47
Total	217	144	166	156	133	180
% change			-24%	8%	-20%	15%

RIDDOR Reports 2015/16 - includes Fatality, Specified Injury and Over 7-day (table 2):

Dept	RIDDOR			
	E		NE	
	Over 7 day	Spec injury	Spec injury	Fatality
Adult Social Care (LBHF)			1	
Children's Services (LBHF)	1			
Environment, Leisure & Residents Services (LBHF)	1			
Finance and Corporate Services (LBHF)	1			
Housing & Regeneration (LBHF)	2		1	
Transport & Technical Services (LBHF)	2			
Tri-Borough Libraries Service				
Total	7	0	2	0

RIDDOR reporting

The above figures do not include members of the public as owing to many incidents not reported correctly this is impossible to accurately calculate.

RIDDOR reports

- *An Estates employee off work for ten days due to injuries sustained when colliding with the barrier on Charcroft estate.*
- *A Pest Control officer pulled their back whilst reaching to replace a pigeon hole tag.*
- *A member of the Parks Police team whilst a passenger in a vehicle hit from behind, needing to take over 7 days off.*
- *A member of staff falling on some stairs whilst ascending them*
- *An employee involved in a cycle accident whilst on their way to work, which means for HSE reporting purposes this accident was not work related*

Primary Causes (table 3)

There has been a significant reduction in slip/trip accidents.

We have removed several primary causes (marked with a *) from the system that were not in line with HSE guidance.


Primary Cause	2013/14		2014/15		2015/16	
	E	NE	E	NE	E	NE
Animal/Insect Bites & Stings	3	2	2	0	0	2
Asphyxiation	0	0	0	0	0	0
Contact with Electricity	0	0	0	0	1	0
Contact with Moving Object/Person	3	2	4	4	2	5
Contact with Stationary Object/Person	14	13	8	8	4	7
Contact/Exposure to Biological Hazards	0	0	0	0	1	0
Contact with/Exposure to Water/Air Pressure	0	0	3	0	0	0
Contact/Struck by Person	0	3	0	1	0	0
Cuts/Sharp objects	5	2	2	4	2	1
Entrapment/Entanglement	3	2	1	1	1	1
Expose to Extreme Heat/Cold	1	0	1	0	0	0
Exposure to Noise/Vibration	0	0	0	0	0	0
Exposure/Contact with Hazardous Substance	1	1	0	1	0	1
Fall from Height	2	2	3	0	1	1
Fall whilst Ascending/Descending	10	2	2	3	4	7
Fire	0	0	0	0	0	0
Hit by Moving/Flying Object	2	5	0	2	2	2
Ill health	4	1	1	2	0	1
Involuntary body movements*	0	0	0	0	0	0
Leak*	0	0	0	0	0	0
Manual Handling (Object)	5	0	6	0	2	0
Manual Handling (Person)	1	0	0	0	2	1
Other/Not Known	2	3	1	6	3	3
Plant/Vehicle Component Failure	0	0	0	0	0	0
Repetitive Movement Injury	1	0	1	0	0	0
Road Traffic Accident	3	1	3	0	4	0
Slip/Trip	19	13	8	21	7	17
Using Non-powered hand tools	0	0	0	0	0	1
Violence and Intimidation Incident	107	79	75	62	68	64
Total	186	131	121	115	104	114

Type of violent or abusive incidents (table 4)

Violent or abusive incident type	2014/15	2015/16
	E	E
Aggressive Behaviour	20	23
Harassment	3	
Complaint/Incident of Discrimination		
Intimidation	8	4
Offensive Behaviour	3	4
Telephone/Email Abuse	1	2
Verbal Abuse/Threat	25	20
Violence with Major Injury	2	
Violence With Minor Injury	9	7
Violence With Verbal Abuse	3	5
Violence Without Injury	1	3
Total	75	68

In LBHF, TTS Parking Services have reported most incidents, followed by Family Services in Children Services. Parking attendants regularly encounter unhappy members of the public due to the nature of their role. Comparing this figure to the number of parking penalty charge notices (PCN) issued, show most PCN's do not result in incidents. Work continues to focus on reducing risk to parking attendants using measures such as body cameras, training on conflict resolution and support from management.

Agenda Item 10

London Borough of Hammersmith & Fulham		 hammersmith & fulham
Audit Standards and Pensions Committee		
7 December 2016		
CORPORATE ANTI-FRAUD SERVICE MID-YEAR REPORT - 1 APRIL 2016 TO 31 SEPTEMBER 2016		
Open Report.		
For Information		
Wards Affected: None		
Accountable Director: Moira Mackie, Acting Director of Audit		
Report Author: Andrew Hyatt, Head of Fraud	Contact Details: Tel: 0207 361 3795 E-mail: andrew.hyatt@rbkc.gov.uk	

1. EXECUTIVE SUMMARY

- 1.1 This report provides an account of fraud related activity undertaken by the Corporate Anti-Fraud Service (CAFS) 1 April 2016 to 31 September 2016.
- 1.2 CAFS are part of the Shared Service Anti-Fraud Service. Although CAFS remains a single entity within the London Borough of Hammersmith & Fulham, the partnership continues to reap a number of benefits including the sharing of skills and expertise and the streamlining of anti-fraud related policies and procedures.
- 1.3 CAFS continues to provide H&F with a full, professional counter fraud and investigation service for fraud attempted or committed against the Council.
- 1.4 Since April 2016 CAFS identified 58 positive outcomes, including two prosecutions, 20 recovered tenancies and seven Proceeds of Crime (POCA) cases with awards totalling £450,042.
- 1.5 For the first half of the financial year ending 2016/2017, over £2.7million of fraudulent activity has been identified, as detailed in the following table.

Activity	Fraud proven 2015/16	Fraud proven to date 2016/17	Fraud identified to date (£'s)
Housing Fraud – applications	5	4	72,000
Housing Fraud - assignments & successions	3	6	270,000
Right to Buy	17	9	935,100
Prevention	25	19	1,277,100
Tenancy Fraud (Council and Registered Providers)	30	20	945,000
Housing and Council Tax Benefit (legacy cases 15/16)	8	-	-
Internal Staff and Other Services	14	5	91,000
Low-risk fraud – Parking, Accessible Transport and Council Tax SPD	20	2	-
Detection	72	27	1,036,000
Proceeds of Crime Act – awarded	5	3	282,585
Proceeds of Crime Act – repaid	7	4	167,457
Press stories	-	5	-
Deterrence	12	12	450,042
TOTAL	109	58	2,763,142

1.6 Details of sample fraud cases are reported in Appendix 2.

NB: fraud in the different areas has been notionally valued as follows;

- Tenancy Fraud: £45,000 per property based upon the average cost of temporary accommodation (£18,000 p.a.) multiplied by the average length of stay. An additional £8,000 saving is also claimed when keys are returned based upon the average cost of legal action and bailiff intervention to recover property via the court.
- Right to Buys: £103,900, the value of the discount per application.
- Succession: As per Tenancy Fraud because each time a fraudulent assignment or succession is stopped a vacant possession is returned to the Council.
- Housing Fraud: £18,000 based upon the average cost of maintaining a family in temporary accommodation for one year.

2. RECOMMENDATIONS

2.1 Note the fraud work undertaken during the year 1 April 2016 to 31 September 2016.

3. REASONS FOR DECISIONS

- 3.1 To inform the Committee of the actions of the Council's counter fraud response.

4. ANTI-FRAUD STRATEGY

- 4.1 The Council's Anti-Fraud and Corruption Strategy is aligned align to the national strategy, ***Fighting Fraud and Corruption Locally***. It is a public document and compliments the annual statement of accounts.
- 4.2 The strategy places greater emphasis upon;
- i) developing and improving **fraud prevention** techniques across the Council,
 - ii) having a fully trained and dedicated anti-fraud resource to investigate allegations and **detect fraud**, and
 - iii) deterrence activity, including sanctions and publicity, which **deter potential fraud** from being committed.
- 4.3 The remainder of this report has been divided into these three key areas to highlight activity which supports the Strategy.

5. FRAUD PREVENTION ACTIVITIES

Fraud Resilience Action Plan 16/17

- 5.1 Fraud is deemed a critical risk and is present on the organisation's Strategic Risk Register which is regularly reviewed by senior management as well as the Audit, Pensions and Standards Committee.
- 5.2 To underpin the Strategic Risk Register, CAFS oversee a fraud risk register that monitors fraud risks across the Council and directs CAFS proactive work programme, which remains on target for completion.
- 5.3 The programme, known as the Fraud Resilience Work Programme is reported in Appendix 1 for information.
- 5.4 Resources within CAFS remain stretched, but a recruitment campaign aims to rectify this and will include a dedicated support to focus their attentions on proactive anti-fraud activities and to enhance coverage.

Fraud Prevention Tools

- 5.5 CAFS provided Housing Officers within H&F Advice with a new checker tool from Callcredit credit reference agency which enables a more in-depth assessment of all new housing applications.
- 5.6 Having previously provided Housing Officers with access to the National Fraud Initiative's (NFI) Application Checker this additional tool checks

financial history reports to verify the validity of an applicant's homelessness claim, and increases the Council's fraud resilience in a high-risk area.

- 5.7 For the first half of the financial year to 31 September 2016 CAFS have assisted H&F Advice to stop four fraudulent housing applications as well as supporting Housing to prevent six false requests for succession or assignment.

Right to Buy (RTBs)

- 5.8 CAFS remain part of the RTB process, checking and vetting all new applicants. With such significant discounts available to prospective purchasers there is a greater risk of fraud, and to this effect CAFS work in partnership with HomeBuy and apply an enhanced fraud prevention process to all new RTB applications.
- 5.9 For the first half of the financial year to 31 September 2016 CAFS have successfully prevented nine Right to Buys from completion, where suspicion was raised as to the tenant's eligibility or the provenance of their financial status. In many instances, these have been as a result of the tenant voluntarily withdrawing their application once checking commenced.
- 5.10 The prevention work undertaken by CAFS in respect of RTBs continues to protect valuable Council stock.

6. FRAUD DETECTION ACTIVITIES

Corporate investigations

- 6.1 Corporate investigations are defined as fraud cases which relate to employee fraud or other third party fraud which does not fall within a particular CAFS service area such as Housing or Tenancy Fraud.
- 6.2 Since 1 April 2016 work in this area has included;
- False applications and multiple requests for H&F parking permits including the criminal prosecution a driver who was using a counterfeit parking permit.
 - Advisory reports to guide and assist departments about anti-fraud procedures (Including preventative measures).
 - Production of reports to support disciplinary investigations.

- 6.3 Details of sample fraud cases are reported in Appendix 2.

Housing/Tenancy Fraud

- 6.4 CAFS continues to provide an investigative support resource across all aspects of housing, from the initial applications for assistance to the investigation of tenancy breaches.

6.5 CAFS deal with any reactive allegation received and sought to recover misused tenancies and prosecute where there is believed to be criminal activity. CAFS continue to receive referrals from a variety of housing elements including;

- Housing applications
- Under and over occupancy
- Assignment and succession
- Right to Buy
- Sub-letting
- Abandonment

6.6 For the first half of the financial year to 31 September 2016 CAFS and Housing have successfully recovered 20 social housing properties; stopped nine Right to Buys, prevented six false succession/assignment applications, and stopped four false Housing applications.

6.7 Details of significant investigations are reported in Appendix 2, for information.

Registered Social Landlords (RSLs)

6.8 CAFS continue to work in partnership with all RSLs operating across the Borough, sharing a common aim to prevent, detect and deter Tenancy Fraud.

6.9 CAFS provide investigative support to recover properties on behalf of the RSLs with the understanding that when CAFS regain a fraudulently sub-let property, the nomination rights to that property (or one of a similar size) is offered to the Council.

6.10 Details of significant investigations are reported in Appendix 2, for information.

7. FRAUD DETERRENCE

7.1 Preventing fraud and corruption from happening in the first place must be our primary aim. However, those who keep on trying may still succeed. It is, therefore, important that we try to deter potential fraudsters through the publicity of our enforcement action thereby demonstrating that the Council will take all available action to pursue fraudsters and stop others.

Publicity

7.2 Celebrating and publicising effective anti-fraud activity and successes is integral to having an active counter-fraud culture and contributes to the deterrence of fraud.

7.3 CAFS have a clear communication policy and liaise closely with the Media and Communication team to ensure that press releases are produced for all

key anti-fraud activities including successful prosecutions, positive outcomes and proceeds of crime action.

- 7.4 Members regularly provide comments, publically, to enhance press releases on successful anti-fraud activity, and remind the public of the Council's commitment to preventing and detecting fraud.

Prosecution

- 7.5 For the first half of the financial year to 31 September 2016 CAFS successfully prosecuted two offenders. Currently, eight cases remain in progress via Legal Services, including those with Proceeds of Crime confiscation orders attached.
- 7.6 Details of significant prosecutions are reported in Appendix 2, for information.

Proceeds of crime act

- 7.7 The use of dedicated Financial Investigators continues to provide rewards with just over £280,000 awarded in the first half of the financial year to 31 September 2016, as well as over £160,000 repaid in this first half year as a result of Proceeds of Crime intervention.
- 7.8 Financial investigators continue to actively pursue opportunities to assist other departments across the Council, working closely with the Legal Services as suitable cases are identified.

8. OPTIONS AND ANALYSIS OF OPTIONS

- 8.1 Not applicable

9. CONSULTATION

- 9.1 Not applicable

10. EQUALITY IMPLICATIONS

- 10.1 Not applicable

11. LEGAL IMPLICATIONS

- 11.1 Not applicable.

12. FINANCIAL AND RESOURCES IMPLICATIONS

- 12.1 Not applicable.

13. RISK MANAGEMENT

13.1 Not applicable.

14. PROCUREMENT AND IT STRATEGY IMPLICATIONS

14.1 Not applicable.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Operational and performance management papers.	A Hyatt	HTH

LBHF - FRAUD RESILIENCE ACTION PLAN 2016/17
Corporate Anti-Fraud Service

Generic Fraud Risks

Fraud Risk Code	Risk Title	Residual Fraud Risk	Action Plan 2016/17	Status	Aim
G1	Theft of assets (cash, IT equipment, etc.)	4	Fraud Awareness presentation to HR Business Partners (Sept 2016) detailing fraud risks and how CAFS skills that can be applied to support internal fraud investigations.	Complete	Q.2
G4	Decision Making (Bribery and Corruption)	8	e-Learning fraud awareness course – design & rollout. Course to include; <ul style="list-style-type: none"> • Bribery Act • Declarations of interest • Gifts and hospitality • Fraud risks and indicators • Internal controls 	On-going	Q.3
G5	Procurement	15	e-Learning fraud awareness course – design & rollout. Course to include; <ul style="list-style-type: none"> • Fraud risks • Red flags • Conflicts of interest • Bribery Act 	To do	Q.4
G6	ICT and Data Security	15	Fraud Newsletter " <i>Fraud in Brief</i> " to raise the awareness of fraud and inform staff of key ICT risks	To do	Q.3&4

Service Specific Risks

Fraud Risk Code	Risk Title	Residual Fraud Risk	Fraud risk action plan 2016/17	Status	Aim
F6	HR	9	Fraud Awareness presentation to HR Business Partners (Sept 2016) detailing fraud risks and how CAFS skills that can be applied to support internal fraud investigations	Complete	Q.2
F8	Pension Fraud	6	Data being extracted for the latest National Fraud Initiative matching exercise - due March 2017	On-going	Q.4
F11	Housing Fraud	12	<p>CAFS provide H&F Advice and the Complex Cases Team access to prevention tools;</p> <ol style="list-style-type: none"> 1. NFI application checker 2. Callcredit data 3. West London Hub data 	Complete	Q.2
			<p>Advice and guidance are given to redesign Housing's visiting proforma to include more challenging questions.</p> <p>CAFS to set up a screening process, similar to the RTB vetting, to enhance fraud resilience against fraudulent housing applicants.</p>	On-going	Q.3&4
F12	Tenancy Fraud	12	<p>Smarter Budget project with Business Intelligence aimed at improved data analytics and pro-active investigations.</p> <p>Pro-active fraud drives to be completed by 31 March 2017</p>	To do	Q.4

F13	Resident's Parking Fraud	6	Fraud review of the virtual permit system Park Mobile. Message to users reminding them that Park Mobile can only be "used only when on official duties" – follow up review Q4.	On-going	Q.3&4
			Pro-active operation to match resident's parking data to other Council data to identify anomalies.	To do	Q.3&4
F15	Direct Payments/Personal Budgets	6	e-Learning fraud awareness course – design & rollout. Course to include; <ul style="list-style-type: none"> • The impact fraud has on the Council • How fraud is perpetrated • Internal controls to prevent fraud • Direct Payments/Personal Budgets fraud types • How to prevent Direct Payments/Personal Budgets fraud 	On-going	Q.3
F17	Fake Invoices	9	Fraud Newsletter " <i>Fraud in Brief</i> " to inform staff of key ICT risks. National Anti-Fraud Network, fraud alerts shared with key financial officers for dissemination. Includes Mandate Fraud and Fake Invoices.	To do	Q.3&4

New & emerging fraud risks

TBC	No recourse to public funds	TBC	H&F pro-active operation to assess risk	On-going	Q.2&3
TBC	Residential Care Homes/Tenancy	TBC	A pro-active operation to assess the risk of clients being placed from Council properties into care within Housing being notified of the change.	On-going	Q.2&3

APPENDIX 2

Anti-Fraud Activity 1 Apr - 31 Sept 2016 – Case Examples

	Case Description	Result/Outcome
1.	<p>TENANCY FRAUD (H&F) – CAFS received a tip-off which suggested the tenant of a Wood Lane property was unlawfully sub-letting it.</p> <p>The subsequent investigation revealed that not only had the tenant been sub-letting her Council tenancy, but that she had fraudulently applied for housing to obtain the occupancy, and was complicit in a third fraud involving a Council flat at Lintaine Close.</p> <p>Investigators discovered that when the original application for housing was placed, the applicant's circumstances were genuine. The application said she was sleeping on the sofa with a friend, who had a one bedroom Council property in Lintaine Close.</p> <p>However, the legitimate tenant vacated, and the applicant began paying the rent as though she was the lawful tenant. She married, and her husband moved in.</p> <p>It was suggested that she had paid the original tenant to move out, but no evidence of such a financial transaction was identified.</p> <p>She continued to live with husband in Lintaine Close but never told the Housing Department. Instead, she kept the pretence that she was living in overcrowded circumstances, and made bids via the housing system for suitable accommodation.</p>	<p>When interviewed under caution she admitted the offences, and on 3 May 2016, she pleaded guilty to the charge of falsifying documents.</p> <p>Sentencing was suspended for pre-sentence reports, and on 30 June 2016, at Isleworth Crown Court she was sentenced to 11 months imprisonment, suspended for 18 months.</p> <p>The action also resulted in the recovery of both one bedroom properties, which have now been allocated to persons in genuine need of support.</p>

	<p>The investigation also revealed that she was finally offered and accepted a one bedroom flat in Wood Lane. But she never moved in. Instead, she illegally sub-let the property from day one of her tenancy.</p>	
<p>2.</p>	<p>PROCEEDS OF CRIME (deterrent) - In 2013 CAFS received a referral from the National Fraud Initiative which suggested the tenant of a flat in Walham Green Court also held a Council property in Southwark.</p> <p>The investigation revealed that the civil servant, who at the time was working for the Home Office, duped Hammersmith & Fulham by concealing her real circumstances.</p> <p>She applied for housing from the Council, stating that she was living at her aunt's address in Benbow Road, but had been residing in a Council property in Wesley Close, Southwark, which she had bought under the Right to Buy scheme.</p> <p>In September 2013, at Isleworth Crown Court, she pleaded guilty to four charges, two under the Fraud Act and two under the Theft Act.</p> <p>In December 2013 she was sentenced to nine months imprisonment, suspended for 18 months with a requirement that she completes 200 hours unpaid work to support the community.</p>	<p>At sentencing 2013, the Council initiated Proceeds of Crime Act (POCA) proceedings, providing evidence to show that she had gained from her criminal actions and to show the losses incurred by LBHF as a result of her crime.</p> <p>On 1 June 2016, at Isleworth Crown Court, Judge Dennis granted confiscation of £26,122.71.</p>

<p>3. PROCEEDS OF CRIME (deterrent) – In 2014 CAFS investigated the case of a temporary accommodation resident, living in Oakington Avenue, Hayes, who had fraudulently claimed £67,157.14 in Housing Benefit between 2005 to 2012. The subject had failed to declare to the Council that he was working for Network Rail and that he owned property in South East London. He also neglected to report that he was in receipt income from renting out the South East London property.</p> <p>While claiming benefit he had declared to the Council that his only income was Job Seekers Allowance and Incapacity Benefit and some part-time earnings in respect of his wife’s employment.</p> <p>During the investigation, CAFS Financial Investigators restrained his assets which included bank accounts with a credit balance of £4,000 and the property that he owned in South London, valued at £411,800 (equity £160,000).</p> <p>On 21 April 2015, he pleaded guilty to 6 offences of dishonestly making a false representation in order to obtain benefit and six offences of dishonestly failing to give prompt notification of changes in circumstances contrary to the Social Security Administration Act 1992.</p> <p>On 26 May 2015, he was sentenced to 12months imprisonment suspended for two years and 150 hours unpaid work.</p>	<p>Having restrained assets, the CAFS Financial Investigators served Proceeds of Crime papers upon sentencing, and at a confiscation hearing on 18 April 2016 the court heard how he had benefited from his crimes by an amount totalling £165,386.13</p> <p>The matter was heard before Her Honour Justice Holt where the defendant was ordered to pay £165,386.13 within three months. Failure to pay the order within the set timescale would see him sent to prison for 20 months. He would remain liable to pay the order on his release from jail.</p> <p>Part of the confiscation order includes a compensation order of £67,157.14 to be paid to H&F for the loss of Housing Benefit.</p> <p>At the time of writing this report, two further enforcement hearings have been heard where the defendant advised the judge that he had not been able to sell his property in order to fulfil the POCA award.</p> <p>The judge has requested documentary evidence that the property has been placed with an estate agent and the defendant must now demonstrate that he is making every effort to satisfy the confiscation order.</p> <p>To date he has only repaid £5,210</p>
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<p>4. TENANCY FRAUD (H&F) – CAFS received a referral suggesting that the tenant of a Fulham Court, SW6, property had vacated and that the flat was being sub-let.</p> <p>Council records showed that the male tenant's daughter had been communicating with H&F following his incapacitating illness. File notes also confirmed that the daughter lived in Reading.</p> <p>Background checks linked the tenant to Reading rather than Fulham, but because the tenant's daughter looked after his affairs it was not initially seen as suspicious.</p> <p>However, CAFS undertook numerous visits to the property but on each occasion, they failed to receive a reply, and CAFS officers were unable to verify the tenant's residency.</p> <p>Contact was made with Reading Council's Fraud Team, who agreed to conduct a visit on behalf of H&F to a Reading address, linked to the H&F tenant. The visit was carried out in conjunction with CAFS, who called simultaneously at the Fulham Court property.</p> <p>CAFS received no reply, but Reading found the tenant at the address where the daughter was continuing to care for her father.</p>	<p>Following the visit, H&F received an application to assign the tenancy out of the tenant's name and into that of his brother's. The brother claimed he was living there and would be continuing to care for his father who will return shortly from convalescence in Reading.</p> <p>The assignment application was considered an erroneous attempt to keep the tenancy. However, there was no evidence to suggest the brother had ever lived at Fulham Court, and when Reading officers conducted their visit, the brother was found there.</p> <p>The assignment was quashed, and a few days later the tenant's daughter returned the keys to the property, confirming that her father would be remaining in Reading for the foreseeable future.</p> <p>Two bedroom property recovered.</p>
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<p>5.</p>	<p>HOUSING FRAUD (prevention) – Housing received an application from a member of the public who was claiming to be homeless.</p> <p>The applicant explained that she had been evicted from her previous address for rent arrears but had found a new property to rent in Sinclair Road. However, this new property had “fallen through” and therefore she was now homeless.</p> <p>In support of her application, she provided a letter from the estate agents confirming that the Sinclair Road address was no longer available for private lettings.</p> <p>Housing was concerned that the letter might be fake and referred the case to CAFS.</p> <p>Enquiries by CAFS established that the author of the estate agent’s letter did not exist and arranged a meeting with them to discuss the letter’s authenticity.</p> <p>The estate agents confirmed that the letterhead was genuine, but that the author did not exist. They began an internal investigation, and it transpired that a member of their staff admitted knowing the applicant and admitted writing the letter.</p>	<p>Given the information obtained from the estate agents, the application was rejected on the basis that the applicant had made herself intentionally homeless.</p> <p>The Council discharged their duty to house forthwith.</p>
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<p>6.</p>	<p>TENANCY FRAUD (H&F) – CAFS received a referral from the PREVENT Team who had received intelligence to suggest the tenant of a Fleet Court (Emlyn Gardens) property had travelled to Syria with her four children.</p> <p>Visits to the property were unsuccessful, but liaison with the local police confirmed they had visited the property and found subtenants in residency. A statement was provided by the officers concerned.</p> <p>Financial checks found payments to a travel agent and duty-free purchases, but no record of income from potential subtenants.</p> <p>A Notice to Quit was served, and possession commenced.</p>	<p>Using the evidence amassed outright possession was awarded to the Council following a short hearing.</p> <p>On 7 June 2016 bailiffs attended the property with locksmiths and recovered the two bedroom property.</p>
<p>7.</p>	<p>HOUSING FRAUD (prevention) – A case was referred to CAFS by H&F Advice, concerned that an applicant’s attempt to obtain Council housing was fraudulent.</p> <p>The individual claimed he was living in an Uxbridge Road address since 2010, but that he was now being evicted by the landlord. He was unable to show a history of tenancy agreements but provided one dated 2015.</p> <p>The investigations established that the address in Uxbridge Road was a commercial property and not residential. Furthermore, enquiries showed that the tenancy was fake, and contacted with the alleged landlord confirmed the document was never created by him.</p>	<p>The application was rejected and the Council’s duty to house discharged forthwith.</p>

8.	<p>PARKING PERMITS (Forgery) – In April 2016 a vigilant parking attendant observed a Black Audi A5 parked in Byam Street SW6 displaying a permit that appeared to have been altered to extend the expiry date. A parking ticket was issued, and parking enforcement was notified to remove the said vehicle to recover the permit. Before removal, the case was referred to CAFS for further investigation.</p> <p>Investigators traced the owner of the vehicle and following a risk assessment asked the police to assist in seizing the forgery.</p> <p>Officers attended the address where the driver and owner of the vehicle co-operated with their enquiries. She admitted that the permit was kept in the glove box of the car and allowed the officers to seize the permit as evidence.</p> <p>When interviewed under caution, the driver admitted to having possession of the permit and confirmed its use in Byam Street. She also admitted that it was she who had altered it to evade parking charges while visiting her mother.</p>	<p>The driver was charged with two offences under the Fraud Act and was summoned to attend West London Magistrates Court in June 2016.</p> <p>On 16 June 2016, the driver pleaded guilty to both charges. The Judge gave the defendant credit for her early guilty plea, and she was fined £250. The defendant was asked to contribute to the Council's costs in the sum of £200, and a £20 victim surcharge was imposed.</p>
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<p>9. TENANCY FRAUD - SUCCESSION (H&F) – CAFS received a referral from Housing following receipt of a suspicious Discretionary Succession application.</p> <p>The grandson of the late tenant (Hudson House, White City Estate) had applied to succeed the tenancy, stating that he had lived there continuously with his grandfather since 2013.</p> <p>However, investigations linked the grandson to a property in Ealing, including financial records, Council records and social media references, some going back to 2009.</p> <p>The investigator did note one recent change to his address history, but this occurred a few days after he was asked by Housing to provide proof of address to support the succession.</p>	<p>Given the weight of evidence showing that the applicant was not eligible to succeed, a Notice to Quit was served.</p> <p>A possession hearing was listed for 9 August 2016, but the keys were handed into the estate office on 8 August 2016.</p> <p>The possession trial went ahead on 9 August 2016, and the judge granted the Council outright possession.</p> <p>In addition to recovering the property, the court also ordered the grandson to pay over £7,000 for use in occupation and costs to the Council for £3,245.</p> <p>Two bedroom property recovered and costs awarded in favour of the Council.</p>
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Agenda Item 11

<p>London Borough of Hammersmith & Fulham</p> <p>AUDIT, PENSIONS AND STANDARDS COMMITTEE</p> <p>07 December 2016</p>	
RISK MANAGEMENT UPDATE	
Report of the Interim Director of Audit, Fraud, Risk and Insurances	
Open Report	
Classification - For Information Key Decision: No	
Wards Affected: None	
Accountable Director: Moira Mackie, Interim Director of Audit, Fraud, Risk and Insurances	
Report Author: Michael Sloniowski, Risk Manager	Contact Details: Tel: 020 8753 2587 E-mail: michael.sloniowski@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1. The purpose of this report is to provide the Audit, Pensions, and Standards Committee with:

- a) An oversight of the authority's processes to facilitate the identification and management of its significant business risks.
- b) Summary of the Q2 2016/17 Corporate and Service Risk Registers.
- c) Summary of the benchmarking exercise of Risk Management undertaken in the quarter.
- d) Oversight of the council's revised Risk Management Policy and Strategy document.

1.2. The report enables the Audit, Pensions and Standards Committee fulfil part of its functions as set out in the Committee's terms of reference, to review the Risk Management arrangements of the authority.

2. RECOMMENDATIONS

- 2.1. The Committee is asked to:-
- note the contents of the report;

- consider the corporate and service department risks (Appendices 4 and 5 of the attached paper) that the Committee want to scrutinise; and
- request the risk owner(s) requiring further scrutiny provide a detailed update on the treatment and mitigation of the risk including impact on the corporate objectives at its February meeting;
- endorse the 2017 2020 Risk Management strategy, Appendix 1

3. REASONS FOR DECISION

- 3.1. The Council's Risk Management Policy and Strategy are reviewed and refreshed every three years to keep upto date with changes introduced by professional institutions, local policy, statutory instruments, or recommendations from Internal or External Audit.
- 3.2. Changes were made to previous Strategy document to reflect the Financial Reporting Council guidance on Risk Management Internal Control and related Business and Financial Reporting in 2014. Sections 4 and 5 of their document addressed two key areas;
- Establishing the Risk Management and Internal Control Systems;
 - And monitoring and review of the Risk Management and Internal Control Systems.
- 3.3. In September 2016 CIPFA, the Chartered Institute of Public Finance and Accountancy and SOLACE, the Society of Local Authority Chief Executives made additional changes to the preparation of the council's Annual Governance Statement that impact on Risk Management. Their guidance document, published in September 2016, applies to the 2016 2017 financial year, consequently changes to the Council's Risk Management Policy and Strategy document are necessary to enable the Council to continue to meet the requirements of this updated advisory document. A draft of the Council's Risk Management Policy and Strategy document is attached for consideration and approval of the Audit, Pensions, and Standards Committee.

4. PROPOSAL AND ISSUES

Risk Management Policy and Strategy

- 4.1. All organisations face risks in everything that they do but by the proper management of its risks, the Council can benefit by reducing their significance; either by reducing the level of impact, or making the risk less likely to happen. Over the last few years, the use of Risk Management as a tool in the public sector has gained strength as the appreciation of how Risk Management can be used as a technique for delivering an efficient and effective service to all its stakeholders. This is demonstrated in revised guidance issued by CIPFA / SOLACE, "Delivering Good Governance in Local Government", which references the need for effective management of risks and suggest how authorities can use Audit Committees to support a framework for effective systems of internal control.

- 4.2. The Council has already established a well-developed formal Risk Management framework and processes supported by a Risk Manager. A Shared Service Risk Management Policy and Strategy was previously agreed but this has now expired and is due for review. The Policy and Strategy forms part of the council's Corporate Governance process and contributes to its compliance with Financial Regulations and Procedures as well as the Accounts and Audit Regulations 2015 (as amended). It is also a key part of the council's Annual Governance Statement which is approved by the Audit, Pensions, and Standards Committee in September each year alongside the Annual Accounts.
- 4.3. Whilst the Senior Leadership Team has overall responsibility for the Council's approach to risk management and internal control, their responsibilities extend to ensuring the design and implementation of appropriate risk management and internal control systems is undertaken. These must identify the risks facing the council and enable the Senior Leadership Team to make a robust assessment of the principal risks. This will include determining the nature and extent of the principal risks faced and those risks which the Council is willing to take in achieving its strategic objectives, determining its "risk appetite". Both the Financial Reporting Council and CIPFA/Solace agree the Leadership Team should decide how the principal risks should be managed or mitigated to reduce the likelihood of their incidence or their impact.
- 4.4. The Leadership's process of monitoring and reviewing, and satisfying itself that risk management and internal control are functioning effectively and that corrective action is being taken where necessary are undertaken through the annual review of Risk Management undertaken by Internal Audit and the peer review by another council of the Internal Audit service.
- 4.5. The risk management and internal control systems encompass the policies, culture, organisation, behaviours, processes, systems, and other aspects of the Council that, taken together facilitate its effective and efficient operation by enabling it to assess current and emerging risks, respond appropriately to risks and significant control failures and to safeguard its assets;
- help to reduce the likelihood and impact of poor judgement in decision-making;
 - risk-taking that exceeds the levels agreed by the board; human error; or control processes being deliberately circumvented;
 - help ensure the quality of internal and external reporting; and
 - help ensure compliance with applicable laws and regulations, also with internal policies with respect to the conduct of business.
- 4.6. In order that the above requirements continue to be met the council's Risk Management Policy and Strategy document has been reviewed and updated in consultation with Officers across services and is attached as Appendix 1 for the Committee to review.

Benchmarking risk management

- 4.7. Committee had previously requested that a review of the council's Risk Management arrangements was undertaken to compare the service and risks against other local authorities and organisations. In order that these two objectives were met the council's Risk Manager reviewed the Risk Management arrangements and risks across Greater London councils and utilised the most recent Federation of European Risk Managers (FERMA) benchmarking report produced in collaboration with Marsh, AIG, EY, Chubb and XL Catlin published in 2016. A summary of results of the FERMA review and of London Councils Risk Management are re-produced in Appendices 2 and 3 of the report.

Responsive risk management

- 4.8. The Risk Manager was recently alerted and responded to two potential business interruption matters, the planned IT move of the network from HFBP/Agilysys to BT and the closure of the Council's Interpretation and Translation Service Provider, CITAS. Service Resilience Groups were set up to co-ordinate the Council's response. Risk exposures were identified and mitigations agreed addressing the principal risks to the business. The contingency planning that took place prior to these two events resulted in smooth transitions to new service providers and minimal disruption to the business.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. The report is brought quarterly to provide the Committee with an oversight of the authority's processes to facilitate the identification and management of its significant business risks.

6. CONSULTATION

- 6.1. The Council's risk management process is implemented across Directorates, Business Units, and Projects. On a quarterly basis each Directorate review and updates the risks captured on their risk registers and adds any new or emerging risks.
- 6.2. New risks and key changes to current risks are discussed and challenged at Directorate and Corporate Management Team meetings. Annually each directorate is encouraged to undertake a full risk review in support of the submission of a Management Assurance Statement.
- 6.3. Key risks are included within relevant Directorate and Divisional Risk Registers and are also reported to Audit, Pensions, and Standards Committee. This reporting format ensures that the council's risk management framework remains embedded and the reporting of risks remains "live" across

the organisation. Further information on risk reporting can be found in the council's risk management strategy 2017-2020 to be issued in January 2017.

7. EQUALITY IMPLICATIONS

7.1. There are no equality or diversity issues arising from this report.

8. LEGAL IMPLICATIONS

8.1. The Council has a responsibility for financial management under the Accounts and Audit Regulations (2015) which requires the Council to have a sound system of internal control, which includes arrangements for the management of risk. The Council is also required to conduct a review at least once a year of its systems of internal control. This report and the enclosed documents assist the Council's compliance with this requirement.

9. FINANCIAL IMPLICATIONS

9.1. The Risk Manager reports annually on risk management activity undertaken to the council's insurers. Demonstrating to the insurers that the risk management process is embedded is an important factor in attracting the best possible prices for its insurable risks. The duty of disclosure is now a "duty of fair presentation" under the Insurance Act 2015. Benefits of any savings from the tendering process contribute to the Management of Budget risk, risk number 1 on the council's corporate risk register.

10. IMPLICATIONS FOR BUSINESS

10.1. There are no direct implications for business arising from this report.

11. OTHER IMPLICATION PARAGRAPHS

RISK MANAGEMENT

11.1. The expectations of CIPFA/SOLACE and the Financial Reporting Council are that the systems of risk management and internal control should include: risk assessment; management or mitigation of risks, including the use of control processes; information and communication systems; and processes for monitoring and reviewing their continuing effectiveness.

11.2. The risk management and internal control systems should also be embedded in the operations of the council and can respond quickly to evolving business risks, whether they arise from factors within the council or from changes in the business environment. These systems should not be a periodic compliance exercise, but instead as an integral part of the council's day to day business processes.

12. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1	CIPFA / SOLACE, "Delivering Good Governance in Local Government"	Michael Sloniowski, Risk Manager, 020 8753 2587	Internal Audit, Fraud, Risk and Insurances Royal Borough of Kensington and Chelsea, Kensington Town Hall.
2	FERMA 2016 Review of Risk Management	Michael Sloniowski, Risk Manager, 020 8753 2587	Internal Audit, Fraud, Risk and Insurances Royal Borough of Kensington and Chelsea, Kensington Town Hall.
3	Service Resilience Group, Agenda, and Minutes	Michael Sloniowski, Risk Manager, 020 8753 2587	Internal Audit, Fraud, Risk, and Insurances Royal Borough of Kensington and Chelsea, Kensington Town Hall.

LIST OF APPENDICES:

Appendix 1, Risk Management Policy and Strategy document 2017 2020

Appendix 2, Benchmarking Risk Management, FERMA review

Appendix 3, Benchmarking Risk Management, London Councils 2016

Appendix 4, Corporate Risk Register

Appendix 5, Service Risk Registers



RISK MANAGEMENT STRATEGY 2017 2020

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1. Introduction

1.1. The Council has to manage risk and make the most of opportunities to ensure successful delivery of outcomes. Effective risk management allows key risks and opportunities to be identified, understood and proactively managed. Good risk management leads to improved strategic, operational and financial management and improved customer services.

1.2. The purpose of risk management is to support effective decision making by dealing with risk in a way that is visible, repeatable and consistent. A meaningful risk management process will provide the Council with a better understanding of risks and their likely impact. In turn, this helps to ensure it makes cost effective use of a process that is based on a series of well-defined steps.

The purpose of this Risk Management Strategy is to outline the Council's risk management approach, responsibilities, procedures, monitoring and Governance arrangements at the same time ensuring that risk is appropriately managed in line with the Accounts and Audit regulations 2015.

1.3. Risk is often thought of in terms of a threat or a negative impact but can also be considered as a potential opportunity or a positive impact for example seeking the best returns from a Council's investment, improving the environment or health or facilities within our communities. Risk management is the term which refers to the systematic application of principles, approach and processes to identify and assess risks and then to plan and implement a suitable response.

Definition of risk: *The Council defines risk as the 'effect of uncertainty, positive or negative, on the delivery of objectives'.*

Context for risk management

1.4. Risk management is a continuous process that supports the development and implementation of the strategy of the Council. It methodically addresses all the risks associated with all of the activities of its services. In all types of undertaking, there is the potential for events that constitute opportunities for benefit (upside), threats to success (downside) or an increased degree of uncertainty.

Vision

1.5. We will use risk management across the Council to create, optimise and protect value by managing our business risks so that we maintain high quality and low cost services to the local taxpayer.

Mission

1.6. Our mission is to create a comprehensive approach to anticipate, identify, prioritise, manage and monitor the portfolio of business risks impacting our Council. To achieve this, we will put in place the policies, common processes, competencies, accountabilities, reporting and enabling technology to execute that approach successfully.

Objectives

1.7. The Council's risk management objectives over the next three years are to continue to maintain a strategic and consistent approach to risk management to ensure better informed decision making. We will achieve this by;

- setting the 'tone from the top' on the level of risk we are prepared to accept;
- developing appropriate competencies across the council to effectively manage risk;
- embedding risk management processes into how we run council services to help us achieve the council's priorities and outcomes;
- developing a culture of well-measured risk taking, including setting risk ownership and accountabilities and responding to risk in a balanced way, considering the cost of control measures;
- Training and development plays an important role in ensuring risk management roles and responsibilities are understood and risk management is properly embedded into processes and culture through awareness raising, challenge and promoting best practice through continuous improvement and learning. A priority will be a refresh of risk management training for risk champions, risk owners, and partners and;
- meeting all statutory requirements, adhering to best practice in relation to risk management.

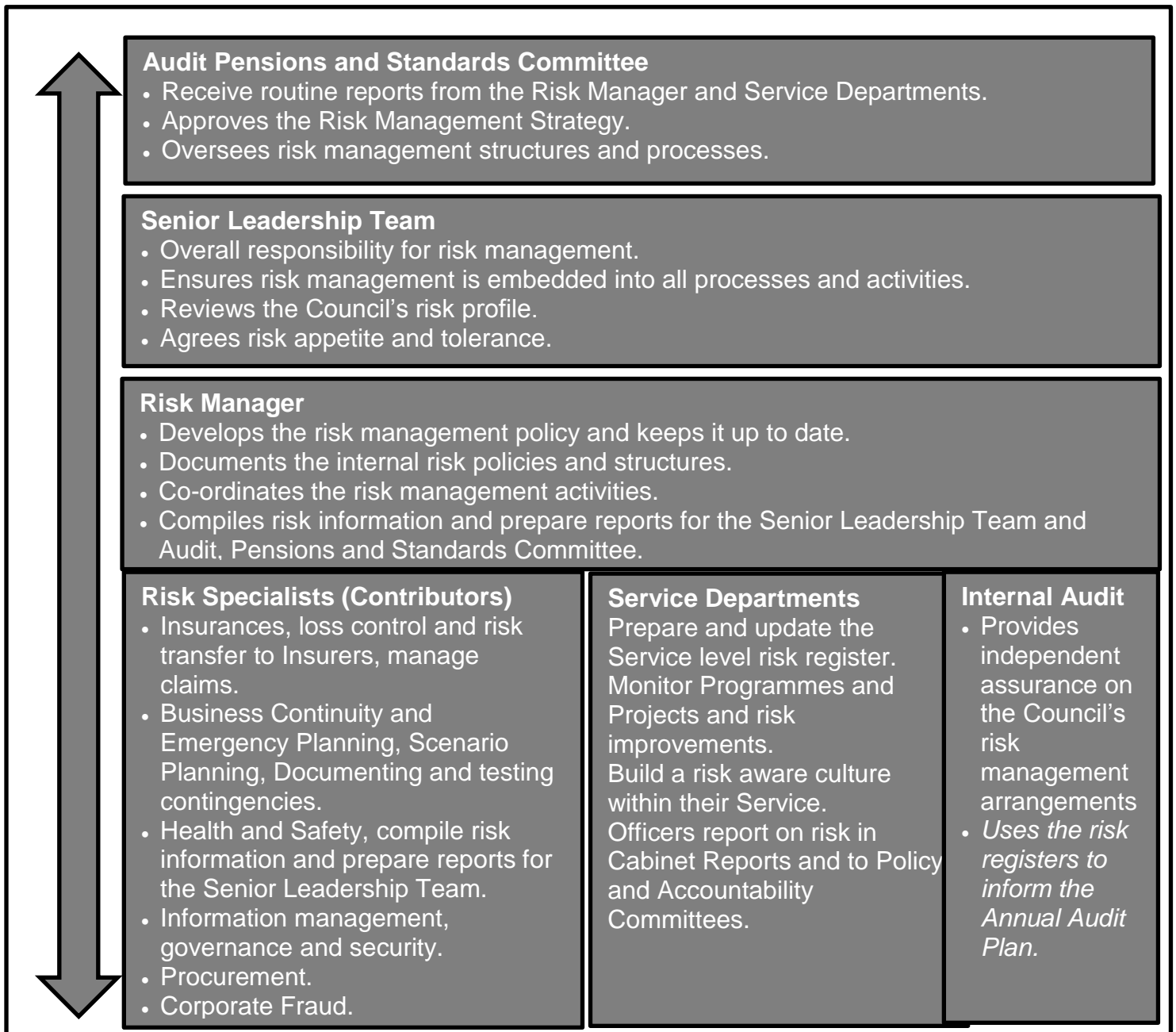
Aims

- 1.8. The aims of the council's risk management approach are to achieve better quality decision-making, as it seeks to reduce costs while ensuring the delivery of high quality services. We will achieve this by;
- ensuring our approach to risk management is proportionate to the decision being made;
 - creating an environment where risk management happens as an integral part of planning, commissioning, programme, project and performance management processes;
 - providing visibility of risks and the actions being taken to mitigate against them to members, residents and our partners and;
 - acknowledging that even with good risk management, things can go wrong. We will capture and use the lessons learnt to try and prevent this happening again.

2. Risk Architecture

2.1. The Council's risk architecture, (fig.1) defines how information on risk is communicated throughout the Council. This risk strategy document defines the overall objectives that the Council is trying to achieve with respect to risk management. The risk protocols are the systems, standards and procedures that are put in place in order to fulfil the defined risk strategy. This risk architecture forms part of the overall risk management framework, the framework in turn is part of the overall risk governance arrangements within the Council.

Figure 1. The Council's risk architecture (illustration);



2. Risk Management Principles

2.1. The Council is committed to managing the risks and uncertainties related to its business. Its approach is founded on the following principles (fig.2), which are critical success factors for effective risk management;

Figure 2. The principles of risk management;

Leadership	<ul style="list-style-type: none"> •Cabinet, Audit Pensions and Standards Committee, Members and senior managers support, own and lead on risk management.
Responsibility	<ul style="list-style-type: none"> •Risk management is the responsibility of every person in the organisation and should be embedded in everyone's thinking, behaviour and actions.
Ownership	<ul style="list-style-type: none"> •Each risk is assigned to a specific person at an early stage for each risk identified, through risk registers at Corporate, Service and Programme level.
Clarity	<ul style="list-style-type: none"> •The Council has taken an explicit decision on its risk appetite in key areas and this informs its approach to the management of risk throughout the organisation.
Integration	<ul style="list-style-type: none"> •Risk management is a key element of the Council's corporate governance programme management and performance management.
Openness	<ul style="list-style-type: none"> •The Council takes an open and receptive approach to solving risk problems.
Evidence based	<ul style="list-style-type: none"> •Decisions about risk are grounded in evidence wherever possible and a record kept of what factors were taken into account.
Proportionate	<ul style="list-style-type: none"> •Risk management and mitigation activity is proportionate to the risk identified and is effective, affordable and appropriate.
Monitoring and Review	<ul style="list-style-type: none"> •Regular monitoring, reporting and review of risk, will be undertaken and carried out by Services, Management Teams, and Audit Pensions and Standards Committee.
Communication	<ul style="list-style-type: none"> •Risk management policies and processes and the benefits of effective risk management are available to all staff, with clear communications when any significant changes to processes or the approach is made.

The Risk Management Process

2.2. It is not the intention that the keeping of risk management records should become overly bureaucratic or burdensome. However, adequate records need to be kept so that the information is available for decision making, necessary advice for managers is accessible and confirmation can be provided to auditors that necessary controls have been correctly implemented.

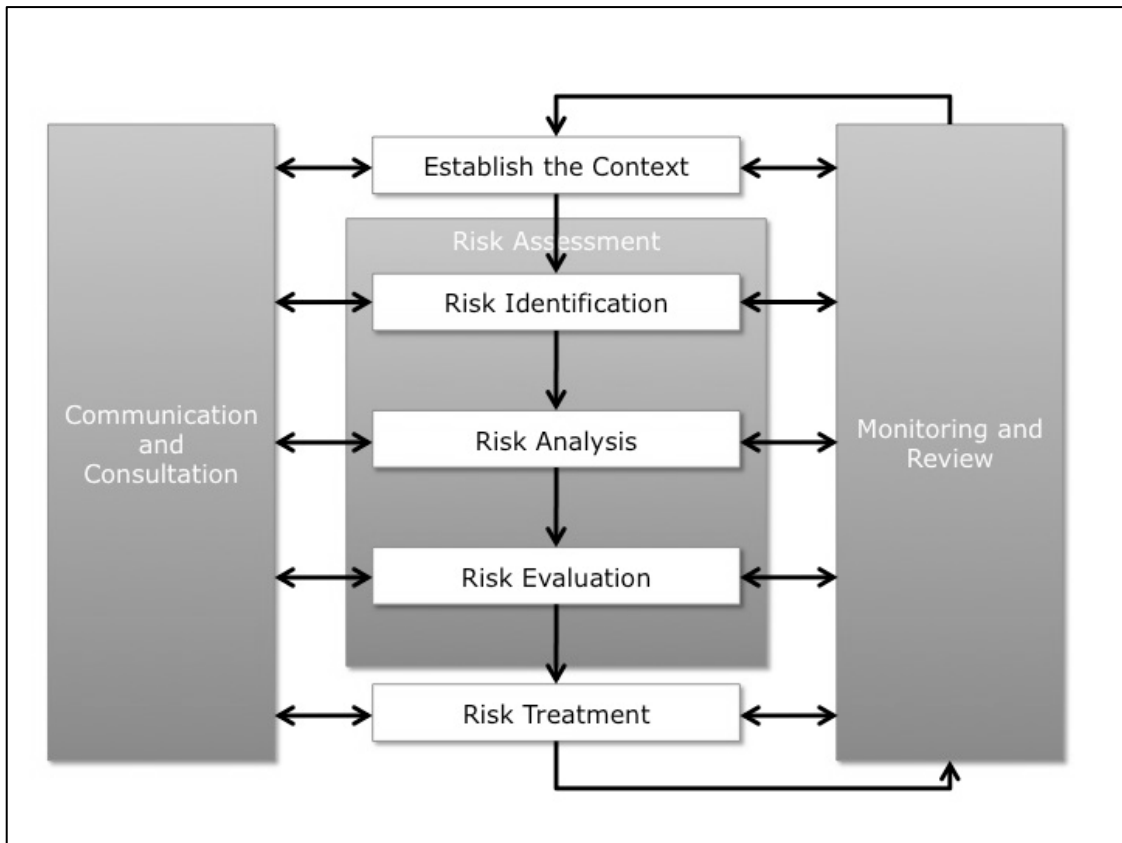
2.3. The key elements in effective risk management are to:

identify risk - includes considering risks in context, how they could affect the objectives of the Council or a Service and describing them in enough detail to ensure a common understanding.

analyse and assess risk - includes ensuring that risks can be ranked in terms of estimated impact, how soon they are to occurring and gaining an understanding of the associated level of risk.

control (treat) risk - includes describing how to respond appropriately to identified risks and then authorising, monitoring and controlling these responses.

Figure 3. The key elements of risk management;



3. Risk Management Protocols

Risk Registers

- 3.1. The council currently uses Risk Registers as its primary method of identifying and recording risks. They seek to quantify the likelihood of the risk occurring and the impact that it would have on the Council's objectives. Their primary purpose is to provide a framework for debate on the mitigating controls and actions that may be required to reduce the level of risk to the council, to an appropriate level. They also allow for progress against actions to be monitored, so that a regular re-evaluation of the level of risk can be undertaken.

Using a Risk Register as a Risk Action Plan

- 3.2. The Council uses a well-constructed and dynamic risk register at the heart of a successful risk management process. It has chosen not to use a static register that records the status of risk management activities at a moment in time. The practical implications for this strategy are that often producing a static register may be considered as fulfilling risk management obligations and no ongoing actions are required. The risk register should be considered as a risk action plan that records the status of Services with respect to risk management but also provides a record of critical controls that are in place,

together with details of any additional controls that need to be introduced. In its production the risk register will clearly establish the responsibility of Officers for undertaking the actions identified.

- 3.3. The **Corporate Risk Register** is owned by the Senior Leadership Team. This identifies, assesses and monitors the most significant risks to the Council. This is revised quarterly and emerging risks are added as required, with controls, actions and scores reviewed and challenged.
- 3.4. Each Service has a **Service Risk Register** to ensure that operational level risks are also identified, assessed and monitored. These risk registers are reviewed and revised quarterly on a formal basis at Service Management Team meetings, but emerging risks are added as required and they are effectively a 'live' register.
- 3.5. For **programme and/or project risk registers**, it is considered good practise for these to be reviewed and updated on a monthly basis. However, this needs to be proportionate to the complexity of the programme and project and the frequency will be determined by the programme board. Only programmes on the strategic risk register will be monitored corporately for compliance.

Assessing Risks

- 3.6. To assess risks adequately we identify the likelihood of the risk occurring and the impact on our objectives. Both are rated on a scale of one to five and the two scores are multiplied together to provide an overall risk rating. This is known as the *Inherent risk*.
- 3.7. The purpose of the risk assessment is to provide a framework for a discussion on whether the level of risk, either likelihood or impact, could be reduced. Though there is guidance on how risks should be scored, there will always be a degree of subjectivity in assessments – they involve judgement as well as measurement.
- 3.8. Through recent changes to the Risk Register format, the council has introduced the concept of **Anticipated Risk Direction**. This is a graphical representation of the estimated risk direction over the next 12 months. The aim is to move the discussion on risk away from the mechanics of the scoring/ranking, focussing instead on where the council could or should be doing more to reduce risk and effectively monitoring the progress of those activities. This also requires consideration on where it does not feel that additional controls or actions are required or cannot be done within resourcing or funding constraints.

Risk Appetite

- 3.9. Once risks have been scored for both Likelihood and Impact, they are multiplied together to determine the risk score. The Risk Appetite Scoring Framework (Fig. 3) represents the Council’s level of concern about the risk.

Figure 3. Risk Appetite Scoring Diagram

Impact	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
Likelihood						

- 3.10. Green risks indicate our current **Risk Appetite Level**. Risks at or below this level attract minimum effort and resources. This recognises that while it may not be possible to remove the risk completely, the Council has a level of comfort that the likelihood and/or impact is sufficiently low.

- 3.11. Risk appetite is best summarised as “the amount of risk an organisation is willing to seek or accept in pursuit of its long term objectives’. The Council aims to be risk aware, but not overly risk averse and to actively manage business risks to protect and grow the organisation. To deliver its corporate priorities, the organisation recognises that it will have to manage certain business risks. However, the identification of the risk appetite requires judgement, and this judgement may be exercised within the various services of the Council. To help managers decide on the risk appetite for their respective services, the Council has agreed the following risk appetite statement:

“The Council is not willing to accept risks in circumstances that may result in reputation damage; financial loss or exposure; major breakdown in IT systems; significant incidents of regulatory non-compliance; or the potential risk of injury to staff, residents, service users’ or the environment.

Risk tolerance levels

- 3.12. In order to help prioritise the identified risks and develop appropriate actions the Council has determined its 'risk tolerance levels,' - what is an acceptable level of risk to the Council;

10 or less – Low, a negligible risk, considered acceptable, no further action required where there is no foreseeable further risk of harm or discomfort; and any foreseeable risk is no more than inconvenience;

11 to 15 – Medium, considered acceptable, no further action required, other than ensuring controls in place are effective and that the associated costs are not excessive, risks are not being over controlled; and

15 to 25 - High, these risks may require some additional controls to reduce likelihood/impact and continual monitoring of effectiveness of controls.

Risk Hub

- 3.13. All Service and Corporate Risk Registers are maintained and accessed in a central folder, monitored by the Risk Manager. This provides visibility on all risks across the council and should any risks feature on multiple registers, these can be considered collectively to avoid duplication of effort. Each Service will be able to look at all Service Risk Registers, so that it can consider whether any risks within other Services could have an impact elsewhere.

- 3.14. The Risk Manager can also ensure that the Risk Registers are updated and reviewed within the agreed timescales.

Escalation of Significant Risks

- 3.15. Service Management Teams will consider any risks of sufficient significance for inclusion on their Service Risk Register. Any risk that has a mitigated score above 11 will be escalated to the Senior Leadership Team to ensure Management level visibility and challenge of all significant risks. The Leadership Team will decide if the risk is to be included on the Shared Services Risk Register or is best managed at Service level, particularly where the risk is of a specialist nature.

- 3.16. In exceptional circumstances, highly significant risks requiring immediate action can be escalated to the Senior Leadership Team at the next available meeting.

The Service Risk Registers now have the same format. This allows ease of escalation from Service to the Shared Services Risk Register and consistency across the Council.

Programme and Project Management Risks

- 3.17. All projects should undertake a risk assessment at the project initiation phase and then regularly through the life-time of the project. A project risk register should be used to capture these risks and monitor the effectiveness of controls and the progress of actions.
- 3.18. Any projects that are classified as 'small' or 'operational' will not be monitored corporately and the frequency of review will be determined by the programme/project board.
- 3.19. Any programme/projects with significant or increasing risks can be escalated to the Service or the Shared Service Risk Register.
- 3.20. Risks the Council faces can be, strategic, operational or within programme/projects:
- **Strategic risks** relate to risk that could affect delivery of the Councils priorities and long term goals; those that could have a Council-wide impact and operational risks requiring corporate control and monitoring.
 - **Operational risks** relate to risks that could affect the delivery of the business unit/service objectives and outcomes including risks connected with the internal resources, systems, processes, and staff.
 - **Programme/Project risks**
Projects
- 3.21. Risk management at project level is most often focused on individual risks that, should they occur, will affect the project's objectives. It is, however, also important for the project manager to understand the overall risk exposure of the project, so that this can be reported to the project sponsor and other stakeholders.
- 3.22. Risk management must be closely aligned to schedule management. Cost, time and resource estimates should always take risks into account.
- 3.23. The project manager is accountable for ensuring that risk management takes place. Depending on the size and complexity of the project, a specialist risk manager may be appointed to oversee and facilitate the risk management process.

Programmes

- 3.24. The programme will establish a common framework and standards for risk management across the programme. This will enable comparison of risk, reduce the time taken to initiate management processes at project level, and help identify interdependencies between risks across the programme. The common framework will be set out in the programme risk management plan.
- 3.25. Programme risk management is made up of two distinct areas of focus:
- project risk escalation and aggregation;
 - wider business risk and risks to benefit achievement.
- 3.26. Programme risk management addresses any individual risks at project level that, if realised, will have a wider impact. Project risks that cannot be effectively managed within projects and within contingency are escalated to the programme for attention and/or action. In addition, related or common risks within individual projects may combine or aggregate to have an effect at programme level, in which case they also need to be escalated.
- 3.27. Programme risk management also considers any risks delegated from the portfolio or strategic level, as well as risks arising directly at the level of the programme itself. Programme risks are likely to focus on prioritisation of programme components, allocation of resources, interfaces and interactions between programme components, the ability to deliver change management activities within the programme, and cumulative risks arising from the combined impact of the project risks.

Risk Management within the Internal Control Environment

- 3.28. Risk Management forms only one element of the system of internal control. Internal Control may be defined as those elements of the Council, including resources, systems, processes, culture, structure and tasks that, taken together, support the achievement of the council's objectives.
- 3.29. It also contributes to the safeguarding of public funds, assets and the promotion of best value for money. Internal control also facilitates the effectiveness and efficiency of operations, helps to ensure the integrity of internal and external reporting and contributes to compliance with laws and regulations. While the Risk Management approach and Risk Registers form one element of internal control, others include:
- 3.30. **Policies and procedures:** - A series of policies underpin the internal control process. Examples include the Health and Safety Policy Statement, Business Continuity Strategies and Insurance Policies.

- 3.31. **Business planning and budgeting:** - The corporate planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting corporate plan objectives is monitored through quarterly performance reports.
- 3.32. **Annual review of effectiveness:** - The Shared Internal Audit Service undertakes an annual review of the effectiveness of internal control (reported to Audit Pensions and Standards Committee in June) which includes consideration of the risk management strategy, policies and implementation, and identifying any fundamental control failings or weaknesses.
- 3.33. **Annual Governance Statement:** - This is a statutory document which explains the processes and procedures in place to enable the council to carry out its functions effectively. It is produced following a review of the council's governance arrangements and includes an action plan to address any significant governance issues identified.
- 3.34. **Audit Pensions and Standards Committee:** - The Committee receives reports on internal controls and alerts Cabinet to any emerging issues. In addition, it oversees internal audit, external audit and management as required in its review of internal controls. The Committee provides advice to the Council on the effectiveness of the internal control system, including the Council's system for the management of risk.
- 3.35. **Internal Audit Programme:** - The internal audit plan is developed around the Council's objectives and uses the assessment of the fundamental risks and it includes an assessment of the effectiveness of the risk management process.
- 3.36. **External Audit:** - External audit informs the Audit, Pensions and Standards Committee on the operation of the internal financial controls reviewed as part of the annual audit.

Monitoring and Reporting of Risks

- 3.37. Risk Management is a continual process requiring regular review to ensure appropriate actions are taken at the right time. Risk registers will be kept up to date, enabling the Council to record, prioritise, manage risks and produce meaningful reports, aligning risks to the Council's objectives.
- **Strategic risk registers** will be reported to Senior Leadership Team and Audit, Pensions and Standards Committee on a quarterly basis. These will include all 'top down' risks and those 'bottom up' operational risks that the

Business Delivery Board have agreed should be included onto the Council's strategic risk register;

- **Operational risk registers** will be reported to relevant Service Management Teams on a monthly basis and will be reviewed by the Risk Manager on a quarterly basis. Particular attention will be paid to 'red' risks or those highlighted by the relevant risk champion for consideration for inclusion onto the Council's strategic risk register;
- **Programme/project risks registers**, will be reported to the relevant Programme/Project Board and Management Teams and should be reviewed by the relevant project manager/board on a regular basis. High level risks should be reported quarterly and will be considered for inclusion onto the Council's strategic risk register. In addition to the above, the Audit, Pensions and Standards Committee will approve the top risks, risk appetite and reporting protocols and review the effectiveness of the risk management process.

Contingency planning

- 3.38. Part of the risk management approach for the Council will be to have a robust business continuity plan that will deal with contingencies that may arise and prevent the provider from continuing in their role and delivering services, either in the short or long term. It should be considered what role the service provider can play in this, through the sharing of information, training exercises and joint business continuity plans.

Requirements for partner organisations

- 3.39. In order for the council to maintain its responsibilities for overseeing the management of the risks it will be necessary to agree a good quality system of information reporting.
- 3.40. Commissioners should consider what form and frequency of information will be useful to them. Every service contract will be uniquely tailored; however, it is desirable to have a consistent approach across the Council on key aspects of contract management. To support this, the following guidelines outline typical requirements for the service provider.

Contract Management risk reporting

- 3.41. The contract management process should require regular (usually quarterly) reporting from delivery units on the following:

- Status and actions regarding any risks where the Council has a degree of retained risk;
- In addition, it is recommended that there are appropriate channels for the service provider to report to the Council;
- Any new emerging risks that would score 12 or more;
- Any serious risk incidents that occur.

3.42. In order to support transparency and accountability, where commissioners believe it will be advantageous, providers should report annually:

- Full risk register for the services delivered, thus demonstrating the overall approach taken to assessing and dealing with risks and providing the Council with broader comfort on how risk management is treated.
- Outline plan for risk management strategy in the forthcoming year.

3.43. To maintain good practice on risk reporting throughout the life of the contract, it is suggested that the contract terms should specify a post-holder or group within the delivery unit that will take a lead on monitoring and reporting risks to the Council. It would be helpful for a defined committee or panel to have responsibility on the Council's part for receiving these reports. Such a group would usually work closely with performance management.

Information sharing

3.44. Within the contract arrangements the right of access to data associated with the service delivery for the Council or its agents must be clearly established, including access for audit and assurance procedures. The scope of access and the typical inspection routines will be individually negotiated but should include appropriate opportunity for the Council to gain assurance that the provider is meeting the required performance standards and is dealing with business in a manner consistent with the Council's understanding. The Council should also consider the eventuality where there are signs of failure on the contract delivery, and whether any additional access may be required in such circumstances.

4. Treasury and Pensions Fund Risk Management

4.1. Risk management should be considered in relation to all aspects of Local Government Pension Scheme management. The importance of

understanding risk applies as much to the administration of the benefits as it does to the investment of funds. The overarching risks for a Local Government Pension Scheme fund are the possibility of not having sufficient funds to pay members' pensions and having insufficient resources to deliver the responsibilities of the fund. As a funded scheme, investment of funds brings a multitude of risks that need to be addressed, from ensuring that the investment strategy reflects the latest understanding of the funds liability profile, to the risk of individual stock selection in actively managed funds and the possibility of capital loss on a stock.

- 4.2. Risk management is an issue for all those involved in the management of the Local Government Pension Scheme fund. This includes the members of the pensions committee, the officers managing the Local Government Pension Scheme fund and the fund administrator. It does not stop there, the importance of the fund having appropriate risk management is an issue for all members of the administering authority, even though management of the fund will be a delegated function, all employers within the fund need to seek reassurance.
- 4.3. Looking at the role of the pension committee member, risk management responsibilities include:
 - ensuring the risk strategy and risk register are kept up-to-date;
 - ensuring that the fund investment strategy and the management of investments adequately examines all the risks and how these can be mitigated;
 - being aware of the risks involved in custody arrangements and how they are being managed;
 - taking a strategic view of the level of risk involved in actuarial valuations, the key assumptions and the suitability for employers in the fund, including the reasonableness, for example, of investment, interest rate and mortality forecasts;
 - ensuring that appropriate policies are in place to deal with the admission of employers into the fund and the departure of employers;
 - examining and seeking assurance that all risks around the administration of the fund are being adequately managed;
 - ensuring that the risks relating to individual employers are identified and managed;
 - being aware of reputational risks and regulatory and compliance risks and the action taken to manage these risks.
- 4.4. Effective treasury management is about the management of risk. Interest rate risk, liquidity risk and credit risk are all distinct, and require careful

monitoring and management in a debt or investment portfolio. For the Council, the priority is on managing risks prudently more than maximising return. The techniques for managing investment portfolios in the Council are well developed.

5. Business Continuity and Emergency Planning Risk Management

5.1. The Director of Safer Neighbourhoods is the nominated director with responsibility for organisational Business Continuity and Emergency Planning risk management. Their role is to ensure that risk management issues are properly addressed by both the Senior Leadership Team and more widely in the organisation. In particular the Director responsible for organisational Business Continuity and Emergency Planning must;

- Be Prepared: Staff and services should be prepared and know their roles and responsibilities;
- Ensure continuity of response: our emergency response is grounded in existing functions and familiar ways of working even if delivered at a greater tempo. (Normal services in abnormal circumstances);
- Ensure devolution of responsibility: Decisions need to be made at the lowest appropriate level with co-ordination at the highest necessary level.
- Ensure Direction: Clarity of purpose delivered through a strategic aim set at the most appropriate level.
- Ensure integration: Effective co-ordination between functions of the council and external organisations.
- Maintain effective communication: Reliable information must be passed correctly and without delay amongst those who need to know including the public.
- Co-operate: Mutual trust and understanding will facilitate information sharing and deliver solutions to issues that arise.
- Anticipate: Risk identification and analysis is undertaken to anticipate and manage the consequences of any emergency.

6. Fraud Risk Management

6.1. The Senior Leadership Team acknowledge its responsibility for ensuring that the risks associated with fraud and corruptions are managed effectively across all parts of the organisation.

Specific steps include:

- The Senior Leadership Team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users.
- The Senior Leadership Team acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.
- Operational Management acknowledges its responsibility for ensuring the management of its fraud and corruption risks and will be accountable for the actions it takes through its governance reports.
- The Corporate Anti-Fraud Service has a specific goal of ensuring and maintaining its resilience to fraud and corruption and explores opportunities for financial savings from enhanced fraud detection and prevention.

6.2. Fraud risk identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.

Specific steps include:

- Fraud risks are routinely considered as part of the Council's risk management arrangements.
- The Council identifies the risks of corruption and the importance of behaving with integrity in its governance framework.
- The Council published estimates of fraud loss in reports to Audit, Pensions and Standards Committee, and where appropriate its own measurement exercises, to aid its evaluation of fraud risk exposures.

- The council evaluates the harm to its aims and objectives and service users that different fraud risks can cause.

7. Health and Safety Risk Management

7.1. The Director of Environmental Health is the nominated director with responsibility for organisational health and safety. Their role is to ensure that health and safety risk management issues are properly addressed by both the Senior Leadership Team and more widely in the organisation. In particular the Director responsible for Health and Safety must;

- Ensure that the Senior Leadership Team give due regard and consideration to health and safety matters;
- Ensure that the Chief Executive and Senior Leadership Team is kept informed of, and alert to relevant health and safety risk management issues;
- Ensure that the Senior Leadership Team regularly review health and safety performance in their service departments. (this must be done at least annually);
- Ensure that Senior Leadership Team reflects current business priorities with due regard to the health and safety policy statement;
- Be kept informed about any significant health and safety failures, and of the outcome of the investigations into their causes;
- Ensure that Senior Leadership Team address health and safety implications of ALL decisions;
- Ensure that health and safety risk management systems are in place and remain effective;
- Ensure that the Council's Corporate Safety Team is adequately resourced to fulfil the council's statutory duty with respect to health and safety and welfare at work issues.

8. Information Risk Management

8.1. The Chief Information Officer is the nominated director with responsibility for Information Management. Their role as Senior Information Risk Officer is to ensure that Information risk management issues are properly addressed by both the Management Board and more widely in the organisation. In particular the Director responsible for Information Management must;

- Ensure a culture of good information risk management, own the overall information risk policy and procedures and advise the Departments on acceptable levels of information risk;
- Ensure that a fundamental part of the Information Asset Owner's role is to provide formal assurance concerning their information assets;
- Develop the information risk register and a template for the mandatory reporting on information risk;
- Demonstrate best practice in terms of its information security management and compliance with ISO27002;
- Provide regular assurance and visibility to the Senior Leadership Team about current information risks and appropriate risk treatment.

9. Insurance Risk Management

- 9.1. The Insurance Service supports the council and its customers by managing their respective insurance policies, handling claims in-house and through the council's insurers and also providing loss control advice. Loss control is a risk management technique that seeks to reduce the possibility that a loss will occur and/or reduce the severity of those that do occur.

10. Procurement Risk Management

- 10.1. Risk management is an integral part of procurement. Effective risk management requires an understanding of the relationship between procurement and organisational objectives. The council's procurement professionals are well positioned to play a significant role in improving risk management practices, through contributing their expertise as strategic and commercial risk managers.
- 10.2. Procurement's role is to ensure that the council has a predictable supply of the external input/s it requires, offering demonstrable value for money and delivered in a cost-effective manner to support the attainment of the council's objectives. While its traditional role is in dealing with upstream suppliers in a supply chain context, it may also deal with downstream transactions, e.g. for logistic support in distribution of finished product. By its nature, procurement exposes an organisation to risk. Procurement practices have, for this reason been developed with inbuilt controls designed to deal with that risk, for example purchasing through public or selective tendering, in the right circumstances, will encourage competition and diminish the scope for corruption and collusion in acquisition processes.

- 10.3. Risk in procurement, however, is often considered from a transactional viewpoint where risk management is focused on the things that can “go wrong” in the procurement process. This view is concerned with events that may contribute towards: breakdown in process; failure to comply with required processes; and, inadequacy of process to achieve the commercial outcome required.
- 10.4. The standard approach is to apply risk management at key stages in a procurement or project lifecycle. This approach is valid as it is at key stages that there may be material changes to the buyer/supplier, relationship or environment, resulting in the need to revisit the identified risks to determine if the treatment strategies are adequate, or new strategies may need to be developed.
- 10.5. The procurement professional must however, retain the sources of risk at “front of mind”. In some instances, it may not be adequate to wait until the next stage of the process to reconsider risk. Organisational objectives may change, suppliers may fail to perform or become insolvent, regulatory environments may become more onerous and relationships can weaken, all between defined milestones of the project.
- 10.6. At the strategic level, risk should be applied during the corporate and procurement planning cycle. This is necessary to ensure alignment of objectives is established, maintained and communicated.

Ends

Benchmarking Risk Management.

The Federation of European Risk Management Associates benchmarking data in collaboration with, AIG, Chubb, EY, Marsh and XL Catlin.

1. The survey was divided into 2 parts:

A. RISK MANAGEMENT PROFESSION AND PRACTICES IN EUROPE:

This part sought to reinforce the understanding and positioning of the risk management role.

B. EUROPEAN INSIGHTS ON RISK MANAGEMENT:

This part sought to identify the main priorities for risk and managers to ensure that FERMA supports its members' needs and expectations about the risk management function.

The survey received 634 responses and was conducted from April to June 2016.

2. Methodology.

2.1. The FERMA European Risk Survey 2016 is a fully online project. The population of the study is composed of all FERMA members (22 national associations in 21 countries) and contacts from AIG.

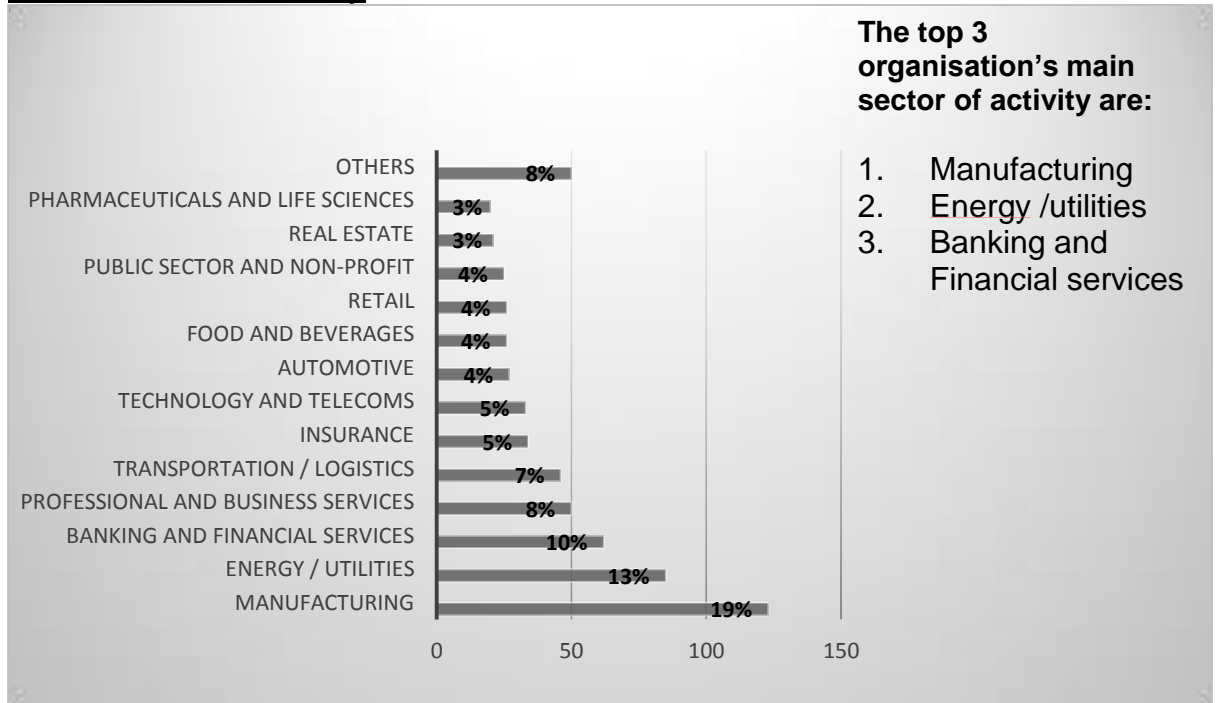
2.2. In total, 4,407 invitations were sent: 634 participants responded to parts one and two, of which 406 also answered to the third optional part of the questionnaire. This represents a response rate of 14%, which makes it a good representative sample of the profession.

2.3. The similarity in the respondents between the previous survey in 2014 and the latest version confirms that the findings are an expression of views across the European risk management community.

A. RISK MANAGEMENT PROFESSION AND PRACTICES IN EUROPE

1. Sector.

Chart 1. Sector of activity



FERMA insight.

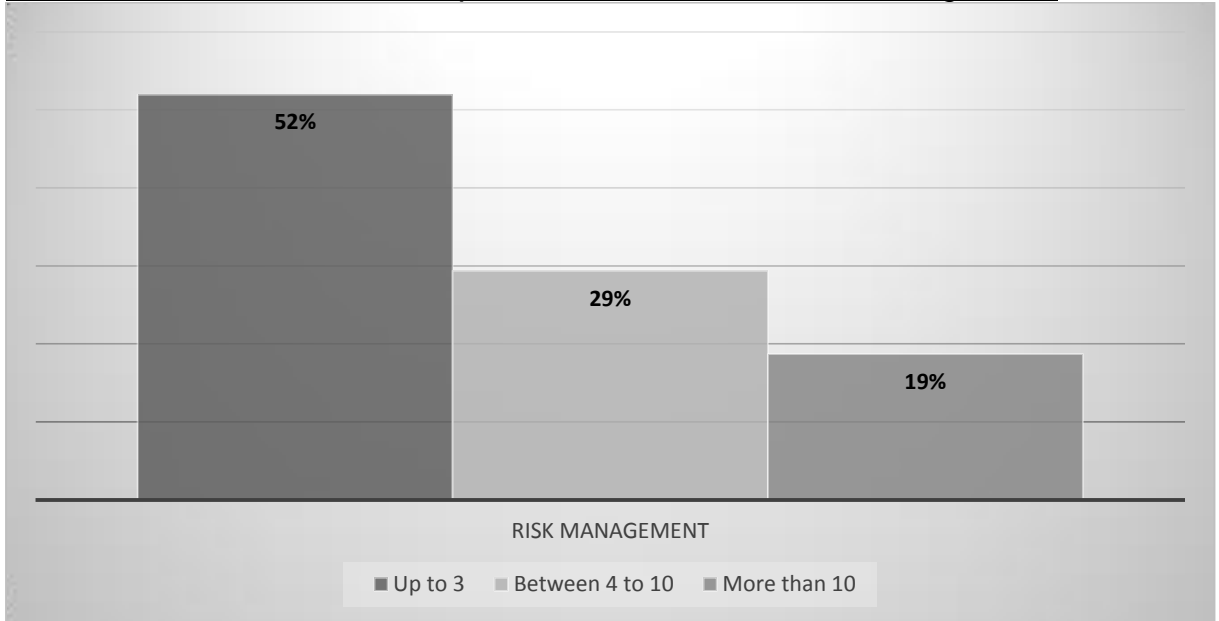
1.1. While capital intensive industries face more risks than services industries, the very reason the majority of respondents work within these sectors the rise of cyber risks is set to change this balance. In the future, we are likely to see higher proportions of risk managers in service industries as cyber risk continues to grow with further advancement in technology.

2. Risk Management Team.

2.1. Risk Management team in larger companies include at least 4 people:

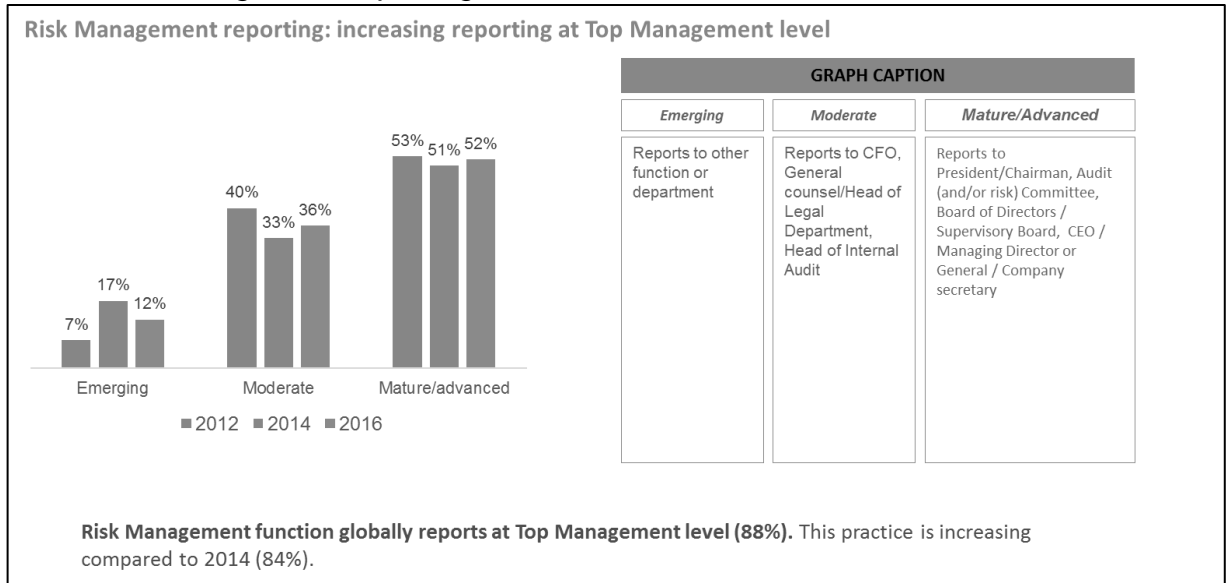
- 60.6% of respondents from companies with turnover over 1 billion EUR have RM team of >4 FTE
- 77% of respondents from companies with turnover over 5 billion EUR have RM team of > 4 FTE
- The larger company, the larger the risk management team (same as in 2014)
- More than half of European companies have up to 3 FTE dedicated to Risk/Insurance Management.
- LBHF have 1 FTE Shared Resource with RBKC.

Chart 2. Number of Full Time Equivalents Dedicated to Risk Management.



3. Reporting

Chart 3. – Management reporting.



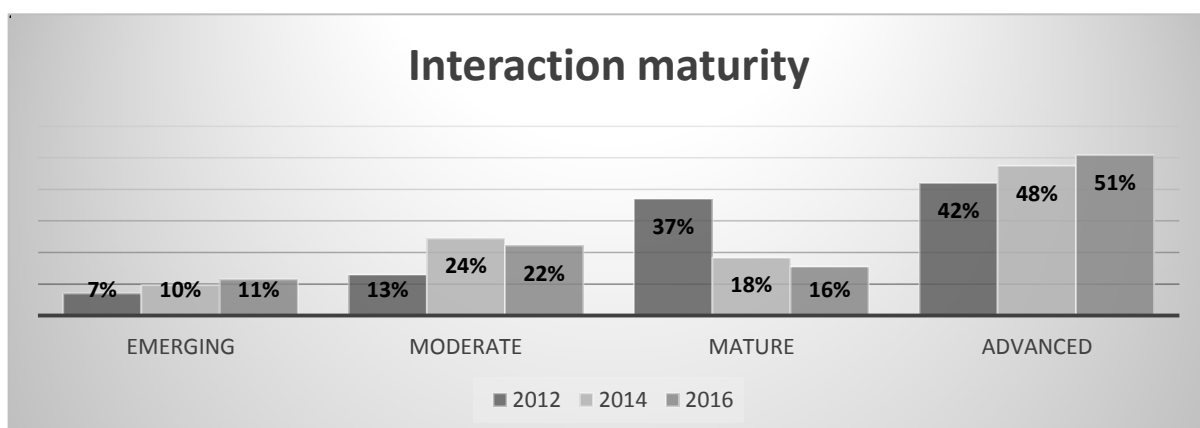
3.1. At LBHF the Risk Manager reports quarterly to the Interim Director of Audit, Fraud, Risk and Insurances, Hammersmith and Fulham Business Board (now Business Delivery Board) of which both the Chief Executive and Strategic Director of Finance are members, and also to Audit, Pensions and Standards Committee. Individual Risk Champions in departments report to their Management Teams.

Chart 4. Reporting lines of Risk Managers - detailed responses.



3.2. At LBHF the Risk Manager reports to the Interim Director of Audit, Fraud, Risk and Insurances.

Chart 5. Risk Management interactions with Top Management/Board.



Maturity

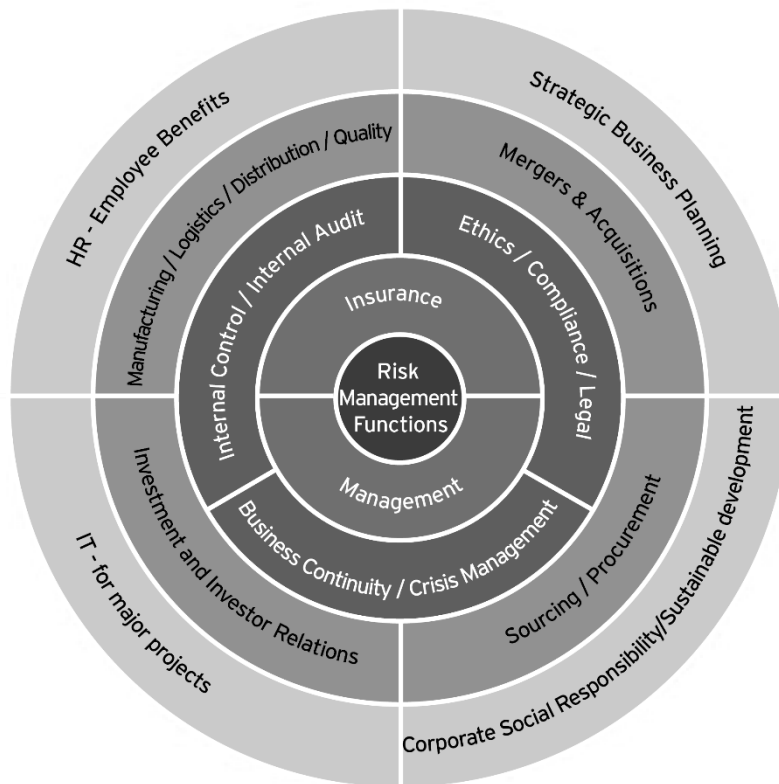
Emerging	Moderate	Mature	Advanced
There is no mechanism in place to formally report about risk management	Meets Board and/or Top Management members on a requested basis	Formally presents to the Board of Directors and Top Management once a year	Formally presents to the Board of Directors and Top Management several times per year

FERMA insight.

3.3. A majority of respondents (51%) formally present Risk Management activities to the Board/Top Management several times a year. Nevertheless, FERMA noted that one third of respondents still have limited interaction with Top Management.

3.4. At LBHF the Risk Management interaction with Top Management can be considered as Advanced.

Chart 6. Relations between Risk Management and other functions



Risk Management first-rank partners
No relationships < 20%

Risk Management second-rank partners
No relationship < 35%

Risk Management third-rank partners
No relationship > 35%

FERMA insight.

3.5. Risk managers are forging closer relationships with the finance function, compared to 2014, with investments/ investor relations, treasury and business budgets entering into the second-rank category. This suggests that risk managers are more involved in financial monitoring and financial decision-making, than two years ago. The IT department is only a third-rank partner of the risk management function, which is surprising with IT-related risks and cyber-attacks on the rise.

3.6. The survey indicates that cyber threats continue to be seen as an IT problem and not an enterprise-wide risk management issue. For Enterprise Risk

Management to be effective, more needs to be done to fully integrate the governance and risk management of technology risks across the business.

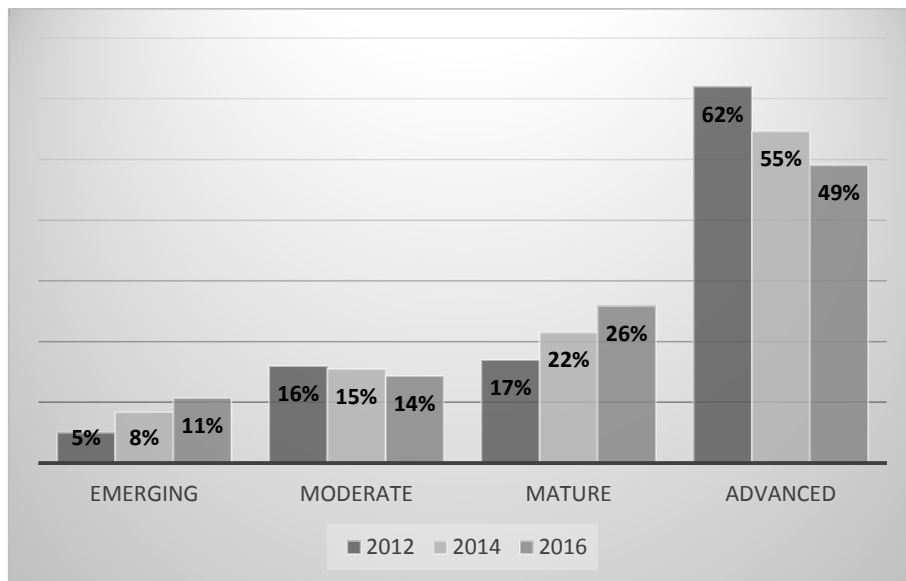
3.7. At LBHF the Risk Manager also liaises with the finance function, Capital and Revenue Monitoring reports are reviewed so as to identify risks identified from the finance community. There are strong ties with Corporate and Devolved department colleagues and Officers in specialised areas such as Business Continuity, Health and Safety, Internal Audit, Insurances, Counter Fraud and Information Management.

4. Risk Mapping

4.1. The survey results previously revealed that risk mapping was an embedded activity in Risk Managers' agenda. The above graph confirms this trend as 75% of the respondents perform risk mapping: 49% from corporate level down to divisions and business units and 26% at corporate level.

4.2. The study indicates a negative trend in the deployment of the risk mapping from corporate level down to divisions and business units (49% in 2016 vs. 55% in 2014 vs. 62% in 2012).

Chart 7. Is risk mapping embedded?




Maturity			
<i>Emerging</i>	<i>Moderate</i>	<i>Mature</i>	<i>Advanced</i>
No risk mapping approach in place yet	Partial approach in place (certain business units/areas, risks...)	Approach in place at global corporate level (strategic, financial, and operational)	Approach in place from corporate level down to divisions and business units

B. RISK MANAGEMENT PROFESSION AND PRACTICES IN EUROPE

5. Top Ten Risks

Chart 8. Top risks

Top 10 in 2016	Trend vs. 2014	Likelihood	Mitigation level	Satisfaction level
Economic conditions	↗	High	●	●
Business continuity disruption	new	High	●	●
Political, country instability	↘	High	●	●
Non-compliance with regulation and legislation	↘	High	●	●
Competition	↘	High	●	●
Reputation and brand	↘	Medium	●	●
Cyber-attack / data privacy	↗	High	●	●
Market strategy, clients	↘	High	●	●
IT systems and data centers	↗	Medium	●	●
Interest rate & foreign exchange	↗	Medium	●	●



6. Risk Mapping

- 6.1. The study reveals that the economic conditions are currently seen as the number one threat to successful achievement of an organisation's strategic objectives in terms of impact and likelihood. This is demonstrated by its surge to first place from fifth in 2014 and its mention by 63% of respondents compared to 47% in 2014.
- 6.2. Business continuity disruption has made an entrance into the top 10 and jumped straight into second place. Political/country instability, non-compliance with regulation and legislation, and competition complete the top five risks, selected by over half of respondents.
- 6.3. Concern has increased about digital risks in various forms and interest rate and foreign exchange exposures. The latter is most likely linked to the top risk of threats to economic growth.

7. Risk strategy

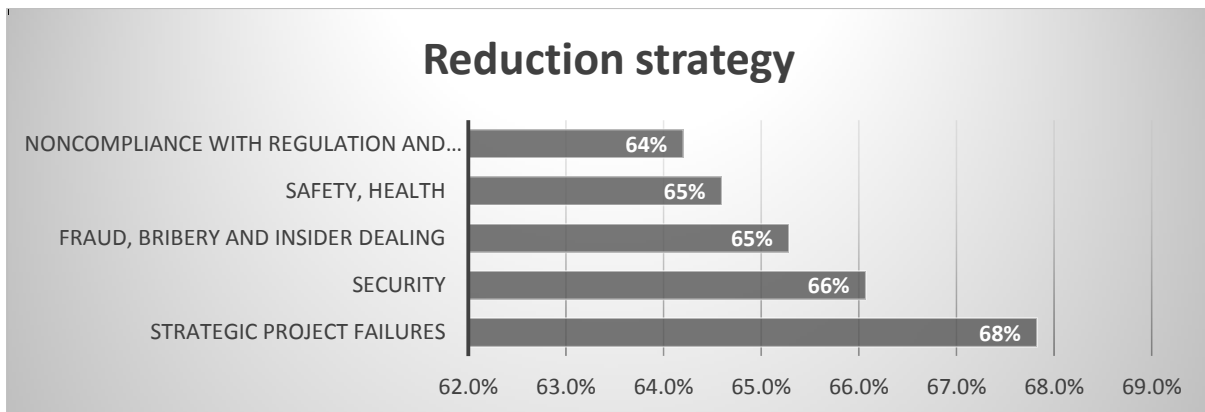
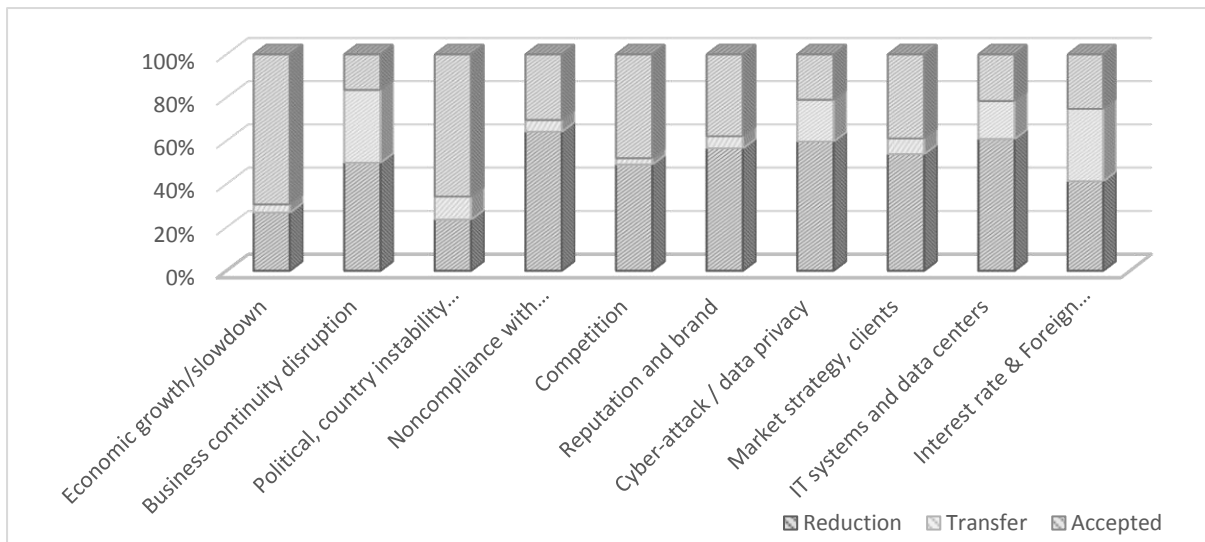
- 7.1. The economic environment and political instability are considered the highest accepted risks, and these are also the areas of risk with the lowest level of

mitigation, because there are limits to what businesses can do to mitigate/hedge against such forces.

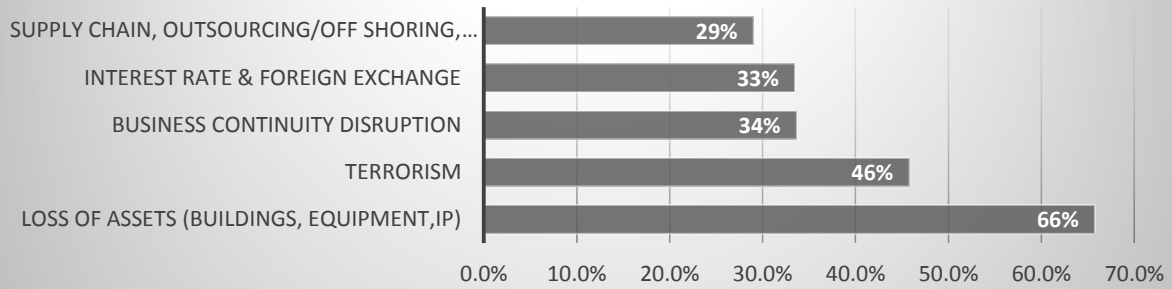
7.2. Non-compliance with regulation and legislation, reputation and brand, and cyber and IT-related risks have a lower acceptance level. Here, risk transfer or risk reduction can be used.

7.3. 'Reduction' and 'Acceptance' are the most common strategies, risk transfer being a viable alternative. Risk managers are willing to put in place

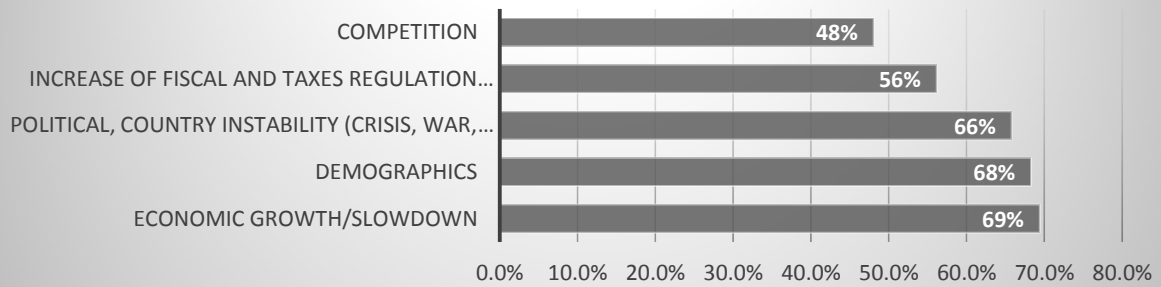
Chart 9. Risk coverage strategy, tailored approached to risks.



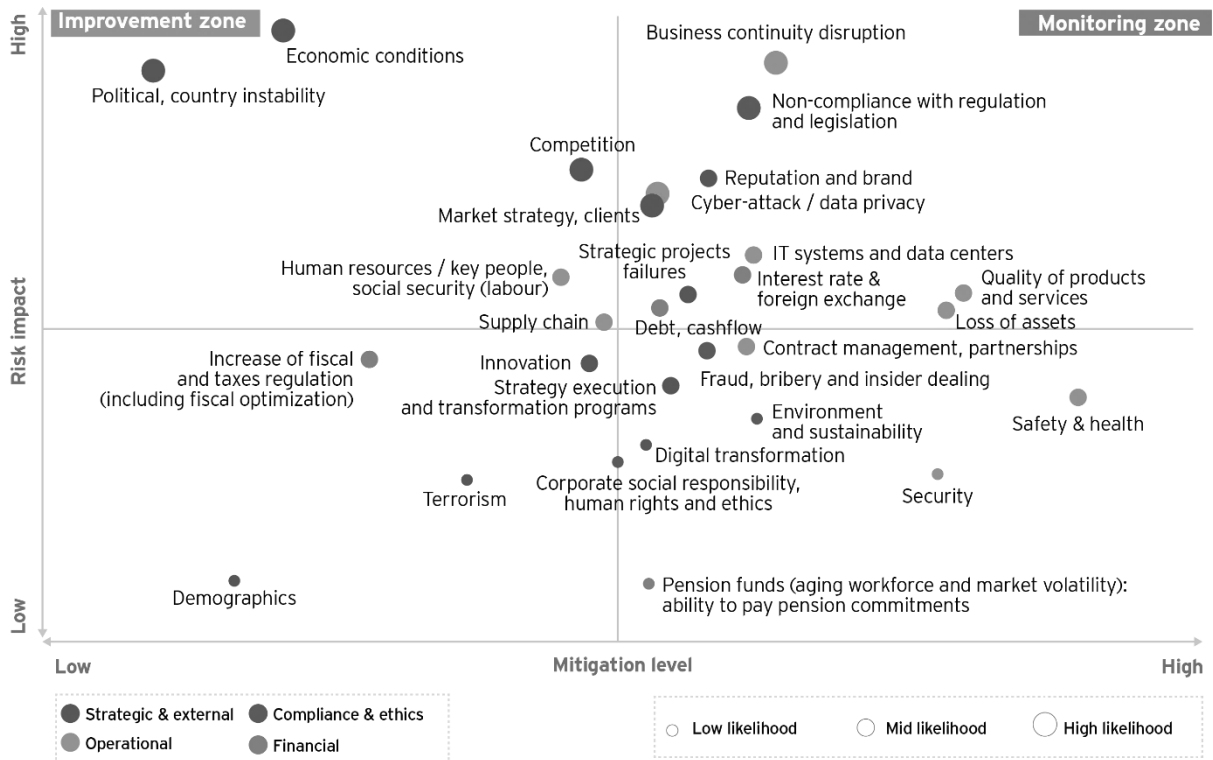
Transfer strategy



Acceptance strategy



Risk Map



7.4. 5 high risks have a low level of mitigation ("improvement zone")

7.5. The survey indicates that out of the five risks in the improvement zone, three are strategic or external risks:

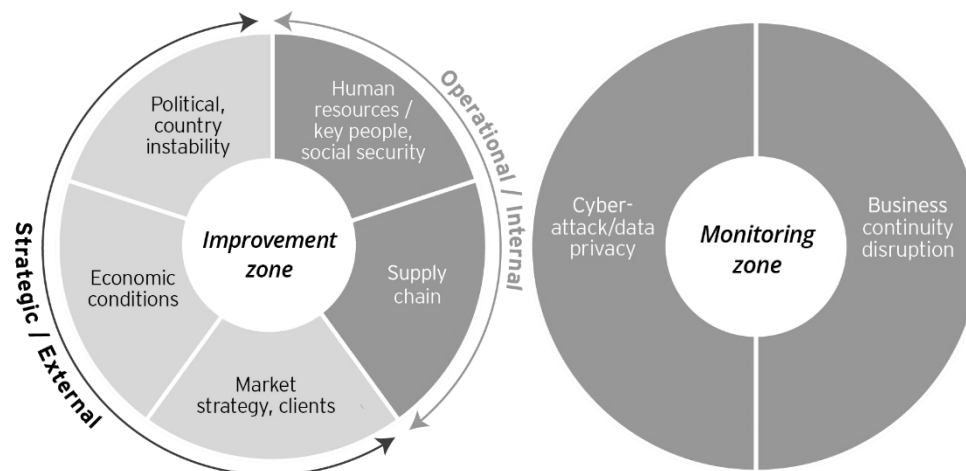
- Political, country instability
- Economic conditions
- Market strategy, clients

Two operational/internal risks in the improvement zone are not included in the top 10 risks but are key topics for risk management:

- Human resources / key people, social security
- Supply chain

7.6. The two new risks join the top 10 in the monitoring zone

7.7. The monitoring zone represents high risks that are assessed with a better level of mitigation than others. Most operational risks can be found in this zone and are high on the agenda for risk management. The two newly introduced risks in the top 10 - business continuity disruption and cyber attacks/data privacy – directly join the monitoring zone.



The improvement zone represents high risks with a low level of mitigation.

Ends

Benchmarking exercise – London Councils, Risk Management - July 2016

APPENDIX 3

Author – M Sloniowski

Notes:

1. Latest data extracted from Councils own websites in July 2016.
2. One London Council's Committee Pages would not work therefore it was not possible to ascertain any details for that organisation.

Area		%	Comments
Number of Councils	33	100	
Inner London	12	36.36	
Outer London	20	60.61	
City of London	1	3.03	
Reporting, audience		%	Comments
Corporate risks reported to Committee with Audit responsibility	31	93.94	LBHF report corporate risks to Audit, Pensions, and Standards Committee.
Corporate risks not reported to Committee with Audit responsibility	1	3.03	
Corporate risks reporting - destination unknown	1	3.03	
Frequency of reporting		%	Comments
Risks reported to Committee - Annually	3	9.09	
Risks reported to Committee - Bi-Annually	1	3.03	
Risks reported to Committee - Quarterly	15	45.45	LBHF report on a quarterly basis to Committee.
Risks reported to Committee - Infrequently	11	33.33	Of those Committees who received infrequent reporting a number were informed of a desire to report more regularly or Members expressed their desire to have more regular reporting.

Risks reported to Cabinet Quarterly but infrequently to an Audit Committee	1	3.03	
Risks not reported to Committee	1	3.03	
Risks reporting - Unknown	1	3.03	
Transparency of reporting		%	Comments
Councils who reported their Corporate Risk Register on an open agenda	27	81.82	LBHF report on risk on an open agenda.
Councils who reported their Corporate Risk Register on an exempt agenda	4	12.12	
Councils who did not report a Corporate Risk Register on an exempt agenda	1	3.03	
Councils who it was unknown whether their Corporate Risk Register was on an open or exempt agenda	1	3.03	
Councils who have Risk Management Implications in their reporting template.	22	66.67	LBHF have risk implications on the Committee reporting template.
Councils who do not have Risk Management implications in their reporting template.	9	27.27	
Councils where it was unknown whether Risk Management implications were in a reporting template	2	6.06	
Councils who reported Service Level Risks to Committee	12	36.36	LBHF incorporate service level risks in reports to Committee.
Councils who did not report Service Level Risks to Committee	20	60.61	
Councils whom it was not known if Service Level Risks were reported to Committee	1	3.03	
Risks			
Number of risk registers available for review	27		
Total number of risks identified	82		

<u>Most Common Risk Types</u>	<u>Number of Councils identifying this risk</u>	<u>Identified on LBHF Risk Register</u>	<u>%</u>
1. Financial (both the in-year budget risks, savings, and those in the medium-term, budget setting and delivery, reduction in grant settlement)	24	Risk Number 1	29.27
2. Business continuity, Council Resilience, Civic Office or Centre failure, ICT Failure	19	Risk Number 6,7	23.17
3. Emergency planning, City/Area resilience, Large Scale Incident, Terrorism, Responsiveness	16	Risk Number 6	19.51
4. Information governance, management, security, and loss of data)	16	Risk Number 7	19.51
5. Health and safety including Corporate Manslaughter, Assaults on staff, Safety of Enforcement Officers, Considered Low Priority	15	Risk Number 8	18.29
6. Safeguarding children	14	Risk Number 9	17.07
7. Strategic Housing (Lack of affordable, quality Housing, Homelessness, demand, delivery of projects, community investment)	13	Not recorded	15.85
8. Safeguarding adults	12	Risk Number 9	14.63
9. Contracts (Management, Monitoring, Performance)	12	Risk Number 4, 10	14.63
10. Customer Demand (Demographic Changes and Population Growth) and impact on Finances, Looked After Children, Special Education Needs, Transport, Adult Care Packages, and Temporary Accommodation	12	Risk Number 1	14.63
11. Business continuity (Financial Insolvency, bankruptcy of major service provider, care provider or transition away from a Shared Service).	10	Risk Number 6	12.20

12. The Care Act (including delivering to meet demand and budget available)	10	Risk Number 3	12.20
13. I.T. Systems (maintain and develop to reliably support services)	10	Risk Number 7	12.20
14. Partnerships, ineffective, engagement, duplicate systems and or processes, non delivery of partner's objectives, poor or complex governance	10	Risk Number 10	12.20
15. Fraud, Corruption and or Bribery (Non-Schools)	9	Risk Number 13	10.98

Ends

Score	Key	Action
16-25	Red	High risk, immediate management action is required.
11-15	Amber	Medium risk, review controls for appropriateness and effectiveness
1-10	Green	Low risk, monitor and if escalates quickly check controls

SHARED SERVICES RISK REGISTER CORPORATE LEVEL

APPENDIX 4

Review date 23/11/16

Ref	RISK				Assigned To	Residual risk assessment: Quarter 1 16/17				DOT	Residual risk assessment: Quarter 2 16/17				DOT	Target risk:			Reducing the risk		
	Risk cause and context					Likelihood	Impact	Overall	Likelihood		Impact	Overall	Likelihood	Impact		Overall	Management comments on measures.	Planned action(s)	Date / in place		
LBHF	✓	RBKC	✓	WCC		OFFICER(S)	4	4	16	⇒	3	4	12	↑	3	3	9				November 2016
1	Financial Management in year budget 2016/2017 and Medium Term Planning.						Management controls					Comments					Actions				
	<p>The ongoing challenge of reshaping and delivering council services, within significantly reduced funding levels and increased demand pressures, remains a significant risk. This is both an in year risk and one going forwards over the medium term. As such, a priority within our financial plan is to review different funding models for different services (referencing zero based budgets specifically at LBHF), and to focus not just on the short-term but on service transformation over a longer time-frame.</p> <p>Potential impact on Council Financing due to the outcome of the referendum to leave the European Union.</p>				<p>Kevin Bartle, Interim Director of Finance, The Royal Borough of Kensington and Chelsea.</p> <p>Hitesh Jolapara, Strategic Finance Director, London Borough of Hammersmith and Fulham.</p>	<p>The council manages its financial risks through a range of controls including budget preparation, budget setting and a Budget Accountability Framework which updated the roles and responsibilities for managing, monitoring and forecasting income and expenditure against approved budgets. The level of reserves and balances are also regularly reviewed to ensure that account is taken of any financial risk.</p> <p>Regular in-year monitoring, review of future financial plans and assessment of financial risks and reserves are undertaken to ensure the financial plans are delivered.</p> <p>London Borough of Hammersmith and Fulham, Finance Board, Efficiency Plan 2016-17 to 2019-20, Corporate Revenue Monitoring Reports with identified risks reported to Cabinet, Overspending Departments Action Plans with responsible Directors identified.</p> <p>Royal Borough of Kensington and Chelsea Efficiency Plan 2016-17 TO 2019-20, Budget Monitoring Overview reports to Cabinet with R.A.G. ratings.</p>				<p>In March 2016, the Government confirmed a finance settlement commitment to provide minimum funding allocations for each year of the Spending Review period (2016-17 to 2019-20) if a) councils choose to accept the offer and b) if they publish an efficiency plan. The deadline for both is 14 October 2016.</p> <p>The wider ramifications of the decision to leave the European Union are yet to be fully realised and felt in the national and local economy. Whilst there will be some opportunities there is also uncertainty that may affect areas of the economy, financial markets, interest and exchange rates, construction, grants from the EU, investment and other non-financial aspects. All of this is set in the context of continuing reductions in public funding.</p>				<p>Review at November Business Delivery Team and Senior Leadership Team at LBHF</p> <p>RBKC is utilising the Automated Sundry Debtor Service. Payment</p>							
* Risk number 2 is a sovereign LBHF risk.																					
LBHF	✓	RBKC		WCC		OFFICER(S)			0	↑			0	⇒	3	2	6				August 2016
2	Local Land Charges Searches, reduction in resources and income						Management controls					Comments					Actions				
	<p>Loss of income and insufficient funding from Central Government through new burdens regime associated with the transfer of Local Land Charges¹ to the Land Registry.</p>				<p>Maureen McDonald Khan Director for Building and Property Management</p>	<p>Active participation in Land Registry's transfer programme and liaison with other Councils through the Local Government Association to ensure formalised burdens regime is adequate in compensating the Council regarding Local Land Charges 1.</p> <p>Active participation as a member of the Local Land Charges Institute (LLCI) at briefings/ meetings. Close liaison with finance colleagues.</p>				<p>Land Registry's programme suggests transfer from Autumn 2017</p>				<p>Review at May Business Board. Continued review as programme and details are emerging.</p>							

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LBHF	✓	RBKC	✓	WCC		OFFICER(S)	3	4	12	⇒	3	4	12	⇒	3	3	9				November 2016
3	Management of the Better Care fund.						Management controls					Comments			Actions						
	Compliance with the Care Act legislation underpinning the Better Care Fund; • the accountability arrangements and flows of funding; • the reporting and monitoring requirements for 15-16; • arrangements for the operation of the payment for performance framework; • how progress against plans will be managed and what the escalation process will look like; and • the role of the Better Care Fund Task Force / Better Care Support Team going forward.				Liz Bruce, Executive Director of Adult Social Care	NHS England require regular updates against original Better Care Fund submission on benefits and performance reported to the Health and Wellbeing Board The Care Act implementation programme was successfully completed. Measures to monitor impact of Care Act implementation built into new routine Key Performance Indicator monitoring to Senior Managers and members. This covers expected increases in demand and new duties and responsibilities under the Act. Demand and benefits model developed and being implemented for Community Independence Service as part of Better Care Fund. Routine reporting of impact of new service reported to senior managers and members as part of regular reporting. Multi agency Better Care Fund steering group receives progress reports and reports upwards to the Joint Executive Team and Better Care Fund Board which includes members and senior managers from Adult Social Care, Clinical Commissioning Groups etc. Shared governance with Imperial around change programme for the Community Independence Service. Redesign of reablement part of Customer Journey programme. Risks are regularly monitored by the programme and major risks logged on a risk register.				A report outlining issues associated with the Better Care Fund is being considered by the Hammersmith and Fulham Finance, Policy and Accountability Committee in November 2016. There is a £2m MTFS efficiency measure that has been built into the 2016/17 base budget following discussions with health over the second year of the Better Care Fund. There are several efficiency targets attached to delivering this £2m saving. At this stage of the year, the Department is projecting the delivery of £1.379m of this target, this leaves a shortfall of £621,000 from of the £2m target efficiency.			Review at Business Delivery Team, London Borough of Hammersmith and Fulham. Continued regular performance and joint governance arrangements Budget Monitoring Quarter 2 report review at Cabinet, Royal Borough of Kensington and Chelsea								

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LBHF	✓	RBKC	✓	WCC		OFFICER(S)	4	4	16	⇒	4	4	16	⇒	3	3	9				November 2016
4	Market testing risks.						Management controls					Comments			Actions						
	1. Failure to deliver high quality commissioned services at the best cost to the taxpayer. Inadequate forward planning risks (commissioning and procurement). 2. Failure to comply with public procurement regulations, potential legal action, and lack of robust Member oversight. 3. Not achieving Social Value through procurement. 4. Contract performance management.				1. Nicholas Holgate, Town Clerk, The Royal Borough of Kensington and Chelsea. 2. Michael Hainge Commercial Director Chief Executives Department	Adult Social Care and Childrens Services Departments have established contract and commissioning boards. A Shared Services Contracts Approval Board had been established but will now only be used for Westminster City Council sovereign procurement decisions. Contract registers are now managed through the CapitalESourcing e-procurement system hosted by Westminster City Council and have recently been audited (but received a nil assurance) Training is being provided on Contract Management across the Shared Services. Hammersmith & Fulham Business Delivery Team have corporate oversight on procurement. In addition to all decision reports going through at H&F they are subject to 2 additional key controls: Cabinet Member Briefing Boards, Cabinet (via Cabinet Briefing) Revised Contract Standing Orders for LBHF took effect on 1 July 2016 for all procurements advertised on or after this date. This ensured that Cabinet see forward Commissioning Plans and a Procurement Strategy on each procurement The Royal Borough of Kensington & Chelsea. Procurement regulations for the Royal Borough of Kensington and Chelsea. Procurement Review conducted by the Procurement Scrutiny Working Group, Cabinet and Corporate Services Scrutiny Committee. Report from the Working Group issued to Cabinet. Councillor Warrick is responsible for procurement policy, including monitoring and oversight of the letting of Council contracts.				Restructuring of Adult Social Care and Children's Services procurement and commissioning teams is underway with jobs recently advertised. Hammersmith & Fulham Amendments to Contract Standing Orders have been approved by full Council to facilitate earlier Cabinet visibility and approval of commissioning and procurement strategies before competitive tendering exercises commence. The Cabinet Member for Commercial Revenue and Resident Satisfaction has also requested regular Cabinet Member monitoring of all departments 3-year forward commissioning and procurement plans. LBHF have appointed a Commercial Director who also leads on procurement. Work is currently being undertaken to review the Contracts Register.			Review at Business Delivery Team, London Borough of Hammersmith and Fulham. 1. A new approach for Adult Social Care Procurement has been agreed. They will no longer report through to Westminster City Council Contracts Approval Board thereby reducing administration and bureaucracy. Further reviews will take place on improving the procurement process.								

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LBHF	✓	RBKC	✓	WCC		OFFICER(S)	4	4	16	↓	4	4	16	⇒	1	1	1			November 2016
5	Public Health Budgets						Management controls						Comments			Actions				
	<p>Going forward, if the Shared Services Councils are to achieve significant improvements in population health outcomes in the current economic climate, choices need to be made about how best to allocate Public Health resources to specific programmes or work/ services. In order to support these decisions, the Public Health team is in the process of developing and testing a prioritisation framework tool.</p>				Dr Mike Robinson, Director of Public Health	<p>For 2016-17 the public health ring-fence remains in place, with any underspends in the year being carried forward as a receipt in advance, or any overspends matched with a draw-down from prior years' receipts in advance as appropriate.</p> <p>The Public Health team are continually working to improve Public Health services through performance monitoring, service improvements and re-tendering.</p> <p>2017 2018 Public Health Priorities and the Public Health Prioritisation Framework.</p>						<p>The Director of Public Health is in the process of reviewing the Public Health team's operating model, structure and plans in order to ensure the Public Health function can work to maximise the impact on population health within available resources. A key milestone is to have an effective staff structure in place in time for the next financial year. A staff consultation on the proposed Public Health re-structure is taking place during November 2016.</p>			<p>Going forward, the Public Health team will focus on Leading cross cutting programmes of work to tackle priority health outcomes, System leadership across the local health system, Prioritising Public Health resources (staff and finance) Understanding population health trends, Identifying gaps in service provision Using evidence and analysis to re-design services, Contribute Public Health funding to achieve greatest impact on population health, Contribute specific skills in health economics, forecasting, epidemiology (the study of diseases) and statistics and evidence reviews to the commissioning process Evaluating and tracking the impact made by services/</p>					

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LBHF	✓	RBKC	✓	WCC		OFFICER(S)	3	4	12	⇒	4	4	16	↓	2	3	6				November 2016
6	Business resilience.						Management controls					Comments			Actions						
	1). Limited joined up systems, processes and resources in the event of a Royal Borough of Kensington and Chelsea and London Borough of Hammersmith and Fulham Business Continuity internal / external incident. 2) Non-availability of I.T. systems, cyber attacks.				Dave Page, Bi-borough Director for Safer Neighbourhoods, London Borough of Hammersmith and Fulham Tony Redpath, Director of Strategy and Local Services, the Royal Borough of Kensington and Chelsea.	1). Corporate Business Continuity Policies and Strategies have been agreed at former Business Board at Hammersmith and Fulham and Management Board at the Royal Borough of Kensington and Chelsea, and updated accordingly, ensuring commonality for incident management. London Borough of Hammersmith and Fulham use Creditsafe for the assessment of contractor credit and liquidity risks, with The Royal Borough of Kensington and Chelsea, Westminster City Council utilising Creditsafe via CapitalEourcing. Owners of Priority 1 and Priority 2 classified services have been requested to ensure a their service continuity plans have a strategy in place to cater for the loss of service. Risks are being identified and managed through the Service Resilience Group at Hammersmith and Fulham. London Borough of Hammersmith and Fulham Business Continuity Manager is liaising with the ICT Transformation Manager Market Announcement concerning MITIE sent to RBKC and LBHF Officers within Adult Social Care and LBHF Housing. Given the fragility of the care market we are beginning to make contingency plans for a sudden collapse of a provider – in reality the only viable option would be for the Councils to step in and to manage the service – the Care Act provides step in rights.				GOLD training has been provided to senior management in both boroughs, to enhance the ability to deal with serious incidents, plus additional Emergency Planning training delivered in London Borough of Hammersmith and Fulham. There have been a number of events in the last reporting period; MITIE profit warning announcement £100 M first half reported losses and the impact on their share value; Strategic Review of MITIE HomeCare Provision. Box-It records storage company credit warning; CITAS, managed transition to new providers due to provider ceasing trading. Managed ICT network transfer to BT, successfully managed with the LBHF Service Resilience Group. Notification of RBKC ICT Upgrade on the 26th/27th November where no ICT will be available, being managed by the shared network infrastructure team.			Reviewed at November Business Delivery Team at the London Borough of Hammersmith and Fulham. The Royal Borough's Business Impact Analysis system is obsolete, plus the London Borough of Hammersmith and Fulham Business Impact Analysis is non-existent. A formal review of external software systems, was been carried out by Bridge but proved too costly. Further work is currently under way to consider development of a system in-house, and also to further consider the funding aspects of an external system.								

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LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	3	4	12	⇒	3	4	12	⇒	3	3	9				November 2016					
7	Information management and digital continuity.					Management controls										Comments			Actions							
	<p>a) Information created, accessed, handled, stored, protected and destroyed by the service areas and departments across the three partner councils is not managed in compliance with information rights legislation or local policies, e.g. the Data Protection Act 1998, Freedom of Information Act 2000, Environmental Information Regulations 2004 and the Protection of Freedom Act 2011;</p> <p>b) The service areas and departments do not fully understand or manage the risks such non-compliance involves therefore not making informed, risk based decisions;</p> <p>c) Insufficient staff resources, both corporately and departmentally, to mitigate the above risks;</p> <p>d) Potential breach of information rights legislation resulting in a monetary penalty of up to £500,000 plus costs of the staff/ICT resources to remedy the breach and reputational damage to the three partner councils (estimates based on average ICO fines in last 12 months and cost of H&F ICO Undertaking, £100,000 (fine) and £270,000 (staff/ICT resources @ £90,000 per council).</p>					<p>Veronica Barella, Interim Director of Information and Communications Technology, London Borough of Hammersmith and Fulham</p> <p>Ben Goward Interim Director of Information and Communications Technology, The Royal Borough of Kensington and Chelsea and Westminster City Council</p>					<p>Management controls</p> <ul style="list-style-type: none"> * Shared Services Information Management Board. * Shared Services Information Management Strategy * Shared Services Information Sharing Register * Shared Services Information Management work programme, including the following workstreams: Governance, Information Asset Management, Learning and Development * Shared Services Information Management Toolkit, e.g. Information Governance Checklist, Information Sharing Protocol template, Information Sharing Agreement template, Confidentiality Agreement template * Shared Services Privacy Impact Assessment process. * Shared Services Information Security Policy Framework and Personal Commitment Statement * NET Consent software used by all three boroughs to communicate Information Security Policy Framework to all Information Technology users and capture user acceptance of the Shared Services Personal Commitment Statement. * Offsite Records Storage Service Framework Agreement for three boroughs and their partners (currently H&F and WCC only) * Onsite records storage - records management function delivered by the Corporate Information Governance Team * Sovereign information management and security risk logs, compliance monitoring, incident management and reporting protocols * All three boroughs use the same local authority Retention Schedule * Caldicott Guardians for Adult Social Care and Children's Services * Sovereign Senior Information Risk Owners (SIRO's) * Potential breaches of policy can be treated as a potential disciplinary matter and referred to Human Resources or the Corporate Fraud team for investigation * Head of Information, Strategy & Projects role established in the H&F Information and Communications Technology Service. 										<p>* Organisational changes to the delivery of Information and Communications Technology services to the three boroughs occurred in late October/early November 2016. The H&F Information and Communications Technology Service is bedding down as a new sovereign service and future risk reporting arrangements are in the process of being established.</p> <p>* Regular contract monitoring of H&F Information & Communications Technology contracts identified one supplier with potential liquidity concerns. A meeting has been held with the supplier and a plan has been put in place to monitor the situation.</p>			<p>* Shared Services Information Management work programme to be progressed to deliver the Shared Information Management Strategy across the three boroughs.</p> <p>* Working group to be established in preparation for the voluntary Information Commissioner's Office Audit of H&F, scheduled for February 2017.</p>		

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LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	⇒	4	4	16	⇒	3	3	9			November 2016					
8	Managing statutory duties.					Management controls									Comments			Actions							
	Non-compliance with laws and regulations. Breach of a duty of care. Non-compliance with Health and Safety at Work. Equalities and Human Rights. Integrated Transport for London Programme (Funding Highways Improvements).					Nigel Pallace, Chief Executive, London Borough of Hammersmith and Fulham Council. Nicholas Holgate, Town Clerk, The Royal Borough of Kensington and Chelsea. Charlie Parker, Chief Executive, Westminster City Council.					Capital Programme. Local Codes of Corporate Governance, constitutions and schemes of delegation. Officers codes of conduct. Shared Health and Safety Service between the Royal Borough of Kensington and Chelsea and London Borough of Hammersmith and Fulham Council. Shared Services Incident reporting on-line software. Shared Services training software, Workrite. Legislative changes are adopted and reflected in amendments to the Councils constitutions and budgets allocated through a unified business and financial planning process. Amey now manage a number of statutory and regulatory procedural and record management processes. Statutory returns to, for example, the Food Standards Agency, Health and Safety Executive.									Internal Audit of Organisational Health and Safety undertaken. Internal Audit of LBHF gas safety arrangements undertaken. Corporate Safety Team business plan and audit programme established. Departmental and statutory Corporate Safety committee established and meeting regularly. Regular Health and Safety performance reports to the Executive Management Team. Shared Service Building Compliance Board established.			Reviewed at November Business Delivery Team and Senior Leadership Team, London Borough of Hammersmith and Fulham Capital Programme 2016-2017 to 2018 2019		

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LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	3	3	9	⇒	3	3	9	⇒	3	3	9			November 2016					
9	Standards and delivery of care.					Management controls									Comments			Actions							
	<p>Breach in the standard of delivery of care, caring services and care homes.</p> <p>The Care Act 2014</p> <p>The legal duties and responsibilities of the Local Authority in respect to the protection of children are set out in the Children Act (1989).</p> <p>Child Protection (CP) involves the identification and multi-agency assessment of the care provided to children and young people who may be at risk of harm from their parents or carers, together with the development of a plan to reduce the risk of harm to those children by the coordination and provision of services. Child protection also requires the continuous monitoring of the effectiveness of this plan, and prompt action to seek legal advice to consider the removal of children via the application for a court order in those circumstances where the level of risk cannot be satisfactorily mitigated.</p>					<p>Liz Bruce, Executive Director of Adult Social Care</p> <p>Clare Chamberlain, Interim Executive Director of Childrens Services</p>					<p>Safeguarding Adults Executive Board Annual Report to Committees. Adults Safeguarding Strategy 2016- 2019</p> <p>Multi-Agency-Safeguarding-Hub (MASH), The purpose of a Multi-Agency Safeguarding Hub (MASH) is to gather information from various professionals in order to make a brief assessment of a child and/or a family, or an adult, who is at risk of harm, to ensure their immediate safety and meet their welfare, or care and support needs.</p> <p>Local Safeguarding Children Board (LSCB) Annual Report The publication of such a report is a requirement following statutory guidance.</p> <p>Child Protection Report of the Director of Family Services. Royal Borough of Kensington and Chelsea.</p> <p>Insurance cover in place in the event of a claim for a breach of duty of care. Legislative changes are adopted and reflected in the Councils constitutions. Contract monitoring includes assessment of quality of standards of care. Regular Chartered Institute of Purchasing and Supply meetings brings together commissioners, operational, safeguarding and Care Quality Commission staff to discuss and detect breaches in quality of care. Budget allocation is made through a unified business and financial planning process.</p>									<p>The Safeguarding Adults Executive Board is operating under Schedule 2 of the Care Act 2014, and overseeing the statutory duties of conducting Safeguarding Adult Enquiries (Section 42) and Safeguarding Adults Reviews (Section 44). The Board is required to report on progress on its strategic priorities, and particularly, on the work it has carried out reviewing deaths and serious harm, of people with care and support needs, as a result of abuse and neglect, and where agencies may have worked better together to prevent harm or death.</p> <p>There have been 22 safeguarding alerts raised related to home care provision in RBKC since August 2016; 11 against MiHomecare and another 11 against Mears.</p>			<p>LBHF Service Improvements following Ofsted Inspection of Services for Children in need of help and protection, children in care and care leavers. Report of the Director of Family Services. Ofsted's overall conclusion was that Children's Services in Hammersmith & Fulham are good.</p>		

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LBHF	✓	RBKC	✓	WCC		OFFICER(S)	3	4	12	⇒	3	4	12	⇒	3	3	9			November 2016	
10	Failure of partnerships and major contracts.						Management controls														
	Loss of grant, non-delivery of objectives, service continuity to the client is of primary importance in these cases.				Nigel Pallace, Chief Executive, London Borough of Hammersmith and Fulham Council. Nicholas Holgate, Town Clerk, The Royal Borough of Kensington and Chelsea. Charlie Parker, Chief Executive, Westminster City Council.	<p>Management controls</p> <p>Contract Standing Orders, Regulations and Financial Procedure rules. Directors are responsible for ensuring a contractor's financial viability. Significant Tenderers are to be asked to provide copies of their latest audited accounts or other evidence of their financial standing. For the Royal Borough these should be forwarded to Brookes Bates with an order for the standard report requesting a statement on the tenderer's risk of financial failure, its financial strength and an assessment of whether the candidate is suitable to be awarded the contract. For Hammersmith and Fulham Council the Corporate Finance Team provide this service. All reports should be stored on capitalEsourcing. Contractor liquidity checking through Creditsafe. The Royal Borough have an Organisations in Difficulties Procedure should a Grant aided organisation encounter financial or other pressures. Shared Services Board. The Link Intelligent Client Function (ICF) manages the AMEY Total Facilities Management contract but a London Borough of Hammersmith and Fulham Risk and Compliance Manager has been seconded to review FM functions. Procurement and commissioning is undertaken through CapitalEsourcing software acting as a repository for contract information and providing a workflow for the procurement process. Section 113 agreements under the Local Government Act 1972 for Shared Services have been</p>										<p>Comments</p> <p>LBHF undertake periodic checking of contractors liquidity. Credit safe is now embedded in capitalEsourcing thus enabling the Royal Borough access to credit checking along with WCC. LBHF have served notice to terminate the agreement with the Link for the management of the TFM contract.</p>			<p>Actions</p> <p>Reviewed at November Business Delivery Team and Senior Leadership Team, London Borough of Hammersmith and Fulham</p>		

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LBHF	✓	RBKC	✓	WCC		OFFICER(S)	3	4	12	⇒	3	4	12	⇒	3	3	9				November 2016
11	Increase in complexity of working with partners.						Management controls							Comments			Actions				
	Working with the National Health Services, Clinical Commissioning Groups, Police, General Practitioners., 3BM and Epic CIC Public Service mutuals.				Nigel Pallace, Chief Executive, London Borough of Hammersmith and Fulham Council. Nicholas Holgate, Town Clerk, The Royal Borough of Kensington and Chelsea. Charlie Parker, Chief Executive, Westminster City Council.	<p>Information sharing protocols and agreements.</p> <p>Members scrutiny of partners risk management is undertaken by the Scrutiny Committees at the Royal Borough of Kensington and Chelsea and Policy and Accountability Committees at LBHF.</p> <p>Kensington and Chelsea Joint Health and Wellbeing Strategy 2016-21</p> <p>London Borough of Hammersmith and Fulham Joint Health and Wellbeing Strategy 2016-21</p> <p>North West London Sustainability and Transformation Plan. Sustainability and transformation plans (STPs) were announced in the NHS planning guidance published in December 2015 as a vehicle to support the delivery of the Five Year Forward View. The NHS and local authorities across North West London have agreed to work together to deliver a better health and care system. Patient groups and other stakeholders have been involved in developing the plan. The North West London Plan describes the shared ambition of partners across health and local government to create an integrated health and care system that enables people to live well and be well.</p>							At its meeting in March, the King's Fund Chief Executive Chris Ham facilitated a discussion with the Health and Wellbeing Board about place-based systems of care and the solution they offer to the challenges facing the local health and care system. At that meeting the Health and Wellbeing Board considered the progress made by Health and Wellbeing Boards to date nationally, the changing needs of the Hammersmith & Fulham population and a suggested framework and timeline for refreshing the Joint Health and Wellbeing Strategy in 2016. The Health and Wellbeing Board approved the framework and timeline for a new 5-year strategy.			In January, a time-limited working group was established made up of officers from the Council and Clinical Commissioning Group . Between January and March, the working group supported by health and care commissioners and public health colleagues, undertook a wide-ranging evidence review exercise to understand the nature of need in the borough and identify the health and wellbeing priorities.					

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LBHF	✓	RBKC	✓	WCC		3	4	12	➔	3	4	12	➔	3	3	9			November 2016
12	Decision making and maintaining reputation and service standards.					Management controls							Comments			Actions			
	Corporate Governance of the Council(s); - Pre-determination of policies or contract reviews. - Breach of Officer or Member code of conduct. - Breach of Information Security or Governance or Confidentiality leading to Information Commissioner review. - Ombudsman, Ofsted, External Audit, The Care Quality Commission reviews and reports. - Poor quality data internally or from third parties.				Nigel Pallace Chief Executive, London Borough of Hammersmith and Fulham Council Steve Mair, City Treasurer, Westminster City Council Nicholas Holgate, Town Clerk, The Royal Borough of Kensington and Chelsea.	The Constitution of the Council(s). Annual Governance Statement. Management Assurance Statements. Risk Management arrangements in Services. Feasibility studies and options appraisals. Members induction programme. Capacity building of I.T. and Staff. Business planning and performance management and information. Complaints and compliments reviews reported to Committees.							A review of this years evidence for the Annual Governance Statement 2015 2016 has yet to establish if Services have undertaken a business planning process for 2016 2017. This is applicable for the Royal Borough and for LBHF.			Reviewed at November Business Delivery Team and Senior Leadership Team, London Borough of Hammersmith and Fulham			

SHARED SERVICES RISK REGISTER CORPORATE LEVEL

APPENDIX 4

Review date 23/11/16

Ref	RISK				Assigned To	Residual risk assessment: Quarter 1 16/17			DOT	Residual risk assessment: Quarter 2 16/17			DOT	Target risk:			Reducing the risk		
	Risk cause and context					Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC		4	4	16	⇒	4	4	16	⇒	3	3	9			November 2016
13	Failure to identify and address internal and external fraud.					Management controls						Comments			Actions				
	Potential exploitation of Managed Services Agresso systems during implementation and towards business as usual delivery. (Links to risk number 7, perceived threats and vulnerabilities in association with Cyber-crime activities) Employee related Tenancy Right to Buy Benefits (Legacy cases) Blue Badge Parking Contract/Procurement				Hitesh Jolapara, Strategic Finance Director, London Borough of Hammersmith and Fulham. Steve Mair, City Treasurer, Westminster City Council Kevin Bartle, Interim Director of Finance, The Royal Borough of Kensington and Chelsea.	The Council's Anti-Fraud and Corruption Strategy is aligned to the national strategy, Fighting Fraud and Corruption Locally. Shared Services Corporate Fraud function. Risk assessment is used to assist in targeting fraud and for workload prioritisation. Fraud Resilience Action Plan 2016/2017. Review of Corporate Anti-Fraud Performance at Management Team meetings. Data Analytics – the service have begun to conduct regular reviews of data using data analytic tools, including Benford's Law trend analysis, to identify areas of potential risk. Whistleblowing policy, Bribery policy, Officer Codes of Conduct. Procurement teams have attended Counter Fraud training. Internal Audit review 2016-2017 of Corporate Anti-Fraud						The Shared Services Corporate Anti-Fraud Service (CAFS) implements a counter fraud and corruption strategy which is supported by a policy framework. Plans and operations are aligned to the strategy and contribute to the overall goal of maintaining resilience to fraud and corruption. The service employ a mixture of reactive and pro-active techniques to combat fraud, including subscription to national initiatives such as the National Fraud Initiative and the National Anti Fraud Network. The service reports regularly to Audit Committees on performance against the counter fraud strategy and the effectiveness of the strategy.			Reviewed at November Business Delivery Team and Senior Leadership Team, London Borough of Hammersmith and Fulham The Corporate Anti Fraud Service have designed and created an e-learning programme. Once fully complete, the range of courses will include "identity document checking" and "general fraud awareness", as well as more focused courses aimed at specific departments or pay grades - for example, "anti-bribery and corruption", "internal controls" and "tenancy fraud".				

SHARED SERVICES RISK REGISTER CORPORATE LEVEL

APPENDIX 4

Review date 23/11/16

Ref	RISK				Assigned To	Residual risk assessment: Quarter 1 16/17			DOT	Residual risk assessment: Quarter 2 16/17			DOT	Target risk:			Reducing the risk		
	Risk cause and context					Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC		3	3	9	➔	3	3	9	➔	1	3	3			November 2016
14	Change in management of schools.					Management controls						Comments			Actions				
	Relationship and accountabilities of academies. Managing the potential of Fraud in schools. Managing statutory responsibilities. Safeguarding responsibilities.				Jan Heggs, Director of Schools, Quality and Standards	AMEY/Link now provide some statutory compliance services for schools. Ofsted inspection is currently taking place covering The Royal Borough, LBHF and WCC. Children's Services Capital Programme, Schools General Maintenance Programme.						Safeguarding in all schools is the subject of a great deal of attention by the Children's Services Department and overseen by the Local Safeguarding Board. They in turn are inspected by Ofsted.			Reviewed at November Business Delivery Team and Senior Leadership Team, London Borough of Hammersmith and Fulham Capital Programme 2016-2017 to 2018 2019				

SHARED SERVICES RISK REGISTER CORPORATE LEVEL

APPENDIX 4

Review date 23/11/16

Ref	RISK				Assigned To	Residual risk assessment: Quarter 1 16/17			DOT	Residual risk assessment: Quarter 2 16/17			DOT	Target risk:			Reducing the risk		
	Risk cause and context					Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC		4	4	16	➔	4	4	16	➔	3	3	9			November 2016
15	Managed Services					<u>Management controls</u>						<u>Comments</u>			<u>Actions</u>				

SHARED SERVICES RISK REGISTER CORPORATE LEVEL

APPENDIX 4

Review date 23/11/16

Ref	RISK	Assigned To	Residual risk assessment: Quarter 1 16/17				DOT	Residual risk assessment: Quarter 2 16/17				DOT	Target risk:			Reducing the risk		
	Risk cause and context		Likelihood	Impact	Overall	Likelihood		Impact	Overall	Likelihood	Impact		Overall	Management comments on measures.	Planned action(s)	Date / in place		
	Financial and Human Resources Managed Services Systems	Senior Responsible Officer Nigel Pallace, Chief Executive Sponsors Hitesh Jolapara, Strategic Finance Director, Debbie Morris Bi-borough Director of Human Resources. London Borough of Hammersmith and Fulham	London Borough of Hammersmith and Fulham, Update reports have been provided to the Finance & Delivery Policy & Accountability Committee and Audit, Pensions and Standards Committee. Royal Borough of Kensington and Chelsea. Update reports are provided to the Audit and Transparency Committee. Programme Stabilisation Plan. Intelligent Client Function.											Planned Internal Audit Programme of Key Financial Systems to take place in 2017 2018. HR – Recruitment & Selection HR: Absence Management MS: Intelligent Client Function MS: Budgetary Control and Financial Management MS: General Ledger MS: Income Management MS: Benefits Management MS: Payroll MS: Accounts Payable MS: Accounts Receivable VAT IT Audit -: MS Systems Development Lifecycle (IT) MS: Organisational Structure MS: Manual payments MS: Journals				

SHARED SERVICES RISK REGISTER CORPORATE LEVEL

APPENDIX 4

Review date 23/11/16

Ref	RISK Risk cause and context	Assigned To	Residual risk assessment: Quarter 1 16/17			DOT	Residual risk assessment: Quarter 2 16/17			DOT	Target risk:			Reducing the risk		
			Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place

* Risk number 16 is a LBHF Sovereign risk

LBHF	✓	RBKC	WCC	OFFICER(S)	3	3	9	↓	3	3	9	⇒	3	3	9	Comments	Actions	November 2016						
16																								
		Housing Stock Transfer			Management controls																			
		<p>The Residents' Commission on Council Housing's report was published on Tuesday 3 November 2015 at the Economic Regeneration, Housing and the Arts Policy and Accountability Committee (PAC). Following this, the Cabinet received a report from Officers on Monday 7 December 2015 setting out the Commission's recommendations and setting out the next steps for a transfer of the council's housing stock to a new not-for-profit, resident-led, locally based housing association for the borough constituted on the Community Gateway model. The report was approved in full and Officers have been instructed to develop a business case and Offer for transfer.</p>			<p>Kathleen Corbett, Director for Finance & Resources & Joint Lead Director for Housing</p>			<p>Governance - A Programme Management Office was established for the Strategic Housing Stock Options Appraisal (SHSOA) phase of the Strategic Stock Transfer Programme with a dedicated team. The programme and governance controls utilised during the first phase have been rolled forward and a new Programme Brief was approved by the Programme Board in January 2016. Governance of the appraisal phase received substantial assurance in the November 2015 internal audit.</p> <p>Contracts for the External Advisers have been rolled forward except for the Financial and Funding Consultant who is being re-procured. Budgetary and governance controls for the new phase have commenced.</p> <p>Communications and Consultation Strategy</p> <p>The structure of the Programme Management Office was expanded to include a Project Manager dedicated to the development and implementation of an expanded Communication and Consultation Strategy. As part of consultation a H&F Residents' Housing Advisory Group (RHAG) with members of the Residents' Commission has been established to develop recommendations relating to the governance structure for the new landlord and the recruitment package for the Shadow Board.</p> <p>Development of the Business Case</p> <p>A series of work streams have been developed ready for approval by the February Programme Board. Each work stream will examine the not only the impact on the Council of a potential transfer to a new landlord as a whole but also Housing Services, corporate services and its contractors. Various data auditing and collection work streams have also been developed.</p>												<p>Given the significant changes in the external environment over the last year as a result of changes made by Central Government a review of the programme is currently underway with Members focusing on financial viability.</p>				

Key to Risk Rating		
Score	16-25	RED - High risk - immediate
Score	11-15	AMBER - Medium risk, review controls.
Score	1-10	GREEN- Low risk, monitor and if the risk escalates check controls.

Score	Key	Action
16-25	Red	High risk, immediate management action is required.
11-15	Amber	Medium risk, review controls for appropriateness and effectiveness
1-10	Green	Low risk, monitor and if escalates quickly check controls

ADULT SOCIAL CARE SERVICES RISK REGISTER DASHBOARD

APPENDIX 5
Review date 23/11/16

Ref	RISK						Inherent risk assessment:			Residual risk assessment: Quarter 1 2016 2017				Residual risk assessment: Quarter 2 2016 2017				Residual risk assessment: Quarter 3 2016 2017				Target risk:			Reducing the risk		
							Assigned To	Likelihood	Impact	Overall	Likelihood	Impact	Overall	DOT	Likelihood	Impact	Overall	DOT	Likelihood	Impact	Overall	DOT	Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)
	Risk cause and context	Assigned To	Likelihood	Impact	Overall	Likelihood	Impact	Overall	DOT	Likelihood	Impact	Overall	DOT	Likelihood	Impact	Overall	DOT	Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place				
ADULT SOCIAL CARE Leadership Team Risks																											
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	4	16	⇒	4	4	16	⇒	4	4	16	⇒	3	3	9			
1	<p>Reduction in budget and/or increase in demand due to demographic pressures is over and above the planned levels.</p> <p>Nationally in the current financial year there is considered to be a funding gap for adult social care of £3bn. Through the Medium Term Financial Strategy efficiencies and savings have already made in recent years as the resources available for social care have significantly reduced. There is a risk that further savings which will be required will make it very difficult to meet the needs of the increasing numbers of disabled and older people. As a result of demographic changes the Council is already supporting greater numbers of adults with care needs, further an increasing proportion of this group have very complex needs who would previously have been supported more by health services. [Strategic Risk]</p>						Prakash Daryanani, Interim Director of Finance and Resources	<p>Management controls</p> <p>Further change our service model to put a greater focus on short term, re-abling, interventions to help people regain skills and look after themselves for longer delaying the need for social and health care; through both the Customer Journey programme where we are refining our approach to reablement as part of the integrated Community Independence Service and; Develop a new Commissioning Strategy which is exploring different mechanisms to resource and commission services in the future using 'care pathways' and different procurement models; Manage resource planning through the Department of Health, Association of Directors of Adult Social Services network and Local Government Association in relation to the Care Act; Pursue opportunities to develop more integrated and closer working with health colleagues, through initiatives such as the Better Care Fund and Whole Systems Programme. This includes the use of some health resources to fund some of the additional demand for home care as a result of these programmes. Careful negotiation and management with corporate teams regarding transformation and savings opportunities for the next medium term (2017-2020); a plan that balances continued ambition with feasibility will be required and a strategy for managing increasing risks associated with the need to build bold assumptions into budgets. Continued careful monitoring and recovery work on home care overspend pressures. The designated Review Board for this risk is the Adult's Leadership Team and will be reviewed quarterly. Work is well underway to set out future opportunities, detailed business cases and risks associated with the next medium term and progress is reviewed through the Portfolio Strategy Delivery Group on a monthly basis. [Independence Assurance and Controls through Internal Audit and Financial Management]</p>															<p>Comments</p> <p>Although balanced budgets were largely achieved in 2015 2016 the risk environment increases each year. Specific risks associated with the Care Act are reduced following impact assessment undertaken for 2015 2016 and confirmation of continued Department of Health funding for 2016/17</p>			Finalise forward Departmental Strategy and Borough Transformation and Savings Plans (2017-2020)	November 2016
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	3	4	12	⇒	3	4	12	⇒	4	4	16	↓	3	3	9			
2	<p>Complexity of change programmes in Adult Social Care and the National Health Service.</p> <p>The three core change programmes in Adult Social Services (Customer Journey, Commissioning and Whole Systems Integration) are very complex and there are risks arising from inter-dependencies, misalignment of projects and double counting of benefits. There are also risks of slippage due to the need for significant leadership, management capacity and additional programme resources to deliver. There are also risks of delays in decision making due to complex bureaucracy. [Strategic Risk]</p>						Prakash Daryanani, Interim Director of Finance and Resources	<p>Management controls</p> <p>Continued strong governance and portfolio management with a focus on delivery of intended benefits. The Customer Journey programme restructure is now close to completion and delivery of required key changes to services is underway. Commissioning programme has now defined the tactical priorities for delivery in 2016 2017 and is close to completing the definition stage of a three year transformation programme. Whole systems programme is developing at pace through the Sustainability and Transformation Planning Process. Associated controls for risk 1 relating to the definition and agreement of future transformation and savings. [Independence assurance nad controls through Internal Audit and Corporate Change Assurance]</p>															<p>Comments</p> <p>The mid year review of transformation delivery in 2016/17 was reported to the virtual August SSB meeting. Increased risk level in Q3 reflects the nature of savings requirements and assumptions that underpin future transformation and savings plans.</p>			Complete definition and proof of concept stages of the next phase of Transformation work in order to improve assurance and reduce risk.	November 2016
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	3	5	15	0	0	0	New	2	4	8	↓	3	4	12	↓	2	3	6			
3	<p>Risk to continuity of health funding associated with CCG financial health including overspend.</p> <p>CCG budgets are under increasing pressure with increasing risks and actual overspends to deal with. There is a risk that reactive action will be taken to reduce funding for jointly funded services including contributions to section 75 pooled budgets or continuing health care funding with cost pressures being shunted to ASC [Strategic Risk]</p>						Liz Bruce, Executive Director	<p>Management controls</p> <p>Early identification and discussion at key meetings including the JET. Terms, conditions and notice periods written into S75 agreements. Impact assessment work undertaken to show impact on demand and costs for the health and social care system. Discussion and contingency planning through Joint Executive Team and associated joint governance structures with health. [Independent Assurance and Controls through Internal Audit and Corporate Finance]</p>															<p>Comments</p> <p>This risk was added to the register in Q2</p>			Risk to be carefully monitored and managed through the Joint Executive Team (JET)	November 2016

LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	3	4	12	↑	3	4	12	→	3	4	12	→	3	3	9					
4							<p>Continuing impact of the Care Act on demand and costs are uncertain.</p> <p>Management controls</p> <p>Comments</p>																						
						Martin Calleja, Head of Transformation	<p>Further change our service model to put a greater focus on short term, re-abling, interventions to help people regain skills and look after themselves for longer delaying the need for social and health care; through both the Customer Journey programme where we are refining our approach to reablement as part of the integrated Community Independence Service and Manage resource planning through the Department of Health, Adult Social Services network and Local Government Association network and Local Government Association in relation to the Care Act.</p> <p>Quarterly review of impact and progress in delivering the Care Act consolidation plan for 2016/17</p>																				Whilst increased demands were met through available grant funding in 2015 2016 and this is expected in 2016 2017 there continues to be a lack of clarity from National Government about the continuity of available funding and national test cases could have significant implications on demands.	The designated Review function is the Portfolio Delivery Steering Group and impact will be reviewed quarterly.	November 2016
5							<p>Risk of exposure to judicial challenge resulting from the Care Act reforms and lack of clarity in the regulations and guidance.</p> <p>Management controls</p> <p>Comments</p>																						
						Kevin Beale, Principal Solicitor (Social Care and Education), Legal - Social Care and Education	<p>Lobby the Department of Health through the regional the Association of Directors of Adult Social Services about any concerns or issues resulting from the final publication of the Care Act regulations and guidance in October.</p> <p>Learn from the Case Law, as it arises nationally post April 2015. Our legal team are working with the London Lawyers Group to monitor specific issues related to the Care Act Guidance.</p> <p>There are some parts of the guidance that are ambiguous and therefore require close contact with the Department of Health if any Judicial Reviews are upheld.</p> <p>Quarterly review of impact and progress in delivering the Care Act consolidation plan for 2016/17</p> <p>[Independence assurance and controls through legal services]</p>																				The risk rating was reduced following the impact assessment of 2015 2016.	The designated Review Board for this risk is the Adult's Leadership Team and will be reviewed quarterly.	November 2016
6							<p>Complexity of geographical boundaries for developing integrated services could lead to inconsistent Multi Disciplinary Team service designs in local Clinical Commissioning Groups.</p> <p>Management controls</p> <p>Comments</p>																						
						Chris Neal, Whole Systems Lead.	<p>Ensure positive engagement with Whole Systems Early Adopters design processes by operational Heads of Service.</p> <p>Adult Social Care Community Independence Service, Hospital Discharge and long term social work teams all part of Customer Journey redesign.</p> <p>New Whole Systems Adult Social Care Director is fully involved in the Sustainability and Transformation planning process.</p> <p>Full participation in the development of the Governance and Delivery Structure for the new 5 year Sustainability and Transformation Plan</p> <p>[Independent Assurance and Controls through Internal Audit]</p>																				Sustainability and Transformation Plan delivery and governance structure is now being developed which should set out the approach for managing down this risk.	The designated Review Board for this risk is the Adult's Leadership Team and will be reviewed quarterly.	November 2016
7							<p>Scale of Customer Journey Change including staff reductions and underlying staff performance and productivity issues represent a major risk to performance in 2016 2017.</p> <p>Management controls</p> <p>Comments</p>																						
						Matthew Castle, Customer Journey Programme Manager	<p>Programme management arrangements including focus on top priorities for more efficient working, Information Technology work stream and contingency planning.</p> <p>Internal audit of programme management arrangements in 2015 provided a substantial assurance rating. Audit of controls to assure delivery of the Target Operating Model will take place in November 2016.</p> <p>Controls associated with risk 7</p>																				Risk rating was reduced in Q2 following completion of restructure and continued work to bed down the target operating model.	The designated Review Board for this risk is the Customer Journey and Performance Board	November 2016

LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	3	12	↑	4	3	12	⇒	4	3	12	⇒	3	3	9			
8	Reducing customer and carer satisfaction including self-reported outcomes. Scale of change around frontline and provider services and greater emphasis on time limited interventions and reablement, may lead to reduced satisfaction of some customers, especially those who have been supported for some time. This could lead to poorer outcomes for customers and reputational risk to the Council. [Strategic Risk]						Liz Bruce, Executive Director	Management controls Ongoing communications strategy and plan which informs residents of changes in the approach to health and social care services locally. Closely analysing all customer and carer feedback, including that through complaints and the statutory user and carer surveys and using this to help inform planning and work to improve satisfaction. Redesigning frontline social work services in the Customer Journey project, based on the 'Customer Voice' research which identified what was important to people who use our services. Exploring more, new opportunities for co-production and design of new services with customers and carers to ensure their needs and ideas are central to our approach. A performance board was established through 2015/16 to support an improved focus on improving key performance measures including satisfaction. Quarterly accountability meetings now take place that will provide continued scrutiny and support.															Comments Improvement in Q1 is associated with an improving picture on performance across a number of Key Performance Indicators and a re-appraisal of risk ratings in this area.		The designated Review Board for this risk is the Adult's Leadership Team and will be reviewed quarterly supported by borough based accountability review meetings.	November 2016	
9	Workforce risks around morale, change fatigue, recruitment and retention and complexity of three borough working. THE 2015 Adult Social Care Peer review highlighted a significant recruitment and retention risk across London for social care staff. Locally there is a risk that this is exacerbated as terms and conditions are not as competitive as some authorities elsewhere. Additionally there is significant change fatigue across the Adult Social Care Shared Service and the added complexity of working across three boroughs. The consequences could be increasing recruitment problems and difficulty holding onto the most able staff at a time of service change. [Strategic Risk]						Martin Calleja, Head of Transformation	Management controls Established a Workforce Board which is overseeing a Adult Social Care Workforce Plan. Exploring alternative ways to reward staff, for example through tailored development programmes. Improved internal staff communications from the senior management team by the use of blogs, team meetings and through the Tri-Angles staff newsletter. Using the results of the Your Voice survey to address service, team and staff concerns. Key change programmes have dedicated learning and development plans attached to them i.e. Customer Journey, Commissioning review and home care implementation. Specific recruitment issues have arisen as part of the implementation of the Commissioning review and specific short and medium term measures have been put in place to manage them. [Independent Assurance and Controls through Corporate HR Management]															Comments Movement reflects no change to overall satisfaction ratings between 2014 and 2015 and a mixed position on change in 2016.		The designated Review Board for this risk is the Workforce Board and will be reviewed quarterly. Finalise revised Workforce Development Strategy and Delivery Plan	November 2016	
10	Continuing challenges recruiting and retaining high quality commissioning officers - compromising capability and capacity to transform services and monitor contracts. The procurement team are responsible for managing 250 contracts. Alongside that they are scheduled to carry out a large number of procurements. Further there is an increasing level of strategic and transformation work that now needs to be delivered at pace and scale. This means there are dual risks that the transformation work will not be delivered and some high value contracts are not being monitored effectively and some contracts are not being monitored at all. [Strategic Risk]						Sherifah Scott, Head of Commercial Innovation and Insight	Management controls A Managing Supplier Performance Framework has been developed which sets out a framework for the amount of contract monitoring resource to be allocated to each contract, thus ensuring that the highest risk/highest value/lowest performing contracts are monitored appropriately. Commissioning review will better combine contract management with service development and commissioning enabling a more holistic approach and address capacity issues. Commissioning Plan will look at new models of procurement to reduce the amount of contracts directly required monitoring etc. Delivery of restructure and good progress made in filling vacancies over the last period. Commissioning workforce development plan in place to support development and retention including National Graduate Development Programme. Steps are now being taken to appoint a strategic partner that can quickly enhance capacity where required to further manage down this risk.															Comments Risk is reduced following progress made in recruiting to key posts in Q2 and steps taken to assure capacity for residual level of vacancies.		Regular reviews at the Adults Social Care Contracts and Commissioning Board meetings, every two weeks.	November 2016	
11	Fragility of the market, including recruitment and retention challenges, puts the availability and quality of services. The Adult Social Care market is fragile and there is a risk that it is not able to develop in the ways we will require in the future to meet local need; there is significant risk of market failure. This could result in significant unmet need and higher dependency levels of customers making it more difficult to achieve savings. In the event of provider failure the Council will need to form contingency plans in order to meet the needs of vulnerable residents in a timely and safe manner. [Strategic Risk]						Paul Rackham, Head of Commissioning, Prevention, Mary Dalton Head of Commissioning Complex Needs - Young People	Management controls Market Management Strategy as set out in our Market Position Statement that details our future commissioning intentions and direction of travel. This includes our commitment to the national minimum and the London Living Wage. Pursue new commissioning opportunities including development of long term strategic partners and Direct Payments by choice. Engaging with providers and undertaking more market warming exercises in particular through forums. Provider failure and service interruption policy in place. [Independent Assurance and Controls through Corporate Procurement]															Comments This is a continued risk with significant live issues being managed in the areas of home care and residential care services.		Regular reviews at the Adults Social Care Contracts and Commissioning Board meetings, every two weeks.	November 2016	

LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	3	4	12	↑	3	4	12	→	3	4	12	→	3	3	9			
12							<p>There is a risk of poor quality service provision in care homes where the Council has spot purchased beds.</p> <p><u>Management controls</u></p> <p>At present there is significant spend with a number of residential/nursing care providers with no block contract in place, only individual contracts relating to the care for the customer. As a result we are not able to impact the quality of the overall home, over and above the work undertaken by operations at the time of placement and on annual review, due to no formal contractual relationship being in place. [Operational Risk]</p> <p>John Lillstone, Head of Commercial Innovation and Insight</p> <p>The placement review function is now situated within the placement and brokerage team and the review process has been redesigned so that Officers also pick up information about the home which is then fed back to the brokerage and review team. There are a number of homes identified to be moved onto a block contract based on the number of customers. The Commissioning Review will create more resources to focus on this area and ensure monitoring work effectively links in with operations. Placement Board to be re-established to identify and resolve issues as they arise. Regular meeting involves the Care Quality Commission and focuses on homes where they are quality and safety concerns.</p> <p><u>Comments</u></p> <p>Regular reviews at the Adults Social Care Contracts and Commissioning Board meetings, every two weeks.</p> <p>November 2016</p>																				
13							5	4	20	4	3	12	↑	4	3	12	→	4	3	12	→	2	2	4			
							<p>New Home Care Providers do not deliver against key requirements including pace of transition and capability to deliver the reablement and hybrid working aspects of the specification.</p> <p><u>Management controls</u></p> <p>New model of home care has personal support planning and re-enabling elements. Contract mobilisation required transition at pace with dependencies on recruitment and retention for providers. These are key to achieving efficiencies and improved outcomes. [Strategic and Operational Risk]</p> <p>Ben Gladstone, Senior, Head of Complex Needs, Older People.</p> <p>Partnership working between local authority and new providers. Reprofitting delivery time frames to deal with live issues that have emerged, full delivery time will now be 1 year after the original plan. Support training and development of care workers with Learning and Organisational Development supporting this. Recovery plans agreed and monitored where there are significant quality issues that need to be resolved.</p> <p>[Independent Assurance and Controls through Corporate Procurement]</p> <p><u>Comments</u></p> <p>Homecare Board meets on a monthly basis. Outcome based reablement pilot will be delivered by early 2017 to support mainstream delivery by April 2017.</p> <p>November 2016</p>																				
14							5	5	25	4	3	12	↑	4	3	12	→	4	3	12	→	1	1	1			
							<p>Risks arising from the Managed Services Programme implementation.</p> <p><u>Management controls</u></p> <p>Continuing to experience risks arising from a difficult implementation of the Managed Services Programme. In addition to some problems around payment to suppliers, there are also significant issues around the accuracy of staff information which have resulted in some staff getting incorrectly paid and lack of clarity about leave arrangements. This situation if not resolved could have a significant impact on end of year accounts and financial controls. [Operational Risk]</p> <p>Prakash Daryanani, Interim Director of Finance and Resources</p> <p>The Adult Social Care, Public Health finance and commissioning managers have been where necessary arranging for ad-hoc emergency payments to be made to the smaller and more vulnerable providers and suppliers. Some legacy systems have been retained (e.g. Abacus) to minimise the impact on customers and charging. Working with Human Resources to improve staffing information on Agresso. Continue to lobby Corporate for more training and technical solutions.</p> <p>[Independent Assurance and Controls through Corporate IT]</p> <p><u>Comments</u></p> <p>The designated Review Board for this risk is the Adult's Leadership Team and will be reviewed quarterly.</p> <p>November 2016</p>																				
15							3	5	15	3	5	15	→	3	5	15	→	3	5	15	→	1	1	1			
							<p>Dual IT. systems in Mental Health Services / no interoperability/ poor IT. hardware / systems access and IT support for the specific needs of Mental Health services.</p> <p><u>Management controls</u></p> <p>Significant challenges with IT. systems within Mental Health partnerships with two different IT. systems being used. Difficult to get whole picture, difficult to get accurate management information, impact on practitioners efficiency having to use two different systems for accessing and recording information. Wide group of stakeholders key group being staff and customers. Particularly difficult re: West London Mental Health Trust. [Operational Risk]</p> <p>Brian Vallis, Head of Business Services</p> <p>Define minimum core mental health dataset for social care system (Framework) to support Managed Services Programme, operational and strategic information needs. Negotiate with West London Mental Health Trust around provision of data and achieving improvements in data quality. Support for use of Agresso to ensure providers receive payment.</p> <p>[Independent Assurance and Controls through Corporate IT]</p> <p><u>Comments</u></p> <p>Senior Leadership Team to review risk in May 2016 following an Internal review of the risk management process in the department</p> <p>November 2016</p>																				

LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	3	4	12	↑	3	4	12	⇒	3	4	12	⇒	1	1	1					
16							<p>Required priority for Mental Health Services will not be secured with the Clinical Commissioning Group leading to a lack of integrated and coherent partnership approach to mental health commissioning.</p> <p><u>Management controls</u></p>																				<u>Comments</u>		
						Paul Rackham, Head of Commissioning, Prevention Pauline Mason Service Development Project Manager.	<p>Executive Management oversight of mental health priorities through Whole Systems Review process. Senior Management ownership of mental health priorities through mental health integrated plan and mental health programme board. Clear identification of work areas and clarification about which organisation will lead following transition. Adult Social Care Mental Health Commissioner now in place to provide capacity around day services and develop work on shared strategic priorities. Further liaison with Clinical Commissioning Groups to improve co-ordination.</p>																					Regular reviews at the Adults Social Care Contracts and Commissioning Board meetings, every two weeks.	November 2016
						A risk that joint commissioning priorities will be lost or subjected to the wider National Health Service agenda. This might impact on the Local Authority ability to deliver an integrated offer to individuals with mental health needs resulting in an increased pressure on social care, housing, employment and benefit agencies. [Strategic Risk]																							
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	5	20	3	5	15	⇒	3	5	15	⇒	3	5	15	⇒	1	1	1					
17							<p>Challenges and risks associated with developing Information Technology collaboration tools to support three borough working and partnerships with the National Health Service.</p> <p><u>Management controls</u></p>																				<u>Comments</u>		
						Brian Vallis, Head of Business Services	<p>Actively lobbying corporate Information Technology. Piloting system solutions (e.g. SYSONE) to support joint operational working with the National Health Service. Exploring greater use of mobile technology. Engaged with North West London Clinical Commissioning Groups in developing North West London data warehouse to provide strategic capability and support development of whole systems working and evaluation.</p>																				Despite good progress in delivery in 2015 2016 the risk environment remains high given scale of ambition for one Adult Social Care department and Whole Systems agendas.	Information Technology Board	November 2016
						It is challenging to work across three boroughs despite there being a number of freely available pieces of software to share calendars, files and information (for example Huddle, Media Fire, Doodle). We are also working very closely with Health Partners in delivering the Better Care fund. There are currently no workable file sharing applications which we can use to facilitate this work. This will effect staff and customers. Ultimately the inability to keep up with technology will reflect on the services we provide. From both an operational and strategic perspective the use of multi case management systems across the National Health Service and Social Care creates particular risks. [Operational Risk]																							
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	5	5	25	2	4	8	⇒	2	4	8	⇒	2	4	8	⇒	1	1	1					
18							<p>Safeguarding risks</p> <p><u>Management controls</u></p>																				<u>Comments</u>		
						Helen Banham, Strategic Lead Professional Standards and Safeguarding.	<p>Robust safeguarding processes in place in operational and provider services and partner organisations. Regular auditing and Quality Assessment of processes and measuring effectiveness reporting to Safeguarding Adults Board. Chartered Institute of Purchasing and Suppliers meeting includes Care Quality Commission and regular discussions about quality and safety of providers. [Independent Assurance and Controls through Safeguarding Board]</p>																				There is a continuing level of risk that requires close and careful management.	The designated Review Board for this risk is the Adult's Leadership Team and will be reviewed quarterly. Annual review report sets out learning and improvement priorities.	November 2016
						Risk of serious safeguarding incident, death or serious injury of vulnerable residents [Strategic and Operational Risk]																							

LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	2	8	⇒	4	2	8	⇒	4	2	8	⇒	3	3	9												
19							4	4	16	4	2	8	⇒	4	2	8	⇒	4	2	8	⇒	3	3	9												
Deprivation of Liberty Safeguards applications continue to rise and the resources to process them remain fixed. Management controls							Comments																													
As a result of the Care Act in Quarter 1 2014 2015 99 applications were received. In Quarter 1 2015 2016 there were 264. At the end of Quarter 1 2015 2016 151 applications have been assessed (57% applications received). A risk of legal challenge for unauthorised detentions remains. Community Deprivation of Liberty Safeguards applications are being scoped and applications to the Court of Protection made. [Operational Risk]							Helen Banham, Strategic Lead, Professional Standards and Safeguarding							Priorities for assessment (e.g. urgent referrals where the person may be objecting) are determined using the Department of Health, Association of Directors of Adult Social Services guidelines. The risk of legal challenge is low as all authorities are in the same situation. Adult Social Care are making submissions to the Law Commission review of the Deprivation of Liberty Safeguards. A system to ensure deaths in the Deprivation of Liberty Safeguards are notified to the Coroners is in place. Community Deprivation of Liberty Safeguards requiring authorisation in the Court of Protection is being scoped and applications made. There is ongoing monitoring and review of required resources. [Independent Assurance and Controls through Internal Audit]																Risk review has concluded this is a live issue and contingencies are in place to meet escalating needs.			The designated Review Board for this risk is the Adult's Leadership Team and will be reviewed quarterly.			November 2016
20							4	4	16	2	4	8	⇒	2	4	8	⇒	2	4	8	⇒	1	1	1												
Risk to the quality and continuity of provided services as a result of a failure of major third party/partner relationships to provide facilities management and infrastructure. Management controls							Comments																													
Risk that provided services do not meet quality standards adversely affecting customer satisfaction and personal outcomes and risking reputation. [Operational Risk]							Kevin Williamson, Head of Provided Services							Effective monitoring of the contracts at very level. Effective contract Service Level Agreement specifications from the outset, with partners and third parties properly understanding the service need. Robust plans and partnership arrangements. All stakeholders working to ensure effective relationships built and maintained (including internal partners such as Assessment Teams)																The risk has been managed to a low level.			Provided Services Board.			November 2016
Key to Risk Rating																																				
Score		16-25		RED - High risk - immediate management action required.																																
Score		11-15		AMBER - Medium risk, review controls.																																
Score		1-10		GREEN- Low risk, monitor and if the risk escalates check controls.																																
ARCHIVED RISKS																																				
19							4	4	16	4	4	16	⇒	4	4	16	⇒	0	0	0	↑	3	3	9												
Operational services do not achieve the level of change to head Management controls							Comments																													
Insufficient change in practice risks the efficiency savings not being realised and targets missed. Associated risk that Information and Communication Technology changes aren't delivered in time to support the practice changes.							Matthew Castle Programme Manager							Staff changes are factored into the Customer Journey programme at all stages with clear staff engagement and expression of what the future will look like. Dedicated Information Technology work stream established in Customer Journey programme. It is recommended that this risk is now closed with residual aspects managed through risk 15																Reviewed as part of the Customer Journey Programme			Senior Leadership Team to review risk in May 2016 following an Internal review of the risk management process in the department			March 2016
Internal Audit of Change and Target Operating Model			Jan 2017																																	
20							4	4	16	3	4	12	↓	3	4	12	⇒			0	↑	1	1	1												
Fundamental change to the way that home care providers deliver Management controls							Comments																													
New model of home care has personal support planning and re enabling elements. These are key to achieving efficiencies and improved outcomes.							Ben Gladstone, Head of Complex Needs Older People							Partnership working between local authority and new providers. Support training and development of care workers Learning & Organisational Development supporting this. It is recommended that this risk is now aligned to risk 16																Reviewed as part of Home Care			Senior Leadership Team to review risk in May 2016 following an Internal review of the risk management process in the department			March 2016
Internal Audit of Change and Target Operating Model			Jan 2017																																	
21							3	4	12	3	4	12	↓	3	4	12	⇒			0	↑	3	3	9												
There is a risk that new providers are not able to mobilise Management controls							Comments																													
If this risk materialises, then this will slow down transfer of customers on new contract							Ben Gladstone, Head of Complex Needs, Older People							Robust implementation plan including built-in contingency plan and risk rating of new providers. Extension of time frame for delivering the Home Care Programme by 1 year. It is recommended that this risk is now aligned to risk 16																Reviewed as part of Home Care			Senior Leadership Team to review risk in May 2016 following an Internal review of the risk management process in the department			March 2016

Score	Key	Action
16-25	Red	High risk, immediate management action is required.
11-15	Amber	Medium risk, review controls for appropriateness and effectiveness
1-10	Green	Low risk, monitor and if escalates quickly check controls

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place	
CHILDRENS SERVICES																							
LBHF	✓	RBKC	✓	WCC		4	5	20	3	4	12	⇒	3	4	12	⇒	3	3	9				
1	If serious harm comes to a child or young person to whom we have a duty of care for, then the Council and/ or partner agencies could be seen to be at fault.					<u>Management controls</u>															<u>Comments</u>		
Page 178	Potential injury to a client. Reputational harm.				Clare Chamberlain, Interim Executive Director, Childrens Services, Director of Family Services for Royal Borough of Kensington and Chelsea, Steve Miley Director of Family Services for London Borough of Hammersmith & Fulham Debbie Raymond/Angela Flahive Head of Combined Safeguarding, Review and Quality Assurance Service	Family Services Directors manage the risk within their departments and ensure controls are in place so that no serious harm comes to a child or young person. Employees have enhanced Disclosure Barring Service checks. Ongoing Safety, Reliability and Quality Assurance and Local Safeguarding Childrens Board activities to ensure quality assurance. Review lessons learnt from cases and ensure appropriate local safeguarding training is given to staff. Co-ordinated responses in an event of an incident (inc. with corporate teams such as media and comms) eg. managing media and public exposure																Keep risk under review	August 2016

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC		3	4	12	3	4	12	⇒	3	4	12	⇒	3	3	9			
2	If Looked after Children numbers start to rise, due to increase in Unaccompanied Asylum Seekers (UASC)					Management controls										Comments						
	There will be an increasing demand for placements. In addition, even without a rise in overall numbers, ongoing or even increased demand for high cost placements, particularly for adolescents, will put pressure on placements budget. Financial overspend				Clare Chamberlain, Interim Executive Director, Childrens Services, Director of Family Services for Royal Borough of Kensington and Chelsea, Steve Miley Director of Family Services for London Borough of Hammersmith & Fulham	The Assistant Director of Shared Services Looked After Children/ Care Leavers will drive forward work within the Shared Service. Review of current Unaccompanied Asylum Seekers costs for all three councils including breakdown of how these costs are made up (care, care leavers etc) A Looked after Children tracker and financial placements models in place to monitor numbers, need and cost. Looked after Children numbers are monitored against national trend.										Keep risk under review					August 2016	
LBHF	✓	RBKC	✓	WCC		3	4	12	3	4	12	⇒	3	4	12	⇒	3	3	9			
	If staff morale is low, then this may impact on service delivery and people leaving.					Management controls										Comments						
	Failure to meet the needs and expectations of our customers and politicians Failure to meet the needs of the service- Staff may leave				Clare Chamberlain, Interim Executive Director, Childrens Services and Senior Leadership team.	There is no single corporate solution however, there are opportunities to look at this at individual directorate/ service level. On-going staff engagement and consultation should take place and suitable handover and knowledge sharing opportunities should take place before exit. Workforce Strategy in place.										Specific areas: 1. If pay, terms and conditions are not comparable for staff from different boroughs completing equivalent roles, then this may have negative impact 2. If workforce anxiety about on-going changes to services, people may leave 3. If workforce is reduced, then this reduces capacity/ capability to deliver change.					Keep risk under review	August 2016

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall	Likelihood		Impact	Overall	Likelihood	Impact		Overall	Management comments on measures.	Planned action(s)	Date / in place		
LBHF	✓	RBKC	✓	WCC		3	4	12	3	4	12	⇒	3	4	12	⇒	3	3	9	RISK CLOSED				
4	Failure to align public health priorities to support improved outcomes for children and their families					Management controls											Comments							
	We may not be able to exploit the benefits of public health investment which may impact on delivering services. Failure to meet the needs and expectations of our customers and politicians				Rachel Wright-Turner Shared Services Director of Commissioning (Children's Services)	Ensure regular engagement takes place between colleagues in health services and colleagues across the department.													March 2016					
LBHF	✓	RBKC	✓	WCC		4	4	16	3	4	12	⇒	3	4	12	⇒	3	3	9					
5	The changing relationship with schools; we need to ensure effective financial standards and processes are in place in all schools.					Management controls											Comments							
	Failure to meet the needs of the school, Reputational harm				Dave McNamara Shared Services Director of Finance and Resources	Review and develop the Scheme for Financing Schools across the tri borough to incorporate the funding, procurement and legislative changes. Review the findings of Audit reports to develop and target training at areas of concern and weaknesses in the operation of financial processes within schools.												Keep risk under review	August 2016					
LBHF	✓	RBKC	✓	WCC		4	4	16	3	4	12	⇒	3	4	12	⇒	3	3	9	RISK CLOSED				
6	Commissioning and Procurement approach					Management controls											Comments							
	If we do not carry out processes properly (including ensure 'sovereignty' implications) then there is a risk of challenge. Business as Usual but also in projects across the Children's Department. Reputational harm Financial				Rachel Wright-Turner Tri-borough Director of Commissioning (Childrens Services)	Ensure that we understand the complexity and timescales of the procurement process and that sufficient time is planned in to undertake the procurement process with robust governance. Where required, inclusion of appropriate 'Sovereign' legal advice. Appropriate level of customer engagement.												Reviewed by the Senior Leadership Team 03 March 2016.	March 2016					

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall	Likelihood		Impact	Overall	Likelihood	Impact		Overall	Management comments on measures.	Planned action(s)	Date / in place		
LBHF	✓	RBKC	✓	WCC		5	5	25	3	4	12	⇒	3	4	12	⇒	3	3	9	RISK CLOSED				
7	<p style="background-color: yellow;">If current improvements in the delivery of Passenger Transport Contracts, Travel Care and Support are not sustained, then this will impact on service users.</p>					<p><u>Management controls</u></p>															<p><u>Comments</u></p>			
	<p>Service failure – Children not transported safely Failure to meet the needs and expectations of our customers and politicians. Savings not realised</p>				Rachel Wright-Turner Tri-borough Director of Commissioning (Childrens Services)	<p>Clear performance monitoring and contract management in place. Robust remedial action taken when required. Clear governance arrangements in place. Report by exception to Senior Leadership Team and other governance boards when required. Specific risk log to be implemented. Specific implementation of service development and improvement plan.</p>															<p>Reviewed by the Senior Leadership Team 03 March 2016.</p>			March 2016
LBHF	✓	RBKC	✓	WCC		5	4	20	4	4	16	⇒	4	4	16	⇒	3	3	9					
Page 181	<p>If Managed Services/Agresso is unable to provide Human Resources and Finance services (e.g. Starters and Leavers, payment to suppliers, etc) then the ability for the department to deliver an effective service will be reduced.</p>					<p><u>Management controls</u></p>															<p><u>Comments</u></p>			
	<p>Failure to deliver service as suppliers/customers not paid Failure to deliver a statutory service Reputational harm</p>				Clare Chamberlain, Interim Executive Director and Senior Leadership team.	<p>Human Resource / Finance issues reported to BT. Escalation process in place for issues reported to BT and not resolved. Escalate Human Resource issues to Stephen Wood. Escalate Finance issues to Alex Pygram and Caroline Baxter. Work to ensure organisation structure accurate underway with delivery expected by end of August (Retained Finance and Human Resources joint working to deliver) A Service Impact Risk Assessment carried out.</p>															<p>Keep risk under review</p>			August 2016

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall	Likelihood		Impact	Overall	Likelihood	Impact		Overall	Management comments on measures.	Planned action(s)	Date / in place		
LBHF	✓	RBKC	✓	WCC		4	4	16	3	4	12	→	3	4	12	→	3	3	9					
9	The delivery of further Financial Savings may distract from core business activities, with the risk of service failure.					Management controls															Comments			
	Failure to meet the needs and expectations of our customers and politicians Failure to deliver a statutory service				Andrew Christie, Executive Director Childrens Services and Senior Leadership team.	Use of financial planning process to identify risks associated with any savings proposals and to ensure that they are achievable Ensure full Impact Assessment of any savings proposals. Effective planning for the delivery of savings.															Keep risk under review August 2016			
LBHF	✓	RBKC	✓	WCC		5	4	20	3	4	12	→	3	4	12	→	3	3	9	RISK CLOSED				
10	The Director of Children's Services has announced his retirement.					Management controls															Comments			
Page 182	Loss of strategic knowledge and relationships Reputational Harm				Andrew Christie, Executive Director Childrens Services and Senior Leadership team.	The three Councils have confirmed arrangements. The post was advertised in January 2016. A recruitment process is underway. Interregnum arrangements will be put in place for the departure of Andrew Christie and before the start date of the new Director of Children's Services.															New risk Reviewed by the Senior Leadership Team 03 March 2016. March 2016			
LBHF	✓	RBKC	✓	WCC		4	4	16	3	4	12	→	4	4	16	↓	3	3	9					
11	Commissioning capacity pressures					Management controls															Comments			
	Recruitment timescales expected to require six to nine months to reach service establishment, vacant posts in key commissioning roles; funding variations between boroughs resulting in variable capacity and demand pressures arising from additional transformation projects and programmes.				Rachel Wright-Turner Shared Services Director of Commissioning (Childrens Services)	Recruitment has gone well. Significant change and transformational programme requires additional capacity. Options being explained and discussed with Chief Executives and Town Clerk at RBKC.															Customer and Client risk Keep risk under review August 2016			
LBHF	✓	RBKC	✓	WCC		4	4	16			0	↑	4	3	12	↑	3	3	9	New risk				
	Customer Complaints					Management controls															Comments			
	The service is under pressure to consistently monitor and meet the deadlines associated with the different statutory processes that it covers. Risks include a significant increase in the volumen of cases; challenges around the conflicting delman of handling several functions across differeng case management systems for three authorities; inaccurate data around open and closed cases and				Rachel Wright-Turner Shared Services Director of Commissioning (Childrens Services)	Review of the operating model used to be conducted the scope of which will include; The capability and capacity of the service to meet increased demand, including the efficient use of resources; routes by which work is delivered in to the service; management information and performance monitoring systems Focus on clearing the existing backlog of cases to allow for shift uptake of new cases Ensure system is in place to cover colleagues when sickness and leave occurs Work to recruit to posts on a permanent basis rather than interim.															Customer and Client risk Keep risk under review August 2016			

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall	Likelihood		Impact	Overall	Likelihood	Impact		Overall	Management comments on measures.	Planned action(s)	Date / in place		
CHILDRENS SERVICES PROJECTS																								
LBHF	✓	RBKC	✓	WCC		5	4	20	3	4	12	⇒	3	4	12	⇒	3	3	9	New risk				
12	Negative impact on each authority if the changes required from the new Children and Families Act are not adequately delivered.					<u>Management controls</u>												<u>Comments</u>						
	Recruitment timescales expected to require six to nine months to reach service establishment, vacant posts in key commissioning roles; funding variations between boroughs resulting in variable capacity and demand pressures arising from additional transformation projects and programmes.				Ian Heggs, Director of Schools, Quality and Standards	Children's and Families Act Executive Board and programme governance in place. Board actively manages high level risks. Multi- Agency resource allocation panel in place to support and moderate decision making/give oversight to high cost placements and joint commissioning. Working with parents via the Parents Reference Group. Full communications and workforce development plan being rolled out across agencies. Key risk remains the capacity to deliver assessments to the 20 week timescale.																Reviewed by the Senior Leadership Team 03 March 2016.	March 2016	
LBHF	✓	RBKC	✓	WCC		4	4	16	3	4	12	⇒	3	4	12	⇒	3	3	9	New risk				
Page 183	If the delivery of a single Information and Community Services Solution is not feasible or is significantly delayed then this will have a significant impact on several projects and services.					<u>Management controls</u>												<u>Comments</u>						
	Failure to meet the needs of the service Failure to deliver projects on time No savings realised				Rachel Wright-Turner Tri-borough Director of Commissioning (Childrens Services)	The Senior Leadership Team have agreed to a requirements capture approach, target for sign off in early 2016. A representative from Corporate Information and Communications Technology attend Strategy Board. The project is monitored through Portfolio Board on a monthly basis.																Reviewed by the Senior Leadership Team 03 March 2016.	March 2016	
LBHF	✓	RBKC	✓	WCC		3	4	12	3	4	12	⇒	3	4	12	⇒	3	3	9					
14	If Academy conversions processes are not completed on time then this will be a negative impact on each authority.					<u>Management controls</u>												<u>Comments</u>						
	Failure to deliver improvements and/or changes on time.				Ian Heggs, Director of Schools, Quality and Standards	Monitoring report to each Local Authority's Schools Capital Programme Board to highlight risks as necessary.																Keep risk under review	August 2016	

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall	Likelihood		Impact	Overall	Likelihood	Impact		Overall	Management comments on measures.	Planned action(s)	Date / in place		
LBHF	✓	RBKC	✓	WCC		3	4	12	3	4	12	⇒	3	4	12	⇒	3	3	9					
15	Two year old offer. Failure in statutory duty to provide sufficient places to meet local need, or to support target parents to take up places.					<u>Management controls</u>										<u>Comments</u>								
	Each Council could fail in its forthcoming statutory duty to provide sufficient places. Harm to the reputation of the service. Childcare sufficiency and 30 hours free childcare entitlement for working parents of 3-4 year olds. Failure in legal duty to make provision available, and to work with providers to ensure that there are sufficient places available to meet local need or to support target parents to take up places.				Rachel Wright-Turner Shared Services Director of Commissioning (Childrens Services)	With new initiatives imminent; a paper is being written and will be discussed at Senior Leadership Team. Capital funding for further expansion is being focused on the schools sector. Steering group in place. Three working groups who are overseeing workstreams.										Economic and Financial risk.			Keep risk under review	August 2016				
LBHF	✓	RBKC		WCC		3	4	12	3	4	12	⇒	3	4	12	⇒	3	3	9					
	LBHF Transformation proposals for targeted and universal services (Level 1 to 3). Inability to re-shape services to meet community expectations within available resources.					<u>Management controls</u>										<u>Comments</u>								
	Lack of buy-in from stakeholders and partners. Reputational harm . Savings not realised.				Rachel Wright-Turner Shared Services Director of Commissioning (Childrens Services)	Communication and engagement plan in place. Consultation to take place. Senior Management oversight when project reported monthly by exception to Senior Leadership Team. Councillor oversight through Scrutiny Committee. Engagement with Public Health and Clinical Commissioning Groups in co-design and joint commissioning.										Political and Policy risk			Keep risk under review	August 2016				

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APPENDIX 5

Review date 23/11/16

Ref	RISK				Assigned To	Inherent risk assessment:			Residual risk assessment: Quarter 1 2016 2017			DOT	Residual risk assessment: Quarter 2 2016 2017			DOT	Target risk:			Reducing the risk		
	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC		3	5	15	3	5	15	⇒	3	5	15	⇒	3	3	9			
17	<p>Focus on Practice Programme - The Programme fails to deliver the planned benefits including the Looked After Children numbers and those on Child Protection Plans.</p>					<p><u>Management controls</u></p>										<p><u>Comments</u></p>						
	<p>Programme does not deliver on its objectives. Reputational harm. Reduction in referrals, Looked After Children numbers.</p>				<p>Clare Chamberlain, Director of Family Services for Royal Borough of Kensington and Chelsea, Steve Miley Director of Family Services for London Borough of Hammersmith & Fulham</p>	<p>Focus on Practice Programme Board actively managing risks and monthly report by exception to Childrens Senior Leadership Team via the Portfolio Board. Focus on Practice Programme Board working group across all aspects of the project. Engaging members, service users, staff and other stakeholders. Cost delivery and benefits realisation plans being developed. Focus on Practice will be marked as completed from 1July 2016 (date of last programme board meeting) Feedback on our PIP proposal from the Department for Education is imminent, including detail on whether it has been accepted and, if yes, the extent of funding we will be in receipt of. The bid is currentt sat with Ministers. Once in receipt of this information risk ratings can be established for the new programme.</p>										<p>Political and Policy risk Reviewed by the Senior Leadership Team 03 March 2016. March 2016</p>						

Score	Key	Action
16-25	Red	High risk, immediate management action is required.
11-15	Amber	Medium risk, review controls for appropriateness and effectiveness
1-10	Green	Low risk, monitor and if escalates quickly check controls

HF PROCUREMENT SERVICES RISK REGISTER DASHBOARD

APPENDIX 5
Review date 23/11/16

Ref	RISK		Assigned To		Inherent risk assessment:			Residual risk assessment: Quarter 1			DOT	Residual risk assessment: Quarter 2			DOT	Target risk:			Reducing the risk		
	Risk cause and context				Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Management control measures, planned action(s)	Date / in place

h&f PROCUREMENT

Strategic risks

LBHF	✓	RBKC		WCC				4	5	20	3	4	12	↑	3	3	9	↑	3	3	9	Comments		
1	Impact on the Commissioning and Procurement of Services and Contract with the introduction of the National Living Wage in April 2016, and the Council's policy of adopting a London Living Wage.				Management controls																			
	Potential increases in cost of delivering services, smaller firms may lose staff impacting on quality and performance.				John Francis and Alan Parry, Joint Interim Heads of Procurement			<p>New Home Care Services report Health, Adult Social Care and Social Inclusion Policy and Accountability Committee 14th September, 2015. The Committee received a report on the contract awards for new Home Care Services for people who met Adult Social Care eligibility criteria in Hammersmith & Fulham. The developments, particularly the payment of the London Living Wage and the provision of work force training, which would provide benefits in recruitment and retention, were welcomed.</p> <p>2016-2017 Budget risk assessed a £300k Integrated Care, Social Care Cost risk in the Adult Social Care Budget report.</p> <p>There is no evidence relating to the impact of the National Living Wage or the London Living Wage on cost of delivering services by service providers at LBHF. (August 2016). The Council regularly checks financial liquidity of organisations with whom it contracts to ascertain if they start to encounter financial difficulties.</p> <p>LBHF Living Wage Foundation accreditation 2016.</p>																
LBHF	✓	RBKC		WCC				4	5	20	3	4	12	→	3	4	12	→	2	2	4	Comments		
2	Impact on the lead into and implementation of a Housing Stock Transfer.				Management controls																			
	Potential transfer of responsibilities to an autonomous organisation and the impact on residual contracts.				John Francis and Alan Parry, Joint Interim Heads of Procurement			<p>Corporate Procurement and Legal teams have advised and support Housing throughout the whole process and in the procurement of any external consultancy expertise required. Contracts and Services that support the Housing Service have been identified and have been recorded with the Programme. Meetings have been held with those service lines potentially affected.</p>																

LBHF	✓	RBKC	WCC	4	5	20	3	4	12	↑	3	3	9	↑	3	3	9	Comments					
3				Failure to establish clear and agreed commissioning and procurement plans by Services. Management controls																			
				Direct Awards, poor performance and quality services. Policy directives are not fulfilled.	John Francis and Alan Parry, Joint Interim Heads of Procurement	Radical changes to Contract Standing Orders/procurement governance requirements (to improve visibility, transparency and the efficiency of procurement decision-making) came into effect 4th July 2016. During August the Corporate Procurement Team arranged 5 workshops at which over 80 people attended. These were designed to elaborate on the new arrangements, and the expectations from Members on the what needs to be addressed in the Procurement Strategy. From 4th July 2016, no new procurement activity above £100k (with few exceptions such as placements for vulnerable children and adults, and energy) is permitted under Contract Standing Orders to proceed to market without first having had its business case and procurement strategy approved by full Cabinet. This change was approved by full Council on 27th January 2016 and has been actively communicated and disseminated to and within all service departments. Given pre-Cabinet governance requirements, any procurement activity planned between 4th July and 5th September 2016 will have been required to have its procurement strategy cleared by Business Board on or before 29th May if it is to proceed (or have its strategy agreed by a Leader's Urgent Decision). A Procurement forward plan with covering report has been developed by the Corporate Procurement Team and shared with Business Delivery Team and the Senior Leadership Team. ASC Commissioning and Contracts Board have signed off Commissioning Plans for 2017 2018. CHS Commissioning and Contracts Board have maintained Commissioning Planning Records for 2016 2017. Service commissioning strategies are developed on a case by case basis and an annual service	There have been a number of Direct Awards reported to Business Delivery Board in the period. Additionally there remain unresolved issues concerning the Planned Maintenance Contract in Housing.		November 2016														
Operational risks																							
LBHF	✓	RBKC	WCC	4	5	20	3	4	12	↑	3	4	12	⇒	2	2	4	Comments					
4				Non-compliance with Councils Contract Standing Orders. Management controls																			
				Potential breach of local policy eg. Delivering Social Value and best possible quality services to the local taxpayer.	John Francis and Alan Parry, Joint Interim Heads of Procurement	See Risk Ref 3 above. From 4th July 2016 the Contract Standing Orders require prior Cabinet approval for all tendering exercises in excess of £100,000 to be signed off as a Key Decision.	Revised Contract Standing Orders will mitigate this risk. See 3 above. A Social Value Benefits tracker may be useful to establish in service departments alongside other key metrics.	No new controls envisaged until the Contract Standing Orders have been bedded in	November 2016														
LBHF	✓	RBKC	WCC	4	5	20	3	4	12	↑	2	4	8	↑	2	2	4	Comments					
5				Management and control of Contractor's Health and Safety and Health and Safety deliverables under contract. Management controls																			
				Potential breach of the Health and Safety Act and criminal prosecution. Death or Injury due to a poorly managed or specified contract.	John Francis and Alan Parry, Joint Interim Heads of Procurement	The Shared Services arrangements require departments to use the Contractors' Health & Safety (CHAS) Scheme (or equivalent) as the standard for all works & service contracts, as a condition of contract. The CHAS Scheme carries out a regular assessment of contractors or service providers to ensure that they comply with statutory requirements. A Facilities Management review is taking place, undertaken by the Corporate Property Service, to ascertain if appropriate statutory compliance and inspections are being carried out.	Once the contract has been awarded the Corporate Procurement Team no longer is responsible for monitoring the awarded contract. This becomes the responsibility of the client department and the contract manager, who must as part of the regularly monitoring arrangements ensure that the annual assessment is carried out by the CHAS Scheme Service.	Client departments and contract managers must be directed to carry out regular assessments to ensure that CHAS Scheme assessments (or equivalent) are regularly monitored.	November 2016														

LBHF	✓	RBKC	WCC	4	5	20	3	4	12	↑	2	4	8	↑	2	2	4	Comments					
6																		Potential of Fraud in commissioning and procuring services.					
																		Management controls					
																		Internal or external fraud may result in poorer service delivery, increased cost and prosecution.	John Francis and Alan Parry, Joint Interim Heads of Procurement	Potential for fraudulent activity has diminished since 2007 with the use of e-tendering systems. Opportunities are published and tenders are received electronically which makes the scope for fraudulent activity during the tendering process highly unlikely. There is separation in the responsibility of commissioners and procuring officers and those with budget management and control responsibilities. Council spend is recorded in the Agresso system and Procurement undertaken through the capitalEsourcing system The Counter Fraud Service have in their Fraud Resilience Action Plans , quarter 4 to: Deliver an e-Learning fraud awareness course – design & rollout. Course to include; • Red flags • Conflicts of interest • Bribery Act • Declarations of interest • Gifts and hospitality • Fraud risks and indicators • Internal controls	Internal or external fraudulent activity may occur where departments, for whatever reason, decide to make direct awards to an incumbent rather than seeking new tenders through an e-tendering exercise.	Each direct award needs to be robustly challenged using an independent officer from outside the service area proposing the arrangement. To mandate all departments to using the provisions of Regulation 84 of the Public Contracts Regulations (even where the PCRs do not apply) to record details of all aspects of the commissioning and tendering arrangements may go some way to mitigate the risk.	November 2016
7																		Failure of a significant contractor.					
																		Management controls					
																		May result in service interruption or delay in a critical service, harm, death or injury in safeguarding contracts.	John Francis and Alan Parry, Joint Interim Heads of Procurement	Regular monitoring of contractor using CreditSafe to identify the potential failure of a significant contractor. The alert system provides an early warning that a contractor may be in financial difficulty and allow the Council to plan for such a contingency. Following an alert the Service Department can form their own internal Service Resilience response team to co-ordinate a response or contact the Business Continuity Manager to trigger a Corporate Response	In this period there has been intelligence about the following service providers; Mlie - Profit Warning Box-it - High credit risk rating CITAS - notice of ceased trading. 3BM Schools Windows Replacement Programme Contract Award - confirmation of mitigations being sought from 3BM	No new management controls at this stage planned.	November 2016
8																		Poor specification of a contract.					
																		Management controls					
																		Increased cost of running the contract and poor performance.	John Francis and Alan Parry, Joint Interim Heads of Procurement	Standardised approach to specification already embedded as part of pro-formas available to Service Review Teams and potential contract managers. The new control from 1 July 2016 is to produce a business case for all procurement with an estimated value exceeding £100,000 that must be signed off as a key decision by the Cabinet. The business case must include details of the contents of the specification.	H&F's revised Contract Standing Orders that took effect on 1 July 2016 focussed attention on the contents of specifications. There will also be the aim of using the provisions contained in the Public Contracts Regulations 2015 to undertake soft market testing prior to the publication of the opportunity.		November 2016
9																		Data protection and Freedom of Information Act issues have not been					
																		Management controls					
																		Inadequate controls and agreements between client and contractor resulting in poor outcomes and/or intervention by the Information Commissioner. Costs of the service may increase due to unclear or wrong data provided.	John Francis and Alan Parry (Procurement aspects only)	The relevant procurement controls are set out in Contract Standing Orders and in templates available on the e-tendering system. All council staff are required to undertake the mandatory information management and Data Protection Training. Netconsent has been rolled out to LBHF so that staff have to acknowledge they have read, understood and agreed to the Councils policies.	Within a devolved procurement environment project officers need to comply with the information available. There is also a new financial penalty that can be imposed by the Office of the Information Commissioner.	Currently no plans for further procurement related controls. However, there are regular reviews of Contract Standing Orders.	November 2016

Score	Key	Action
16-25	Red	High risk, immediate management action is required.
11-15	Amber	Medium risk, review controls for appropriateness and effectiveness
1-10	Green	Low risk, monitor and if escalates quickly check controls

BUSINESS CONTINUITY RISK REGISTER DASHBOARD

APPENDIX 5
Review date 23/11/16

Ref	RISK			Assigned To	Inherent risk assessment:			Residual risk assessment: Quarter 1			DOT	Residual risk assessment: Quarter 2			DOT	Target risk:			Reducing the risk					
	Risk cause and context				Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place			
LBHF	✓	RBKC	✓	WCC		5	4	20	3	4	12	↑	3	4	12	⇒	2	3	6					
Page 189	1	Unplanned IT and telecom outages.			Ben Denton, Interim Chief Information Officer Westminster City Council and the Royal Borough of Kensington and Chelsea, Veronica Barella Interim Chief Information Officer the London Borough of Hammersmith and Fulham, Barry Goodall Support Unit Manager and Russell Hookway, Network and Telecommunications Manager	Management controls															Comments			
	A further class of risks relate not to deliberate sabotage or carelessness as such, but to the difficulties of maintaining a complex technology and communications infrastructure. Services have become hugely reliant on computers and technology in order to operate, and the loss of internal systems or of website functionality can mean customers do not receive the help they need or vital revenue is lost. Alternatively, IT systems failure or damage coupled with a lack of disaster recovery planning could mean vital data or software is erased, destroyed or distorted. Telecommunications – loss of telephones, fax, internet, email, Electronic data interchange etc.			<p>Management controls</p> <p>RBKC - Hard copy contact lists of emergency numbers and documents are available in the LINK team zone and issued to LINK staff members. All managers and deputies keep out of hours contact details at home for their team and managers. Royal Borough pool laptops are available from the IT helpdesk extension 2000, First Floor Kensington Town Hall. Telecoms are one pipeline connection across main sites to be replaced with a new Agilisys based contract. Additionally the council also has mobile phone technology through O2.</p> <p>LBHF - IT disaster recover plan. Some services have developed local workarounds however local arrangements are less common as a result of restrictions with saving information to USB or CDs. Priority 1 and 2 Services Service Continuity Plans emphasise the need for Resilience for IT disruptions.</p>															<p>Corporate Services Capital Programme 2016/2017 - 2018/2019. Pembroke Road back up Data Centre Replacement. Plans to redevelop the Pembroke Road site will result in the need to provide an alternate site for a Data Centre.</p> <p>Replacement of two storage area networks, one at the Town Hall and one for Disaster Recovery situated at Pembroke Road with newer modern storage area networks.</p> <p>Shared Services telephony and Mobile Phone replacements</p>			<p>Corporate Services Capital Programme 2016/2017 - 2018/2019. Additional electrical power, cooling and uninterrupted power supply protection for Kensington Town Hall and Pembroke Road Data Centres. Purchase and implementation of data storage management software that acts as an archive and retrieval system. Information and Communications Technology Digital Customer Services, Infrastructure Revisions, Remote Access projects. Out of warranty hardware (servers) replacement programme - One</p>		
LBHF	✓	RBKC	✓	WCC		5	4	20	4	4	16	↑	4	4	16	⇒	3	3	9					
2	Cyber attack - Denial of Service				Management controls															Comments				

	<p>The threat of malicious attacks, hacking, malware such as worms, trojan horses, spyware and adware. Denial of service attacks by saturating computer systems with a large number of communication requests. This risk is driven by increase in reliance of technology to be better connected and to make more use of data.</p>	<p>Ben Denton, Interim Chief Information Officer Westminster City Council and the Royal Borough of Kensington and Chelsea, Veronica Barella Interim Chief Information Officer the London Borough of Hammersmith and Fulham</p>	<p>RBKC Double layer perimeter Firewalls. Data backed up on a number of different servers, one at Pembroke Road and one at Kensington Town Hall then transition onto BT servers. RBKC will be moving onto Cloud systems.</p> <p>HFBP / RBKC Firewall controls. Disabled PC ports and encrypted USB sticks. Users guidance for internet use, and file transfer. Open Systems Interconnection (OSI) model in-built integrity, confidentiality and availability controls (CIA) at all levels.</p>	<p>Firewalls, encryption and data backup provisions are obvious first steps in reducing cyber risk. However, it is a mistake to think that because we are dealing with technology risks, the answer is to simply fight them with more technology. In fact, effective prevention is as much about processes and education.</p>	<p>Meeting required with Valerie Benmehirize, Information Security Manager at RBKC to discuss Technical Controls.</p> <p>Item will be discussed at the next LBHF Service Resilience Group Meeting in October</p>	<p>October 2016</p>
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LBHF	RBKC	✓	WCC	OFFICER(S)	5	4	20	4	3	12	↑	4	3	12	→	2	2	4			
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3	Data Breach processing 'Information' risks.				Management controls												Comments		
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Page 190	<p>Data processing risks – loss of equipment, data, communications, documentation, key staff</p> <p>One data breach can be catastrophic. There have been some major breaches that have cost companies involved dearly (Target, Sony, Ashley Madison, TalkTalk) and the fines, resulting loss of customer confidence, and ongoing brand reputational issues can haunt organisation for years. The new EU General Data Protection Regulations will increase fines, allow class-action lawsuits and demand that regulators are informed.</p>	<p>Ciara Shimidzu, Head of Information, Strategy and Projects, London Borough of Hammersmith and Fulham, Fatima Zohra Corporate Information Manager, Westminster City Council, Valerie Benmehirize Information Security Manager The Royal Borough of Kensington and Chelsea</p>	<p>Removable media control - Implementing a solution for controlling the use of removable media devices such as USB sticks, MP3 Players and digital cameras. This work supports the UK Government Connect Secure Extranet, network access.</p> <p>Implementation of NETConsent at LBHF</p>	<p>Every services cache of data is constantly increasing; information on products and pricing, prospects and customers, employees and business partners – there seems to be no end to the confidential information entrusted to employees that needs to be controlled and managed. Managers need to trust IT to deploy the security measures required, but with constant IT innovation, even IT is sometimes behind the users' demand for new methods and more innovative applications. One of these is the use of</p>	<p>Meeting required with Valerie Benmehirize, Information Security Manager at RBKC to discuss Technical Controls.</p>	<p>October 2016</p>
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LBHF	RBKC	✓	WCC	OFFICER(S)	5	5	25	3	3	9	↑	3	3	9	→	2	2	4			
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4	Adverse weather				Management controls												Comments		
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	Storms, floods, heatwaves, snow and ice.	Richard Egan (Interim Director of Corporate Property), Laura Johnson Director of Housing, Royal Borough of Kensington and Chelsea, Nilavra Mukerji Director of Housing Services, Maureen McDonald Khan Director of Corporate Property Services, London Borough of Hammersmith and Fulham	Chelsea Creek flood defence. Emergency Planning and Testing of Plans. Sustainable Drainage Systems (SuDs). National Planning Guidance Flood and Water Management Act 2010 The Flood and Water Management Act 2010 places significantly greater responsibility on Local Authorities to manage and lead on local flooding issues. The Act and Regulations together set out the requirements and targets Local Authorities need to meet, including: - Taking an active role leading flood risk management - Cooperating with other relevant authorities to manage local flood risk. - Setting a duty to investigate flood incidents and report upon them. - Maintaining an 'Asset Register' of assets that have a significant influence on local flood risk. - Designating 'features' that have a significant influence on local flood risk. - Regulating works on 'ordinary watercourses'. - Developing and implementing Local Flood Risk Management Strategies (LFRMS). - Providing support to the LPA, acting as the statutory consultee on the delivery of SuDS techniques where necessary. National Planning Policy Framework (2012) The National Planning Policy Framework was issued in March 2012 and outlines the national policy including on development and flood risk assessment. This replaced with immediate effect national policy including Planning Policy Statement 25 – Development and Flood Risk. The NPPF requires Local Plans to be supported by a Strategic Flood Risk Assessment and develop policies to manage flood risk from all sources. Advice should be sought from the Environment Agency and other relevant flood risk management bodies. Public Health Joint action on Heatwave and Cold Weather Planning.	Strategic Flood Risk Assessment, Royal Borough of Kensington and Chelsea and London Borough of Hammersmith and Fulham 2010. Royal borough Strategic Flood Assessment 2014. London Borough of Hammersmith and Fulham Strategic Flood Risk Assessment Update 2016. Assessment includes: Sewer and Surface Water Flood Risk Groundwater Flood Risk Tidal Flood Risk Future Planning and Development Control, Flood Zone Maps, Breach Modelling.	Corporate Services Capital Programme 2016/2017 - 2018/2019. Chelsea Creek flood defence upgrade.	October 2016
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	Delays to engineering works, failure of boilers and/or central heating plant or electrical installations.	Richard Egan (Interim Director of Corporate Property) ,Royal Borough of Kensington and Chelsea Maureen McDonald Khan, Director for Building and Property Management, London Borough of Hammersmith and Fulham	Corporate Services Capital Programme 2016/2017 - 2018/2019. Kensington Town Hall Engineering Works, to ensure that plant and equipment for Kensington Town Hall is suitable and sufficient for the beneficial use of the buildings including enabling works for other schemes. Hammersmith Town Hall refurbishments	The replacement of old air handling units with a new energy efficient and more environmentally friendly air handling units which will be more reliable. The replacement of old boilers and central heating with new, energy efficient and more environmentally friendly boilers and central heating plant which will be more reliable. The replacement of old aluminium mains cables with a new system of busbars to provide a new electrical mains service infrastructure, incorporating the use of power perfactors.	Corporate Services Capital Programme 2016/2017 - 2018/2019. Kensington Town Hall Works - Air Handling Units, Boilers and Central Heating Plant, Busbars Installation and Chillers. There are 12 lifts within the Kensington Town Hall complex, the majority were refurbished during 2001 - 2003. A major refurbishment is now underway.	October 2016
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HF	✓	RBKC	✓	WCC	OFFICER(S)	5	5	25	2	3	6	↑	4	3	12	↓	2	2	4				
					OFFICER(S)	5	5	25	2	3	6	↑	4	3	12	↓	2	2	4	Health & Safety incident			
					Nick Austin, Bi-borough Director for Environmental Health															HSE investigation denying access to the property, or property evacuation sanctioned by Duty Officer.	145 King Street, Hammersmith. powdery substance used by contractor led to temporary evacuation of the building. Housing and Adult Social Care Staff re-located and investigated concluded the substance as non-hazardous.	Kept under review at Bi-Borough Safety Committee meetings	October 2016
		RBKC	✓	WCC	OFFICER(S)	5	5	25	4	3	12	↑	4	4	16	↓	1	1	1	Act of terrorism			

	Individual act, Organised act, impact on staff, residents, businesses.	Management Board, Hammersmith and Fulham Senior Leadership Team	Gated receptions, barriers, Amey and reception staff training, identification badges, maintenance of key physical security systems, Presentation to Safety Committee on organisation response to terrorism alerts. Insurance cover, £10 million indemnity with £250,000 excess. Zurich Select Policy covers Fire, Lightning, Aircraft, Explosion, Earthquake, Storm, Flood, Malicious Damage including riot or Civil Commotion, Impact and Terrorism. The Council also has a general Contingencies Management Plan and a Office Hubs disruption Management Plan.	Incident noted outside Hammersmith Broadway, controlled explosion of a suspicious package at the Tube Station. Greenwich Tube Station suspicious device identified and controlled explosion undertaken. Joint Terrorism Analysis intelligence.	Tannoy message for alerting staff of a potential terrorist incident.	October 2016
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LBHF	✓	RBKC	✓	WCC	OFFICER(S)	5	5	25	2	3	6	↑	2	3	6	→	2	2	4	Comments		
10					Tasnim Shawkat, Director of Law															<p>Management controls</p> <p>Adult Social Care and Childrens Services Departments provided Policy briefs via the Intranet. Review and updates of the Council's Constitutions.</p>		October 2016

	The building closure programme is having a severe impact on the council's ability to provide alternative sites for a denial of access / devastation of a main service premise. The risk for a large first point of contact service (H&F Advice) to re-locate to an alternative site and continue to deliver the service is severely restricted.	Maureen McDonald Khan, Director for Building and Property Management London Borough of Hammersmith and Fulham, Richard Egan (Interim Director of Corporate Property), Royal Borough of Kensington and Chelsea	Local first point of contact Service Continuity Plans were exercised in 2011. Gaps were identified for the first point of contact activities, background activities could use Smart areas / Lynx. Using RBKC locations is not a viable option due to H&F Advice resident profiles, and the complexity of the work in the service provided. Office Hubs Disruption protocol links with the Incident response plan.	Discussed at June 16 Service Resilience Group Meeting.	Seek 145 King Street as a viable option for a re-location site whilst a decision of the future of point of contact services is made.	October 2016
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LBHF	✓	RBKC	✓	WCC		5	5	25	4	4	16	↑	3	4	12	↑	1	1	1
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14	Delivery of the Business Continuity Programme and	Management controls	Comments			
Page 196	Business Continuity Programme of work. There is a risk that due to organisational change / service delivery drivers, the programme will be watered down leading to various operational compromises - a 50% FTE resource is split across H&F / RBKC that seriously hinders a full and effective capability of meeting the principles in ISO22301. This lean approach has resulted in a recent RBKC BC audit, RBKC IT audit and H&F Supplier Chain audit all with a Limited Assurance rating.	David Page, Bi-borough Director for Safer Neighbourhoods Tony Redpath, Director of Strategy and Local Services, RBKC	H&F Service Resilience Group / RBKC Policy and Performance Unit Contingency Planning Service act as the governing boards. Both Councils have independent sovereign policies recently approved by Management. 3 boroughs operate their normal Business Continuity processes for dealing with incidents. RBKC and h&f have a similar process using Senior Management to dynamically deal with a serious incident along with supporting staff and documentation.	Environmental Services / Policy and Performance Unit to agree appropriate level of resilience required within each Council considering the restraints of the resources and appetite of services departments for service continuity.	RBKC and h&f Business Continuity Managers / Officers have adopted a common approach, WCC is different. Relevant Directors may need to agree a full and comprehensive Shared Services approach.	October 2016
	Business Continuity processes for the					

LBHF	✓	RBKC	✓	WCC		5	5	25	4	3	12	↑	4	3	12	→	1	1	1
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15	Transport disruption	Management controls	Comments		
	Road Works, Sewer Collapses, Water Mains Bursts, Adverse weather, security situation or industrial action severely disrupts transport network and reduces staff attendance to work by up to a 50% for up to a week.	Mahmood Siddiqi, Bi-borough Director of Transport and Highways. Debbie Morris, Bi-borough Director for Human Resources	Services activate continuity plans and prioritise activities. Service Resilience Group LBHF / Corporate Management Board RBKC prioritise services. H&F / RBKC Remote Access (Home Log in) can be increased upto 1000 / 600 concurrent remote uses. Joint planning with Transport for London, Stock piling of road salt and the TMO Estates. Winter Maintenance Schedule prioritise by area all CITA road salting undertaken in collaboration with Highways and Waste Management Services.		October 2016

Key to Risk Rating	
Score	16-25 RED - High risk - immediate management action required.
Score	11-15 AMBER - Medium risk, review controls.
Score	1-10 GREEN- Low risk, monitor and if the risk escalates check controls.

Score	Key	Action
16-25	Red	High risk, immediate management action is required.
11-15	Amber	Medium risk, review controls for appropriateness and effectiveness
1-10	Green	Low risk, monitor and if escalates quickly check controls

ENVIRONMENTAL SERVICES RISK REGISTER DASHBOARD

APPENDIX 5
Review date 23/11/16

Ref	RISK				Assigned To	Inherent risk assessment:			Residual risk assessment: Quarter 1 2016 2017				DOT	Residual risk assessment: Quarter 2 2016 2017				DOT	Target risk:			Reducing the risk			
	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall	Likelihood		Impact	Overall	Likelihood	Impact		Overall	Management comments on measures.	Planned action(s)	Date / in place			
ENVIRONMENTAL SERVICES (Formerly ELRS and TTS)																									
LBHF	✓	RBKC	✓	WCC		3	5	15	2	4	8	➡	2	4	8	⬆	2	4	8	<u>Comments</u>					
1	Failure to meet all new and existing Statutory requirements					<u>Management controls</u>															<u>Legal Risk.</u>				
	Possibility of legal challenge, fine or sanction				All Directors, Lead Director Nick Austin, Bi-borough Director for Environmental Health.	Managers to review legislative framework and update staff as appropriate. Internal Auditing. Match roles to legislation. Training. Legal and other specialist advice taken. Complaint monitoring. Business plans identify new and key existing statutory requirements and contain actions to address. Annual update of Scheme of Delegation. Equalities Impact Analysis in service delivery changes. Equalities Statement included in relevant reports.															All Heads of Service also responsible.			Environmental Services Departmental Management Team Review at Quarter 2 2016 2017	November 2016
LBHF	✓	RBKC	✓	WCC		3	5	15	3	3	9	⬆	3	3	9	➡	3	3	9	<u>Comments</u>					
	Health and Safety breaches affecting staff and others.					<u>Management controls</u>															<u>Human Resource, Contractual, Financial Risks.</u>				
	Injury to members of staff or the public . Liability as employers and managers.				Nick Austin, Bi-borough Director for Environmental Health.	Safety audit, suitable contractor management arrangements, Construction, Design and Management (CDM) controls in place, Maintenance and Inspection schemes underpin the engineering response to risk, Quality Assured processes (including external accreditation) Learning and Development Plans, Ongoing training programme, Established Departmental Health and Safety Committee, Policies and Procedurea, Service Risk Assessments, Guidance issued with respect to cross borough working and duty of care for both sets of employers. Business Continuity Plan in place, Service Resilience Group regulary attended.															Systems, processes and resources are not joined up in the event of a Royal Borough of Kensington and Chelsea and London Borough of Hammersmith and Fulham incident.			Environmental Services Departmental Management Team Review at Quarter 2 2016 2017	November 2016

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ENVIRONMENTAL SERVICES RISK REGISTER DASHBOARD

APPENDIX 5

Review date 23/11/16

Ref	RISK			Assigned To	Inherent risk assessment:			Residual risk assessment: Quarter 1 2016 2017			DOT	Residual risk assessment: Quarter 2 2016 2017			DOT	Target risk:			Reducing the risk			
	Risk cause and context				Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place	
LBHF	✓	RBKC	✓	WCC		4	4	16	2	4	8	→	2	4	8	↑	2	4	8	<u>Comments</u>		
3	Ineffective programme and project management				<u>Management controls</u>												Political, Economic, Technological Risks					
Page 198	Programmes and Projects not delivered to time or budget.			All Directors, Lead Director Nick Austin, Bi-borough Director for Environmental Health.	Regular progress reporting, any corrective action is taken Regular finance monitoring Internal customer feedback Effective governance arrangements in place (programme and project boards and delivery teams) Regular oversight by Parking Programme Management Board Departmental Project Manager Expertise and experience identified and utilised Regular meetings involving Councillor and Finance.												Areas potentially impacted. Joint Parking Office IT Implementation Cashless Parking King Street regeneration (civic accommodation) Accommodation programme Asset Management Strategy Earls Court Regeneration Parks Capital Programme Meeting Climate Change programme targets specific to the Royal Borough of Kensington and Chelsea	Environmental Services Departmental Management Team Review at Quarter 2 2016 2017	November 2016			
	Adverse resource implications (Human resource and Financial). Potential disruption or non delivery of a key service.			Maureen McDonald Khan , Director for Building and Property Management London Borough of Hammersmith and Fulham Mahmood Siddiqi, Bi-Borough Director of Transport & Highways	Contracts in place and part of CapitalEsourcing system. Formal monthly monitoring. Performance monitoring report. Collaborative working. Quality Assurance. Shared Services procurement protocols. Expertise and experience identified and utilised. Service review process will help minimise contract management issues. Withdrawal from the Link and the appointment of London Borough of Hammersmith and Fulham's own client to manage the AMEY contract. Monitor creditsafe reports and fuel debt levels, taking appropriate debt recovery action. Risk assessment conducted within projects. Street Cleaning Tsar (London Borough of Hammersmith and Fulham)												The Link Amey Community Ltd Serco GVA Quadron (IDVERDE) Greenwich Leisure CETA FM Conway Suez	Departmental Management Team review, Quarter 2 2016 2017.	November 2016			
LBHF	✓	RBKC	✓	WCC		4	5	20	2	4	8	↑	2	4	8	→	2	4	8	<u>Comments</u>		
4	Failure to effectively manage significant contracts				<u>Management controls</u>												Professional, Financial, Legal, Human Resources Risks.					

ENVIRONMENTAL SERVICES RISK REGISTER DASHBOARD

APPENDIX 5

Review date 23/11/16

Ref	RISK				Assigned To	Inherent risk assessment:			Residual risk assessment: Quarter 1 2016 2017				DOT	Residual risk assessment: Quarter 2 2016 2017				DOT	Target risk:			Reducing the risk		
	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall	Likelihood		Impact	Overall	Likelihood	Impact		Overall	Management comments on measures.	Planned action(s)	Date / in place		
LBHF	✓	RBKC	✓	WCC		4	4	16	3	3	9	→	3	3	9	↑	2	3	6	<u>Comments</u>				
5	Failure to deliver Medium Term Financial Strategy efficiency savings					<u>Management controls</u>																Financial Risk.		
	ALL Members of the Management Team , Mark Jones Director of Finance and Resources					Regular Medium Term Financial Strategy monitoring by the Departmental Management Team. Regular budget monitoring meetings held by the Director of Finance and Resources with each Director. Project Management. Regular monthly corporate monitoring reports.																Departmental Management Team review, Quarter 2 2016 2017.		November 2016
LBHF	✓	RBKC	✓	WCC		5	4	20	5	3	15	↓	5	3	15	→	3	3	9	<u>Comments</u>				
6	Managing budgets, finance risks and systems.					<u>Management controls</u>																Financial risk		
Page 199	Adverse budget variances and key financial risks.				Mark Jones, Director for Finance and Resources	Regular finance and trading accounts monitoring Work with Planning to secure Community Infrastructure Levy (CIL) and section 106 funds Medium Term Financial Strategy (MTFS) planning process. Parking Control Board.																	Environmental Services Departmental Management Team Review at Quarter 2 2016 2017	November 2016

ENVIRONMENTAL SERVICES RISK REGISTER DASHBOARD

APPENDIX 5
Review date 23/11/16

Ref	RISK				Assigned To	Inherent risk assessment:			Residual risk assessment: Quarter 1 2016 2017			DOT	Residual risk assessment: Quarter 2 2016 2017			DOT	Target risk:			Reducing the risk		
	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC		WCC		3	5	15	3	4	12	→	3	4	12	↑	3	3	9	<u>Comments</u>		
7	Advertising Hoarding income falls					<u>Management controls</u>										Financial Risk.						
	Income budgets not achieved.				Maureen McDonald Khan , Director for Building and Property Management	Regular finance monitoring Medium Term Financial Strategy planning process Review adverse variances and report action plan to Departmental Management Team Exploring further opportunities										Monitor adverse variances, develop action plans to address if required. Consider what we do at the end of the contract in 2017.		Risk is to be reviewed in July 2016 Monitor adverse variances, develop action plans to address if required. Consider what we do at the end of the contract in 2017. Quarterly Department Management Team Review.		November 2016		
LBHF	✓	RBKC		WCC		4	5	20	3	4	12	→	3	4	12	↑	3	3	9	<u>Comments</u>		
Page 200	Risk that the Fulham Coroners Office is not delivering to service KPI's and customers expectations.					<u>Management controls</u>										Political, Legal, Customer risk						
	Impact to the Mortuary process of delivering bodies to funeral parlours within excepted timescales. Reputational risk to the council due to poor service received by residents,				Alistair Ayres, Head of Emergency Services	Complaint to JC10 re: Snior Coroner. Action Plan in palace with Medical Protection Society and Senior Coroner to address service. Second Court to reduce backlog.										Departmental Management Team review Quarter 2 2016 2017		In consultation with Medical Protection Society and Senior Coroner to agrree KPI's for the service, Coroner Officers are all Medical Protection Society Employees.		November 2016		

Key to Risk Rating		
Score	16-25	RED - High risk - immediate management action required.
Score	11-15	AMBER - Medium risk, review controls.
Score	1-10	GREEN- Low risk, monitor and if the risk escalates check controls.

Score	Key	Action
16-25	■ Red	High risk, immediate management action is required.
11-15	■ Amber	Medium risk, review controls for appropriateness and effectiveness
1-10	■ Green	Low risk, monitor and if escalates quickly check controls

LBHF - FINANCE (Corporate Finance, H&F Direct and ICM) RISK REGISTER DASHBOARD

APPENDIX 5

Review date 31/10/16

Ref	RISK				Assigned To (currently managing the risk)	Inherent risk assessment:			Residual risk assessment: Quarter 1			DOT	Residual risk assessment: Quarter 2			DOT	Target risk			Reducing the risk		
	Risk cause and context - indicate if h&f, RBKC or WCC risk					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
Service related risks																						
LBHF	✓	RBKC	WCC	OFFICER(S)	4	4	16	3	3	9	↑	2	3	6	↑	1	2	2				
1	Council Tax, Non National Domestic Rates, Accounts Receivable Balances				Managed Services Programme - Chris Harris	Management controls									Comments							
	Large value and volume of items in suspense accounts, means that customer balances are not fully up to date on the receiving systems and accounts on Agresso. Risk that recovery action will be delayed and ineffective, impacting on recovery rates and permanent loss of income					The Council retains a local unallocated cash allocation function to mitigate risk in this area. Significant effort applied during the 2015/16 year-end process to clear unallocated income was on the whole successful. Unallocated income remains above desired levels but is markedly lower than at the same point last year.									Focus continues to be on allocating accounts receivable balances to better support the debt collection process			Continuation of local allocation function and analytical review	November 2016			
LBHF	✓	RBKC	WCC	OFFICER(S)	5	5	25	3	3	9	↑	2	3	6	↑	1	3	3				
2	Production of sales invoices delayed				Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital	Management controls									Comments							
	Delay in ability to create sales orders / invoices has meant there is a risk that some invoices will now be too late and will not be paid, or will have been forgotten leading to potential loss of income.					The initial position has now improved with a significant amount of billing undertaken since January 2016, however the full impact of the delay (for example increased bad debt provisions) remains to be seen and remains a key risk. There are also a number of ongoing operational/technical difficulties which is preventing smooth running in this area.												Continue to improve processes and controls around establishment of sales products; re-run billing analytical review.	November 2016			
LBHF	✓	RBKC	WCC	OFFICER(S)	4	5	20	3	3	9	↑	3	3	9	→	1	1	1				
3	Payment of suppliers - Cessation of service / supply				Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital	Management controls									Comments							
	Risk that contractors and suppliers may discontinue work. Capital project timelines may be impacted and claims may arise from contractors. Risk of interest and late payment charges also. Invoices appear to be going missing after being sent through to Intelligent Capture. Need to review VAT treatment of manual payments once system has stabilised otherwise risk of incorrect VAT claims resulting in fines and loss of budget.					A transitional Team is in place within the council to help make emergency and manual payments. In general Purchase 2 Pay (P2P) has improved however there are a number of residual operational problems which prevents smooth running in this area.									There is an ongoing stabilisation plan to address the operational issues which continue to affect the smooth running of P2P;			Continue to monitor via the MSP Stabilisation Plan	November 2016			

LBHF	✓	RBKC	WCC	OFFICER(S)	3	3	9	3	3	9	3	3	9	1	3	3						
4					Management controls															Comments		
				Andy Lord, Head of Finance-Budget Planning and Monitoring.	Greater reliance is now placed on Agresso data. Budget monitoring packs are available for managers and training is been rolled out. Supplementary information is used in high risk areas. A net underspend was achieved at the close of 2015/16.															A log is maintained to secure improvements in the budget monitoring packs.	Aim to complete roll out of budget monitoring packs to all managers by November 2016.	November 2016
5					5	5	25	4	5	20	2	4	8	1	4	4						
					Management controls															Comments		
				Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital	Returns are wholly dependent on system generated reports. Mitigation is available to manage partial exemption position but has to be agreed with Her Majesty's Revenue and Custom and is not guaranteed. Estimated returns are having to be made. The ability to do these is for limited duration and may raise concerns within Her Majesty's Revenue and Custom on the council's ability to accurately make returns and payments. Her Majesty's Revenue and Custom representatives were briefed in March 16 and there was a constructive discussion but the risk remains.															The VAT Accountant continues to closely monitor this area		November 2016
6					5	5	25	3	4	12	3	4	12	1	4	4						
					Management controls															Comments		
				Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital	Products on Agresso should be selected where possible to mitigate risk of ordering the wrong thing. Currently unable to view orders on Agresso to allow officers to correctly liaise with suppliers. Product list is unwieldy and officers are finding it difficult to select the correct items. This is a council wide issue but continues to improve with training. A review of the product list is underway. The transitional Accounts payable team continue to provide support in this area which is mitigating risk																Continue to monitor via the MSP Stabilsiation Plan	November 2016
7					4	4	16	3	3	9	3	3	9	1	3	3						
					Management controls															Comments		
				Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital	Staff and Ambassadors are helping others with tasks they are familiar with. E-learning and training has been made available. BT Helpdesk staff, who were initially insufficiently familiar with system and processes to be able to help in many instances, are gradually improving.															Managed Services Programme to be made aware if residual areas of concern.		November 2016

LBHF	✓	RBKC	WCC	OFFICER(S)	4	4	16	3	3	9	↑	2	3	6	↑	1	3	3							
8				Access and Authorisations	Management controls																	Comments			
				Risk that staff are limited in their ability to do their jobs by too rigid access and authorisations rules.	Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital	Access and Authorisations, while still not fully stabilised, has improved significantly since January 2016 - profiles have been rationalised and generally people are now able to access the areas of the system they require.																		Continue to monitor via the MSP Stabilisation Plan	November 2016
9				Access and Authorisations	Management controls																	Comments			
				Financial risk because staff are coding orders etc. to cost centres they have access to rather than where things should go - e.g., loss of specific grant, potential risk of fraud etc.	Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital	Asking for additional access but rigid application of rules is sometimes delaying this being granted. Same as above, this has improved through organisational structure review since January 2016.																		Continue to monitor via the MSP Stabilisation Plan	November 2016

LBHF	✓	RBKC	WCC		4	4	16	3	4	12	↑	2	4	8	↑	1	4	4						
10	Invoices				Management controls																	Comments		
	Risk that invoices are not being captured for processing on the system. Anecdotal evidence that invoices forwarded to Intelligent Capture are not turning up for subsequent processing despite being sent numerous times.	Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital	Even allowing for the known issue of only one invoice per email to Intelligent Capture, there appear to be a number of occasions where invoices don't seem to be coming through. Through better communications with suppliers, the incidences have decreased. However, the underlying risk remains.																		Continue to monitor via the MSP Stabilisation Plan	November 2016		

LBHF	✓	RBKC	WCC		4	4	16	3	3	9	↑	2	3	6	↑	1	3	3						
15					<p>Journal Processing</p> <p>Management controls</p>																	Comments		
					<p>Non availability of Exceleator journal template raises risk of journals not being done in a timely fashion, causing problems with accurate budget forecasting.</p> <p>Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital</p> <p>Workarounds for journal processing are now in place but processing time remains an issue (see risk 12).</p>																		Continue to monitor via the MSP Stabilisation Plan	November 2016
16					5	5	25	4	4	16	↑	4	4	16	→	1	4	4						
					<p>Interface Processing</p> <p>Management controls</p>																	Comments		
					<p>Risk of feeder systems being incorrectly updated by Agresso</p> <p>Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital</p> <p>Files are monitored by a Transitional team but the end of Hammersmith and Fulham Bridge Partnership (who had assisted previously in this area) means that the risk remains. There are still examples of files into and out of Agresso not being correctly processed. Receipts, payments, refunds, suspense, BACS etc.</p>																	This is being reviewed through Corporate Finance's MSP Stabilisation plan. There is a need to ensure that the new IT arrangements are catered for, however risk has been mitigated due to the continuity of a number of key staff from ICT	This will be picked up at contract monitor meeting with BT	November 2016
17					5	5	25	4	4	16	↑	4	4	16	→	1	4	4						
					<p>Non Achievement of Savings</p> <p>Management controls</p>																	Comments		
					<p>Risk that posts that have been deleted as part of the Managed Services Programme implementation will need to be recreated and recruited to because processing has not reduced by the amount anticipated.</p> <p>Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital</p> <p>Implementation costs reviewed. Significant extra funding approved. Regular monitoring and review of costs in place. Much of the stabilisation of MSP has depended on the maintenance of transitional arrangements which as they continue they become more embedded/permanent.</p>																		Continue path to 'BAU' via the stabilisation plan.	November 2016

LBHF	✓	RBKC	WCC		4	5	20	2	3	6	↑	2	3	6	⇒	1	3	3						
18					2016/17 Budget Forecasting																			
					Management controls																	Comments		
					Current operating problems and issues may mean that Aggresso cannot be used for budget forecasting.																			
					Andy Lord, Head of Finance-Budget Planning and Monitoring.																			
					A spreadsheet solution developed for 2016/17 has worked well. Budget control totals have been agreed with Departments. The budget has been loaded for 2016/17.																		November 2016	
LBHF	✓	RBKC	WCC		5	4	20	3	4	12	↑	3	4	12	⇒	1	4	4						
19					Final Accounts and Government Returns																			
					Management controls																	Comments		
					Current operating difficulties may expose the Accounts to risk of qualification. External Audit may increase their risk profile of the authority leading to more extensive testing and challenges etc. Government returns will take longer to prepare and be at risk of challenge																			
					Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital																			
					The Corporate Finance team have undertaken significant work to assemble additional assurance as part of the Closing of Accounts. This has necessitated taken on a number of extra staff and will inevitably come at a cost.																	Audit requirements and notes to the accounts require input from BT staff to ensure complete and accurate information is available from Aggresso	Corporate Finance team to work with BT to ensure control account reconciliations and notes are fit for audit by specifying clear requirements and challenging information given. and that relevant information is available to compile the notes to the accounts.	November 2016

LBHF	✓	RBKC	WCC	OFFICER(S)	4	5	20	3	5	15	↑	3	5	15	⇒	1	5	5						
20					Management controls																	Comments		
				Managed Services Programme - Chris Harris, Head of Corporate Accountancy & Capital	There are a number of duplicate payment procedures in place, both in-built in the system and through the transitional process.																	A duplicate payment review should be scheduled once we transition into business as usual. This should include a review of duplicate supplier set ups and accuracy of supplier set ups.	November 2016	
21					3	4	12	2	2	4	↑	2	2	4	⇒	1	2	2						
					Management controls																	Comments		
				Andy Lord, Head of Finance-Budget Planning and Monitoring.	Governance structure in place. Formal report back dates identified. Initial activity/budget mapping exercise complete. Outcome teams set-up and meetings in progress. Additional staff resource identified.																	Regular programme review necessary to ensure the savings programme is on track	November 2016	

	Ability for services to continue in H&F Direct in the event that there was an incident that prevent services from operating from 1st and 2nd floor Town Hall Extension	John Cordani, Head of Customer Services	Business Continuity plan is in place and a desk top exercise has been conducted. Possible co-location of reception on 1st floor Town Extension to 145 King Street would increase inability to provide reception services		Majority of officers have ability to work from home to take phone calls and do general work. Reception callers would need to be directed to an alternative site such as 145 King Street		November 2016											
LBHF	✓	RBKC	WCC	OFFICER(S)	5	5	25	2	5	10	↑	2	5	10	⇒	1	5	5
26	Fire Drill				Management controls										Comments			
	Fire Evacuation of Town Hall Extension	John Cordani, Head of Customer Services	There is no Chief fire warden for the Town Hall Extension resulting in no fire drill being carried out on a regular basis										This is being escalated to Human Resources for guidance on roles and responsibilities	Escalation to the Bi-borough Head of Health and Safety, Somayya Yaqub.	November 2016			
LBHF	✓	RBKC	WCC	OFFICER(S)	4	4	16	2	4	8	↑	2	4	8	⇒	1	4	4
27	General Monitoring of Contracts via Credit Safe				Management controls										Comments			
	Risk that contracts may fail in the current climate and result in lack of service delivery to residents / businesses. Need to invoke business continuity plans	Hitesh Jolapara, Strategic Director of Financial Corporate Services	Credit safe monitoring in place in addition to normal contract monitoring processes. Robust business continuity plans included in tendering process and reviewed on a regular basis. Managers receive emails from info@creditsafeuk.com and have access to tribnet portal on credit safe assessment of companies used by H&F Direct to provide services/application (back office systems)											November 2016				
LBHF	✓	RBKC	WCC	OFFICER(S)	4	5	20	2	5	10	↑	2	5	10	⇒	1	5	5
28	IT failures				Management controls										Comments			
	Services in H&F Direct would be adversely affected both face to face and by telephone if there was a major system failure of Information Technology.	Hitesh Jolapara, Strategic Director of Financial Corporate Services	ITC have set up a back-up data centre and have a Business Continuity plan in place, similarly so the Corporate Finance Team have recently reviewed and updated their own service continuity plan. Finance have a place on the council's Service Resilience Group along with ITC therefore communications across service lines and mitigations can be jointly developed.											November 2016				
LBHF	✓	RBKC	WCC	OFFICER(S)	4	5	20	3	4	12	↑	3	4	12	⇒	1	4	4
29	Implementation of Electronic Payments Contract				Management controls										Comments			
	Risk that the contract will not transfer to the new supplier on time and the service to the public will not be delivered effectively. Financial services activity has been affected by the referendum result and there is a risk that recovery will be slow or compromise financial service suppliers	Sue Evans, Head of Pay and Park	Early engagement with the new supplier and the incumbent contractor to manage the transfer of the service once Cabinet has approved. Robust business continuity plan included within the tender and approved by the appropriate dept.										The new contract went live on 1st June 2016 and is operating successfully. However, a recent credit safe report has reduced the company score to 29	Continue to monitor credit safe on an ongoing basis until such time as recovery takes place or take action if required	November 2016			

LBHF	✓	RBKC	WCC	OFFICER(S)	3	4	12	2	2	4	↑	2	2	4	⇒	1	2	2										
30																												
Extension to Card Acquiring Contract					Management controls															Comments								
The Councils current contract with Barclaycard expires on 8/3/16. Crown Commercial Service procurement process for service continuity has been delayed and there is a risk that the Councils credit/debit card contract will expire before an award notice has been published / new contract put in place.					Sue Evans, Head of Pay and Park					A 9 month contract extension with the current supplier was agreed at Cabinet Member level with expiry December 2016. Approval of a new call off contract via Crown Commercial Service with the current supplier, Barclaycard, is due to go to Cabinet on 4 July 2016 and will provide a continuous service.															The Crown Commercial Service has already procured the services and LBHF are seeking to call off a contract to commence upon expiry of the current contract in December 2016. In addition, financial services have been affected by recent market activity though no negative updates recd to date with regards to Barclaycard		Once cabinet approval has been confirmed on 4 July 2016, legal services will be engaged to finalise the contract paperwork with the Councils current supplier, Barclaycard. Continue to monitor credit safe on an ongoing basis	November 2016
31																												
Competing demands					Management controls															Comments								
There is a risk that the competing & divergent organisational/political priorities brings added complexity resulting in sub-optimal usage of resources (potential cost increase)					Dave Bennett, Head of Change Delivery					Use pipeline management to track and escalate as needed.															Expand to include Insight and Analytics work. Monitor monthly		Any further planned actions	November 2016
32																												
Savings v income					Management controls															Comments								
There is a risk that funding cuts are enforced which limits ability to generate income (which then leads to further funding cuts)					Martin Nottage, Director of Innovation and Change Management, HCF Innovation & Change Management					Generate and deliver commercial prospects with sufficient profit to support Medium Term Financial Strategy. Work with commercial director to build business and exploit other opportunities. Ensure that work with depts. and cross-cutting projects is real priority work (especially, Medium Term Financial Strategy)															Policy and Accountability Committee agreed original 2 pronged strategy for Innovation and Change Management. Tracking benefits of work on behalf of departments.		Any further planned actions	November 2016
33																												
Privacy Impact Assessment					Management controls															Comments								
There is a risk with personal data being used for the My Account upgrade, maintenance and testing and there is a risk with it being used in this way					John Cordani, Head of Customer Services					Privacy Impact Assessment (PIA) was produced for upgrade to version 2, Multiple Input Multiple Output, Rents and 24/7 modules. However, there is ongoing maintenance of the system as the outstanding issues are rectified by Agilisys. It has also been confirmed that having an environment which can be used for on-going training of staff so that module can help with the Council's channel shift strategy.															The Privacy Impact Assessment produced is being reviewed by Information Management Team and will then be converted to tri-borough format		Information Management Team have as yet to review draft PIA	November 2016

Bi-borough Corporate Health and Safety (Non Schools or Housing) RISK REGISTER DASHBOARD

APPENDIX 5
23/11/16

Ref	RISK				Assigned To (currently managing the risk)	Inherent risk assessment: your benchmark without controls			Residual risk assessment: Quarter 1			DOT	Target risk			Reducing the risk		
	Risk cause and context - indicate if H&F, RBKC or WCC risk (tick)					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Management control measures, planned action(s)	Date / in place
Service related risks																		
H&F	✓	RBKC	✓	WCC	OFFICER(S)	5	4	20	3	4	12	↑	3	2	6			
1	Water Hygiene - Council Operational Buildings					Management controls							Comments					
	Safety Management system failure/inadequate resources/inadequate monitoring/lack of awareness/failure to meet set completion dates/No Compliance Manager				Richard Egan Interim Head of Corporate Property Services - LINK Maureen McDonald Khan, Director of Building and Property Management	Tri-borough Legionella Policy, share with the client management team for the TFM contract (LINK v AMEY). Regular monitoring by TFM Contractor and Compliance reports through LINK. Corporate Health and Safety Team conducting regular building compliance audits and feeding back to the key stakeholders on any non-compliance issues.							Until we have full reporting by the LINK compliance team to confirm that all testing, risk assessments, monitoring has been carried and any issues raised completed (Time Bound Repairs), not currently confident compliant throughout all buildings.			Service Level Agreement to be confirmed following revision and reports to be provided by LINK	July 2016	
H&F	✓	RBKC	✓	WCC	OFFICER(S)	5	4	20	4	4	16	↑	3	2	6			
Page 212	Asbestos Management - Council Operational Buildings					Management controls							Comments					
	Safety Management system failure/inadequate controls/inadequate resources/inadequate monitoring/lack of awareness/No appointed person/No asbestos management plans/No training				Richard Egan Interim Head of Corporate Property Services - LINK Maureen McDonald Khan, Director of Building and Property Management	Tri-borough Asbestos management policy in draft, both RBKC and LBHF sovereign policies currently in use. Permit to work systems operated and asbestos survey programme created. Appointed Person assigned to AMEY by LINK to oversee the asbestos management of operational buildings. Asbestos management plans for individual buildings contained on the premise log books, awareness training on asbestos. Corporate Health and Safety Team have regular building compliance audit planned.							Reports confirming all programmes are implemented to be provided by LINK. Confirmation required on all Asbestos management plans for each building to confirmed.			SLA to be confirmed following revision and reports to be provided by LINK	July 2016	
H&F	✓	RBKC	✓	WCC	OFFICER(S)	5	3	15	5	3	15	→	3	2	6			
3	Fire Safety Management - Council Operational Buildings					Management controls							Comments					
	Safety management system failure/inadequate resources/inadequate monitoring/lack of awareness/failure to meet set compliance standards and completions dates				Richard Egan Interim Head of Corporate Property Services - LINK Maureen McDonald Khan, Director of Building and Property Management	Fire risk assessments by competent persons / development of fire emergency plans/ maintenance of fire related plant and equipment / staff training/exercising of fire procedures/security systems/maintenance of plant and equipment. Corporate health and safety team conducting regular building compliance audits. Required number of incident controllers/fire marshals to be recruited for each building							Tri-borough led project to confirm current status of the fire safety measures throughout RBKC/LBHF/WCC operational buildings. Reviewing Fire Risk Assessments, policies, practices etc. Fire Risk Assessments to be implemented for all buildings and placed upon premise log books and Premise Controllers to carry out localised checks to be confirmed through auditing			Report awaited from LINK to confirm all Fire Risk Assessments have been carried out and in date. Fire project initiated and being led by Mike Sopp, reporting to Tri-borough Building compliance board. Improvement on recruiting required number of incident controllers/fire marshals required	July 2016	
H&F	✓	RBKC	✓	WCC	OFFICER(S)	5	4	20	4	3	12	↑	2	2	4			
4	Lifts and Lifting Equipment - Corporate operational buildings					Management controls							Comments					

	Safety management system failure/inadequate controls/inadequate property management systems/inadequate resources/inadequate training/inadequate or insufficient thorough examination and test arrangements/ unsafe equipment	Ray Chitty Tri-borough Insurance Manager	Corporate Policies (Sovereign only). Regular and thorough examination and inspection/testing of equipment, organised through Insurance teams. Auditing of contractors, procedures and documentation by corporate health and safety	New contract with Bureau Veritas in place for the insurance inspections and regular reports to be obtained from Insurance to confirm indate inspections/maintenance and testing of lifts and lifting equipment	Insurance to provided regular report to corporate health and safety and auditing to be carried out.	July 2016
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H&F	✓	RBKC	✓	WCC		OFFICER(S)	5	5	25	4	3	12	↑	2	2	4			
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5	Contractor Management	Safety management system failure/inadequate controls/ inadequate permissions or permit to work/ inadequate resources/inadequate monitoring/lack of awareness/No performance management/conflict with other works increasing risks/compromise fire safety controls/release of asbestos fibres	Richard Egan Interim Head of Corporate Property Services - LINK Maureen McDonald Khan, Director of Building and Property Management	Management controls Corporate policies/procedures. Monitoring of contracts by Link/AMEY/Corporate health and safety. Quarterly performance reports from LINK Training for premise controllers.	Comments Concerns around the full monitoring of contracts that fall outside the TFM contract i.e. IT contracts there is a need for monitoring by contract managers. Reporting by LINK on time bound repairs carried out and monitored regularly	Improvements to the procurement of contractors/monitoring required and project initiated by Corporate health and safety to look at this.	July 2016
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H&F	✓	RBKC	✓	WCC		OFFICER(S)	5	5	25	4	3	12	↑	2	2	4			
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6	Management of plant and equipment (Boiler and Pressure systems)- Corporate operation buildings	Safety management system failure/inadequate controls/inadequateproperty management/inadquate resources/inadequate monitoring of hazardous environments and or work practice/lack of awareness/failure to meet set standards/targets	Richard Egan Interim Head of Corporate Property Services - LINK Maureen McDonald Khan, Director of Building and Property Management	Management controls Corporate policies in place. Inspection and assessment regime though insurance contract with Bureau Veritas. All pressure systems are clearly identified on an asset register. A written scheme of examination is in place for each and every pressure system. An examination of each pressure system is undertaken in accordance with the scheme of control by a competent person. Pressure systems are maintained on a regular basis by an authorised contractor who has been suitably appraised in accordance with the management of contractors procedure, p11 to app. Suitable electronic records must be maintained for the schemes of controls, inspection and maintenance records. Employees who operate pressure systems must receive appropriate information, instruction and training to ensure their safe use. The training should include special procedures to be followed in the event of an emergency. Where there is a risk of imminent failure of the system if immediate repairs are not undertaken or suitable modifications made the competent person should ensure such necessary works are escalated to an appropriate level for authorization. In addition the corporate safety team must be informed in order that they can notify the Health and Safety Executive as may be required. Any pressure system safety incident shall be appropriately notified to corporate safety via enable and thoroughly investigated. All responsible persons shall be made aware of such incidents and have the relevant input into the investigation, reporting and reviewing process.	Comments This is an issue which needs to be picked up at a corporate level in each of the Councils.	There is an ongoing system of inspection and Maintenance. Where recommendations are made they must be costed and a decision made to implement.	July 2016
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H&F	✓	RBKC	✓	WCC		OFFICER(S)	5	4	20	4	2	8	↑	2	2	4			
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7	Electrical Safety - Corporate operational buildings	Safety management systems failure/inadequate controls/inadequate property management systems/inadequate resources/inadequate moitoring/lack of awareness/failure to meet set standards/targets.	Richard Egan Interim Head of Corporate Property Services - LINK Maureen McDonald Khan, Director of Building and Property Management	Management controls Corporate Policies (sovereign)/periodical checks to standards requirement on wiring/regular testing of equipment/performance indicators/inspections by competent persons/auditing by LINK/AMEY/Corporate health and safety.	Comments Confirmation via LINK reports on 5 year hard wiring tests for each operational building within the service matrix awaited.	LINK	July 2016
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H&F	✓	RBKC	✓	WCC	✓	OFFICER(S)	5	5	25	4	3	12	↑	3	2	6				
8						Tri-borough arrangements														
						Safety management system failure/inadequate controls/inadequate property management/inadequate resources/inadquate monitoring of hazardous environments and or work practice/lack of awareness/failure to meet set standards/targets	Richard Egan Interim Head of Corporate Property Services - LINK Maureen McDonald Khan, Director of Building and Property Management	Management controls Service reviews, tri-borough building compliance board, tri-borough operational group, Joint Management Team, Audit and Pensions/Audit and Transparency Committees, Joint safety committees, Senior Management Teams's, Department Management Teams's. Audits by LINK, AMEY and Corporate health and safety team to ensure compliance throughout properties.										Comments Further improvements to the reports being received by corporate health and safety from LINK. More joined up approach and visability of audits between three parties. Standardisation of policies and procedures.	LINK/AMEY/Corporate Health and Safety	July 2016
9						Stress Management														
						Failure to identify and react to the causes of stress in the workplace	Debbie Morris Bi-borough Director for Human Resources	Management controls Your Voice survey contains the questions expected by the Health and Safety Executive within the key stressors to managing stress in the workplace, acting as the overall organisational and service/department stress risk assessment. Agreed protocols with Occupational Health, Human Resources and Corporate health and safety for conducting more team and individual specific stress risk assessments. Policies and procedures implemented. Staff appraisals / 1-2-1 systems operating. Corporate sickness/absence procedures. Training available to management and staff. Incident reporting mechanisms in place for reporting of stress related incidents										Comments Further work in ensuring this is communicated and understood throughout the two boroughs is required. A project has been initiated to understand the extent to how it is operating within both RBKC/LBHF. Management are to conduct discussions with their teams in connection with results from the surveys, identifying any key areas of improvement and initiating clear action plans to achieving and reviewing progress. Staff and managers need to ensure cases of stress are recorded on the Council's online accident/incident reporting system (TRI-B AIRS).	Management	July 2016
10						Violence and Agression to staff														
						Failure to identify, eliminate or mitigate the nature and causes of violence in the workplace	Debbie Morris Bi-borough Director for Human Resources	Management controls Corporate policies/procedures implemented. Risk assessments identify teams with the potential to be exposed to violence and aggression and understand the necessary control measures. Staff where they may face potential violence and aggression receive the necessary training. Safe systems of work are adopted by teams. Corporate health and safety conduct team audits. Corporate violence and aggression recording integrated into the corporate accident and incident reporting system (TRI-B AIRS).										Comments Corporate health and safety conducting audit of existing policies/procedure corporately and throughout team levels to show how effective current systems are operating throughout. Management needs to ensure that the significant risks have been identified throughout their teams and implement necessary controls.	Corporate health and safety and Management	July 2016
11						Musculoskeletal Disorders to staff														
						Safety management system failure/ inadequate controls/ inadequate assessments/inadequate training/introduction of new technologies and working patterns. Increased sickness absence/loss of productivity/industrial and civil claims	Debbie Morris Bi-borough Director for Human Resources	Management controls Reporting of incidents through the corporate online accident/incident reporting system (TRI-B AIRS). Referrals from line managers to Occupational Health. Human Resources Procedures/Corporate Safety procedures/sickness management/risk assessment reviews/site and working practice audits by corporate health and safety. Supervision, Information, Instruction and Training provided.Online Display Screen Equipment assessments, follow up by managers, trained Display Screen Equipment assessors within teams/departments.										Comments Corporate health and safety project initiated for 2015/16 to look at how we currently manage this throughtout LBHF/RBKC. Further work by management to encourage staff to act as Display Screen Equipment Assessor for the teams and for staff to carry out relevant training.	Corporate health and safety and Management	July 2016

H&F	✓	RBKC	✓	WCC	OFFICER(S)	5	4	20	3	4	12	↑	2	3	6									
12	Production of suitable and sufficient risk assessments					Management controls										Comments								
	Safety management system failure/inadequate controls/inadequate assessments/inadequate training/inadequate protective equipment/exposure to hazardous substance or dangerous work practice. Leading to possible loss of life or serious injury/corporate manslaughter/criminal & civil litigation/environmental damage/significant financial penalties.					Nick Austin Borough Director for Environmental Health					Bi-borough corporate procedure and guidance/training/performance indicator/ Corporate Safety Unit inspections and audits . Risk assessments in place across all Services/departments/teams within LBHF/RBKC, Regular reviews carried out to ensure they remain suitable and sufficient. Central Database available with each team risk assessment(s) in place. Regular report built and provided to Senior Management Teams outlining non-compliance risk assessments.										Corporate procedures in place, system available to upload risk assessments to central database, but now awaiting information from aggresso to be uploaded by system provider for new organisational structure/teams. Teams very slow in sending in their risk assessments. Reports to be provided to Senior Management Teams outlining outstanding risk assessments.	Corporate health and safety and Management	July 2016	

Score	Key	Action
16-25	Red	High risk, immediate management action is required.
11-15	Amber	Medium risk, review controls for appropriateness and effectiveness
1-10	Green	Low risk, monitor and if escalates quickly check controls

LBHF HOUSING SERVICES RISK REGISTER DASHBOARD

APPENDIX 5
Review date 23/11/16

Ref	RISK				Assigned To	Inherent risk assessment:			DOT	Residual risk assessment: Quarter 1 2016 2017			DOT	Residual risk assessment: Quarter 2 2016 2017			DOT	Target risk:			Reducing the risk		
	Risk cause and context					Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place

HOUSING LBHF

LBHF	✓	RBKC		WCC				4	4	16	4	4	16	⇒	4	4	16	⇒	3	3	9			
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1	Managing the impacts of Welfare Reform	Assigned To	Management controls	Comments	Date / in place	
<div style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #ccc; padding: 5px; font-weight: bold;">Page 216</div>	<p>Welfare Reform /Local Housing Allowance Changes - increased demand & decreased supply. Changes in the welfare benefit system. Impact on Homelessness acceptances, Temporary accommodation expenditure and the Housing Revenue Account bed debt cost/ void levels.</p>	<p>Jo Rowlands Director of Housing Growth and Strategy, Kathleen Corbett, Director of Finance & Resources (Housing & Regeneration)</p>	<p>HB Assist linked with new prevention strategy. Incentive package for private landlords is in place. Housing Options have strengthened front of house to provide more tailored advice, assistance and homelessness prevention services, full membership of a West London Procurement framework with a panel of third party providers providing accommodation inside and outside London Sent out Direct Debit forms to every tenant with the rent increase letter, improved direct debit set up on i-world, now have the ability to set up Direct Debit's over the phone, Direct Debit campaign, menu of support to help tenants manage finances, Housing management under occupation focus re spare room subsidy / bedroom tax</p> <p>Ongoing development of Temporary Accommodation Procurement Strategy. Expenditure controlled within budgets and growth required in budgets minimised</p>	<p>Increase in demand currently being managed. Welfare Reform Project Board in place and meeting regularly to manage the approach to the Overall Benefit Cap and the rollout of Universal Credit however we are seeing increasing pressure on the General Fund budgets and a projected overspend is expected at the end of this financial year. Mitigation action in progress. Impact of Universal Credit is expected to hit the both the HRA and General Fund Rent Collection as the roll out continues. Further reduction in Overall Benefit Cap from 7th November - increase in impacted clients and overall financial risk,</p>	<p>Procurement Strategy completed. Lot 1 currently on hold. Lot 2 progressing. Additional staffing resource being recruited to complete. Cabinet report to be submitted by December 2016 and new timescales to be put in place. Partnership with Registered Providers engaged in a proactive asset management strategy may yield additional units, increase the number of nominations made available to the Council to vacancies in stock owned by Registered Providers. Additional resource being recruited to progress. Further reduction to the Overall Benefit Cap is likely to impact on some of our Council and Temporary Accommodation tenants, work is currently underway to assess how many and to develop an approach to help residents maintain their tenancies. 4 year freezing of working age benefits, including Local Housing Allowance will add further pressure on our ability to procure temporary accommodation. Job Centre Plus now</p>	<p>Oct. 2016</p>

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC		WCC		5	4	20	4	4	16	↑	5	4	20	↓	3	3	9			
2	Delivering the savings and income required to balance the budget																					
	Management controls																					
	Comments																					
	Future Medium Term Financial Strategy savings not delivered or that in 2021 rents continue to be enforced by statute and that the council is unable to return to the rent policy agreed last year with tenants of Consumer Price Index plus 1% plus £1 while most commentators expect inflation rates to increase over the next couple of years (most of our contract costs in the HRA are linked to inflation). In the Housing Revenue Account this would lead to further reductions in planned repairs over the next ten to fifteen years. Welfare reform, especially the Universal Credit roll out is likely to impact on rent collection rates and fixed term tenancies imposed by government will impact void rates. In the General Fund we are experiencing increasing	Kathleen Corbett, Director Of Finance & Resources (Housing And Regeneration)	As a strategic management team continue to seek ways to reduce costs and generate additional income, focus on opportunities for increasing advertising income and on ensuring we are spending money on communal and planned repairs effectively and efficiently, embedded Head of Financial Investment and Strategy into planned works budget monitoring meetings to look for efficiencies, work with residents to look for efficiencies and use leasehold services team to provide a challenge on planned works costs for leaseholders (and therefore our overall costs). To deal with Temporary Accommodation cost inflationary cost pressures we're looking to procure longer term temporary accommodation (again covered in risk 1 above). Welfare reform mitigations are covered by risk 1 above. Monthly management reporting / budget monitoring, regular business plan updates	Reviewed by Management Team Oct. 2016	Continue to build on existing actions, focus on improving non rent income, see also the actions noted above re Welfare reform in risk 1 above. Likelihood rating has been increased until there is clarity on how much if any of the new burdens from eh homelessness bill will be funded	Oct. 2016																
LBHF	✓	RBKC		WCC		4	3	12	4	3	12	→	5	3	15	↓	3	3	9			
3	Housing Stock Options Appraisal																					
	Management controls																					
	Comments																					
	Proposals for the future of the Council's housing stock not delivered and money is spent with no firm out puts	Kathleen Corbett, Director Of Finance and Resources (Housing And Regeneration)	Programme Team established November 2014, Residents Commission on Council Housing established in March 2015 to oversee the Options Appraisal. Commission reported in November 2015. Cabinet approved recommendation to pursue Housing Stock Transfer on 7 December 2015, including budgets for pre-ballot expenditure to June 2016. Programme Board in place chaired by responsible Director and including all Directors within the Housing Department. External advisers on Finance, Legal, Property, Communications and Tenants Advice all appointed. Cabinet report on expenditure to date approved on 7 December 2015. Major challenges imposed by Central Government including the lack of a transfer manual, the lack of response to our suggestions to replace overhanging debt grant and Governments high value void sales policy mean that we are reviewing the position with the Shadow Board. A value for money review has been done to identify outputs delivered over and above Stock Transfer by the money spent to date and a review of additional benefits realised to date is underway, the most significant of which will be the service improvements that are coming out of the additional engagement with residents that has happened as a result of the programme, including the blueprint for the housing service.	See planned actions	Work with Shadow Board to review options for safeguarding the stock, further contact with DCLG and GLA	Oct. 2016																

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC		WCC		5	5	25	5	5	25	→	5	5	25	→	2	3	6			
4	Earls Court Regeneration					<u>Management controls</u>										<u>Comments</u>						
Page 218	The scheme is currently under review following the change of Administration, this may lead to either the loss of receipts or to receipts being received as realisable capital receipts later than currently predicted in the Housing Revenue Account business plan. Receipts in the Housing Revenue Account business plan have been reprofiled to reflect the lower expected initial realisable receipt based on recent phasing information and the remainder of the receipts have been pushed out to later years, however there remains a significant risk of a reduced or delayed receipt until negotiations conclude and the S34A application is concluded. The Housing Revenue Account business plan is very sensitive to movements on this project and there are also significant cost risks. If the scheme was for any reason not to be likely to proceed the				Jo Rowlands, Director of Housing Growth & Strategy Kathleen Corbett, Director Of Finance and Resources (Housing And Regeneration).	Project Management Team meets regularly, monthly finance reporting to project team, original scheme project risk register held by project manager CAPCO paid a fee of £15m on entering into the exclusivity agreement. Governance Structure included in the Conditional Land Sale Agreement £10m is refundable only in restricted circumstances and £5m is not refundable under any circumstances. Sensitivity modelling has been done on the Housing Revenue Account business plan for this and to date some rephasing of realisable receipts has been contained. There is however a significant risk if no receipts are received or if there is further rephasing required or if LBHF costs including those of buying back leasehold homes continue to escalate that this would render the Housing Revenue Account business plan unviable without either income from sales or significant cuts in the capital programme, scenario modelling on this was shared with the Cabinet member for Finance as part of the preparation of the Housing Revenue Account business plan agreed by Cabinet in February 2016 and risk has continued to be highlighted in subsequent reports. Expenditure controlled within budgets and growth required in budgets minimised, good governance arrangements in place and complied with. Business plan modelling shared with Cabinet member for Finance. This means Members involved in the review are fully aware of the risk										Continue to monitor and review. As part of business plan modelling repeat the sensitivities run this year. The management controls have been reviewed and no changes are required at this time. A meeting has been set up with CAPCO.					Project currently under review. A pre PPDN has been issued by Capco and rejected as non compliant. All existing controls, assurances and proposed actions will be subject to future review if current scheme changes.	Oct. 2016
	Service delivery and reputation including Pinnacle and MITIE Service Delivery. Customer Service and joinup between contractors, Council departments and residents				Nilavra Mukerji, Director for Housing Service, Kathleen Corbett Director of Finance and Resources (Housing And Regeneration) and Director of Housing Growth & Strategy Jo Rowlands.	Customer Service Action Plan put together for service, have worked with Managers and Heads of Service on this and plan to work through it with residents once drafted, more joined up meetings / work, work to ensure contractors work together, improved monitoring of complaints and enquiries in place but further improvement required. Leaseholder charter agreed with leaseholders. Review of Caretaking service with residents underway, supported by Pinnacle. Joint workshop between repairs and housing management planned. Improvement programme underway. Monitoring of complaints / compliments & enquiries in place but need to improve quality as it's patchy										Reviewed by Management Team Oct. 2016. Regeneration schemes on existing estates will lead to new third party landlords owning and managing properties and the removal of some land from the existing contractor's responsibility. This will require joint work with regeneration and development team to map changes and plan for transition, and, once					Review of Mitie Key Performance Indicators with residents, work more closely with residents, implement customer service action plan with residents, training for staff as part of council wide plan to improve service and to embed a culture of continuous improvement into all the service. Need to work on consistency of service and improve lessons learnt when things go wrong (we need to get quicker at turning those around!). Improve quality of written correspondence - Better Letter Writing initiative almost complete	Oct. 2016
5	✓	RBKC		WCC		3	4	12	3	3	9	↑	3	3	9	→	3	3	9			

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LBHF	✓	RBKC		WCC		4	5	20	4	5	20	→	4	5	20	→	1	1	1			
6	Investing and maintaining our Council Homes					Management controls										Comments						
	Insufficient funds available to invest in existing stock & properties to ensure maintained to provided safe and well maintained homes. Risk now heightened by Earls court risk and Government Announcements imposing a 1% rent decrease for the next 4 years and by recent Government Announcements on Welfare reform				Nilavra Mukerji, Director for Housing Service Kathleen Corbett, Director Of Finance and Resources (Housing And Regeneration)	To continue to undertake a review of the existing Asset Management Strategy & long term financial investment plan - stock condition survey update has recently been completed and business plan updated, controls under risk 2 above need to be considered in conjunction with this. Finance team are now more embedding into the overall planned repairs process Business planning process considers the different options available. Invoicing Leaseholders for major works bills has been delayed due to a) Agresso b) increased challenge of the costs by the Leaseholder Services team before billing. S20B's have been issued to maintain the right to invoice. Invoicing is just starting but we continue to have some Agresso issues on leaseholder service charges to resolve which colleagues at Westminster are now engaging with us properly on													Embed a Value For Money culture more into the repairs team. Work with residents on this to ensure we deliver both our statutory requirements, keep the fabric of the buildings in good condition, comply with Health and Safety requirement and deliver the service residents want based on what we can afford	Oct. 2016		

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LBHF	✓	RBKC		WCC		5	5	25	3	5	15	↑	3	5	15	→	1	1	1			
7	Management controls																			Comments		
	Consultation errors limiting income to £100 per leaseholder maximum for the duration of any contracts in excess of 12 months. Too many single point failures in the production of Service Charges.				Kathleen Corbett, Director Of Finance and Resources (Housing And Regeneration)	Check lists are in place with a final sign off by Head of Service. Review each dispute on its own merit and a decision reached on a case by case basis regarding a response to the challenge. All change of names and addresses to be updated once a week to ensure all leaseholders are consulted at their preferred address. Section 20 notice and letter have been redrafted to make them easier to understand (checked by legal) and a new improved version is now in use. We are now re-reviewing the S20's and letters. Working group is being set up with leaseholders to look at the major works process from end to end. Leasehold team are all encouraged to do Institute of Residential Property Management Exams and to become members of the Institute to ensure they are up to date on case law and statute											Reviewed by Management Team Oct. 2016 No successful legal challenge has yet been made to the consultation notices issued	Counsel's opinion may be needed on any specific challenge to any notices issued prior to 2011. Increase resilience from within the business. Continue to work with Residents to increase clarity of current notices to reduce likelihood of future challenge by working in more customer focused approach with all our stakeholders and more continue to make all correspondence and estimates more user friendly. Continue to manage emerging risks where more recent case law creates risks or historic	Oct. 2016			
LBHF	✓	RBKC		WCC		5	5	25	4	5	20	↑	4	4	16	↑	1	1	1			
	Management controls																			Comments		
	A review of Joint Venture opportunity Sites with a view to delivering the Affordable homes as Social Housing in as far as possible rather than Low Cost Home Ownership. This will be achieved by making the replacement for Edith Summerskill House being for affordable homes and funding this using the land receipt from Watermeadow Court (which would be 100% private sale). This will result in the loss of a £12.75m receipt currently included in the HRA business plan with a consequent increase in the HRA CFR. It will also result in the loss of the £7.5 m receipt currently assumed in the General Fund capital Programme from Watermeadow Court, the general fund capital programme would therefore also require revision. There is also a risk that the recent Government Announcements regarding high value vacant social housing may mean we end up having to sell immediately after development and a risk that the scheme may again need reviewing as a result of the government proposals on starter homes and risk associated with the costs underwrites given to the JV by the council as part of the changes to the agreement exposure is up to £8m excluding remediation costs and in				Kathleen Corbett, Director Of Finance and Resources (Housing And Regeneration) Jo Rowlands, Director of Housing Growth & Strategy	Housing Revenue Account business plan now does not include the receipt for Edith Summerskill House. If Government announcement on selling vacant high value social rented homes put the programme at risk we could revert to shared ownership and need to watch the risk re starter homes. The original contracts entered into included different proposals to those no being delivered. The proposals differ from those included in the OJEU tender exercise so there a potential risk of challenge which could render the new arrangements void. We have attempted to limited the changes to lessen the likelihood of a challenge, which officer believe is pretty low in any case. If a challenge is successful the council can revert back to the original documents and provide low cost home ownership on both site. There is a risk that there is significant contamination on WMC, this could result in the Council not receiving a land receipt and the intended commuted sum being reduced, the Council no longer has liability past the value of the land and commuted sum. The is definitely contamination present the extent of it will determine how costly it will be to remediate, site investigations are currently underway. ESH also requires significant investment in the form of grant funding for the appointed RP to deliver out the site, s.106 commuted sum payments are required for this.											Reviewed by Management Team Oct. 2016. MATT DOMAN PLEASE REVIEW AND PROVIDE AN UPDATE AND CONSIDER PROCUREMENT RIKS & CONTAMINATION RISK AND ANYTHING ELSE ON WATERMEADOW COURT	Continue to monitor and review. Model next years Housing Revenue Account business plan without this receipt. Continue to review legislative position on the sale of high value voids, ensure homes design can be used for either social rented or shared ownership	Oct. 2016			

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Ref	RISK				Assigned To	Inherent risk assessment:			Residual risk assessment: Quarter 1 2016 2017				Residual risk assessment: Quarter 2 2016 2017				Target risk:			Reducing the risk																								
	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall	DOT	Likelihood	Impact	Overall	DOT	Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place																						
LBHF	✓	RBKC		WCC		5	5	25	4	5	20	↑	4	4	16	↑	1	1	1																									
9	Delivering a quality Housing service (includes repairs and caretaking etc)					Management controls											Comments																											
Page 221	<p>Managed services implementation continues to impact significantly on both our service delivery to residents and on our ability to collect both rents and leaseholder service charges. We have had on-going issues with missing rent payments which makes it hard for us to firmly chase debt and take cases to court, it also makes it hard for our tenants to keep control of their finances. We have been unable to properly chase service charge arrears since March 2015 (and only very recently have been able to see balances on screen and raise invoices), we do not know the accuracy of the service charge balances but it is very possible that there are issues with payments similar to those we have had with rents. There is a very significant risk that bad debts will increase .</p>				<p>Kathleen Corbett, Director Of Finance and Resources (Housing And Regeneration)</p> <p>Hitesh Jolapara, Strategic Director of Finance</p>	<p>Project is managed by a team based in Westminster who have implemented the system across LBHF, RBKC and Westminster. We continue to experience missing payment files for rents but these are now picked up quickly and arrears letters are going out. We now have access to suspense account on Agresso, we've been able to access rents for some time so this issue is now resolved and have recently had access for leaseholder service charges and all obviously transactions should now be posted. W. Progress has been made on Leaseholder bills, we have issued successfully the annual estimate and actual invoices and are just about to start raising major works bills although the process is not as we'd like as we have to send the detailed supporting info separately from the invoice. Dunning letters for leaseholders are with the reading groups to check but we still don't have a report that shows us just Leaseholders arrears to work from. Engagement by the client team on the issues impacting on leaseholder billing has improved and we are making firm forward progress.</p>											<p>Reviewed by Management Team Oct. 2016</p>	<p>Continue with arrears letters for tenants and pushing Westminster project team to resolve the issues remaining. For Leaseholders we will need to carry out a similar calling around exercise before the first Dunning letters are sent. For all other issues we need to continue to push and feedback to BT and the project team</p>	<p>Oct. 2016</p>																									
	<table border="1"> <tr> <td>LBHF</td> <td>✓</td> <td>RBKC</td> <td></td> <td>WCC</td> <td></td> <td>5</td> <td>5</td> <td>25</td> <td>3</td> <td>3</td> <td>9</td> <td>↑</td> <td>3</td> <td>3</td> <td>9</td> <td>→</td> <td>1</td> <td>1</td> <td>1</td> <td></td> <td></td> <td></td> </tr> </table>																						LBHF	✓	RBKC		WCC		5	5	25	3	3	9	↑	3	3	9	→	1	1	1		
LBHF	✓	RBKC		WCC		5	5	25	3	3	9	↑	3	3	9	→	1	1	1																									
10	Delivering a quality Housing service (includes repairs and caretaking etc)					Management controls											Comments																											
	<p>Judicial review on cessation of service, change of service (e.g Stock options Review outcomes) or regeneration scheme. Costs associated in supporting or defending a review and timescales in deferring a decision on a change to the service. Change to the council budgetary or decision process</p>				<p>Kathleen Corbett, Executive Director Of Housing And Regeneration</p> <p>Jo Rowlands Director of Housing Growth and Strategy</p>	<p>Briefing session by the Legal Services and Opportunities Manager February 2012 .Adequacy of working papers and decision making progress,consultation,equalities assessments, Medium Term Financial Strategy, Budget Planning legal advice, Equalities Impact Assessment and Action Plan. Work closely with legal colleagues decisions. Proper project management of major projects, using Internal Audit to check this</p> <p>Department Management Team, Cabinet Members Decisions, Cabinet, Audit Standards and Pensions Committee.</p>											<p>Actively involve legal to ensure we take major decisions correctly.</p>	<p>Oct. 2016</p>																										

LBHF HOUSING SERVICES RISK REGISTER DASHBOARD

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place		
LBHF	✓	RBKC		WCC		5	5	25	1	1	1	↑	3	3	9	↓	1	1	1					
10	Gas Servicing																							
	<u>Management controls</u>																							
	<u>Comments</u>																							
Page 222	The HD Gas Management System (Gassys) is an old bespoke application that can not be migrated to a new server and as such it is unlikely that it will be migrated to the new BT data centre required by the end of the HFBP contract. There is therefore a risk that the council will not be able to ensure gas compliance and would be in breach of its statutory responsibilities.				Kathleen Corbett, Director Of Finance and Resources (Housing And Regeneration) Jo Rowlands, Director of Housing Growth & Strategy Nilavra Mukerji, Director for Housing Service				Gassys is used to manage gas compliance for temporary accommodation and to monitor gas compliance for permanent stock, where the management in carried out by the contractor (Mitie) using their own systems Number of properties (target 100%) with updated gas certs within the year.									Business Analysis has identified that the data entered into Gassys for both temporary and permanent stock is then interfaced into iWorld. Therefore, the simple solution appears to be to enter the data into iWorld instead. This will require some relatively small changes to the iWorld configuration for permanent stock. The work has started (initial meeting held on 6th July) and the work should be completed by the end of August (COMPLETED)			The solution is to enter the data into iWorld instead of Gassys. COMPLETED			Oct. 2016

Key to Risk Rating		
Score	16-25	RED - High risk - immediate management action required.
Score	11-15	AMBER - Medium risk, review controls.
Score	1-10	GREEN- Low risk, monitor and if the risk escalates check controls.

Score	Key	Action
16-25	Red	High risk, immediate management action is required.
11-15	Amber	Medium risk, review controls for appropriateness and effectiveness
1-10	Green	Low risk, monitor and if escalates quickly check controls

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LBHF	✓	RBKC	✓	WCC	✓	5	4	20	4	4	16	↑	3	4	12	↑	3	3	9		RISK CLOSED	
1	Uncertainty and morale				Management controls											Comments						
	Uncertainty around the future due to the Chief Information Officer post being deleted, with the consequent effect on Heads of Service and Transition Director and on morale generally causing doubt uncertainty and staff loss.			Ed Garcez, Shared Services Chief Information Officer	Phase 2 restructure has commenced, with options for a Shared Chief Information Officer being investigated between the Royal Borough of Kensington and Chelsea and Westminster City Council. Regular communications to staff through team meetings.											A Transition Programme Board is in place with a Customer Impact Working Group					August 2016	
LBHF	✓	RBKC		WCC		5	4	20	4	4	16	↑	3	4	12	↑	3	3	9			
Page 223	Commencement of Data Centre Proof of Concept				Management controls											Comments						
		Data centre proof of concept is underway.			Jackie Hudson, Transition Director	Data centre migration is due to be completed in January 2017. There are plans to undertake a repeatable 8 phase migration. There will be a go/no decision taken by the Council prior to the move from the Agilsys Data Centre to the BT Data Centre.											A Transition Programme Board is in place with a Customer Impact Working Group					November 2016
LBHF	✓	RBKC		WCC		5	4	20	4	4	16	↑	4	4	16	→	3	3	9			
3	Skills lost through staff not transferring from HF Bridge Partnership				Management controls											Comments				RISK CLOSED		
	Not all staff we require transfer from HF Bridge Partnership to the council, knowledge may be lost rather than just skills.			Jackie Hudson, Transition Director	Can fill skills gap by calling off services from one of the four contracts or recruiting.											Reference to new risks opened on individual cases. Risks 12 and 13.					August 2016	

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LBHF	✓	RBKC	✓	WCC		5	4	20	4	4	16	↑	4	4	16	→	2	4	8				
4	Blackberry support					Management controls											Comments						
Page 224	As of 25/08/16, RIM have advised that they will no longer support the Blackberry connector service for older models of Blackberrys. There is a risk that users in the London Borough of Hammersmith and Fulham and the Royal Borough of Kensington and Chelsea may experience service disruption pending the migration of old Black berrys to MotoG.				Ben Goward, Shared Services Interim Chief Information Officer Royal Borough of Kensington and Chelsea and Westminster City Council Veronica Barella, Interim Chief Information Officer, London Borough of Hammersmith and Fulham	Migration project for Hammersmith Town Hall scheduled to complete 31/10/16. Migration project for the Royal Borough of Kensington and Chelsea being planned. Information has been sent out to Officers via e-mail regarding the exchange process including how to set up their new Google Accounts. Two phone types have been provided for use at Hammersmith and Fulham, a basic version and enhanced security version. Phone exchange for London Borough of Hammersmith and Fulham near completion, Vodaphone have made several visits to Hammersmith Town Hall to meet users and exchange phones. Scheduled completion date to be confirmed.											There are approximately 800 users in Hammersmith Town Hall and 1000 in the Royal Borough of Kensington and Chelsea were affected.					There remain a number of Officers in Adult Social Care that have not yet returned their Blackberry phones. These may be Social Workers. Stephen Menzies is to pursue the remainder of staff whom have not yet surrendered their phone and come in for a replacement.	November 2016
LBHF	✓	RBKC	✓	WCC	✓	4	3	12	2	3	6	↑	2	2	4	↑	2	2	4				
5	Operating with reduced resources					Management controls											Comments						
Page 224	We are running with vacancies and reduced staff, putting pressure on the teams and increasing staff stress levels, projects getting delayed due to resourcing constraints; Business as Usual issues getting missed due to same.				Ed Garcez, Shared Services Chief Information Officer Ben Goward, Shared Services Interim Chief Information Officer Royal Borough of Kensington and Chelsea and Westminster City Council Veronica Barella, Interim Chief Information Officer, London Borough of Hammersmith and Fulham	Phase 2 consultation commenced, temporary cover through contractors.																	

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	Risk cause and context				Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place	
6	Insufficient depth and spread of knowledge			Management controls											Comments							
	Insufficient depth and spread of knowledge within teams across the department. We rely on particular individuals for certain tasks and know how. This has become worse as staff have left and work has increased. This issue will only get worse if people leave suddenly.			Ben Goward, Shared Services Interim Chief Information Officer Royal Borough of Kensington and Chelsea and Westminster City Council			Documentation (of limited effect) Development plan (only really possible when Phase 2 restructure is complete)														August 2016	
LBHF	✓	RBKC	✓	WCC		5	4	20	4	4	16	↑	4	4	16	⇒	3	3	9			
Page 225	Outdated Business Continuity Plans			Management controls											Comments							
	Outdated Business Continuity Plans and the potential fallout on Information Technology should we be called upon to invoke in the event of an incident, especially centred around telephony/contact centre where we would be asked to deliver calls/data services.			Ben Goward, Shared Services Interim Chief Information Officer Royal Borough of Kensington and Chelsea and Westminster City Council Veronica Barella, Interim Chief Information Officer, London Borough of Hammersmith and Fulham														Plans to review these are affected by volume and urgency of work.			August 2016	

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LBHF	✓	RBKC	✓	WCC	✓		5	4	20	4	4	16	↑	4	4	16	⇒	3	3	9			
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8	Threat of Cyber Attacks				Management controls																	Comments					
	There have been a number of instances of local authorities being targeted by attacks.				Ben Goward, Shared Services Interim Chief Information Officer Royal Borough of Kensington and Chelsea and Westminster City Council Veronica Barella, Interim Chief Information Officer, London Borough of Hammersmith and Fulham				Specific controls in place. Cyber security audit undertaken by the Royal Borough of Kensington and Chelsea recently, with three medium priority recommendations for the Head of Information Management and the Royal Borough of Kensington and Chelsea Information Security Manager. In addition, a Cyber Security paper was produced for Members. After a series of attacks primarily aimed at the Royal Borough of Kensington and Chelsea, but also affecting the London Borough of Hammersmith and Fulham and Westminster City Council, a series of mitigations were put in place including a reminder to staff not to click on downloads or links from unknown e-mail addresses.																		

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF		RBKC	✓	WCC		5	4	20	4	4	16	↑	4	4	16	→	3	3	9	New risk		
9	Public Service Code of Connection access risk.					<u>Management controls</u>							<u>Comments</u>									
	An audit of the Council's network flagged non-standard, possibly non-work related software as a security issue. As a result, the Council is unable to submit its Public Services Network (PSN) Code of Connection. This means that we may be denied access to Government systems, such as the Department of Work and Pensions, Customer Information System, which would severely impact our vulnerable residents who depend on, for example, benefits payments.				Ben Goward, Shared Services Interim Chief Information Officer Royal Borough of Kensington and Chelsea and Westminster City Council	Intranet message communication to all staff via KCnet requesting staff to delete illicit software. Valerie Behmehriz contact Officer for RBKC compliance work. The three Councils are working towards obtaining certification, a healthcheck has been undertaken and actions identified which are being worked on.							Reference to Internal Audit report			Public Service Code of Connection health check Action Plan.		November 2016				
LBHF	✓	RBKC		WCC		5	4	20			0	↑	4	4	16	↓	3	3	9	New risk		
	Office 365 implementation					<u>Management controls</u>							<u>Comments</u>									
	Inability to access Outlook, Excel, Word or other Office 365 products. The expectation was that this work would complete before the transition of ICT services from HFBP to multiple providers, in practice several delays have occurred due to the complexity of the work and the relatively untested nature of these cloud services from Microsoft. It is estimated that between two and three months low-level work remain to be completed, primarily focused on migrating the council's email archive.				Howell Huws, LBHF Head of Contracts and Operations	Office365 Programme Board, Risk Register Documents on the front page of the LBHF intranet. <ul style="list-style-type: none"> Logging into desktop and launching O365 Office 365 Migration Guide O365 FAQs Office 365 Frequently Asked Questions Common problems Office 365 Top 6 Issues and Fixes; To ensure continuity and enable the smooth completion of the project, the council proposes to extend the current project arrangements for project management and Exchange configuration work. Losing these key resource now could have a major impact on the successful achievement of the objectives of the Office 365 implementation. This is because continuity of supply, understanding of the aims and objectives of the programme and excellent relationships with the suppliers and key stakeholders mitigate some critical risks.							31st October 2016 Incident LBHF			Entered by Corporate Risk Manager 16_11_01		November 2016				
LBHF	✓	RBKC		WCC		5	4	20			0	↑	4	4	16	↓	3	3	9	New risk		
11	Contact Centre Call Handling					<u>Management controls</u>							<u>Comments</u>									
	New Contact Centre arrangements capacity to handle calls in a significant event eg. Office 365 failure.				Veronica Barella, LBHF Interim Chief Information Officer	The quickest way to raise an Incident is through Self Service Supportworks. You can use this link to access Self Service Supportworks or use the icon in the 'Applications' folder on your desktop - it's called 'Self Service Supportworks'. You may see a message about an expired login but just click Login to continue.							31st October 2016 Incident LBHF			Entered by Corporate Risk Manager 16_11_01		November 2016				

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	WCC			5	4	20			0	↑	4	4	16	↓	3	3	9	New risk		
12	Public Services Network CoCo certification project.					Management controls									Comments							
	Some key officers delivering business critical "in flight" projects, managing the project pipeline and strategic relationship with the service areas are not moving as they have taken up jobs with Agilisys, resulting in gaps in service provision. Government bodies who use Public Services Network to share information may decide to stop access to their data or to prevent access to datasets that the Council may benefit from.				Ciara Shimidzu, LBHF Head of Information, Strategy and Projects	Cabinet Member to approve the direct procurement from Agilisys to cover H&F's immediate resource requirements ensuring service continuity and resilience between H&F ICT and the service areas as these are the key staff who are providing continuity and supporting where ICT has gaps post-TUPE transfer. The procurement is to be funded by the H&F ICT budget. It is proposed to recruit two Agilisys contractors who are currently employed by HFBP and are delivering business critical services to the council. One contractor will be recruited for 20 working days and the other will be recruited for 30 working days. During this time, permanent recruitment to vacant roles will take place and provide a more cost efficient and robust service moving forward. Given the number of vacant roles moving across to the council, this short term proposal is affordable. IT healthcheck undertaken by each council. Actions then identified and captured which need to be resolved before submission of the application.									To not recruit these officers will jeopardise H&F's PSN CoCo certification project, the strategic relationships and trust with the service areas risking non-engagement with the new sovereign ICT service and its effective establishment within the council			Entered by Corporate Risk Manager 16_11_01	November 2016			
Page 228	LBHF	✓	RBKC	WCC		5	4	20			0	↑	4	4	16	↓	3	3	9	New risk		
	ICT transition data centre project management.					Management controls									Comments							
	It is vital that a key resource is recruited to deliver the data centre migration from a client perspective. If an immediate appointment of a senior highly-skilled data centre project manager cannot be made then -this could have a major impact on the successful transition programme to the extent that the predicted savings on this element which are considerable, may not be realised				Jackie Hudson, LBHF IICT Transition Director	That approval be given for the procurement of a six-month engagement of a senior, highly-skilled and knowledgeable ICT resource from an external specialist agency, Penna. That approval is granted in this instance to waive the requirement of Contract Standing Orders to seek competitive quotations to achieve the required continuity of service and assure the savings the council requires.									This is key role where ultimately permanent member of staff should complete the delivery and ensure knowledge transfer between this and a resource within the in-house team.			Entered by Corporate Risk Manager 16_11_01	November 2016			
LBHF	✓	RBKC	WCC			5	4	20			0	↑	3	4	12	↓	3	3	9	New risk		
14	ICTnetwork Infrastructure Transition					Management controls									Comments							
					Keith Newman ICT Infrastructure Manager, Royal Borough of Kensington and Chelsea	Infrastructure changes planned between 7am and 11.59pm on Saturday 26 November all RBKC hosted IT systems will be down. Change Control Board have considered the changes and an assessment has been made that there should be minimal impact on the London Borough of Hammersmith and Fulham.												Entered by Corporate Risk Manager 16_11_01	November 2016			

Score	Key	Action
16-25	Red	High risk, immediate management action is required.
11-15	Amber	Medium risk, review controls for appropriateness and effectiveness
1-10	Green	Low risk, monitor and if escalates quickly check controls

LIBRARIES SERVICES RISK REGISTER DASHBOARD

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place	
LBHF	✓	RBKC	✓	WCC	✓		4	4	16	4	4	16	➔	3	3	9	⬆️	1	1	1	<u>Comments</u>		
1	Failure to agree shared services approach to medium term financial challenge and continued development of shared services.					<u>Management controls</u>																	
	(Libraries delivery models programme), 3B arrangements do not develop or are terminated				Mike Clarke Tri-borough Director of Libraries and Archives	Developing change proposals in an iterative and consulted way; programme management arrangements to be reviewed/support garnered; Member engagement											The three boroughs are adopting the same approach to cost savings and retaining the service in-house.			Monthly monitoring at Project Board.	October 2016		
LBHF	✓	RBKC	✓	WCC	✓		4	5	20	3	4	12	➔	3	4	12	➔	1	1	1	<u>Comments</u>		
Page 229	Failure to deliver three year savings programmes.					<u>Management controls</u>																	
	Failure to deliver savings or under-achieve income				Mike Clarke Tri-borough Director of Libraries and Archives, Tim Hampton Finance Manager	Medium term planning through corporate processes and Senior Management Team. Monthly monitoring by service and finance											2016/17 savings identified. Challenge to find 2018/19 savings still to be identified.			Approval of proposals for yearly reductions; development of alternative models	October 2016		
LBHF	✓	RBKC	✓	WCC	✓		4	3	12	3	3	9	➔	3	3	9	➔	2	2	4	<u>Comments</u>		
3	Increased risk to library staff from increasing Anti Social Behaviour issues in libraries					<u>Management controls</u>																	
	Public order, customer and staff safety, risk to Council property and reputation				Mike Clarke Tri-borough Director of Libraries and Archives	Weekly updates at Senior Management Team. Additional security where required e.g. Paddington and Chelsea. AIRS On-line incident reporting in use, but no reports yet seen. Training in dealing with violence and aggression.														Enhanced liaison with police and community safety	October 2016		

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* Risk 4 is a sovereign LBHF risk.																								
LBHF	✓	RBKC		WCC			3	5	15		3	4	12	➔	3	4	12	➔	2	2	4	<u>Comments</u>		
4	Roof leaks at Hammersmith library damaging refurbished interior and stock						<u>Management controls</u>																	
	Reputational risk, operational costs					Chris Lloyd, Community Development Manager	Hammersmith library refurbishment project. Project funding has been approved and work has started. Works to the rainwater goods and the roof will be completed before the Winter weather sets in.										Repairs are on course to be delivered before the start of winter 2016.			Monthly monitoring at Senior Management Team. Monthly meetings with AMEY and the contractor.		October 2016		
LBHF	✓	RBKC	✓	WCC	✓		4	4	16		4	4	16	➔	4	4	16	➔	2	2	4	<u>Comments</u>		
Page 230	Manage income generating decline (libraries)						<u>Management controls</u>																	
		Financial risk					Mike Clarke Tri-borough Director of Libraries and Archives, Tim Hampton, Finance Manager	New income streams are being developed but progress is slow and have yet to demonstrate their potential.										Monthly forecasting and medium term financial planning			Explore other sources of income. Right size as part of alternative models of delivery		October 2016	
LBHF		RBKC	✓	WCC			4	4	16		3	4	12	➔	4	4	16	⬇	2	2	4	<u>Comments</u>		
6	Planned North Kensington library becomes challenging/contested						<u>Management controls</u>																	
	Issac Newton programme					Chris Lloyd Community Development Manager	Following events in Q2 this has increased in likelihood. Additional mitigations are being put in place including and enhanced consultation and there was a high level of engagement with the first consultation. Focus groups have been planned with residents.										Monthly at policy board. Quarterly at corporate property programme board			Ensure community and Ward Member briefings and engagement are timely and appropriate		October 2016		

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LBHF	✓	RBKC	✓	WCC	✓		2	4	8			0	↑	2	4	8		2	2	4	<u>Comments</u>		
7	Archives computer database - if licensing and management through LBHF transition not resolved access may cease.					<u>Management controls</u>																	
	Access to the catalogue wi;; fall over.				Mary Enright, Tri-borough Reference, Information and Archives Manager, Libraries and Culture Director's Office	Financial monitoring and review											Chief risk now as if installation costs are high	Raise new work order with new IT support team.	November 2016				
LBHF	✓	RBKC	✓	WCC	✓		4	4	16	3	3	9	→	2	3	6	↑	2	2	4	<u>Comments</u>		
Page 231	Lack of reliable information due to the implementation of Agresso leads to risk of inaccurate decision making and poor financial performance.					<u>Management controls</u>																	
	Financial risk				Kim Marshall, Strategic Finance Manager - tri-borough libraries, Tim Hampton, Finance Manager	Situation improving but still requires monitoring.											Monthly financial monitoring	Analysis of areas not effectively covered by current financial processes	October 2016				
LBHF		RBKC		WCC	✓		4	4	16	3	4	12	→	4	4	16	↓	2	2	4	<u>Comments</u>		
9	Failure to achieve registrars increased income targets.					<u>Management controls</u>																	
	Financial risk, Budgets not balanced. Failure to achieve registrars increased income targets.				Christine Junor-Sheppard, Head of Registration Service, Tim Hampton Finance Manager	Programme Board and monthly review by service and finance. This item will be removed and transferred to WCC Risk Register in Q3.											Resolved issues with Agresso forecasting - now accurate assessment of income. Assessed viability of fees and charges covering the cost of the service.	New cost recovery fees and charges to be introduced January 2017. Portland Hospital birth registration service still being pursued.	October 2016				

LIBRARIES SERVICES RISK REGISTER DASHBOARD

APPENDIX 5

Review date 23/11/16

Ref	RISK				Assigned To	Inherent risk assessment:			Residual risk assessment: Quarter 1 2016 2017				DOT	Residual risk assessment: Quarter 2 2016 2017			DOT	Target risk:			Reducing the risk		
	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall	Likelihood		Impact	Overall	Likelihood		Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place	
LBHF	✓	RBKC		WCC		3	3	9	3	3	9	➔	3	3	9	➔	2	2	4	<u>Comments</u>			
10	Failure to deliver solution for borough archives storage					<u>Management controls</u>																	
	Reputational risk, and operational costs.				Mary Enright, Tri-borough Reference, Information and Archives Manager.	Close to finalising new lease with landlord; still essential for LBHF Property to get partner buy-in to ensure satisfactory rental share. Estimated rent £3,000 above budget; no shortfall this year but potentially next year.											Progress has been slow but in the right direction for our service.			Monitor throughout November, with aim to remove from Risk Register in December.		October 2016	
LBHF		RBKC		WCC	✓	4	3	12	3	3	9	➔	4	3	12	⬇	2	2	4	<u>Comments</u>			
11	Manage change in demand for nationality services (registrars).					<u>Management controls</u>																	
	Financial risk				Christie Junior-Sheppard, Head of Registration Service.	Monitoring - but this is determined by government policy and not directly within WCC's control. Additional risk as a result of Brexit (exact implications unknown), This item will be removed and transferred to WCC Risk Register in Q3.											Still difficult to assess impact of Brexit, but clear regulations on citizenship getting tighter which is likely to impact demand at some point in future.				October 2016		

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APPENDIX 5

Review date 23/11/16

Ref	RISK				Assigned To	Inherent risk assessment:			Residual risk assessment: Quarter 1 2016 2017			DOT	Residual risk assessment: Quarter 2 2016 2017			DOT	Target risk:			Reducing the risk			
	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place	
LBHF		RBKC		WCC	✓		5	4	20	4	4	16	→	5	4	20	↓	2	2	4	<u>Comments</u>		
11	Failure to deliver new Marylebone library.					<u>Management controls</u>																	
	Reputational and financial risks				Tony Rice, Operations Manager, Tri-borough Operations	Luxborough project (library element) cancelled and a new permanent reprovision is being sought at Seymour. Cost and space as yet not confirmed. In the interim the library will need to vacate the current premises Beaumont Street and arrangements are in place to move to a smaller temporary location in nearby New Cavendish Street.																	
						Ensure library requirements are appropriate within scheme. Work collaboratively with City West Homes and developer.																	
						October 2016																	
LBHF		RBKC		WCC	✓		3	5	15	3	3	9	→	3	4	12	↓	2	2	4	<u>Comments</u>		
12	Failure to deliver savings for the WCC Digital Programme.					<u>Management controls</u>																	

LIBRARIES SERVICES RISK REGISTER DASHBOARD

APPENDIX 5

Review date 23/11/16

Ref	RISK	Assigned To	Inherent risk assessment:			Residual risk assessment: Quarter 1 2016 2017			DOT	Residual risk assessment: Quarter 2 2016 2017			DOT	Target risk:			Reducing the risk			
	Risk cause and context		Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place	
		Chris Lloyd, Community Development Manager	Luxborough project (library element) cancelled and a new permanent reprovision is being sought at Seymour. Cost and space as yet not confirmed. In the interim the library will need to vacate the current in premises Beaumont Street and arrangements are in place to move to a smaller temporary location in nearby New Cavendish Street.															Senior Management Team to make case if final £55k not achievable in 2016/17		October 2016

Key to Risk Rating		
Score	16-25	RED - High risk - immediate management action required.
Score	11-15	AMBER - Medium risk, review controls.
Score	1-10	GREEN- Low risk, monitor and if the risk escalates check controls.

Key	Action
25	Red High risk, immediate management action is required.
15	Amber Medium risk, review controls for appropriateness and effectiveness
10	Green Low risk, monitor and if escalates quickly check controls

PUBLIC HEALTH SERVICES RISK REGISTER DASHBOARD

APPENDIX 5

Review date 23/11/16

Ref	RISK				Assigned To	Inherent risk assessment:			DOT	Residual risk assessment: Quarter 1 2016 2017			DOT	Residual risk assessment: Quarter 2 2016 2017			DOT	Residual risk assessment: Quarter 3 2016 2017			DOT	Target risk:			Reducing the risk		
	Risk cause and context					Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place

PUBLIC HEALTH

LBHF	✓	RBKC	✓	WCC	✓		4	5	20	3	4	12	⇒	3	3	9	↑	3	3	9	⇒	3	3	9					
1	Public Health Grant reductions and removal of the ring-fence.					Management controls												Comments											
	Health outcomes will be impaired by the reduction of the Public Health Grant reductions and Public Health's ability to deliver against the Councils medium term plans.					Dr Mike Robinson, Director of Public Health					PH Finance Business partners continue to undertake scenario planning and prepare various budget proposals about future reductions that the Public Health Grant will be subject to an average 3.0% reduction (in real terms) over the next 5 years. The announced in-year reduction to the grant of 6.2% has been met.												A task and finish group has been set up to review current and future years potential grant allocation and budget commitments in reducing grant context, with a view to aligning spend to the Public Health vision for the Councils.			Review of commissioning, contracts and procurement programmes to identify where efficiencies can be achieved for future year. Senior Leadership Team to review the risk in the next Quarter.			October 2016

LBHF	✓	RBKC	✓	WCC	✓		3	5	15	3	4	12	⇒	3	4	12	⇒	3	4	12	⇒	3	3	9					
Page 235	Consequences of reprourement and the procurement process.					Management controls												Comments											
	Limited competition in the marketplace may adversely affect PH procurement outcomes					Dr Mike Robinson, Director of Public Health					Stimulate the market through stakeholder and market development events. Develop service contingency plans. Horizon scanning.												Could destabilise service delivery. This has wider implications to across the Councils and wider unrelated services.			Senior Leadership Team to review the risk in the next Quarter.			October 2016

LBHF	✓	RBKC	✓	WCC	✓		3	5	15	3	4	12	⇒	3	4	12	⇒	3	4	12	⇒	3	3	9					
3	Clinical Governance					Management controls												Comments											
	Adequate assurances are required of our providers and their clinical governance processes.					Gaynor Driscoll (Head of Substance Misuse Service) Cynthia Folarin Lydie Dalton (Interim Public Health					A Public Health Clinical Governance Statement for Providers is being developed. Staff to be provided with clinical governance guidelines. Clinical Governance monitoring mechanisms being put in place.												A consequence of this risk is that there could be a lack of focus on clinical safety and quality.			Senior Leadership Team to review the risk in the next Quarter.			October 2016

PUBLIC HEALTH SERVICES RISK REGISTER DASHBOARD

APPENDIX 5

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	Risk cause and context				Likelihood	Impact	Overall	Likelihood	Impact	Overall	Likelihood		Impact	Overall	Likelihood	Impact		Overall	Likelihood	Impact	Overall		Management comments on measures.	Planned action(s)	Date / in place			
LBHF	✓	RBKC	✓	WCC	✓		3	4	12	3	3	9	NEW	3	4	12	↓	3	4	12	⇒	3	3	9				
4	Public Health Restructure				Management controls																	Comments						
	The uncertainty about the direction of Public Health and the instability in Public Health Teams affects the delivery of key outputs.			Dr Mike Robinson, Director of Public Health	The Public Health operating model is currently being reviewed by the Director of Public Health, with a view to a revised model being announced in July. Team events have been planned to engage staff and take them through the next steps for the service. Preliminary consultation with staff; Managers are attending Leadership workshops; one to one discussions with staff as part of annual appraisal. Agency staff being used to help with recruitment/retention and to cover gaps in the workforce.																	Previous risk, recruitment and retention deleted and replaced with this new risk.			Senior Leadership Team to review the risk in the next Quarter.	October 2016		
LBHF	✓	RBKC	✓	WCC	✓		3	4	12	3	3	9	NEW	3	4	12	↓	3	4	12	⇒	3	3	9				
5	Information Governance				Management controls																	Comments						
Page 236	Weaknesses in or Information Governance structures could result in data breaches or accidental loss of key information.			Radhike Dube, Head of Operations, Public Health	Information governance Infrastructure to be strengthened. Public Health staff to work with Shared Service Information Governance and Caldicott Support Manager to develop and implement and Information Governance Action Plan for Public Health. Staff guidance to be developed and circulated. Completion of Information Governance induction training by new starters and Information Governance refresher training by other staff to be monitored. Public Health to co-ordinate its Information Governance activities and assessment reporting with Corporate Westminster City Council and Shared Services Information Governance Steering Groups.																	Loss of personal information could result in reputational damage for Public Health and possibly financial penalties being imposed by the Information Commissioner.			Senior Leadership Team to review the risk in the next Quarter.	October 2016		
LBHF	✓	RBKC	✓	WCC	✓		3	4	12	3	3	9	NEW	3	4	12	↓	3	4	12	⇒	3	3	9				
6	Corporate Procurement support to Public Health				Management controls																	Comments						
	The loss, since June 2016, of an embedded corporate procurement resource could have an adverse effect on Public Health's procurement and contract development activities going forward.			Dr Mike Robinson, Director of Public Health	Public Health procurement skills gap to be documented and reported to the Senior Management Team. Public Health procurement expertise to be considered as part of the forthcoming Public Health Restructure. Consequences of the loss of Public Health procurement expertise to be established and kept under review by the Senior Management Team.																	Some limited corporate procurement support may be available to Substance Misuse/Offender Health Public Health Service area.			Senior Leadership Team to review the risk in the next Quarter.	October 2016		
LBHF	✓	RBKC	✓	WCC	✓		3	4	12	3	3	9	NEW	3	4	12	↓	3	4	12	⇒	3	3	9				
7	Public Health Investment in other Council departments				Management controls																	Comments						
	Use of the Public Health Grant to fund activities not traditionally considered as Public Health services could result in outcomes not being achieved cost-effectively			Dr Mike Robinson, Director of Public Health	Senior Managers or their delegates from each of the directorates receiving the funding are required to attend regular meetings to review progress and discuss other opportunities for council services to collaborate to improve Public Health outcomes for residents. These meetings to be chaired by the Cabinet Member for Adult Social Care and Health (or their delegate), attended by other Cabinet leads as appropriate, and will be informed by a simple report/outlining activities, outputs and any evidence on outcomes. Public Health to work with receiving directorates to agree performance metrics and evaluation measures for these meetings.																	Regular project review meetings are being held.			Senior Leadership Team to review the risk in the next Quarter.	October 2016		

PUBLIC HEALTH SERVICES RISK REGISTER DASHBOARD


APPENDIX 5

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	Risk cause and context			Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place

Key to Risk Rating		
Score	16-25	RED - High risk - immediate management action required.
Score	11-15	AMBER - Medium risk, review controls.
Score	1-10	GREEN- Low risk, monitor and if the risk escalates check controls.

Agenda Item 12

<p>London Borough of Hammersmith & Fulham</p> <p>AUDIT, PENSIONS AND STANDARDS COMMITTEE</p> <p>7 December 2016</p>	 <p>h&f hammersmith & fulham</p>
<p>ANNUAL GOVERNANCE STATEMENT ACTION PLAN AND OUTSTANDING RECOMMENDATIONS FOR EXTERNAL AUDIT</p>	
<p>Report of the Interim Director of Audit, Fraud, Risk and Insurance</p>	
<p>Open Report</p>	
<p>For Information Key Decision: No</p>	
<p>Wards Affected: None</p>	
<p>Accountable Director: Moira Mackie, Interim Director of Audit, Fraud, Risk and Insurances</p>	
<p>Report Author: Geoff Drake, Senior Audit Manager</p>	<p>Contact Details: Tel: 0208 753 2529 E-mail: geoff.drake@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report summarises Progress on implementing recommendations arising from the External Audit Report 2015/16 and the Annual Governance Statement.

2. RECOMMENDATIONS

- 2.1. To note the contents of this report.

3. REASONS FOR DECISION

- 3.1. Not applicable. No decision required.

4. INTRODUCTION AND BACKGROUND

- 4.1. In September 2016 the Council's External Auditors (KPMG) issued their 'Report to those charged with governance (ISA 260) 2015/16'. The report contained three recommendations for implementation by management.

- 4.2. The Council's 2015/16 Annual Governance Statement (AGS) also contained three issues that required action by management. Action plans are a necessary result of the AGS and should provide sufficient evidence that the individual significant control weaknesses taken from the AGS will be resolved as soon as possible, preferably in-year before the next statement is due.
- 4.3. Failure to act effectively on the significant control issue would increase the exposure of the council to risk. As these issues are considered to be significant, the action plans and the progress made in implementation will be periodically reported to the Audit, Pensions and Standards Committee to agree and then to monitor progress.

5. PROPOSALS AND ISSUES

5.1. Update on External Audit Recommendations

- 5.1.1. The table attached as Appendix A shows the progress reported by the responsible managers in implementing the recommendations from the KPMG 'Report to those charged with governance (ISA 260) 2015/16'. Unless otherwise stated, Internal Audit has not verified the information provided and can therefore not give any independent assurance in respect of the reported position.

5.2. Update on Annual Governance Statement recommendations

- 5.2.1. The table attached as Appendix B shows the progress reported by the responsible managers in implementing recommendation from the 2015/16 Annual Governance Statement.
- 5.2.2. Unless otherwise stated, Internal Audit has not verified the information provided and can therefore not give any independent assurance in respect of the reported position.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. Not applicable.

7. CONSULTATION

- 7.1. Not applicable.

8. EQUALITY IMPLICATIONS

- 8.1. Not applicable.

9. LEGAL IMPLICATIONS

- 9.1. Not applicable.

10. FINANCIAL IMPLICATIONS

10.1. Not applicable.

11. IMPLICATIONS FOR BUSINESS

11.1. Not applicable.

12. OTHER IMPLICATION PARAGRAPHS

12.1. Not applicable.

13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.

LIST OF APPENDICES:

Appendix A - External Audit Recommendations

Appendix B - Annual Governance Statement Recommendations

External Audit Recommendations Update

Recommendation/Areas of Improvement	Initial response and timescale	Responsible Officer	Update to Audit, Pensions and Standards Committee
<i>Report to those charged with governance (ISA 260) 2015/16</i>			
<p>The Council should consider how to obtain assurance over the control environment at BT. This can be achieved through the commissioning of an ISAE 3402 as noted above or specific internal audit work undertaken at BT. The resulting report should be reviewed by management and any areas for local consideration should be actioned accordingly.</p>	<p>We will investigate and consider options as to how we can obtain increased assurance over the control environment at BT. This may include an internal review of controls, an externally certified review, or a combination of both. Management will review any findings and ensure that any areas for local consideration are actioned accordingly. (Strategic Finance Director March 2017)</p>	<p>Strategic Finance Director</p>	<p>This has now been escalated to BT and progress in this area is being closely monitored.</p>
<p>BT and LBHF should work to resolve technical issues with Agresso and reduce the number of spreadsheet journals processed in order to prevent the posting of cross-entity journals.</p>	<p>LBHF will work with BT to minimise the risk of posting cross-entity journals and enhance preventative controls. We will continue to operate robust detective controls in this area. (Strategic Finance Director December 2016)</p>	<p>Strategic Finance Director</p>	<p>Preventative controls have been enhanced. Detective controls will remain in place to minimise risk in this area.</p>
<p>We recommend that the Council undergo a remapping exercise to ensure that the TB mapping to debtors and creditors is accurate (i.e. that debtor contra accounts are not mistakenly mapped to creditors and vice versa). In addition, the finance team should consider performing an analysis of debtors and creditors at year end to identify specific items or areas that would be appropriate to net against each other.</p>	<p>LBHF will review the mapping of debtors and creditors and will also review the use of the chart of accounts. Corporate Finance will undertake more detailed analysis of debtors and creditors at year end to identify specific items or areas that would be appropriate to net against each other. (Strategic Finance Director December 2016)</p>	<p>Strategic Finance Director</p>	<p>Work is underway to review the use of Category 5 and 6 codes on the ledger which will underpin improvements in this area.</p>

2015/16 Annual Governance Statement Action Plan


Entry	Responsible Officer	Action Plan	Progress To date
<p>Funding reductions Money received by Hammersmith and Fulham Council from central government is reducing significantly every year. Funding reduced by £18m in 2015/16 (to £57.6m) and is forecast to further reduce by £33.6m from 2015/16 to 2019/20. Based on the Local Government Finance Settlement the 2016/17 grant reduction is £8.2m. In addition, Government has imposed £3.4m of new responsibilities on LBHF without providing any funding. As part of the Local Government Finance Settlement the government announced that authorities can charge a 2% social care precept. This would raise £1.1m for Hammersmith and Fulham and is included in Government projections of LBHF's spending power. The Government also included an assumed further 1.75% increase in council tax in LBHF's spending power projection, meaning a total council tax increase of 3.75% is assumed in the spending power projection. The Council's administration does not wish to apply any tax increase to residents, so it does not form part of the 2016/17 budget proposals. In the context of this, the Council will continue to prioritise and endeavour to maintain strong governance arrangements, focusing on the purpose of the Council and on outcomes for the community, engaging with stakeholders, and promoting values for the authority whilst demonstrating the values of good governance</p>	<p>Head of Finance Budget Planning & Monitoring</p>	<p>The Council has put in place the Smarter Budgeting programme to help meeting the challenge created by funding reductions. The Smarter budgeting programme has followed an outcome based approach to identify growth and savings in eight key outcomes:</p> <ul style="list-style-type: none"> • Economic Growth • The best start in life for children • Resident involvement • Decent homes • Reducing homelessness • Supporting vulnerable adults • Safer and healthier place • Cleaner, greener, sustainable borough <p>A similar approach has been adopted for reviewing support services (enabling activities). For each outcome, a number of business cases have been developed. These include identifying new sources of income, service improvement and savings. Work is on-going to further develop and analyse proposals and the savings identified.</p>	<p>The 2017/18 to 2020/21 budget proposals will be reported, for consultation, to the Policy and Accountability Committees in January 2017.</p>

Entry	Responsible Officer	Action Plan	Progress To date
<p>through upholding high standards of conduct and behaviour. Further to this, proactive risk management arrangements will be enhanced to support the delivery of the Council's key objectives.</p>			
<p>Contract Management and Procurement Contract management arrangements had been developing into a "tri-borough" service with significant procurements undertaken such as the SEN childrens' transport contract and the Managed Services Programme (both procured prior to 2015/16). In order to strengthen both procurement and contract management, the Council appointed a new Commercial Director in December of 2015, with extensive experience in both the public and private sectors. Following an initial review, Council Standing Orders have been changed to improve visibility and oversight of procurement projects by requiring Cabinet sign off of procurement strategies for any project with a value greater than £100,000. A further review of procurement is underway, to better define the boundaries and interfaces between the corporate procurement function and related activities devolved to service departments. In terms of contract management, a maturity assessment of existing contract management capability has been initiated. The results will allow the Council to compare itself against prevailing best practice across all sectors on an international basis. A cohort of approximately 30 staff are undergoing formal commercial and contract management training that will lead to a recognised qualification from the International Association of Commercial and Contract Management.</p>	<p>Director of Commercial and Procurement</p>	<p>The Council's Strategic Leadership Team have agreed to significantly strengthen the Commercial Director's role across the organisation in procurement and contract management. Actions are as follows:</p> <p>Corporate Procurement</p> <ol style="list-style-type: none"> Coordinate and support major procurement activities contracts (by value or sensitivity) across H&F to maximise opportunities and make sure resources are available Provide support, development, training and assistance to service departments on a project by project basis Develop and implement procurement policy, practice and guidance Ensure compliance with policy, standards and procurement law Work with economic development to ensure that maximum local economic benefit is derived from all procurements. <p>Strategic Contract Management</p> <ol style="list-style-type: none"> Set contract corporate contract management standards and ensure compliance Lead, supervise and coordinate all contract management activities on major contracts (by value or sensitivity) and share line management of relevant contract management staff Be accountable for contractual performance of major contracts Work with commissioners and service managers 	<p>The Corporate Procurement team has created create and manage a forward plan of all major procurements. From the forward plan, a schedule of activities will be created and captured in discrete project plans. By coordinating the timing of major procurements, appropriate resources will be allocated to each project. The progress of each project will be managed with the assistance of the Corporate Procurement Team and is reported monthly individually and in aggregate at the Business Delivery Team (BDT) meeting. Actions to recover any slippage will be agreed, tracked and recorded at the BDT. These reports will be for information only unless there are unresolved or outstanding actions.</p> <p>The Head of Commercial and Contract Management (once appointed) will ensure monthly, corporate reporting of all major contracts takes place and will include: performance against contract requirements, corrective actions, penalties imposed or notices served. Status of previous corrective actions and any unresolved issues along with a plan to deal with them. The report will be provided individually and in aggregate and will be reported monthly to the BDT. Actions to resolve any outstanding issues will be agreed, tracked and recorded at the BDT. These reports will be for information only unless there are unresolved or outstanding actions.</p> <p>Accredited Commercial and Contract management training is underway and due to complete April 2017. A broad review of contract management to test H&F contract management against international standards has been completed. The findings suggest that our self-assessment (higher than average international standards) is at odds with actual performance (which is mixed).</p>

Entry	Responsible Officer	Action Plan	Progress To date
		<p>to carry out contract development for all major contracts to ensure their relevance and suitability during the contract term</p> <p>e. Work with, commissioners, service managers and major suppliers to continuously improve quality and cost through investment and innovation</p> <p>f. Maintain a watching brief on the financial and commercial stability of major contractors</p> <p>g. Train and develop capability and skills of contract management staff across H&F</p>	<p>An initial contract management workshop has taken place and we are creating a community of commercial and contract management staff from this. The next workshop will be in January 2017.</p> <p>Individual reviews of the Serco, Mitie and Pinnacle contracts are underway. SLT has agreed that the Commercial Director will have shared line management for all contract management staff.</p> <p>Subject to internal governance, the director is recruiting a new Head of Commercial and Contract Management and four new contract managers in order to achieve the planned changes and to meet MTFS targets.</p>
<p>BT Managed Services Contract Delivery The Managed Services Programme was procured by Westminster City Council in 2013 to provide transactional Human Resources, including payroll, finance services and a Shared Service help desk for the London Borough of Hammersmith and Fulham, the Royal Borough of Kensington and Chelsea and the City of Westminster Councils. The programme overran its original delivery date of 1 April 2014 and went live on 16 March 2015 with a further programme of staged implementation originally extending to 30 April 2015 that has continued to be extended since. Overall, the programme work plans were reviewed by the Programme post go-live and this established key deliverables with revised due dates. These plans and the target date for to achieve a steady state, have slipped and a more recent review of plans has re-set due dates which now stretch through to June 2016. The Council has recognised through its Audit Committee and Contract management arrangements</p>	<p>Chief Executive, supported by MSP sponsors - Strategic Finance Director and Director for Human Resources</p>	<p>3.1) LBHF management Oversight of Services and Performance</p> <p>3.2) Assurance for the control environment at BT</p> <p>3.3) Delivery of plans to achieve a steady state</p>	<p>3.1) Nigel Pallace is established as SRO for LBHF, supported by H Jolapara and D Morris acting in the capacity of Service Sponsors. This arrangement provides an appropriate resource structure to engage in the contractual governance forums with BT (Board to Board, Strategic Framework Board), and enables capture and structured escalation of matters requiring corrective action. Additionally the SRO and service sponsors conduct a weekly update sessions to review current activities.</p> <p>3.2) This has now been escalated to BT and progress in this area is being closely monitored.</p> <p>3.3) LBHF are monitoring and challenging progress against the transitional activities being undertaken by BT though attendance at the Operational Framework Board, Strategic Framework Board, and Board to Board forums. Forums are held on a bi weekly basis and provide the SRO with a high level of oversight of the performance of supplier activity and the status of, and plans to address critical system and service issues. Where required, additional engagement with BT by the</p>

Entry	Responsible Officer	Action Plan	Progress To date
<p>that the contract with BT has had significant issues. During the year, the Council discontinued the use of Westminster City Council's Chief Executive as the SRO for the contract with BT and appointed the Council's Chief Executive as its SRO for the contract with BT. Officers and members from the Council held regular meetings with BT to review plans to improve performance, including making sure measures were taken to ensure internal controls operated. Work is on-going with BT to address the issues raised in this statement and additional resources are being applied by them and the Council to resolve the issues as soon as possible, although over the period improvements have been made we are unable to say with confidence when the system and service will be fully operational. In order to undertake an effective internal audit whereby reliance can be placed on the testing undertaken, there needs to be confidence that the system being reviewed is operating in a stable environment with changes properly controlled and tested prior to being implemented. Apart from the high level controls review of the Managed Service, which indicated that there were a number of areas where assurance on controls could not be given, Internal Audit have not been able to independently review the system controls and have therefore not undertaken any substantive testing during 2015/16 in the key areas of HR, Payroll and Finance. Due to problems with the system, additional internal finance and HR resources were engaged during the year by the Council to support HR and finance work, including to assist the production of the final accounts. The additional support mitigated the issues that have been experienced.</p>			<p>Service Sponsors and their respective teams is being undertaken to address high priority service issues and quality assure BT delivery against planned and reactive activities. Where required additional LBHF resources have been deployed to mitigate the impact of issues experienced in payroll and pensions.</p> <p>The re-set due dates of June 2016 have been extended to accommodate a comprehensive re-planning process through which LBHF have assured that the totality of issues being experienced at August 2016 are incorporated into a revised transition plan to achieve stabilisation of both BT System and Services. The revised plan is monitored at all three levels of contract governance on a bi weekly basis providing a timely route of customer escalation to BT Chief Operating Officer level if required.</p>

Agenda Item 13

<p>London Borough of Hammersmith & Fulham</p> <p>AUDIT, PENSIONS AND STANDARDS COMMITTEE</p> <p>07 December 2016</p>	
INTERNAL AUDIT QUARTERLY REPORT FOR THE PERIOD 1 JULY TO 30 SEPTEMBER 2016	
Report of the Interim Director of Audit, Fraud, Risk and Insurances	
Open Report	
For Information Key Decision: No	
Wards Affected: None	
Accountable Director: Moira Mackie, Interim Director of Audit, Fraud, Risk and Insurance	
Report Author: Geoff Drake – Senior Audit Manager	Contact Details: Tel: 0208 753 2529 E-mail: geoff.drake@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. This report summarises internal audit activity in respect of audit reports issued during the period 1 July to 30 September 2016 as well as reporting on the performance of the Internal Audit service.

2. RECOMMENDATIONS

- 2.1. To note the contents of this report.

3. REASONS FOR DECISION

- 3.1. Not applicable. No decision required.

4. PROPOSAL AND ISSUES

- 4.1. This report summarises internal audit activity in respect of audit reports issued during the period 1 July to 30 September 2016, and is for the Committee to note.

Internal Audit Coverage

- 4.1.1. The primary objective of each audit is to arrive at an assurance opinion regarding the robustness of the internal controls within the financial or operational system under review. Where weaknesses are found internal audit will propose solutions to management to improve controls, thus reducing opportunities for error or fraud. In this respect, an audit is only effective if management agree audit recommendations and implement changes in a timely manner.
- 4.1.2. A total of 24 audit reports were finalised in the second quarter of 2016/2017 from 1 July 2016 to 30 September 2016. In addition, 1 management letter and 1 follow up report were issued.
- 4.1.3. A summary of each of the limited assurance reports is provided in Appendix D. Three Limited assurance reports were issued in this period, one of these is Mitie Health and Safety Checks which was reported to the September 2016 Committee so the full report is not re-submitted for this meeting. Also Phoenix High School became an academy since the audit was undertaken. As it is no longer a responsibility of the council the full audit report is not provided to the Committee.
 - 4.1.3.1. The review of MITIE Health and Safety Checks identified 1 High, 5 Medium and 4 Low priority recommendations. 3 recommendations have passed their due date for implementation and 2 of these have been confirmed as implemented.
 - 4.1.3.2. The review of Phoenix High School identified 2 High, 9 Medium and 5 Low priority recommendations. Phoenix High School became an Academy from 1 September 2016, and therefore the recommendations have been marked as closed and a follow up of the recommendations raised will not be undertaken.
 - 4.1.3.3. The review of Disability Services Direct Payments identified 3 High, 5 Medium and 2 Low priority recommendations. Recommendations are yet to pass their due date for implementation.
- 4.1.4. One follow up was undertaken in the period:
 - 4.1.4.1. Kenmont Primary School where 7 of the 17 recommendations had been fully implemented, 9 had been partly implemented, and 1 had not been implemented. Given these results a further follow up will be undertaken once the school re-confirms that the recommendations have been implemented.

Review of Insurance Services

- 4.1.5. In addition to the internal audit work completed in the period, a technical claims file review has been undertaken by the Council's insurers to provide an analysis of the shared services claims handling service as measured against current best practice. The insurance service handles Employers and Public Liability claims up to a delegated authority of £100k for LBHF with this delegated authority being in place since 1 April 2015.
- 4.1.6. The review concluded that the service provided was effective, which is the highest opinion given in these technical reviews, with the controls considered to be appropriate and to maintaining risk within acceptable parameters. The report stated that the claims handling by the shared service was of a very high standard and it was clear that there was a pragmatic and realistic approach taken on the vast majority of the claims reviewed. The overall quality score given for the service was 97.69%.
- 4.1.7. Three recommendations have been made to improve the systems of control which have been addressed by the service. Implementation of these recommendations will be independently reviewed before the end of the calendar year.

Outstanding audit recommendation

- 4.1.8. The Internal Audit department works with key departmental contacts to monitor the number of outstanding draft reports and the implementation of agreed recommendations.
- 4.1.9. Departments are given 10 working days for management agreement to be given to each report and for the responsible Director to sign it off so that it can then be finalised. There are no outstanding draft reports at the time of writing.
- 4.1.10. There are now 5 audit recommendations where the target date for the implementation of the recommendation has passed and they have either not been fully implemented or the auditee has not provided any information on their progress in implementing the recommendation. This compares to 66 outstanding as reported at the end of the previous quarter and represents a marked improvement in the position. We continue to work with departments to reduce the number of outstanding issues.
- 4.1.11. The breakdown of the 5 outstanding recommendations between departments are as follows:
- Adult Social Care - 0
 - Children's Services (Non Schools) – 0
 - Schools - 0
 - Corporate Services – 2

- Environment Services - 3
- Housing & Regeneration – 0

4.1.12. Four of the recommendations listed are over 6 months past the target date for implementation as at the date of the Committee meeting. Internal Audit are continuing to focus on clearing the longest outstanding recommendations.

4.1.13. The table below shows the number of audit recommendations raised each year that have been reported as implemented. This helps to demonstrate the role of Internal Audit as an agent of change for the council.

Year	Number of recommendations due	<i>Number of recommendations implemented</i>
2013/14	248	248
2014/15	212	210
2015/16	192	189
2016/17	10	10

4.2. Internal Audit Service

4.2.1. Part of the Senior Audit Manager's function is to monitor the quality of Mazars' work. Formal monthly meetings are held with the Mazars Contract Manager and one of the agenda items is an update on progress and a review of performance against key performance indicators. The performance figures are provided for Quarter 2 of the 2016/17 financial year.

Performance Indicators 2016/17

Ref	Performance Indicator	Target	Pro rata target	At 30 September 2016	Variance	Comments
1	% of deliverables completed	95%	48%	44%	-4%	36 deliverables issued out of a total plan of 82 (excluding exceptions)
2	% of planned audit days delivered	95%	48%	46%	-2%	481 days delivered out of a total plan of 1046 days
3	% of audit briefs issued no less than 10 working days before the start of the audit	95%	95%	100%	+5%	19 out of 19 briefs issued more than ten working days before the start of the audit.
4	% of Draft reports issued within 10 working days of exit meeting	95%	95%	95%	0%	18 out of 19 draft reports issued within 10 working days of exit meeting.

5	% of Final reports issued within 5 working days of the management responses	95%	95%	100%	+5%	14 out of 14 final reports issued within 5 working days.
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4.3. Audit Planning

4.3.1. Amendments to the 2016/17 year Internal Audit plan are shown at Appendix C.

5. OPTIONS AND ANALYSIS OF OPTIONS

5.1. Not applicable.

6. CONSULTATION

6.1. Not applicable.

7. EQUALITY IMPLICATIONS

7.1. Not applicable.

8. LEGAL IMPLICATIONS

8.1. Not applicable.

9. FINANCIAL IMPLICATIONS

9.1. Not applicable.

10. IMPLICATIONS FOR BUSINESS

10.1. Not applicable.

11. OTHER IMPLICATION PARAGRAPHS

11.1. Not applicable.

12. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Full audit reports from October 2004 to date	Geoff Drake Ext. 2529	Corporate Services, Internal Audit Town Hall King Street Hammersmith

			W6 9JU
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LIST OF APPENDICES:

Appendix A	Audit reports issued 1 July to 30 September 2016
Appendix B	Summary of Outstanding Audit Reports
Appendix C	Amendments to 2016/17 audit plan
Appendix D	Summary of Limited Assurance Reports
Appendix E	Outstanding Recommendations

APPENDIX A

Audit reports Issued 1 April to 30 Sep 2016

We have finalised a total of 22 audit reports for the period of 1 July to 30 September 2016. 1 Management letters was issued and 1 follow up was completed in the period.

Audit Reports

We categorise our opinions according to our assessment of the controls in place and the level of compliance with these controls.

Audit Reports finalised in the period:

No.	Audit Plan	Audit Title	Director	Audit Assurance
1	2015/16	Asset Management	Maureen McDonald Khan	Satisfactory
2	2015/16	Governance Arrangements	Hitesh Jolapara	Substantial
3	2015/16	MITIE Health and Safety Checks	Nilavra Mukerji	Limited
4	2015/16	Section 20 Notices	Kathleen Corbett	Satisfactory
5	2015/16	Recycling and Waste Reduction	Kathy May	Satisfactory
6	2015/16	Tenancy Terminations, Transfers and Exchanges	Nilavra Mukerji	Satisfactory
7	2015/16	Homelessness	Mike England	Satisfactory
8	2015/16	NNDR	Hitesh Jolapara	Substantial
9	2015/16	MSP Shared Services Interface Management	Jeremy Beresford	Satisfactory
10	2015/16	Continuing Healthcare Funding	Lisa Redfern	Satisfactory
11	2015/16	Public Health Governance	Mike Robinson	Satisfactory
12	2015/16	Housing Benefits	Hitesh Jolapara	Substantial
13	2016/17	Wendell Park School	Clare Chamberlain	Satisfactory
14	2016/17	Brackenbury Primary School	Clare Chamberlain	Satisfactory
15	2016/17	Asset Management	Maureen McDonald Khan	Satisfactory
16	2016/17	Larmenier and Sacred Heart Catholic Primary School	Clare Chamberlain	Satisfactory
17	2016/17	Phoenix High School	Clare Chamberlain	Limited
18	2016/17	Bayonne Nursery School	Clare Chamberlain	Satisfactory
19	2016/17	Members Allowances, Expenses, Hospitality and Declarations	Kim Dero	Substantial
20	2016/17	St Augustine's Catholic Primary School	Clare Chamberlain	Satisfactory
21	2016/17	Old Oak School	Clare Chamberlain	Satisfactory
22	2016/17	Miles Coverdale Primary School	Clare Chamberlain	Satisfactory
23	2016/17	Disability Services Direct Payments	Mandy Lawson	Limited
24	2016/17	Cardio Contract Monitoring	Mike Robinson	Satisfactory

Substantial Assurance

There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and few material errors or weaknesses were found.

Satisfactory Assurance

While there is a basically sound system, there are weaknesses and/or omissions which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Limited Assurance

Weaknesses and / or omissions in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.

No Assurance

Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

Other Reports

Management Letters

No.	Audit Plan	Audit Title	Director
25	2015/16	MTFS Savings	Hitesh Jolapara

Follow ups

No.	Audit Plan	Audit Title	Total	Implemented	Partly Implemented	Not Implemented
26	2016/17	Kenmont Primary School	17	7	9	1

Internal Audit reports in issue more than two weeks as at 30 September 2016

No outstanding audit reports in issue for more than two weeks as at 30 September 2016.

Amendments to 2016/17 Audit Plan

	Department	Audit Name	Nature of Amendment	Reason for amendment
1	Corporate	Your Voice Survey	Added	Added from contingency
2	Corporate	Data Analytics	Added	Added from contingency
3	Corporate	Departmental Risk Management	Added	Added from contingency
4	Corporate	Corporate Risk Management	Added	Added from contingency
5	Adult Social Care	Community Equipment Framework Procurement	Added	Added from contingency in response to withdrawal of initial Invitation to Tender.
6	Housing and Regeneration	Mitie Contract Quality Assurance	Added	Added in response to outcome of recent audits

Summary of Limited and Nil Assurance Reports

Ref	Audit and Scope	Details	Assurance / Risk
1	<p>Disability Services Direct Payments</p> <p>The objectives of this review were to assess and evaluate the controls in the following areas:</p> <ul style="list-style-type: none"> • Legislation, Regulation, Policies and Procedures • Assessments • Regular Case Reviews • DBS and Risk Assessments • Disbursements • Case Management System, Record Keeping, and Recording of Information • Management Review and Quality Monitoring 	<p>Councils are obliged to offer Direct Payments (DP) to suitable families with a disabled child to enable them to purchase their own support package in lieu of services which would otherwise be commissioned on behalf of the children by the Council. The benefits of offering this service are that it gives increased independence, greater choice and control as to how and when support is provided, as payment is made directly into the service user's bank account.</p> <p>3 High priority, 5 Medium priority, and 2 Low priority recommendations have been made. The key recommendations were as follows:</p> <ul style="list-style-type: none"> • Management should establish a set of procedure notes for processing Applications, Payments, Reviews and Monitoring • The Service should be subject to review and post/job role evaluation to ensure that the team is adequately structured to deliver the required level of service. Staff should be trained on all aspects of the service. Should there be leave of absence there would be appropriate cover arrangements. • Prompt action should be taken to obtain an accurate listing of Personal Assistants who are currently working with the families, including those provided through an agency. This should be checked against the DBS spreadsheet in order to identify and rectify any inconsistencies. Relevant information such as DBS number, Issue date and status of DBS should be recorded and kept on file. The service should ensure Carers or PA do not work with vulnerable children unless they have a valid DBS. • The service should develop a formal procedure for overpayments and recovery of debt and or unspent DPs. Prompt action should be taken to freeze DP to those who have not made contact and/or failed to provide the necessary evidence. • The service should ensure timely and appropriate financial monitoring, allowing appropriate payments to be made in relation to HMRC and other spend. • The service should make arrangements to ensure Panel meetings are taking place within agreed time scales and that review are subject to appropriate monitoring to ensure timely and informed decisions can be made. • Management should make arrangements to ensure that data is complete and accurate and subject to sample based quality and completeness checks. • The service must ensure that they create and enforced quality assurance procedure to ensure that the scheme is operating within service and legislative standards. Appropriate performance measurement and monitoring systems should be implemented to confirm that individuals, teams and service targets are being effectively and efficiently fulfilled as required. 	

APPENDIX E

Summary of Outstanding Recommendations

This is a schedule of all recommendations where the target date for implementation has passed and either the recommendation has not been fully implemented, or the auditee has failed to provide information on whether it has been implemented.

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target Date	Responsible Director	Status
1	2015/16	Corporate Services	High Level Review of New Systems and Processes	Limited	The process for requesting, approving changes to supplier details should be formalised and built into the workflow on ABW.	2	30/04/2016	Jeremy Beresford - Intelligent Client Team Manager	<p>This functionality has been built into the workflow on ABW, but has not been released into live while work continues to cleanse the supplier address books. Full resolution, which enforces setting up the supplier in advance of them being used, is also dependent on achieving the full “no purchase order; no pay” regime As part of the overall re-plan of the outstanding deliverables, implementation of “no PO – no pay” will commence in September for WCC. Plans are being considered for H&F and RBKC.</p> <p>November 16 update - As part of a wider recovery plan, implementation of “no PO – no pay” has been agreed in principle, but its application across the board, for example, to utility bills has yet to be resolved for RBKC and H&F. WCC has defined its approach and transitional arrangements have been put in place.</p>
2	2015/16	Corporate Services	High Level Review of New	Limited	A detailed plan should be developed showing which amendment tables should be activated for the purposes of logging amendments to the	1	31/05/2016	Jeremy Beresford - Intelligent	November 16 update - An approach to amendment logging (part of the work on controls which allows changes to the

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target Date	Responsible Director	Status
			Systems and Processes		<p>database records in the Agresso Business World system.</p> <p>A full list of amendment tables to be considered including details of which fields the tables relate to, what information would be retained by each, and retention periods should be created as part of this process.</p> <p>As part of the implementation process system testing and capacity testing should be undertaken to ensure the amendment tables are working correctly and data is being captured.</p>			Client Team Manager	system to be tracked) has now been agreed and is with Tri-borough for review and discussion with Internal Audit in the light of the outstanding audit recommendation. There is a balance to be struck between the ability to track changes to the system and the impact which turning on additional amendment logging will have on system speed. That will be the subject of a discussion about prioritisation with Internal Audit which will be taken forward on behalf of the ICF.
3	2015/16	Environment Services	IDOX Document Management System (DMS)	Satisfactory	<p>Management should implement the following:</p> <ul style="list-style-type: none"> Formally document the user access management processes for granting and amending access to and for removing access from the IDOX DMS System. Establish a process to periodically report and review user access and if identified, revoke access from leavers on the system. 	2	29/02/2016	Nick Austin, Director for Environmental Health	<p>A draft process has been prepared, and now the contract with HFBP has come to an end, this will enable the process to come into place.</p> <p>This is being reviewed with IDOX and being implemented shortly.</p> <p>Completion due by Christmas.</p>
4	2014/15	Environment Services	Organisational Health and Safety	Satisfactory	<p>Service lines should be instructed, via the Corporate Health and Safety Committee to provide a copy of their risk assessments to Corporate Health and Safety so they can be uploaded onto Tri-B Net.</p> <p>These risk assessments should be reviewed and updated on an annual basis. Monitoring of activity should be undertaken by the Corporate Safety Team.</p>	2	30/06/2015	Nick Austin, Director for Environmental Health	<p>Update 18/2/2016 – Progress has been made. Departmental and team audits have been undertaken. Risk assessments for ELRS, TTS, Libraries and the majority of ASC are now collated centrally. Generic risk assessments for CHS and the remainder of ASC are being prepared and will be sent to managers for sign off. Completion tabled for end of April 2016.</p> <p>A significant number of general risk assessments are still outstanding for</p>

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target Date	Responsible Director	Status
									<p>Adult Social Care (31/50) and Children's Services (29/37) and therefore this recommendation remains outstanding. Due to the setup of both adult social care and children services, these are tri-borough and there are ongoing organisational changes within the departments.</p> <p>Adult Social Care [lead Stella Baillie, Director for integrated care] ASC confirm that generic risk assessments (stress, violence & aggression, lone working and generic risk), are in place across the department. ASC is waiting for an up to date organisational structure. Health and safety officers are working to support these changes.</p> <p>Children Services [Lead – Dave McNamara, Director for finance and resources] CHS confirm risk assessments sent to managers requesting confirmation: a) Notify that you accept as them as reflecting your team risks and mitigations b) Review, update as needed and send back c) Confirm that it does not apply to your team (in the case of lone working & violence) CHS are working with H&S to support these changes. Update 31/10/2016 - Awaiting confirmation from Children Services</p>

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target Date	Responsible Director	Status
									that all services have a risk assessment. As of 03/11/2016, the above has not changed.
5	2014/15	Environment Services	Rechargeable Street Works	Satisfactory	<p>Performance indicators for the service should be agreed and monitored against. This could include:</p> <ul style="list-style-type: none"> • % of assessments that have been undertaken, within set timeframe, after an application has been received; • % of estimates provided to customer, within set timeframe, after assessment has been completed; • % of proactive Inspections undertaken within timeframe; • % of additional works required as a result of quality inspections; and • % deviation of estimate to actual invoice amount. <p>Results should be reported to Senior Management on a periodic basis.</p>	2	01/06/2015	Mahmood Siddiqi, Director for Transport and Highways	<p>KPI's were administered by Finance and discontinued when Agresso was introduced. I advised Finance to re-commission this exercise and we are looking on ways to implement. There are a few difficulties as the finance functions in Agresso have not been finalised.</p> <p>As for the %ages above, we will endeavour to improve all of the above and have started making periodic reports to Senior Management.</p>



London Borough of Hammersmith and Fulham | The Royal Borough of Kensington and Chelsea | Westminster City Council

Final Audit Report

London Borough of Hammersmith and Fulham Children Services

Disability Service Direct Payments

September 2016



Contents

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1. Introduction

As part of the internal audit plan for 2016/17, agreed by the three Audit Committees, Audit undertook a review of the Direct Payments for Disabled Children across the three boroughs, Royal Borough of Kensington and Chelsea (RBKC), London Borough of Hammersmith and Fulham (LBHF), Westminster City Council (WCC). Each council have a duty to provide direct payments (DP) under the Short Breaks Regulations 2011 and as such to determine its own arrangements and rates of Direct Payments.


Councils are obliged to offer DP to suitable families with a disabled child to enable them to purchase their own support package in lieu of services which would otherwise be commissioned on behalf of the children by the Council. The benefits of offering this service are that it gives increased independence, greater choice and control as to how and when support is provided, as payment is made directly into the service user's bank account. Until recently WCC also offered a pre-paid card option however this was withdrawn and is currently under review with Adult Social Care to identify a system which provides optimum facilities and functionality to both the Councils and the client.

The annual spend on DP in Children Services is relatively small at this stage, however Children Services management wanted assurance from Audit on the scalability of the current processes and procedures.

2. Executive Summary

2.1 Assurance Opinion

The table below provides an overview of the adequacy and the effectiveness of the controls across the project using a RAG rating to highlight the degree of control weakness. It also indicates the number and priority rating of any recommendations raised as a result of the review.

	Nil	Limited	Satisfactory	Substantial
Audit Opinion				

2.2 Recommendations Summary

The following table highlights the number and categories of recommendations made. The Action Plan at Appendix 1 details the specific recommendations made as well as agreed management actions to implement them.

Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
			High	Medium	Low
Legislation, Regulation, Policies and Procedures			1	1	0
Assessments			0	0	1

Regular Case Reviews			0	0	0
DBS and Risk Assessments			1	0	0
Disbursements			1	2	1
Case management system, record keeping and recording of information			0	1	0
Management Review and Quality Monitoring			0	1	0
		Total	3	5	2

Please refer to the Appendix 2 for a definition of the audit opinions and recommendation priorities.

3. Summary of Findings

In Internal Audit's opinion, **Limited Assurance** can be given to Members, the Chief Executive and other officers that the controls relied upon at the time of the audit were suitably designed, consistently applied and effective in their application.

The DP arrangements are currently operated independently in each Council with staff often undertaking the DP processes as part of a wider role. As a result, the knowledge and expertise around DP is spread rather thinly across the three Councils. The review established that the three Councils' 'backroom' operations were differently configured, with a lack of compliance in some key areas of control and process.

The key findings and an assessment of controls are summarised below:

Application of and compliance with control framework to address risks identified

- Each client had a dedicated file in place, uniquely referenced on the system. Information was consistent between case files.
- Formal procedures and process maps have not been developed detailing the workflow of the provision. A recommendation has been raised.
- The service has created guidance for parents should they wish to join the scheme. Guidance notes includes information regarding recruitment, pre-employment checks such as a DBS and reference, record keeping, managing staff and payments.
- Assessment is undertaken to determine whether a potential service user can manage DP however the Employment checklist was only completed for two of the sample cases. Audit has raised a recommendation.
- Reviews are undertaken however not always on a timely basis causing delays in parents receiving payments. A recommendation has been raised.
- Due to limited staff availability and shared knowledge, regular financial monitoring of spend has not been taking place. Audit has raised a recommendation.
- Parents have been advised of changes to pension regulations and their responsibility to ensure appropriate Tax and NI is paid, however this is not effectively monitored. A recommendation has been raised.

-
- The service carries out a risk assessment should a negative DBS report be received. This was evident for one of the audit sample, an appropriate assessment was under taken.
 - For all of audit's sampled case updated contracts had been scanned and uploaded to FWi.
 - The DP officer used a spreadsheet which is password protected, to flag and monitor key dates and timing of procedures such as when a child turns 18, current DBS expiration and financial monitoring review dates, however this was not sufficiently maintained. A recommendation has been raised.
 - The spread of DP roles across several staff within Families and with limited numbers of hours allocated makes it difficult to manage the provision effectively. Audit has raised a recommendation.

4. Acknowledgement

We would like to thank the following members of staff for their time and assistance during the review:

- Short Breaks Service Manager
- Direct Payments Officer
- Service Development Officer

Appendix 1: Management Action Plan

1. Legislation, Regulation, Policies and Procedures

Priority	Issue	Risk	Recommendation
High	<p>Discussions with the Short Breaks Manager and DP Officer identified that LBHF holds no detailed staff procedures or process maps regarding Direct Payments.</p> <p>Audit findings suggest that staff do not have sufficient support in terms of reference material to provide assistance and guidance so that they are aware of their responsibilities. Should the DP officer leave for instance it would put the service in a vulnerable situation as remaining staff may not have an understanding of the role or of what is required.</p>	<p>Working practices are not up-to-date nor in line with statutory requirements nor financial regulations leading to inconsistent working practices throughout the service.</p>	<p>Management should establish a set of procedure notes for processing Applications, Payments, Reviews and Monitoring. This will ensure that staff are fully aware of their roles and responsibilities and will enable them to work across the various roles should this become necessary. This would require:</p> <ul style="list-style-type: none"> • Policies and procedures to be clear and comprehensive and clear with appropriate training. • Procedures should be reviewed at least annually to ensure that they accurately reflect the current working practices. • The policies and procedures review should be subject to version control and indicate that they have been reviewed, by whom and when.
Management Response			
<p>Agreed – Current process maps which were initially developed when the DP support service was brought into house in LBHF are to be updated to reflect the current workflow and specifications requested above. Additional guidance to be developed to accompany these maps.</p> <p>Completed procedures to be shared with DCT and relevant involved departments.</p> <p>A Tri-borough DCT Direct Payments Working Group has been formed to share good practice and review Policies and Procedures across all services. This Group will produce Options Paper on future service development, structure and governance of Direct Payments to include option of Shared Service for “back office” functions of DP and/or resource implications of robust single authority service.</p>			
Responsible Officer			Deadline
Direct Payments Officer / Short Breaks Service Manager - review and update LBHF Policies and Procedures and produce Guidance for Parents/Carers			30.9.2016

2. Legislation, Regulation, Policies and Procedures – Roles, Responsibilities and Team Structure

Priority	Issue	Risk	Recommendation
Medium	<p>The DP service has a number of different roles, with some crossing over into other areas of Disabled Children's Service.</p> <p>During the audit there were discussions and concerns around staff cover when there are staff absences. With the Service Development Officer being off on long term sick, certain elements of that role had not been undertaken as the work had not been reassigned. This resulted in delays in DP processes. A new Service Development Officer has recently come into post however is currently working three different roles within DCT. On occasions, this has not allowed him to complete certain elements of the DP role on a timely basis.</p> <p>Knowledge and experience is spread thinly with DP often only forming a small part of an officer's role with significant loss of knowledge and momentum if one person leaves or is off sick.</p> <p>The DP Officer works an average of 9 hours per week, which is considered insufficient for that particular role and was considered to have inhibited the officer in completing her duties fully and effectively.</p>	<p>Staff are unable to complete tasks and/or provide cover due to limited time resources and knowledge sharing increasing the risk of non-compliance with legislative and Management requirements.</p>	<p>The Service should be subject to review and post/job role evaluation to ensure that the team is adequately structured to deliver the required level of service.</p> <p>As part of the review Management should consider a Shared Service arrangement across the three councils whereby dedicated and role sharing staff are managed through a designated management structure.</p> <p>Staff should be trained on all aspects of the service. Should there be leave of absence there would be appropriate cover arrangements.</p>
Management Response			
<p>Agreed – Interim additional staffing resource to be allocated to H&F DCT Direct Payments Service – all roles and responsibilities of Direct Payments functions to be understood and allocated to minimise impact of sickness.</p> <p>H&F DCT staffing review underway, consultation on restructure to commence September 2016 to include increased capacity for Direct Payments functions, with increased responsibility for case holding Social workers and Social Care workers in understanding and management of Direct Payments Functions. Direct Payments Development officer role to be implemented to support the workforce development.</p> <p>Options paper to be drafted in relation to Direct Payments “back-office” Shared Service across the 3 Disabled Children's Teams in Tri-borough Disabled Children's Service.</p>			
Responsible Officer			Deadline
Short Breaks Service Manager – Interim staffing arrangements			31.8.2016
Head of Short Breaks and Resources [Transformation] – Options for Shared Service.			31.10.2016

3. Assessments - Contracts

Priority	Issue	Risk	Recommendation
Low	<p>All Contracts were resent in April 2014 to sign as it was noted that contracts were not initially completed when the service was with Hammersmith and Fulham Action for Disability (HAFAD). For the ten cases sampled by audit contracts were present for all. The DP officer is currently in the process of reviewing and revising the terms of the contract due to changes within the service.</p> <p>Audit noted for FWi no: 405351 the parent took 18 months to sign the contract. DP was in payment for some 8 of those months. DP has since been suspended due to non-compliance with spend requirements.</p>	<p>The service user might not understand the basis of the Direct Payment scheme nor potentially are they aware of their tax and legal obligations if employing a Personal Assistant. The Council would also potentially have no redress to recover monies in the absence of a formal contract and evidence that the client understands their obligations under the scheme.</p>	<p>The service should ensure that there are contract monitoring arrangements, that they are regularly reviewed and updated. Should there be any changes to the service this should be reflected in the agreement.</p> <p>The service should ensure contracts are signed by all service users before commencing the DP arrangement, this will allow the service to hold the service user to account should there be any misappropriation of funds etc.</p> <p>Service should remind its users of their responsibility to comply with the terms of the scheme with an emphasis on financial monitoring.</p>
Management Response			
<p>Agreed – All current DP service users have a contract on file which explains their current obligations as recipients of DP and as employers where appropriate.</p> <p>Contracts to be regularly updated. Tailored contracts to be developed for different user groups within DP reflecting the source of funding received and the intended purpose of the provision (e.g. health care / social care).</p> <p>Standardised letters are currently sent out regarding monitoring at scheduled points of financial year. These letters currently refer to the specific points in the current contract where responsibilities re monitoring are described.</p> <p>Reviewed Policies and Procedures/DP guidance will be distributed to all families and refreshed during monitoring process.</p>			
Responsible Officer			Deadline
Short Breaks Service Manager / Direct Payments Officer			30.9.2016

4. DBS and Risk Assessments – Renewal of DBS and Accurate listing of Details

Priority	Issue	Risk	Recommendation
High	<p>As per LBHF procedures a DBS is valid for up to 3 years. The DP Officer has created a spreadsheet which identifies when a Personal Assistant's (PA) DBS is due to expire. The spreadsheet flags up in red any DBS that are due to expire within the next 5 months. This will allow the DP officer to begin the process of applying for a new DBS for the PA. However, this spreadsheet has not been fully maintained nor required actions undertaken.</p> <ul style="list-style-type: none"> For FWi: 413663 the PA DBS had expired in May 2016 with no new information held on file. For FWi No: 2071877, 405351, 375404 no DBS information was recorded for their PA's. For FWi No: 2022914 – It was identified in Qtr. 1 and 2 of 2015/16 that the PA needed a DBS as the parent had changed carer, however at the time of the audit the service had not applied for a DBS. For FWi no: 2011664 PA is provided via an agency, no DBS information has been filed. <p>Audit noted that additional assessments are completed by the service if a negative DBS is received. For FWi No: 2226601 DBS status was not clear as the proposed PA had a childhood misdemeanour. An appropriate risk assessment was completed by a Social worker, who was happy for the PA to work with the child. This was then signed off by the Shorts Breaks Manager.</p>	Carers working with vulnerable children are not DBS checked nor risk assessed resulting in reputational risk.	<p>a) Prompt action should be taken to obtain an accurate listing of PA who are currently working with the families, including those provided through an agency. This should be checked against the DBS spreadsheet in order to identify and rectify any inconsistencies.</p> <p>b) Relevant information such as DBS number, Issue date and status of DBS should be recorded and kept on file.</p> <p>c) The service should ensure Carers or PA do not work with vulnerable children unless they have a valid DBS.</p> <p>d) Agencies should be required to confirm DBS outcomes for their staff and DP staff should conduct spot checks of Agency staff DBS's in order to mitigate risk.</p>
Management Response			
<p>Agreed – Interim increased staff capacity will facilitate Direct Payments Service to focus on updating current list of Carers and appointments booked to complete new DBS checks where needed.</p> <p>DP Guidance for families to be updated to address DBS issue – to ensure there is clear guidance that families are required to undertake DBS checks of carers or that agencies providing care staff are CQC Registered to ensure that there is compliance with standards required regarding DBS.</p>			
Responsible Officer			Deadline
Short Breaks Service Manager – Interim staffing arrangements			31.8.2016
Direct Payments Officer / Short Breaks Service Manager - review and update LBHF Policies and Procedures and develop Guidance for Parents/Carers.			30.9.2016

5. Disbursements – Overpayment and Financial Monitoring

Priority	Issue	Risk	Recommendation
High	<p>As part of the DP Scheme the service is required to undertake financial monitoring twice a year, in November and April. November's review should cover April – September (Quarter 1 and 2) and April's cover October – March (Quarter 3 and 4). This is to ensure that the funds allocated have been spent and confirming that needs of the child have been met, in accordance with the agreed care package. The service is also required to identify unspent funds and where these exist undertake action to recover. Audit noted that effective financial monitoring and recovery has not always taken place.</p> <p>Audit reviewed monitoring arrangements for Quarter 1 and 2 of 2015/16 where LBHF had 55 cases. Of the 55, approx. 30 cases had been recorded on the DP officer's monitoring spreadsheet although some had sent information. The remaining had either provided information, limited information or were new to the DP scheme. Although some parents had returned documentation the DP officer had been unable to complete any assessment or analysis apparently due to time constraints.</p> <p>At the time of the audit the DP officer had commenced the financial monitoring process. Initial letters had been sent to all cases on 19th April 2016 with a deadline of 26th May 2016, with reminders sent on 7th June 2016 for six of the ten cases reviewed with a deadline date of 8th July 2016. As part of the DP process for LBHF a 3rd letter will be sent to the families requesting for documents. If documents are not received by the 3rd letter deadline date DP payments will be frozen. From the audit sample only three had returned their documents at the time of the audit in May.</p> <p>Audit noted that case no: 405351, DP was suspended in October 2014 due to non-compliance. However due to a system issue, DP was reinstated in April 2015 in error, the service user was paid until June 2015 before this was identified. No attempt to recover funds has been made.</p>	<p>Regular financial review has not been completed thus the service is unable to confirm that the correct direct payment has been used appropriately.</p>	<p>a) The service should develop a formal procedure for overpayments and recovery of debt and or unspent DPs. This should be formally clarified and agreed. Each decision to not recover overpayments should be formally justified to and approved by a designated senior officer.</p> <p>b) Prompt action should be taken to freeze DP to those who have not made contact and/or failed to provide the necessary evidence.</p> <p>c) For those clients who fail to provide adequate evidence that funds have been spent appropriately the service should formally consider recovery for the period involved.</p> <p>d) The wording in the financial monitoring review letters could be updated to include specific dates as to when DP will be suspended should the parent not send relevant documents on time. With a reminder letter sent 1 week before DP is due to freeze.</p>
Management Response			
Agreed – Interim staffing capacity to be increased to address urgent outstanding matters. Review of processes and procedures to ensure effective and robust processes. Options for robust Shared Service for “back office” finance, monitoring and review functions will address capacity/structural issues.			
Responsible Officer			Deadline
Short Breaks Service Manager / Direct Payments Officer			30.9.2016
Head of Short Breaks and Resources [Transformation]			31.10.2016



6. Disbursements - HMRC

Priority	Issue	Risk	Recommendation
Medium	<p>HMRC have recently sent tax demands to a number of DP families for unpaid tax and NI payments for employed PA's. The service sent a letter to all parents in March 2016 reminding them of their responsibility regarding National Insurance and Tax liabilities. It is now a requirement of the scheme that service users either make use of payroll services who will ensure tax contributions are paid to HMRC when due; and will obtain evidence of carers' registration numbers with HMRC confirming any self-employed status, or employ a carer via an agency. New pension provision requirements were also discussed in the letter.</p> <p>Timely and appropriate financial monitoring allows the DP officer to determine if a Parent is making relevant payments to HMRC, while evidencing the appropriateness of other spend. The audit determined that the level of financial monitoring was not to the standard required resulting in relatively poor control and management of DPs.</p>	<p>Tax and NI are not paid by the parents potentially resulting in the service covering the cost.</p>	<p>The service should ensure timely and appropriate financial monitoring, allowing appropriate payments to be made in relation to HMRC and other spend.</p>
Management Response			
<p>Agreed – Current systems are in place to ensure that there are currently no families in LBHF who are known to have unpaid PAYE contributions.</p> <p>All families who do not use an agency are currently advised and supported to make use of payroll services however they may self register if they choose. Evidence of HMRC contributions is required in either case and checked during each monitoring period.</p> <p>Interim additional staffing capacity will ensure that the DP Service is effective in monitoring HMRC requirements.</p>			
Responsible Officer			Deadline
Short Breaks Service Manager			

7. Disbursements – Timely Payments

Priority	Issue	Risk	Recommendation
Medium	<p>Each year the service user is subject to review to assess continued eligibility. Cases must go to Panel on a yearly basis for continued payments and any changes to be approved. To ensure packages are paid no longer than agreed, start and end dates are recorded on the case management system; FWi. Once the end date is reached on FWi automatic payment will stop, unless the case goes to Panel or a temporary extension has been agreed. For three of the ten cases reviewed temporary extensions had been put in place as the case had yet to go to panel. For two of the ten cases expiry dates were in July and August however there was no notes or information indicating the case was being prepared to go to Panel. During the audit the DP officer sent reminders to the social worker in these cases to ensure an extension is put in place if the case was not submitted to the next Panel meeting.</p> <p>Audit were advised that in some instances of non-action, payments automatically ceased and the service users did not receive funding as a result.</p>	<p>There is a risk that assessments are not undertaken in a timely and accurate manner with the Panel making decisions on imperfect information and documentation.</p> <p>Service Users do not receive DP on time therefore they are unable to pay their carer on the agreed basis.</p>	<p>The service should make arrangements to ensure Panel meetings are taking place within agreed time scales and that review are subject to appropriate monitoring to ensure timely and informed decisions can be made.</p>
Management Response			
Agreed – Spreadsheet highlighting cases which are due to expire is now being sent to DCT team by BSO to enable timely identification of cases due for review.			
Responsible Officer			Deadline
Short Breaks Service Manager			Already delivered.

8. Disbursements – Timesheets

Priority	Issue	Risk	Recommendation
Low	Although financial monitoring had not taken place, a number of parents had sent in bank statements to be reviewed. It was noted that in only one case parents had returned PA timesheets, even though this is a requirement of the scheme.	Carers are paid for hours that have not been completed resulting in financial loss to the parents and Council.	For those parents who employ carers outside of an agency management should ensure timesheets are completed by both the parent and carer and provided as evidence for the financial monitoring process.
Management Response			
Agreed – Parents are currently required to provide Timesheets and/or payslips so that evidence of carer’s hours and identity can be obtained.			
Interim additional staffing capacity will ensure that the DP Service is effective in monitoring timesheets/payslips.			
Responsible Officer			Deadline
Short Breaks Service Manager			31.8.2016




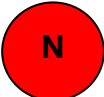
9. Case management system, record keeping and recording of information

Priority	Issue	Risk	Recommendation
Medium	<p>Audit reviewed ten cases files on FWi and noted each client has a dedicated file in place, uniquely referenced on the system. Although each case had a dedicated file on the case management system documentation stored was very inconsistent between case files.</p> <p>Once a proposal has been approved at panel the DP officer will arrange for the parents to attend the office and complete relevant forms as well as discuss the process and parent responsibilities should they join the scheme. During the office visit an Employment checklist should be completed which details information relating to recruitment, pre-employment checks such as a DBS and reference, record keeping, managing staff and payments. This form is then uploaded to FWi. No quality control review of data and documentation held on file was apparent to Audit.</p> <p>Audit reviewed ten cases and only two case had this form stored on the case management system (FWi: 2226601 and 2071877). The DP officer acknowledged that this was inconsistently applied.</p>	<p>Risk that client information is not being held or processed according to required and appropriate standards</p> <p>There is no evidence that legislation, regulations and local policies have been fully and correctly applied and complied with.</p>	<p>Management should make arrangements to ensure that data is complete and accurate and subject to sample based quality and completeness checks.</p>
Management Response			
<p>Agreed – DP client check list has been re-introduced and is now being used with all new DP recipients. Requirements are also listed on current contract that all existing DP recipients have signed.</p> <p>Processes to be reviews with consideration for request to improve workflow within FWi.</p> <p>Arrangements for QA of DP processes to be included in Options paper for Shared Service.</p>			
Responsible Officer			Deadline
Head of Short Breaks and Resources [Transformation]			31.10.2016

10. Management Review and Quality Monitoring

Priority	Issue	Risk	Recommendation
Medium	The audit review established that there is lack of performance monitoring and reporting procedures to ensure that the DP scheme is operating according to requirements.	Service is not performing in accordance with legislative or Council regulations requirements.	<p>The service must ensure that they create and enforced quality assurance procedure to ensure that the scheme is operating within service and legislative standards.</p> <p>Appropriate performance measurement and monitoring systems should be implemented to confirm that individuals, teams and service targets are being effectively and efficiently fulfilled as required.</p>
Management Response			
Agreed – Quality assurance measures and performance framework to be built into options for Shared Service. This will include identification of appropriate KPI's, measurement processes and reporting and review processes.			
Responsible Officer			Deadline
Head of Short Breaks and Resources [Transformation]			30.10.2016

Appendix 2: Definition of Assurance Opinions and Recommendation Priorities In order to help put the audit opinion and recommendation priority ratings in context the following tables detail the current ratings used by Internal Audit.

Rating	Description
 Su	There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and no material errors or weaknesses were found.
 Sa	While there is a basically sound system, there are weaknesses and/or omissions which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
 L	Weaknesses and / or omissions in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
 N	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.
Priority	Description
High	Recommendation addresses fundamental weaknesses, which seriously compromise the effective accomplishment of the system's objectives. Risks presented by the control weaknesses could be damaging in the short term. The management action required should be implemented as soon as possible, certainly within 0-3 months.
Medium	Recommendation addresses serious weakness, which affect the reliance to be placed on the system. Risks presented by control weaknesses could be damaging in the medium term. Management action is required within 0-6 months.
Low	Recommendation addresses minor weaknesses, or suggests a desirable improvement. Risks presented by control weaknesses are unlikely and inconsequential. Management action is recommended to address concerns within 0-9 months.

Appendix 3: Audit Scope, Limitations & Inherent Risks

This audit was a full risk based review of the arrangements for the Direct Payments audit and included the following areas:

Ref	Audit Area - Description	Comments on Coverage / Area Objectives
01	Legislation, Regulation, Policies and Procedures	<ul style="list-style-type: none"> • Procedures are in place to effectively ensure that each case is dealt with appropriately, and conform to legislation and council procedures; • All policies and procedures are relevant and kept up to date with legislative requirements; • There is a strong control environment, and this is well documented within the service.
02	Assessments	<ul style="list-style-type: none"> • Appropriate systems are in place for receiving and processing applications efficiently and timely; • Assessments are completed in a timely manner with appropriate sign off at each stage of assessment; • There is a clear link between the support plan and or agreed expenditure and the DP made; • The service user is given training and guidance relating to the scheme. This includes recruitment advice, legal requirements and insurance issues. Advice is also recorded on the case management system; • Any child who does not meet threshold, information must be recorded on the case management system and the reasons for not accepting the service user. This information must be retained for future reference.
03	Regular Case Reviews	<ul style="list-style-type: none"> • There is a regular reassessment of the child's needs, the level of funding required and continuing eligibility to remain on the scheme. The results of these reassessments are recorded in the care package and on the case management system; • There are regular reviews to verify the service user's continuing ability to manage the process and to identify any unspent funds in the service user's bank account; • Evidence of expenditure is obtained and reviewed with all supporting documentation retained appropriately.
04	DBS and Risk Assessments	<ul style="list-style-type: none"> • Safeguards are in place to ensure that Carers and Personal Assistants are DBS checked and risk assessed; • Appropriate storage of DBS and adequate record keeping of DBS information ensuring that both is compliant with policy and legislation; • Effective procedures ensuring that individuals are re-checked every three years or in line with councils' policies.
05	Disbursements	<ul style="list-style-type: none"> • Adequate support is provided in advising on payroll providers and insurance requirements; • Reviews are undertaken of claimed expenditure ensuring appropriate spend, where there are unusual and potentially inappropriate expenditures these are queried; • Appropriate payment method options are available to clients, such as payment cards with support and advice as to use; • Appropriate controls to ensure any overpayments are identified and recovered in a timely manner.
06	Case management system, record keeping and recording of information	<ul style="list-style-type: none"> • Information stored on the case management system is comprehensive and relevant; ensuring there is suitable system maintenance of applications and DP payments; • Where the DP changes, the Support Plan should be updated accordingly with a clear audit trail maintained on the case management system.
07	Management Review	<ul style="list-style-type: none"> • Quality checks are performed to ensure compliance in all aspects of

	and Quality Monitoring	the application and payment process is carried out to a satisfactory standard.
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Limitations to the Scope of the Audit

The following limitations to the scope are applicable to this review which have been identified at the planning stage:

- The work will be undertaken using a risk based approach and testing will be on a sample basis to verify compliance;
- The audit samples selected will only be for 2015/16 and 2016/17 financial years;
- The audit review does not provide absolute assurance that material error; loss or fraud does not exist, nor does it replace operational management's responsibilities in this area;
- This review is not a qualitative audit to review professional reasoning or decision making but to assess that reasonable controls are in place;
- While Audit cannot direct clients we will consider and offer advice on any management proposals for future operational models and processes.

Inherent Risks

The risks listed below are **potential** inherent risks which are common for any system of this type:

- Processes and procedures are not fully documented or aligned with legislative or local regulatory requirements and are not regularly reviewed;
- Staff following out of date/ incorrect policies and procedures leading to inconsistent working practices throughout the service;
- Decisions may not be authorised and communicated on a timely basis consequently not meeting the needs of the child;
- Expenditure may not be in-line with agreed plans and/or authorised activities;
- Appropriate checks may not be undertaken on those coming into contact with the child and family;
- Unspent monies are not recovered in full by the councils resulting in financial loss

Appendix 4: Timetable and Distribution List

It is the responsibility of the auditee to ensure identify all officers that should receive a copy of this report.

Stage	Date
Exit Meeting	28 June 2016
Draft Report Issued	29 June 2016
First Responses Received	16 July 2016
Second Responses Received	7 September 2016
Final Report Issued	21 September 2016

Audit Team

Senior Audit Manager: John Barnett

Auditor: Cyndy Quaye

Sponsor

Mandy Lawson – Shared Services Head of Disabled Children Services

Responsible Director: Mandy Lawson – Shared Services Head of Disabled Children Services

Copy recipients:

- Director of Family and Children Services
- Shared Services Head of Disabled Children Services
- Head of Short Breaks and Resources [Transformation]
- Short Breaks Service Manager
- Direct Payments Officer

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Recommendations for improvements should be assessed by management for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

This report is prepared solely for the use of Audit Committees and senior management of the London Borough of Hammersmith and Fulham, the Royal Borough of Kensington and Chelsea and Westminster City Council. Details may be made available to specified external agencies, including external auditors, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.