London Borough of Hammersmith & Fulham

Audit and Pensions Committee

Agenda

Monday 16 December 2019 at 7.00 pm
Meeting Room 2 (2nd Floor) - 3 Shortlands, Hammersmith, W6 8DA

MEMBERSHIP

Administration	Opposition
Councillor Iain Cassidy (Chair) Councillor Jonathan Caleb-Landy Councillor Rebecca Harvey Councillor PJ Murphy	Councillor Alex Karmel Councillor Matt Thorley

Shortlands

3 Shortlands,
Hammersmith,
London W6 8DA

🚇 **Closest Underground Station**
Hammersmith

🚌 **Closest Bus Stop**
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Members of the public are welcome to attend and the building has disabled access.

Date Issued: 06 December 2019

London Borough of Hammersmith & Fulham

Audit and Pensions Committee
Agenda

11.   DATES OF FUTURE MEETINGS

The final meeting of this municipal year will take place on the 11th of March 2020.

Agenda Item 1

London Borough of Hammersmith & Fulham

Audit, Pensions and Standards Committee
Minutes

Tuesday 24 September 2019

PRESENT

Committee members: Councillors Iain Cassidy (Chair), Rebecca Harvey, PJ Murphy, Alex Karmel and Matt Thorley

Other Councillors: Dominic Stanton

External Guests: Andrew Smith and Keyasha Pillay from Grant Thornton

Officers:
David Hughes (Director of Audit, Fraud, Risk and Insurance)
Veronica Barella (Chief Information Officer)
Dave Rogers (Deputy Head of HR Operations)
Hitesh Jolapara (Strategic Director of Finance and Governance)
Steve Miley (Director of Children's Services)
Mike Sloniowski (Risk Manager)
Emily Hill (Assistant Director, Corporate Finance)
Matt Sales (Assistant Director, Programmes and Assurance)
David McNulty (Assistant Director, Operations)
Lisa Redfern (Strategic Director of Social Care)
Adrian Dewey (IT Security Manager)
David Abbott (Scrutiny Manager)

1. **MINUTES OF THE PREVIOUS MEETING**

   RESOLVED
   The minutes of the meeting held on 23 July 2019 were agreed as a correct record.

2. **APOLOGIES FOR ABSENCE**

   Apologies were received from Councillor Jonathan Caleb-Landy and Kim Smith (Chief Executive).

3. **DECLARATIONS OF INTEREST**

   There were no declarations of interest.

Minutes are subject to confirmation at the next meeting as a correct record of the proceedings and any amendments arising will be recorded in the minutes of that subsequent meeting.

4. **ANNUAL AUDIT LETTER 2018/19**

Andrew Smith and Keyasha Pillay from Grant Thornton presented the Annual Audit Letter. The letter was a public document that provided a summary of the results of the auditor's work that was presented to the Committee at its previous meeting. Andrew Smith noted that the papers also included a letter on fee variations for additional audit work carried out. The areas of additional work were:

- Implementation of the new ledger system (SAP)
- Assessing the impact of the McCloud ruling
- Pensions (IAS 19)
- PPE valuation

Andrew Smith commented that, even with these additional fees the Council, the total cost was still 15 percent below what the previous auditor was charging.

Councillor PJ Murphy asked how the fees were calculated. Andrew Smith said they were based on time sheets and the hours were multiplied by the company's standard rates for audit work. He added that there were different rates that related to the staff grades but estimated the blended rate at around £500 to £600 per day.

Councillor Murphy noted that he felt the additional fees for Pensions (IAS 19) and the PPE Valuation were questionable. He said it seemed as though Grant Thornton were charging again for work that should have been done better the first time around. Andrew Smith clarified that the Financial Reporting Council had requested auditors carried out further steps and it wasn't a comment on the quality of the work they had done.

Councillor Murphy said he didn't think the Council should pay the third and fourth fees. He added that the fee for additional work in light of the McCloud ruling was troubling because it suggested the Council could be charged for any external changes. Andrew Smith said auditors were empowered to charge additional fees for any additional work carried out – whether due to internal or external circumstances.

Councillor Alex Karmel said surely Grant Thornton tendered for a full audit to the satisfaction of the Financial Reporting Council. Assumptions around additional work should have been built into the tender. Andrew Smith said the framework allowed the auditor to come back to the Council for additional fees where necessary.

Councillor Karmel said it was not the fault of the client and in his own business experience the original tender should be honoured. Andrew Smith agreed that it was not the authority's fault - but said the tender was not fixed fee and the framework allowed additional fees.

Councillor PJ Murphy asked Grant Thornton to reconsider the additional fees. Andrew Smith said they had agreed a standardised approach and would be submitting the additional fee request to Public Sector Audit Appointments Ltd.

Councillor Matt Thorley suggested the auditor could provide discounted fees next year.

Councillor Rebecca Harvey asked for clarification that the auditor was not seeking approval for these fees but was telling the Committee that is what the Council would be charged. Andrew Smith agreed.

The Chair asked if the auditor was aware of these changes ahead of the audit. Andrew Smith said they were only aware of the new ledger implementation. The Chair said surely the McCloud ruling was on their radar? Andrew Smith said it was on their radar but at that time they didn't know the outcome of the Supreme Court's ruling.

Councillor PJ Murphy expressed disappointment that the Council was being charged an additional 8 percent with no recourse. He felt it wasn't conducive to strong partnership working. He requested that Grant Thornton reconsidered the additional fees and return with an updated proposal.

Hitesh Jolapara (Strategic Director of Finance and Governance) noted that the Council's accounts were signed off on time when many others weren't. There were questions about the capacity of the audit sector to complete so many public sector audits by July. There was also a spotlight on the audit sector due to high-profile cases like Carillion etc. It was likely there would be changes coming and officers would keep the Committee informed.

RESOLVED
That the Committee noted the contents of the auditor's letters.

5. **CYBER SECURITY UPDATE**

Veronica Barella (Chief Information Officer) presented the report that gave an overview of actions the Council had taken to reduce its exposure to cyber-security risks. A report went to Cabinet on 9 October 2017 entitled 'Cyber Threat Remediation' recommending the following key actions that had since been implemented:

- The introduction of multi-factor authentication
- An enhanced level of Microsoft licensing
- Better monitoring of suspicious login attempts
- A review of file types used to block malicious files

Multi-factor authentication, the use of an associated device or authenticator app to verify identity, had been well received.

The licensing upgrade involved trusted machines and trusted networks which meant the IT department could remove onerous authentication steps for users but keep the same high level of security.

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The IT service desk (delivered by Agilisys) monitored suspicious login attempts (e.g. from an unexpected country) and would lock account then contact the user directly to recommend they changed their passwords.

Councillor Rebecca Harvey asked if the system linked accounts to IP addresses. Adrian Dewey (IT Security Manager) said it did – the network addresses for all devices were logged and marked as 'trusted'.

Veronica Barella noted that one of the key risks was Office 365 because it was cloud-based. Cloud based applications gave greater flexibility (they can be used from most internet connected devices) but presented some additional risks as data was stored outside of the Council.

The Council was also in the process of moving all file-shares to the cloud-based SharePoint Online. IT carried out a risk analysis and identified an issue with users sending sharing links with sensitive data which made it difficult to manage. In response to this, additional controls were put in place for Children's Services and Adult Social Care – users in those departments can't send links to anyone outside of their department. This meant they still got many of the benefits of collaboration but couldn't expose sensitive data to anyone without permission to see it.

Veronica Barella reported that new laptops with Windows 10 and mobile phones had been successfully rolled out to all officers. The previous version of Windows, Windows 7, would no longer being supported by Microsoft from January 2020. Before carrying out the Windows 10 roll-out, IT had their prototype Windows 10 device independently assessed by security experts. They found no critical vulnerabilities and some minor issues which were fixed before the roll-out to staff.

Veronica Barella noted that the Council was due for an updated Public Service Network Certificate in September. The certificate was granted by the Government to enable access to Department for Work and Pensions data. The Council had asked for a six-month extension to the September deadline because of imminent changes to the security patching process. This had been agreed with the Department for Work and Pensions and was considered low risk.

Veronica touched on the Council's social media accounts and the security around them to prevent unauthorised access that could cause reputational damage. Veronica said she had confirmed with the Communications department that the governance was robust.

Councillor Alex Karmel asked if the roll-out of Windows 10 meant the Council had stopped its 'bring your own device' policy. Veronica Barella said all staff had been given a laptop (or tablet / hybrid device) and mobile phone. Many applications that staff used every day weren't cloud-based so couldn't be accessed on non-Council machines.

Councillor Karmel asked if there was any facility for off-site working. Veronica said staff could work on Wi-Fi from any location or tether from their phones.

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Councillor Karmel asked if the Council used a VPN (Virtual Private Network). Adrian Dewey said it did.

Councillor Karmel asked if any breaches of the Council's network had been discovered since the migration to Windows 10. Adrian Dewey said there hadn't been any breaches. Hitesh Jolapara (Strategic Director of Finance and Governance) commented that there had been many attempts to breach the network but there hadn't been any breaches because of the robust security in place.

Councillor Karmel asked what the cost of the license upgrade had been. Veronica Barella said the licensing cost was £60,000 per year. She added that the Council had to negotiate hard for this price after the supplier on the Government framework tried to significantly increase it after a deal was agreed.

Councillor Matt Thorley asked what training the Council provided to staff around suspicious emails, phishing attempts etc. Veronica Barella said regular messages were sent out to staff warning about particular security issues. If a new phishing attempt was identified engineers could delete the emails from the system backend. It would then send a communication to all users warning them and advising on what to do if they receive something suspicious. Adrian Dewey noted that data security and information management was a mandatory part of the Council's induction process for new staff.

Councillor Thorley asked if the Council brought in third parties to test its response to these types of attacks. Veronica Barella said they hadn't to date – it was something that would be considered but the department would have to weigh up the value against the cost.

Councillor Thorley asked how the Council checked the authenticity of invoices and supplier payment details.

Hitesh Jolapara explained that the procurement process had a number of checks built in – a member of staff requisitioned goods, that request had to be approved by their line manager, then they would have to be goods-receipted. Only after all of these steps would a payment be made to the supplier. Auditors also carried out sample checks on a regular basis.

Councillor Thorley asked if the Council went back to the supplier so to confirm their bank details. Hitesh Jolapara said the supplier entered their details themselves when registering and they could check and update the details themselves.

The Chair asked how many users had access to the Council's social media accounts. Veronica Barella said only the communications team had access.

The Chair asked what the process was when someone in that team left – were the passwords changed? Veronica Barella said she would follow up after the meeting.

ACTION: Veronica Barella

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The Chair asked if the cloud-storage used by the Council was UK based. Veronica Barella said the Office 365 storage was currently based within Europe. The IT department were mindful of this issue and it was part of their Brexit contingency planning. All other cloud storage was UK based. The Chair asked if the Council would request Microsoft to move its data to the UK. Veronica said they could.

The Chair asked if the Council knew who was carrying out the attacks on its network and where they were coming from. Adrian Dewey said there were always small-scale random attacks but there were also larger scale, targeted attacks. The Microsoft perimeter slowed many of these attacks. For IT a key issue was getting the message to staff that they shouldn't use the same password for different accounts because if other sites are compromised it left the Council vulnerable.

The Chair asked if there was a reliable way to encourage staff to generate secure passwords. Adrian Dewey said IT were looking at a corporate password manager solution.

Councillor Matt Thorley asked how the Council mitigated the risks of impersonation – i.e. email addresses with minor misspellings that look legitimate at a glance. Like other organisations the Council made significant decisions over email.

Adrian Dewey said at the moment it was simply a job for the recipient. IT did send communications about the need to validate addresses but there was no technical control.

RESOLVED
The Committee noted the successful implementation of the recommendations on cyber-security made to Cabinet in October 2017 and the Council's ongoing work to improve information security.

6. **RISK MANAGEMENT UPDATE**

David Hughes (Director of Audit, Fraud, Risk and Insurance) and Mike Sloniowski (Risk Manager) presented the report that gave an update on risk management within the Council. David Hughes noted that the risk register presented as part of the report received regular review by the Council's Strategic Leadership Team.

Mike Sloniowski highlighted the following key risks:

- **Risk 26, No-deal Brexit** – The Council's preparations for Brexit (continuity planning etc.) were ongoing and there had been a lot of activity in the last quarter.

- **Risk 3, Commercial & Procurement** – There had been positive movement on commercial and procurement with a refresh of the Council's approach to social value and more robust monitoring of contracts and spend.

- **Risk 5, Business Resilience** - H&F was a leading authority on business resilience with its community emergency response website.

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- **Risk 6, Information management** – In addition to the work the Council had been doing to improve general data management and cyber-security there had been a number of recommendations made to reduce the number of data breaches in Children's Services. Training had been provided to staff and technical controls had been put in place.

- **Risk 33, Hammersmith Bridge** – The Council was exploring installing a bailey bridge for pedestrians and cyclists to remove them from Hammersmith Bridge and speed up construction.

The Chair noted there was a new risk around preparedness for a snap general election and asked if the Council was looking at the level of voter registration in the borough. Mike Sloniowski said the Council had a very well administered elections team and voter registration was a high priority for them.

Councillor Alex Karmel, in reference to Risk 32, asked where the property with the notice of deficiency was located. Mike Sloniowski said he would check with colleagues and update members by email.

ACTION: Mike Sloniowski

Councillor Alex Karmel, in reference to Risk 33, asked how advanced plans were for the proposed bailey bridge and whether the cost of that was included in the £25m budget or whether it would be a further draw on the Council's resources. Hitesh Jolapara (Strategic Director of Finance and Governance) said he would discuss with Sharon Lea (Strategic Director for Environment) and provide a response.

ACTION: Hitesh Jolapara / Sharon Lea

Councillor PJ Murphy, in reference to Risk 21, noted that King Street Civic Campus was one of the Council's biggest projects and asked if the team responsible was getting all of the help and support they required to make a success of it. Mike Sloniowski reported that he and David Hughes were attending the programme management team meetings to provide support where necessary.

The Chair, in reference to Risk 19, asked if officers were confident that the coroner's office was now operating correctly. Mike Sloniowski reported that the responsible Assistant Director, Rhian Davies was confident it was well managed from the Council's perspective. A lot effort had been put in to support the service.

Councillor PJ Murphy noted that a recent report to the Finance, Commercial Revenue and Contracts Policy & Accountability Committee had a 'red risk' for the mortuary service. Mike Sloniowski said that risk related to no-deal Brexit and the supply of certain chemicals required for the process.

Councillor Alex Karmel noted that the Coroner's Office was responsible for the majority of bodies flown in to Heathrow. He asked officers if they were confident the service had the necessary planning and capacity in place to deal with the potential disruption caused by repatriation in a no-deal Brexit scenario. Mike Sloniowski replied that the service's contingency plan was being actively reviewed last week – he would check if it had been completed. David Hughes noted that internal and

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external reviews of the Coroners Service had taken place recently and received positive assurance from both.

ACTION: Mike Sloniowski

RESOLVED
That the Committee noted the contents of the report and considered the contents of the corporate risk register.

7.   INTERNAL AUDIT QUARTERLY UPDATE

David Hughes (Director of Audit, Fraud, Risk and Insurance) presented the report that summarised internal audit activity up to 13 August 2019.

He reported that a total of five audit reports had been finalised since the last report to the Committee in July. All five reports in the areas of Gas Safety, BT and Agilisys Contract Monitoring, Housing Rents, Coroners, and Cemeteries and Bereavement Service achieved satisfactory assurance. There were no issues of significance or concern to report to the Committee.

The Chair asked officers to provide more information on the gas safety audit given the issues with the service in the past. Councillor Alex Karmel asked officers to check how many, if any, warrants were needed to carry out the gas safety checks.

ACTION: David Hughes

RESOLVED
That the Committee noted the contents of the report.

8.   INTERNAL AUDIT CHARTER 2019

David Hughes (Director of Audit, Fraud, Risk and Insurance) presented the annual update to the Council's Internal Audit Charter – changed included reference to the CIPFA Statement on the Role of the Head of Internal Audit in Public Sector Organisations and organisational changes during 2019.

David Hughes highlighted section 9.2 of the charter that gave assurances over the independence of the Director of Audit, Fraud, Risk and Insurance and ensured that internal audit reviews of the functions he was responsible for would be carried out and supervised independently of the Director.

Councillor PJ Murphy said it would be helpful for the Committee to have the changes from the previous year highlighted. David Hughes said section 9.2 was the key difference and he would be happy to do that next time.

ACTION: David Hughes

Councillor Alex Karmel asked if the register of potential conflicts of interest for staff in the internal audit and anti-fraud services (9.3 of the charter) was available for public inspection. David Hughes said it was held internally in the department. As with other declarations of interest by officers that information was not typically made public.

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Councillor Karmel asked that the Council considered making the register public in the spirit of being open and transparent. David Hughes said he would discuss it with the Monitoring Officer.

ACTION: David Hughes

RESOLVED
That the Committee noted the contents of the report.

9.   **DATES OF FUTURE MEETINGS**

The following dates of future meetings were noted:
- 16 December 2019
- 11 March 2020

Meeting started: 7.00 pm
Meeting ended: 8.15 pm

Chair   ....

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Minutes are subject to confirmation at the next meeting as a correct record of the proceedings and any amendments arising will be recorded in the minutes of that subsequent meeting.

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Grant Thornton

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Audit Progress Report and Sector Update

London Borough of Hammersmith and Fulham
London Borough of Hammersmith and Fulham Pension Fund
Year ending 31 March 2020

December 2019

Agenda Item 4

Contents

Introduction

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This paper provides the Audit and Pensions Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority.

Members of the Audit and Pensions Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at December 2019

Financial Statements Audit

We issued our opinion on your 2018/19 Statement of Accounts on 31 July 2019. We completed our work on your Whole of Government Accounts (WGA) submission on 13 September 2019, and issued our certificate, closing the audit on 30 September 2019

We will begin our planning for the 2019/20 audit in January 2020 and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2019/20 financial statements.

We will begin our interim audit in February 2020. Our interim fieldwork includes:

- Updated review of the Council's control environment

- Updated understanding of financial systems

- Review of Internal Audit reports on core financial systems

- Early work on emerging accounting issues

- Early substantive testing

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by July 2020.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

•Informed decision making

•Sustainable resource deployment

•Working with partners and other third parties

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

We will report our work in the Audit Findings Report and aim to give our Value For Money Conclusion by July 2020.

The NAO is consulting on a new Code of Audit Practice from 2020 which proposes to make significant changes to Value for Money work. Please see page 9 for more details.

Progress at December 2019 (Cont.)

Other areas

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The certification work for the 2018/19 claim is not as advanced as we had planned. The HB team at the Council experienced delays dues to unfamiliarity with the testing approach carried out this year and lack of access to the HB system due to IT challenges. This has delayed our sampling and testing. We are still in the process of finalising our work and we plan to bring a detailed certification letter to this committee in March 2020 once we have finalised our work. The delay will result in additional fees in respect of this certification.

We certify the Council's annual Teachers' Pensions return in accordance with procedures agreed with Teachers' Pensions. The certification work for the 2018/19 claim is not as advanced as we had planned. We have experienced delays in trying to obtain collated information from the old system (BT-Agresso) . We are still in the process of finalising our work and we plan to bring a detailed Certification letter to this committee in March 2020 once we have finalised our work. The delay will result in additional fees in respect of this certification.

Meetings

We met with Finance Officers on 22 November 2019 as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers have been / will be invited to our Financial Reporting Workshop in February, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We are currently reviewing the impact of these changes on both the cost and timing of audits. We will discuss this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, before communicating fully with the Audit , Pensions and Standards Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
Audit Findings Report The Audit Findings Report was reported to the July Audit and Pensions Committee Committee.	July 2019	Complete
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Complete
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Complete

2019/20 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2019/20.	March 2020	Not yet due
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit and Pensions Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.	March 2020	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Audit and Pensions Committee Committee.	July 2020	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2020	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2020	Not yet due

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The Redmond Review

Scope

- Launched on 17 September 2019
- Call for Views by 20 December (extended from 22 Nov)
- Led by Sir Tony Redmond, former President of CIPFA

Purpose – to assess

- Effectiveness of audit in local authorities
- Transparency of financial reporting
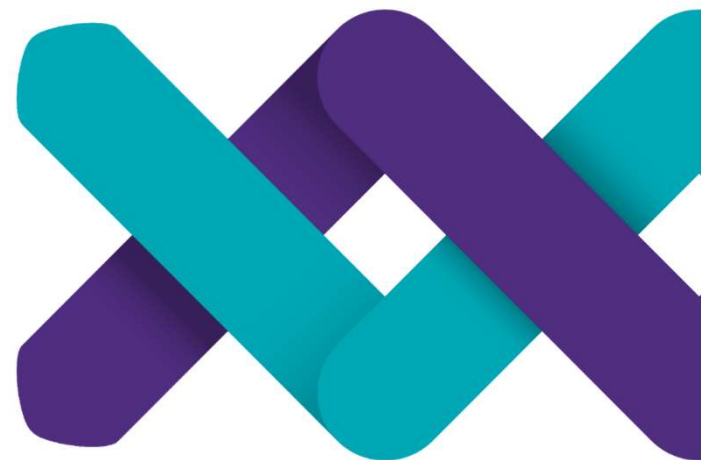
The Redmond Review

Call for Evidence

- The Expectations Gap

- Audit and Wider Assurance

- Audit Quality

- The Financial Reporting framework

- Auditor Reporting

Report to Secretary of State extended to Summer 2020
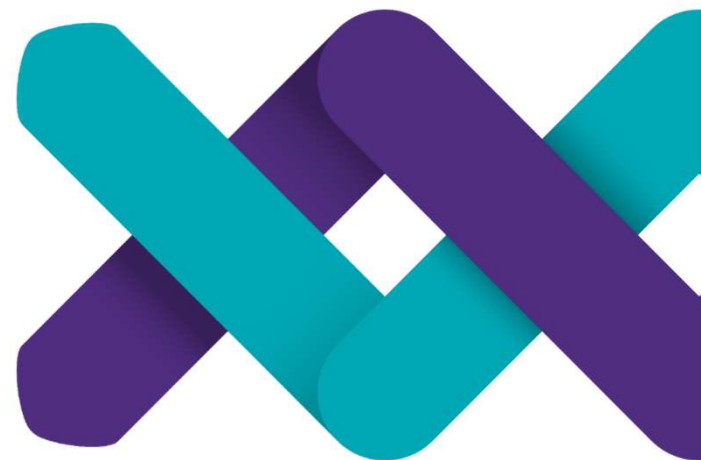
A call for Evidence
What will we be saying in our response?

Local government has changed
Longer more complex accounts, lower fees

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The changing face of local government financial reporting – Birmingham City Council

	2008/09	2018/19
Auditor	Audit Commission	Grant Thornton
Length of financial statements (excluding opinion)	91 pages	219 pages
Length of audit opinion	3 pages	12 pages
Date opinion signed	Feb 2010 (11 months after year end)	September 2019 (6 months after year end)
Scale fee for audit opinion	£700,000	£241,000
Audit fee – grant claims	£300,000	£100,000

Peak work: Nearly half our work on local government accounts is in a two month window

Time of year	Work completed (nationally)
June – July	47%
Rest of the year	53%

Challenges of recruitment and retention

Of the 80 people who TUPE transferred to GT London in 2012 , the great majority have left the profession

- Still in GT local audit
- Retired
- Local Government or NHS
- Central government or Not for Profit
- Local audit - working for another firm
- Other employment

Challenges of recruitment and retention

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Of 57 fee earners that joined the GT South West public sector team in 2012, only 8 remain

■ Still at GT   ■ Left the firm
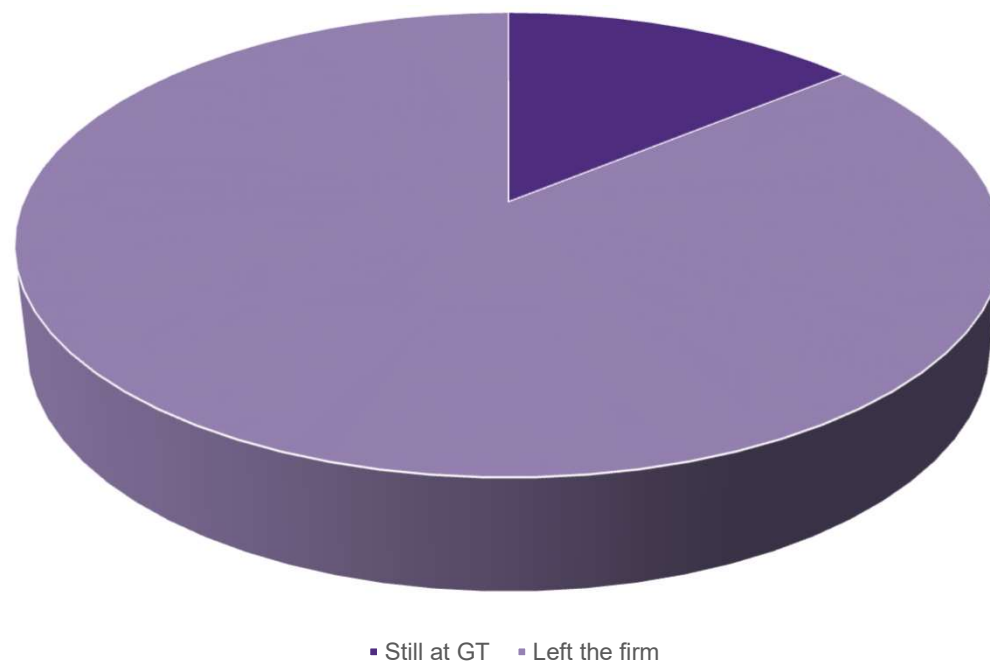
Public

Who audits the auditor?

	2012	2020
Regulatory / supervisory body	Audit Commission	FRC/ ICAEW
Number of external Inspections per annum	5	15
Public Reporting at audit level	No	Yes
Potential sanction	Recommendation to Head of Audit	Fine of individual and firm

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Public

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Change in audits signed over past three years

Year	Target date	% opinions signed (all firms)
2016/17	30 Sep	95%
2017/18	31 July	80%
2018/19	31 July	58%

Contributory factors to delays in sign off (GT 2018/19)

Factor	%
Poor working papers	18
Authority resource constraints	12
Complex technical issues	46
Audit resource constraints	18
Other	6

Our response to Sir Tony Redmond

Key messages we will be highlighting in our response

Local audit is facing an unprecedented set of challenges

- **Accounts have grown far more complex**
- **Authorities are engaging in more innovative / unusual transactions**
- **Austerity has reduced the ability of many authorities to prepare high quality accounts and working papers**
- **Audit fees have fallen to an unsustainably low level**
- **The sign off date of 31 July is too tight**
- **Retention of key people is very difficult in this environment**
- **Authorities are not getting the service they deserve**
- **Radical and urgent reform is needed!**

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Our prescription

Actions

A 'system wide' solution is needed. This should include:

- **The establishment of a separate regulator for local audit**
- **Rebasing of audit fees to a level which reflects the additional work we are now undertaking**
- **A simplified CIPFA Code/ tiered approach**
- **A revised approach to Value for Money**
- Replacement of the conclusion with a narrative report, at a different time of year
- A focus on governance, financial sustainability and the three 'E's
- **Move the target publication date for LG accounts back to 30 September**

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We believe the Redmond review provides a once in a generation chance to influence local audit and financial reporting for the better. If you agree, please join us in responding to Sir Tony Redmond by 20 December.

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Sector Update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local government

MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was "working towards improving its approach to local government oversight and support", Brokenshire promised.

"A robust local audit system is absolutely pivotal to work on oversight, not just because it reinforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy," he said.

"There are potentially far-reaching consequences when audits aren't carried out properly and fail to detect significant problems."

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still "fit for purpose".

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: "Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

"Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure."

He added: "This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole."

In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was "open minded", but believed the Audit Commission was "of its time".

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts "must be of the highest level of transparency and quality", the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.

The terms of reference focus on whether there is an "expectation gap" between the purpose of external audit and what it is currently delivering. It will examine the performance of local authority audit, judged according to the criteria of economy, effectiveness and efficiency.

Other key areas of the review include whether:

1) audit recommendations are effective in helping councils to improve financial management
2) auditors are using their reporting powers appropriately
3) councils are responding to auditors appropriately
4) Financial savings from local audit reforms have been realised
5) There has been an increase in audit providers
6) Auditors are properly responding to questions or objections by local taxpayers
7) Council accounts report financial performance in a way that is transparent and open to local press scrutiny

Ministry of Housing, Communities & Local Government

National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

Stage 1 involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

This stage of the consultation is now closed. The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the Issues paper and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the Issues paper can be found below.

Local audit in England Code of Audit Practice – Consultation Response (pdf – 256KB)

Stage 2 of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

a) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;

b) Governance: how the body ensures that it makes informed decisions and properly manages its risks; and

c) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation closed on 22 November 2019. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/

Consultation response
by the National Audit Office

Local audit in England
Code of Audit Practice

Issues paper: Consultation response

Financial Reporting Council – Summary of key developments for 2019/20 annual reports

On 30 October the Financial Reporting Council (FRC) wrote an Open Letter to Company Audit Committee Chairs. Some of the points are relevant to local authorities.

The reporting environment

The FRC notes that, "In times of uncertainty, whether created by political events, general economic conditions or operational challenges, investors look for greater transparency in corporate reports to inform their decision-making. We expect companies to consider carefully the detail provided in those areas of their reports which are exposed to heightened levels of risk; for example, descriptions of how they have approached going concern considerations, the impact of Brexit and all areas of material estimation uncertainty." These issues equally affect local authorities, and the Statement of Accounts or Annual Report should provide readers with sufficient appropriate information on these topics.

Critical judgements and estimates

The FRC wrote "More companies this year made a clear distinction between the critical judgements they make in preparing their accounts from those that involve the making of estimates and which lead to different disclosure requirements. However, some provided insufficient disclosures to explain this area of their reporting where a particular judgement had significant impact on their reporting; for example, whether a specific investment was a joint venture or a subsidiary requiring consolidation. We will continue to have a key focus on the adequacy of disclosures supporting transparent reporting of estimation uncertainties. An understanding of their sensitivity to changing assumptions is of critical value to investors, giving them clearer insight into the possible future changes in balance sheet values and which can inform their investment decisions." Critical judgements and estimates also form a crucial part of local authority statements of account, with the distinction often blurred.

IFRS 16 Leases

The FRC letter notes "IFRS 16 is effective for periods beginning on or after 1 January 2019. We recently conducted a thematic review looking at how companies reported on their adoption of the new standard in their June 2019 interim accounts. In advance of our detailed findings which will be published shortly, I set out what we expect to see by way of disclosures in the forthcoming accounts, drawing on the results of our work.

• Clear explanation of the key judgements made in response to the new reporting requirements;

• Effective communication of the impact on profit and loss, addressing any lack of comparability with the prior year;

• Clear identification of practical expedients used on transition and accounting policy choices; and

• Well explained reconciliation, where necessary, of operating lease commitments under IAS 17, 'Leases', the previous standard and lease liabilities under IFRS 16."

The implementation of IFRS is delayed until 1 April 2020 in the public sector when it will replace IAS 17 Leases and the three interpretations that supported its application. Authorities will need information and processes in place to enable them to comply with the requirements. They will need to make disclosures in the 2019/20 accounts about the impact of IFRS 16 in accordance with IAS 8/ Code 3.3.4.3 requirements for disclosure about standards which are issued but are not yet effective.

What is the future for local audit?

Paul Dossett, Head of local government at Grant Thornton, has written in the Municipal Journal "Audit has been a hot topic of debate this year and local audit is no exception. With a review into the quality of local audit now ongoing, it's critical that part of this work looks at the overarching governance and management of the audit regime. We believe there is a strong need for new oversight arrangements if the local audit regime is to remain sustainable and effective in the future."

Paul goes on to write "Local (local authority and NHS) audit has been a key part of the oversight regime for public services for more than a century. The National Audit Office (NAO) has exercised this role in central government for several generations and their reporting to Parliament via the Public Accounts Committee is a key part of the public spending accountability framework.

Local audit got a significant boost with the creation of the Audit Commission in 1983 which provided a coordinated, high profile focus on local government and (from 1990) NHS spending and performance at a local level. Through undertaking value for money reviews and maintaining a tight focus on the generational governance challenges, such as rate capping in the 1980s and service governance failings in the 1990s, the Commission provided a robust market management function for the local audit regime. Local audit fees, appointments, scope, quality and relevant support for auditors all fell within their ambit.

However, the Commission was ultimately deemed, among other things, to be too expensive and was abolished in 2010, as part of the Coalition Government's austerity saving plans. While the regime was not perfect, and the sector had acknowledged that reform of the Commission was needed, complete abolition was not the answer.

Since then, there has been no body with complete oversight of the local audit regime and how it interacts with local public services. The Ministry of Housing, Communities and Local Government; Department of Health; NHS; NAO; Local Government Association (LGA); Public Sector Audit Appointments Ltd (PSAA); the Financial Reporting Council (FRC); the Chartered Institute of Public Finance & Accountancy (CIPFA), audit firms and the audited bodies themselves all have an important role to play but, sometimes, the pursuit of individual organisational objectives has resulted in sub-optimal and even conflicting outcomes for the regime overall.

These various bodies have pursued separate objectives in areas such as audit fee reduction, scope of work, compliance with commercial practice, earlier reporting deadlines and mirroring commercial accounting conventions – to name just a few.

This has resulted in a regime that no stakeholder is wholly satisfied with and one that does not ensure local audit is providing a sufficiently robust and holistic oversight of public spending.

To help provide a more cohesive and co-ordinated approach within the sector, we believe that new oversight arrangements should be introduced. These would have ultimate responsibility for ensuring the sustainability of the local audit regime and that its component parts – including the Audit Code, regulation, market management and fees – interact in an optimal way. While these arrangements do not need to be another Audit Commission, we need to have a strategic approach to addressing the financial sustainability challenges facing local government and the NHS, the benchmarking of performance and the investigation of governance failings.

There are a number of possible solutions including:

1) The creation of a new arm's length agency with a specific remit for overseeing and joining up local audit. It would provide a framework to ensure the sustainability of the regime, covering fees, appointments, and audit quality. The body would also help to create a consistent voice to government and relevant public sector stakeholders on key issues arising from the regime. Such a body would need its own governance structure drawn from the public sector and wider business community; and

2) Extending the current remit of the NAO. Give it total oversight of the local audit regime and, in effect, establish a local audit version of the NAO, with all the attendant powers exercised in respect of local audit. In this context, there would be a need to create appropriate governance for the various sectors, similar to the Public Accounts Committee.

While the detail of the new arrangements would be up for debate, it's clear that a new type of oversight body, with ultimate responsibility for the key elements of local audit, is needed. It would help to provide much-needed cohesion across the sector and between its core stakeholders.

The online article is available here:

https://www.themj.co.uk/What-is-the-future-for-audit/214769

Grant Thornton's Sustainable Growth Index Report

Grant Thornton has launched the Sustainable Growth Index (formerly the Vibrant Economy Index) – now in its third year. The Sustainable Growth Index seeks to define and measure the components that create successful places. Our aim in establishing the Index was to create a tool to help frame future discussions between all interested parties, stimulate action and drive change locally. We have undergone a process of updating the data for English Local Authorities on our online, interactive tool, and have produced an updated report on what the data means. All information is available our on our online hub, where you can read the new report and our regional analyses.

The Sustainable Growth Index provides an independent, data-led scorecard for each local area that provides:

• businesses with a framework to understand their local economy and the issues that will affect investment decisions both within the business and externally, a tool to support their work with local enterprise partnerships, as well as help inform their strategic purpose and CSR plans in light of their impact on the local social and economic environment

• policy-makers and place-shapers with an overview of the strengths, opportunities and challenges of individual places as well as the dynamic between different areas

• Citizens with an accessible insight into how their place is doing, so that they can contribute to shaping local discussions about what is important to them

The Index shows the 'tip of the iceberg' of data sets and analysis our public services advisory team can provide our private sector clients who are considering future locations in the UK, or wanting to understand the external drivers behind why some locations perform better than others.

Our study looks at over 50 indicators to evaluate all the facets of a place and where they excel or need to improve.

Our index is divided into six baskets. These are:

1 Prosperity

2 Dynamism and opportunity

3 Inclusion and equality

4 Health, wellbeing and happiness

5 Resilience and sustainability

6 Community trust and belonging

This year's index confirms that cities have a consistent imbalance between high scores related to prosperity, dynamism and opportunity, and low scores for health, wellbeing, happiness inclusion and equality. Disparity between the richest and poorest in these areas represents a considerable challenge for those places.

Inclusion and equality remains a challenge for both highly urban and highly rural places and coastal areas, particularly along the east coast from the North East to Essex and Kent, face the most significant challenges in relation to these measures and generally rank below average.

Creating sustainable growth matters and to achieve this national policy makers and local authorities need to do seven things:

1 Ensure that decisions are made on the basis of robust local evidence.

2 Focus on the transformational trends as well as the local enablers

3 Align investment decisions to support the creation of sustainable growth

4 Align new funding to support the creation of sustainable growth

5 Provide space for innovation and new approaches

6 Focus on place over organisation

7 Take a longer-term view

The online report is available here:

https://www.grantthornton.co.uk/en/insights/sustainable-growth-index-how-does-your-place-score/

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Institute for Fiscal Studies – English local government funding: trends and challenges in 2019 and beyond

The Institute for Fiscal Studies (IFS) has found "The 2010s have been a decade of major financial change for English local government. Not only have funding levels – and hence what councils can spend on local services – fallen significantly; major reforms to the funding system have seen an increasing emphasis on using funding to provide financial incentives for development via initiatives such as the Business Rates Retention Scheme (BRRS) and the New Homes Bonus (NHB)."

The IFS goes on to report "Looking ahead, increases in council tax and additional grant funding from central government mean a boost to funding next year – but what about the longer term, especially given plans for further changes to the funding system, including an expansion of the BRRS in 2021–22?

This report, the first of what we hope will be an annual series of reports providing an up-to-date analysis of local government, does three things in this context. First, it looks in detail at councils' revenues and spending, focusing on the trends and choices taken over the last decade. Second, it looks at the outlook for local government funding both in the short and longer term. And third, it looks at the impact of the BRRS and NHB on different councils' funding so far, to see whether there are lessons to guide reforms to these policies.

The report focuses on those revenue sources and spending areas over which county, district and single-tier councils exercise real control. We therefore exclude spending on police, fire and rescue, national park and education services and the revenues specifically for these services. When looking at trends over time, we also exclude spending on and revenues specifically for public health, and make some adjustments to social care spending to make figures more comparable across years. Public health was only devolved to councils in 2013–14, and the way social care spending is organised has also changed, with councils receiving a growing pot of money from the NHS to help fund services."

The IFS reports a number of key facts and figures, including

1) Cuts to funding from central government have led to a 17% fall in councils' spending on local public services since 2009–10 – equal to 23% or nearly £300 per person.

2) Local government has become increasingly reliant on local taxes for revenues.

3) Councils' spending is increasingly focused on social care services – now 57% of all service budgets.

The IFS report is available on their website below:

https://www.ifs.org.uk/publications/14563

English local government funding: trends and challenges in 2019 and beyond

Grant Thornton

An instinct for growth™

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London Borough of Hammersmith and Fulham

Report to: Audit, Pensions and Standards Committee

Date: 16 December 2019

Subject: TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW REPORT 2019/20

Report of: Phil Triggs, Director of Treasury and Pensions

Summary

This report provides an update on the delivery (six-month point to 30 September 2019) of the 2019/20 Treasury Management Strategy approved by Council on 27 February 2019 and presents the Treasury Management Strategy 2019-20 mid-year review. Treasury management comprises of managing the Council's borrowing to ensure that funding of the Council's future capital programme is at optimal cost and investing surplus cash balances arising from the day-to-day operations of the Council to obtain an optimal return, while ensuring security and liquidity.

This report complies with CIPFA's Code of Practice on Treasury Management, and covers the following:

  ➢ a review of the Council's investment portfolio for 2019/20 to include the treasury position as at 30 September 2019;

  ➢ a review of the Council's borrowing strategy for 2019/20;

  ➢ a review of compliance with Treasury and Prudential Limits for the first six months of 2019/20;

  ➢ an economic update for the first part of the 2019/20 financial year.

Recommendations

The Committee is asked to note the Treasury Management Strategy 2019/20 mid-year review.

Wards Affected: All

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
• Building shared prosperity	Achieve best value for money in investment and borrowing decisions.
• Being ruthlessly financially efficient	Effective management of the Council's cash flow resources.

Financial Impact

This report is wholly of a financial nature.

Legal Implications

There are no legal implications arising from this report.

Implications verified by: Rhian Davies, Assistant Director of Legal and Democratic Services

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Background Papers Used in Preparing This Report

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
	Treasury Management Strategy Statement 2019/20	Phil Triggs	Tri-Borough Treasury and Pensions

1. TREASURY POSITION AS AT 30 SEPTEMBER 2019

1.1 As at 30 September 2019, net cash invested was £135m, an increase of £22m on the position at 31 March 2019 as shown below:

|	30 September 2019 £m	31 March 2019 £m	31 March 2018 £m
Total borrowing	213	213	217
Total cash invested	(348)	(326)	(339)
Net cash invested	**(135)**	**(113)**	**(122)**

1.2 The increase in net cash reflects the forecast pattern of the Council's cash flows and largely relates to the timing of grants, council tax and business rates received.

Investments

1.3 The Council's Annual Investment Strategy, which forms part of the annual Treasury Management Strategy Statement (TMSS) for 2019/20, was approved by the Council on the 27 February 2019. The Council's policy objective is the prudent investment of cash balances to achieve optimum returns on investments, subject to maintaining adequate security of capital and a level of liquidity appropriate to the Council's projected need for funds over time.

1.4 The table below provides a breakdown of investments at 30 September 2019, together with comparisons for the previous two financial year ends.

	30 September 2019 £m	31 March 2019 £m	31 March 2018 £m
Money Market Funds	102	58	84
Call Accounts	0	0	0
Notice Accounts	56	56	70
Term Deposits	190	212	115
Bonds	0	0	30
Enhanced Cash Funds	0	0	40
Total cash invested	**348**	**326**	**339**

1.5 Liquidity is managed using Money Market Funds, providing same day liquidity. The average level of funds available for investment in the first six months of 2019/20 was £344m.

1.6 Monthly investment balances have varied from a high of £348m in July 2019 to a low of £339m in June 2019 as shown on the shaded area in the chart below. Average returns have decreased from 0.96% in April 2019 to 0.91% in September 2019 as shown by the solid line in the chart.

Investment Balance and Returns
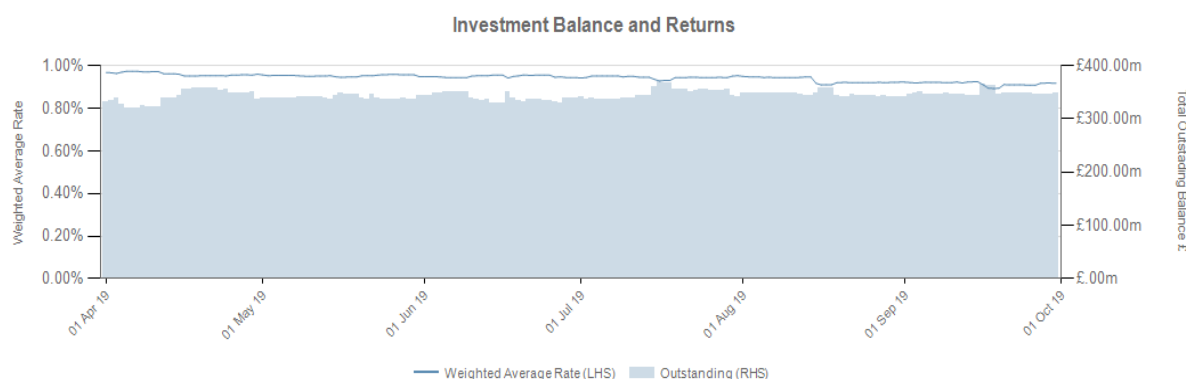
1.6 All investments complied with the Annual Investment Strategy.

1.7 Appendix 1 provides a full list of the Council's investment limits and exposures as at 30 September 2019.

2. Borrowing

2.1 At 30 September 2019, the Council's long-term borrowing amounted to £213m and was well within the Prudential Indicator for external borrowing, namely that borrowing should not exceed the Capital Financing Requirement[1] (CFR) for 2019/20 of £338m[2].

2.2 Currently, the Council is internally borrowed by £125m as a result of the internal cash resources to fund capital expenditure.

2.3 The TMSS 2019/20 stated that the Council's main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Given the Council's resources available for internal borrowing are expected to reduce as capital spending intensifies, the Council needs to maintain flexibility to borrow at opportune moments in line with the Prudential indicators.

2.4 The table below shows the Council's external borrowing as at 30 September 2019, split between the General Fund and HRA.

External borrowing	30 September 2019		31 March 2019	
	Balance	Rate	Balance	Rate
	£m	%	£m	%
General Fund	36	4.77	36	4.77
HRA	177	4.77	177	4.77
Total borrowing	**213**	**4.77**	**213**	**4.77**

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[1] The CFR measures the Council's underlying need to borrow for capital purposes.
[2] CFR figure based on Capital Programme Monitor & Budget Variations Q2 2019/20 Report

2.5   No new borrowing was undertaken in the first half of 2019/20.

3. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

3.1   During the financial year to 30 September 2019, the Council operated within the Treasury Limits and Prudential Indicators set out in the TMSS and Budget approved by Council on 27 February 2019 as set out below.

PI ref	Indicator	2019/20 indicator	2019/20 forecast	Indicator met?
1	Capital Expenditure	£121m	£115m	Met
2	Capital Financing Requirement (CFR)	£359m	£338m	Met
3	Net debt vs CFR	£156m under-borrowing	£125m under-borrowed	Met
4	Ratio of financing costs to revenue stream	GF 0.65% HRA 32.25%	GF 0.65% HRA 32.25%	Met
5a	Authorised limit for external debt	£400m	£213m	Met
5b	Operational debt boundary	£340m	£213m	Met
6	Working capital balance	£0m	£0m	Met
8c	Limit on surplus funds invested for more than 364 days (i.e. non-specified investments)	£120m	£7m	Met
9	Maturity structure of borrowing	Upper limit under 12 months - 15% Lower limit 10 years and above - 100%	Upper limit under 12 months - 5% Lower limit 10 years and above - 71%	Met Met

Capital expenditure and borrowing limits

3.2   Capital expenditure is forecast to be £114.65m for 2019/20.

3.3   External borrowing was well within the Capital Financing Requirement, Authorised Borrowing Limit and the Operational Boundary as shown in the table above:

➢   The Authorised Limit is a level for which the external borrowing cannot be exceeded without reporting back to Full Council. It therefore provides sufficient headroom such that in the event that the planned capital programme required new borrowing to be raised over the medium term, if interest rates were deemed favourable and a thorough risk analysis determined, the cost of carry was appropriate, this borrowing could be raised ahead of when the spend took place.

➢   The Operational Boundary is set at a lower level and should take account of the most likely level of external borrowing. Operationally, in accordance with CIPFA best practice for Treasury Risk Management, a liability benchmark is used to determine the point at which any new external borrowing should take place.

3.4 The purpose of the maturity structure of borrowing indicator is to highlight any potential refinancing risk that the Council may be facing if, in any one particular period, there was a disproportionate level of loans maturing. The table below shows that the maturity structure of the Council's borrowing as at 30 September 2019 was within the limits set and does not highlight any significant issues.

Maturity structure of borrowing	Upper Limit (%)	Lower Limit (%)	Actual as at 30 September 2019 (%)
Under 12 months	15	0	5
12 months and within 24 months	15	0	5
24 months and within 5 years	60	0	4
5 years and within 10 years	75	0	15
10 years and above	100	0	71

3.5 The purpose of the interest rate exposure indicators is to demonstrate the extent of exposure to the Council from any adverse movements in interest rates. The table at paragraph 5.1 shows that the Council is not subject to any adverse movement in interest rates as it only holds fixed interest borrowing.

3.6 The average rate on the fixed interest borrowing is 4.77% with an average redemption period of 21 years. This reflects the historical legacy of borrowing taken out some years ago which is now higher than PWLB interest rates for comparable loans if they were taken out now. Officers have considered loan re-financing but the premiums for early redemption are prohibitively high, making this option poor value for money.

Investment limits

3.7 Specified investments are limited to a maximum maturity of less than one year. Non–specified investments have a maturity of one year and over. Currently, all investments are specified.

3.8 Whilst the short duration is within approved limits, there is scope within the Investment Strategy to extend the duration of investments for up to five years. Using longer duration investments and possibly marginally lower credit ratings is likely to increase the yield of the investment portfolio.

THE ECONOMY AND INTEREST RATES

4.1 The Monetary Policy Committee (MPC) has left the Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit. In its meeting on 1 August 2019, the MPC became more dovish as it was more concerned about the outlook for both the global and domestic economies. That is shown in the policy statement, based on an assumption that there is an agreed deal on Brexit, where the suggestion that rates would need to rise

at a "gradual pace and to a limited extent" is now also conditional on "some recovery in global growth". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. Inflation (CPI) has been hovering around the Bank of England's target of 2% during 2019 and is likely to shift only a little upwards over the rest of 2019/20. It does not therefore pose any immediate concern to the MPC at the current time.

4.2   The first half of 2019/20 has seen UK economic growth fall as Brexit uncertainty took a toll. In its Inflation Report of 1 August 2019, the Bank of England was notably downbeat about the outlook for both the UK and major world economies. This mirrored investor confidence around the world which is now expecting a significant downturn or possibly even a recession in some developed economies.

4.3   If the UK does achieve an agreed deal on Brexit, then it is possible that growth could recover quickly. The MPC would then need to address the issue of whether to raise the Bank Rate when there is very little slack left in the labour market; this could cause wage inflation to accelerate which would then feed through into general inflation. On the other hand, if there is a no deal Brexit and there is a significant level of disruption to the economy, then growth could falter and the MPC would be likely to cut Bank Rate in order to support growth. However, with the Bank Rate still only at 0.75%, it has relatively little room to make a meaningful impact and the MPC would probably suggest that it would be up to the Chancellor to provide additional help to support growth by way of a fiscal boost, including tax cuts and / or expenditure on infrastructure projects, to boost the economy.

4.4   Despite the contraction in GDP growth of -0.2% in quarter 2, employment rose by 115,000 in the same quarter: this suggests that firms are preparing to expand output and suggests there could be a return to positive growth in quarter 3. Unemployment has continued near to a 44-year low, edging up from 3.8% to 3.9% on the Independent Labour Organisation measure in June 2019; however, that was caused by a rise in the participation rate to an all-time high. Job vacancies fell for a sixth consecutive month, hitting record levels, and indicating that employers are having major difficulties filling job vacancies with suitable staff.

4.5   It was therefore unsurprising that wage inflation picked up to a high point of 3.9% (3-month average regular pay, excluding bonuses). This meant that, in real terms (i.e. wage rates higher than CPI inflation) earnings grew by about 1.8%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This could mean that the MPC will need to take action to raise the Bank Rate if there is an agreed Brexit deal as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

4.6   On 9 October, the Treasury announced an additional 1% margin to be applied to PWLB interest rates for new loan advances. This will increase the cost of any future borrowing by the Council from the PWLB and the Council may consider other lenders should borrowing be required.

4. PRUDENTIAL INDICATORS

5.1 The Local Government Act 2003 requires the Council to have regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. These are contained within this report.

6. Reasons for Decision

6.1 This report presents the Council's mid-year Treasury Management Strategy half-year review for 2019/20 in accordance with the Council's Treasury Management Practices. It is a regulatory requirement for this report to be presented to the Council.

6.2 The Council has, within its Constitution, nominated the Audit, Pensions and Standards Committee to be responsible for the effective scrutiny of the Treasury Management Strategy and policies.

6.2 The report notes that the Council has complied with all elements of the Treasury Management Strategy Statement (TMSS).

7. Equality Implications

7.1 The report is for noting so there are no equality implications for groups with protected characteristics (under the Equality Act 2010) as a result of this report.

7.2 Implications verified by Fawad Bhatti, Public Services Reform, tel. 07500 103617.

8. Risk Management Implications

8.1 Treasury Management contributes to all the Council Values and Delivery of Objectives. Management of treasury risks are commensurate to the risk appetite of the Council. The effective understanding, control and management of the many aspects of risk associated with treasury management are essential to achieving an authority's objectives. Risk management is therefore embedded throughout treasury guidance, policies and practices. In adopting a policy of managing risk, an authority is determining its level of risk acceptance.

8.2 Treasury risks present themselves in many forms, from failure to optimise performance by not taking advantage of opportunities, to managing exposure to changing economic circumstances, most recently the situation has been somewhat uncertain due to negotiations over the UK's departure from the European Union.

8.3 The key challenge is to understand, identify, monitor and manage risks in a planned and effective way. Local authorities are required to report annually to full council on their treasury management strategy (TMS) before the start of

the year, which sets the objectives and boundaries for the approach to treasury activity.

8.4 The authority supplements this with treasury management practice schedules (TMPs), which set out the practical arrangement to achieve those objectives. The TMPs inform the day-to-day practices applied to manage and control treasury activities. Local authorities are typically financially risk averse and greatly value stability in order to form council tax and housing rent levels, through to general fund and HRA budgets.

8.5 Implications verified by: Michael Sloniowski, Risk Manager, tel. 0208 753 2587.

9. Other Implications

9.1 The Council's borrowing and investment activity presented to 30 September 2019. The capital programme represents significant expenditure within the Borough and, consequently, where supplies are sourced locally, changes in borrowing or investment may impact either positively or negatively on local contractors and sub-contractors. Where capital expenditure increases, or is brought forward, this may have a beneficial impact on local businesses; conversely, where expenditure decreases, or is slipped, there may be an adverse impact on local businesses.

9.2 Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 07739 316 957.

10. Consultation

10.1 Consultation took place with the Council's investment advisor, Link Asset Services, in respect of the Economic and Interest Rate update.

List of Appendices:

Appendix 1: Investment Limits and Exposures at 30 September 2019.

Limits and exposures as at 30 September 2019

Category	Limit per Counterparty (£m)	Duration Limit	Counterparty Name	Current Exposure (£m)
UK Local Authorities	£30m per local authority; £200m in aggregate	3 years	London Borough of Sutton	7.5
			Dudley Metropolitan Borough Council	10.0
			Canterbury City Council	10.0
			London Borough of Croydon	30.0
			London Borough of Enfield	10.0
			Swale Borough Council	5.0
			Falkirk Council	5.0
			Cheshire West and Chester Council	7.0
			Stockport Metropolitan Borough Council	10.0
			Fife Council	10.0
			London Borough of Southwark	10.0
			Rotherham Metropolitan Borough Council	25.0
			North Tyneside Metropolitan Borough Council	5.0
			Blackpool Council	25.0
Money Market Funds	£30m per fund. £200m Total	Up to three day notice	GS Sterling Liquid Reserve Institutional Inc	3.8
			BlackRock ICS Institutional Sterling Liquidity Heritage Dis	3.7
			Insight Liquidity Sterling C5	0.1
			Federated Prime Rate Sterling Liquidity 3	30.0
			Aberdeen Sterling Fund Flexible Income F130 Fund	24.6
			BNP Paribas InstiCash GBP I Dis GBP	11.0
			Morg Stnly Sterling Liquidity Inst	29.2
UK Banks (A-/A3/A-)	£50m	3 years	Lloyds Bank	25.0
			Goldman Sachs Intl Bank	20.0
UK Banks (AA-/ Aa3/ AA-) or UK Government ownership greater than 25%	£70m	5 years	National Westminster Bank	1.0
Non-UK Banks (AA-/ Aa2/ AA-)	£50m	3 years	Svenska Handelsbanken	30.0
Total				**347.9**

Hammersmith and Fulham Council **Audit and Pensions Committee** **16 December 2019**	h&f hammersmith & fulham

Health and Safety Performance April to September 2019

Report of the Head of Corporate Safety

Open Report

Classification: For review and comment **Key Decision**: no

Consultation: Strategic Leadership Team

Wards affected: None

Accountable Director: Finance and Governance

Report Author: P Barton, Head of Corporate Safety	Contact Details: Paul.barton@lbhf.gov.uk 07917 553 589

Executive Summary

This report provides the Council's health and safety performance position at the month of September 2019. It provides a strategic oversight for the first half of financial year 2019 / 2020 and direction for the remainder of the year.

Key points of note:
The revised corporate health and safety policy has been designed to show disaggregation and realignment of sovereign services.

There has been no enforcement action taken against the Council by the Health and Safety Executive (HSE) so far this year. Four injuries to LBHF employees were reportable to HSE.

Ongoing operational support to the 'Hello Future' directive by Corporate Health and Safety is contributing positively to the challenge of transition to new ways of working. Advice has been provided on provision and duties of safety responders (nominated first aiders and fire evacuation officers), display screen equipment and fire evacuation safety.

Accidents, injuries and near-miss incidents (April to September 2019)
Appendix 1 details accidents, injuries and near-miss incidents to date. There have been five incidents reportable to the Health and Safety Executive (HSE) so far this year, four to employees and one to a member of the public.

Overall 120 incidents have been reported so far this year. A comparison between this year and last is shown at appendix 1. All incidents that are reportable to HSE are investigated by Corporate Health and Safety, seeking to make recommendations to prevent recurrence and requiring services to review risk assessments.

Additional control measures implemented directly from recommendations arising from such investigations include

- Security improvements to the Cobbs Hall building in Fulham Palace Road,
- Improvements to marking the presence of a step were made to the landlord's managing agent of 45 Beavor Lane, which the landlord has accepted and has presented plans to rectify.

Of note is a 29 percent increase in violent and intimidating incidents on last year's reports. Conversely, there is a 14 percent reduction in accidents that have resulted in injury in comparison with last year's figures.

Realignment of Corporate Health and Safety

An internal audit report in January 2018 concluded a limited assurance adequacy of the Corporate Health and Safety Team. A realignment of the service commenced and is making good progress.

The health and safety policy has been revised as part of Corporate Health and Safety realignment. It makes improvements in areas such as consultation, control of contractors, use of volunteers, contract managers and commissioning officers, more clarity around schools and a streamlined reporting structure for health and safety. The policy details the organisation and arrangements necessary to underpin the council's health and safety management system, following disaggregation from the tri and bi-borough partnership. The policy is designed to make changes with a minimum amount of disruption to existing channels of communication, consultation, competency and cooperation. The new policy and statement of intention is attached at Appendix 2.

The SLT dashboard within the corporate risk register was revised to show health and safety as a separate risk entry. The separation was made in order to provide a greater clarity and distinction from other corporate risks such as those associated with statutory breach of human rights and statutory breach of data protection. The rationale for this request was sent to the Corporate Risk Manager by the Head of Corporate Safety. This sets the strategic approach for corporate health and safety management, where in the current climate fines for non-fatal workplace accidents can cost local authorities up to one million pounds as well as significant reputational damage.

An operational health and safety risk register was formulated to ensure live document access to progress on actions arising from risk assessment review, workplace safety audits and inspections. The operational risk register is updated and presented monthly to the Assurance Risk Operations Group (AROG). The register provides clarity on the directorates accountable and the services responsible for remedial actions and mitigations listed.

A Corporate Health and Safety business change plan 2019 to 2020 identifies key milestones to achieve service excellence in corporate health and safety. It outlines the need for a health and safety management system assessment software tool to upgrade the tri-borough assessment system. There is also a plan for Corporate Health and Safety to establish LBHF as a local health and safety training provider, offering small and medium sized enterprises in the borough health and safety training at highly competitive rates under the shared prosperity directive, in addition to the existing services provided by the Economy Department.

Health and Safety Audit Programme
Audits are ongoing across all areas of the Council. A plan of works schedule is available from Corporate Health and Safety. Audits are on target across all services and planning is in progress for the 2020 / 2021 programme.

Social Care
Fifty sites were selected in Adult Social Care for audit during 2019 / 2020 and are on target for completion by the end of March 2020. Six sites were re-inspected in the Supported Housing Service. This was to follow up on audits highlighting an absence of remedial action planning for works identified in fire risk assessments and electrical installation condition reports. The re-inspections revealed that managers of selected sites had now placed works requests for remedial action with Corporate Property and that documents were now available and up to date. Three of the centres in the original audit sample were now closed.

Schools
A sample of twenty schools were selected for audit during this financial year and these are on target for completion by end of March 2020. Audits so far reveal very good overall progress.

Asbestos management in schools remains a national concern. Results from the DfE's Asbestos Management Assurance Process saw only 75 percent of schools and academies in England and Wales responding to the DfE's instruction to undertake the process. Of this 75 percent, 3.5 percent were referred to the Health and Safety Executive because they could not provide enough evidence that they were managing asbestos in line with regulatory requirements. Although current audits in the borough show good progress in this area of health and safety management, further checks on asbestos management will form an additional themed series of inspections from March 2020 onwards and carry into the next financial year. The risk has been moderately heightened on the workplan to reflect our acknowledgment of the DfE's national findings and to reflect the return to in-house asbestos management under Children's Services from consultants 3BM.

Corporate Buildings

Audits: twenty of fifty category one and category two premises are being undertaken this year. Fourteen have been completed so far. Of note are Linford Christie stadium, where improvement works from this and a previous health and safety report are in progress to the water systems; The Haven, where glazing is being made safer to prevent injury through self-harm.

A case of pneumonia in a colleague working in 145 King Street generated an investigation into a potential cause possibly being associated with the building environment. It was the fifth case from the building. Corporate Health and Safety examined sickness absence patterns for the teams on the third and second floors. A wider survey than the original indicative one planned was recommended by Corporate Health and Safety. The survey was widened to a full independent 'sick building syndrome' survey. Head of Corporate Safety met with the OH Physician to discuss the cases. This part of the investigation revealed that the diseases contracted by colleagues were not directly attributable to the building environment, plant or work equipment. The other aspect of 'sick building syndrome' is work-related stress and this is being investigated by Corporate Health and Safety, with full cooperation from service managers. Results will likewise be reported over the coming months.

Risk assessments for the safety of employees remaining in Hammersmith Town Hall until October are required from the construction contractor before works can commence in the west wing of the building.

The fire risk assessment programme continues in Corporate Property. Significant findings from fire risk assessment reviews are also now entered onto the Operational Risk Register to expedite remedial actions and mitigations. Findings from assessments for the decant project buildings have been passed to respective managing agents and entered on the West King Street Development Project risk matrix.

Decant of staff away from Hammersmith Town Hall and Extension into hub workplaces, plus a welcomed increase in agile and flexible remote working, has led to pockets of shortages in the provision of nominated first aiders and fire evacuation officers in new workplaces across the authority. A gap analyses was conducted by Corporate Health and Safety and a resulting advertisement on our intranet during the summer called for volunteers in the new workplace buildings. Take up of volunteers was reasonably good and a further advert has been recommended to attract further volunteers. Should there still be a shortfall of volunteers, Heads of Service are required to nominated suitable employees from their teams.

Environment

A near miss incident investigation into a reversing refuse collection vehicle outside a school was concluded. Serco fully cooperated with LBHF Corporate Health and Safety, providing all documents and risk assessments that were asked for. CCTV footage was also obtained with cooperation from the school. The driver of the vehicle was given a written warning and all drivers received reminders on the requirement to always follow safe working practices and instructions.

Office moves and display screen equipment

All staff that are display screen equipment users and that are relocating under the decant project were instructed to undertake an updated display screen equipment (DSE) assessment.

The DSE assessment system was 're-loaded' after a series of meetings. Technical obstacles around files extant from the bi-borough arrangement were largely overcome. The data feed launch reached around 2,196 users and added a further 300 users since January 2019. About 500 users had 'bad pathways' and these will divert to a dedicated inbox. The inbox will be monitored over time by Corporate Health and Safety to ascertain line manager details. This result achieves compliance amongst a majority. A more recent file of exclusively LBHF staff has been compiled by People and Talent and passed under secure cover by IT to the system provider. It is hoped this latest file will help to root out 'bad pathways' and improve the compliance data set. Corporate Health and Safety Continue to monitor and keep close watch.

The new Operational Risk Registered was introduced distributed and discussed at Assurance and Risk Officer's Group (AROG) on 24th July 2019.

Equality Implications
None

Legal Implications
'Except in such cases as may be prescribed, it shall be the duty of every employer to prepare and as often as may be appropriate revise a written statement of [the] general policy with respect to the health and safety at work of [the] employees and the organisation and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all of [the] employees'. (Health and Safety at Work etc. Act 1974. section 2(3).

Financial Implications
No change. A budget is allocated for training of Safety Responders as identified in policy, which is coordinated by Corporate Health and Safety.

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Appendix 1

Accidents and Incidents: April – August 2019 Report

Summary of Highlights

This summary report highlights the incidents reported by staff and recorded on the council's Accident and Incident reporting system (AIRS). The reporting period includes incidents recorded between 1 April 2019 and 31 August 2019, breaking them down by services that have sovereign status and those that were part of the Tri and Bi-Borough structure[1].

1. Reported Incidents by Category, Apr-Aug 2018 to Apr-Aug 2019

Measures:
- The total number of incidents has increased by a quarter (+25%), from 96 in Apr-Aug 2018 to 120 in Apr-Aug 2019;
- The largest increase in numbers was in "Violence and Intimidation Incident" (+10; +29%) and "Other Incident" (+9; +46%);
- The only decrease in incidents was in "Injury Accident" (-4; -14%);

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[1] The AIRS reporting system is currently linked to the former bi and tri- borough arrangements, A sovereign reporting system, either as upgrade to existing or replacement, is pending.

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Incidents by category, 1 Apr - 31 Aug 2018 and 1 Apr - 31 Aug 2019
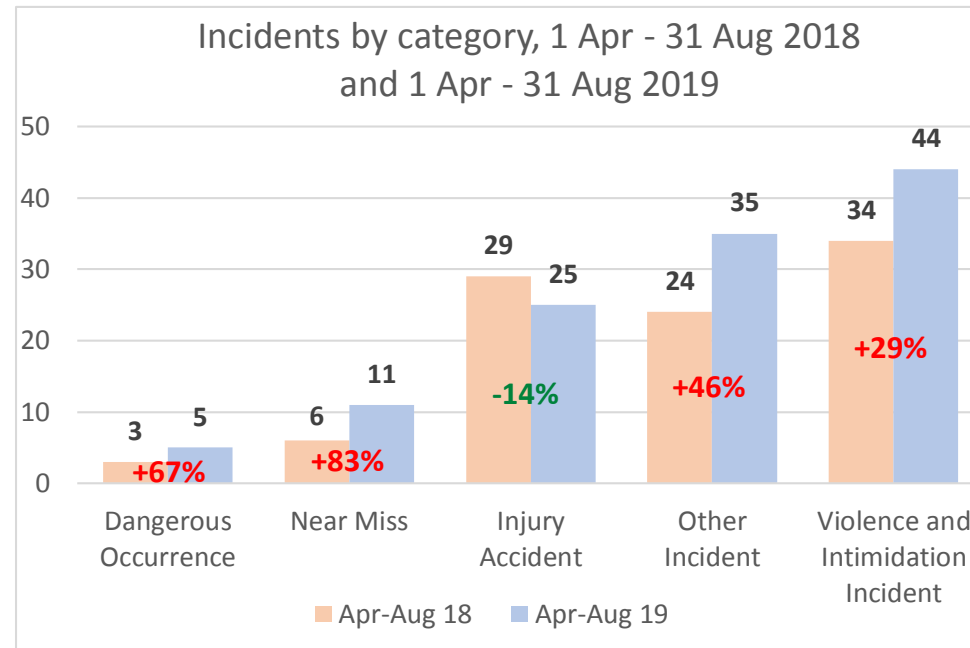
2. Reported Incidents by Services, Apr-Aug 2018 to Apr-Aug 2019

Measures:

- Libraries and Archives* reported the largest number of incidents (46) with the largest overall increase (+24; +109%);
- Housing and Regeneration* reported the second largest number of incidents (31) with an increase of 11 incidents (+55%);
- The only decrease in incidents was from the Bi-Borough Transport and Technical Services (-23; -77%);

  Largely due to the nature and type of work activities that staff are engaged in (direct contact with users, client groups and members of the public)

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Incidents by services, 1 Apr - 31 Aug 2018 and 1 Apr - 31 Aug 2019
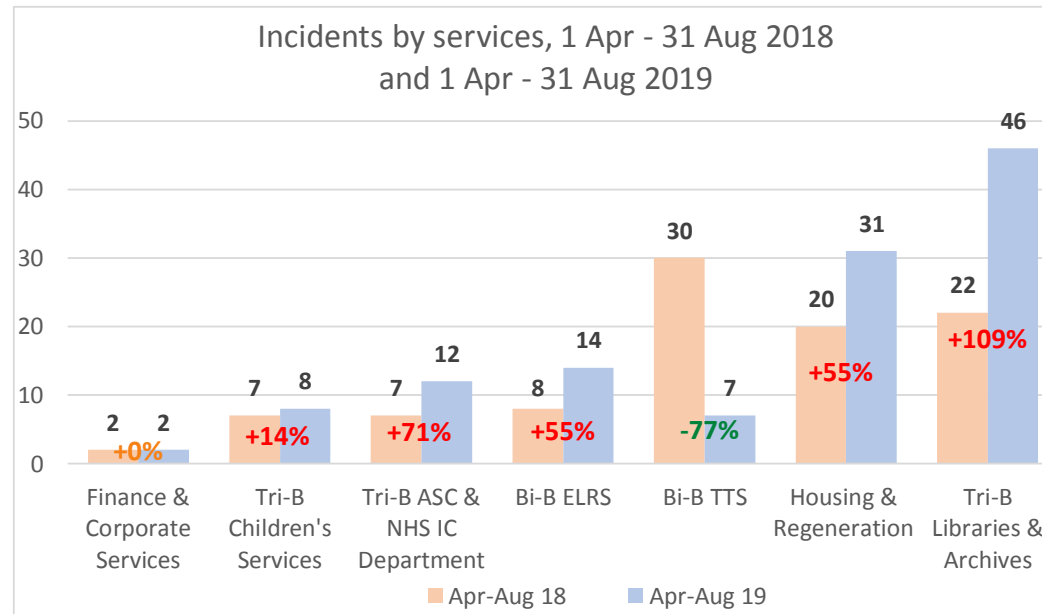
3. Violence and Intimidation Incidents by Type, Apr-Aug 2018 to Apr-Aug 2019

Measures:
- Out of 44 Violence and Intimidation incident reported, most (14) were related to Aggressive Behaviour (+56% on Apr-Aug18)
- Verbal Abuse/Threat incidents were the second most reported type (10 incidents; +43% on Apr-Aug18);
- There were no reports of Harassment for the Apr-Aug19 period (4 reports were made in Apr-Aug18);

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Violence and Intimidation incidents by type, 1 Apr - 31 Aug 2018 and 1 Apr - 31 Aug 2019
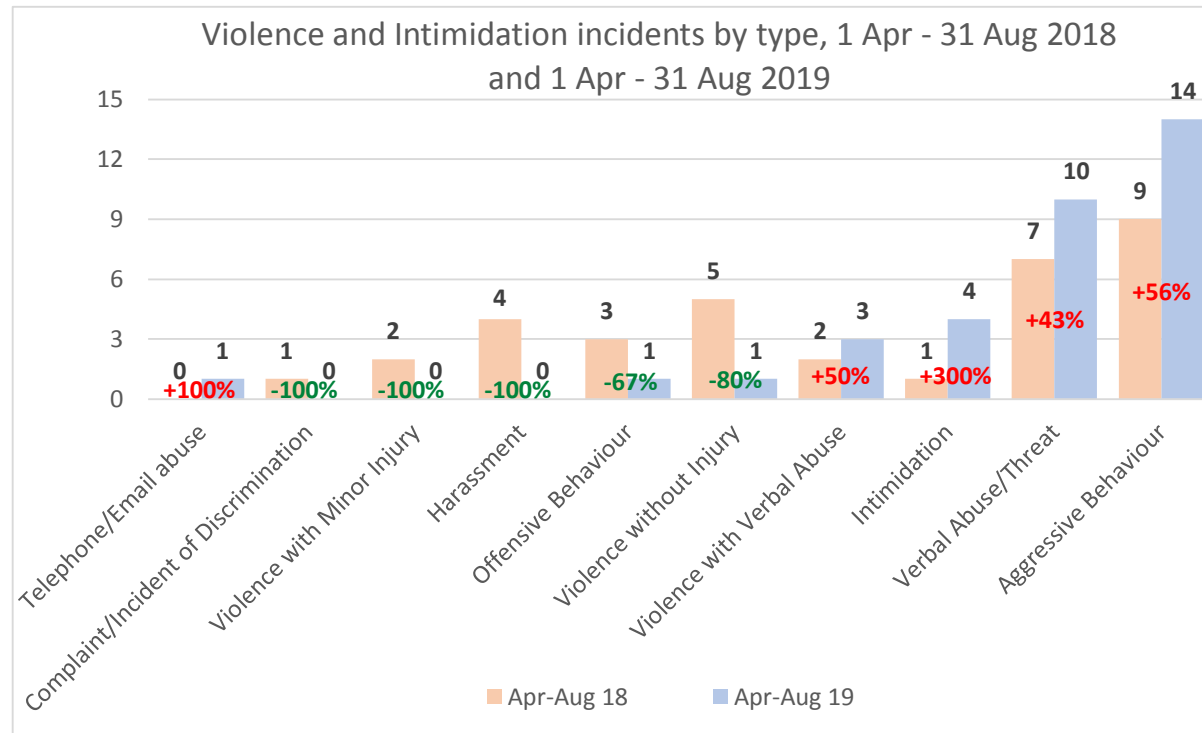
4. Violence and Intimidation Incidents by Services, Apr-Aug 2019

Measures:
- 15 Violence and Intimidation incident reports were made by Housing and Regeneration, 13 reports were made by staff working in Libraries and Archives;
- 17 out of 44 (39%) incident reports are still to be reviewed;
- All seven incidents made by Bi-Borough Transport and Technical Services during the Apr-Aug 2019 period are yet to be reviewed;

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Violence and Intimidation incidents by services, 1 Apr - 31 Aug 2019
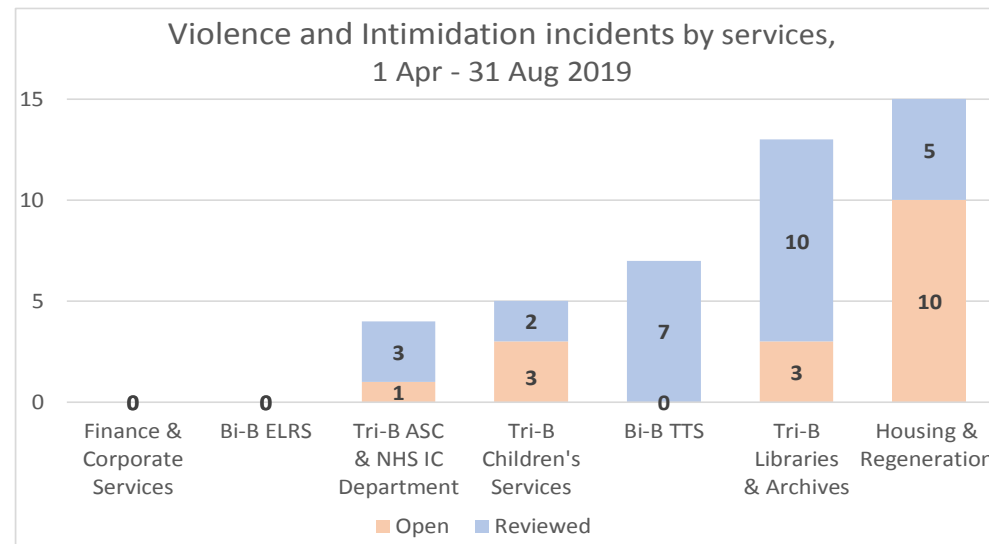
Actions:

- Managers should ensure that all incident reports are reviewed and managers section of the incident report is fully completed;
- Any additional/supplementary supporting evidence should be uploaded to the incident report, where required;
- There is no SharePoint integration within the IEX exchange (AIRS) for LBHF so it is not possible to upload documents directly from SharePoint on AIRS; this is not be possible as the integration is not available;
- Managers are advised to individually download the document, and then proceed to access the document record, and upload the file to the accident report on AIRS. If managers require any further assistance, they are to contact Corporate Health and Safety. Guidance on how to report and review an incident is provided by accessing the AIRS guidance procedures;
- Management are to ensure that staff are supported and where appropriate that clients and members of the public who are responsible for violence and intimidations are added to the Violent Incident and Assault (VIA) list as appropriate. The list is updated weekly, and staff are required to check the list prior to carrying out off-site inspections/visits;
- Corporate Health and Safety has scheduled organisation wide lone working and violence and aggression audits as part of its 2019 to 2020 audit programme;

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- It is important that staff continue to receive conflict and violence and aggression refresher training and that risk assessments are reviewed and updated as appropriate after an incident has been reported;
- Health and Safety on-line training emphasises the importance and benefits of recording incidents and has helped to encourage greater reporting from managers and staff. Suitable risk assessments also contribute to a reduction in incidents;

RIDDOR

Under regulations (RIDDORS), some accidents and incidents are reportable to the Health and Safety Executive (HSE). There were three over 7-day work-related injuries reported for the 1 April 2019 and 31 August 2019 period.

One incident occurred during a staff away activity when a member of stepped into a small pot hole whilst engaged in a team activity. This caused him to cause an injury to his hamstring and glute muscle. The second incident occurred whilst a member of staff was being taken on a tour of the Shortlands Building. The member of staff slipped on the aluminium decking whilst viewing the roof garden of the Shortlands building. The member of staff was taken to hospital where she was x-rayed and received confirmation that she had fractured a bone in her foot. The member of staff is currently off work whist her injury heals. Corporate Health and Safety are currently investigating the incident. The third incident was caused by a fire extinguisher falling on the foot of a member of staff. All reports are still to be reviewed and closed by the respective managers.

Two further injuries reportable un RIDDOR, not yet uploaded to AIRS, occurred in July. The first was a fractured bone in the foot of a security officer injured during a violent incident at Cobbs Hall and the second a sprained ankle causing an officer to be of work for more than seven-days caused by slipping on the floor at the reception of 145 King Street.

5. Primary Causes of Incidents, Apr-Aug 2018 to Apr-Aug 2019

Measures:
- 15 reported incidents relating to slips, trips and falls in the Apr-Aug 2019 period (up from 13 in Apr-Aug 2018);
- 57 incidents were classified as 'Other/Not known' for Apr-Aug 2019 compared to 42 incidents for Apr-Aug 2018;

Actions:

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- Incidents categorised by primary cause should be taken into consideration when assessing control measures. Where required, risk assessments should also be reviewed with staff and updated to document any changes to existing control measures;
- 24 and 35 incidents were classified as 'Other Incidents' for Apr-Aug 2018 and Apr-Aug 2019 respectively. Managers are asked to consider re-classifying incidents when incidents are reviewed so that accidents/incidents are reported accurately. Accurate reporting is essential for identifying hazards and risks, establishing underlying causes of accidents and determining suitable and enough control measures;

Table 1: Primary Cause - Violence and Intimidation	Apr-Aug18	Apr-Aug19
Violent Act	7	18
Contact/Struck by Person	2	5
Contact with Moving Object/Person	3	1
Contact with stationary Object/Person/Hitting/Stepping	0	1
Exposure to Noise/Vibration	0	1
Manual Handling (Person)	0	1
Entrapment/Entanglement	1	0
Other/Not Known	21	17
TOTAL	**34**	**44**

Table 2: Primary Cause - Other Incident	Apr-Aug18	Apr-Aug19
Ill-Health	0	2
Entrapment/Entanglement	0	1
Animal/Insect Bites & Stings	1	0
Contact with Moving Object/Person	1	0
Contact/Struck by Person	1	0
Exposure to Extreme Heat/Cold	1	0
Plant/Vehicle Component Failure	1	0
Fire	2	0
Other/Not Know	17	32
TOTAL	**24**	**35**

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Table 4: Primary Cause - Near Miss	Apr-Aug18	Apr-Aug19
Slip/trip	0	3
Fall from height	0	2
Hit by Moving/Flying Objects/Collision with Moving Object	0	1
Violent Act	0	1
Contact with Moving Object/Person	1	0
Contact with Stationary Object/Person/Hitting/Stepping	1	0
Contact/Struck by Person	1	0
Other/Not Known	3	4
TOTAL	**6**	**11**

Table 5: Primary Cause - Dangerous Occurrence	Apr-Aug18	Apr-Aug19
Fire	0	2
Cuts/sharp objects	0	1
Contact with Moving Object/Person	1	0
Exposure/Contact with Hazardous Substance	1	0
Plant/Vehicle Component Failure	1	0
Other/Not Known	0	2
TOTAL	**3**	**5**

Table 3: Primary Cause - Injury Accident	Apr-Aug18	Apr-Aug19
Slip/trip	10	9
Cuts/sharp objects	2	5
Contact with Stationary Object/Person/Hitting/Stepping	4	2
Contact with Moving Object/Person	2	2
Fall whilst Ascending/Descending	3	1
Hit by Moving/Flying Objects/Collision with Moving Object	1	1
Ill-Health	0	1
Manual Handling (Object)	0	1
Violent Act	0	1
Road Traffic Accident/Hit by Moving Vehicle	2	0
Animal/Insect Bites & Stings	1	0
Exposure/Contact with Hazardous Substance	1	0
Manual Handling (Person)	1	0
Repetitive movement injury	1	0
Other/Not Known	1	2

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1.   INTRODUCTION

1.1 Aims of the Policy

This Policy sets out the strategic health and safety vision and objectives of the Council.

Our aim is to have the best health and safety culture. Creating a compassionate council means we acknowledge the moral, as well as the legal and economic reasons, for good health and safety management.

Not only do we recognise the duty to our employees, but also to our residents. We aim to do things with residents safely and not to harm them with the workplace activities we carry out.

By creating a safe working environment for all employees, visitors, contractors and members of the public, and by the reduction of workplace accidents and incidents, we will build a shared prosperity for us all and take pride in Hammersmith and Fulham.

1.2 Scope of the Policy

Our Corporate Health and Safety Policy applies across the entirety of our undertaking as an employer and service provider.

Our responsibilities and arrangements in relation to health and safety will cover our role as:
☐   A major employer based within the borough
☐   A major purchaser of services and goods from other organisations
☐   Landlord and service provider
☐   Setting an example of good health and safety practice to other workplaces within the borough, taking pride in Hammersmith and Fulham.

1.3. Our Health and Safety Culture

To be the best in health and safety we are seeking to maintain and advance our positive health and safety culture by creating an environment with fairness and clear lines of responsibility at its core.

This policy reflects our commitment to ensuring that health and safety at work is paramount to us and that effective health and safety actively contributes to our ongoing success. The successful implementation of this policy requires total commitment from all members of staff and councillors.

Paying attention to meeting our duties to **safe places of work and a safe working environment** within the borough, so far as is reasonably practicable.

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Effective **reporting of all accidents, incidents and near misses** is critical to ensure the health and safety of all persons affected by our activities. We will promote an open working environment where employees are not afraid of blame but encouraged to report accidents, incidents and near misses to prevent serious incidents in future.

We will actively **consult** with our workforce and nurture an open attitude to prevent health and safety issues, encouraging staff to identify and report hazards and suggest innovative solutions, so that we can all contribute to creating and maintaining a safe working environment.

We will carry out and **regularly review risk assessments** to identify hazards and risk control measures; to prioritise, plan and complete any corrective actions required to eliminate risk, or reduce risk to the lowest level reasonably practicable.

Information, instruction, training and supervision to ensure the health and safety of employees, and to enable employees to make a positive contribution to the safety culture of the organisation will be carried out at all levels commensurate with accountability and responsibility outlined in the arrangements that follow.

We recognise that **provision and maintenance of safe equipment, plant, systems and procedures** alone is not enough if the culture doesn't encourage healthy and safe working. Therefore, pro-active management of, and involvement in, health and safety by all staff at each level of the organisation is fundamental to ensuring a successful health and safety culture.

Arrangements will be made for ensuring safety and the absence of avoidable risks to health in connection with the **use, handling, storage and transportation of articles and substances**

We will provide adequate arrangements and facilities for **welfare.**

Collaboration and cooperation between employees, unions, councillors, contractors and the public are key factors in management of health and safety and will be promoted at every level to ensure successful operation of our organisation. Our health and safety culture is based on **'Plan, Do, Check, Act':**
• Planning the direction for health and safety management   (Plan)
• Profiling the health and safety risks to organise and implement controls (Do)
• Checking that health and safety management is working   (Check)
• Acting on improving health and safety management   (Act)

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We will maintain a system to properly select and manage **contractors** that work for us in order to achieve a safe working environment.

The health and safety policy is unlikely to be successful unless it actively involves everybody at work. We all have an individual responsibility to ensure our own safety and to avoid doing anything that will put others at risk. An annual report detailing our health and safety performance during the period will be submitted to the Audit, Pensions and Standards Committee.

2.   ARRANGEMENTS TO DELIVER THIS POLICY

2.1 General

The law requires that ultimate responsibility for health and safety rests with the highest level of management. We must comply with the Health and Safety at Work etc Act 1974. In practice the Chief Executive is responsible to the Council for ensuring successful management of the Council's health and safety policy and compliance with the Council's legal duties. Responsibilities are set out in this policy. A lead director for health and safety has been appointed.

2.2 Audit, Pensions and Standards Committee

A biannual performance report is submitted to the committee, one of which contains the annual health and safety report of the Council.

2.3 Strategic Leadership Team (SLT) Assurance

SLT Assurance scrutinises and oversees the Health and Safety Board. It sets a health and safety agenda twice a year.

2.4 Health and Safety Board

The Board is chaired by the Strategic Director Finance and Governance, who is the lead director for health and safety as delegated by the Chief Executive. It is a decision-making board that meets quarterly. It receives reports from employee representatives (one from each directorate) and the Trades Unions Forum. The group meets the Council's obligations to consult with employees under The Health and Safety (Consultation with Employees) Regulations 1996 (as amended) and under The Safety Representatives and Safety Committees Regulations 1977 (as amended). Terms of reference and an example agenda for the Health and Safety are given at appendix A

2.5 Assurance Risk Operations Group (AROG)

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AROG monitors the operational health and safety risk register on a monthly basis. The register, giving recommended actions and mitigations, is made available to Tier 2 and Tier 3 managers via this group.

2.6 Trades Union Forum

Trades Union Forum has a standing item on health and safety. The Forum includes Branch Officers for Health and Safety from UNISON, GMB and the National Education Union. It convenes quarterly. The Forum meets the Council's obligation to consult with employees under the Safety Representatives and Safety Committees Regulations 1977 (as amended).

2.7 Directorate Management Teams (DMT)

DMTs meet monthly, where health and safety is an agenda item. DMTs are required to nominate a representative to attend the Health and Safety Board quarterly.

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3. HEALTH AND SAFETY GOVERNANCE AND CONSULTATION STRUCTURE

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Annual report March from SLT Assurance
Biannual report September from SLT Assurance

Strategic Leadership Team Assurance
Chief Executive & Strategic Directors
Biannual report from Health and Safety Board

AROG
Monthly

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Health and Safety Board
Director Finance & Governance, Corporate Health and Safety & DMT Representatives
Quarterly meeting

D.M.T.

Trades Union Forum
Official H&S Reps
Quarterly

Employees

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4 ROLES AND RESPONSIBILITIES

4.1 General

Every member of the organisation must accept and ensure that they understand their personal responsibilities for health and safety and achieve and maintain these to the appropriate standard.

Although some duties and responsibilities may be delegated, accountability for health, safety and welfare at work is not transferable and cannot be evaded.

We recognise that the key to further improvements in health and safety lie in securing a systematic approach to health and safety management throughout the organisation so that health and safety becomes fully integrated with all other aspects of business management. This requires strategic leadership, supported by specialist professional input.

4.2 All Employees

All employees, whether permanent, part-time or temporary, are required to:

- Take reasonable care of their own health and safety and the health and safety of any other person who may be affected by their actions;
- Co-operate with their managers and other staff so that safety requirements and standards may be met;
- Undertake any mandatory training that is provided (including fire evacuation drills) relevant to their job roles and as guided by the health and safety training matrix;
- Not interfere with, or misuse, anything provided by the Council in the interests of health, safety and welfare.

In order to carry out the above, all employees must familiarise themselves with the 'all staff checklist for health and safety' at appendix D:

Where an employee does not have regard to the points set out in 4.2.1, disciplinary action may be considered.

In cases of imminent danger employees are required to report to their line manager as quickly as possible, and to request work activities to be halted until safe working practices can be established.

4.3 Elected Members (Council)

The Council's Elected Members have a responsibility to conduct their business and make decisions in conformity with health and safety legislation and the Council's own policies.

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Members must ensure that the decisions they make take account of health and safety and that resources are allocated for this purpose. By virtue of the power invested in individual Members there is a possibility that they could be held liable for the consequences of their decisions in health and safety terms.

Council is responsible for ensuring there is an effective overall policy for the health, safety and welfare of employees and the health and safety of others (i.e. this policy) and for ensuring that the policy is reviewed every three years, or sooner if there is a need due to changes of law, guidance or activity.

Council will ensure appropriate health and safety information is included in the annual published report on the Council's activities and performance, which will be provided to the Audit, Pensions and Standards Committee. Performance is assessed by a programme of audit, monitoring and review.

4.4 Leader and Portfolio Holders (Cabinet)

Cabinet is responsible for carrying out specific functions both individually and collectively. The Leader is the lead councillor for health and safety matters and overall governance arrangements for health and safety.

Cabinet has responsibility for ensuring that suitable resources and strategic direction are available to discharge the Council's health and safety responsibilities.

Cabinet is responsible for ensuring that where the Council exercises control over any non-domestic premises, made available to anyone else as a place of work, that premises is safe and without risks to safety and health, so far as is reasonably practicable, but only as far as this applies to the Council in terms of rental or lease agreements. This may include access and exit pathways and any plant or substances supplied for use as stipulated in the terms of lease.

Cabinet is responsible for ensuring that where the Council exercises certain controls over any domestic premises, made available to anyone else as a place of work, they are safe and without risks to safety and health, so far as is reasonably practicable, but only as far as this applies to the Council in terms of rental or lease agreements.

4.5 Chief Executive (Tier 1, Head of paid services)

The Chief Executive has overall responsibility and accountability for all aspects of operational management.

The Chief Executive is accountable for promoting a positive health and safety culture for an organisation that also regulates legal compliance with health

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and safety in the commercial sector of the borough, as well as ensuring all relevant and appropriate matters come to the attention of Elected Members.

The Chief Executive will ensure that the responsibilities for health, safety and welfare are properly allocated and accepted at all levels. Strategic lead is delegated to the Strategic Director Finance and Governance (lead director for health and safety).

The Chief Executive will ensure health and safety is reported at SLT Assurance at least twice a year or when necessary.

The Chief Executive is responsible for proposing adequate staffing, finance and resources to Cabinet and Council that meet the key responsibilities of SLT to manage health and safety through delegation to the Strategic Director Finance and Governance (lead director for health and safety).

The Insurance Officer will ensure that appropriate employer's liability insurance is put in place for the authority through delegation to the Director of Audit, Fraud, Risk and Insurance.

4.6. Strategic Directors and Directors (Tier 2)

Strategic Director Finance and Governance (Lead director for health and safety)
The Strategic Director Finance and Governance is the lead director for health and safety. This director has specific responsibility for championing health and safety throughout the organisation. This director will act as the health and safety champion for the Strategic Leadership Team (SLT) and, through appropriate delegation from the Chief Executive, will chair the Health and Safety Board. Strategic Director Finance and Governance (lead director for health and safety) will provide direction for the Corporate Health and Safety Team.

Directors
Directors are ultimately responsible for ensuring the implementation of corporate health and safety polices across their services. Directors will ensure that their Tier 3 managers have a clear understanding of their individual roles and fulfil their responsibilities regarding health and safety. Moreover, that they receive relevant information and training to enable competency to carry out the health and safety tasks assigned to them. Directors will nominate a safety representative from the directorate to attend the Health and Safety Board (see 5.3 and appendix A)

Strategic Leadership Team (SLT)

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SLT will routinely monitor health and safety standards and provide direction and instruction on strategic health and safety management. This will be achieved through SLT Assurance. All members of SLT will ensure the provision of adequate resources in relation to health and safety

SLT will examine whether the health and safety policy reflects the organisation's current priorities, plans and targets;

An SLT checklist and a breakdown of individual SLT roles is at appendix E.

4.7 Assistant Directors, Chief Officers, Head Teachers (Tier 3)

Tier 3 managers actively promote a positive health and safety culture by setting an example to employees in all health and safety matters, to be the best and deliver public service health and safety excellence to the borough so far as is reasonably practicable.

They will require Tier 4 managers to provide a copy of their service risk assessments annually to corporate health and safety.

Tier 3 managers examine reported incidents, hazard reports and reports of ill health, arising from the work activities of the Council, where they involve injury, health risks, loss or damage to property, and risks to the public; ensuring that the findings are effectively communicated and that proposals to improve risk control measures are made where necessary.

They will ensure that Heads of Service and other Tier 4 officers receive adequate information, instruction and training, relevant to their job roles and as guided by the health and safety training matrix, enabling them to carry out their job without risks to their own and others health and safety, so far as is reasonably practicable.

Tier 3 managers will take positive action when it can be demonstrated that health and safety rules have been broken. Disciplinary procedures should be considered where appropriate.

Tier 3 managers take part in the review of the Council's health and safety policy, as required, as it affects the operations carried out within, or under the control of, their areas of responsibility.

They consult and negotiate with representatives of the employees and their conditions of employment in matters of health and safety.

Tier 3 managers contribute to statistical data collected from their services as requested by the Health and Safety Board. This will include, for instance, total employee days lost due to causes of workplace injury, physical and

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mental illness or other health problems, to assist data for total calculation of overall cost to the Council.

In cases of imminent danger and/or perceived breaches of health and safety, Tier 3 managers are authorised to cause work activities to be halted until safe working practices can be established.

A manager's checklist is provided at appendix E

4.8 Heads of Service (Tier 4)

Tier 4 managers actively promote a positive 'health and safety culture', by setting an example to employees in all health and safety matters, to be the best and deliver public service health and safety excellence to the borough.

They ensure employees complete suitable training in health and safety relevant to their job roles and as guided by the health and safety training matrix.

Tier 4 managers are responsible for ensuring risk assessments for operational and other workplace hazards are carried out, with the inclusion and consultation of team health and safety representatives, using, where necessary, advice from Corporate Health and Safety. This includes a 'needs assessment' for provision of first aid. Tier 4 managers must submit a copy of the service risk assessments to corporate health and safety annually.'

They carry out initial accident, incident and near miss investigation within their field of operations and service delivery, engaging with Safety Representatives from the outset.

Tier 4 managers will ensure that contractors work safely and comply with health and safety legislation, policies and procedure, so far as is reasonably practicable, through periodic compliance inspections during work in progress, where this is not delegated to a Tier 5 manager.

They will take positive action when it can be demonstrated that health and safety rules have been broken. Disciplinary procedures should be considered where appropriate.

Tier 4 managers check compliance with this health and safety policy within their teams, both frontline and support, at all buildings, sites, open-spaces, and in all workplace activities for which they are responsible.

They make sure safety incidents (e.g. accidents and near misses) are entered onto the health and safety management software tool (AIRS or Schools AIRS) accurately and in a timely manner.

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Tier 4 managers ensure persons that pose a risk to employees are entered onto the Violent Incident and Assault (VI&A) software system.

In cases of imminent danger, and/or breaches of health and safety law, Tier 4 managers are authorised to request and/or cause work activities to be halted until safe working practices can be established.

A manager's checklist is provided at appendix E.

4.9 Operations Managers and Team Leaders (Tier 5)

Tier 5 managers are those managers at the frontline of day-to-day services in all operational and support services. They will actively promote a positive 'health and safety culture', by setting an example to employees in all health and safety matters, to be the best and deliver public service health and safety excellence to the borough.

Tier 5 managers ensure risk assessments for their operational and other workplace hazards are carried out, with the inclusion and consultation of their team's health and safety representatives, using, where necessary, advice from Corporate Health and Safety. This includes a 'needs assessment' for provision of first aid. Tier 5 managers must submit a copy of your service risk assessments to corporate health and safety annually.

Under Tier 4 management instruction, Tier 5 managers examine all reported incidents and hazards and reports of ill health arising in their field of operations and service delivery, where they involve injury, health risks, loss or damage to property, and risks to the public; ensuring that the findings are effectively communicated to the Tier 4 manager for ongoing analysis by the Health and Safety Board and that proposals to improve risk control measures are made where necessary.

Tier 5 managers are responsible for compiling Personal Emergency Evacuation Plans (PEEPs) for certain employees in their team – for example, disabled employees. Details of these specific arrangements must be shared in confidence with Fire Evacuation Officers covering employee's workplace area or zone.

Tier 5 managers ensure safety incidents (e.g. accidents and near misses) are entered onto the health and safety management software tool (AIRS or Schools AIRS) accurately and in a timely manner.

Likewise, Tier 5 managers ensure persons that pose a risk to employees are entered onto the Violent Incident and Assault (VI&A) software system.

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In cases of imminent danger and/or statutory breaches, they are authorised to request and/or cause work activities to be halted until safe working practices can be established.

Tier 5 management carry out initial accident, incident and near miss investigation within their field of operations and service delivery, engaging with safety representatives from the outset

They make sure that contractors work safely and comply with health and safety legislation, policies and procedure, so far as is reasonably practicable, through periodic compliance inspections during work in progress.

A manager's checklist is provided at appendix E.

4.10   Non-Employee Responsibilities

Volunteers
Volunteers will be afforded the same conditions in terms of equipment (including personal protective equipment), safety information, safety instruction, supervision and safety training, where relevant to their role, while they carry out tasks on the Council's behalf and as guided by the health and safety training matrix.

They will have responsibility for following all safety arrangements and procedures to minimise risk of harm to themselves and others who may be affected by their acts or omissions.

Those on Work Experience
Those on work experience or placement have the same responsibilities as employees. Tier 4 and Tier 5 managers will ensure that risk assessment arrangements and control measures take account of the relative lack of experience or immaturity of young people and others unfamiliar with the workplace and work tasks.

4.11   Contractors and Agency Workers

Contractors, agency workers or employees of other employers working within or on behalf of the Council have similar responsibilities as Council employees. They shall be required to co-operate with the Council to ensure that risks associated with their activities are effectively managed.

Contractors, agency workers or employees of other employers (sub-contractors) working for the Council have legal duties placed on them under the Health and Safety at Work etc. Act 1974 and subordinate legislation to safeguard the health and safety of their own employees and anyone who may be affected by their business activities.

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Therefore, when working for the Council, contractors must conduct their activities in such a way that they do not endanger Council employees or anyone for whom the Council has a duty of care.

Contractors will be selected according to the Council's specifications and approval procedures. All contractors will be required to meet relevant legal duties and Council policies.

.   The Council's procurement arrangements when establishing a contract will include systems and protocols that will ensure adequate public and professional liability cover.

The Council shall co-operate fully with other employers to ensure that respective roles and responsibilities are clear and all relevant information is effectively shared. Contractors or agency workers shall comply with the Council's health and safety management arrangements, including those relating to the reporting and investigation of accidents and incidents.

It will be established at contract inception which party will be responsible for reporting under RIDDOR, i.e. as the injured party's employer or the person in control of the premises. In most cases it will be the former.

4.12   Corporate Health and Safety

The Council will appoint competent health and safety advisors to provide and advise management and employees in fulfilling their health and safety responsibilities. Corporate Health and Safety comprise the Head of Corporate Safety, four Health and Safety Advisors and an Administrative Support Officer.

Corporate Health and Safety will provide professional specialist advice on health and safety matters to the whole organisation.

Corporate Health and Safety will maintain a positive health and safety culture and maintain close contact with other Council specialists and safety representatives.

Corporate Health and Safety will:
• Develop and advise on corporate health and safety policy, procedures and topic-specific guidance;
• Where required, make recommendations to achieve health, safety and welfare improvements in proportion with the directive to be ruthlessly financially efficient;
• Monitor health and safety performance across all service areas and conduct audits;

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- Report to The Health and Safety Board (quarterly), SLT Assurance (twice a year); Assurance Risk Officers Group (AROG) (monthly); Audit, Pensions and Standards Committee (twice a year, one of which will be the annual report) and the Trades Union Forum (quarterly);
. Work with HR on maintaining the well-being strategy and provide advice to the relevant operational working groups.
- Together with the Learning and Careers Team, ensure the provision of health and safety training that supports skills and knowledge transfer and keep the training matrix up to date;
- Through exception reporting, recommend further independent competent advice in matters of health and safety, where deemed necessary
- Investigate all RIDDOR incidents and produce an internal report examining immediate cause, underlying cause and root cause analyses.
- Maintain the operational risk register and the register of safety responders.
- Provide health and safety services to academy schools in the borough under service level agreement.

Corporate Health and Safety is authorised to enter all workplace premises and sites owned, leased, operated, rented, or in the control of the Council to inspect activities and any documentation required for health and safety purposes and all parts of the premises or site to check conformity with health and safety regulations of all activities and processes carried out within.

In cases of imminent danger and/or breaches of health and safety law, Corporate Health and Safety is authorised to cause work activities to be halted until safe working practices can be established.

The team are responsible for contributing information to an annual report on the Council's activities and performance in health and safety.

4.13 Other Designated Health and Safety Roles

Occupational health practitioners are permanently assigned to the Wellness Centre (People and Talent). The Wellness Centre works in conjunction with Corporate Health and Safety, being part of the advice and support service to employees in matters such as return to work assessment, workplace assessment for reasonable adjustment in disability, following up workplace health related matters through workplace and work task assessment - for example, physical agents monitoring (noise and vibration), musculoskeletal disorders, ergonomics assessment and display screen equipment assessment referral.

The Economy Directorate has assigned a permanent Head of Health and Safety. In the unlikely absence of Corporate Health and Safety this officer will provide general advice across the authority and Corporate Health and Safety vice versa to the Economy Directorate in the absence of their officer.

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4.14   Premises Managers

All Council workplace premises will have an appointed member of staff with responsibility for ensuring premises are maintained in a safe and secure condition for staff and visitors.

It is recognised that the management of premises will be influenced by size, workplace activity, tenancy arrangements and ownership. This is reflected in building categories.

In some Council buildings the Premises Manager will be achieved through an in-house service, provided by the Corporate Property and Facilities Management Service, which will include an on-call out of hours service. In these 'category 1' buildings the overall Premises Manager is the Assistant Director Corporate Property and Facilities Management, with day to day control of the service delegated through a management structure of Hard FM, Soft FM, Statutory Compliance (FPS 'blue book'), periodic planned maintenance programmes and capital projects.

In other Council buildings the Premises Manager will be an officer, or deputy, at Tier 3 or Tier 4, on site during normal working hours – for example, a care home or a school. The Premises Manager in this instance will nonetheless have access to the repairs and maintenance services required under health and safety management through the Corporate Property and Facilities Management Service, including the on-call out of hours service, where their service is within a Council building or as a condition of lease or formal agreement (category 2 and 3 buildings).

A list of the role and responsibilities for Premises Managers is given at appendix B

4.15   Contract Managers and Commissioning Officers

Contract Managers and Commissioning Officers have responsibility for ensuring that contracts awarded meet the requirements of this policy.

Before a major contract is awarded documented evidence must be obtained to satisfy the health and safety requirements of the person authorising the contract. Corporate Health and Safety may advise on the type of documented evidence that is suited to the size and hazard profile of the contract.

These documents must be brought to the attention of Corporate Health and Safety in a timely manner to establish a clear understanding of what risks are involved.

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Where appropriate, advice received from Corporate Health and Safety must be incorporated into procurement documentation, e.g. with the advert, contract specification and pre-qualification questionnaire.

During the contract evaluation process, satisfactory control of inherent risks identified are to be evidenced by the contractor/supplier in their safety documentation.
Health and safety performance must be appropriately monitored based on the risk e.g. by evaluating application of the contractor's / supplier's management system and accident / lost time injury statistics, etc.

Contract Managers and Commissioning Officers must follow section 10 of the LBHF Business Continuity Strategy, 'supply chain resilience', where this may impact on health and safety.

Contract Managers and Commissioning Officers must be trained in health and safety management to level commensurate and relevant to their duties. For example, in construction related works, Construction Design and Management Regulations training.

5. **SAFETY RESPONDERS**

5.1   First aid trained personnel (First Aiders)

There is no statutory requirement to provide first aid under the First Aid Regulations other than for people at work. However, in full, HSE strongly recommend the public are considered when conducting first aid assessments and providing first aid. The Council is a public serving organisation and members of the public must therefore be considered in the assessment of first aid needs in all relevant areas of our business.

The Council will provide adequate and appropriate equipment, facilities and personnel to enable first aid to be given to employees if they are injured or become ill at work. What is adequate will depend on a specific risk assessment of the work and workplace in question. This will help decide how many trained first aiders or appointed persons are needed and what should be included in first aid boxes.

The assessment of first aid needs will be undertaken by Tier 4 Heads of Service. First Aiders will be nominated and appointed by Tier 4 Heads of Service or Premises Managers to HR and Corporate Health and Safety. The HSE approved code of practice on first aid at work and the Corporate Health and Safety Team can provide advice on the assessment of first aid needs.

A four-layer framework is used to help managers identify the right levels of provision for the service needs. The framework consists of Appointed Persons (AP), First Aid at Work qualified persons (FAW), Emergency First Aid

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at Work qualified persons (EFAW) and persons receiving Additional Training that covers aspects of first aid – for example, paediatric first aid in a nursery school. The framework is designed for all employees in all Council workplaces, indoors or outdoors. The HSE approved code of practice for First Aid at Work and Corporate Health and Safety can provide advice on assessment of first aid needs.

First aid training and refresher training is organised and coordinated by Corporate Health and Safety in all services except for schools, where first aid training is organised through the Macbeth Centre. Learning and Careers will provide a reminder around three months before qualifications need to be renewed and advise Corporate Health and Safety whether new or refresher training is needed. The first contact for training information is CorporateHealthandSafety@lbhf.gov.uk or, for schools, the Macbeth Centre.

Annual familiarisation training, which is less formal than the qualification training, is recommended best practice. Annual familiarisation training will be made available to all Council First Aiders. First Aiders will receive an email from Corporate Health and Safety advising where and when the sessions take place. A reasonable amount of sessions will be run across the borough every year and First Aiders should try to attend these.

Where emergency evacuation chairs are provided within Council buildings, first aid trained personnel are required to undergo training in use of emergency evacuation chairs, unless these is a valid reason why they cannot.

First aiders receive a monthly honorarium in recognition of their role, unless the requirement is identified in their job description (for example, first aid within the role of lifeguard for NPLQ as a prerequisite).

5.2 Fire Evacuation Officers (Fire Wardens)

Fire Evacuation Officers (FEOs) are appointed by Premises Managers or Heads of Service either through fire risk assessment review ('prepare an emergency plan'), or as a recommendation from a health and safety audit or external enforcing authority recommendation.

FEOs assist with the safe coordination of building evacuation in an emergency and ensure on a day to day basis that good fire risk management is maintained – for example, through observation of general housekeeping and storage practices. In certain buildings FEOs may assist the Premises Manager with upkeep of the fire log book and undertaking the weekly alarm test.

FEOs receive training to enable them to perform their duties. This may include practical use of fire extinguishers, where it is deemed safe for them to undertake this duty without risk to themselves or risk to others.

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Where emergency evacuation chairs are provided with Council buildings, FEOs are required to undergo training in use of emergency evacuation chairs, unless there is a valid reason why they cannot.

5.3   Safety Representatives

Workplace health and safety representatives (Safety Representatives) are nominated by Directors through DMT or through the unions as official trade union safety representatives (1977).

Safety Representatives undergo suitable training for the role and attend the Health and Safety Board, which is the Council's health and safety committee.

For Unison, GMB, Unite and NEU representatives, training consists of a minimum of TUC stage 1 Health and Safety. For non-union representatives training consists of a RoSPA two-day course. The terms of reference for the Health and Safety Board at Appendix A details duties that are expected of the role.

Safety Representatives must liaise with Corporate Health and Safety as necessary.

Safety Representatives will follow the format of corporate health and safety management software, or trade union official safety inspection forms, to achieve suitable workplace inspection regimes.

Where emergency evacuation chairs are provided within Council buildings, Safety Representatives are expected to undergo training in use of these chairs, unless there is a valid reason why they cannot.

6.   **VERSION CONTROL**

6.1   Table of amendments

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Appendix A
Health and Safety Board
(Health and Safety Committee)

Terms of Reference

The Health and Safety Board (the Board) is chaired by the Strategic Director Finance and Governance in the role of lead director for health and safety.

The Board meets quarterly on matters of health and safety, or more frequently by exception in response to a local internal event or a national event that affects the health and safety of Council staff and customers.

Purpose

The Board is responsible for providing corporate direction and instruction on matters of health and safety. This includes, but is not limited to:

- Establishing an effective downward communication system and management structure for health and safety across the Council;
- Engaging the workforce in the promotion and achievement of safe and healthy workplace conditions through staff representatives;
- Establishing an effective upward communication to SLT Assurance;
- Identifying and managing health and safety risks at corporate level, through engagement with staff representatives;
- Monitoring, reviewing and reporting on performance (including safety incident trend analysis and sickness absence analysis);
- Ensuring that periodic audits of the effectiveness of management structures and risk controls for health and safety are being carried out;
- Assessing the impact that changes might have on health and safety, such as the introduction of new procedures, work processes or products;
- Implementing procedures to adopt and incorporate new and changed legal requirements and to consider other external developments and events that might affect LBHF health and safety;
- Receiving reports on the health and safety performance and actions of contractors;
- Examining whether risk management and other health and safety systems have been effectively reporting to the board;
- Reporting health and safety shortcomings, and the effect of all relevant board and management decisions;
- Deciding actions to address any weaknesses and a system to monitor their implementation and consider immediate reviews in the light of major shortcomings or events.

An Assurance Risk Officers Group reviews and monitors assurance and may escalate matters to the Board on an exception basis key issues for action and decision.

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SLT assurance will oversee the Board to ensure key issues are being addressed.

Operational accountabilities

The Board and individual SLT Directors:
• Have ownership and oversight of H&Fs health and safety assurance framework
• Set the standards and expectations for health and safety assurance at a corporate level
• Ensure the council has the right policies, practices and behaviours in place for effective health and safety assurance
• Based on management and performance information received, ensure the health and safety assurance evidence base is comprehensive, sufficient, reliable and relevant
• Identify where there are gaps or overlaps in health and safety assurance and where action or decisions are needed
• Ensure high standards of governance, including effective reporting to SLT Assurance for Audit, Pensions and Standards Committee
• Consider the health and safety aspects of the Annual Governance Statement, which will be agreed through SLT Assurance
• Identify and learn from best practice in health and safety assurance, including from external organisations
• Horizon scan legislative, policy and other changes and influences on health and safety assurance and identify the best ways for the Council to respond.

It does this by:
• Providing leadership, accountability and challenge
• Obtaining evidence of health and safety assurance and ensuring risks of failing to achieve objectives are identified and effectively mitigated
• Commissioning projects and deep dive reviews in response to discharging its operational accountabilities
• Agreeing actions where improvements are needed
• Ensuring risks are appropriately identified, mitigated, managed and monitored
• Providing a forum for standard and by exception reporting
• Reporting to SLT Assurance on its work and making recommendations for change and improvement where appropriate.

Reporting accountabilities

The Board reports to SLT Assurance and the Chief Executive.

Information sources
• H&F Assurance Framework
• Corporate and operational risk registers

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- Internal audit health and safety assurance reports
- External inspection regime
- H&F policy framework
- Government policy, legislation and frameworks

Membership

- Strategic Director Finance and Governance (Chair)
- **Safety Representatives**: Finance & Governance, Economy, Environment, Social Care, Children's Services, Public Services Reform, Unison Branch, GMB Branch, Unite Branch, NEU.
- Head of Corporate Safety (Advisor to the Board)

A minimum of seven members will be required to make the Board quorate.

Agenda standing items

1. Accident, incident and near miss report: examining this period's trends and patterns, noting actions to prevent recurrence of accidents from local and corporate investigations. (all)
2. Audit and inspection update. An update with a progress report on actions that appear on the operation (health and safety) risk register (Head of Corporate Safety).
3. Corporate risk register latest.
4. Quarterly safety theme (e.g. prevention of slips, trips and falls) (all)
5. Reports from Safety Representatives (all)
6. Update from the TU Forum on relevant matters
7. Looking around: Horizon scan for legislative and other changes that may affect LBHF health and safety. Examine health and safety cases brought against local authorities in the news (all).

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Appendix B
Premises Managers. Role and Responsibilities

It will be the Premises Manager's responsibility to:

Ensure that premises related risk assessments are undertaken and regularly reviewed, including fire risk assessment, asbestos, water hygiene, gas safety, electricity at work, and general building (including safe access and egress);

Arrange for the fire risk assessment to be updated, where alterations to site activities, or to the layout of the premises, are proposed;

Ensure risk assessments of harmful substances used in the maintenance of the premises are implemented and available to occupying managers and other occupiers as necessary;

Arrange the necessary resources be always available to make safe any spillage or breakage that could lead to exposure of persons to hazardous substances or materials;

Make waste management arrangements covering the premises' activities, including clinical waste;

Maintain, and make available for inspection, records of premises related safety systems, where installed, and evidence the arrangements effectively established and regularly reviewed for appliances and plant servicing to the required standard and within the required timeframes;

Maintain and make available for general use and under emergency arrangements site schematics that have been established to the Council standard.

Appoint Fire Evacuation Officers and First Aiders and provide information on a buildings' emergency arrangements to employees and visitors as required to ensure they know how to respond in an emergency.

Ensure that, where installed, fire detection, warning systems and emergency lighting systems are regularly serviced and tested, and that safety signage is appropriate and displayed.

Conduct emergency building evacuation exercises (fire drills). At least two per annum for all Council buildings.

Ensure escape routes and passageways are without obstruction and free from trip or slip hazards, especially cabling and other service supply lines.

Ensure all building and services contractors are employed in accordance with the Council's procurement policy.

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Liaise with the Corporate Property and Facilities Management Service where a requirement arises for contractor work regarding:
•   Alteration to a buildings structure or its grounds;
•   Substantial change to a buildings use (whether partially or wholly);
•   Significant prolonged change to a building's water or energy supply or environmental control system.
Ensure that contractors hired direct to undertake repairs, maintenance, construction related works and other minor works are compliant with the relevant health and safety criteria for the scope of the contract.

Ensure an 'asbestos management pack' is on site, comprising details of location and condition of any asbestos that may be present, and is available for inspection. The asbestos management pack must be signed in the relevant section by contractors prior to works, after they have read the registers and survey and all RAMS have been received.

Maintain logbooks, comprising updated records of maintenance and inspections for fire safety, water hygiene and asbestos. A logbook (electronic or paper) for general periodic safety inspections of the building (visual) should also be kept. In tenanted properties ensure common areas are safety inspected regularly using the authorised forms or health and safety compliance software templates.

Maintain high standards of housekeeping and tidiness. Inform cleaning employees, contractors and other 'out of normal hours' workers about local fire arrangements and the required health and safety standards.

Ensure systems for environmental control are regularly serviced and are without risk to health, so far as is reasonably practicable.

Instruct work activities to be halted until safe working practices can be established in cases of imminent danger and/or statutory breaches.

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Appendix C
Health & Safety: All-Staff checklist

Your role
All employees should take reasonable care for their own health and safety, and for that of others who may be affected by their actions.

Staff should speak out where they see a health or safety hazard that may put someone at risk. Corporate Health and Safety can be contacted in confidence; see the intranet page for detail.

Within your role you should…
☐ Complete any mandatory and service-specific health and safety training, and complete refresher training as required in the corporate training matrix.
☐ Follow the corporate procedures and any service-specific safe working practices.
☐ Immediately report any health and safety concerns to your line manager for action.
☐ Report accidents, incidents, and near misses online via the TRI-B AIRS system.
☐ Use first aid equipment or supplies only if specifically trained to do so.
☐ Know the escape routes (including alternatives if the nearest route is inaccessible) for the buildings from which you work in the event of an emergency, and
☐ request a personal emergency evacuation plan (PEEP) from your manager if you need additional help.

You might also consider…
☐ Training as a fire evacuation officer or first aider. Please discuss with your manager.

More information on your responsibilities towards corporate health and safety can be found on the intranet.

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Appendix D
SLT checklist
Corporate Health Safety Policy

SLT should be familiar with the corporate H&S policy. It was last updated in month / year and can be found here LINK.

Your role
The Strategic Leadership Team's (SLT) H&S responsibility is to provide leadership and management, a trained and skilled workforce, and an environment where people are safe.
SLT have responsibilities in common, as well as specific responsibilities as directors of directorates (see 4.6 in policy).

Within your directorate you should ensure that…
- ☐ You understand your responsibilities under safety legislation and relevant service-specific standards.
- ☐ New starters and existing staff have completed all required health and safety training, and follow local procedures and safe working practices.
- ☐ Sufficient staff are trained as fire evacuation officers and first aiders.
- ☐ Responsibilities are clearly identified, including where multiple teams or organisations occupy a site.
- ☐ Health and safety issues are well communicated.
- ☐ Procedures, management structures and resources are in place to deliver activities safely and learn from incidents.
- ☐ Your services comply with controls set out in risk assessments.
- ☐ Commissioned services and contracts have health and safety arrangements in place and are managed by trained staff.
- ☐ Category 2 and 3 buildings managed by third parties are compliant and controls in place to monitor them.
- ☐ Additional control measures are in place for vulnerable people at increased risk.

…and remember to:
- ☐ Carry out regular inspections/audits on risk control measures.
- ☐ Provide an annual statement of assurance for health and safety in your services.
- ☐ Provide a departmental risk assessment to Corporate Health & Safety.
- ☐ Consider health and safety when procuring/commissioning services.

Together SLT will:
- ☐ Lead by example and attend SLT Assurance health and safety meetings.
- ☐ Agree the annual risk-based audit programme.
- ☐ Routinely review corporate health and safety.
- ☐ Review the corporate risk register quarterly.
- ☐ Review exception reports as necessary.
- ☐ Report health and safety measures through the Annual Governance Statement.

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Individual SLT responsibilities
In addition to the responsibilities above, specific further responsibilities are attached to various SLT roles:

Strategic Director of Finance and Governance
This director is accountable for corporate health and safety oversight for the organisation and reporting health and safety performance to the Chief Executive and SLT, Cabinet Member and Audit, Pensions, and Standards Committee (APSC). She/He chairs SLT Assurance in the absence of the Chief Executive. They will ensure governance arrangements including:
- Corporate procedures
- Regular performance monitoring
- Reporting to SLT and Members through APSC.

This director has overall responsibility for the safety of the Council's corporate buildings and assets and overseeing the management of these through the Assistant Director of Facilities Management. The Assistant Director will ensure:
- adequate staff with the relevant skills and training are in place to manage and oversee compliance work to buildings and facilities management.
- adequate, processes and procedures are in place to manage health and safety compliance.
- health and safety compliance standards are set, and performance is suitably monitored and reported to senior management and the Corporate Health and Safety Team
- contracts that deliver services on the Council's behalf do so safely and in compliance with health and safety regulations
- suitable follow up action is taken to rectify any non-compliance found during the above testing / maintenance; and
- any significant compliance failures are highlighted with the Corporate Health and Safety lead manager.

Strategic Director for the Economy
This director has overall responsibility for building safety of the Council's social housing, and associated community centres and tenants and residents' halls, and ensuring that any accommodation in which Council's tenants are placed has appropriate safeguards in place.

This includes overseeing the day to day management of the housing stock through the Chief Housing Officer. The Chief Housing Officer will ensure:
- adequate staff with the relevant skills and training are in place to manage and oversee compliance, works to buildings and facilities management.
- adequate, processes and procedures are in place to manage health and safety compliance in accordance with health and safety legislations, approved codes of practice, relevant guidance, and the Council's premise manager procedure.

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☐   health and safety compliance standards are set, and performance is suitably monitored and reported to senior management and the Head of Corporate Safety.

☐   contracts that deliver services on the Council's behalf do so safely and in compliance with health and safety regulations.

☐   works to our housing properties and services are undertaken safely and do not create hazards.

☐   members of the public, staff and contractors are not unnecessarily exposed to risk.

☐   tenants are communicated with about health and safety hazards, controls to mitigate risk and works on their homes; and it is easy for them to raise concerns.

☐   any significant compliance failures are highlighted to Strategic Director for the Economy.

Director of Children's Services
This director has overall responsibility for ensuring the Council's community schools, nurseries and children's centres are safe for staff and pupils, and that any accommodation or centres in which the Council places children have appropriate health and safety safeguards in place.

Strategic Director for Environment
This director has over responsibility for ensuring the Council's resident services, public realm, safer neighbourhood and regulatory services, leisure sport and culture services all have appropriate health and safety control measures in place that are aligned to this policy. This includes the health and safety elements of contract management in higher hazard third party contracts for Waste and Recycling Operations, Parks and Open Spaces, Highways.

Strategic Director of Social Care
This director has overall responsibility for ensuring that any accommodation or centres in which the Council places adults have appropriate health and safety safeguards in place.

Assistant Director People and Talent
This director has overall responsibility for promoting positive well-being and promulgation of the management standards to reduce work-related stress at corporate level.

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Appendix E
Tier 3 and Tier 4: Managers' checklist

Your role
Managers provide active leadership to maintain effective safety arrangements within their service areas. You will make sure the right resources are available for your teams and services to comply with the relevant health and safety requirements.

Within your teams and services, you should ensure that…
- You understand your responsibilities under safety legislation and relevant service-specific standards.
- New starters and existing staff have completed all required health and safety training and follow local procedures and safe working practices.
- Your services comply with controls set out in risk assessments for all areas of work.
- Commissioned services and contracts have health and safety arrangements in place and are managed by trained staff.
- Procedures are in place to meet the requirements of the corporate health and safety policy, and to manage any emergency situations arising from health and safety incidents.
- Responsibilities are clearly identified, including where multiple teams or organisations occupy a site.
- Additional control measures are in place for vulnerable people at increased risk.

…and remember to:
- Carry out regular inspections/audits on risk control measures.
- Carry out risk assessments for your service areas.
- Review risk assessments at least annually, or when an incident has occurred or changes to service delivery are made.
- Arrange for your staff to undertake health and safety training relevant to the role and arrange health and safety inductions for new starters.
- Complete health and safety training for managers.
- Communicate health and safety routinely, including at team meetings and one to ones.
- Consider health and safety when procuring/commissioning services.
- Investigate any accident or incident involving your staff and others you are responsible for and update the online TRI-B AIRS system (where incidents and accidents should be reported) on your findings and actions.
- Encourage enough staff to train as fire evacuation officers and first aiders.

More guidance on your responsibilities and templates for corporate health and safety can be found on the intranet.

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Health and Safety Policy
Statement of Intention

We will strive to be the best by aiming to continuously improve health and safety performance through our governance arrangements; where management of risks arising in respect of health and safety at work forms an integral part of our business decision making process.

We recognise and accept our duty to provide and maintain a safe and healthy work environment for our employees, partners and others affected by our activities. We recognise the need for a sensible and proportionate approach to managing health and safety.

Each employee has a duty to co-operate in the operation of the health and safety policy by taking care of their own health and safety and that of others who may be affected by their actions or inaction and to cooperate with us by complying with any legal duty or requirement.

The health and safety policy details particulars of the organisation and arrangements for the management of health and safety within the London Borough of Hammersmith and Fulham. It is important that we all adhere to it and remember that the most powerful message we can send is through our own visible behaviour.

Leader of the Council   Chief Executive

Cllr. Stephen Cowan   Kim Smith

Date: Date:

London Borough of Hammersmith & Fulham **AUDIT AND PENSIONS COMMITTEE** **16 December 2019**	h&f hammersmith & fulham

CORPORATE ANTI-FRAUD SERVICE HALF-YEAR PERFORMANCE REPORT – 1 APRIL 2019 to 30 SEPTEMBER 2019	
Open Report	
Classification - For Decision **Key Decision: No**	
Consultation	
Wards Affected: All	
Accountable Director: Hitesh Jolapara, Strategic Director of Finance and Governance	

Report Author: Andrew Hyatt Shared Service Head of Fraud	**Contact Details:** Tel: 0207 361 3795 E-mail: andy.hyatt@lbhf.gov.uk

1. **EXECUTIVE SUMMARY**

1.1 This report provides an account of fraud-related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2019 to 30 September 2019.

1.2 CAFS remains a shared service and continues to reap many benefits, including the sharing of skills and expertise, best practice and the streamlining of anti-fraud related policies and procedures.

1.3 CAFS continues to provide the London Borough of Hammersmith & Fulham with a full, professional counter fraud and investigation service for fraud attempted or committed against the Council.

1.4 All CAFS work is conducted within the appropriate legislation and through the powers and responsibilities as set out within the financial regulations section of the Council's constitution. CAFS supports the Strategic Director of Finance and Governance (and Section 151 Officer) in fulfilling their statutory obligation under the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption.

1.5 For the period 1 April 2019 to 30 September 2019, CAFS identified 46 positive outcomes, including 18 recovered tenancies. Fraud identified has a notational value of over £500,000 and is detailed in the following table.

Activity	Half-year 2018/19		Half-year 2019/20	
	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)
Housing Fraud	10	8,650	2	2,000
Right to Buy	12	16,600	4	6,000
Advisory Reports (pro-active)	2	4,500	4	15,000
Prevention subtotal	**24**	**29,750**	**10**	**23,000**
Tenancy Fraud (Council and Registered Providers)	14	162,700	18	259,900
Internal Staff	1	4,000	3	11,500
High/Medium risk fraud (e.g. NNDR, Procurement, Blue Badge)	1	5,864	5	5,000
Low-risk fraud (e.g. Freedom passes, Council Tax SPD)	2	3,544	5	3,379
Detection subtotal	**18**	**176,108**	**31**	**279,779**
Fraud loss recoveries *[incl. Proceeds of Crime]*	3	29,930	5	198,177
Press releases and publicity	1	7,850	-	-
Deterrence subtotal	**4**	**37,780**	**5**	**198,177**
Total	**46**	**243,638**	**46**	**500,956**

1.6 Between 1 April 2019 to 30 September 2019, CAFS investigated 231 cases, including 99 new referrals, and concluded 92 investigations. A conclusion could mean support of a successful prosecution, successful prevention that stops fraud, a detection that identifies fraud and stops it continuing, an action that deters fraud, or no further action where there is no case to answer.

1.7 The table below shows this activity and details the fraud types that make up the closed cases and live cases as at the start of the current financial year.

Activity	Cases	Fraud types	Closed	Live
Live cases as at 01/04/19	120	Tenancy & Housing cases	64	114
New referrals received	99	Internal Staff	3	1
Closed investigations	92	High/Medium risk fraud	15	2
Positive outcomes	46	Low-risk fraud	5	2
Live cases as at 01/10/19	127	POCA	5	8

2. WHISTLEBLOWING

2.1 The Council's whistleblowing policy continues to be the primary support route for staff wishing to report a concern.

2.2 Since April 2019 CAFS received three referrals via the whistleblowing process. All have been investigated, although two remain on-going. Additionally, an outstanding investigation referred before April 2019 has since been closed.

Allegation	Outcome	Case status
2018/19		
i. Data protection	No fraud found – recommendations made to improve controls	Closed
2019/20		
i. Contractor charges	Investigation remains on-going	Ongoing
ii. Codes of conduct	Investigation remains on-going	Ongoing
iii. Conflict of interest	No fraud found – recommendations made to improve controls	Closed

2.3 Where appropriate, cases details are reported in Appendix 1.

## 3.	ANTI-FRAUD AND CORRUPTION STRATEGY

3.1 The Council's Anti-Fraud & Corruption Strategy is based on three key themes: Acknowledge, Prevent and Pursue, and is aligned with the National Strategy: *Fighting Fraud and Corruption Locally.*

3.2 The strategy places emphasis on the following anti-fraud activities:

   i.	**Acknowledge:** recognising and understanding fraud risks and committing support and resource for tackling fraud to maintain a robust anti-fraud response.

   ii.	**Prevent:** preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

   iii.	**Pursue:** punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.

## 4.	ACKNOWLEDGE

Maintain a robust anti-fraud response.

4.1 There are three critical elements of the operational plan that underpins and drives the Anti-Fraud and Corruption Strategy, and CAFS refer to this as the *Fraud Resilience Triangle*. The triangle is formed of:

1) Fraud Risk Register *(Acknowledge)*
2) Pro-Active Work Programme *(Prevent)*
3) Reactive Referrals *(Pursue)*

4.2 Responding solely with reactive referrals often fails to provide the levels of coverage required to provide a robust anti-fraud response.

4.3 CAFS continue to dedicate resources to pro-active operations which either review the fraud risk of a Council service, and informs the fraud risk register, or counter-fraud drives that detect, deter and disrupt fraud.

4.4 Combining pro-active work plans with reactive capability increases the chances of fraud detection but also acts as a robust preventative measure, especially if overt activities disrupt potential fraudsters.

4.5 Details of concluded risk reviews and pro-active counter fraud activity are reported in Appendix 1.

5. **PREVENT**

5.1 In addition to the specialist investigative role, CAFS continue to provide advice and support across the organisation, including the Council's partners and contractors.

5.2 Advice varies between fraud risk, fraud prevention and detection, money laundering and other criminal activity as well as misconduct and misuse of public funds. Some of the matters may progress to a criminal investigation, but in all cases, appropriate action, including disciplinary or loss recovery, is taken.

5.3 This element, along with the 'preventative – deterrent' nature of CAFS work is hard to quantify but where appropriate CAFS will highlight this activity within their reports to this Committee.

Corporate investigations

5.4 Corporate investigations are fraud cases which relate to employee fraud or more complex third-party fraud investigations. It also includes activity undertaken by CAFS, which supports the prevention aspect of the Anti-Fraud and Corruption Strategy.

5.5 Since 1 April 2019 work in this area has included:

- Report received that an individual previously investigated by CAFS was issuing forged and counterfeit parking permits to residents. A joint operation conducted with Parking services which included a series of vehicle to vehicle checks. No suspect permits were identified.

- A fraud awareness session was provided to contract managers as part of the procurement ethics and conduct work being undertaken. The presentation by CAFS was entitled "fraud in contracts and procurement" and was well-received by attendees.

- Investigations into fraudulently claimed empty property exemptions for business rates (NNDR). Visits to several retail outlets found no evidence to support the allegations.

- Fraud awareness article sent to residents in Banim Street Sheltered Housing following a tenancy fraud. (Further work is being undertaken with the shelter scheme managers, and more awareness sessions are to be scheduled).

- National Anti-Fraud Network (NAFN) alert informed councils that fraudsters were targeting NNDR and Council Tax accounts with stolen credit/debit cards. Appropriate departments were alerted to this emerging fraud risk.

- An eLearning fraud awareness course, designed by CAFS, has been used by Hertfordshire, Thurrock and Castlepoint councils. Depending on the feedback from these pilots, CAFS will be exploring the commercial potential of further courses.

Housing/Tenancy Fraud

5.6 CAFS provides an investigative service to all aspects of housing, including the verification applications for housing support, as well as requests for the succession or assignment of tenancies. CAFS also investigate allegations of subletting or other forms of tenancy breaches as well as the checking of all right to buys.

5.7 For the period 1 April 2019 to 30 September 2019, CAFS had successfully recovered 18 properties which were being misused, and these have now been allocated or made available to those in genuine need of housing support.

5.8 Properties recovered include one four-bedroom and four three-bedrooms which are in high demand by families needing support and assistance. Full details of successful investigation activity regarding social housing are detailed in the table below.

Landlord	Location	Postcode	Size (bedrooms)	Reason for recovery	Outcome

Council	Crefeld Close	W9	2	Subletting	Property surrendered
Council	Fulham Palace Road	SW6	2	Subletting	Property surrendered
Council	Joanna House	W6	2	Non-residency	Property surrendered
Council	Linacre Court	W6	2	Non-residency	Property surrendered
Council	Michael Stewart House	SW6	1	Subletting	Court possession
Council	Churchward House	W14	1	Abandonment	Court possession
Council	Barclay Close	SW6	2	Succession	Property surrendered
Council	Longford Court	W12	3	Subletting	Property surrendered
Council	Kenneth Younger House	SW6	3	Abandonment	Court possession
Council	Cathnor Rd	W12	2	Subletting	Property surrendered
Council	Hammersmith Grove	W6	1	Subletting	Property surrendered
F/Mosaic	Mellitis St	W12	2	Abandonment	Property surrendered
Council	Arthur Henderson House	SW6	3	Subletting	Property surrendered
Council	Sinclair Road	W14	2	Subletting	Court possession
Council	Bentworth Road	W12	3	Succession	Property surrendered
Council	St Dunstans Road	W6	4	Subletting	Property surrendered
Council	Alex Gossip House	SW6	2	Abandonment	Property surrendered
Council	Banim St	W6	1	False identity	Property surrendered

5.9   Cases of note are detailed in Appendix 1.

5.10   In September, CAFS attended the Housing representatives' forum to discuss tenancy fraud and to seek ideas from tenant association representatives regarding fraud referrals and better engagement.

5.11   The suggestions from tenants will now be taken forward by CAFS, who will work to ensure a broader range of options is made available to residents for reporting suspicions of possible fraud. This includes a revised referral leaflet which CAFS has started to distribute to libraries and community centres across the borough.

Right to Buy (RTB)

5.12   CAFS apply an enhanced fraud prevention process to all new RTB applications, including anti-money laundering questionnaires as well as financial and residential verification.

5.13   For the period 1 April 2019 to 30 September 2019, CAFS has successfully prevented four Right to Buys from completion, where suspicion was raised as to the tenant's eligibility or financial status. In many instances, these have been as a result of the tenant voluntarily withdrawing their application once checking commenced.

5.14   The prevention work undertaken by CAFS in respect of RTB continues to protect valuable Council stock, although there has been a decline in RTB applications 2015/16. The table below shows the steady decline in the number of applications received and the number completed since 2015/16.

Financial year	RTB applications	Sales complete
2015/16	247	80
2016/17	203	56

| 2017/18 | 146 | 30 |
| 2018/19 | 109 | 19 |

Schools

5.15 CAFS continue to provide advice and support across the organisation, including the Council's maintained schools. Activity in this area has primarily been focused on preventing fraud and has included;

- Dissemination of a Fraud Alert to Hammersmith & Fulham schools highlighting the risks of potential spam emails that pretend to be from the Headteacher or Chair of Governors. The messages targeted schools during the summer holidays to request immediate payments from school funds.

- For the second year running the Schools, Admission officers were provided access to the fraud tool, AppCheck to assist with the validation of school placement applications as well as offering advice and guidance where anomalies on forms were found.

- CAFS supported completion of the local authority assurance certificate for Dedicated School Grants. It was noted that three cheque frauds had been perpetrated against two LBHF schools. The fake cheques totalled £26,332, but in each instance, the school had followed the correct procedure for issuing and therefore full refunds were obtained from the bank.

National Fraud Initiative (NFI)

5.16 A vital component of the anti-fraud and corruption strategy is making better use of information and technology.

5.17 The Council participates in the National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and error.

5.18 To date over 580 matches have been processed, 67 cases where fraud or error was identified (including correcting Council records), and 85 matches remain under review.

5.19 The tables below highlight the number of reports received from the NFI exercise and the outputs to date.

Report Type	Number of Reports	Fraud & error	Fraud & error value*
Blue Badges	4	55	-
Parking Permits	11		
Council Tax Reduction Scheme	33		
Housing Benefit	19	9	£42,167

Pensions	13		
Housing Tenants	20		
Right to Buy	2		
Waiting List	4	3	£9,720
Personal Budgets	4		
Residential Care Homes	3		
Alcohol Licence	3		
Creditors	11		
Procurement	2		
	129	**67**	**£51,887**

<div align="right">*notional values calculated by the Cabinet Office</div>

5.20 The table below highlights successes generated from the NFI exercises to date.

All Positive Results for London borough of Hammersmith & Fulham			
Report No	Data match	Match ID	Comments
232.0	Waiting List to Housing Tenants	3	Waiting list applicant removed from housing register due to already being a social tenant.
172.1	Blue Badge to DWP deceased	-	55 cases where the Blue Badge required cancellation
231 and 241	Waiting list to housing tenants and welfare benefit	1 and 3	An imposter using the identity of a man who used a wheelchair in Northern Ireland was identified. Investigation resulted in him handing over his falsely acquired passport, and the recovery of a Freedom Pass and a Council tenancy. Case 1, Appendix 1

6.   PURSUE

Deterrence

6.1 Stopping 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, essential that a robust enforcement response is available to pursue fraudsters and deter others.

Proceeds of Crime Act 2002 (POCA)

6.2 Prompt and efficient recovery of losses is an essential component in the fight against fraud, and the Proceeds of Crime Act is a crucial part of the Council's counter-fraud strategy.

6.3 For the period 1 April 2019 to 30 March 2019, CAFS fully recovered £198,177 via POCA. This includes £116,014 in respect of two housing benefit cases that were initially brought to justice in 2016/17.

6.4 The Act remains a powerful deterrent and is deployed by the Council where appropriate to recover fraud losses and deter potential fraudsters. The use of POCA by CAFS makes fraudsters aware that every effort will be made by the Council to recoup losses and confiscate assets gained as a result of criminal activity.

Anti-Fraud Activity 1 April 2019 to 30 September 2019

Source	Fraud Review	Details	Risk
Whistleblowing	A whistleblowing referral was made to the CAFS via People and Talent. The referral raised concerns regarding the adopted processes of a service, with specific reference to data protection breaches and the falsifying of statistical records. CAFS was tasked to investigate both allegations.	The investigation revealed the following; • An item of controlled stationery was not GDPR compliant, although no reportable data protection breaches had been made. • No evidence was found that statistics had been falsified or intentionally manipulated. The report recommended the following; • The item of controlled stationery must be withdrawn, and management tasked to explore alternative methods for capturing this information that is both GDPR and the Data Protection compliant. • The service needs to review the current Key Performance Indicators regarding job brokerage reported to the Corporate dashboard, ensuring it represents output against primary objectives. • The investigation also identified the need for a review of partnerships arrangements to ensure that joint working is equitable for all parties, especially the Council, and support the service's objectives.	N/A

Anti-Fraud Activity 1 April 2019 to 30 September 2019

| Whistleblowing | A referral was received by CAFS, which raised concerns regarding a potential conflict of interest within a department whose activities included significant procurements. | The investigation revealed the following;

 • Allegations had previously been brought to the attention of the Head of Service. The potential conflict had been treated, and any associated risks mitigated.

 • A new potential conflict was identified and reported to management.

 Recommendations to management

 • CAFS recommended that management examine the new information to decide whether a conflict of interest exists.

 • In examining the new potential conflict, management should also assess any potential risks and take appropriate action to mitigate them. If no direct conflict is found, work should still be considered to ensure they minimise the risk of any perceived conflicts. | N/A |

Anti-Fraud Activity 1 April 2019 to 30 September 2019

| Service review | **BRACKENBURY PRIMARY SCHOOL: Playscheme revenue**

An investigation by CAFS found that revenue received for after school activities had not been banked for a significant period. Instead, it had remained held in the school safe. No evidence of fraud was found, but control weaknesses were identified.

As part of the investigation, CAFS undertook a service review to check all anti-fraud controls to assess their effectiveness. | The playscheme, Play@Brackenberry, was run by dedicated Play Workers. A child's after school attendance was fee-based, and payments received from parents took the form of cash, cheques and Child Care Vouchers.

When the play scheme's manager left the service, unbanked cash receipts were discovered. The discovery highlighted weaknesses in the accounting procedures, although no loss had been incurred and the investigation found no evidence of fraud.

Recommendations for improved controls were agreed with the service. During these discussions, considerations were given as to how the service should be provided in the future, and an internal service review was undertaken.

This internal review recommended that Family Support Services should be commissioned to provide the service, and this was agreed and implemented.

The onsite After School and Holiday Care is now entirely operated by Family Support Services who provide a wide range of activities. | **N/A** |

Anti-Fraud Activity 1 April 2019 to 30 September 2019

Risk Review	**Local Support Payment Scheme**	Applications for local support payments can only be made for living expenses or for essential items following an emergency or to help people to settle in the community.	**Fraud risk register**
	The local support scheme is designed to ensure that, in a crisis or an emergency, residents who are most at risk can receive access to the support they need.	Payments are made in three different ways;	**Risk score reduced** ↓ **LOW = 4**
	The local support scheme replaced community care grants and crisis loans for general living expenses. It is administered on our behalf by Kensington and Chelsea Council.	1. Vouchers are provided that can be exchanged for household equipment or furniture, removal expenses or utility connections. 2. Gift cards that can be used in high street supermarkets for food and essential products. 3. In exceptional circumstances, post officer vouchers can be awarded, which can be exchanged for cash.	Impact = Low 2 [Low financial loss, a low political risk with low media coverage; low reputational risk]
	Perceived fraud risks included: • False applications • Collusion and insider fraud	Payments covering 2017 to date were reviewed and analysed to identify any potential discrepancies. This included the amounts paid, method of payment, method of stock control (gift cards) and the clients in receipt of the award. Closer scrutiny was applied to the post officer vouchers, which involved a much higher level of testing, more analytics and data matching.	Likelihood = Unlikely 2 [Controls adequate and review found no discrepancies]
		No discrepancies were identified, and controls were found to be reasonable and proportionate to the risk of fraud.	*Previously: Medium impact (3) and Possible likelihood (3)*

Anti-Fraud Activity 1 April 2019 to 30 September 2019

	Case Description
1.	**IDENTITY FRAUD –** A National Fraud Initiative (NFI) data match suggested that the tenant of a Banim Street property held the tenancy for two social housing properties. The one in Banim Street, and a second in Belfast, Northern Ireland. The matched linked them by name, date of birth and national insurance number (NINO).
	Following liaison with the Northern Ireland Housing Executive, a simultaneous visit was conducted to both addresses. In NI, the tenant was able to provide a post office account statement and a social security letter to verify NINO. In Banim Street investigator found the tenant. His appearance matched the data of birth although officers noted that he spoke with an American accent. He provided investigators with a UK passport as identity and was insistent that this was his true identity. He also told investigators that he had been aware that someone in Belfast was using his identity.
	Investigators contacted the National Document Fraud Unit asking for the UK passport details to be checked and discovered that this document, the one shown to them in Banim Street, had been revoked. Records showed that the passport had been obtained using fraudulent documentation and following investigations by the Police Service Northern Ireland (PSNI) the passport a stop had been placed on it.
	Enquiries with PSNI revealed that their NI resident had been named as a suspect in several fraud crimes committed in England. However, when they questioned their resident, it transpired that he had never left NI. When copies of the passport were matched against his identity, it was apparent that he was the victim, having had his identity taken, and not the criminal. PSNI disseminated their findings to Action Fraud.
	Officers now focused their enquiries on the true identity of the Banim Street tenant and discovered that he had been charged and sentenced for the crimes referred to Action Fraud by PSNI. The frauds consisted of posing as an ex-American serviceman or as an American businessman to befriend victims and steal money and assets. He had served his time for these crimes. Still, the fact remained that he had obtained social housing using false documentation, as well as accessing additional services he may not have been entitled to if his true identity was known.
	On advice from HM Passport Office, a revocation letter was sent to the tenant, and he was invited to several interviews, all of which he failed to attend. He did, however, contact the investigating officer who explained to him the importance of returning the passport and the consequences of him using it again.
	In consultation with Housing, a Notice Seeking Possession was issued outlining that he had gained the tenancy by deception by falsely presenting himself to the Council as someone he wasn't, and by using false documentation to conduct the fraud. The tenant did not challenge the notice and returned the keys to the Banim Street property in early September.
	The passport was returned to the investigator before the tenancy was relinquished. This has since been passed back to HM passport office who were very grateful for the Council's hard work and assistance in this matter.

Anti-Fraud Activity 1 April 2019 to 30 September 2019

2.	**CONFLICT OF INTEREST -** CAFS received a referral from Human Resources that an employee may have failed to declare secondary employment and the potential conflicts of interest associated with this. A subsequent investigation corroborated the allegations and proved that a Council employee had failed to declare being the Director of a company when completing a declaration of interest form. These enquiries revealed that the employee had also failed to update this declaration when a second company was formed. The investigation report and evidence amassed by CAFS was presented at the subsequent disciplinary proceedings, which resulted in a dismissal.
3.	**RIGHT TO BUY (RTB) –** CAFS undertake a preventative role in the RTB process vetting all new applications to ensure eligibility. When a new request for a two-bedroom flat in Queen Caroline Street was received, initial checks raised concerns. The application had been made on behalf of the tenant, by his son. In the form, the son was offering to finance most of the purchase. Initial enquiries then revealed the son was linked to a property in Cambridgeshire, and that it was the equity in that property which he was trying to release to support his father's RTB. These enquiries began to suggest that the son lived in Cambridgeshire and was not resident in LBHF. The investigation then established that the tenant had been moved into care, which suggested that this change prompted the son to make the RTB application rather than lose the tenancy. The evidence amassed was sufficient to refuse the RTB, and although the son tried to claim succession in an attempt to keep the tenancy, evidence showed he did not qualify, and a notice to quit was promptly served. The son finally relinquished the tenancy returning the keys to a vacant property which has since been allocated to a family in need of housing support.
4.	**ABANDONMENT –** A referral was received from the housing officer after several visits a property in Kenneth Younger House were unsuccessful, and the tenant's lack of contact with the housing department suggested they may have vacated the address. The subsequent investigation managed to trace the tenant to a care home out of the borough, placed by family members who failed to alert the Council.

Anti-Fraud Activity 1 April 2019 to 30 September 2019

	The property was therefore swiftly recovered, and the Council obtained vacant possession of the three-bedroom flat.
5.	**TENANCY FRAUD –** An anonymous tip-off reported via the Council's fraud hotline (020 8753 1273) suggested that the tenant of a flat on Cathnor Road, W12 was living in Brentford and subletting her H&F address. Several visits to the property revealed the tenant's brother was subletting the address while our tenant lived and worked in Brentford. The tenant was interviewed under caution, but she refused to accept she had done anything wrong. However, as soon as legal proceedings commenced, she relinquished her tenancy ahead of the first court appearance. A two-bedroom property has now been recovered and allocated to someone in genuine need of assistance.
6.	**SUCCESSION FRAUD –** Following the death of a tenant in Barclay Close, the next of kin submitted a succession request which included his sister and niece. The application stated that all three had lived with the tenant at the time of their death. Now they all expected to succeed to the three-bedroom property jointly. Initial enquiries suggested the sister and niece lived in the Watford area and so the matter was referred to CAFS to investigate. An early morning visit to the address found the next of kin resident but no signs of the sister or niece. Additionally, when officers asked which school the niece attended the next of kin was unable to provide the school's name or even describe the uniform once officers began to probe deeper. Intelligence showed the niece attended a private school in Bushey, Hertfordshire. Investigators conducted an evening visit but again neither the sister or the niece was resident. The latest visit prompted a response from the sister, via the charity Shelter, who demanded that both the sister and the niece be included in the succession and become named tenants at the address. The investigators managed to find a link to an address in Watford, and they visited the property. A male answered the door but refused to cooperate with the officers or answer their questions. However, when the investigators returned to the office, they found an email from the sister. In her message, she withdraws her, and her daughter's, application for succession. In view, the above, the Housing and Allocation Team were able to liaise with the next of kin and agree that he be transferred to a more suitably sized one-bedroom accommodation allowing the three-bedroom Barclay Close property to be allocated to a family in genuine need of assistance.

Anti-Fraud Activity 1 April 2019 to 30 September 2019

7.	**TENANCY FRAUD** – Referral to CAFS suggested that the tenant of a flat in Longford Court, Emlyn Gardens, was living overseas. Initial intelligence was unable to identify an alternative address for the tenant. However, it did suggest that the tenant left the UK to go to Poland two years ago. Because of the intelligence investigators conducted an unnotified visit to the property where they discovered the property being sublet. The subtenant allowed officers to inspect the property where they found a notice board in the kitchen, which was displaying the bank account details of the tenant instructing the subtenant to pay the rent to this account. Contact details were left with the subtenant, and the tenant contacted officers the following day. The tenant said that he was in Poland looking for his wife and children and had left a friend to look after the flat while he was away for a few weeks. However, when the investigator challenged him about the length of time he was away, he became defensive. The officer further explained that the Council would begin legal proceedings to recover the address and pursue any money the tenant may have gained using proceeds of crime act. The following day the subtenant returned the keys to the Council on behalf of the tenant. Vacant possession of the three-bedroom property was obtained.
8.	**SUCCESSION FRAUD –** Following the death of a tenant in Bentworth Road, the next of kin failed to notify the Council and the property remained vacant unbeknown to the Council. Housing officers were alerted to this and made enquiries with the next of kin. They suggested that after the tenant's death, a family relative continued to live there having resided with the deceased at the time of their death. They were, therefore, claiming succession. Investigators amassed evidence to show that the tenant had lived alone for several years. When the next of kin was confronted with this information, they returned the keys to the three-bedroom property forthwith.

London Borough of Hammersmith & Fulham **AUDIT AND PENSIONS COMMITTEE** **16 December 2019**	h&f hammersmith & fulham

ANTI-FRAUD POLICY REVIEW	
Open Report	
Classification - For Decision **Key Decision: No**	
Consultation	
Wards Affected: All	
Accountable Director: Hitesh Jolapara, Strategic Director of Finance and Governance	

Report Author: Andrew Hyatt Shared Service Head of Fraud	**Contact Details:** Tel: 0207 361 3795 E-mail: andy.hyatt@lbhf.gov.uk

1.   EXECUTIVE SUMMARY

1.1   In accordance with the terms of reference the Committee is responsible for the effective scrutiny of anti-fraud arrangements and activities, the Audit Pensions and Standards Committee:

- review and approve certain anti-fraud policies
- is responsible for gaining assurance that policies are kept up to date and are fit for purpose.

1.2   This paper contains three revised anti-fraud policies, reported in the appendices to this report, for review and approval. They are:

- Anti-Bribery Policy
- Anti-Money Laundering Policy
- Fraud Response Plan

1.3   There are no material changes.

2. RECOMMENDATIONS

2.1 Note and approve the updated anti-fraud policies.

3. REASONS FOR DECISIONS

3.1 To inform the Committee of policy revisions and to provide assurance that policies are kept up to date and are fit for purpose.

4. ANTI-FRAUD POLICIES

4.1 Minimising any losses to fraud and corruption is an essential part of ensuring that all of the Council's resources are used for the purposes for which they are intended and ensuring we remain ruthlessly financially efficient.

4.2 Staff are often the first to spot possible cases of wrongdoing at an early stage and are therefore encouraged and, indeed, expected to raise any concern that they may have, without fear of recrimination. Any concerns raised will be treated in the strictest confidence and will be appropriately investigated.

4.3 It is therefore vitally important that anti-fraud policies are kept up to date to support and guide Council staff, ensuring compliance with laws and regulations, giving guidance for decision-making, and streamlining internal processes.

4.4 The table below details the key anti-fraud policies, their dates of revision and date of their next review.

Policy	Last review	Next review
Anti-Bribery Policy	December 2018	December 2019
Anti-Money Laundering Policy & Procedures	December 2018	December 2019
Fraud Response Plan	December 2018	December 2019
Anti-Fraud & Corruption Strategy 2016-2019	August 2016	January 2020
Fraud Risks: A Guide for Managers	February 2018	February 2020
Whistleblowing Policy	August 2017	Under review

5. OPTIONS AND ANALYSIS OF OPTIONS

5.1 The Director of Audit, Fraud, Risk and Insurance is required to provide an annual report and opinion on the Council's system of internal control under the Public Sector Internal Audit Standards. This includes having appropriate arrangements for protecting, detecting and deterring fraud against the Council.

6. CONSULTATION

6.1 The report has been subject to consultation with the Strategic Leadership Team.

7. EQUALITY IMPLICATIONS

7.1 There are no equality implications arising from this report.

8. LEGAL IMPLICATIONS

8.1 The work of CAFS is governed by a range of legislation including: the Police and Criminal Evidence Act, the Criminal Procedures Investigation Act, the Regulation of Investigatory Powers Act, the Fraud Act, the Prevention of Social Housing Fraud Act and the Proceeds of Crime Act.

9. FINANCIAL AND RESOURCES IMPLICATIONS

9.1 Resources required to deliver on the Council's counter fraud strategy come from the budget allocated to the Corporate Anti-fraud Service. There are no additional resource implications arising from this report. Successful investigations and prosecutions can lead to the recovery of Council assets and money which are required to protect front line services.

10. RISK MANAGEMENT

10.1 The delivery of the counter fraud strategy and associated policies contributes to the management of fraud risks faced by the Council, with proactive exercises supporting managers to put effective counter fraud and corruption controls in place in their systems and processes.

11. PROCUREMENT AND IT STRATEGY IMPLICATIONS

11.1 There are no procurement or IT strategy implications arising from this report.

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

Appendices
Appendix 1 - Anti-Bribery Policy
Appendix 2 - Anti-Money Laundering Policy
Appendix 3 - Fraud Response Plan

ANTI-BRIBERY POLICY

Date of Issue	Date of last issue	Review Date
December 2019	December 2018	December 2020

Anti-Bribery Policy: Version 2.1 December 2019   Page 1 of 6

Page 113

1.   Introduction: Policy statement

1.1   Bribery is an inducement or reward offered, promised or provided to gain a personal, commercial, regulatory or contractual advantage. Bribery is a criminal offence and punishable for individuals by up to ten years' imprisonment.

1.2   It is the Council's policy to conduct all our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our activities.

1.3   We are committed to the prevention, deterrence and detection of bribery. We aim to maintain anti-bribery compliance "business as usual", rather than as a one-off exercise.

1.4   Those employed by or acting as agent for the Council and its schools will not pay bribes nor offer improper inducements to anyone for any purpose. Nor will those individuals accept bribes or improper inducements.

1.5   To use a third party as a conduit to channel bribes to others is a criminal offence. The Council does not, and will not allow its staff or Members engage indirectly in or otherwise encourage bribery.

2.   Objective

2.1   The purpose of this policy is to:

(a)   Set out our responsibilities, and of those working for us, in observing and upholding our position on bribery and

corruption; and

(b) Provide information and guidance to those working for us on how to recognise and deal with bribery and corruption issues.

3. Bribery Act 2010

3.1 There are four key offences under <u>The Bribery Act 2010</u> :

- bribery of another person (section 1)
- accepting a bribe (section 2)
- bribing a foreign official (section 6)
- failing to prevent bribery (section 7)

3.2 In many instances of bribery or corruption, <u>Fraud Act 2006</u> offences are also relevant, for example, fraud by abuse of position or fraud by failing to disclose.

4. Responsibilities

4.1 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the organisation. All staff are required to avoid activity that breaches this policy.

4.2 All staff must:

- Ensure that you read, understand and comply with this policy,

- Raise concerns as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.

4.3 It is unacceptable for staff to:

- Accept payment, a gift or hospitality from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them.

- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be

received, or to a government official, agent or representative to "facilitate" or expedite a routine procedure.

5 Declarations of interest

5.1 All employees need to declare whether they have any personal interests that may conflict with the interests of the Council. Outside activities, additional employment or voluntary work can all create the potential for the interests of the employee to come into conflict with those of the Council.

5.2 All employees need to read the Council's advice regarding declarations of interest and decide whether they have any conflicting personal interests and to agree to inform the Council if these circumstances change.

5.3 Because declarations of interest are fundamental to the effective operation and reputation of the Council, failing to declare an interest will always be dealt with by the Council as a disciplinary matter and is likely to be deemed gross misconduct which may result in your dismissal.

6 Gifts and hospitality

6.1 This policy is not meant to change the requirements of our gifts and hospitality.

6.2 The acceptance of gifts and hospitality, even on a modest scale, may arouse suspicion and must be capable of public justification. A register of gifts and hospitality is therefore kept for each of the Council's directorates

6.3 Employees are still required by the Officers' Code of Conduct to record gifts or hospitality offered to them (whether accepted or not) and hospitality provided to others outside the Council. This should preferably be recorded as it happens, rather than at the end of a fixed period. In any case, it must be recorded within one month of the event (or the date of an offer of hospitality, if refused). Regular nil returns are not required.

6.4 Hospitality recorded is subject to review by the employee's line manager.

6.5   For more information, and to access the online form, [click here](#).

7   Red flags: warning signs of bribery

7.1   The risk of Bribery will vary across the Council depending upon the functions. It is, therefore, important that staff are aware of the warning signs.

- A member of staff receives and accepts excessive hospitality, or has a personal interest. Is this declared?

- A member of staff constantly ignores the procurement process

- Continued use of a particular supplier/contractor despite reports of poor performance, and the same supplier or contractor seems to be winning all the work

- Officers asking for invoices to be approved that do not have sufficient detail, or where there are concerns that the work/supply has never been undertaken or received.

- A member of staff has a meeting with a supplier or contractor and they insist on going alone, there is also a lack of minute taking. There is the risk that a corrupt relationship could develop.

- Any third party information that suggests a supplier or contractor engages in, or has been accused of engaging in, improper business practices. Especially a reputation for paying bribes.

8   Reporting your concerns

8.1   If in the course of your duties someone attempts to influence the outcome of a project, procurement or decision, you must politely refuse and immediately;

- Report the matter to your line manager, their manager or the Head of Service. If for any reason this is not possible you should speak to those named below.

- You should make a note of who attempted to influence you and what was offered, who they work for, their contact details and the date and time of the incident. Also you should note any witnesses, if any.

- Members should report the incident immediately to the Leader of the Council.

8.2   If an incident of bribery, corruption, or wrongdoing is reported, the Council will act as soon as possible to evaluate the situation. The Council has clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind.

8.3   Employees can also raise their concerns in accordance with the Council's Whistleblowing Policy.

8.4   If you have any questions about these procedures, please contact:

- <u>Director of Audit, Fraud, Risk and Insurance: David Hughes, 07817 507695</u>
- <u>Head of Fraud: Andy Hyatt, 07739 313817</u>
- Fraud Hotline 020 8753 1273

9   Further support

9.1   The People & Talent run an Employee Assistance Programme, that offers free counselling and resources to help you with work or personal issues. This is a confidential independent service available any time, any day, 24/7, 365 days per year, either by phone (0800 243 458), email, text, or online.

To access the service:

Telephone
- Call free phone: 0800 243 458
- Minicom users phone: 020 8987 6574
- Text: 020 8987 6550
- SMS(for call back) +44(0)7909 341229

Online
Visit http://www.workplaceoptions.co.uk
The login for H&F staff is:
User name: lbhf
Password: employee

ANTI-MONEY LAUNDERING

POLICY AND PROCEDURES

Date of Issue	Date of last issue	Next review date
December 2019	December 2018	December 2020

1. Introduction

1.1 The Council will take measures to prevent the organisation, its Members and officers being exposed to money laundering, to identify areas where money laundering may occur and to comply with legal and regulatory requirements.

1.2 The Proceeds of Crime Act 2002, the Terrorism Act 2000 and Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 place obligations on the Council and its employees to establish internal procedures to prevent the use of their services for money laundering and the prevention of terrorist financing. The Council must also appoint a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activity.

1.3 It is the responsibility of staff and Members to be vigilant and act promptly where money laundering is suspected. Failure to comply with this Policy, and accompanying procedures, may lead to disciplinary action being taken against them. Failure by a Member to comply with the procedures may be referred to the Monitoring Officer.

2. What is Money Laundering?

2.1 Money laundering is a process of converting cash or property derived from criminal activities to give it a legitimate appearance. It is a

process of channelling 'bad' money into 'good' money in order to hide the fact that the money originated form criminal activity, and often involves three steps:

- **Placement** - cash is introduced into the financial system by some means. For example, depositing the cash into bank accounts, exchanging currency or simply changing small notes for large notes (or vice versa).

- **Layering** - a financial transaction to camouflage the illegal source; transfers between accounts including offshore, offering loans, investments and complex financial transactions.

- **Integration** - acquisition of financial wealth from the transaction of the illicit funds. For example, buying residential and commercial property, businesses and luxury goods.

3. What is Terrorism Financing?

3.1 Terrorism financing is the act of providing financial support, funded from either legitimate or illegitimate source, to terrorists or terrorist organisations to enable them to carry out terrorist acts or will benefit any terrorist or terrorist organisation.

3.2 While most of the funds originate from criminal activities, they may also be derived from legitimate sources, for example, through salaries, revenues generated from legitimate business or the use of non-profit organisations to raise funds through donations.

4. What are the main offences?

4.1 There are three main offences:

- **Concealing:** knowing or suspecting a case of money laundering, but concealing or disguising its existence.

- **Arranging:** becoming involved in an arrangement to launder money, or assisting in money laundering.

- **Acquisition, use or possession:** benefiting from money laundering by acquiring, using or possessing the property concerned.

4.2   None of these offences are committed if:

- the persons involved did not know or suspect that they were dealing with the proceeds of crime; or

- a report of the suspicious activity is made promptly to the Money Laundering Reporting Officer (MLRO).

5.   What are the obligations on the Council?

5.1   The main requirements of the legislation are:

- To appoint a money laundering reporting officer (Nominated Officer)
- Implement a procedure to receive and manage the concerns of staff about money laundering and their suspicion of it, and to submit reports where necessary, to the National Crime Agency (NCA)
- To make those staff most likely to be exposed to or suspicious of money laundering situations aware of the requirements and obligations placed on the organisation, and on them as individuals
- To give targeted training to those considered to be the most likely to encounter money laundering;

5.2   Providing the Council does not undertake activities regulated under the Financial Services and Markets Act 2000, the offences of failure to disclose and tipping off do not apply. However, the Council and its employees and Members remain subject to the remainder of the offences and the full provisions of the Terrorism Act 2000.

5.3   The Terrorism Act 2000 made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism.

6.   Nominated Officers

6.1   The regulations require the Council to appoint a Nominated Officer, sometimes known as Money Laundering Reporting Officer ("MLRO").

6.2   The MLRO and their appointed Deputy MLRO are responsible for receiving internal suspicious transaction reports (also known as

disclosures), deciding whether these should be reported to the National Crime Agency (NCA), and making the report when required.

6.3   The Nominated Officers within the Council are;

- **MLRO: Section 151 officer**

- **Deputy MLRO: Andy Hyatt**, Shared services head of fraud (andy.hyatt@lbhf.gov.uk) 07739 313817

7.   High value cash transactions

7.1   Those receiving or arranging to receive cash on behalf of the Council must ensure they are familiar with the Council's Anti-Money Laundering Policy.

7.2   The first stage of money laundering, placement, is where vigilance can often detect and prevent it happening, because large amounts of cash are pretty conspicuous.

7.3   In line with the National Crime Agency recommended thresholds for reporting, no single payment to the Council should be accepted in cash if it exceeds **£10,000**.

8.   What should I do if I suspect money laundering?

8.1   Staff who know or suspect that they may have encountered criminal activity and that they may be at risk of contravening the money laundering legislation, they must report this as soon as practicable to the Money Laundering Responsible Officer (MLRO) or Deputy MLRO to advise of their concerns.

8.2   The disclosure should be at the earliest opportunity of the information coming to your attention, not weeks or months later.

- Refer to the Council's Anti-Money Laundering Procedures
- Do not tell the customer about your suspicions.
- Report your suspicions immediately to the Council's MLRO or Deputy MLRO (details above).
- Keep all records relating to the transaction(s). If you are unsure about what records or information to keep, please ask the MLRO.

8.2 More information about making a report to the MLRO is detailed at **appendix 1** and a flow chart illustrating the procedure for reporting money laundering is at **appendix 2**.

9. Suspicious Activity Report (SAR)

9.1 Once a suspicious transaction or activity is referred to the Nominated Officer it is their responsibility to decide whether they need to send a report or 'disclosure' about the incident to the NCA. They do this by making a Suspicious Activity Report (SAR).

9.2 The nominated officer must normally suspend the transaction if they suspect money laundering or terrorist financing. If it's not practical - or not safe - to suspend the transaction, they should make the report as soon as possible after the transaction is completed.

9.3 The NCA receives and analyses SARs and uses them to identify the proceeds of crime. It counters money laundering and terrorism by passing on important information to law enforcement agencies so they can take action.

10. Policy and procedure

10.1 The Money Laundering legislation is complex. This policy has been written as a safeguard and to enable the Council to meet its legal obligations. It will be reviewed annually.

APPENDIX 1: Making a report to the MLRO

If you suspect that money laundering activity is taking place (or has taken place), or think that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as possible to the MLRO or the Deputy MLRO. Considerations of confidentiality do not apply if money laundering is at issue.

In the first instance, the report may be made informally to allow the MLRO to assess the information and decide whether a Suspicious Activity Report (SAR) should be made to the National Crime Agency (NCA).

You should provide as much detail as possible, for example:

- Details of the people involved – name, date of birth, address, company names, directorships, phone numbers etc;
- Full details of the nature of the involvement;
- A description of the activities that took place;
- Likely amounts of money or assets involved;
- Why you are suspicious.

This will assist the MLRO to make a judgement as to whether there are reasonable grounds for assuming knowledge or suspicion of money laundering. The MLRO may initiate an investigation to enable him to decide whether a report should be made to the NCA.
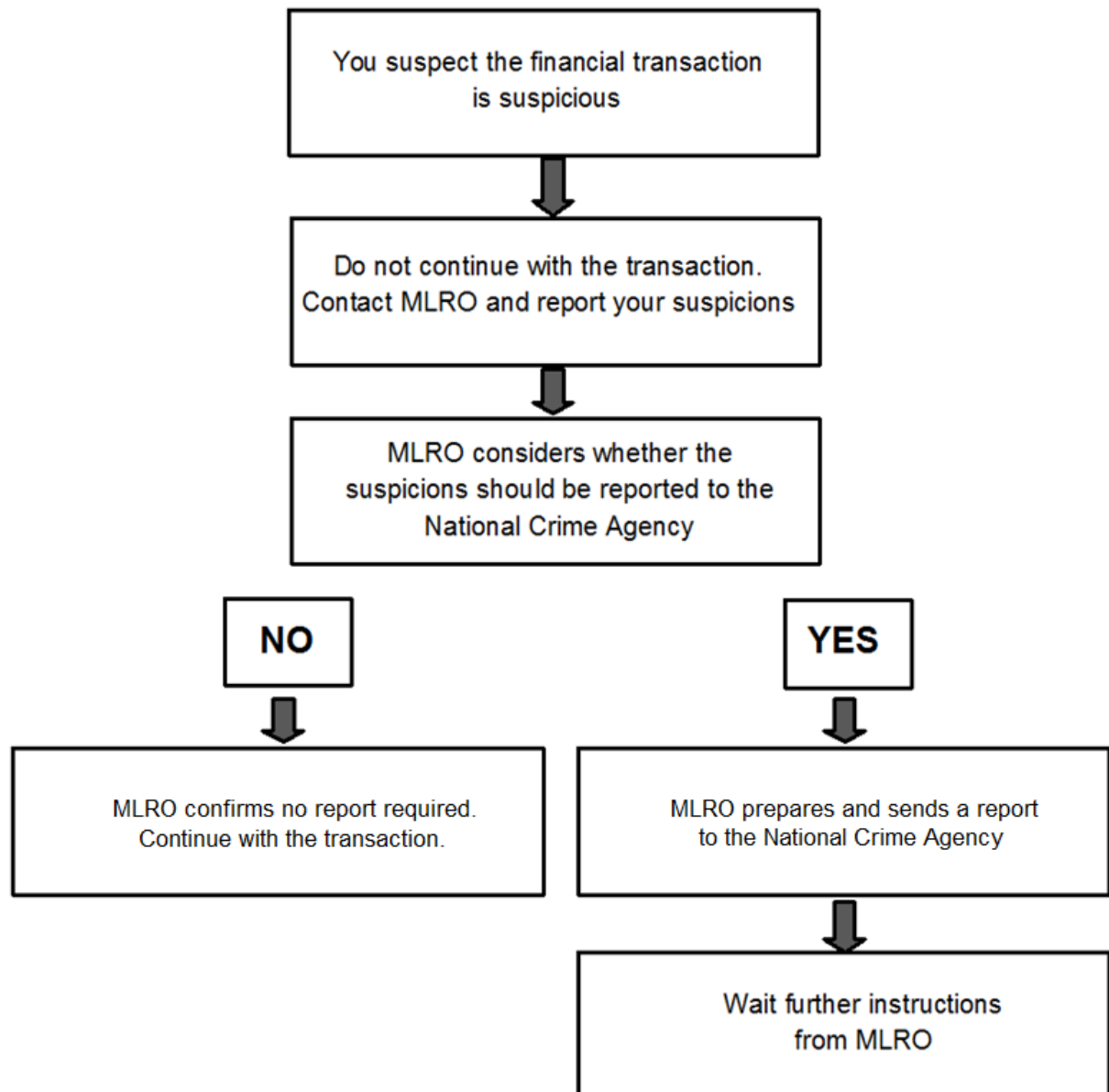
In cases where legal professional privilege may apply, the MLRO must decide (taking legal advice if required) whether there is a reasonable excuse for not reporting the matter.

Once the matter has been reported to the MLRO, you must follow any directions they may give you. ***You must not make any further enquiries into the matter yourself***. Any investigations will be undertaken by the NCA.

If the NCA has any queries on the report, responses to those queries should be routed via the MLRO to ensure that any reply is covered by appropriate protection against claims for breaches of confidentiality.

You should not make any reference on a client file to a report having been made to the MLRO – the client might exercise their right to see the file, and such a note would tip them off to a report having been made, and might make you liable to prosecution.

APPENDIX 2: The procedure for reporting (flow chart)

```
┌─────────────────────────────────────┐
│   You suspect the financial transaction │
│            is suspicious             │
└─────────────────────────────────────┘
                 │
                 ▼
┌─────────────────────────────────────┐
│   Do not continue with the transaction. │
│  Contact MLRO and report your suspicions │
└─────────────────────────────────────┘
                 │
                 ▼
┌─────────────────────────────────────┐
│       MLRO considers whether the     │
│   suspicions should be reported to the │
│          National Crime Agency       │
└─────────────────────────────────────┘

        ┌──────┐            ┌──────┐
        │  NO  │            │ YES  │
        └──────┘            └──────┘
           │                   │
           ▼                   ▼
┌──────────────────┐  ┌──────────────────────┐
│ MLRO confirms no │  │ MLRO prepares and    │
│ report required. │  │ sends a report       │
│ Continue with    │  │ to the National      │
│ the transaction. │  │ Crime Agency         │
└──────────────────┘  └──────────────────────┘
                                │
                                ▼
                      ┌──────────────────────┐
                      │ Wait further         │
                      │ instructions         │
                      │ from MLRO            │
                      └──────────────────────┘
```

FRAUD RESPONSE PLAN

Date of Issue	Date of last issue	Next review date
December 2019	December 2018	December 2020

1.   Introduction

1.1   The Council is committed to sound corporate governance and to protecting the public funds with which it has been entrusted. Minimising any losses to fraud and corruption is an essential part of ensuring that all of the Council's resources are used for the purposes for which they are intended and ensuring we remain ruthlessly financially efficient.

1.2   The Fraud Response Plan provides guidance on the action to be taken when a fraud is suspected or discovered and enables the Council to:

- Minimise and recover losses
- Establish and secure evidence necessary for criminal and disciplinary action
- Take disciplinary action against those involved
- Review the reasons for the incident and ensure that actions are implemented to strengthen procedures, controls and prevent recurrence.

1.4   Any suspicion of fraud will be treated seriously and will be investigated in accordance with the Council's procedures and the relevant legislation.

2.   Responsibilities

ALL EMPLOYEES

2.1   Individual members of staff, including agency staff, are responsible for:

- Acting with propriety in the use of resources and in the handling and use of public funds, whether they are involved with cash or payments systems, receipts or dealing with contractors or suppliers.
- Reporting immediately to their line manager or those named in this policy, if they suspect that a fraud has been committed or see any suspicious acts or events.

MANAGERS

2.2   In addition to those individual responsibilities, managers are responsible for:

- Identifying the risks to which systems and procedures are exposed.
- Developing and maintaining effective controls to prevent and detect fraud.
- Ensuring that controls are complied with.

3.   Reporting a suspected fraud

ACTION BY EMPLOYEES

3.1   Staff are encouraged and, indeed, expected to raise any concern that they may have, without fear of recrimination. Any concerns raised will be treated in the strictest confidence and will be properly investigated.

3.2   Staff are often the first to spot possible cases of wrongdoing at an early stage. Staff should **not** try to carry out an investigation themselves. This may damage any subsequent enquiry.

3.3   In the first instance, any suspicion of fraud, theft or other irregularity should be reported, as a matter of urgency, to your line manager. If such action would be inappropriate, your concerns should be reported upwards to one of the following persons:

- Director of Audit, Fraud, Risk and Insurance
- Director of Corporate Services
- Head of Fraud

3.4 Staff may choose to report concerns anonymously or request anonymity. While total anonymity cannot be guaranteed, every endeavour will be made not to reveal the names of those who pass on information.

ACTION BY MANAGERS

3.5 If you have reason to suspect fraud or corruption in your work area, or received information that might suggest wrongdoing, you should do the following:

- Listen to the concerns of staff and treat every report seriously and sensitively.
- Obtain as much information as possible from the member of staff including any notes or evidence to support the allegation. Do not interfere with this evidence and ensure it is kept secure.
- **<u>Do not</u>** attempt to investigate the matter yourself or covertly obtain any further evidence as this may adversely affect any criminal enquiry.
- Report the matter immediately to the Director of Audit, Fraud, Risk and Insurance; Director of Corporate Services; or Head of Fraud.

REVIEWING ALLEGATIONS

3.6 Once reported the referral should be addressed by the Corporate Anti-Fraud Service and HR function to review any allegation, establish the facts of the statements made, and to recommend an investigation strategy (see flowchart at appendix 1).

MALICIOUS ALLEGATIONS

3.7 If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the person raising the concern. If, however, the allegations are malicious or vexatious, the action may be taken against the person making the allegation.

4. Investigation process

4.1 The Corporate Anti-Fraud Service is responsible for initiating and overseeing all fraud investigations and have a dedicated team of trained investigators who will lead the enquiries.

4.2 In accordance with Section 67(9) of Police and Criminal Evidence Act, officers of the Corporate Anti-Fraud Service are referred to as, "charged with the duty of investigating offences or charging offenders".

4.3 Investigations will be undertaken with consideration for the relevant legislation, regulations and codes. In certain circumstances, investigation work may be carried out by Departmental Management following agreement and liaison with Corporate Anti-Fraud Service and Human Resources.

4.4 Investigation results will not be reported or discussed with anyone other than those who have a legitimate need to know. Where appropriate the person raising the concern will be kept informed of the investigation and its outcome.

4.5 Interim reports detailing progress and findings may be produced throughout the investigation to assist decision making.

4.6 On completion of the investigation, the investigating officer, will prepare a full written report setting out the background, findings of the investigation, and recommendations to reduce further exposure if fraud is proven.

4.7 A brief and anonymised summary of the circumstances may be published in the half-yearly Corporate Anti-Fraud Report to the Audit and Pension Scrutiny Committee.

5. Disciplinary/Legal action

5.1 Where evidence of fraud is discovered, and those responsible can be identified:

- Appropriate disciplinary action will be taken in line with the disciplinary procedure.

- Where legal action is considered appropriate, full co-operation will be given to investigating and prosecuting authorities, including the police if appropriate.

6. Recovery of loss

6.1 Where the Council has suffered loss, restitution will be sought of any benefit or advantage obtained, and the recovery of costs will be sought from an individual(s) or organisations responsible for fraud.

6.2 The Corporate Anti-Fraud Service will utilise all relevant powers to recover fraud loses including the use of Financial Investigators working within the realms of the Proceeds of Crime Act.

6.3 Where an employee is a member of Council's Pension scheme and is convicted of fraud, the Council may be able to recover the loss from the capital value of the individual's accrued benefits in the Scheme, which are then reduced as advised by the actuary.

6.4 The Council may also consider taking civil action to recover the loss.

7. Further advice

7.1 Advice or guidance about how to pursue matters of concern regarding potential fraud or corruption may be obtained from any of the following contacts:

- Director of Audit, Fraud, Risk and Insurance: David Hughes, 07817 507695

- Head of Fraud, Andy Hyatt, 07739 313817

- Fraud Hotline 020 8753 1273

APPENDIX 1: The procedure for reviewing allegations (flow chart)
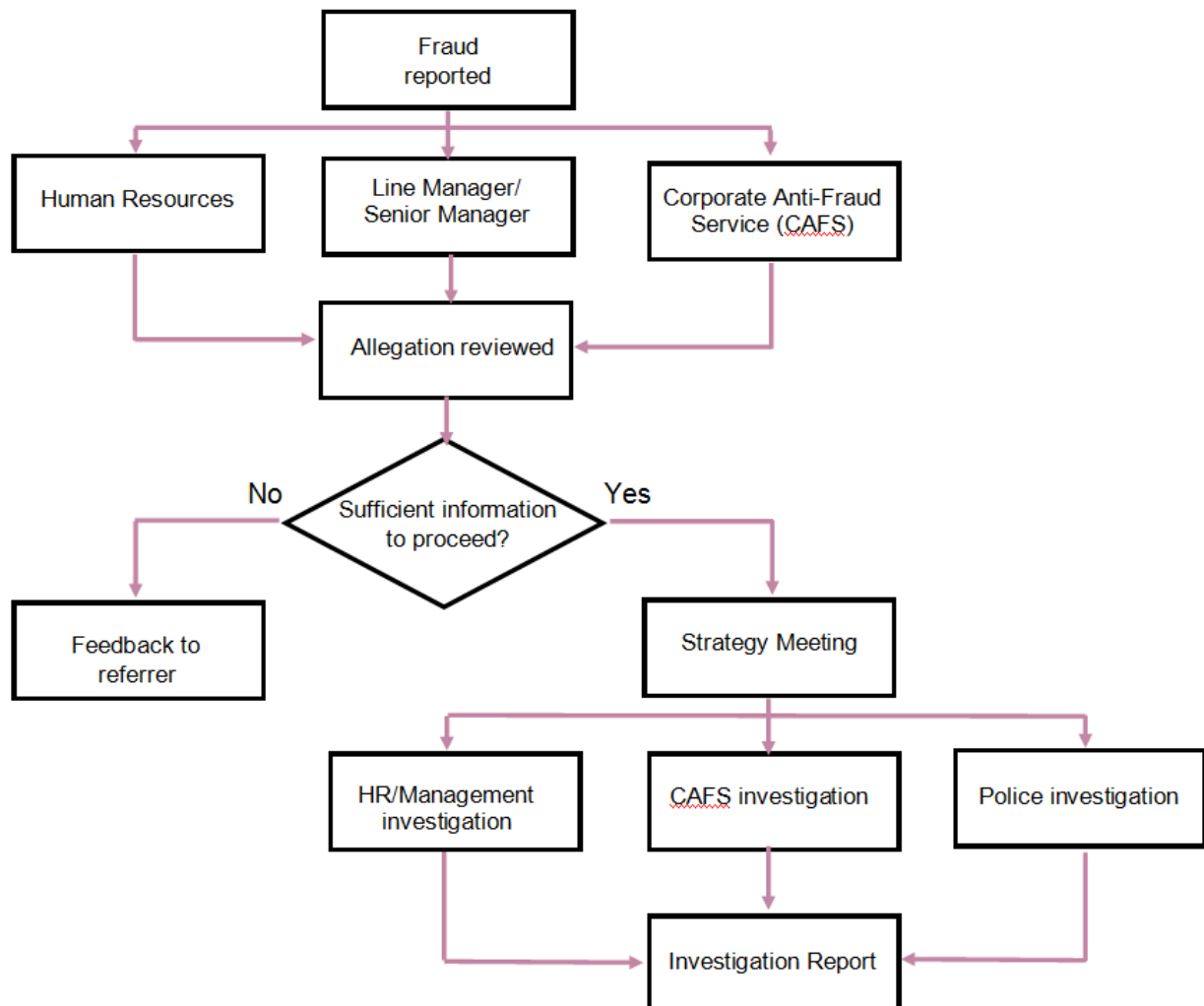
Agenda Item 9

London Borough of Hammersmith & Fulham

Report to: Audit and Pensions Committee

Date: 16/12/2019

Subject: Risk Management

Report of: Director of Audit, Risk, Fraud and Insurances

Summary

The purpose of this report is to provide members of the Audit and Pensions Committee with an update on risk management across the Council.

Recommendations

1. For the Committee to note and comment on the report.

Wards Affected: None

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
• Building shared prosperity	*Good risk management helps to: maintain and promote the Council's reputation;*
• Creating a compassionate council	*is an enabling tool to help protect residents and staff including some of the most vulnerable in society;*
• Doing things with local residents, not to them	*place people, businesses and the wider community at the heart of everything we do;*
• Being ruthlessly financially efficient	*ensure robust financial and information management and supports internal control, opportunity and innovation;*
• Taking pride in H&F	*protect valuable assets and the built and natural environment.*

Contact Officer(s):

Name: Michael Sloniowski
Position: Risk Manager
Telephone: 020 8753 2587
Email: Michael.sloniowski@lbhf.gov.uk

Background Papers Used in Preparing This Report – Q2. Corporate risk register

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1. Proposals and Detailed Analysis

1.1. The Accounts and Audit Regulations 2015 states that the Council must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk. It is paramount that all risks are clearly identified, managed and reported through the relevant channel. Risks can never be eliminated entirely but proportionate and targeted action can be taken to reduce risks to an acceptable level. Furthermore, the work of the Council's Policy and Accountability Committees is acknowledged as a robust and additional form of assurance for the management of risk across its services.

1.2. Risk management is the application of Council strategies, governance, policies and processes to identify and manage risks that are unacceptable to the Council. Managing risk processes effectively enables the Council to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money for residents, visitors, local businesses and service users.

1.3. The Council's approach to risk management requires Directors, managers and staff, through their Senior Management Teams, to:

- identify risks;
- assess the risk;
- agree and take action to manage the risk; and,
- monitor, review and escalate risks.

1.4. This report provides the Committee with an updated corporate risk register presenting a suite of 23 corporate risks as reviewed by the Council's Strategic Leadership Team in November. The full suite of corporate risks sorted by Council Priority is listed in **Appendix 1** and sorted by high and medium risk in **Appendix 2.**

1.5. The Association of Insurance and Risk Managers in Commerce (AIRMIC) commissioned a survey of its members as part of a wider research project into the future of risk management. A snapshot of those results is provided in **Appendix 3.**

1.6. The Council is accountable to the public for its performance and financial management. This means that the Council naturally has a low appetite for risk, however as austerity continues the Council will need to take carefully considered risks to develop new and innovative ways to deliver services, support communities and ensure the long-term wellbeing of communities is not impaired by decisions made in the short term. This makes good risk management essential.

Corporate risk register

1.7. Risks are represented in the following Heat Maps, Chart 1 illustrates the previous position for Quarter 2 for 2019/2020 and Chart 2 illustrates the Quarter 3 position for 2019/2020.
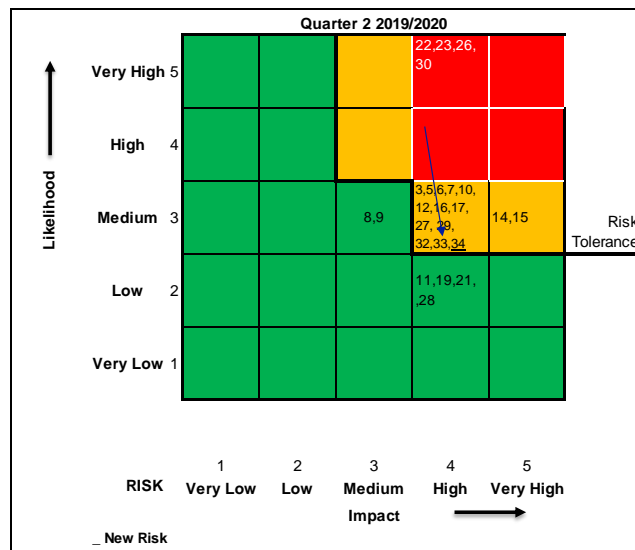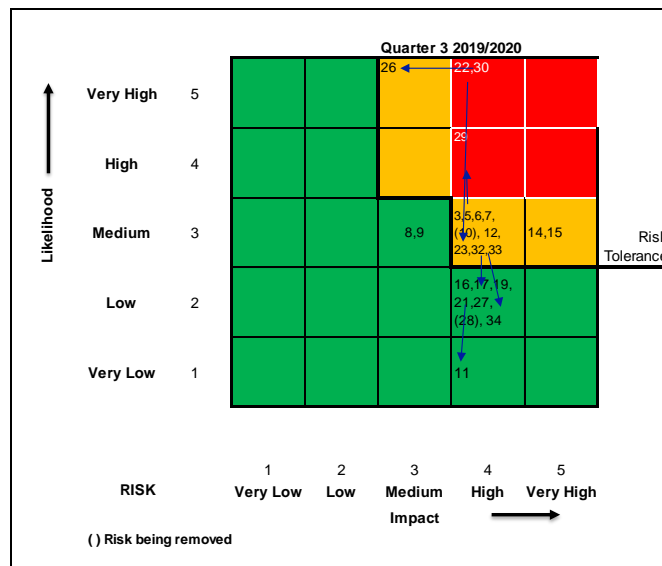
OVERVIEW RISK HEAT MAPS

Chart 1:

Chart 2:

Summary

1.8.   There are 23 corporate risks on the register in Quarter 3, including by Council Priority;

Risks by Council Priority	Number of risks
All Council Priorities	6
Being ruthlessly financially efficient	5
Creating a compassionate council	5
Doing things with, not to residents	5
Taking Pride in Hammersmith & Fulham	2
Grand Total	**23**

2 risks are being closed from the previous quarter: Risk 10 Increase in complexity of working with Health partners, as this is a now commonplace issue. Risk 28 is also being closed following the completion of work in advance of the recent successful

Ofsted inspection of Children's Services. One issue relating to the management performance reporting function for Children's Services providing oversight, is being actively reviewed. Risk 16 has been modified following the re-organisation of Corporate Services. Risk 29 was re-baselined between periods.

1.9.   Movement from Quarter 2 2019/2020 to Quarter 3 2019/2020 is therefore summarised as follows:

Trend

- 4 High Risks at Q2 2019/2020 down to 3 in Q3 2019/2020
- 15 Medium Risks at Q2 2018/2019 down to 11 in Q3 2019/2020
- 6 Low Risks at Q2 2018/2019 up to 9 at Q3 2019/2020

Current Risk by exposure	Number of High, Medium and Low Risks
H	3
M	11
L	9
Grand Total	**23**
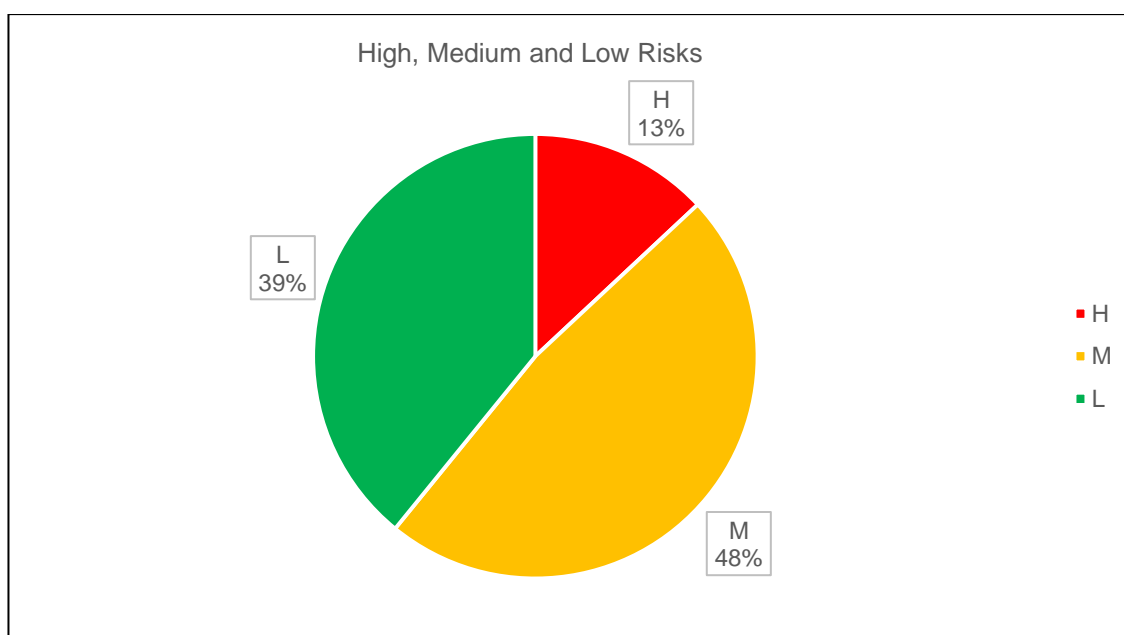
1.10.   Essentially this quarter is broadly an improved position and, as confirmed at the last Audit, Pensions and Standards Committee meeting, a risk narrative of the principal movements on risks is noted for assistance below and in detail in Appendix 1:

Risk Narrative

1.11.   Heat Maps, (see Charts 1 and 2) show the direction of travel for all corporate risks, which are expected, over time and through the implementation of appropriate mitigating actions, to come within risk appetite (or tolerance).

1.12. All Corporate risks continue to be reviewed and, in this period, were subject to stringent internal officer challenge. Risks are aligned and now sorted by ease of reference to Council Priorities including Being Ruthlessly Financially Efficient. Enhanced focus on risk control, programme management and governance combined with strategic leadership from the Chief Executive and Strategic Leadership Team (SLT) is expected to result in an improved outlook (trend) in Q4.

1.13. The H&F vision also includes being ruthlessly financially efficient. It requires that expenditure must always be evaluated against need and risk and that spend fits the Council's priorities; this includes internal challenge on how much needs to be spent to achieve results within agreed budgets.

1.14. Additional mitigations are also expected to influence positive movement in the next period for:

o **Risk 3: Commercial & Procurement.**

Progress has been made in this period to further establish a standardised, consistent and pragmatic social value approach in contracts let across the council. A steering group has been formed with representatives across departments following a workshop and presentation by The Social Value Portal.

The service was also asked to review areas of Council spend and contracts through the Risk Manager on behalf of the Cabinet Member for Finance and Commercial Services in accordance with the Ruthlessly Financially Efficient Action Plan Objective: 13 To undertake a comprehensive programme of contract review, challenge, and negotiations to realise savings across all third party spend. The following work was initiated in response to this and includes;

• completed a review and refresh of the Council's Contract Standing Orders;

• weekly reviews commenced of a sample of spend data, contracts and of goods receipting against paid invoices.

Contract information is now provided regularly to SLT via the performance dashboard report.

o **Risk 11: Decision making and maintaining reputation and service standards. Good Governance, conduct, external inspections.**

New governance and decision-making thresholds have been approved and implemented. A microsite with new guidelines for officers has been created and there will be a series of training sessions rolled-out along with visits to Department Management Teams.

A note prepared by Lawyers in Local Government (LLG) for the benefit of its members in order to introduce the EU Exit Amendment Legislation brought in by the government in response to Brexit was issued to the Borough Solicitor and distributed to Managers. This note followed the government's preparations for Brexit which resulted in a number of legal provisions and guidance documents being flagged which will impact directly on local government. In consequence, there is a need for all local authorities to work through the governance documentation of their own council to ensure that it remains up to date and relevant after withdrawal from the EU.

Local Authorities will have wide and varied adopted policies. Some are required by law and some will have developed from locally specific circumstances. The main core policies held by a local authority which might be affected by EU Exit Statutory Instruments may include:

• Planning & Building Policy

• Planning Enforcement Policy

• Local Plan

• Licensing Policy

• Environmental Enforcement Policy

• Recycling & Waste Policy

• Transport Policy

• Allocations Policy

• Housing Enforcement Policy

• Children Missing Education

• Safeguarding Adults Policy

• Foster Carers Delegated Authority Policy

• Local Housing Allowance Policy

• Equal Opportunities and Human Rights Policy

• Procurement, Tenders & Contracts Policy

• HR Policies - Pensions, Redundancies, Redeployment, Capability, Recruitment, Disciplinary, Whistleblowing etc.

o **Risk 23: High needs budget pressure.** Dedicated schools grant (DSG) is paid in support of local authority schools' budgets, being the main source of income for the schools. In common with other London Boroughs, the High Needs Block element has come under increased pressure in supporting children with special educational needs and spend is significantly higher than the funding provided by central government.

o **Risk 26: Brexit.** The Chief Executive and Strategic Leadership Team were briefed on the status of the Council's preparations in October. A core Brexit Team of Officers led by the Strategic Director of Finance and Governance developed plans for a range of possibilities. To prepare for Brexit, the Council appointed a Brexit Lead Officer, Brexit Single Point of Contact and Core Brexit Impact team all from existing resources. These roles were responsible for ensuring the Council took reasonable steps, in line with guidance from Government and its agencies, to prepare for Brexit. The Lead Officer and Single Point of Contact post holder proactively raised and challenged the Government and London Resilience Forum on issues such as Single Status applications, emerging trends and other local intelligence that assisted in No Deal preparations.

o **Risk 32: Corporate management of Health and Safety.** No enforcement action has been taken against the Council by the HSE since the last report.

o **Risk 33: Transport for London funding for renovation of the Hammersmith Bridge and the consequence of delays impacting on our residents, businesses, visitors and users.**

2.   Financial implications

2.1   There are no specific financial implications arising from this report. Services are expected to manage their risks within current budgets. Where additional funds are required to mitigate or manage risks, separate decisions reports will be required for the approval of unbudgeted expenditure.

2.2   Risk 30, Financial Management of in year budget 2019/2020 and Medium-Term Planning identifies the risks to balancing the budget in response to continued government funding and demand pressures faced by the Council and the sector more generally and is assessed as high risk. The in-year position is reported monthly in the Corporate Revenue Monitor to Cabinet and the Medium-Term Financial Strategy and Budget setting process is in progress and will need to be approved by Full Council in February 2020. Other corporate risks, specifically 22 and 23, on Children's services placements and high needs, also identify financial pressures arising from demand and complexity of service provision which need to be managed.

Comments drafted by Emily Hill, Assistant Director, Finance

3.   Legal implications

3.1   There are no particular legal implications arising from this report.

Comments drafted by Rhian Davies, Borough Solicitor

List of Appendices:

Appendix 1, List of Corporate risks.
Appendix 2, List of high and medium risks.
Appendix 3, Front of mind business risks.

Appendix 1, List of Corporate risks at Q3 2019/20

Priority Being ruthlessly financially efficient		Q2 19/20	Q2 19/20	Q3 19/20	Q3 19/20	Appendix 1, List of Corporate risks at Q3 2019/20		
Risk	No.	Likelihood	Impact	Likelihood	Impact	Movement	Exposure	Officer
Commercial contract management and procurement risks, rules, outcomes, social value, management of spend and contractor performance management.	3	3	4	3	4	Stable. Work continues in support of the Ruthlessly Financially Efficient Action Plan. Whilst the Zero-Based Budgeting Team are conducting a review of the operating model for Commissioning and Procurement the Corporate Procurement and Contracts Service are reviewing contract expenditure, sample checks on goods receipting is taking place and are supporting departments during the introduction of the new decision-making thresholds. New insight has been provided by the Service on contract spend through the SLT Performance Dashboard to compliment the existing commercial and business intelligence report.	M	HJ
Business resilience risks (systems, processes, resources, IT) Separation of the IT Network Infrastructure to a new sovereign model and capacity of the Network at new Civic Campus sites.	5	3	4	3	4	Stable. All Service departments are required to review and refresh plans to accommodate recent moves away from the Town Hall and Extension to the new Civic Campus. Where services have not updated continuity plans, they are being followed up with Directors. The Council's September and October meetings of the Assurance and Risk Officer Group were briefed on issues arising from Brexit. Following the September meeting of the Audit, Pensions and Standards Committee the dedicated disaster recovery plan for the Mortuary Service has been reviewed and refreshed. The scale and pace of forthcoming changes result in the risk remaining moderate.	M	SL
Information management and digital continuity, regulations, legislation and compliance.	6	3	4	3	4	Stable. Roll out of laptops under the TECHTONIC Programme was successfully completed. This included staff re-signing a Personal Commitment Statement. All users, including third party contractors and temporary staff, must ensure they read, understand, and sign up to the statement as well as all related policies, procedures and instructions issued by the Council. ICO Audit response plan and GDPR Project plan in place. New steering group led by Strategic Director of Finance and Governance. User access to the H&F network and the issue of Council laptops, mobile phones, or any other Council device is contingent with users confirming in writing their understanding of the terms of use. 'Protecting Residents Data' a project with Children's Services has progressed and reported to the Statutory Accountabilities Officer Board and reported incidents have reduced. There are Caldicott Guardians for Children's and Adult Social Care respectively, and a Caldicott support manager, along with the Council's information management team, headed up by a Head of Information Management and Projects.	M	VB
Failure to identify and address internal and external fraud.	12	3	4	3	4	Stable. Policies reviewed and approved at Audit and Pensions Committee. A refresh of the bribery risk assessment has been undertaken. Fraud Awareness training is available on the Learning Platform and has been delivered to the Contract Managers Forum. The half year report to Strategic Leadership Team has been provided and is on the Audit and Pensions Committee December 2019 agenda. Refreshed Fraud Response Plan, Anti-Money Laundering and Bribery Policies reviewed by SLT Assurance.	M	DH

Appendix 1, List of Corporate risks at Q3 2019/20

Risk	No.	Q2 19/20 Likelihood	Q2 19/20 Impact	Q3 19/20 Likelihood	Q3 19/20 Impact	Movement	Exposure	Officer
Financial Management in year budget 2019/2020 and Medium-Term Planning. * Incorporated risk 31 ASC balanced budget pressure.	30	5	4	5	4	Stable. Ruthlessly Financially Efficient Action Plan. SLT Performance Dashboard including savings targets and forecast variance, capital spend and in year forecast and revenue collection quarterly trend. Income and debt management review. Four Zero Based Budgeting progressed 7 out of 11 wave 1 reviews now nearing completion and offer detailed options. Budget challenge sessions subsequently held with SLT and members. Top ten areas for focus on delivering savings are being tracked and managed, as well as pipeline opportunities identified by services and monitored by PMO and SLT Programmes via a dashboard. New IBC Managed Service controls. Agency Spend Monitoring. Contract reviews, Procurement Card spend reviews, Purchase Order validation and updated communications, spend data analysis, validation of expenses. SLT Dashboard, reviewed by Programme Management Office and the CRM Monitor. An overspend of £11.130m is forecast for the General Fund. Action plans of £1.944m are proposed as partial mitigation against the forecast overspend. If delivered the forecast overspend will reduce to £9.186m.	H	HJ
Priority Creating a compassionate council		Q2 19/20	Q2 19/20	Q3 19/20	Q3 19/20			
Risk	**No.**	**Likelihood**	**Impact**	**Likelihood**	**Impact**	**Movement**	**Exposure**	**Officer**
Managing statutory duties, equalities, human rights, duty of care regulations, highways. * Health and Safety moved to new Risk 32	7	3	4	3	4	Stable* at risk of increasing if a bad Brexit or No deal is reached as there may be changes to the regulatory environment.	M	SL/HJ
i) Standards and delivery of care, protection of children and adults. ii) Reliance on external assurance providers and providers to identify and communicate issues arising from inspections e.g. Ofsted and Care Quality Commission	8	3	3	3	3	Stable. The recent Ofsted inspection of Children's Services were judged as 'Good' across all four areas of assessment. The new Ofsted Education Inspection Framework for September 2019 has been published. As before there is a specific document called 'Inspecting safeguarding in early years, education and skills' and this has also been updated. Changes to the Ofsted requirements will have an impact of workloads specifically in the area of non-regulated settings. The Council is partly reliant on the performance of external bodies, undertaking reviews of establishments and that all issues are communicated to them for action in a timely manner. An external inspection regime RAG rating monitor is included in the quarterly dashboard to SLT Assurance.	L	LR/JM cS
Failure of partnerships and major contracts (Commercial Providers, Family Support Service, New Housing, FM and School related contractors and suppliers, IBC) LBHF acting as the lead Authority for the development of the WLA Dynamic Purchasing System for Semi Independent Living accommodation arrangements for Looked After Children and Care leavers 16+. West London Coroner's Court ("WLCS") provides coronial services for six boroughs in West London.	9	3	3	3	3	Stable. The Council's 2019–2041 Local Implementation Plan (LIP 3) strategy and is funded entirely by Transport for London (TfL). A report outlining the proposals and how they contribute to the Council's business plan was approved at November Cabinet. The council's LIP Corridors, Neighbourhoods and Supporting Measures award for 2020/21 is £1,498,200 and the Local Transport fund is £100,000. This funding is specifically provided by TfL for transport projects delivering the Mayor's and the Council's transport objectives and targets, as detailed in the Mayor's Transport Strategy (MTS3) (published in April 2018) and council's LIP3 (approved by the Mayor in April 2019). Successful delivery will further aspirations to be the greenest borough, being fair to drivers and better for cycling, being financially ruthless and doing things with not to residents. It is guided by the Mayor of London's "Healthy Streets" principles and supports the council's climate change agenda and commitment to co-production with disabled residents.	L	SLT

Appendix 1, List of Corporate risks at Q3 2019/20

Risk	No.	Likelihood Q2 19/20	Impact Q2 19/20	Likelihood Q3 19/20	Impact Q3 19/20	Movement	Exposure	Officer
Increase in complexity of working with Health partners (Primary Care Networks, Clinical Commissioning Groups, Federation Board and Integrated Care systems)	10	3	4			Stable - H&F CCG must deliver £300m savings in 19/20, Financial Recovery Plan and Planning.	**Delete as agreed with LR**	LR/JMS
Children's services placements. Increase in the number of looked after children in the last 3 years creates budget pressures as the budget is not based on head count.	22	5	4	5	4	Stable risk assessed. As with other London Boroughs, we are seeing a rise in demand from adolescents at risk due to knife crime, child sexual exploitation and children being used for drug trafficking (County lines). Work continues to ensure that the forecast is robust, and that young people are placed in the most appropriate placement for their need. LAC numbers have increased by 15 to 257, up from 242 in November 2018 hence the red rating.	H	JMcS
High needs budget pressure.	23	5	4	3	4	Monitoring undertaken by the PMO and SLT Programmes with a designated Project Manager. Programme reports as amber hence the reduction in this quarter to align the positions. DSG monitor at SLT Assurance on the Dashboard. Councils are lobbying nationally to address acute government underfunding of this area and the recent Spending Round 2019 announcement included £700m, starting in 2020/21, to support children and young people with special educational needs. The basis of the grant distribution has yet to be confirmed but any extra funding for Hammersmith and Fulham may provide partial mitigation against the underlying future deficit hence the initial move to amber.	M	JMcS
Priority All Council Priorities								
		Q2 19/20	Q2 19/20	Q3 19/20	Q3 19/20			
Risk	**No.**	**Likelihood**	**Impact**	**Likelihood**	**Impact**	**Movement**	**Exposure**	**Officer**
Decision making and maintaining reputation and service standards. Good Governance, conduct, external inspections.	11	2	4	1	4	Improving. The new Corporate Induction for Managers has commenced with further sessions planned. Decision Making Training completed, Positive Ofsted Outcomes - quality of support for care leavers, Complaints and Ombudsman's reviews have been separated out and a new risk created for monitoring improvements, Programme Management, Review of Contract Standing Orders completed, and new governance and decision-making thresholds approved. A microsite with new guidelines has been created and there will be a series of training sessions rolled-out along with visits to DMT's. Review of Corporate Policies and Strategies framework completed by SLT and to be kept under review.	L	HJ/RD
Change Readiness e.g. Agile Working, TechTonic, New systems.	16	3	4	2	4	Improving. Activities to manage change through the PMO/BI and methodology to ensure all major programmes do change well and so that managers support people well through change.	L	MSI
Attracting and retained talented people to LBHF.	17	3	4	2	4	Improving. The People Strategy implementation including the new 'H&F Way' culture change movement is addressing the issues that most concern our workforce to improve our employer reputation and ability to retain talent. The Council is committed to staff learning and development and has delivered 100+ learning and development events this year including Future Leaders, the Commercial Academy, negotiation skills, recruitment for hiring managers and a suite of manager essentials courses. Get Ahead and Apprenticeship schemes are making a difference. Workforce dashboards and KPIs are closely monitored.	L	DA

Appendix 1, List of Corporate risks at Q3 2019/20

Risk	No.	Likelihood	Impact	Likelihood	Impact	Movement	Exposure	Officer
Impact of a 'poor-deal' Brexit (Workforce, Housing, Contracts, Residents, Finances)	26	5	4	5	3	Improving. Local impact mitigated by LBHF's contingency planning activity and the further extension was granted by the EU. The Head of Strategy has issued nine Brexit briefing notes. Two Brexit Service resilience group meetings have taken place. The Ministry of Housing, Communities and Local Government has made available funds amounting to £209,984 for each primary authority to assist in mitigating the negative impacts of Brexit. The allocation of over half of these funds has been agreed by the Cabinet Member for the Economy and the Arts. A core Brexit Team has been established utilising existing resources from Business Continuity, Audit Risk Fraud and Insurances and Policy and Strategy. Weekly calls and reporting into London Resilience on current or emerging issues. SLT have been updated on contingency planning arrangements.	M	HJ
Failure of the Management Information reporting systems for CHS	28	2	4			The work commissioned prior to the Ofsted Inspection was successfully delivered. A residual issue remains concerning the management reporting system and overview which are being reviewed.	**Delete as agreed with LR**	JMcS
Management of complaints, requests for information, members enquiries	29	4	4	4	4	Stable. Risk proposed for inclusion by Strategic Leadership Team. SLT Business received a report on the current issues associated with delivering Improved Performance for Member Enquiries, Complaints FOIs and SARS. A new steering group has met, chaired by the Strategic Director of Finance and Governance to progress and support improvement and change.	H	SL
Corporate management of Health and Safety	32	3	4	3	4	Stable. No HSE enforcement this quarter. 35 entries are currently on the Operational (Health and Safety) Risk Register. Since 28th August 2019: 15 new entries have been added to the register; 6 entries have been completed in the period, 4 of which were completed on target.13 outstanding entries have missed the target date. ADs and Service Managers are reminded to report updates to Corporate Health and Safety; progress may extend target dates where suitable and sufficient risk mitigation can be evidenced. Consolidation of Corp H&S Support Service through realignment of Job Descriptions at cost neutral, going to Resource Management Board for approval. Revised policy to strengthen H&S management system going to APC for ratification in December. Sub-policies review to commence as priority after this date.	M	HJ
Priority Taking Pride in Hammersmith & Fulham, Doing things with, not to residents		Q2 19/20	Q2 19/20	Q3 19/20	Q3 19/20			
Risk	**No.**	**Likelihood**	**Impact**	**Likelihood**	**Impact**	**Movement**	**Exposure**	**Officer**
Compliance with the statutory duties to undertake inspection regimes covering Management of Asbestos, Electrical Testing, Fire Risk, Plant and Equipment, Water/Legionella.	14	3	5	3	5	Stable. Housing stock remains compliant across key areas - gas, electrical safety, water etc – monthly rolling monitoring programme in place. Monthly Contract meetings remain in place with all contractors and reported to senior management teams. Interim model continues to be reviewed through a series of workstream meetings with relevant persons to hone and improve the system with an eye on the Long-term model. Long-term Repairs model approved at Cabinet in October. OJEU notice planned to go out. Enforcement notice from LFB for Netherwood has been complied with, a month early, and signed off by LFB. Bi-monthly meetings with LFB continue. Risk based assessment in place for 27 buildings over 18+ metres with combustible spandrels/infill panels. Data on DELTA for MHCLG. Quotes commissioned. Capital works fire doors: Kier and Engie contracts signed and delivery programme in place, starting with higher risk estates Charecroft and Edward Woods from January/February.	M	HJ/JR

Appendix 1, List of Corporate risks at Q3 2019/20

Risk	No.	Q2 19/20 Likelihood	Q2 19/20 Impact	Q3 19/20 Likelihood	Q3 19/20 Impact	Movement	Exposure	Officer
Co-ordination and response to calls on the Council for Mutual Aid in a crisis and emergency planning response	15	3	5	3	5	Stable, the UK national threat level is substantial, meaning an attack is likely, and reflects the threat from Islamist, right and left-wing terrorism. This forms the security backdrop to the current moderate rating a slight improvement from the severe rating in the last quarter.	M	SL
Priority Doing things with, not to residents								
An event which triggers the Fulham Mortuary being designated as a disaster Mortuary	19	2	4	2	4	Stable. Designated Disaster Mortuary Plan has been reviewed and updated following recommendation from the Audit and Pensions Committee. FM, Emergency Planning, Coroners Service, Mortuary Service and Borough Solicitor are in a whatsapp group in the event of an emergency and are having monthly meetings to ensure the plan is ready in the event it is triggered.	L	RD
King Street Civic Campus	21	2	4	2	4	Stable. New governance arrangements are in place include the Civic Campus Programme Delivery Board and the overall programme status highlight report is noted as green. Key programme milestones, workstream progress, budgets and risks and issues are reported to the Board. The Town Hall Extension achieved vacant possession and was handed over.	L	JR
Digital Accessibility, public sector websites and apps will have to meet minimum accessibility standards. Just as all government buildings must legally be accessible to all who wish to access them, so too must their digital gateways.	27	3	4	2	4	Improved. A project is in place to improve the accessibility of the council's website and other digital services. Every digital service the council builds or buys, and every piece of content produced must now meet accessibility standards. For the council website, the team has initially been working on quick fixes such as formatting tables, removing generic link text such as 'click here' and 'read more' and structuring pages with the right tags. Next, there will be improvements with the colour contrast between text, links and the background and to add missing alternative text to images. The communications team will be working with the co-production and housing resident involvement teams to create a citizens' panel the council can use for accessibility and user testing.	L	LR
Transport for London funding for renovation of the Hammersmith Bridge and the consequence of delays impacting on our residents, businesses, visitors and users.	33	3	4	3	4	Stable. Concept design works progressing and will be completed by 31st March 2020. The next two phases are detailed design and construction works. Temporary Bridge proposal being developed by TfL and tender due in the new year. This bridge will reduce construction phase by up to seven months. Investigatory works on the four pedestals are now under way and due to complete June 2020.	M	SL
Preparedness for elections	34	3	4	2	4	Improved. A national election has been announced. The Electoral Services team is highly performing and well-regarded in London. The principle risk here is responding to a snap (sudden) election and mobilisation following the announcement. The Borough Solicitor and the Electoral Services Manager have visited several venues and have agreed a suitable count venue. An elections project team has been formed to manage the preparations. Security advice for Returning Officers and Candidates by the Electoral Commission on behalf of the Cabinet Office including but not limited to; 1. Social media companies are taking steps to secure their platforms and users against misuse during the 2019 General Election. 2. A guide has been jointly produced by the National Police Chiefs' Council (NPCC) Crown Prosecution Service (CPS), College of Policing and the Electoral Commission to help candidates respond to intimidatory behaviour. The first part of the guide provides practical advice.	L	RD

Appendix 1, List of Corporate risks at Q3 2019/20

					3. Election Security for Polling Stations and Counting Venues.		

**Appendix 2** List sorted by high and medium risks

Risks by severity, High	Count of No.
H	3
Children's services placements. Increase in the number of looked after children in the last 3 years creates budget pressures as the budget is not based on head count.	1
Financial Management in year budget 2019/2020 and Medium-Term Planning. * Incorporated risk 31 ASC balanced budget pressure.	1
Management of complaints, requests for information, members enquiries	1
Grand Total	**3**

Risks by severity, Medium	Count of No.
M	11
Business resilience risks, systems, processes, resources, IT and preparation for accommodation moves including moves out of Pembroke Road buildings (Moving On 2) and adequacy of the BECC site. Separation of the IT Network Infrastructure to a new sovereign service.	1
Commercial contract management and procurement risks, rules, outcomes, social value, management of spend and contractor performance management.	1
Compliance with the statutory duties to undertake inspection regimes covering Management of Asbestos, Electrical Testing, Fire Risk, Plant and Equipment, Water/Legionella.	1
Co-ordination and response to calls on the Council for Mutual Aid in a crisis and emergency planning response	1
Corporate management of Health and Safety	1
Failure to identify and address internal and external fraud.	1
High needs budget pressure in the Direct school block.	1
Impact of a 'poor-deal' Brexit (Workforce, Housing, Contracts, Residents, Finances)	1
Information management and digital continuity, regulations, legislation and compliance.	1
Managing statutory duties, equalities, human rights, duty of care regulations, highways. * Health and Safety moved to new Risk 32	1
Transport for London funding for renovation of the Hammersmith Bridge and the consequence of delays impacting on our residents, businesses, visitors and users.	1
Grand Total	**11**

Appendix 3, Front of mind business risks.

This snapshot, an extract produced by Airmic in collaboration with Longitude, KPMG and Marsh, is based on the responses of 157 members. While job roles and sizes of organisations vary, respondents primarily come from risk and management, insurance and enterprise risk management at large multinational businesses. Increasingly, risk registers are dominated by external threats to the organisation and focused on protecting assets that are increasingly difficult to define and harder to value. Although it is difficult to be certain about the impact of new digital technologies on business models, it is clear that digital technologies represent significant business transformation opportunities.

Protecting intangible assets is recognised as a key priority for risk professionals, while risks beyond the organisation's control are expected to rise in profile. The non-physical assets of a company – **intellectual property, data and reputation** – now make up around 80% of a corporate's value.
Figure 1.
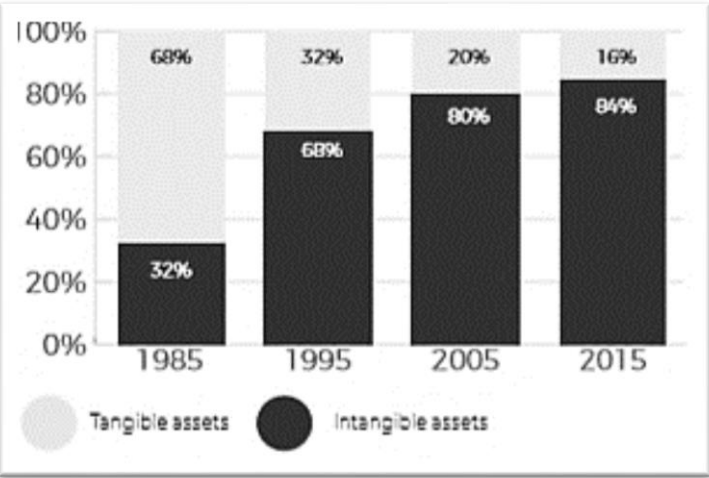
Loss of reputation has been identified as the top business risk for the third consecutive year, while data security and political uncertainty are high on the agenda too. Reputation as a key business indicator is not restricted to the latest generation of businesses, however. **Damage to reputation and brand value was identified by 76% of respondents (Figure 2)**. All businesses, including the traditional sectors of energy, transportation, manufacturing and retail, must increasingly consider their public perception and reputation as a good corporate citizen in a world where climate crises, the #MeToo movement and diversity are high in social consciousness.

With business interruption following a cyber event second on the list of members' top-of-mind business risks, and the introduction of the GDPR in 2018, increasing the potential for large fines in the event of a data breach and compounding awareness levels of information security, it is unsurprising to find **data security the top concern.**
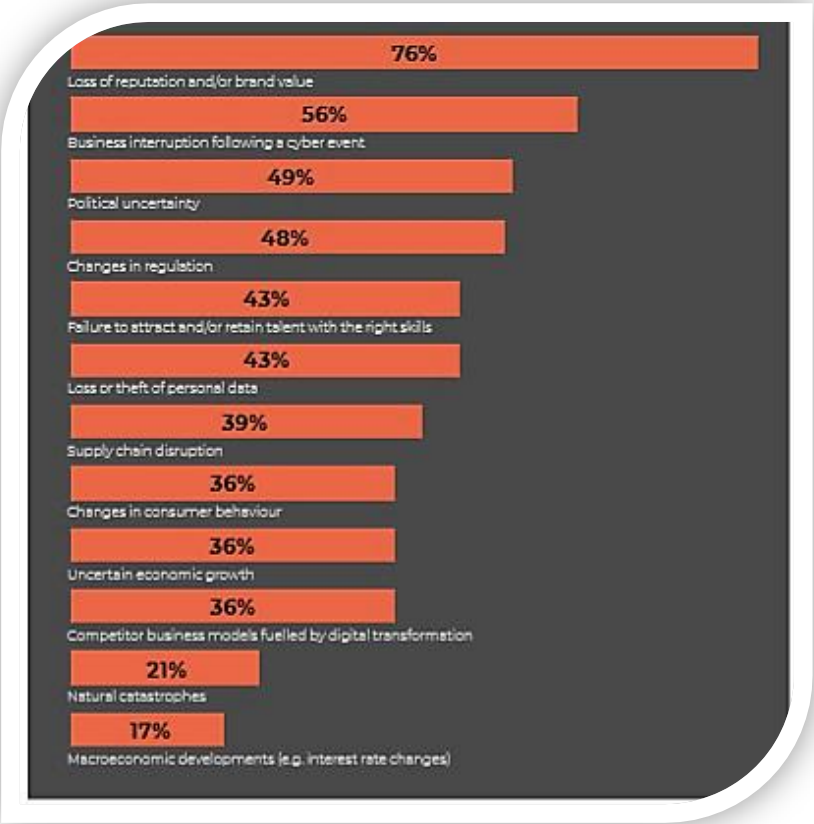
Figure 2. – Top current concerns.

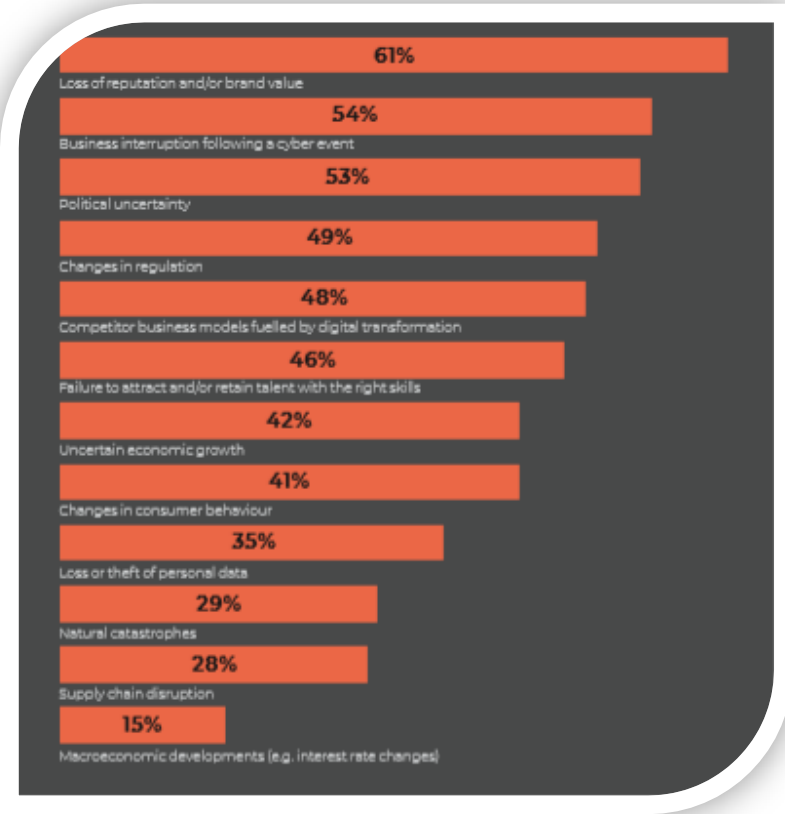**Figure 3. - Front-of-mind business risks facing organisations in three years' time.**

Figure 4. Top concerns in boardrooms

Political uncertainty is another intangible issue that organisations are grappling with to understand and quantify. Risks relating to geopolitical tensions are expected to be the hardest to manage over the next three years (Figure 4). While some geopolitical developments may emerge slowly or fly below the radar, seismic events such as Brexit or elections have set in motion long-term consequences that are difficult to predict and prepare for. The world is less certain and more complex. Geopolitical risks are no longer restricted to a handful of regional hotspots – they are **global and intensifying.**
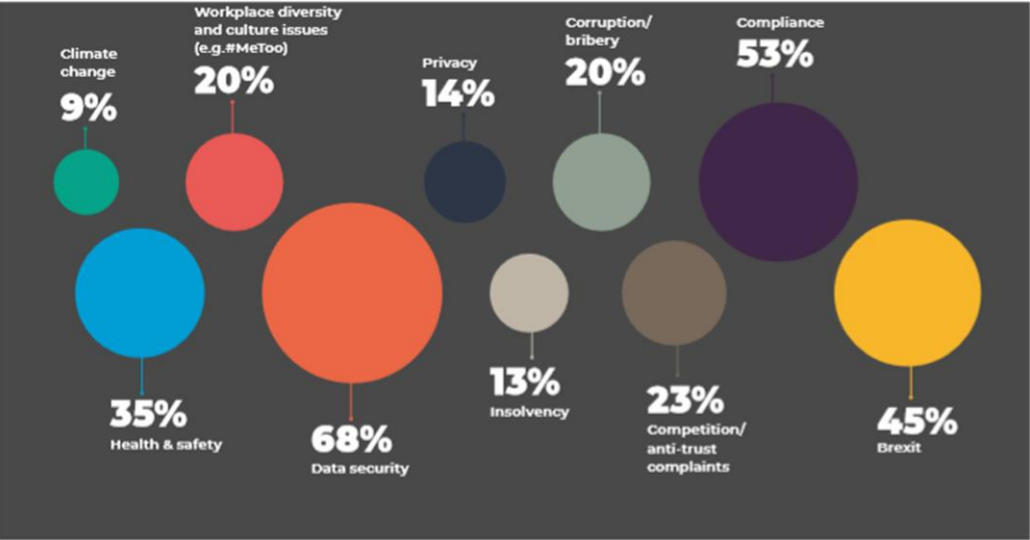
Times have changed.

As the complexity of the world increases and the pace of change heats up, managing emerging risk cannot be a strategic afterthought. A time lag can open up when the external and internal context of an organisation moves faster than the organisation, creating a gap between the reality and the perception of risk. An assessment of these risks should be part of the strategic planning process and contribute to the strategy context-setting process. The frequency of risk assessment and analysis should be a function of **how fast risks are emerging** and the level of their materiality.

London Borough of Hammersmith & Fulham **AUDIT AND PENSIONS COMMITTEE** **16 DECEMBER 2019**	h&f hammersmith & fulham

INTERNAL AUDIT UPDATE REPORT TO NOVEMBER 2019

Report of the Strategic Director of Finance and Governance

Open Report

Classification: For Information **Key Decision: No**

Wards Affected: None

Accountable Director: David Hughes, Director of Audit, Fraud, Risk and Insurance

Report Author: David Hughes, Director of Audit, Fraud, Risk and Insurance	**Contact Details:** Tel: 0207 361 2389 David.HughesAudit@lbhf.gov.uk

1.   EXECUTIVE SUMMARY

1.1.   This report summarises internal audit activity in respect of audit reports issued and follow ups undertaken up to 20 November 2019. This change in reporting, and the improved assurances provided in this report on audit work undertaken, reflect the positive impact of the increased focus on assurance and risk management, led by the Chief Executive.

2.   RECOMMENDATION

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 and follow up work undertaken on agreed actions up to 20 November 2019.

Internal Audit Coverage

4.2.   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.

4.3.   3 audit reports have been finalised since the last report to the Committee up to 20 November 2019, of which two received Satisfactory Assurance. For the other three an overall assurance opinion was not provided as they were advisory reviews requested by the relevant directorates.

4.4.   Departments are given 10 working days for management agreement to be given to each report. Appendix 1 sets out the reviews which have been completed since the last report to the Committee.

Follow up of Recommendations

4.5.   From December 2018, Internal Audit are reporting in more detail to Committee on the outcome of our follow up of recommendations raised and actions agreed with management. This follows on from improvements in performance over the past 18 months, where the Committee received reports on instances where management had not updated progress against agreed actions or reported completion of actions by their due date.

4.6.   In the period up to 20 November 2019, 13 recommendations which were due to have been implemented have been followed up by Internal Audit.

4.7.   Of the 2 high priority recommendations followed up, 1 was confirmed as implemented and 1 was partly implemented. Of the 11 medium priority recommendations followed up, all 11 were implemented.

4.8.   For a summary of the recommendation confirmed as either partly or not implemented, see Appendix 3.

5.   Ruthlessly Financially Efficient

5.1.   The Council's Vision sets out five council priorities, which includes being 'ruthlessly financially efficient'. In response to this essential priority, the Chief Executive and Strategic Director of Finance and Governance issued a strategic approach to all directors and managers, sharing expectations and setting out the standards that must be followed.

5.2. The Council's approach to being Ruthlessly Financially Efficient will continue to develop and move at pace in response to its experiences of implementation. The Cabinet Member for Finance and Commercial Services, Council's Strategic Leadership Team and Finance Board have been kept appraised on the progress of RFE Action Plan.

5.3. As part of the Council's drive to be Ruthlessly Financially Efficient, a Ruthlessly Financially Efficient Action Plan has been developed and is maintained and reviewed by SLT and the Cabinet Member for Finance. To provide assurance on the progress of actions within the Plan, Internal Audit have been asked to undertake a continuous programme of testing of key financial controls.

5.4. Appendix 4 sets out the results of the RFE testing progress to date, with further reports to be provided going forward as part of the Internal Audit Update report. There have been difficulties obtaining reports to enable testing to be undertaken on a number of the People/Payroll related controls. This is a result of reports/ appropriate data access not being provided to the People and Talent team by the IBC. It is understood that reports have very recently been received and Internal audit are working with the People and Talent team to obtain and analyse this data so that further testing can be undertaken.

6.   OPTIONS AND ANALYSIS OF OPTIONS

6.1. The Director of Audit, Fraud, Risk and Insurance is required to provide an annual report and opinion on the Council's system of internal control under the Public Sector Internal Audit Standards. To enable this, an annual Internal Audit Plan covering the Council's key risks is devised in consultation with the Strategic Leadership.

7.   CONSULTATION

7.1. The report has been subject to consultation with the Strategic Leadership Team.

8.   EQUALITY IMPLICATIONS

8.1. There are no equality implications arising from this report.

8.2. Implications verified by Fawad Bhatti, Social Inclusion and Policy Manager.

9.   LEGAL IMPLICATIONS

9.1. Regulation 3 of the Accounts and Audit Regulations 2015 sets out the Council's responsibility for ensuring that it has a sound system of internal control which:

> a. facilitates the effective exercise of its functions and the achievement of its aims and objectives;
> b. ensures that the financial and operational management of the authority is effective; and,
> c. includes effective arrangements for the management of risk.

9.2. Regulation 5 requires the Council to ensure that it undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

9.3. Implications verified by Rhian Davies, Assistant Director of Legal and Democratic Services, tel. 07827 663794.

10. FINANCIAL IMPLICATIONS

9.1 The Internal Audit Plan is delivered within the revenue budget for the service. Actions required as a result of audit work, and any associated costs, are the responsibility of the service managers and directors responsible for the areas which are reviewed.

9.2 The proposals contained in this paper have no additional resource implications for the audit service.

9.3 Implications completed by Andre Mark, Finance Business Partner, 020 8753 6729 and verified by Emily Hill, Assistant Director, Corporate Finance, 0208 753 3145.

11. IMPLICATIONS FOR BUSINESS

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

10.2 Implications verified by Albena Karameros, Programme Manager, Economic Development, 07739 316 957.

12. COMMERCIAL IMPLICATIONS

11.1 There are no commercial implications arising from this report.

11.2 Implications verified by Andra Ulianov, Head of Contracts and Procurement, 0777 667 2876.

13. IT IMPLICATIONS

13.1. There are no ICT implications arising from this report.

13.2. Implications verified by: Veronica Barella, Chief Information Officer,

Tel 020 8753 2927.

14. RISK MANAGEMENT

13.1   The Internal Audit Plan is developed and delivered to cover the key risks faced by the Council, to provide assurance on the key controls in operation and the effective management of key risks.

13.2   Implications verified by Michael Sloniowski, Risk Manager, telephone 020 8753 2587

LOCAL GOVERNMENT ACT 2000
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 covered in this report	David Hughes 0207 361 2389	Corporate Services, Internal Audit 3 Shortlands

LIST OF APPENDICES:

1. Audit reports issued to 20 November 2019
2. Summary of Audit Reports issued to 20 November 2019
3. Summary of Partly Implemented and Not Implemented Internal Audit Recommendations
4. Ruthlessly Financially Efficient testing - Summary of Findings

Audit reports issued to November 2019   APPENDIX 1

We have finalised a total of 6 audit reports since the last report to Committee in up to November 2019 to be reported to this Committee. We categorise our opinions according to our assessment of the controls in place and the level of compliance with these controls.

No.	Audit Plan	Audit Title	Director / Sponsor	Audit Assurance
1	2018/19	Parks Sports Facilities Bookings	Stephen Hollingworth	N/A – Advisory
2	2018/19	Savings Management	Hitesh Jolapara	Satisfactory
3	2018/19	Role of the Section 151 Officer	Hitesh Jolapara	N/A – Advisory
4	2018/19	Capital Programme	Hitesh Jolapara	Satisfactory
5	2018/19	Queensmill School	Jacqui Mcshannon	N/A – Advisory
6	2018/19	Advertising Hoarding Income – Bentworth Park	Jo Rowlands	N/A - Advisory

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.

Ref	Audit and Scope	Details	Assurance Rating
1	**Parks Sports Facilities Bookings** The objectives of this review were to assess and evaluate the controls in the following areas: • Strategy, Policy and Procedures; • Processing Bookings; • Income Collection and Debt Recovery; and • Enforcement of Bookings.	The Council currently operates over 60 parks and open spaces within the borough. These range from Metropolitan Open Spaces to Local and Pocket Parks. The maintenance of the Council's open spaces is carried out under a contract held by Idverde. The Council pay Idverde a fee under the terms of the contract for maintenance of all parks and open spaces. Idverde manage bookings and income collection for sports facilities in the open spaces, where these are available. As of 1 January 2018, Idverde now guarantee the Council a fixed amount of income per month. Any income over that amount received in the month goes into the profit share agreement. Based on the work undertaken, we found sports bookings to be well controlled overall. The absence of a formal bookings policy setting out the Council's approach to prioritising certain groups and block bookings has made it more challenging to demonstrate that Idverde are acting fairly and in line with Council priorities when processing bookings; however, no evidence of inappropriate practice was identified through our work. Two Medium and one low priority recommendations have been raised to improve control: 1) Develop a sports facilities booking policy; 2) Develop local procedures; and, 3) Undertake periodic analysis of sports bookings.	N/A – Advisory Review
2	**Savings Management** The objectives of this review were to assess and evaluate the controls in the following areas: • Governance; • Development of Savings Proposals; • Changes to Savings Proposals and Targets; and • Monitoring and Management of Savings Achievement.	On 21 February 2018 Budget Council approved the 2018/19 budget. The Council's total net expenditure budget was set at £138.9m. Growth of £6.5m has been provided to meet statutory obligations, demographic, service pressures and key resident priorities. Savings of £15.0m have been put forward to balance the 2018/19 budget. 40% of the savings relate to central support services and income from commercial activities. The ability of the Council to achieve these planned savings will be vital in achieving the approved budget. The overall budget setting process was found to be robust; however, areas for improvement were identified in how the rationale behind savings proposals is recorded and tracked. Two high, two medium and two low priority recommendations were raised as follows: 1) The Head of Strategic Planning and Monitoring should remind all relevant staff of the need to ensure that a savings business case template is completed for all savings proposals. The Corporate Finance Team should only put forward a proposal to the challenge meetings if a savings business case template has been prepared. 2) All agreed savings proposals should be informed by a documented rationale and/or evidence base to underpin the reasonableness of calculations and assumption made. Savings should only be accepted where this information is available. 3) The savings tracker should be updated completely and accurately to reflect the current position regarding whether or not the proposed saving will be delivered. Follow-up action should be taken where updated data has not been provided by budget holders. Where savings are predicted to not be achieved an explanation and an action plan (where this can be rectified) should be included on the savings tracker. 4) Evidence should be maintained of the savings tracker being reported to Finance Board, SLT and Political Cabinet.	Satisfactory Assurance

Ref	Audit and Scope	Details	Assurance Rating
3	**Role of the Section 151 Officer** The objective of the review was to ensure that the Chief Finance Officer is complying with the requirements as set out in CIPFA's 'The Role of the Chief Finance Officer in Local Government' issued in April 2016.	CIPFA's Statement on the role of the Chief Financial Officer in Local Government sets out the role of the Chief Finance Officer (CFO) in a public service organisation. The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them. Following completion of a self-assessment, this audit reviewed the evidence to support the declaration through review of key documentation. Areas of strength included: • Developing and implementing strategy; • Leading and directing a finance function that is resourced to be fit for purpose; • Provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers; and, • Qualifications, skills, knowledge and experience. 5 Medium priority recommendations were raised as a result of our work: 1) The review of the financial acumen and skills of budget holders and senior officers should be completed in light of the introduction of the new finance system. 2) The Council should put in place an agreed timetable for development and approval of its Asset Management Plan. 3) The Council should review, update and publish a new Corporate Procurement Strategy. 4) A business continuity plan in respect of the Council's delivery of financial services should be produced, approved and kept up to date. 5) Following on from the recent review of the finance structure, an action plan should be developed, approved and monitored against.	**N/A – Advisory Review**
4	**Capital Programme Review** **RFE Objective 25, 26, 27.** 25. Audit of all major capital schemes and to assess governance and financial controls. 26. Directors must involve finance at the inception of significant capital projects to consider business cases 27. For all large capital spend schemes, reporting arrangements will be in place.	The Council's four-year Capital Programme is for the period 2018-22. The programme , totalling £282.5m, was approved by Cabinet on 5 February 2018. The Housing Capital Programme is primarily funded by Internal Borrowing, Revenue Contributions appropriated to the Major Repairs Reserve, S106, capital receipts from both Right-to-Buy (RtB) and sales of surplus non-dwelling sites and revenue contributions to capital from the general Housing Revenue Account reserves. Although the structures around reporting of the Capital Programme were found to be satisfactory, the reporting of the progress of capital projects at a corporate level focusses heavily on the financial position of the programme. Recommendations have been raised that the monitoring and reporting of non-financial aspects of capital projects such as timeliness of delivery and benefits realisation are strengthened. At the time of the audit, a programme management methodology was being rolled out across the Council and this provides an opportunity to strengthen the monitoring and reporting of the non-financial aspects of the Capital Programme. Two high, one medium and one low priority recommendation were raised as follows: 1) Monitoring and reporting of the Capital programme should be strengthened to include non-financial elements. Where possible this reporting should be combined with the current reporting arrangements in the Capital Budget Monitor and also any corporate programme and project monitoring arrangements. 2) Capital project managers should be reminded that formal monitoring meetings should be held on a regular basis to monitor the progress of the project. 3) The Economy department finance staff should ensure that the Capital Monitoring Corporate template is completed and returned to Corporate Finance within the defined timescales. 4) Where there is a budget over/under spend, Project Managers should provide adequate explanation for the variance, its cause and action being taken to prevent it happening in future projects.	**Satisfactory Assurance**

Ref	Audit and Scope	Details	Assurance Rating
5	**Queensmill School** Advisory review commissioned by the former Director of Children's Services	Queensmill is specialist school for children and young people diagnosed with autism aged from 3-19. In 2014, the Children and Families Act was extended to include 19-25 years old. The School sought permission from the Council to open a provision to fill a gap in the HE sector for the School's leavers who would otherwise have no appropriate setting to continue their education. In order to meet the legal requirements of operating this provision a Community Interest Organisation (CIO) called Q+. A considerable amount of time and effort has been put into the set up the charity and advice was sought throughout this process. The amount work required to form and operate the charity and the complexity of the financial arrangements between the school and the charity was greater than initially envisaged. The School encountered challenges in separating the financial records of the charity from the School's records. In some cases, the allocation of set up charges and operating costs between the School and charity were still to be determined. The majority of the process of separating out the accounting record of the School from the charity has been completed, but this was still ongoing at the time of our audit. Five high, five medium and two low priority recommendations were raised including: 5) The School and Q+ should review their financial knowledge, skills and competencies requirement and seek professional support if there are any gaps. 6) The Governing Body should evaluate whether the current arrangement allows Governors to identify and challenge decisions that may compromise the School in favour of Q+. 7) The School, Q+ and Council should formally agree how best to meet the set up costs relating to Q House. 8) In future, income and expenditure relating to Q House, Q6 and Project Search should be separated from the School's budget for transparency and ease of budget management. 9) Further discussions should be held between the Council and the School to establish the cost of running the School and agree the funding arrangements based on commissioning numbers, the place funding needed to run the School and top up funding to meet the pupils needs. 10) Once all transactions have been loaded, both the School and Q+ should carry out a full reconciliation on their systems to ensure that the financial records held on their respective systems are complete, accurate and up to date. Management update There is continued regular dialogue with the school and LBHF to address the issues raised in the audit. The actions sit predominantly with the school, with LBHF input to quality assure and agree next steps re future place funding. LBHF Finance and SEND have had numerous meetings with the school to support their development to improved financial assurance. The school has now: appointed a new governor who leads their finance committee and a new school business manager who has an accountancy background. LBHF is exploring additional finance capacity to support the school in further improving its accounting arrangements.	**N/A – Advisory Review**
6	**Advertising Hoarding Income – Bentworth Park** **RFE Objective – 12** Corporate oversight and greater alignment of commissioning and commercial activities aligned to our strategic priorities.	Hammersmith and Fulham Council owns a number of digital advertising hoardings at sites around the borough which have been leased to various media providers. Internal Audit were asked to visit the media provider Outdoor Plus Ltd, the tenant of an advertising hoarding in Bentworth Park. The Tenant pays a quarterly Turnover Fee, which is 75% of the Gross Profit, amounting to £50,922.83 in 2018. We sought to verify the figures stated in the Turnover certificate for the October 2018 to December 2018 period (quarter 4) and our approach involved inspecting each line of the turnover certificate and obtaining supporting documentation/ reports. We were unable to validate the amounts stated for Gross Turnover, Commission, Three monthly depreciation and Insurance and supporting information as not provided. As such we were unable to confirm that the gross profit stated on the certificate was correct. At the time of the audit, the Council were not provided with any supporting information and did not seek to validate the information contained in the certificate. In Turnover Periods where losses were incurred, these losses were treated inconsistently, sometimes being carried forward and other times not. From examination of the lease agreement, we were unable to find any reference that states that losses can be carried forward to the following period.	**N/A – Advisory Review**

This is a schedule of all recommendations that were partly implemented or not implemented.

Ref	Recommendation	Priority (1/2)	Partly Implemented / Not Implemented	Sponsor (Name/Title)	Current Position
Members & MP Enquiries, FOI, Subject Access Requests and Complaints (2017/18 review) – **Limited Assurance**					
1	Responses to enquiries, requests and complaints should be sent within the prescribed timescales in accordance with policies and procedures. Where there are likely to be delays in responding, the requestor/ complainant should be notified and updated on the progress of their request/complaint and provided with reasons for the delay in responding. All Directors and officers should be reminded of the need to ensure that responses are sent within the prescribed timescales. The process should: • Identify at an earlier stage where prescribed timescales will not be met and either prioritise the case or send an update. • Implement a mechanism to identify outstanding cases where updates have not been issued. Report performance in these areas to DMTs and SLT, including reporting open cases approaching their deadline for completion.	High	Partly Implemented	Sharon Lea – Strategic Director of Environment	Following review by the Strategic Leadership Team a new corporate overview has been established and the areas are being reviewed with clear actions and agreed timescales for improvement. While it is recognised that some services continue to perform well in this area, responses are not always sent within the defined timescales. There is still a backlog of cases which is affecting overall performance. Whilst weekly status reports are sent to departments on outstanding cases, the iCasework system was not up-to-date resulting in these reports being inaccurate. The team is exploring options of generating different reports from iCasework. In addition, the Repairs Team now have officers dealing with complaints which should result in a reduction in overdue cases. Performance is monitored by the Assistant Director Residents' Service at monthly operational meetings. An Improvement Plan is being implemented and will assist in the full implementation of this recommendation.

Key Control Objectives	Process	Control Adequacy	Control Effectiveness	Findings
1. Expense Claims – RFE Objectives 19 and 21 – Expenditure, proper use of the expenses system to ensure expenditure is in line with agreed policy.				
To ensure that supporting receipts are available for all expense claims.	Up to £999 of expenses can be claimed by staff in a single expense claim. Staff have to confirm that they have a receipt, but there is no facility for uploading receipts. From August 2019 IBC have undertaken monthly monitoring of a sample of expense claims and write to managers to confirm the validity of claims. A list of sampled claims where a response is not received from the manager is sent to Strategic Director of Finance and Governance for investigation and action.	🟩	🟩	The first period of the audit was for expenses from December to February 2019; it will be monthly from there onwards. For March 2019, there was one claim for which no response was received from the manager and this is being followed up by the Assistant Director Corporate Services.
2. Additional Allowances (Honoraria, Acting up etc.) – RFE Objective 24 - Development of agency staff reduction plan; review of honoraria, allowances and acting up awards, promotions and overtime.				
To ensure that there is evidence of a supporting rationale for the payment.	Managers can move staff to "act up" into a role or set up secondments. There is no workflow or system controls. The additional allowance will be identified by the budget manager as part of budget monitoring and via payroll reports.			Waiting for report to be provided and to check for a sample of 10 cases whether there is an end date set on the system for acting up, secondments. Also, to check how long staff have been acting up or have been on secondment. Discussions held with Internal Audit at RBKC (who is also undertaking this type of work for RBKC and WCC) indicated that their accountants have managed to generate a report from IBC (Wage type query report) which will detail staff who have received additional allowances. Mazars to discuss with LBHF accountants (Andre Mark) to establish whether a similar report can be generated.
3. Promotions				
To ensure that there is a justification for the promotion.	The Council's procedures don't allow for this although functionality exists within the system. Staff are either recruited to a post or are directly hired following an internal process.			To be confirmed by review when HR reports are available and then determine whether to continue with this test.
4. Overtime				
To ensure that overtime payments can be supported by evidence of working additional hours.	Overtime rates are dependent upon the scale of the officer. Officer inputs overtime on system and this gets work flowed to manager for approval.			Awaiting report of overtime and to check for a sample of 10 overtime payments that the rate was correct and that it was approved. Dave Rogers to explain how we can confirm that the overtime claimed has been actually worked. Internal Audit are working with colleagues at Hampshire Internal Audit and LBHF Finance to generate a report from IBC (Wage type query report) which will detail staff who have been paid overtime.
5. Journals - RFE Objective 18 - Budget Control including correct use of Journals.				
To ensure that evidence is available to support the journal.	Journals are posted and approved by two different officers. SAP does not have a workflow for the approval of journals and therefore the approval process is logged on a journal and accrual log. All journals and accruals are logged via a link on SharePoint. A new journal request is created on SharePoint and approved by the line manager or Principal Accountant level or above. Working papers are attached to the journal request on SharePoint.	🟩	🟧	For a sample of 10 journals processed from December 2019 to May 2019 in all 10 cases there was evidence to support the journal. It was however noted that in two cases, the journals had been posted onto SAP without being formally authorised. Whilst these two journals had been verbally authorised, management should ensure that formal authorisation is obtained prior to posting the journal.
6. Changes to Supplier Details – RFE Objective 19 - Officers checking, and approving invoices must ensure invoices are in line with agreed contracts and a new supplier set up process initiated and				

Key Control Objectives	Process	Control Adequacy	Control Effectiveness	Findings
advertised on the Council's Intranet. Services must complete an online form. Procurement officers process the request and submit it to the IBC to complete the approval process. All orders placed include a purchase order number of which Suppliers must include on their invoice when they send it for payment or when it is loaded onto the IBC supplier self-service website.				
To ensure that there is evidence to support the change to supplier details.	Suppliers are responsible for ensuring that their own details are accurate and up-to-date via self-service. As part of being set up as a supplier, suppliers are required to register for self-service and provide their email address and mobile number in order to confirm that their details have been set up correctly. With regards to changes to supplier's bank details, IBC make changes to bank details based on a report received from the bank (AWACS report – Advice of Wrong Account for Credits Service). IBC do not obtain any further confirmation from the supplier prior to making the change as the change is on the basis of the AWACS report from the bank and this is taken as authorisation to manually update the bank details. A copy of the AWACS report is attached to the supplier record in SAP and the supplier is notified through supplier self-service that bank details have been changed.	🟩		Review of report of supplier bank detail changes from December 2019 to May 2019, it was confirmed that they were all made by either IBC on the basis of a report from the bank (AWACS or ARUCS report), by supplier self-service or by IBC as the supplier is an individual and therefore does not have self-service. To undertake testing on a sample of suppliers who are individuals to confirm that supporting evidence is available prior to changes made by IBC.
7. Non-order Invoices RFE Objective 19 - Working to a strict 'No PO No Pay' policy which means that all invoices that the IBC receive will need to quote a valid, open PO number for the invoice to be processed. Guidance is available on the Council's Intranet to help Suppliers meet these requirements.				
To ensure that: the volume of non-order invoices is monitored and the order could not have been raised in advance.	The volume of non-order invoices being processed is being monitored by Corporate Finance Team. Ibex allows officers to make one-off payments to customers/suppliers for items such as refund of permits, compensation payments.	🟩	🟧	Discussions with the Finance Systems Manager indicated that all manual payments are reviewed by Corporate Finance Team to confirm that they are appropriate. Where there are any issues, the service areas are contacted to provide the reasons for making manual payments. However, there was no evidence to confirm management assertions. For a sample of 10 non-order invoices paid (Dec 2018 to May 2019), in all 10 cases the payments were for one-off expenses where an order could not have been raised in advance.
8. Emergency / Faster Payments				
To ensure that emergency/fast payment could not have been paid earlier through the normal method.	A manual form is completed and authorised by a manager in accordance with the Scheme of Delegation before being sent to Corporate Finance for processing. The request is reviewed by Corporate Finance to ensure that it is valid and accurate prior to the payment being made via Bankline.	🟩	🟧	For a sample of 10 emergency/faster payments made from March to April 2019, in all 10 cases the request form was completed and appropriately authorised. In seven cases the payments could not have been made earlier through the standard payment method. In the remaining three cases the payments could have been made earlier. The faster payments were made as result of a payroll delay/error or delay by the Council in setting up the supplier on SAP.
9. Petty Cash Reconciliations				
To ensure that petty cash accounts are regularly reconciled. To reconfirm the petty cash in hand balances.	*Process information to be added once testing has been completed*			*Testing in progress in four areas – looking to update for report to APC.*
10. Petty Cash Transactions				

Key Control Objectives	Process	Control Adequacy	Control Effect-iveness	Findings
To ensure that receipts are available to support the petty cash expenditure.	*Process information to be added once testing has been completed*			*Testing in progress in four areas – looking to update for report to APC.*
11. Credit Notes				
To ensure that evidence is available to support the credit.	Requests for credit notes are only processed where there is evidence of credit due and the request has been approved.	🟩	🟩	For a sample of 10 credit notes raised from December 2018 to May 2019, in all 10 cases there was evidence to support the credit and they were approved. Credit notes were required due to invoices being raised in error or additional payment made by the supplier. It should be noted that for eight of our sample, the credit notes were all relating to trade/refuse removal as these are generally where the majority of credit notes are raised.
12. Refunds				
To ensure that evidence is available to support the refund.	A spreadsheet is completed by Service Areas with details of the refund together with bank details and the reason for the refund. Refund requests are authorised by a manager in accordance with the Scheme of Delegation before being sent to Corporate Finance for submitting to credit control in Hampshire for processing the refund. Once the refund has been processed, Hampshire will send a confirmation email to Corporate Finance.	🟩	🟩	For a sample of 10 refunds processed from December 2018 to April 2019, in all 10 cases the refund requests had been appropriately authorised and that there was sufficient evidence to support the refund.
13. Straight to Offer – RFE Objective 23 - All recruitment agreed by the Chief Executive in conjunction with the Resource Management Board (RMB).				
To ensure that for appointments that went "straight to offer" that this was appropriate.	Get Ahead Scheme is an internal process to promote and develop staff. Managers can direct hire on system provided there is a position within their responsibility. No approval is required.	🟧	🟧	Awaiting report that will identify who is a direct hire. The Head of HR Operations is exploring options of reporting on direct hires.
14. Start Dates				
To ensure that the start date has been input correctly.	Hire form is in place for each new starter which is pre-populated from IBC. This form details the start date amongst other details.	🟩	🟥	For a sample of 10 new starters from December 2018 to April 2019, in two cases there was evidence to confirm that the start date had been input correctly. For the remaining eight cases no appropriate documentation to confirm correct input of start date could be obtained.
15. Leave dates				
To ensure that the leave date has been input correctly.	For retirement/redundancy/dismissal, an e-form is completed by HR which will include the leave date. For all other leavers, the leave date is input onto the system by managers via self-service. A new process will be introduced in September 2019 whereby managers will be producing a leavers letter which will confirm the leave date.	🟩	🟧	For a sample of 12 new starters from December 2018 to April 2019, in seven cases there was evidence to confirm that the leaving date had been input correctly. In the remaining five cases no appropriate documentation to confirm correct input of leaving date could be obtained.