

Audit Committee

Agenda

Tuesday 13 September 2022 at 7.00 pm

Meeting Room 1 (2nd Floor) - 3 Shortlands, Hammersmith, W6 8DA

Watch the meeting live: [youtube.com/hammersmithandfulham](https://www.youtube.com/hammersmithandfulham)

MEMBERSHIP

Administration	Opposition
Councillor Patrick Walsh (Chair) Councillor Paul Alexander Councillor Florian Chevoppe-Verdier Councillor Ashok Patel	Councillor Adrian Pascu-Tulbure

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Members of the public are welcome to attend, but spaces are limited so please contact David.Abbott@lbhf.gov.uk if you'd like to attend. The building has disabled access.

Audit Committee Agenda

<u>Item</u>		<u>Pages</u>
1.	APOLOGIES FOR ABSENCE	
2.	DECLARATIONS OF INTEREST <p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Standards Committee.</p>	
3.	MINUTES OF THE PREVIOUS MEETING <p>To approve the minutes of the previous meeting and to note any outstanding actions.</p> <p><i>This item includes an appendix that contains exempt information. Discussion of the appendix will require passing the proposed resolution at the end of the agenda to exclude members of the public and press.</i></p>	4 - 9
4.	ANNUAL AUDIT REPORT 2020/21 <p><i>NOTE: This item was updated on 6/09/2022.</i></p>	10 - 50
5.	TREASURY MANAGEMENT OUTTURN REPORT 2021/22	51 - 58

6.	LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW LETTER 21/22 AND HOUSING OMBUDSMAN MALADMINISTRATION FINDINGS	59 - 75
7.	INTERNAL AUDIT UPDATE	76 - 84
8.	RISK MANAGEMENT HIGHLIGHT REPORT	85 - 100

9. DATES OF FUTURE MEETINGS

To note the following dates of future meetings:

- 23 November 2022
- 13 March 2023

10. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)

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

Agenda Item 3

London Borough of Hammersmith & Fulham

Audit Committee Minutes



Tuesday 21 June 2022

PRESENT

Committee members: Councillors Patrick Walsh (Chair), Paul Alexander, Florian Chevoppe-Verdier and Ashok Patel (attended remotely)

Other Councillors

Councillor Rowan Ree, Cabinet Member for Finance and Reform

Councillor Alexandra Sanderson, Cabinet Member for Children and Education

Officers

David Hughes (Director of Audit, Fraud, Risk and Insurance)

Moir Mackie (Head of Internal Audit)

Andrew Hyatt (Head of Fraud)

Veronica Barella (Chief Digital Officer)

Ben Savage (Head of Information and DPO)

Sharon Lea (Interim Chief Executive)

Emily Hill (Director of Finance)

Adesuwa Omoregie (Assistant Director, Legal Services)

David Abbott (Head of Governance)

1. APPOINTMENT OF VICE CHAIR

RESOLVED

1. Councillor Adrian Pascu-Tulbure was appointed as Vice Chair for the 2022/23 Municipal Year.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Adrian Pascu-Tulbure.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES OF THE PREVIOUS MEETING

The Committee approved the minutes of the previous meeting held on 15 March 2022 as an accurate record.

5. CORPORATE ANTI-FRAUD SERVICE ANNUAL REPORT - 1 APRIL 2021 TO 31 MARCH 2022

Andrew Hyatt (Head of Fraud) presented the report detailing work undertaken by the Corporate Anti-Fraud Service for the period 1 April 2021 to 31 March 2022.

Councillor Florian Chevoppe-Verdier noted he couldn't find the Council's whistleblowing policy on the H&F website. He then asked how long it took on average to recover the 22 properties mentioned in 4.20 of the report and if the Council received a share of the fraud identified through the National Fraud Initiative (NFI). David Hughes (Director of Audit, Fraud, Risk and Insurance) explained that the whistleblowing policy was primarily aimed at staff and contractors and was available to them on the Council's intranet, though he would look into adding to the public site too.

ACTION: David Hughes

In response to his second point, Andrew Hyatt said the Council didn't receive a share of NFI fraud. The Council received money back through proceeds of crime orders or unlawful profit orders. But he noted that H&F were looking to join a smaller London hub to match data across the area monthly instead of every 2 years through the NFI. That data could then be used in frontline services to provide an additional layer of protection.

Councillor Chevoppe-Verdier noted there were cases where people were sub-letting flats from tenants who no longer lived in the borough – and asked if they knew it was illegal. Andrew Hyatt said some people were tricked into believing they were dealing with a genuine landlord while others were complicit.

Councillor Paul Alexander asked how many vacancies there were in the fraud team, and many officers were due to retire in the following few years. Andy Hyatt said there were no vacancies, but the team was looking at bringing in apprentices to pass on knowledge to the next generation of fraud officers. The team was also developing a business case to build more capacity.

Councillor Alex Sanderson (Cabinet Member for Children and Education) noted that 269 blue badge parking permits had been cancelled in the past 12 months and asked if that was a high figure compared with previous years. Andrew Hyatt said those figures were produced for the NFI and represented a 2-year period, and it was during the pandemic, so the number of deaths were likely to be higher than usual.

The Chair asked why the 'fraud proved' figure in the table at 1.7 jumped from 94 to 131. Andre Hyatt said work in 2020/21 was largely desk based due to the Covid pandemic which affected the figures. During that period the team was focused on business grant verification. In 2021/22 the team moved back to pre-pandemic areas

of work. The court backlog also slowed the team down because cases were delayed. The eviction ban also had an impact on the ability to detect tenancy fraud.

The Chair asked if officers expected the figures to return to previous levels over the next few years. Andrew Hyatt said he did.

The Chair noted there had been no new referrals via the Council's whistleblowing policy since April 2021. He asked how many there had been in the years prior. Andrew Hyatt said it had been small numbers – around 2 to 3 a year. He said he would highlight the policy to staff.

ACTION: Andrew Hyatt

Councillor Rowan Ree (Cabinet Member for Finance and Reform) asked if the Council was covered by the public interest disclosure act. Andrew Hyatt said it was, staff coming forward would be protected and their confidentiality would be maintained. It was important to give staff the confidence to come forward.

RESOLVED

1. The Committee noted and commented on the report.

6. HEAD OF INTERNAL AUDIT ANNUAL REPORT 2021/22

Moira Mackie (Head of Internal Audit) presented the report that summarised the work of Internal Audit in 2021/22. She highlighted that 91% of audits received a positive opinion, an improvement on the previous year, and only three areas received limited assurance. She also noted that the percentage of recommendations implemented was also very positive.

Councillor Florian Chevoppe-Verdier, in reference to Appendix 1, said it would be useful to know the scale of the levels of assurance given (i.e., what the minimum and maximum levels were).

Moira Mackie said the worst level was 'no assurance' which meant nothing was working as expected, 'limited assurance' meant there were several issues to put right, 'satisfactory' meant there was a mix of recommendations but nothing critical, and 'substantial' was the best with no issues and only minor improvements to be made. 'Advisory' denoted when a manager proactively came to the Audit team to ask for their help to review and improve the service.

Councillor Chevoppe-Verdier, in reference to Appendix 2, asked if any of the changes to the internal audit plan had been motivated by resourcing issues. Moira Mackie said the changes were mostly due to timing issues. Both the audit and service resource had to line up. None of the changes were in areas of concern.

Councillor Chevoppe-Verdier asked why sickness absence had been removed from the plan, but remote working remained. Moira Mackie said there was a concern at the time that sickness absence data was not being captured properly. However, after looking into it with HR officers were reassured that it was being captured correctly.

Sharon Lea (Interim Chief Executive) assured members there had been a high level of monitoring around performance management and annual leave over the lockdown period. The Strategic Leadership Team received reporting on staffing levels and service availability every week during the pandemic.

The Chair asked if officers had concerns looking ahead given expected increases in inflation. David Hughes said any concerns about the impact of inflation on staffing costs or capital projects would be captured in risk registers. He said he would consider how to report on inflation at future meetings.

ACTION: David Hughes

The Chair asked how long it would take to upload any remaining contracts to the capitalESourcing system. Moira Mackie said work was ongoing. They would be looking at this area again over the coming quarter as part of a wider change to arrangements for managing contracts. Emily Hill added that officers had begun to strengthen arrangements with a new Assistant Director for Procurement and Commercial. A review of contracts was taking place and due to conclude shortly.

The Chair raised concerns that there was no system allowing officers to upload receipts for claims. David Hughes said that was due to a software limitation, but officers were asked to keep receipts locally and IBC carried out spot checks with managers. The Chair asked if it could be added in future. David Hughes said there had been conversations with the software provider.

Councillor Chevoppe-Verdier asked if managers challenged staff to ensure they were keeping receipts locally. David Hughes said they should and the sample check from IBC reinforced that practice.

The Chair asked if guidance on best practices was available to managers. David Hughes said guidance had been issued but it was up to managers to establish their own controls. Emily Hill (Director of Finance) added that staff had access to procurement cards where all purchases were coded, and receipts or invoices were uploaded to a central system. Expenses were only for small value items. Oversight should be proportionate given level of spend.

Councillor Paul Alexander asked if there was a set period of time that officers had to retain receipts. He also suggested they could store a PDF electronically. Moira Mackie said electronic storage was a complex issue as each receipt had to be linked to a claim. Councillor Alexander asked officers to consider electronic storage and other ways of making the process and guidance more robust. Councillor Chevoppe-Verdier agreed and suggested a report to the Committee with potential solutions and their costs. Councillor Rowan Ree agreed with the principal of improving transparency and efficiency. He said he would discuss the issue with officers.

ACTION: David Hughes / Councillor Ree

RESOLVED

1. The Committee noted and commented on the report.

7. RISK MANAGEMENT HIGHLIGHT REPORT

David Hughes (Director of Audit, Fraud, Risk and Insurance) presented the report that provided an update on risk management across the Council.

Councillor Ashok Patel asked if all services had business continuity and data protection arrangements in place. Sharon Lea (Interim Chief Executive) said all services were required to have updated business continuity plans. The plans had enabled the Council to continue operating all services during the pandemic and the limits of national restrictions.

Ben Savage added that all staff received training on data protection. Digital Services had also started to introduce a new information asset register to provide oversight of all data, how it's managed, the associated risks, and records of processing activity which was a requirement of the General Data Protection Regulations (GDPR).

The Chair asked what the timeline was for the Civic Campus Health and Safety Executive report. David Hughes said the site would be available in July. Workers were assessing damage and what remediation work would be necessary.

The Chair, in reference to Risk 21 on home working, asked if there had been an examination of people's home working spaces and whether they were fit for purpose. David Hughes said all staff working from home were required to carry out assessments of their home working setup. The Council provided additional support where required and they could raise requests for additional equipment.

Councillor Paul Alexander asked how many DSE assessments had been completed and how many were outstanding. David Hughes said he would follow up with the Head of Health and Safety.

ACTION: David Hughes

RESOLVED

1. The Committee noted and commented on the report.

8. DIGITAL SERVICES - SIX MONTHLY UPDATE

Exclusion of the public and press

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

Veronica Barella (Chief Digital Officer) introduced the report which provided an update on Hammersmith & Fulham's cyber-security readiness. Officers and members discussed the report in private session.

RESOLVED

1. The Committee agreed that appendix 1 of the report was not for publication on the basis that it contained information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. The Committee noted and commented on the report.

9. DATES OF FUTURE MEETINGS

The Committee noted the following dates of future meetings:

- 13 September 2022
- 13 November 2022
- 13 March 2023

10. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)

See Item 8.

Meeting started: 7.00 pm

Meeting ended: 8.53 pm

Chair

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Governance and Scrutiny
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Agenda Item 4

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 13/09/2022

Subject: Annual Audit Report 2020/21

Report of: Craig Tucker, Head of Finance

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

This report presents the London Borough of Hammersmith & Fulham's 2020/21 Statement of Accounts, including the Pension Fund Accounts and Annual Governance Statement for approval.

RECOMMENDATIONS

1. To note the content of the external auditor's 'Annual Audit Report 2020/21', including the auditor's findings, recommendations, and the Council's response to those recommendations (Appendix 1).
-

Wards Affected: All

H&F Values

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	The Annual Audit Report gives assurance that the Council has proper arrangements in place to secure economy, efficiency, and effectiveness from their resources.

Financial Impact

This report presents the Annual Audit Report for noting and is wholly concerned with the management of council financial resources.

Contact Officer(s):

Name: Craig Tucker

Position: Finance Manager (Interim)

Background Papers Used in Preparing This Report

None.

Annual Audit Report 2020/21

1. The 2020/21 Annual Audit Report, to be noted by the Audit and Pensions Committee, is attached at Appendix 1.
2. This report is a new requirement of the National Audit Office and is completed by our external auditors, Grant Thornton.
3. Grant Thornton have not identified any significant weaknesses, or made any key recommendations, but have identified twelve opportunities for improvement, which are set out in the report
4. Grant Thornton have given the Council a chance to comment on the area for improvement. Senior Leadership Team (SLT), relevant heads of services, and senior finance officers have made comments, which have been incorporated into the report.

LIST OF APPENDICES

Appendix 1 – Annual Audit Report 2020/21

Auditor's Annual Report on London Borough of Hammersmith and Fulham

Interim Report
Page 12
2020-21

August 2022



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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Commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources	6
Financial sustainability	7
Governance	15
Improving economy, efficiency and effectiveness	23
COVID-19 arrangements	32

Appendices

- A – The responsibilities of the Council
- B – Risks of significant weaknesses – our procedures and findings
- C – An explanatory note on recommendations
- D – Use of formal auditor's powers

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

2020/21 was an unprecedented year in which the Council operated with the majority of its staff home working whilst supporting local businesses and residents through the pandemic.

We have not identified any significant weaknesses, but have identified 12 opportunities for improvement which are set out in detail within our report.

Criteria	Risk assessment	Finding
Financial sustainability	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but three improvement recommendations made.
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but four improvement recommendations made.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but five improvement recommendations made.

	No significant weaknesses in arrangements identified.
	No significant weaknesses in arrangements identified, but improvement recommendations made.
	Significant weakness in arrangements identified and key recommendation made.

Executive summary



Financial sustainability

The Council has a good track record of sound financial management and delivered an underspend of £0.3m in year, after taking into account central government funding for COVID-19. Overall we are satisfied that the Council had appropriate arrangements in place to manage the risks it faced in respect of its financial resilience. We have not identified any risks of significant weakness but have identified opportunities for improvement:

- The Council should develop a sustainable strategy for the Housing Revenue Account

The Council should report the following to Cabinet:

- a summary total of progress against the planned savings during and at the end of any given year
- the Treasury Management Annual Report, in line with the Council's Treasury Management Policy.



Governance

Overall, we found no evidence of significant weaknesses in the Council's governance arrangements for ensuring that it made informed decisions and properly managed its risks. The Council operated under emergency decision making arrangements until virtual meetings could be introduced and produced a bespoke COVID-19 corporate dashboard and scorecard across 50 indicators to ensure effective governance. We have identified opportunities for improvement that the Council:

- reduce the number of risks on its Corporate Risk Register to a more manageable level as they should only be of the highest strategic and operational level
- should report capital outturn against the planned capital budget from the start of the year and ensure this budget more accurately reflects the expected capital spend in year
- ensure that its level of compliance with the CIPFA Financial Management Code is monitored and reported on to members, alongside action plans for individual services to work towards fully compliance
- review and improve the governance arrangements for the companies in which it has an interest, including clarifying the role of the Commercial Revenue Committee.



Improving economy, efficiency and effectiveness

We did not identify any risks of significant weakness, but we have identified four areas for improvement. The Council should:

- ensure that performance against the Council's strategic objectives are reviewed by Cabinet in public meetings to facilitate openness and transparency and to enable public scrutiny
- develop a clear data quality strategy and supporting policy
- consider if the introduction of detailed benchmarking would be beneficial and explore the very high unit costs identified for:
 - Children social care
 - Adults social care
 - Environmental and regulatory services
 - Central services
 - Public health
- define its significant partnerships and develop a register that identifies the contribution that the partnerships makes to the Council's corporate objectives
- update its procurement strategy.



Opinion on the financial statements

The 20/21 audit is ongoing due to national technical issues related to infrastructure assets as well as the resolution of some residual audit queries.



Commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 7 to 32. Further detail on how we approached our work is included in Appendix B.



Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures it is facing and builds these into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Identifying and addressing financial pressures

Revenue outturn

In September 2021 for the financial year ending 31 March 2021 the Council reported to Cabinet a revenue underspend of £0.3m against a budget of £164.1m. This underspend was as a result of underspends in all departments except for controlled parking and centrally managed budgets. The yearend performance was an improvement on the forecast outturn position reported throughout the year and was achieved due to the receipt of additional COVID-19 funding.

The Council planned to deliver £12.9m in savings and income generation. These savings were across all its services including council wide savings through the introduction of new ways of working.

Performance against planned savings was reported within the budget monitoring reports to Cabinet at month 2, 4, 6, 9 and outturn. This included a RAG rated analysis by individual Departments, but the position for the total savings delivered compared to planned was not reported.

The outturn report did not RAG rate or provide a summary of progress/delivery for the planned 2020/21 savings.

Housing Revenue Account

The Council's HRA Financial Strategy is the Council's plan for its housing within the borough. Plans are not currently sustainable and funding is required from reserves. The Council should continue to develop a sustainable strategy for the HRA. In 2020/21 the Council budgeted for a HRA deficit of £7.924m. The Council achieved an outturn of £7.020m, £0.907m below the planned deficit.

Capital outturn

The Council's total capital expenditure for the year was £139.9m and included £88.6m general fund and £51.4m Housing Revenue Account (HRA) capital expenditure. 62% of the original planned capital expenditure. The capital budget and monitoring are discussed in more detail on pages 15 and 16.

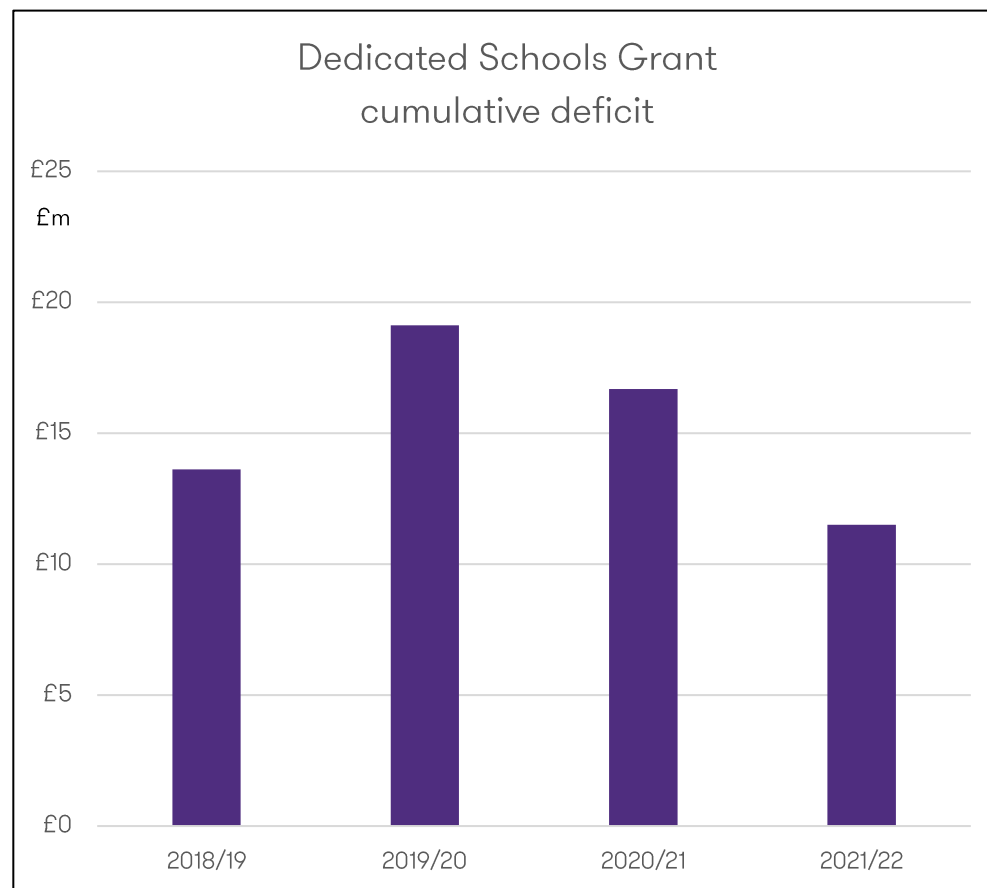
Dedicated Schools Grant

The Dedicated Schools Grant (DSG) is the main source of income for schools. In common with other London Boroughs, the High Needs Block element of the DSG has come under increased pressure in supporting children with special educational needs and spend has been significantly higher than the funding provided by central government. This has led to a significant cumulative deficit on the grant.

There is a programme of work and action plan to reduce the underlying overspend in this area overseen by the Council's High Needs Block Board. During 2020/21, the Council was invited to participate in the Department for Education's (DfE) safety valve intervention programme. As a result of the negotiations, the Council entered into a grant funding agreement with the DfE which looks to bring in-year expenditure within the annual grant allocation and to eliminate the Council's historic deficit over a 5-year period. In 2021/22 the DSG received £4.55m Safety Valve Funding and achieved an underspend of £0.3m.

The chart on the next page illustrates the progress made up to 31 March 2022 and the reduction in the deficit.

Identifying and addressing financial pressures

**Medium term financial planning**

The budget for 2021/22 was agreed by Full Council in February 2021. Full Council were also provided with the medium-term financial forecast for the next three years. Prior to this the medium term financial strategy (MTFS) was reviewed by the Public Services Reform Policy & Accountability Committee and the Finance, Commercial Revenue and Contract Policy & Accountability Committee.

The MTFS (2021/22) reported a revenue budget gap of £84.4mm from 2022/23 to 2024/25 years.

The MTFS and Budget were based upon the following decisions and assumptions, which in our view are reasonable based on the amount of uncertainty faced by the sector:

- Council Tax increase of 4.99% (including 1.99% for general purposes and 3% Adult Social Care Precept)
- limited increase in business rates with a freeze in 2021/22 and a 2% inflationary increase thereafter
- a 5% reduction per annum from 2022/23 onwards for fair funding and new homes bonus grant reforms
- a pay freeze was assumed although members were alerted to the risk that, as local government nationally has separate pay negotiations and agreements to central government, the Council may need to award pay inflation in 2021/22 in line with any national agreement
- a provision for contract inflation of £4.1m was made, of which £2.4m relates to social care with the Covid-19 pandemic increasing costs
- non-statutory fees and charges:
 - frozen for Adult Social Care, Children's Services and Housing
 - 1.7% uplift based on the July 2020 Retail Price Index, applied for other non-commercial and non-parking fees
 - commercial services that are charged on a for-profit basis, were reviewed on an ongoing basis in response to market conditions and varied as appropriate.

During 2020 as part of the Council's budget forecast and recovery and in response to financial uncertainty the Council undertook some financial modelling. This modelling considered five future financial scenarios. The best case assumed that COVID-19 would have a limited impact beyond 2020/21 with a shift towards more government funding. The worst case assumed that Covid-19 will result in a recession comparable to the early 1980s with an extended further period of austerity. This was reported to Cabinet in July 2020.

Since this financial modelling was undertaken the financial pressures that the Council now faces have increased considerably, with inflation over 9% and expected to continue to increase, increasing pay pressures and fuel and energy prices. Against the assumption that additional funding from central government is unlikely to increase in the next two years.

Managing financial resilience

Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council's Director of Finance made her statement within the Council's budget report.

The key risks have been identified, quantified across four financial years (2021/22 to 2024/25) and reported clearly within budget report. The risks were quantified at £13.1m for 2021/22. Mitigating actions have also been identified. This approach enables the Council to assess if it has sufficient reserves to meet these risks should the need arise.

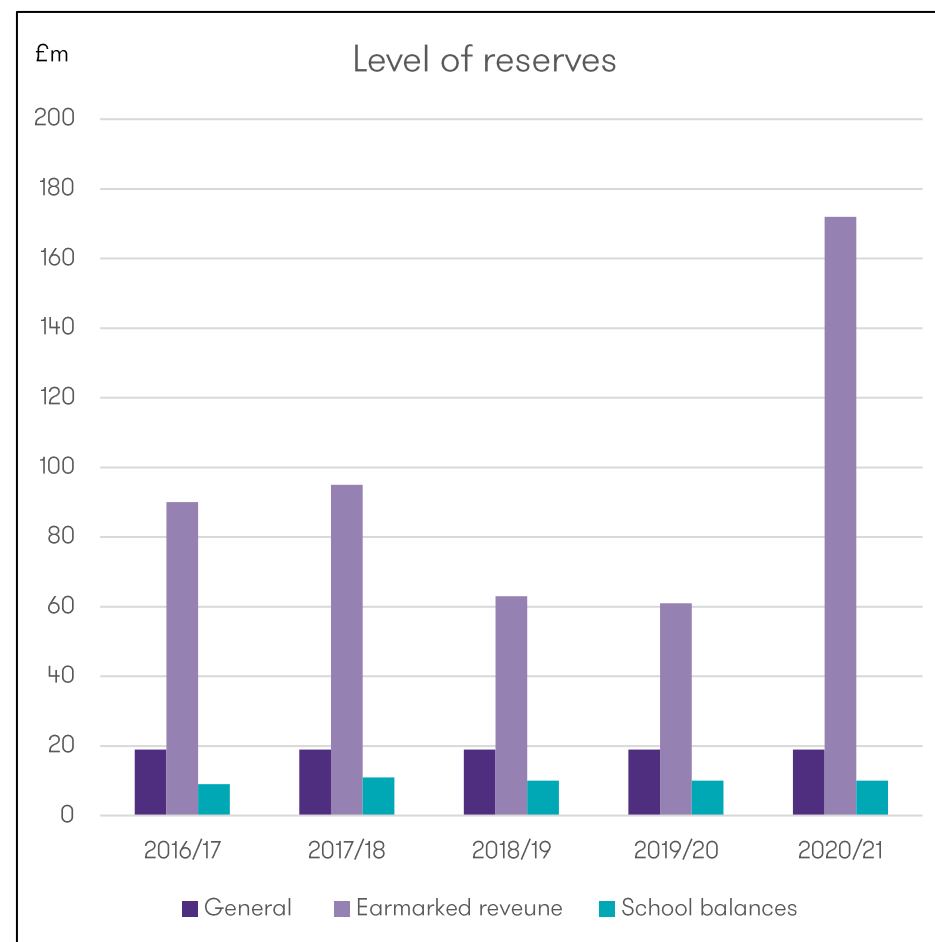
The general fund reserve is to cover uncertainties in future years' budgets, whereas earmarked reserves are set aside for specific purposes. The Council has a Reserves Strategy and Action Plan which is reviewed annual and agreed as part of the budget setting process.

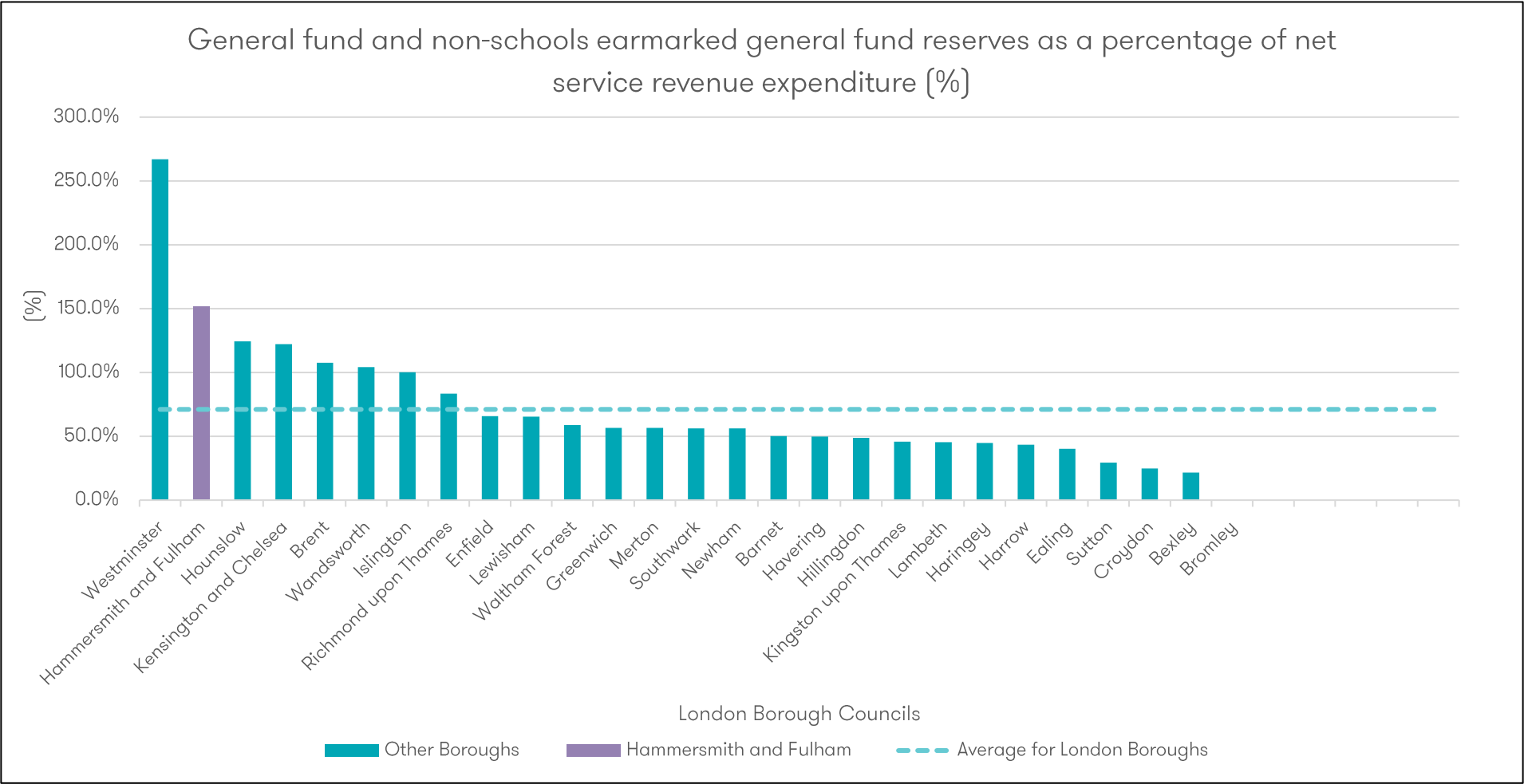
The Council has compared its level of reserves with other London Borough's and considers that its reserves are slightly below average. The Council has consistently maintained its unearmarked general reserves at £19m for over five years, 3.6% of the Council's gross budget, £528m.

The Council's earmarked reserves have seen a slight reduction in recent years, but has increased significantly in 2020/21. This increase is temporary and is largely due to the receipt of government grants that will be deployed in 2021/22. Although the Council has been able to make a one-off contribution of £7.2m reserves to strengthen the Council's financial resilience.

The table opposite illustrates the changes in reserves at the Council since 2016/17. Whereas the table overleaf compares the total general fund and non-schools earmarked reserves as a percentage of net service revenue expenditure. This chart indicates that the level of reserves are prudent in comparison to the other London boroughs.

We consider that these levels of reserves are sufficient to maintain financial sustainability as the Council continues to face increasing financial pressures, due to ever-increasing inflation, expected pay increases and escalating fuel and energy process..





Financial planning - consistency with other plans

Ensuring the Council's financial plans are consistent with its workforce strategy and plans ensures that workforce financial pressures are understood and reflected. The Council have not provided us with a people strategy and as a result we are unable to ensure if the financial plans are consistent.

The Council has formally adopted CIPFA's Code of Practice on Treasury Management and has set its strategy within the Council's Treasury Management Strategy. The 2020/21 strategy was agreed by Cabinet in February 2020.

A Treasury Management mid-year statement was issued to the Audit Committee in December 2020 and to Cabinet for review in February 2021. This was at the same time as the 2021/22 Treasury Management Strategy was issued. The Treasury Management Annual Report report was presented to the Council's Audit Committee in September 2021, the annual report was not presented to Cabinet. The Council's Treasury Management Strategy requires that the annual report/outturn position should be provided to Cabinet as well as Audit Committee.



Improvement recommendations



Financial sustainability

1 Recommendation	The Council should develop a sustainable strategy for the Housing Revenue Account.
Why/impact	A sustainable strategy would reduce the reliance upon reserves.
Summary findings	The Council's HRA Financial Strategy is the Council's plan for its housing within the borough. Plans are not currently sustainable and funding is required from reserves.
Management comment	The Council has a well developed 30 year HRA Business Plan (this is an integrated plan including revenue/capital investment and balance sheet) and is based on the financial models developed by external market leaders. The HRA BP is updated and reported annually to Cabinet (usually in February). The Council recognises the considerable challenges in the strategic operating environment for the housing service and the need to ensure the financial resilience and sustainability of the HRA. A Housing Transformation Programme has been established and other mitigating actions are being developed for implementation during the latter part of 2022/23.



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Financial sustainability

2 Recommendation	The Council should provide to Cabinet a summary total of progress against the planned savings during and at the end of any given year.
Why/impact	Regular reporting enables Cabinet to effectively assess progress. Cabinet will not be aware of what the percentage of the savings planned for 2020/21 were delivered in year.
Summary findings	Performance against planned savings was reported within the budget monitoring reports to Cabinet at month 2, 4, 6, 9 and outturn. This included a RAG rated analysis by individual Departments, but the position for the total savings delivered compared to planned was not reported. The outturn report did not RAG rate or provide a summary of progress/delivery for the planned 2020/21 savings.
Management comment	It is reassuring that it is noted that the performance against planned savings is reported as part of the CRM Reports (including a RAG Rating). The Outturn Report for 2022/23 will be further developed in this regard (as the report for 2021/22 was already in the process for being reported to Cabinet in early September and marginally preceded this AAR Report for 2020/21).



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations

Financial sustainability

3 Recommendation	The Treasury Management Annual Report should be presented to Cabinet.
Why/impact	Providing the report to Cabinet would have enabled the Committee to review and challenge performance in 2020/21
Summary findings	A mid-year statement was issued to the Audit Committee in December 2020 and to Cabinet for review in February 2021. The Treasury Management Annual Report was presented to the Council's Audit Committee in September 2021, the annual report was not presented to Cabinet. This was not in line with the Council's Treasury Management Strategy that required the annual report to be presented to both Audit Committee and Cabinet.
Management comment	Agreed - This Treasury Management Outturn Report for 2021/22 is being scheduled for Cabinet (expected October 2022).



The range of recommendations that external auditors can make is explained in Appendix C.

Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

Risk management

The Council has a risk management strategy statement that was agreed by The Council's Audit, Pensions and Standards Committee (APSC) in July 2019. This was introduced following the disaggregation of services from Westminster City Council and Kensington and Chelsea London Borough Council.

Guidance is available to staff, although the detailed guidance has yet to be reviewed. This was planned for 2020, but was delayed due to COVID-19. We understand that this is scheduled for 2022/23.

The APSC is responsible for reviewing the Council's Corporate Risk Register and in 2020/21 the Committee reviewed the corporate risk register at three of the four meetings held during the year.

The risk registers reported to APSC include a description of the risk, mitigating actions, and a RAG rated risk score derived from the severity and likelihood of the risk occurring both before and after the mitigating actions are taken into account. A risk owner is assigned to each risk. However, at the beginning of the year we the corporate risk register included 67 risks and eight opportunities. In our experience this is too many to enable members to effectively review and provide assurance. We note that in the following financial year this had reduced to 32 risks.

From our work we have not identified any significant areas of weakness in the Council's arrangements to manage and report risk. We have made an improvement recommendation to consider reviewing are reducing the number of strategic risks.

Internal control

Internal Audit reported on three occasions to the APSC and provided an annual report and opinion, update reports and the internal audit plan. The APSC also approved the Internal Audit Charter and Strategy.

The Internal Audit Service undertook a self-assessment to verify compliance with the Public Sector Internal Audit Standards, this identified general compliance with the Standards. Some improvements in reporting and planning were identified which are being implemented in 2021/22.

For 2020/21 sufficient work was undertaken to enable the Director of Audit, Fraud, Risk and Insurance to provide a 'reasonable assurance' opinion. Based on the reviews undertaken there was an increase in the number of audits receiving 'substantial' and 'reasonable' assurance' compared to 2019/20.

The Council had the following policies to prevent and detect fraud:

- Anti-fraud and corruption strategy
- Whistle-blowing
- Member and staff codes of conduct as set out within the constitution.

Anti-fraud work and investigations were undertaken by the Corporate Anti-Fraud Service (CAFS). During the financial year 2020/21, CAFS investigated 426 cases, including 289 new referrals, and concluded 165 investigations. The annual report of the CAFS provided updates on both anti-fraud and corruption strategy and the whistle-blowing policy

From our work we have found no areas of significant weakness in the management and reporting on internal control and the prevention and detection of fraud.

Budget setting, control and monitoring – revenue

The 2021/22 budget setting process began in early 2020 with challenge meetings held between finance staff and departments to manage inflation and growth bids. These early presentations included a range of scenarios and differing variables such as the level of funding, impact of COVID-19 and inflation. The process then began to identify savings to meet the expected budget gap, with the starting point being that departments would contain inflation and growth pressures.

Throughout the process regular updates were provided to SLT and Cabinet. In July 2020 SLT reviewed the savings proposals and in October the proposals were reviewed by Cabinet. This was followed by the Commercial Revenue and Contract Policy & Accountability Committee in January 2021 and was finally agreed by Full Council in February 2021 having been previously presented to the Strategic Leadership Team (SLT) and Cabinet. This process enabled all stakeholders to be engaged and Cabinet and scrutiny to understand the financial pressures.

The Council operated a formal corporate revenue monitoring process during the year. Budget monitoring reports were presented to Cabinet four times during 2020/21 in addition to the year-end outturn report. In preparation for this, each department completed an appendix explaining and corroborating their budget variances, and highlighting action plans to address these. The variance analysis was then discussed at departmental management team meetings, which included heads of finance, and was consolidated into formal reports for Council-wide consideration by the central finance team. These reports were then reviewed and scrutinised by SLT before being presented to Cabinet. Budget monitoring information and dashboard was also available in real time through the use of Power BI.

During the year, in-year forecasts and variance were actively monitored, this was especially important as a result of changes in forecasts arising from the ongoing trajectory of the COVID-19 pandemic. Early forecasts were predicated on given levels of income and expenditure which transpired to fluctuate significantly during the period. Additional reports were presented throughout the year to the Finance Policy and Accountability Committee, as well as the monthly returns to MHCLG (now DLUHC) around expenditure and lost fees and charges income. An update was provided by the Director of Finance to the SLT every 2-3 months to ensure that all senior officers were aware of the specific impact of COVID-19 on the Council's finances. Regular briefings were also given to the lead member for finance, and the Director of Finance also met periodically with the Council leader.

Budget setting, control and monitoring – capital

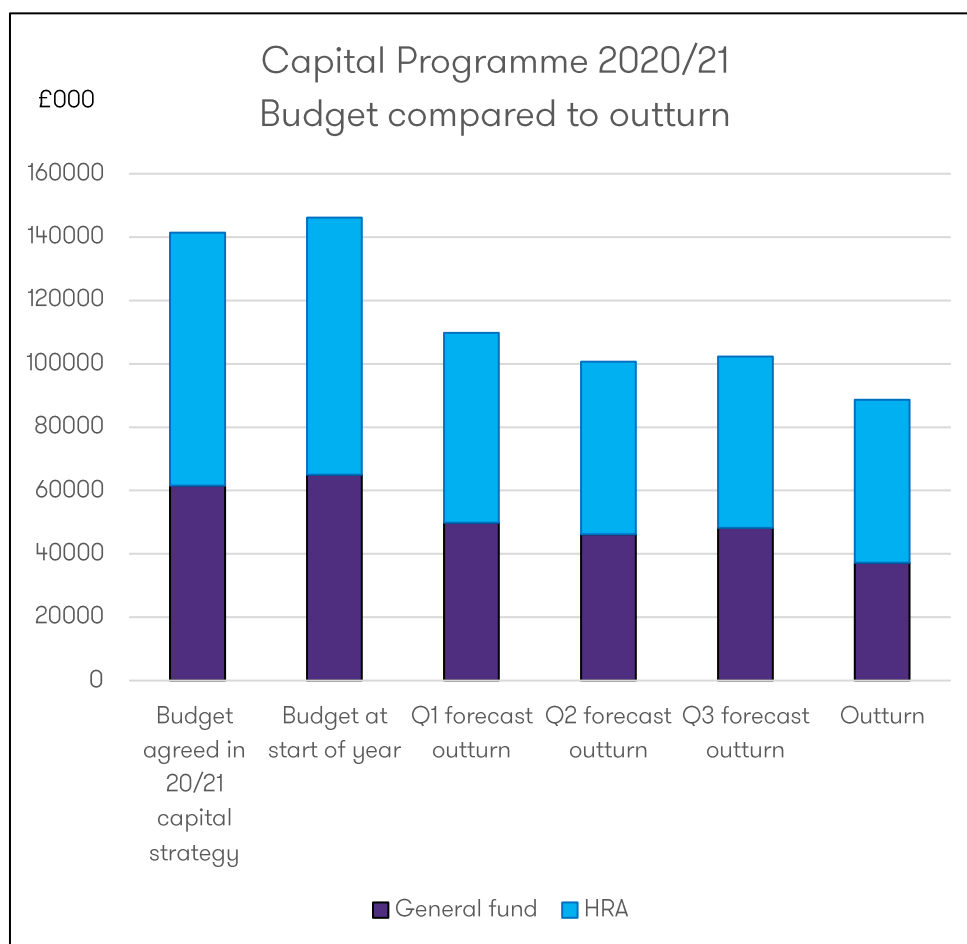
The capital strategy for 2021/22 and the capital programme for 2021/22 to 2024/25 was agreed by Full Council in February 2021 at the same meeting as the revenue budget. The Council programme agreed was as follows:

Cap Expenditure	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Cumulative Total £m
General Fund	87.9	58.1	7.3	4.8	158.1
HRA	74.2	66.3	74.5	32.6	247.6
Total	162.1	124.4	81.8	37.4	405.7

operational flexibility, for taking forward the major projects set out in Capital Strategy. However, to access this budget Cabinet approval is required and an appropriate business case.

Cabinet received quarterly budget monitoring reports for capital. These reports included the general fund position and the Housing Revenue Account (HRA). For both elements of the capital programme at each quarter the Council compared the forecast outturn to the previous quarters actual position, after taking into account slippage from previous years and any additions or reductions. This approach makes it more difficult for the reader to see the amount of slippage that has occurred compared to the original budget. For 2020/21 the capital outturn was 39% (£57.6m, general fund and HRA combined) below the planned spend at quarter 4 of 2019/20. This is illustrated in the chart overleaf. We recommend that the Council should report capital outturn against the planned capital budget at the beginning of the year and ensure this budget more accurately reflects the expected capital spend in year. Whilst we understand that capital expenditure has been impacted by COVID-19 the current approach does not encourage accurate profiling and forecasting throughout the year.

The capital monitoring reports also include the Council's capital finance requirement across the four years of the capital programme for both the general fund and the HRA.



Monitoring Standards

The Council has a range of officers who are responsible for ensuring and monitoring compliance with statutory standards, such as the Monitoring Officer and the Section 151 Officer. During our review we are not aware of any instances where officers or elected members have not complied with the necessary standards and no evidence of significant non-compliance has been identified through procedures undertaken, through inquiry with the Director of Audit, Fraud, Risk and Insurance, review of Internal Audit reports, review of Council and Committee minutes and papers or through review of the Council's Annual Governance Statement.

The SLT assurance board is the key mechanism for monitoring of compliance at a Council-wide level. This comprises of Directors and Associate Directors from across directorates, with assurance reports being presented from attendees including performance across a suite of performance indicators around compliance and specific issues, in particular (for instance) in relation to Health and Safety. This has recently included a risk assessment model in terms of new ways of working following the Covid-19 pandemic. The SLT assurance board is attended by the Director for Audit, Fraud, Risk and Insurance who has oversight of compliance across the Council.

The Council's constitution has a section relating to Codes and Protocols which sets out general behaviour and principles expected of members and officers. This appears to be consistent with expectations observed across the sector.

Informed decision making

SLT also has a number of meetings to deal with key decisions, such as the business meeting, assurance board and contracts assurance board, to maintain oversight of issues which are then communicated to and discussed with members at Cabinet meetings.

Individual Cabinet members chair boards relating to their portfolios. Cabinet members also meet together as part of the regular 'political cabinet' meeting which is an informal meeting of the Cabinet to review all decisions which will eventually be considered by the formal public Cabinet meeting or other forums such as full Council, to ensure transparency and ensuring that all decision-makers have sufficient opportunity to review and feed back. This is paralleled by arrangements in place relating to key decisions taken by individual Cabinet members.

Informed decision making continued

In addition to decision-making committees, the Council also has a number of overview and scrutiny committees known as 'Policy and accountability' committees (PACs) for different directorates, to ensure that decisions are subject to adequate challenge and review prior to being taken. The Council's committees make use of various report templates which are structured in such a way to ensure that relevant considerations and impacts are made, depending on the type of decision required.

Senior officers at Assistant Director level will attend different cabinet member briefings each month to ensure consistency of communication.

Post-decision scrutiny is also undertaken for instance as significant projects are in progress. For instance, with the Council's redevelopment of its Civic Campus, the relevant PAC reviewed every aspect of the project such as finances, contract etc. as the project was in progress and held officers to account.

For cross-cutting areas such as budget-setting, joint scrutiny is undertaken whereby departments come together and present the budget to the members, with the budget as a whole then being subject to challenge, but each member observing from the perspective of their own portfolio.

We are not aware of any significant or repeated departures from the Prudential Code, Treasury Management Code or departmental statutory guidance. 2020/21 was the first year of implementation of the CIPFA Financial Management Code (FM Code), with local authorities being required to demonstrate progress towards compliance by 31 March 2021. In comparison to other London Councils, there has been limited if any reporting to members with regard to the Council's compliance with the FM Code or of actions required to move the Council towards full compliance as is required in 2021/22.

We consider that the Council has adequate arrangements in place and we are not aware of any decisions that were not supported by appropriate evidence, challenge and transparency.

Two employment tribunals have been held in 2021/22. We are in discussion with the Council to better understand these arrangements, but as these decisions were made in the following audit year we will review these arrangements when we undertake our 2021/22 value for money review.

Governance of subsidiaries

The Council has an interest in a range of companies, both wholly owned companies and joint ventures. Whilst the financial arrangements of these companies is not consolidated within the Council's statement of accounts as they are not considered material, the governance of these companies remains important as there remains both a financial risk and a reputational risk.

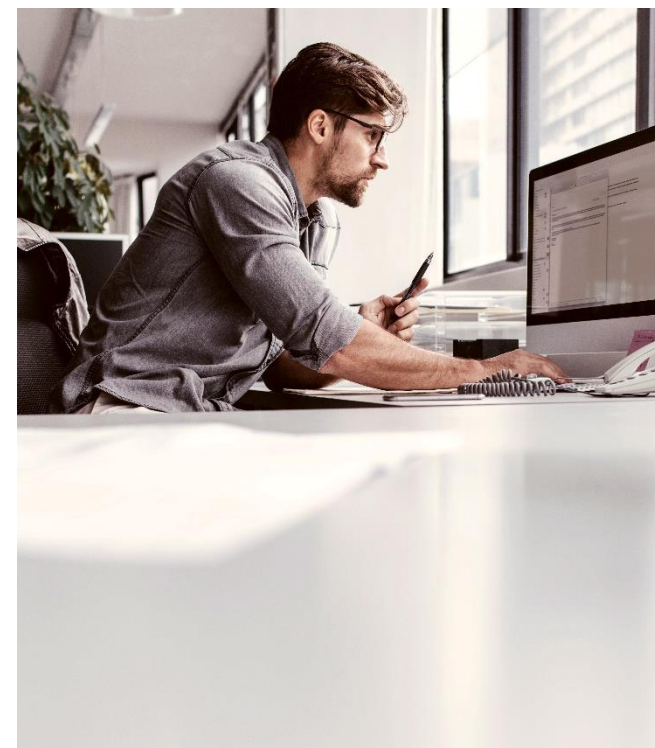
We understand that the Commercial Revenue Committee acts as the shareholder although this Committee has only met three times in 2021. This committee has been focused on the dissolution of two joint ventures, but has not considered other reserve matters decisions. We understand that reserved matter decisions have been taken by Cabinet member portfolio leads. In additional business plans for these companies may not have been reviewed and approved annually.

We recommend that the Council should review and improve the governance arrangements for the companies in which it has an interest, including clarifying the role of the Commercial Revenue Committee.

Improvement recommendations

Governance

4 Recommendation	The Council should review its Corporate Risk Register and consider if all the risks are strategic and if the number of could be reduced.
Why/impact	Reducing the number of risks would enable the APSC to effectively review and provide assurance on the strategic risks
Summary findings	During 2020/21 the corporate risk register included 67 risks and eight opportunities. In our experience this is too many to enable members to effectively review and provide assurance. We note that in the following financial year this had reduced to 32 risks.
Management comment	Agreed - This has already been addressed in 2021/22 and will be continuously reviewed.



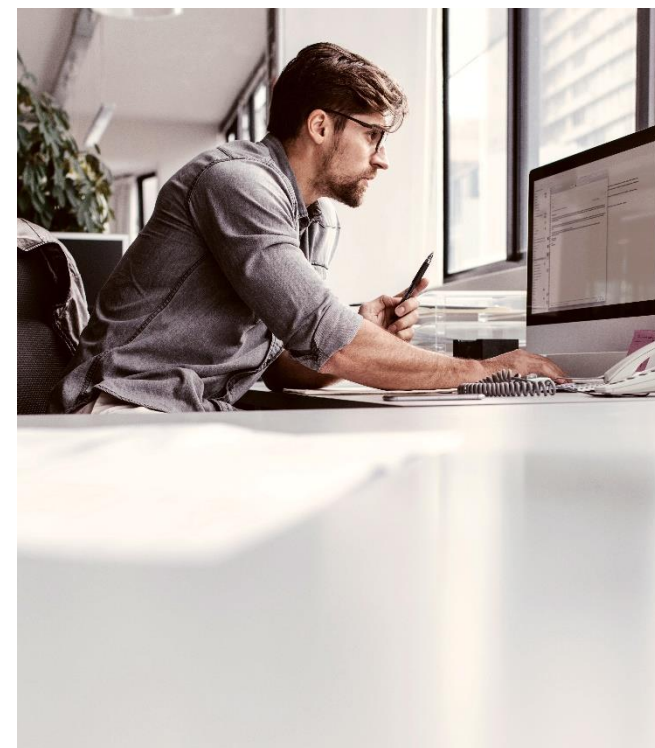
The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Governance

5 Recommendation	The Council should report capital outturn against the planned capital budget from the start of the year and ensure this budget more accurately reflects the expect capital spend in year
Why/impact	Reprofiling and forecasting the capital budget every quarter does not encourage accurate forecasting.
Summary findings	Cabinet received quarterly budget monitoring reports for capital. These reports included the general fund position and the Housing Revenue Account (HRA). For both elements of the capital programme at each quarter the Council compared the forecast outturn to the previous quarters forecast, after slippage from previous years and any additions or reductions. This approach makes it more difficult or the reader to see the amount of slippage that has occurred from the original budget. For 2020/21 the capital outturn was 39% (£57.6m, general fund and HRA combined) below the planned spend at quarter 4 of 2019/20.
Management comment	Capital Programmes are complex and often affected by procurement, planning, public consultation, funding and financing considerations. As a consequence the Council adopts a formal quarterly review process to re-align budgets as necessary. It would not be appropriate to report the outturn against the original approved budget although, the outturn could be reasonably compared to the Quarter 3 approved budget. We will consider this for 2022/23 (as the report for 2021/22 was already in the process for being reported to Cabinet in early September and marginally preceded this AAR Report for 2020/21).



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Governance

- 6 Recommendation** The Council should ensure that its level of compliance with the CIPFA Financial Management Code is monitored and reported on to members, alongside action plans for individual services to work towards fully compliance.

Steps should be taken to ensure that compliance is owned throughout the organisation and not viewed as solely the responsibility of the finance team.

Why/impact

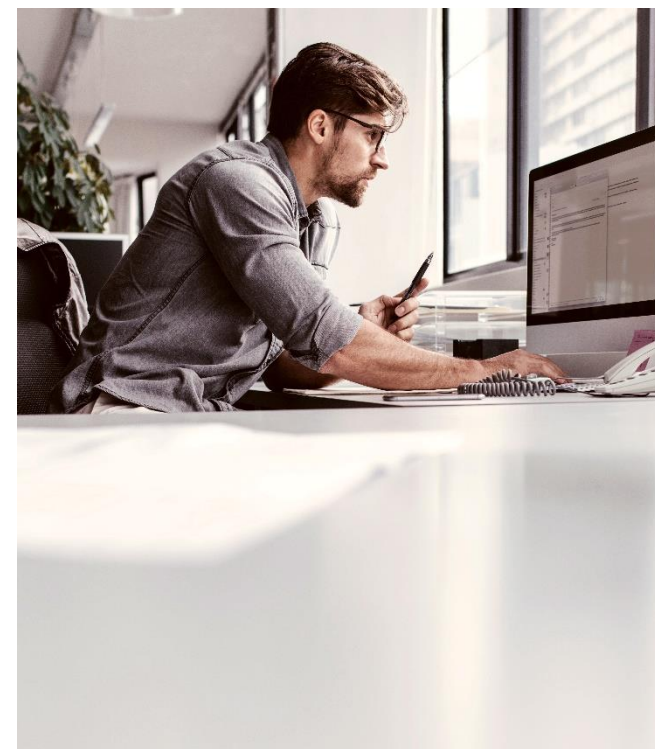
These improved arrangements should ensure the Council achieves compliance in an effective manner.

Summary findings

2020/21 was the first year of implementation of the CIPFA Financial Management Code (FM Code), with local authorities being required to demonstrate progress towards compliance by 31 March 2021. In comparison to other London Councils, there has been limited if any reporting to members with regard to the Council's compliance with the FM Code or of actions required to move the Council towards full compliance as is required in 2021/22.

Management comment

The Council adopts the principles of the CIPFA FM code and will consider the most appropriate way that its performance against the Code is included as part of the management accounting reporting to Members.

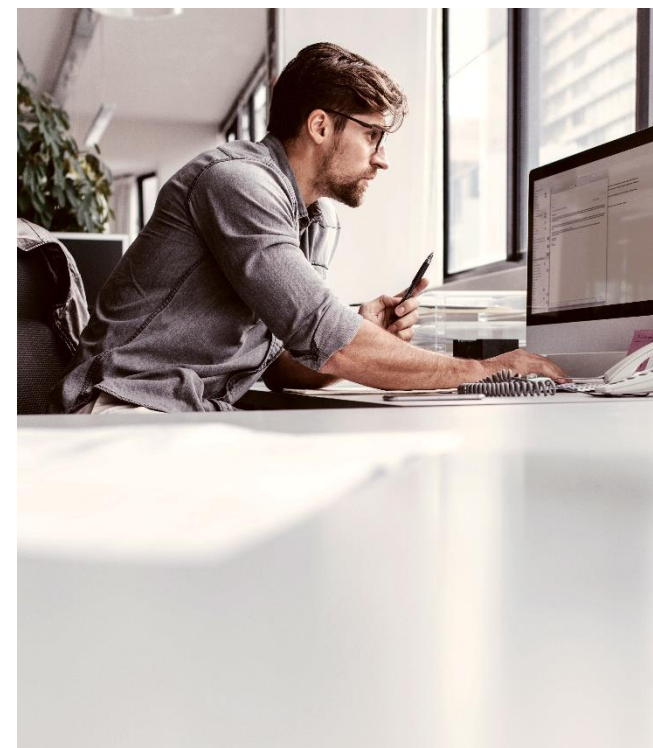


The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations

Governance

7 Recommendation	The Council should review and improve the governance arrangements for the companies in which it has an interest, including clarifying the role of the Commercial Revenue Committee.
Why/impact	Effective governance protects the Council and enables the company to operate and deliver in line with the Council's expectations.
Summary findings	The Commercial Revenue Committee acts as the shareholder although this Committee has only met three times in 2021. This committee has been focused on the dissolution of two joint ventures, but has not considered other reserve matter decisions. We understand that reserved matter decisions have been taken by Cabinet member portfolio leads. In additional business plans for these companies may not have been reviewed and approved annually.
Management comment	This matter is recognised and is being developed [it should be noted that the Commercial Revenue Committee has not been convened in 2022].



The range of recommendations that external auditors can make is explained in Appendix C.

Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

Performance management

The Council set out its vision and priorities within its Business Plan 2018-2022. This document sets out what the Council aims to achieve by 2019, 2020 and 2022. The Council is currently developing a new Business Plan that will look at the next four years. The aim is to have the first years objectives agreed by September 2022 and the remaining three years will be agreed and be aligned with the MTFS.

The Council had a corporate performance framework, in place during 2020/21 however, due to COVID-19 this was suspended for quarter one and a range of performance reports specifically for COVID-19 were introduced. These included in depth weekly and fortnightly reports that were managed by the business intelligence team. Live dashboards were also used and covered a wide range of information and indicators. SLT were also updated in October 2020 on the Covid-19 performance reporting that was being undertaken.

Quarterly (except for quarter one) performance reports were presented to SLT and Cabinet at closed meetings. Quarter one was not presented as arrangements were temporarily suspended due to COVID-19. These reports included an assessment of performance against the Business Plan commitments and operational performance. Performance was not been reviewed at public Cabinet meetings.

We consider that adequate arrangements were in place to monitor performance but that additional improvements are made. We recommend that the Council refreshes its Business Plan for 2022 to 2026 and that performance by the Cabinet is reviewed in a public meeting to facilitate openness and transparency and to enable public scrutiny.

Data quality

The Council obtains its performance information from a range of sources and gains assurance over the accuracy of data it uses by:

- the widespread use of business systems across the authority, controls around these systems and the expertise and experience of those producing performance reports
- annual programme of internal audits/ advisory audits
- validation/ monitoring of performance management frameworks and information
- regular engagement of finance business partners with their service areas around spend/ in-year budget forecasts and regular reporting of financial matters to Finance SLT, SLT and onto Council and its sub-committees
- the process of approval/ clearance of reports to member committees, including through formal governance boards e.g. SLT Assurance for Audit Committee and SLT for reports to Full Council.

The Council does not have a data quality strategy or a supporting data quality policy.

Benchmarking

Benchmarking is an effective tool that enables an organisation to compare and analyse its performance with others. It can identify areas for improvement and also provide targets to work towards.

Benchmarking was undertaken as part of our VfM work. We used our management tool ‘CFO Insights’ and compared the units costs for a range of services. This identified five areas where the unit costs were very high in comparison to other unitary councils:

- Children social care
- Adults social care
- Environmental and regulatory services
- Central services
- Public health.

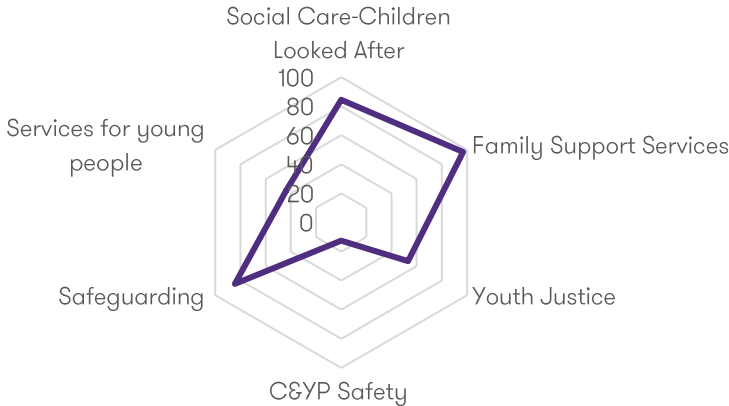
The Council has participated in benchmarking, having used Local Authority Performance Solution and the Local Government Associations benchmarking tools.

The charts opposite illustrate the areas of spend that have contributed to these high unit costs, within two high demand areas. Whilst, these benchmarks are only able to provide an indication of where costs are high, they do provide an indication of where further exploration of these costs could identify potential efficiencies and savings for the Council. We have raised an improvement recommendation that the Council should consider benchmarking and explore the high unit costs within these services.

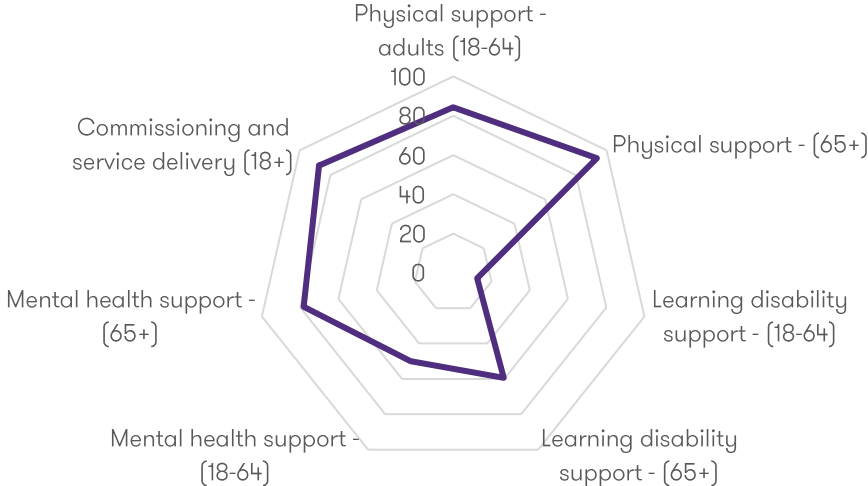
On the spider charts a rank of 50 represents the group median. The group in this case is all London Boroughs. If a measure is closer to the outside of the chart it would be classed as ‘very high cost’, whereas if the line is closer to zero, then it would be classed as ‘very low cost’ in comparison to the group.

The data is based on the 2020/21 Revenue Outturn submissions to the government.

Children's Social Care Unit Costs £/head of population aged 0-17



Adult Social Care Unit Costs £ per head of population



Partnerships

The Council's Business Plan 2018-2022 identifies where partners contribute to the Council's objectives and has named a number of specific partnerships which will contribute.

The governance relating to the partnerships in which the Council was involved is varied and depends on the nature of the partnership. Those partnership that the Council considered to be of greatest importance usually will have member involvement, such as Health and Wellbeing Board is overseen by the lead member for health. Alternatively a Director will lead, such as the Director of Social Care in relation to the NHS.

These arrangements are not dissimilar to other local councils, but what we have found is that a number of councils are defining their significant partnerships and developing partnership registers where the importance of partnerships and the contribution that individual partnerships make to the council's corporate objectives can be evaluated and documented. The Council has not defined its significant partnership and does not have a register of its significant partnerships.

We recognise that the Council has utilised a range of partnerships during the COVID-19 pandemic and on the back of joint working has also strengthened existing relationships and partnerships.

We have not identified any significant weaknesses in the Council's partnership arrangements we consider that the Council would benefit from defining its significant partnerships and developing a register that identifies the contribution that the partnerships makes to the Council's corporate objectives.

Procurement and contract management

In 2020/21 the Council did not have an up to date procurement strategy, its strategy was dated 2009-2014. The Council is in the process of developing its procurement arrangements, it has recently appointed an Assistant Director responsible for procurement and commercial services and is in the process of introducing a centralised approach to procurement and intends to update its procurement strategy. The Council is also looking to develop a category management approach and category plans.

Cabinet approved a Social Value Strategy in May 2020, which stipulated that all tendered contracts above £100,000 have a minimum of 10% of the total score allocated to Social Value, to increase to 20% by 2023.

The Council has contract standing orders which sit within its Constitution. The Council has a Contract Assurance Board (CAB) an officer board which was responsible for approving all contract awards above £100,000, instead of SLT. The CAB is also responsible for reviewing and approving contract waivers and breaches and ensuring the Council complies with procurement legislation and standards.



Improvement recommendations



Improving economy, efficiency and effectiveness

8 Recommendation	The Council should ensure that performance against the Council's strategic objectives are reviewed by Cabinet in public meetings to facilitate openness and transparency and to enable public scrutiny.
Why/impact	Public meetings enable public scrutiny and demonstrate that the Council is open and transparent about its performance.
Summary findings	The Council set out its vision and priorities within its Business Plan 2018-2022. It includes what it intends to deliver to achieve its priorities but does not extend beyond 2022. Performance against the priorities was reviewed quarterly by SLT and Cabinet within closed private meetings.
Management comment	A new Business Objectives Plan for 2022+ is being developed and the initial consideration of delivery priorities is scheduled for consideration by Cabinet in September 2022. It will continue to be reviewed by SLT and Cabinet and may be periodically considered at formal meetings.



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Improving economy, efficiency and effectiveness

9 Recommendation The Council should develop a clear data quality strategy and supporting policy.

Why/impact

A data quality policy would set out the Council's approach to continually improving the quality of data required to support good decision making.

A data quality policy should include:

- definition of data quality and why it is important
- roles and responsibilities, including members, senior officers and individual employees
- data quality objectives
- monitoring arrangements
- arrangements for data sharing.

Summary findings

The Council does not have a data quality strategy or supporting data quality policy.

Management comment

This issue relates more to policies rather than concerns on the actual quality of data (the matter is being discussed separately and directly with GT by Senior Officers).



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Improving economy, efficiency and effectiveness

10 Recommendation The Council should consider if the introduction of benchmarking would be beneficial and explore the very high unit costs identified for:

- Children social care
- Adults social care
- Environmental and regulatory services
- Central services
- Public health.

Why/impact

Benchmarking enables services to be compared and potential savings and efficiencies to be identified.

Summary findings

Benchmarking indicates that the Council has very high unit costs in the areas listed above.

Management comment

The Council would indicate that benchmarking does not fully take into account policy choices and priorities that can affect the delivery of services and therefore has limitations. Nonetheless, the Council ran a Zero Based Budget (ZBB) and efficiency programme from April 2019 – July 21. The programme undertook fundamental service reviews (vertical lines of business and budget) and considered the Council's entire budget from four horizontal cross cutting perspectives; pay bill (including our operating model for management), procured goods and services, sundry income and commercial opportunities and discretionary spend.

(see next slide)



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Improving economy, efficiency and effectiveness

Management comment (continued)

We joined the GT benchmarking club to support the programme which was useful to provide some high level pointers, but needed to do bespoke research to provide the fuller picture needed to understand and manage high costs. Benchmarking and higher spend areas were at the front and centre of the programme. In particular;

- We undertook a substantial review of demand and cost management across adult and children's social care with Impower
- Our entire regulatory services portfolio were reviewed
- All central services were reviewed including communications, governance, human resource management and financial management and substantial savings opportunities set out and pursued
- IT running services were not prioritised because running costs were competitive, the service was managing costs is a very mature way (delivering large scale savings on contracts) and a strategic position on the portfolio of development was required
- A business case for reviewing discretionary service spend including substantial aspects of public health was developed

Intelligent use of benchmarking within the context of a ZBB service review standard has been introduced. This recommendation should therefore be dropped or reframed to reflect the recommendations set out in the programme closure report to sustain and embed this approach.



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Improving economy, efficiency and effectiveness

11 Recommendation	The Council should define its significant partnerships and develop a register that identifies the contribution that the partnerships makes to the Council’s corporate objectives.
Why/impact	Defining its significant partnerships and better understanding their contribution to the Council’s objectives will enable the Council to evaluate and assess their level of contribution.
Summary findings	The Council has not defined its significant partnership and does not have a register of its significant partnerships.
Management comment	This matter has been recognised and a Register is in the process of being developed (by end of the financial year).



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Improving economy, efficiency and effectiveness

12 Recommendation	The Council should update its procurement strategy.
Why/impact	The existing should be reviewed and updated to ensure that there are no significant gaps in the current procurement arrangements.
Summary findings	The Council does not have an up to date procurement strategy, its strategy was dated 2009-2014.
Management comment	The Procurement Team is working on a updated procurement strategy with the aim of this being completed by the end of 2023.



The range of recommendations that external auditors can make is explained in Appendix C.

COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how Council services are delivered.

We have considered how the Council's arrangements have adapted to respond to the new risks they are facing.

The Council began preparations for COVID-19 in February 2020 and began operating under its emergency powers in March 2020. Virtual meetings were introduced in accordance with the national emergency Covid-19 powers in May 2020. These emergency powers included a change in delegation of powers to the Chief Executive by the Leader of the Council, enabling the Chief Executive to sign off decisions with a financial value of up to £2m rather than £1m. The increased authorisation limit was only utilised twice in order to procurement of PPE (personal protective equipment).

A governance structure was introduced in order to manage the pandemic which included:

- appointment of a Director of COVID-19 Response, to manage the operational response
- establishment of a Borough Emergency Control Centre, to increase the Council's ability to act with speed
- adopting a 'people first' approach to ensure the necessary action was taken to meet the needs of its residents and businesses to keep them safe during the crisis.

A COVID-19 business continuity framework was adopted to assess risk and was operated through five workstreams:

1. Strategic group, the decision making group which consisted of Gold command senior officers, Senior Leadership Team (SLT) and a COVID-19 Board. The Covid Board included Director or Associate Director representatives from the directorates including Adults, Children's, Public Health and Environment. The COVID-19 Board maintained the COVID-19 risk register and escalated issues to the Gold or SLT as required.
2. Tactical / operational group which consisted of the silver officers group and the Council's horizon scanning group
3. Residents and community reassurance support, this included communications and support to vulnerable residents in the community
4. Workforce resilience, this included the majority of staff moving and maintaining home working throughout 2020/21
5. Partners / economy and reputation, ongoing liaison was maintained with key partners on the response strategy.

The Council also recognises the importance of infection and prevention control and in January 2020 appointed a specialist infection, prevention and control advisor to provide leadership, support and expertise to during outbreaks.

COVID-19 posed a significant financial challenge to the Council's financial sustainability. A comprehensive financial coding system was implemented to ensure that the costs were effectively monitored and understood. The position has been carefully monitored by management and monthly returns in respect of cost and income pressures have been compiled and submitted to the Ministry of Housing, Communities and Local Government.

In 2020/21 the Council received £48.8m in COVID-19 grant funding, to fund both the extra costs within the Council and to fund and support businesses and local residents. As a result the Council was able to pay over £46m to local businesses. The Council has set up both earmarked reserves for COVID-19; COVID-19 collection fund earmarked reserve to smooth the impact of statutory timing differences between funding and the impact of business rates deficit and COVID-19 response non-ringfenced reserve (£6.2m) to meet future commitments.

Responsibility for managing the process of distributing business grant funding was delegated to the Revenues team, with review and sign off on government returns from finance colleagues following detailed reconciliation processes to payment systems.

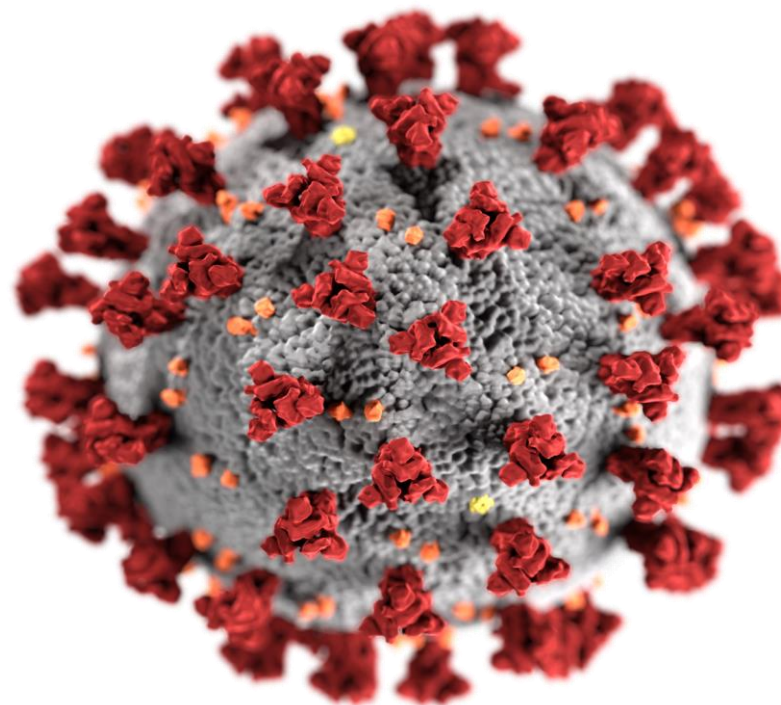
The Council took the early decision to apply caution to the process having identified the high potential for fraud or manipulation, and acknowledgement that there would later be retrospective monitoring of how the Council had applied the schemes. Management worked with their software provider, Capita, to devise a solution to administer each grant scheme accurately and consistently. This required periodic revisions to the arrangements in place as new schemes with different terms and conditions were announced throughout the period.

Manual due diligence checks were undertaken by the Revenues management team, including requests for additional information and documentation where businesses had not previously registered for NNDR in the knowledge that they would have previously been entitled to 100% relief. This included the collation of additional data which was not proactively requested in advance, but which the Council foresaw could be requested by central government at a later date.

This had the result that whilst the Council was not able to quickly grant monies to affected businesses, the returns compiled to central government could be reconciled to financial records and despite the complexity of the different schemes, no queries were subsequently raised for the Council to respond to by central government. In addition, the Council's counter-fraud team were involved on an exception basis where required and minimal instances of fraud were identified.

In relation to reporting to members and other stakeholders, the Head of Revenues and Assistant Director for Residents' Services held monthly meetings with their lead member. Progress against delivery of the schemes was updated on a regular basis to the Council's website, and communicated internally to officers through weekly business emails. Counter-fraud reported to the Audit Committee periodically throughout the year in relation to where instances of grant fraud had been prevented or detected.

In our view effective governance arrangements were introduced to respond to the COVID-19 pandemic, the Council made use of its existing controls to ensure that spend was appropriate to be incurred. A significant number of vulnerable residents and local businesses were supported and the Council continues to support its local population.



Appendices

Appendix A - Responsibilities of the Council



Role of the Chief Financial Officer (or equivalent):

- Preparation of the statement of accounts
- Assessing the Council's ability to continue to operate as a going concern

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B - Risks of significant weaknesses - our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, our findings and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Findings	Outcome
We did not identify any risks of significant weakness	N/A	N/A	N/A

Appendix C - An explanatory note on recommendations

A range of different recommendations can be raised by the Council’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.	No	
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.	No	
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council’s arrangements.	Yes	Financial sustainability - pages 12 -14 Governance - pages 19 - 22 Economy, efficiency and effectiveness - pages 26 - 30

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Appendix D - Use of formal auditor's powers

We bring the following matters to your attention:

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not make any statutory recommendations

Public interest report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not apply to the Court

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue an advisory notice

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for judicial review



Report to: Audit Committee

Date: 13/09/2022

Subject: Treasury Management Outturn Report 2021/22

Report of: Sukvinder Kalsi, Director of Finance

Report author: Phil Triggs, Director of Treasury and Pensions

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

The purpose of this report is to present the Council's annual Treasury Management outturn for 2021/22, in accordance with the Council's treasury management practices. It is a regulatory requirement for this outturn report to be presented to Council by the 30 September of each year.

During the year, the Council operated within the Treasury Limits and Prudential Indicators as set out in the Treasury Management Strategy Statement approved by Council on 25 February 2021.

Cash remained steady throughout the financial year with balances increasing from £297.4m at 31st March 2021 to £328.9m at 31st March 2022. These funds were invested at competitive rates throughout the year with the average interest rate returns for the year increasing from 2020/21. The majority of investments were kept with money markets funds ensuring the security and liquidity of the Council's cash.

No new borrowing was undertaken during the 2021/22 financial year.

All prudential indicators were met.

RECOMMENDATIONS

1. That Cabinet note the annual Treasury Management Outturn Report for 2021/22.

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	Ensuring an optimum borrowing and investment strategy in line with the Council's Treasury Management Strategy Statement

Financial Impact

This report is wholly of a financial nature.

Legal Implications

There are no legal implications in respect of this report.

Contact Officers

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Verified by Sukvinder Kalsi, Director of Finance

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Background Papers Used in Preparing This Report

Treasury Management Strategy Statement 2021/22 (approved by Council on 25 February 2021)

DETAILED ANALYSIS

Proposals and Analysis of Options

Background and Treasury Position

1. Treasury management in this context is defined as:

“The management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2. This annual treasury report covers:

- the treasury position as at 31 March 2022;
- the borrowing strategy for 2021/22;
- the borrowing outturn for 2021/22;
- compliance with treasury limits and prudential indicators;
- investment strategy for 2021/22; and
- investment outturn for 2021/22.

3. The Council's debt, all held with the Public Works Loan Board (PWLB), and investment positions at the beginning and end of the 2021/22 year were as follows:

	31 March 2022 (£m)	Rate (%)	31 March 2021 (£m)	Rate (%)
General Fund (GF)	52.8	3.71	52.8	3.71
Housing Revenue Account (HRA)	218.9	3.77	218.9	3.77
Total Borrowing	271.7	3.76	271.7	3.76
Total Cash Invested	328.9	0.54	297.4	0.05
Net Cash Invested	57.2		25.7	

4. The table below shows the allocation of interest paid and received during the year 2021/22:

	Interest Paid (£m)	Interest Received (£m)	Net (£m)
General Fund (GF)	2.0	(0.1)	1.9
Housing Revenue Account (HRA)	8.3	0.0	8.3
Other*	0.0	(0.1)	(0.1)
Total	10.3	(0.2)	10.1

* Other – interest paid on balances held for Section 106 and other deposits

5. The Housing Revenue Account (HRA) is responsible for servicing 80.6% of the Council's external debt and the General Fund is responsible for the remaining 19.4%.

6. The table below shows the split of investments by duration as at 31 March 2022:

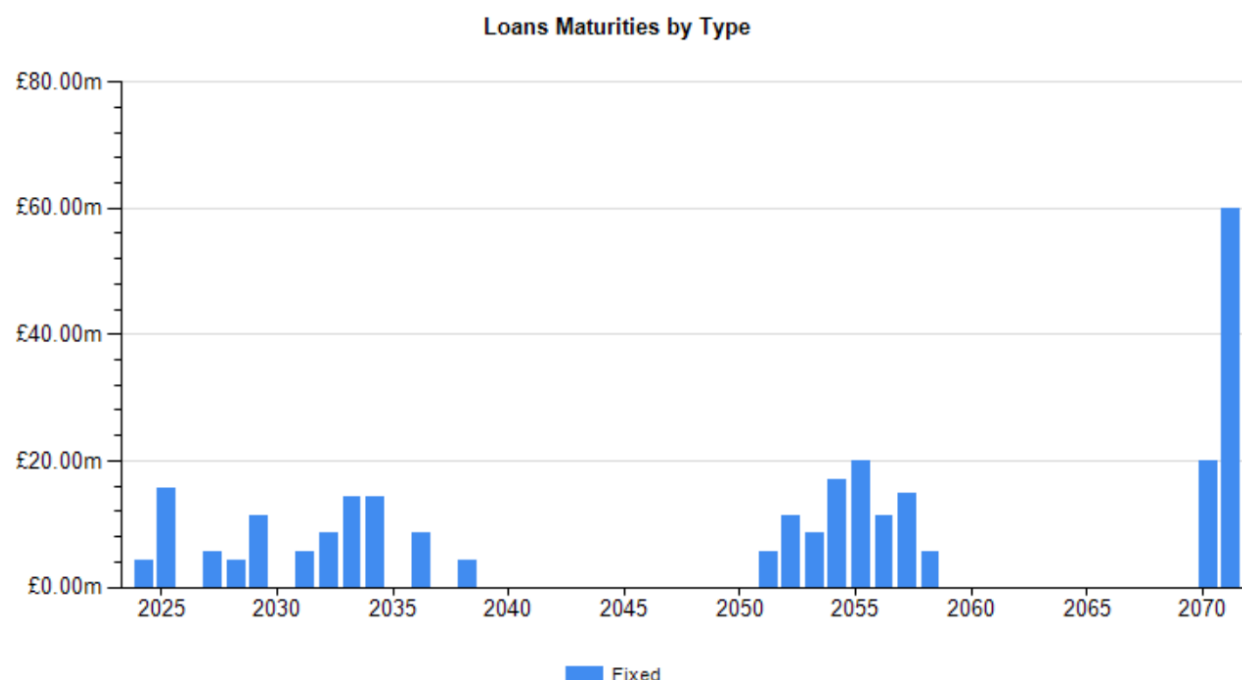
Maturity Period	Call (£m)	Fixed (£m)	MMF (£m)	Total (£m)
Liquidity	25.0	0.0	204.4	229.4
< 1 Month	0.0	30.0	0.0	30.0
1 – 3 Months	0.0	14.5	0.0	14.5
3 – 6 Months	0.0	35.0	0.0	35.0
6 – 12 Months	0.0	20.0	0.0	20.0
Total	25.0	99.5	204.4	328.9

7. The TMSS kept investments short-term and invested with highly rated or UK Government backed institutions, resulting in low returns compared with borrowing rates.

Treasury Borrowing

8. No new borrowing was undertaken in the 2021/22 financial year, leaving borrowing unchanged at £271.7m.

9. All of the Council's loans are at a fixed rate of interest. The table below shows the debt profile as at 31 March 2022:



10. In 2021/22, the HRA PWLB debt of £218.9 million remained below the HRA Capital Financing Requirement (CFR) of £257.0 million, which generates internal borrowing of £38.1 million. This difference does not, as yet, exceed the value of HRA working balances. HRA reserves and working capital, in excess of the internal borrowing, represent cash balances, on which interest is allocated from the general fund. As at 31 March 2022, the HRA held cash balances of £218.9m over and above the £38.1m.
11. As at 31 March 2022, the Council had an under-borrowed position. This means that the capital borrowing need was not fully funded by the existing external loan debt and the balance is funded by cash reserves (known as internal borrowing).

Closing Capital Financing Requirement analysed between General Fund and Housing Revenue Account

	31 March 2022 CFR £m	31 March 2022 External Debt £m	31 March 2021 CFR £m	31 March 2021 External Debt £m
GF CFR (Excluding DSG funded Schools Windows borrowing)	128.9	0.0	122.2	0.0
GF CFR (DSG funded Schools Windows borrowing)	28.7	0.0	21.5	0.0
Total GF Headline CFR	157.6	0.0	143.7	0.0
Finance leases/PFI	8.5	0.0	8.9	0.0
Total Closing GF CFR	166.1	52.8	152.6	52.8
HRA TOTAL	257.0	0.0	233.1	0.0
HRA CFR Total	257.0	218.9	233.1	218.9
Total CFR/External Debt	423.1	271.7	385.7	271.7

Treasury Investments

12. At 1 April 2022, a significant part of the Council's treasury investment portfolio (£124.5 million) was held in fixed term deposits with DMADF and bank notice accounts.
13. The TMSS allowed investment in the following areas:
 - an unlimited investment limit with the UK Government (DMO) deposits, UK gilts, repos and treasury bills;
 - up to a maximum of £100 million per counterparty in supra-national banks, European agencies and covered bonds debt on a buy to hold basis with maturity dates of up to five years, Transport for London (TfL) and the Greater London Authority (GLA) bonds for up to three years;
 - a limit of £30 million to be invested with any UK Local Authority (subject to internal counterparty approval by the Director of Treasury and Pensions and Director of Finance);
 - no more than £45 million to be invested with any individual Money Market Fund;
 - any financial instrument held with a UK bank limited to £70 million depending on the credit rating and Government ownership above 25% (limit of £50 million);
 - any financial instrument held with a non-UK bank limited to £50 million.
14. The investments outstanding at 31 March 2022 amounted to £328.9 million invested in short-term deposits. This compares with £297.4 million short-term investments at 31 March 2021.
15. The table below provides an analysis of the cash deposits, together with comparisons from the previous year:

	31 March 2021 £m	31 March 2022 £m
Liquid Deposits	0.0	0.0
Money Market Funds	133.4	204.4
Notice Accounts	35.0	25.0
Custodian Held Assets	0.0	0.0
Term Deposits	129.0	99.5
Enhanced Cash Fund	0.0	0.0
Total	297.4	328.9

16. During 2021/22 cash balances varied between £304.6 million and £376.2 million reflecting the timing of the Council's income (council tax, national non-domestic rates, government grants and capital receipts, etc) and expenditure (precept payments, payroll costs, supplier payments and capital projects).
17. The average return achieved on investments managed internally for the year was 0.13% compared with the average 7-day money market rate (uncompounded) of 0.14%. The total interest received of £0.2 million compares with a weighted average of 0.26% and a total interest received of £1.3 million for 2020/21. Interest rates remained low throughout the year with the Council following a low risk strategy and avoiding potentially higher returns which would increase counterparty risk.

Inflation Rates

18. The below table shows the movement in inflation rates throughout the 2021/22 financial year.

Period end*	RPI		RPI-X		CPI	
	Index	%	Index	%	Index	%
Apr-21	301.1	2.9	302.5	3.2	110.1	1.5
May-21	301.9	3.3	303.3	3.4	110.8	2.1
Jun-21	304.0	3.9	305.5	3.9	111.3	2.5
Jul-21	305.5	3.8	306.9	3.9	111.3	2.0
Aug-21	307.4	4.8	309.0	4.9	112.1	3.2
Sep-21	308.6	4.9	310.2	5.0	112.4	3.1
Oct-21	312.0	6.0	313.6	6.1	113.6	4.2
Nov-21	314.3	7.1	316.0	7.2	114.5	5.1
Dec-21	317.7	7.5	319.5	7.7	115.1	5.4
Jan-22	317.7	7.8	319.5	8	114.9	5.5
Feb-22	320.2	8.2	322.0	8.3	115.8	6.2
Mar-22	323.5	9.0	325.2	9.1	117.1	7.0

RPI = Retail Price Index, RPI-X = RPI excluding mortgage interest payments,
CPI = Consumer Price Index

Prudential Indicators

19. During the year the Council operated within the Treasury Limits and Prudential Indicators set out in the TMSS approved by Council on 25 February 2021.
20. The table below provides a breakdown of the indicators and actual position for the year ending 31 March 2022:

Indicator	2021/22 Approved Limit	2021/22 Actual	Indicator Met?	
Capital Financing Requirement	£481m	£423.1m	Met	
Authorised Limit for external debt ¹	£550m	£271.7m	Met	
Operational Debt Boundary ²	£495m		Met	
Capital Expenditure	£162m	£95.0m	Met	
Ratio of financing costs to revenue stream	GF (0.61%) HRA 6.34%	GF (0.64%) HRA 6.23%	Met	
Working capital balance	£0m	£0m	Met	
Limit on surplus funds invested for more than 364 days	£120m	£0m	Met	
Maturity Structure of Borrowing	Minimum	Maximum	Actual	Indicator Met?
Under 12 Months	0%	15%	0%	Met
12 Mths to within 24 Mths	0%	15%	3%	Met
24 Mths to within 5 years	0%	60%	9%	Met
5 years to within 10 years	0%	75%	11%	Met
Over 10 years	0%	100%	77%	Met

Reasons for Decision

21. The Council's treasury management activity is underpinned by the CIPFA Code, which recommends that members are informed of treasury management activities at least twice a year.

Equality Implications

22. There are no direct negative implications for protected groups, under the Equality Act 2010, arising from the information presented in this report.

¹ The Authorised Limit is the maximum requirement for borrowing taking into account maturing debt, capital programme financing requirements and the ability to borrow in advance of need for up to two years ahead.

² The Operational Boundary is the expected normal upper requirement for borrowing in the year.

23. Implications completed by: Sophie Green, Treasury Manager, tel. 07816 280 994.

Risk Management Implications

24. The purpose of this report is to present the Council's annual Treasury Management Outturn Report for 2021/22 in accordance with the Council's treasury management practices. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities is measured. Risk levels were set in accordance with the approved Treasury Management Strategy Statement. The Council continues to recognise that effective treasury management provides support towards the achievement of its business and service objectives, specifically, being ruthlessly financially efficient. The identification, monitoring and control of risks are central to the achievement of the treasury objectives. Potential risks are identified, mitigated and monitored in accordance with treasury practice. It is also worthwhile in noting that this covers a period that included considerable uncertainty at a national level during the Covid-19 outbreak.
25. Implications verified by: Ray Chitty, Head of Insurance, tel 07739 315565

Consultation

None.

LIST OF APPENDICES

None.

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 13/09/2022

Subject: Local Government and Social Care Ombudsman Annual Review Letter 21/22 and Housing Ombudsman Maladministration Findings

Report author: Nicola Ellis, Assistant Director Resident Services

Responsible Director: David Tatlow, Director of Resources (Monitoring Officer)

SUMMARY

This report updates the Audit Committee on the Local Government And Social Care Ombudsman (LGSO) Annual Review Letter. As the Housing Ombudsman does not produce an annual letter it also updates on the findings of maladministration by the Housing Ombudsman in 20/21.

RECOMMENDATIONS

1. That Audit Committee note the content of the review letter and comment on the actions to address outstanding issues.
2. That Audit Committee note the findings of maladministration by the Housing Ombudsman.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	<i>Having effective systems in place to monitor feedback from residents enables opportunities to improve services for our residents' benefit.</i>
Creating a compassionate council	<i>Understanding difficulties our residents face in dealing with our services where residents are experiencing their most difficult circumstances or have complex needs</i>
Doing things with local residents, not to them	<i>Learning from our residents' feedback enables us to ensure that we are delivering services that meet their needs.</i>

Being ruthlessly financially efficient	<i>Providing a service that meets residents needs provides value for money. Ensuring we learn from our mistakes and improve services accordingly is financially efficient.</i>
Taking pride in H&F	<i>Providing accessible and effective services to our residents and businesses makes Hammersmith and Fulham an attractive place to live work and do business in</i>
Rising to the challenge of the climate and ecological emergency	<i>A more efficient service increases the opportunity for digital delivery and better facilitates sustainable service delivery.</i>

Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

Background

When a resident has exhausted the corporate complaints procedure and if they are still dissatisfied with our response, they can make a complaint to either the Local Government & Social Care Ombudsman (LGSCO) or the Housing Ombudsman.

Each year the LGSCO provides an annual review of performance. This report considers the LGSO annual review. The Housing Ombudsman does not provide an annual letter but publishes data (around December). However, as the Monitoring Officer has a duty to report all cases of maladministration to Members, the cases where the Housing Ombudsman found maladministration are also included in this report.

LGSO Annual Review Letter 2021/2022

The Annual Review letter was received on 20th July 2022 and is included as Appendix A.

In addition, the LGSO also provided a spreadsheet showing details of all cases considered during the period, all cases decided and those where the decision was upheld.

During the period (April 21 – Mar 22) the LGSO received **80 cases** (59 cases in 20/21). They are broken down as follows:

Adult Social Care	13
Benefits and Tax	4

Corporate & Other 4
 Education and Children's 7
 Environment and Public Protection 1
 Highways and Transport 9
 Housing 28
 Other (LGSO category) 8
 Planning and Development 6

During the period the LGSO concluded **79 cases** but only 17 were investigated fully (10 in 20/21) and a decision issued. Others were concluded for a variety of reasons including closed after initial enquiries, giving advice to follow complaints process, closed as incomplete or invalid or referred back for local resolution.

Of the 17 decisions made in the period 13 of those were upheld. This means our percentage of **decisions upheld is 76%**. The average for similar authorities is 71%.

The LGSO also reports on compliance with recommendations and orders and we had **100% compliance** compared to an average in similar authorities of 99%.

The LGSO reports on cases where the authority has satisfactorily resolved the issue prior to the decision being issued. We had **8% resolved** in this way compared to an average of 11%.

Our performance is compared to previous years in the table below:

	18/19	19/20	20/21	21/22
Numbers of full decisions	73	23	10	17
Decisions upheld	72%	43%	70%	76%
Compliance	100%	100%	100%	100%
Resolution prior to decision	15%	0%	0%	8%

NB 20/21 Decisions were lower as the Ombudsman stopped accepting complaints for a period during the pandemic.

Decisions Made

The breakdown of the 17 decisions made is:

Decisions not upheld:

Adult Care Services	12/11/2021	Other reason not to continue investigation
Adult Care Services	18/02/2022	No maladministration
Housing	16/03/2022	No maladministration
Housing	07/02/2022	No maladministration

No fault or maladministration was found in these cases.

Decisions upheld:

Adult Care Services	20/04/2021	Upheld	maladministration & injustice
Adult Care Services	05/05/2021	Upheld	maladministration & injustice
Adult Care Services	25/08/2021	Upheld	maladministration & injustice
Adult Care Services	11/10/2021	Upheld	maladministration & injustice
Adult Care Services	29/09/2021	Upheld	maladministration & injustice- no further action, already remedied
Adult Care Services	12/11/2021	Upheld	maladministration & injustice
Adult Care Services	25/01/2022	Upheld	Injustice remedied during LGO consideration
Adult Care Services	29/03/2022	Upheld	Remedy agreed during investigation (no finding on mal: no public interest)
Benefits & Tax	22/10/2021	Upheld	maladministration & injustice
Education & Children's Services	05/05/2021	Upheld	maladministration & injustice
Housing	07/07/2021	Upheld	maladministration & injustice
Housing	28/10/2021	Upheld	maladministration & injustice
Housing	04/03/2022	Upheld	maladministration & injustice

Detail on all these cases can be found in Appendix B. Note the case classified above as Benefits and Tax is classified in our records as Temporary Accommodation (failure to advise resident they would be liable for Council Tax when in temporary accommodation)

Of the 13 cases, 11 found maladministration but one of those did not warrant any further action from the Ombudsman as it had been remedied. Another found injustice but no maladministration, but this had been remedied and a further was remedied during the investigation.

Eight of the thirteen cases upheld relate to adult social care. This is unusual as adult social care do not receive high levels of complaints. Also, of note is that fact that adult social care consistently respond to all its complaints within the agreed timescale and are the top council performer in this regard.

Nationally the Ombudsman reported that adult social care had seen increased numbers of complaints during the pandemic. This isn't surprising given the significant increase in overall social referrals and assessments during the pandemic. Also, during this time, the NHS introduced a new 'discharge to assess' policy, which has meant that even more people are discharged home with a very high level of

social care and health needs. This has significantly impacted on the service demand. Quality in terms of home care due to capacity pressures has also been impacted.

Also, of note, is the fact that as H&F gives free home care, demand has increased by 40% since the introduction of this policy. Consequently, combined with covid, the impact on social care service has seen an unprecedented level of demand.

In our regular liaison meeting with the Ombudsman, they commented that the levels of complaints that we had experienced, across all services, that related to the pandemic, were lower than expected and complimented the Council on its Covid 19 response. However, the pandemic does appear to have had impact on the higher proportion of decisions, even though adult social care continued to provide all of its support and services throughout the pandemic, unlike many other Councils who were unable to deliver their social care as they usually would.

Adult social care has no stage two complaints.

Increased referrals in respect of Adult Social Care during the 21/22 year were noted during the year and action taken to analyse the reasons for this and to remedy. In most of the cases where the Ombudsman found unfavourably against the service, the service had identified fault and provided satisfactory remedies during the period of investigation.

Half of the decisions related to services provided on behalf of the Council. In the other half, The Ombudsman considered that the actions of the provider are the actions of the Council. In two of these cases the provider failed to notify the Council of the complaint, but the Ombudsman found they had completed the providers process and therefore the Council's. The service identified that this meant that the Council had no control over the process or opportunity to suggest remedy but had to accept the findings of the Ombudsman.

The service urgently addressed this procedural gap with providers and the service has worked with providers to ensure that all complaint decisions are approved by the Council, and this has resulted in less complaints being escalated.

The service accounts for the only satisfactory remedy before the complaint reached the Ombudsman. The Service has also implemented a learning log from Ombudsman decisions ensuring that it is making changes and acting on learning from the findings of the Ombudsman'. A review of the service complaint procedure will include a further review stage prior to referral to the Ombudsman, and scrutiny of learning for all upheld cases.

Timely Compliance

In last year's annual letter, the Ombudsman noted that whilst there was 100% compliance with the orders and recommendations it was disappointing to note that in three cases this compliance was late. This year the Ombudsman has highlighted that this issue has not continued and the compliance with orders has been timely across all departments.

However, the Ombudsman has pointed out that they encountered delays in request for information from Housing, stating that over 7 cases the average response time was 30 days. Analysis has been carried out to identify where and when these delays occurred, and delays were found to have occurred in 5 cases:

Reference	Service	Date	Delay
20002781	Housing Advice and Assessment	14/05/21	Request for info directed to wrong dept
21001004	Temporary Accommodation	22/04/21	Service delay
21003902	Temporary Accommodation	17/06/21	Service delay – extension was requested and granted
21004560	Housing Advice and Assessment	28/06/21	Service delay
21008396	Tenancy management	14/09/21	Service delay

These delays were identified at the time and are prior to tighter controls and escalation being put in place. We have not experienced such delays since.

Housing Ombudsman Maladministration Cases

During the year 2020/2021 The Housing Ombudsman made ten determinations of maladministration.

Department	Case Reference Number	Date of Final Decision	Compensation Awarded	Complaint Summary
Economy - Repairs	202009699	20.05.2021	£150	The resident is unhappy with the Council's handling of a leak from the property above.
	202013639	28.05.2021	£475	The complaint is about the landlord's handling of repairs to the complainant's balcony.
	202010475	14.06.2021	£500	Asbestos, general maintenance of the communal areas including cleaning & delays in complaint handling
	202100618	09.08.2021	£500	The complaint is about the landlord's handling of the complainant's reports of a leak in his property.
	202013981	30.09.2021	£250	The complaint is about the landlord's handling of repairs to the resident's balcony.

	202102637	27.01.2022	£375	The landlord's handling of roof works following the resident's reports a leak; and
	202102300	14.02.2022	£250	
	202101891	10.02.2022	£270	Handling of repairs to door and window
	202114536	17.03.2022	£750	Repairs to the windows – specifically the quality of works and delays experienced.
	202104254	23.03.2022	£600	The complaint is about the landlord's handling of repairs to the complainant's property.

More detail on these cases is provided in Appendix B. All of the cases of maladministration relate to Repairs. The Council is delivering a focussed and targeted improvement plan in respect of the Repairs Service and one of the areas of focus is the early resolution of complaints. It is anticipated that this improvement will reduce findings of maladministration in respect of Repairs.

Also included in the Appendix B are cases where service failure or injustice has been found as the Ombudsman classifies these as partial maladministration.

Overall Analysis and Actions to Improve

Overall, our numbers of cases being referred to and investigated by the LGSCO Ombudsman are not high. Only 5 London Boroughs had fewer decisions made and fewer decisions upheld. Appendix C show the performance for all London Boroughs

Whilst our numbers of complaints upheld are higher than the average, they are not significantly higher. This is an area for us to consider and ensure that we are addressing all areas of the complaint satisfactorily at stage 2. We are introducing a new quality assurance module in I Casework which will ensure that we have more stringent quality monitoring of responses and are able to quickly address any training needs. We will also review all Ombudsman decisions with the officers that make stage two decisions so that they can learn from the Ombudsman findings. This should hopefully contribute to improved performance in respect of those cases that are fully resolved prior to the Ombudsman investigation where our numbers are lower than the average of 11% at 8%.

It should be noted that during the financial year being reported we have introduced a number of changes to improve the focus on timely resolution of Ombudsman cases and to learn from Ombudsman decisions. These include:

- Continued to report Ombudsman performance quarterly to Strategic Leadership Team Assurance Board on the findings and key issues as a result.
- Provided a presentation to our Managers Forum (comprising of 150 senior managers) to raise awareness of issues and to promote ownership to encourage early and timely resolution

- Improved our processes for escalation to ensure timely compliance with orders. Including automated system prompts and manual prompts as well as weekly monitoring reports.
- All decisions copied to relevant SLT director.
- Introduced cross-council Ombudsman Board where decision are reviewed and learning identified.

LIST OF APPENDICES

Appendix A – LGSCO Annual Review Letter

Appendix B – LGSCO Cases Upheld

Appendix C – LGSCO London Borough Performance 2021/22

Local Government & Social Care OMBUDSMAN

20 July 2022

By email

Ms Lea
Interim Chief Executive
London Borough of Hammersmith & Fulham

Dear Ms Lea

Annual Review letter 2022

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022. The information offers valuable insight about your organisation's approach to complaints. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 27 July 2022. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your

Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Your organisation's performance

In last year's letter I noted there were delays in your Council carrying out agreed recommendations to remedy complaints. I am pleased to say this has not reoccurred. However, this year I was disappointed to see there were particular delays in getting replies to our enquiries from your Housing department. We made seven enquiries and it took an average of 30 days for us to receive a response, rather than the 20 days we asked for. We did not have similar delays in getting responses from other departments. I hope you will look into why these delays have occurred and take action to prevent this in future.

Supporting complaint and service improvement

I know your organisation, like ours, will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. While some pre-pandemic practices returned, many new ways of working are here to stay. It is my continued view that complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic. Through the lens of this recent upheaval and adjustment, I urge you to consider how your organisation prioritises complaints, particularly in terms of capacity and visibility. Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.

I want to support your organisation to harness the value of complaints and we continue to develop our programme of support. Significantly, we are working in partnership with the Housing Ombudsman Service to develop a joint complaint handling code. We are aiming to consolidate our approaches and therefore simplify guidance to enable organisations to provide an effective, quality response to each and every complaint. We will keep you informed as this work develops, and expect that, once launched, we will assess your compliance with the code during our investigations and report your performance via this letter.

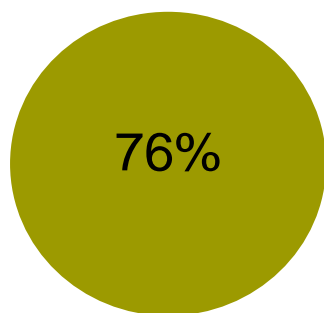
An already established tool we have for supporting improvements in local complaint handling is our successful training programme. We adapted our courses during the Covid-19 pandemic to an online format and successfully delivered 122 online workshops during the year, reaching more than 1,600 people. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld



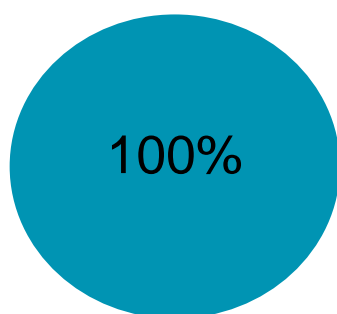
76% of complaints we investigated were upheld.

This compares to an average of **71%** in similar organisations.

13
upheld decisions

Statistics are based on a total of **17** investigations for the period between 1 April 2021 to 31 March 2022

Compliance with Ombudsman recommendations



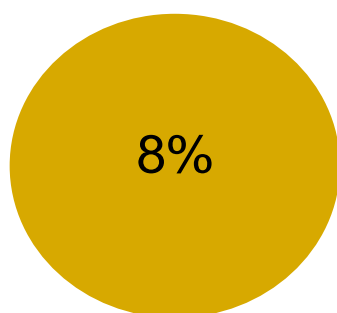
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **99%** in similar organisations.

Statistics are based on a total of **10** compliance outcomes for the period between 1 April 2021 to 31 March 2022

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the organisation



In **8%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **11%** in similar organisations.

1
satisfactory remedy decision

Statistics are based on a total of **13** upheld decisions for the period between 1 April 2021 to 31 March 2022

Department	Case Reference Number	Ombudsman	Date of Final Decision	Case Investigated Y/N	Was Maladministration Found Y/N	Compensation Awarded	Additional Orders/Recommendations	Complaint Summary
Economy - H & F Maintenance	202009699	HO	20.05.2021	Yes	Yes	£150		The resident is unhappy with the Council's handling of a leak from the property above.
	202013639	HO	28.05.2021	Yes	Yes	£475		The complaint is about the landlord's handling of repairs to the complainant's balcony.
	202010475	HO	14.06.2021	Yes	Yes	£500		asbestos, general maintenance of the communal areas including cleaning & delays in complaint handling
							review its staff's training needs in relation to their application of its policies and procedures with regard to the timeliness, records of and updates on the progress of repairs, and on appropriate levels of compensation, to seek to prevent a recurrence of its above failings in the resident's case. This should include the completion of this Service's free online dispute resolution training for landlords at https://www.housing-ombudsman.org.uk/landlords-info/elearning/, if this has not been done recently, and consideration of our remedies guidance at https://www.housing-ombudsman.org.uk/aboutus/corporate-information/policies/dispute-resolution/policy-on-remedies/	The complaint is about the landlord's handling of the complainant's reports of a leak in his property.
	202100618	HO	09.08.2021	Yes	Yes	£500		
	202013981	HO	30.09.2021	Yes	Yes	£250	N/A	The complaint is about the landlord's handling of repairs to the resident's balcony.
							The landlord is to confirm to this Service, what measures it has in place to ensure its repair records include all key information including, repair reports, appointment dates and inspection reports. (Within eight weeks of the date of this order).	The landlord's handling of roof works following the resident's reports a leak; and
	202102637	HO	27.01.2022	Yes	Yes	£375	N/A	
	202102300	HO	14.02.2022	Yes	Yes	£250	N/A	
	202101891	HO	10.02.2022	Yes	Yes	£270	N/A	
							The landlord provides guidance for staff on how to deal with reports of recurrent leaks / with situations where the source of the leak is not straightforward to trace.	Repairs to the windows – specifically the quality of works and delays experienced.
	202114536	HO	17.03.2022	Yes	Yes	£750		The complaint is about the landlord's handling of repairs to the complainant's property.
	202104254	HO	23.03.2022	Yes	Yes	£600	N/A	

Department	Case Reference Number	Ombudsman	Date of Final Decision	Case Investigated Y/N	Was Service Failure/Injustice Found Y/N	Compensation Awarded	Additional Orders/Recommendations	Complaint Summary
Economy - H & F Maintenance								The landlord's handling of the resident's reports about outstanding repairs to the property which include: the draft in the bedroom from the gaps in the windows; the mould in the shower and the shower not working properly; the marks on the ceiling below which was cracked from the earlier leak and pest problems with rats in the property;
	202005977	HO	06.04.2021	Yes	Yes	£1,500		The resident is unhappy with the Council's handling of a leak from the property above.
	202009329	HO	20.05.2021	Yes	Yes	£100		The complaint is about ongoing issues with a leak and the repair to fix the kitchen waste pipe.
	202011017	HO	28.05.2021	Yes	Yes	£175		The complaint is about the landlord's handling of repairs to the resident's balcony.
	201907765	HO	24.08.2021	Yes	Yes	£2,816	N/A	
							The landlord is ordered to confirm that it will revise any relevant complaint handling training so that resident concerns are logged as soon as the landlord becomes aware of ongoing dissatisfaction, in accordance with the Housing Ombudsman Complaint Handling Code.	The landlord's handling of a kitchen replacement, The landlord's response to your request for compensation the landlord's handling of the resident's requests that it repairs her heating and hot water system; and the length of time taken to replace the boiler.
	202012991	HO	01.11.2021	Yes	Yes	£825		
	202012724	HO	18.11.2021	Yes	Yes	£200	N/A	
							The landlord to take steps to ensure that its complaints handling staff are aware of the details of its complaints policy. This should also include consideration of this service's guidance on remedies at https://www.housingombudsman.org.uk/aboutus/corporateinformation/policies/dis put resolution/guidance-on-remedies/ and the completion of our free online dispute resolution training for landlords at 10 https://www.housingombudsman.org.uk/landlords/e-learning/ if this has not been done recently	The complaint is about the landlord's handling of repairs to the resident's bathroom.
	202005513	HO	22.11.2021	Yes	Yes	£100		The complaint is about the landlord's handling of repairs to the property.
	202010889	HO	22.11.2021	Yes	Yes	£150	N/A	The landlord's handling of the resident's reports of damp. The landlord's handling of the resident's request for damp proof works and concrete flooring.
	202105218	HO	15.12.2021	Yes	Yes	£300	N/A	
	202017220	HO	15.12.2021	Yes	Yes	£350	Recommendation 41.That the landlord reviews how it handled the repairs agreed in the final response of 24 November 2020 under its formal complaint process, taking into account any unreasonable delays and whether further compensation is owed to the resident	The complaint is about the landlord's handling of various repairs to the complainant's property

	202108074	HO	29.12.2021	Yes	Yes	N/A	N/A	The landlord not informing the resident of the presence of asbestos in the property. The landlord's response to the resident's reports that they were exposed to asbestos from damaged flooring in the property which affected their health.
	202010278	HO	04.01.2022	Yes	Yes	N/A	In future cases, where works are agreed as part of the landlord's resolution, it should ensure that this is given priority so that any outstanding matters can be resolved and within a reasonable timeframe. The landlord should review its position and the resident's experience upon completion of works to be sure that its customers have been treated fairly and that it has acted appropriately.	The complaint is about the landlord's response to various repair reports.
Economy - Tenancy Management North	202004145	HO	06.04.2021	Yes	Yes	£100	The landlord is recommended to follow up with the offer of providing a professional witness officer to further investigate the noise, if this has been agreed with the resident	The complaint is about the landlord's response to and handling of noise nuisance and anti-social behavior.
Finance - Rent Income	202004933	HO	20.04.2021	Yes	Yes	£200	In light of the system failure which impacted the resident's account, it is recommended that the landlord assure itself that this failure did not similarly impact the accounts of any of its other tenants	The complaint is about the way the Council responded to Mr X's request for a review of his rent accounts including those on previous tenancies.

Department	Case Reference Number	Ombudsman	Date of Final Decision	Case Investigated Y/N	Was Service Failure/Maladministration/Injustice Found Y/N	Compensation Awarded	Additional Orders/Recommendations	Complaint Summary
Adult Social Care	20005413	LGSCO	21.04.2021	Yes	Yes	N/A	N/A	Summary: Ms X complained about the level of care provided to her mother, Mrs Y, on behalf of the Council, in the weeks leading to her mother's death. The care home sought medical advice appropriately. However, it was at fault for the loss of some of Mrs Y's records
	20006683	LGSCO	05.05.2021	Yes	Yes	£500	The Council will, within one month of the date of the final decision, remind the care home of the importance of keeping care records securely. The Council should complete the above within four weeks of the final decision. To discuss with colleagues in other departments (including children services) on combined or integrated assessment and care planning to ensure the Council has a robust system in place when more than one service is assessing or meeting a person's needs.	Summary: Miss X complains about the Council's handling of her care and support needs. She complains the Council failed to assess her needs, did not complete assessments properly, failed to meet her needs, and failed to tell her about advocacy. We find fault with the Council failing to meet Miss X's eligible needs, and for not properly considering her comments on the care assessment and OT assessment. We have made recommendations.
	20012623	LGSCO	26.08.2021	Yes	Yes	£250	ensures the Care Provider implements a system for storing residents' belongings including an inventory and photographs.	Summary: Mrs B complained about the actions of a care home in respect of her mother's end of life care and storage of her belongings. The Council had placed her mother (Mrs C) at the care home following a discharge from hospital. On the evidence available, we found the care home should have informed the family about Mrs C's end-of-life care plan and kept better storage. The Council has agreed to pay Mrs B £250 and improve its storage procedures.
	20013778	LGSCO	29.09.2021	No	N/A	N/A	N/A	Summary: The Council was at fault for giving the complainant conflicting information about his care and support hours, but this did not mean it was underpaying his direct payments. The Council's apology is adequate to remedy the injustice caused by this confusion. There is no fault by the Council in seeking to recover surplus funds from the complainant's direct payment account, and it has now put in place measures to ensure he can manage the account properly. We have therefore completed our investigation.

	20013032	LGSCO	12.10.2021	Yes	Yes	£750	N/A	Summary: Ms C complained the support provider, arranged by the Council, failed to contact her when her brother went into hospital and when he passed away. As a result, she was unaware he had passed away for four weeks, which was very distressing for Ms C when she found out. We found the provider and the Council failed to have appropriate Next of Kin information on its database for Ms C's brother. The Council has agreed to apologise to Ms C for the distress this has caused her and pay a financial remedy
	21003281	LGSCO	12.11.2021	Yes	Yes	£1,500	N/A	Summary: The Council acknowledges it did not follow its usual process in seeking to resolve Mr X's problems with his previous domiciliary care provider. Mr X now has a new care provider giving a satisfactory service, the Council has improved its processes and offered a proportionate sum to Mr X and his family in recognition of the distress caused. That is a suitable remedy for the injustice suffered and I have completed the investigation.
	21013071	LGSCO	27.01.2022	No	N/A	N/A	N/A	Summary: We will not investigate this complaint about the Council's careline service. The Council has admitted it was at fault and has offered a suitable remedy. We could not add to its investigation and our involvement would not lead to a different outcome.
	21016214							Summary: The investigation into this complaint is discontinued. The Council acknowledged fault in the way it dealt with requests for social care support for Mr Y, apologised and took steps to remedy the situation before the complaint came to this office. Any further investigation by this office could not achieve more.
		LGSCO	29.03.2022	Yes	Yes	N/A	N/A	
Children's Services	20006575	LGSCO	05.05.2021	Yes	Yes	£750	To discuss with colleagues in other departments (including children services) on combined or integrated assessment and care planning to ensure the Council has a robust system in place when more than one service is assessing or meeting a person's needs.	Summary: Miss X complains about the Council's actions during its involvement with her and her children. She complains the Council failed to assess her children's needs fully, failed to assess her needs as a carer, failed to ensure assessments were accurate, and failed to provide her children with adequate support. We find some fault with the Council's actions. We have made recommendations.
Economy - Allocations & Lettings	20013155	LGSCO	29.10.2021	Yes	Yes	£6,250	N/A	Summary: Ms B complained the Council has failed to provide her with suitable temporary accommodation. We find fault with the Council as it has delayed providing Ms B with suitable accommodation. The Council has agreed to our recommendations to address the injustice caused.

Economy - Temporary Accommodation	20004612	LGSCO	04.07.2021	Yes	Yes	£600	Provide training to officers across all frontline departments about how to quickly and effectively process referrals for care and support. This can take the form of providing a staff briefing highlighting the issues raised in this decision.	Summary: Mr B says the Council did not respond to his complaints about his accommodation and that no assessment has been made of his adult social care needs. I do not find the Council at fault for a failure to respond to complaints about Mr B's accommodation. However, I consider there has been a service failure as the Council has not assessed Mr B's adult social care need. It is likely this failure had an impact on the Council's general approach to Mr B's communications and caused him frustration and upset. I have made recommendations to remedy this failure.
	20012387 21003902	LGSCO	25.10.2021	Yes	Yes	£150	issue written reminders to relevant staff to: · Adhere to timescales set out in the complaints procedure and address the issues raised in the complaint.	Summary: Ms D complained on behalf of Ms E that the Council failed to make her aware she was liable for council tax when it placed her in temporary accommodation. We find the Council was at fault as it gave Ms E misleading information about whether she was liable for council tax. It also delayed and failed to appropriately respond to her complaint. The Council has agreed to our recommendations to address the injustice caused.
		LGSCO	07.03.2022	Yes	Yes	£200	N/A	Summary: Mr X complained about errors in the way the Council has dealt with his homelessness application. The delays and errors in the way the Council dealt with Mr X's homelessness application amount to fault. This fault has caused Mr X an injustice.

London Boroughs	No of decisions	Number upheld	% Upheld	% Compliance with orders	% Resolution Prior to Decision
Hammersmith and Fulham	17	13	76%	100%	8%
Ealing	38	23	85%	100%	9%
Westminster	27	23	85%	100%	26%
Brent	33	22	67%	100%	14%
Lambeth	37	34	92%	100%	12%
RBKC	21	14	67%	100%	7%
Hackney	28	22	79%	100%	0%
Islington	15	11	73%	100%	27%
Camden	25	17	68%	100%	18%
Newham	43	31	72%	96%	6%
Tower Hamlets	31	19	61%	100%	16%
Wandsworth	28	23	82%	100%	4%
Southwark	33	25	76%	100%	20%
Hounslow	22	14	64%	100%	21%
Lewisham	37	18	49%	93%	0%
Greenwich	23	17	74%	100%	6%
Richmond	24	18	75%	100%	17%
Haringey	44	29	66%	96%	14%
Kingston	16	13	81%	100%	13%
Merton	16	11	69%	100%	9%
Sutton	13	8	62%	100%	38%
Croydon	54	41	76%	100%	2%
Bromley	26	18	69%	100%	0%
Bexley	22	12	55%	100%	8%
Havering	17	14	82%	100%	14%
Barking and Dagenham	22	19	86%	100%	11%
Redbridge	32	26	81%	100%	8%
Waltham Forest	22	14	64%	100%	21%
Enfield	37	27	73%	100%	11%
Barnet	30	21	70%	100%	0%
Harrow	9	7	78%	100%	14%
Hillingdon	29	18	62%	100%	11%

Agenda Item 7

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 13/09/2022

Subject: Internal Audit Progress Report (to August 2022)

Report of: David Hughes

Responsible Director: Director of Audit, Fraud, Risk and Insurance

SUMMARY

This report summarises the status of work included in the 2022/23 Internal Audit Plan as at the end of August 2022. Eight audits have been finalised, three of which received a Substantial assurance opinion, four receiving Satisfactory assurance and one Limited assurance.

The status of audits confirmed for inclusion within the Plan, is shown in Appendix 2.

RECOMMENDATIONS

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

Wards Affected: None

H&F Values

Please state how the subject of the report relates to our values – delete those values which are not appropriate

Our Values	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none">Being ruthlessly financially efficient	The work undertaken by Internal Audit helps to ensure that management have robust controls and practices in place to safeguard the Council's assets, controlling expenditure and maximising potential income to protect and invest in essential frontline services which are in place to meet the Council's priorities

Contact Officer:

Name: David Hughes

Position: Shared Services Director for Audit, Fraud, Risk and Insurance

Telephone: 020 7361 2389

Email: David.HughesAudit@lbhf.gov.uk

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Internal Audit Work to August 2022

1. The Audit Committee are provided with updates at each meeting on progress against the Annual Audit Plan and on any limited or no assurance audits issued in the period.
2. The Audit Plan for 2022/23 was reviewed by the Audit Committee in March 2022. To ensure that the Annual Audit Plan is more responsive to changing risks and challenges, it has been developed as a '3 plus 9-month' plan. This approach allows for the first three months to be identified in detail with the remaining nine months being more flexible to suit the needs of the Council at the time. The Plan is reviewed and updated following discussions with Directors, taking into account changing risks and priorities. The revised Plan is reported to the Committee on a quarterly basis and any significant changes in the coverage of the Plan will be highlighted.
3. Since the last report to Committee, eight audits have been completed:

Department	Audit	Assurance Opinion
Schools	Bayonne Nursery	Satisfactory
Economy & Legal Services	Disrepair Claims	Limited
Economy	Fire Safety	Satisfactory
	Lift Maintenance	Satisfactory
Environment	Leisure (GLL)	Satisfactory
	Council Tax	Substantial
	NNDR	Substantial
	Housing Benefit	Substantial

4. A summary of the Limited Assurance report is set out in Appendix 3.
5. In addition, four advisory reviews have been completed in the following areas:
 - Review of processes: SEND.
 - Review of processes: no recourse to public funds.
 - Review of funding claim (Environment): Innovate UK - Park and Charge
 - Managing and accounting for cash income and expenditure at St John XIII primary school.

Although no assurance opinion is given for advisory reviews, the implementation of any recommendations made will be followed up during the year and reported to the Committee.

Internal Audit Opinion

6. Although no overall assurance opinion can be given at this stage, the S151 Officer and the Committee can be assured that sufficient internal audit work is in progress to ensure an appropriate assurance opinion can be provided by the end of the financial year.
7. Appendix 1 shows the finalised audits as at the end of August 2022 and the status of the remaining planned audits is shown in Appendix 2.

Consultation

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

Legal Implications

9. 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.
10. 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.
11. There are no particular legal implications arising from this report.

Implications verified by Grant Deg, Chief Solicitor (litigation and employment) on 22/08/2022.

Financial Implications

12. The Internal Audit Plan for 2022/23 will be delivered within the approved 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.
13. Any resource implications from the implementation of the recommendations by services will have to be contained within the relevant Directorate approved budgets.

Implications verified by Sukvinder Kalsi, Interim Director of Finance on 22/08/2022.

Risk Management

14. 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.

Implications verified by Moira Mackie, Head of Internal Audit, 07800 513 192.

List of Appendices:

- Appendix 1 Summary of Audit Reports finalised as at end of August 2022
- Appendix 2 Audit Plan 2022-23 Status Report
- Appendix 3 Summary of Limited Assurance Report

Internal Audit – Finalised Audits

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
Children's Services	SEN Processes (2021/22)	Jun-22	Advisory	n/a	n/a	n/a	Sep-22
Children's Services	No Recourse to Public Funds (2021/22)	Jun-22	Advisory	3	4	1	Sep-22
Schools	Bayonne Nursery (2021/22)	Jul-22	Satisfactory	0	3	4	Sep-22
Schools	St John's XIII Primary School	Jul-22	Advisory	8	8	2	Sep-22
Economy	Lift Maintenance (2021/22)	Aug-22	Satisfactory	0	2	0	Sep-22
Economy	Fire Safety (2021/22)	Aug-22	Satisfactory	0	4	1	Sep-22
Economy	Disrepair Legal Claims (2021/22)	Aug-22	Limited	3	6	0	Sep-22
Environment	Leisure Centres (2021/22)	Jun-22	Satisfactory	1	5	1	Sep-22
Environment	NNDR (2021/22)	Jul-22	Substantial	0	0	1	Sep-22
Environment	Council Tax (2021/22)	Jul-22	Substantial	0	0	1	Sep-22
Environment	Housing Benefit (2021/22)	Jul-22	Substantial	0	0	2	Sep-22
Environment	Funding Claim (VPACH)	May-22	Advisory	0	0	0	Sep-22

Internal Audit Plan 2022/23 – Status of Audits

The Plan is reviewed and updated following discussions with Directors, taking into account changing risks and priorities. The status of audits in the current Plan is shown below:

Plan Area	Draft Report Issued	In Progress/ Due to Start	Not yet Due	To be Confirmed
Cross-cutting	2021/22: <ul style="list-style-type: none"> Debt Management (May 2022) 	<ul style="list-style-type: none"> RFE Testing (ongoing through the year) 		<ul style="list-style-type: none"> Contract Monitoring Framework (from 2021/22)
Finance	2022/23: <ul style="list-style-type: none"> Capitalisation of Works (Jun 22) 		<ul style="list-style-type: none"> Pension Investments (Q3) Risk Management (advisory) (Q3-4) 	<ul style="list-style-type: none"> VAT (from 2021/22)
Resources	2022/23: <ul style="list-style-type: none"> Mortuary (Aug 22) 	2021/22: <ul style="list-style-type: none"> Equalities Impact Assessments 2022/23: <ul style="list-style-type: none"> Adaptive Tech Registrar Service 	<ul style="list-style-type: none"> Pensions Administration (Q3) 	<ul style="list-style-type: none"> Right to Work (Advisory)
Children's Services		<ul style="list-style-type: none"> Supporting People Claims (on-going) New Placements Team (Q1) 	<ul style="list-style-type: none"> Shared Service Governance (Q4) 	<ul style="list-style-type: none"> Raising Payments on Mosaic (Advisory) Safety Valve Funding Post 16 Provision
Schools	2021/22: <ul style="list-style-type: none"> William Morris 6th Form (Jun-22) Old Oak Primary (May-22) 	2022/23: <ul style="list-style-type: none"> Holy Cross RC Primary (Q1) The Good Shepherd Primary (Q1) Larmenier Sacred Heart Primary (Q1) Normand Croft Community (Q2) 	<ul style="list-style-type: none"> St John's Walham Green (Q3) St Peter's CE Primary (Q3) Wormholt Park Primary (Q3) Jack Tizard (Q3) Randolph Beresford Nursery (Q4) Addison Primary (Q4) Melcombe Primary (Q4) 	

Internal Audit Plan 2022/23 – Status of Audits

Plan Area	Draft Report Issued	In Progress/ Due to Start	Not yet Due	To be Confirmed
Social Care & Public Health		2021/22: <ul style="list-style-type: none"> Hospital Discharge 2022/23: <ul style="list-style-type: none"> Disabled Facilities Grants (Q1) 	<ul style="list-style-type: none"> Commissioning & Procurement (Q3) 	<ul style="list-style-type: none"> Equipment Contract
Economy	2021/22: <ul style="list-style-type: none"> DLO Communal & Programmed Remedial Works (Jul-22) Tenant Service Charges (Jul-22) Housing Repairs – Operations (Jun-22) Housing Repairs – Contact Centre (Jul-22) Capital Projects – Post Completion Records (Aug-22) HRA Cost Apportionment (Jun-22) 		<ul style="list-style-type: none"> Neighbourhood CIL (Q3) Leaseholder Debt (Q3) (from 2021/22) 	<ul style="list-style-type: none"> IHMS
Economy: Digital Services	2021/22: <ul style="list-style-type: none"> IT Asset Management (Jun-22) Ransomware (Jun-22) 	Digital Services: <ul style="list-style-type: none"> IT Audit Needs Assessment (Q2) 	<ul style="list-style-type: none"> Infrastructure Resilience 	<ul style="list-style-type: none"> Disaster Recovery

Internal Audit Plan 2022/23 – Status of Audits

Plan Area	Draft Report Issued	In Progress/ Due to Start	Not yet Due	To be Confirmed
Environment		<ul style="list-style-type: none"> Resident Experience and Access Programme (Q2-Q3) 	<ul style="list-style-type: none"> Libraries (Q3) NNDR (Q3/4) Council Tax (Q3/4) Housing Benefits (Q3/4) 	<ul style="list-style-type: none"> Hammersmith Bridge

Summary of Limited Assurance Reports

Ref	Audit and Scope	Details	Assurance
1	<p>Disrepair Claims</p> <p>A housing disrepair legal claim can be initiated by a tenant when an issue with a property has been reported to the Council but has not been responded to or has been addressed to a low standard. The legal claim can include an element of compensation.</p> <p>The audit scope included:</p> <ul style="list-style-type: none"> • Compliance with legislation, regulation, policies and procedures. • Managing claims and works required. • Proactive action to prevent claims. • Management information and reporting. 	<p>Three high and six medium priority recommendations were made.</p> <p>The three high and one of the medium priority recommendations relate to areas affected by the resources available within Housing to carry out initial surveys for works, undertake necessary repairs and the post completion inspection process. An action plan is already in place to improve the processes for managing existing and new claims and the service has already obtained approval to increase the resources required .</p> <p>The housing disrepair claims process requires significant interaction between the Legal Services and Housing Disrepair teams. Some areas were identified for improvement to support this collaborative working, and five medium priority recommendations made in respect of the following:</p> <ul style="list-style-type: none"> • Creating a centralised record of disrepair legal claims which can be used by both Legal Services and Housing teams to manage claims received. The teams each have trackers, which are not uniform due to the different focus of each team and the housing contractors' record of open cases is different from that maintained by the Housing Disrepair team. • Utilising the centralised record to record types of disrepair, level of compensation and legal costs to provide an oversight and consistency of settlements. • Identifying and documenting processes, policies and procedures for managing disrepair claims which are clear on responsibilities within each service, demonstrate the importance of working collaboratively and have been agreed by both Legal Services and Housing. • Establish a joint training plan for all staff within Legal Services and Housing who are involved in managing disrepair claims. The training needs to be available for all new staff and refreshed when any changes to legislation of process is agreed. • At the time of the audit there were no appropriate performance indicators for each area of the service, including KPIs with contractors, for management reporting which would assist in identifying areas of pressure and enable the services to demonstrate performance improvement. It was recommended that the current approach for Disrepair claims reporting was reviewed to ensure that SLT and Councillors are fully appraised of the number, nature and outcome of claims made in respect of the Council's Housing portfolio. <p>Following joint discussions with officers from both Legal Services and Housing, all recommendations have been agreed and the officers from both services will work together to successfully implement them.</p>	Limited

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 13/09/2022

Subject: Risk Management Highlight Report

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

SUMMARY

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

RECOMMENDATION

1. For the Committee to review, note and comment on the report.
-

Wards Affected: None

H&F Values	Summary of how this report aligns to the H&F Values
<ul style="list-style-type: none">• Building shared prosperity	<i>Good risk management helps to: maintain and promote the Council's reputation;</i>
<ul style="list-style-type: none">• Creating a compassionate council	<i>Is an enabling tool to help protect residents and staff including some of the most vulnerable in society;</i>
<ul style="list-style-type: none">• Doing things with local residents, not to them	<i>Place people, businesses and the wider community at the heart of everything we do;</i>
<ul style="list-style-type: none">• Being ruthlessly financially efficient	<i>Ensure robust financial and information management and supports internal control, opportunity and innovation;</i>
<ul style="list-style-type: none">• Taking pride in H&F	<i>Protect valuable assets and the built and natural environment.</i>
<ul style="list-style-type: none">• Rising to the challenge of the climate and ecological emergency	<i>Enabling an approach to climate-sensitive decision making</i>

Financial Impact

The current and future context for local government represents a significant risk to the council with the ongoing challenge of delivering services and increased demand with reduced funding levels. This is further impacted by the coronavirus pandemic and wider economic factors leading to rising costs and inflation. This has seen the council incur additional expenditure whilst at the same time seeing reductions in the level of resources available through a combination of lower income levels and inherent pressures that existed prior to Covid-19 which must also be managed.

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. The council holds a corporate contingency budget and adequate levels of reserves to enable it to manage unforeseen costs.

A standing corporate risk, Financial Management of in-year budget 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 in the Corporate Revenue Monitor to Cabinet and includes financial risks. Other corporate risks also identify financial pressures arising from demand and complexity of service provision which need to be managed.

Comments verified by Sukvinder Kalsi, Director of Finance

Legal implications

There are no particular legal implications arising from this report.

Comments verified by Adesuwa Omoregie, Assistant Director of Legal Services

Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

Background

1. To achieve the ambitions, outcomes and priorities set out in our Business Plan, it is essential that we continue to understand, manage and communicate the diverse range of risks and challenges that could threaten the organisation and vital services. Risks originate from a variety of sources, many of which are out of our direct control for example global events such as the coronavirus pandemic, the Russian invasion of Ukraine, Brexit, economic or market shocks, austerity or from climate change. More localised incidents can impact on residents, individuals, services and infrastructure.
2. 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 source of robust and additional assurance for the management of risk across its services.
3. Effective governance and management of risks are particularly significant as funding for local government has diminished authorities' objectives and are becoming increasingly fundamental and relate, for instance, to continuing to meet statutory service obligations. Arrangements must therefore be effective in a riskier, more time-pressured and less well-resourced context.
4. Local authorities are required to maintain a sound system of internal control, including risk management, internal audit, and whistleblowing arrangements. 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 take advantage of potential opportunities to improve services whilst continuing to provide better value for money for residents, visitors, local businesses and service users.
5. 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 financial challenges continue 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.
6. As part of its governance arrangements, the Council's approach to risk management requires Directors, managers and staff, through their departmental Senior Management Teams, to:
 - identify risks;
 - assess the risk;
 - agree and take action to manage the risk; and
 - monitor, review and escalate risks.

7. The Council has robust risk management arrangements in place which feed into the Corporate Risk Register, which is set out in Appendix 1. This register contains the most significant cross-cutting risks that could impact on the outcomes that are set out in the Council's priorities. These risks can be internal or external facing.
8. Internal risks relate to the organisation itself and cover areas such as programmes, workforce, business continuity, safety or technology. External risks are those that can affect the local area, its people, communities, businesses and infrastructure where the Council often has a role, in partnership, to mitigate them.
9. Risks relating to the coronavirus pandemic remain under close review and the ongoing efforts to increase vaccination rates as well as promoting and encouraging uptake of the vaccine booster.
10. Officers continue to review and assess the impact of and implications for residents and the Council from the events in Ukraine. This includes ensuring that risks relating to the supply chain/contracts and cyber security are being appropriately and robustly mitigated and where support is needed for those residents with families in Ukraine and neighbouring countries.
11. This report provides the Committee with an updated Corporate Risk Register, presenting a suite of risks as reviewed by the Council's Strategic Leadership Team (SLT).

External Auditor's Annual Report

12. Elsewhere on the agenda, the Committee will be receiving the external auditor's annual report for 2020/21. The report assesses the council's value for money arrangements, in three key areas: financial sustainability, governance and improving economy, efficiency and effectiveness. The governance aspect of the assessment includes the arrangements for risk management in place at the time.
13. The external auditor did not find any significant areas of weakness in the Council's arrangements for managing and reporting risk. However, the did note that, for the period of audit, there were too many risks on the corporate risk register, although the report recognised the number had subsequently reduced.
14. As a result of the finding, an improvement recommendation was made that the Corporate Risk Register should be reviewed and the number of risks on the register reduced. The Register continues to be reviewed by SLT Assurance and in light of this recommendation a refreshed risk register will be presented to the next meeting of the Committee.

Changes since July

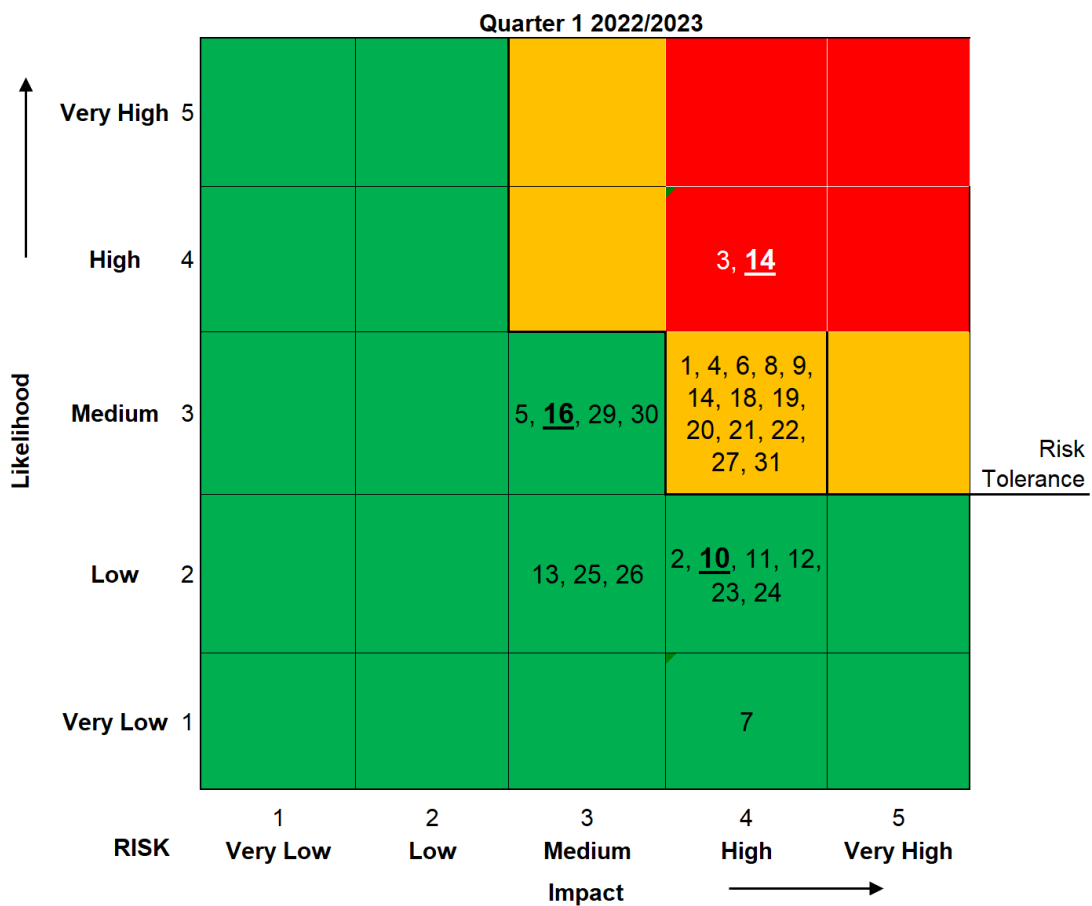
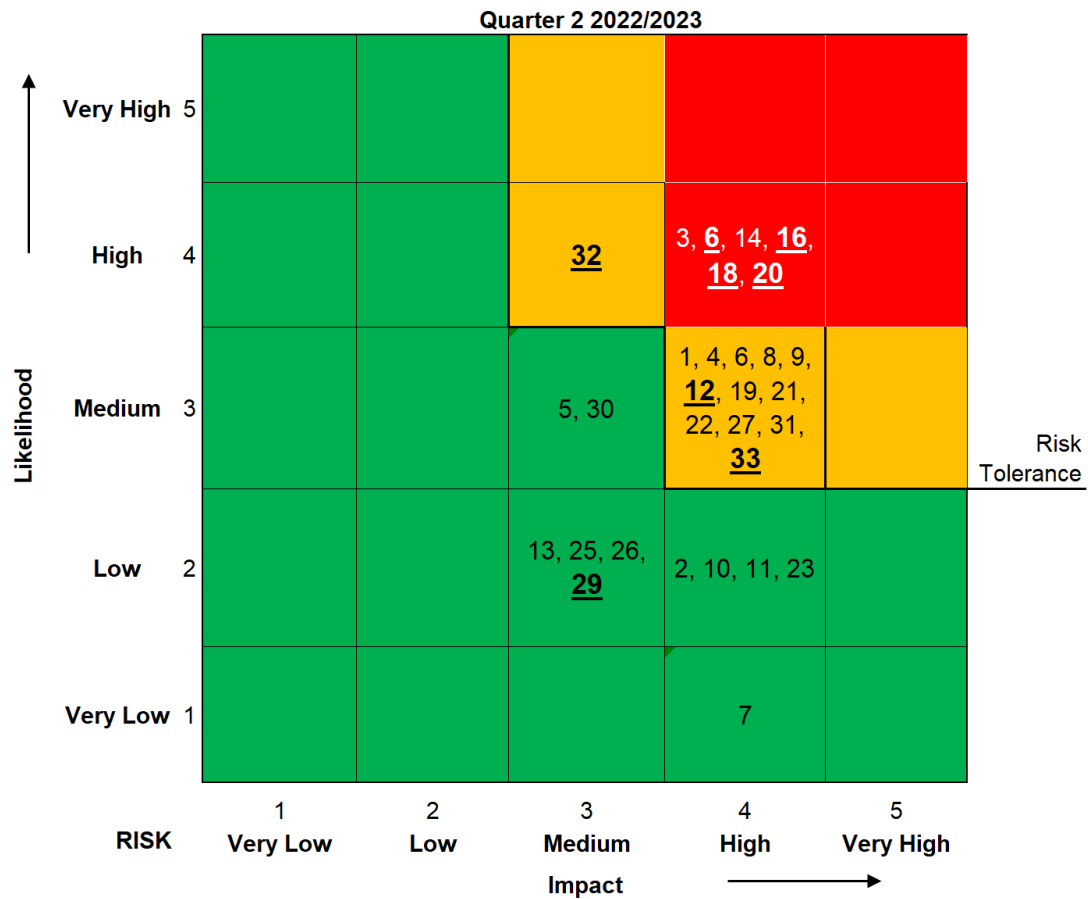
15. SLT members and Risk Owners have reviewed the Corporate Risk Register and agreed a number of changes which are reflected in the updated Risk Register provided in Appendix 1.

16. A number of the changes recognise the significant economic uncertainty, particularly in respect of significant increases in inflation which is forecast to rise much further over the coming months.
17. Five risks have had their rating increased since July:
- Risks 6 and 16 – due to the impact of inflation on the Council, schools and service providers with rising inflation and fuel costs while progressing a transformation agenda to both improve services and reduce costs
 - Risk 12 – due to the impact of inflation and cost of living crisis on staff which could lead to increased difficulties in recruiting and retaining staff to key roles, particularly in existing shortage/high demand areas
 - Risk 18 – due to the recent notification of a severe maladministration Ombudsman decision from the Housing Ombudsman in respect of our handling of Repairs complaints.
 - Risk 20 – due to increased demand, market instability and inflation pressures.
18. Two new risks have been added to the register since July 2022:
- Risk 32 – which recognises the impact that supplier failure would have on vital services being delivered to residents, particularly in light of the current economic climate.
 - Risk 33 – which covers the intended withdrawal by two large supported accommodation providers from the market in 2023.
19. One risk (Risk 29) has had its rating reduced since July 2022, following changes to the membership of the Western Riverside Waste Authority Committee.
20. No risks have been closed on the Register since July 2022.

Corporate risk register – heat map

21. The Corporate Risk Register is set out in Appendix 1 and summarised in the following Heat Map as at Quarter 2 for 2022/23, with Quarter 1 for 2022/23 provided for comparison. Risks which have been subject to change since the Quarter 1 Risk Register was reported to the Committee in July 2022 are shown in the larger bold underlined type:

OVERVIEW RISK HEAT MAP



Risk appetite

22. The Council remains accountable to the public for its performance and financial management. This means that the Council naturally has a low appetite for risk, however as the Covid-19 outbreak continued through a second successive wave the Council needed to take carefully considered risks and develop new and innovative ways to continue to deliver services, support and ensure the long-term wellbeing of communities is not impaired by decisions made in the short term. This makes good risk management essential.
23. The ongoing situation in Ukraine, continues to impact on the cost of domestic and business energy costs and fuel costs for activities such as transport and heating. Inflation has been rising quickly since the beginning of the year as is estimated to rise further over the coming months, with a potential period of higher than normal levels over the next few years. The cost of living crisis is also likely lead to increased demand for services where residents will need more support.
24. These factor impact on the Council in a number of ways including its staffing costs (including the level of pay awards), the cost of borrowing (particularly where it is needed for ongoing/planned capital works), cost pressures on contractors providing Council services (staffing, fuel, materials). The impact will also be felt by partner organisations (such as schools and the voluntary and community sector, where officers will closely monitor the impact and consider any support the Council will be able to provide.
25. A key concern for the Council is the impact that the cost of living crisis being experienced by residents through inflation and rising energy costs as well as the ongoing economic uncertainty (including the potential for rising unemployment). A [range of support measures](#) are being offered to residents and officers will continue to assess the situation and consider what further actions can be taken.
26. At the July meeting it was agreed that the impact of inflation and risks which could arise or may be heightened by increases in inflation would be factored into the Corporate Risk Register. In reviewing the Register presented to this meeting, officers have factored in some initial impacts with this matter being kept under regular review by SLT, who will review the register in light of these ongoing impacts and the mitigations needed to protect Council services and local residents.
27. This report provides assurance on the Council's corporate risk management arrangements, explaining the internal control arrangements in place at a strategic level. It provides one of the sources of assurance the Committee can consider when approving the Annual Governance Statement. It also enables the Committee to fulfil its roles under the Committee's Terms of Reference to review the adequacy of Council's Corporate Governance arrangements, including matters such as internal control and risk management.

Conclusions

28. Local authorities will continue to face significant pressures over the coming months responding to the ongoing coronavirus pandemic combined with financial pressures and the other concurrent demand led pressures. Council officers and services continue to respond with partners to changing circumstances at pace, interpreting and implementing new guidance and regulations as they arise.

LIST OF APPENDICES

Appendix 1 – Corporate Risk Register

APPENDIX 1 - Corporate Risk Register – September 2022

Council Priority	Risk	Risk No.	Q1 22/23 Likelihood	Q1 22/23 Impact	Q2 22/23 Likelihood	Q2 22/23 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
Being ruthlessly financially efficient	Commercial, contract management and procurement risks, rules, outcomes, social value, management of spend and contractor performance management.	1	3	4	3	4	<p>Work continues in support of the Ruthlessly Financially Efficient Action Plan. Atebios (Cardiff City Council) carried out a Peer review of the Council's operating model for Commissioning and Procurement and recommended that the Procurement function is centralised. Actions are now being taken to centralise the Service. The Corporate Procurement Team are reviewing contract expenditure and sample checks on goods receipting is taking place. The Contracts Assurance Board meets weekly, compliance with governance, legislation, the Council's Social Value Policy and RFE are reviewed.</p> <p>Under the category of IT system procurement, Digital services supports departments through procurement process with Strategic Relationship Managers and project delivery team. A robust process to comply with standing orders exists as well as fortnightly contract monitoring process.</p> <p>Assistant Director Procurement and Commercial in post and restructure of function progressing. Interim arrangements now in place with two procurement leads assisting with move to category management. Headline category management analysis shared with SLT. Draft Sourcing Strategy and Forward Plan to follow to SLT Sep/Oct. Includes approach to added value.</p>	M	Stable	Sukvinder Kalsi
Being ruthlessly financially efficient	Failure to maintain services to residents in the event of significant events/incidents where business resilience arrangements (systems, processes, resources, IT) may be compromised.	2	2	4	2	4	<p>The Council must remain vigilant and ensure business continuity plans are robust, particularly in the event of contractor failure or Public Health issue. All Service departments are required to review, and refresh plans periodically, including in respect of the Coronavirus pandemic and threat of an act of terrorism in London.</p> <p>Work has been undertaken to review where services need BCPs and to have these updated and uploaded onto our central Clearview system where they will be reviewed by the Emergency Planning Team. Training has been available to BCP leads weekly however at the time of writing a number of BCPs on Clearview are empty which presents a risk. Work continues on this matter</p>	L	Stable	Bram Kainth
Being ruthlessly financially efficient	Failure to maintain services to residents in the event of IT systems being compromised and affecting service resilience.	3	4	4	4	4	<p>The Council continues to monitor and mitigate external risks which may affect its IT systems, including attempts to breach our network through cyber-attacks, on-going security patching, the robustness of our supplier chain and overall disaster recovery provision against a backdrop of increasing costs. Digital services held mitigation workshops October-December 2021 with service leads to provide advice and prompt consideration of alternative options actions to take in the event of IT systems being unavailable. This will both inform Digital Services' disaster recovery plans and assist services to update business continuity plans where appropriate. Digital Services has undertaken work to enhance its email security, improving the filtering and monitoring of traffic from devices to prevent phishing attacks and malware contained within email which may result in user credentials becoming compromised. Internal Audit continue to provide assurance in this area.</p>	H	Stable	Jonathan Pickstone/ Veronica Barella
Being ruthlessly financially efficient	Information management and digital continuity, regulations, legislation and compliance.	4	3	4	3	4	<p>The nature of the Council's business activities means that there are ongoing information governance risks, including network security, which continue to be managed. These risks are managed through a range of organisational measures including Information Management (IM) & Information security (IS) mandatory training, maintenance of policies, guidance documents, standards, and codes of practice. The Council deploys technical measures to protect its network and infrastructure. The Council continues to monitor the regulatory environment to ensure continued compliance with information governance obligations. Digital services engaged with services across the council to update H&F's Information Asset Register May-September 2021. A software solution has been procured to enable the maintenance of H&F's asset register leading to improved compliance with information assets laws and quicker identification, assessment, and mitigation of information related risks. An appropriate naming convention for assets is in development to enable appropriate identification of H&F data. H&F alongside other London Boroughs are working with the Police, Probation Service, Health Service, and other partners to produce pan-London data sharing agreements (DSA) to support the lawful sharing of personal data in an efficient way through sharing resources. This work is being led by members of the Information Governance for London (IGfL) group, supported by the London Office of Technology and Innovation (LOTI). Digital Services has been recruiting to its new target operating model, we have successfully recruited to a new Information Security Manager post in April 2022. Digital Services will be recruiting to the Information Management Officer post in September 2022.</p>	M	Stable	Jonathan Pickstone/ Veronica Barella
Creating a compassionate council	Managing statutory duties, equalities, human rights, duty of care regulations, highways. * Health and Safety moved to new Risk 32	5	3	3	3	3	<p>The Chief Executive chairs the Statutory Accountabilities Board, whose membership includes the Monitoring Officer (Director of Resources), Section 151 Officer (Director of Finance), Director of Children's Services, Director of Social Care and Director of Public Health. The remit of the Board is to review and consider the Council's compliance with its statutory duties.</p> <p>The potential for ongoing changes in the regulatory environment post-Brexit are kept under review, with reporting taking place to SLT and Finance PAC.</p>	M	Stable	All SLT Members

APPENDIX 1 - Corporate Risk Register – September 2022

Council Priority	Risk	Risk No.	Q1 22/23 Likelihood	Q1 22/23 Impact	Q2 22/23 Likelihood	Q2 22/23 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
Creating a compassionate council	<p>i) Standards and delivery of care, protection of children and adults and associated data quality and information risks.</p> <p>ii) Reliance on external assurance providers and providers to identify and communicate issues arising from inspections e.g., Ofsted and Care Quality Commission</p>	6	3	4	4	4	<p><u>Children's Services</u> The last Ofsted inspection in 2019 of Children's Services were judged as 'Good' across all four areas. The more recent focused visit of the front door was overwhelmingly positive. However it was noted that the caseloads within the children assessment teams (CAS) and for some newly qualified workers are too high. In response council has now agreed significant investment creating additional social work capacity to alleviate these pressures and maintain our high quality service.</p> <p>Children's Placements receive regular intelligence directly from Ofsted and or regional partners on concerns and or judgements following regulatory inspections. This information is routinely cross checked against children we may have in Placement with external providers, and actions plans put in place where necessary to address and or mitigation concerns. The newly established house ensures closer monitoring of placement needs and quality standards</p> <p>Ofsted inspected our specialist children's home for up to seven children with disabilities, in March 2022. The home is graded as 'GOOD', with inspectors noting that staff worked hard to ensure that 'children are supported to make good progress and be successful'.</p> <p>Corporate BI is working alongside the Education and SEND division to develop a new suite of operations, performance and finance reports to support continuous service improvement.</p> <p>The school improvement team provide pre-Ofsted guidance for our community schools. 93% of our schools are good/outstanding and this is continuously maintained for the implementation of the post-inspection action plan. 12 schools are legacy outstanding schools and are due their inspection in the next academic year. The school improvement grant (which contributes to the advisory team this year) will be 100% reduced from March 2023 which presents a risk.</p> <p>The Education Service also has responsibility for the quality of PVIs and childminders which are externally assessed by Ofsted. Work is ongoing in this area to ensure the maintaining and building of capacity of qualified staff to assure the provision.</p> <p><u>Adult Social Care:</u> ASC commissioning work closely with commissioned providers to manage risk through regular and focused contract monitoring meetings. For homecare providers, twice weekly SITREP meeting are held and commissioning in liaison with our Quality Assurance Leads also carry out regular visit to provider locations and carry out quality checks in resident's own homes. Quality Leads are focused on understanding home care provider systems and processes in order to suggest improvements have been assigned to each main homecare provider.</p> <p>For our four nursing homes focussed, monthly Joint Operational Group meetings involving the provider, health, GPs and H&F are held to support the entire health and social care system and hospital discharge pathway.</p> <p>Where providers evidence consistent poor performance contractual sanctions are considered and performance improvement plans put in place to support improvements and keep our residents safe. This feeds into discussions that take place at as monthly ASC Care Governance & Quality Assurance Board. The board meets to share, discuss and agree actions in relation to information received both internally and externally regarding providers of services.</p> <p>Further engagement with providers is evident through regular provider forums for key sub-categories, monthly newsletters to all providers from the Asst Director for Commissioning & ASC Strategic Director. Our ASC Strategic Director also chairs a six-weekly CQC area leads meeting where all parties are keeping abreast on quality of care issues with regulated care providers.</p> <p>The cost of living crisis will have a potential impact on the care market as some providers maybe forced to close.</p> <p>Also, we have two extra housing providers – Notting Hill Genesis & Shepherd's Bush Housing Group who have told us they wish to sell their extra care housing blocks. So, we have a major housing transfer and potential decants to deal with. We are trying to minimise any disruption and inconvenience caused to residents – as we are most concerned about the impact these changes may have on them.</p>	M	Increased	Jacqui McShannon/ Lisa Redfern

APPENDIX 1 - Corporate Risk Register – September 2022

Council Priority	Risk	Risk No.	Q1 22/23 Likelihood	Q1 22/23 Impact	Q2 22/23 Likelihood	Q2 22/23 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
All Council Values	Decision making and maintaining reputation and service standards. Good Governance, conduct, external inspections.	7	1	4	1	4	<p><i>Governance and decision-making framework:</i> The Constitution and associated documents, including codes of conduct, are subject to regular review and approval by Members. SLT review corporate policies and strategies. A policy review timetable framework has been developed and is monitored monthly. The constitution is currently under review, following which a review of the Code of Conduct will be tabled.</p> <p><i>Staff training and induction:</i> Corporate induction training is provided to all new starters, existing staff (where appropriate) and for managers. Decision making training is being refreshed. People and Talent maintain and provide a wide range of training activities which include coverage of our HR policies. A range of training on other council policies is provided, including Domestic abuse against women and girls, Wellness at Work, Menopause & Me, Health and Safety, Information Security and Data Protection, Fraud and Corruption.</p> <p><i>Organisational performance and programme management:</i> A quarterly performance dashboard monitor is prepared and presented to SLT Assurance and Members. A Programme Management Office and PMO framework are in place. The PMO provide monitoring and support to major programmes access the council and report to SLT. The Contracts Assurance Board undertake monitoring and endorsement authorisation of directly awarded contracts, and review compliance with governance and decision-making thresholds for procurement decisions.</p>	L	Stable	David Tatlow
Being ruthlessly financially efficient	Failure to identify and address internal and external fraud.	8	3	4	3	4	Policies are reviewed annually at Audit Committee. Refreshed Fraud Response Plan, Anti-Money Laundering and Bribery Policies have been reviewed and were presented to the Audit Committee in June 2021. The Council's Anti-Fraud and Corruption Strategy spans 2020-2023 and contains an action plan to provide SLT with a tool to ensure progress and transparency regarding counter-fraud activities. Performance is reported to both the Audit Committee and SLT to demonstrate how counter fraud work aligns with the Strategy and contributes to the Council's overall fraud resilience. Fraud Awareness training is available on the Learning Platform to all staff and a bespoke course was assigned to staff in the Social Care department. The Corporate Anti-Fraud Service has been available to support services impacted by COVID-19.	M	Stable	David Hughes
Taking Pride in Hammersmith & Fulham, Doing things with, not to residents	Failure to ensure compliance with the statutory duties to undertake inspection regimes covering management of asbestos, electrical testing, fire risk, plant and equipment, water testing/Legionella.	9	3	4	3	4	<p>Overall compliance reporting of 73 buildings that Property and FM directly provides FM support to as well as a summary of its 6 legally required statutory compliance modules consisting of Fire Management; Electrical; Mechanical; Lift and Lifting Equipment; Occupational Health and Environmental and Energy Management covering in total of 35 workstreams carried out and managed by Property and FM.</p> <p>Housing stock remains compliant across key areas - gas, electrical safety, water, gas, asbestos etc – monthly rolling monitoring programme in place. Monthly Contract meetings remain in place with all contractors and reported to senior management teams. New commercial terms agreed with Morgan Sindall to ensure sustainable delivery model. Mears overheads agreed. Risk remains in the sector from high inflation, material supply chains and labour shortages. Risk based assessment in place for 27 buildings over 18+ metres with combustible spandrels/infill panels. Data regularly updated with DHLUC on DELTA system. Compliance based capital works, including fire door upgrades, sprinkler installation, dry riser installation etc continues. FRA works (2,308) via DLO continue with estimated two-year completion date. Structural safety issues at Drake & Shackleton identified following storm Eunice being remedied. Programme of lone working training & devices continues to be rolled out to officers.</p>	M	Stable	Jonathan Pickstone
Taking Pride in Hammersmith & Fulham, Doing things with, not to residents	Co-ordination and response to calls on the Council for Mutual Aid in a crisis and emergency planning response	10	2	4	2	4	The UK Terror Threat Level has recently been lowered from SEVERE to SUBSTANTIAL this means an attack is likely. Flooding remains a concern and the issue which may most likely result in mutual aid requests. A successful multi-agency MTFA exercise was held on 15 th November 2021 and a multi-agency flooding exercise was held on 10th January 2022. Further exercises are planned for the duration of 2022/23.	M	Reduced	Bram Kainth
All Council Values	Framework and resourcing of change programmes e.g., Civic Campus, Hello Hybrid Future, new systems, not sufficient to ensure programmes are delivered.	11	2	4	2	4	Stable. Mechanisms in place to manage change through SLT, Department Management Teams (DMTs), programme/ project governance and teams, the PMO/BI service and project methodology. Collectively aim to ensure all major programmes do change well and managers support people well through change.	L	Stable	Sukvinder Kalsi

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Council Priority	Risk	Risk No.	Q1 22/23 Likelihood	Q1 22/23 Impact	Q2 22/23 Likelihood	Q2 22/23 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
All Council Values	Unable to retain talented people in key posts at LBHF.	12	2	4	3	4	<p>In terms of key posts, we have signed up to the social worker London Pledge to help control costs. Providing an opportunity to work as a region to stop this growing trend in its tracks by sticking to the capped pay rates in our recruitment of new agency candidates. The aim is to be able to stabilise agency pay rates and achieve reductions over time. The maximum pay rates in the London Pledge (which relates to children's social work) offer local authorities flexibility in times of need.</p> <p>We attend London Councils Heads of HR where information is shared regularly relating to hard to fill / key posts. Work is underway at London Councils to broaden the appeal of Local Government in the employment market to make an impact on attracting suitable, high quality candidates.</p> <p>We are carefully monitoring the position and our HR Business Partners are working closely with SLT leads and their management teams to identify workforce planning needs going forward.</p> <p>On a more general level, the People Strategy implementation including the 'H&F Way' culture change movement includes the launch of 7 new staff-led networks addressing the issues that most concern our workforce to improve our employer reputation and ability to retain talent. Action plans are being developed following publication of the staff survey results and we're starting to prepare for the next survey.</p> <p>The People and Talent Team are leading on work to improve our Employer Value Proposition (EVP) and we have recently updated our Onboarding Portal used by new starters, and our 'Join Us' pages to reinforce the wide array of benefits available to H&F staff. We have also published a new Total Rewards intranet page accessible to all internal staff (August 2022).</p> <p>The Council is committed to staff wellbeing, learning and development and continues to deliver online and virtual wellbeing and learning and development events including Get Ahead, World Class Managers, Aspiring World Class Managers, Emerging Leaders, an Introduction to Project Management and much more. Most recently we have launched online learning relating to DVAWG and Customer Service Excellence. Future Wellbeing Wednesday sessions will focus on support for staff through the cost-of-living crisis. Wellbeing Wednesdays, Wellbeing Champions (mental health first aiders), mandatory recruitment for hiring managers and a suite of manager essentials courses.</p> <p>We continue to promote our H&F Academy offer (earn while you learn/apprenticeships) in key areas. Get Ahead and Apprenticeship schemes are making a difference. Workforce dashboards and KPIs are closely monitored.</p> <p>Our retention and turnover rates are stable but under constant review.</p>	M	Increased	David Tatlow
							Designated Disaster Mortuary Plan has been reviewed and updated. Participated in the virtual H&F Borough Resilience Forum Terrorist Attack Exercise on 15 November 2021.			
							<p>Following the H&S incident on site on 11 May, the Town Hall part of the site remains partially closed under the direction of the HSE, the area covered by the 'Direction to Leave Undisturbed' is now reduced to an area within the internal courtyard where the incident occurred. Works to other parts of the Town Hall are restarting but will be limited until the damaged steels are removed and surveys undertaken to confirm any remedial repairs to the existing structure. The HSE is undertaking an investigation of what caused the incident.</p> <p>The Council, Joint Venture and Ardmere are reviewing the programme in light of the incident and once steels are removed a revised programme will be agreed.</p> <p>On the above basis, the likelihood of this risk remains at "4".</p>			
Doing things with, not to residents	An event which triggers the Fulham Mortuary being designated as a disaster Mortuary	13	2	3	2	3	Designated Disaster Mortuary Plan has been reviewed and updated. Participated in the virtual H&F Borough Resilience Forum Terrorist Attack Exercise on 15 November 2021.	L	Stable	David Tatlow
Doing things with, not to residents	Failure to deliver the Civic Campus Programme.	14	4	4	4	4	<p>Following the H&S incident on site on 11 May, the Town Hall part of the site remains partially closed under the direction of the HSE, the area covered by the 'Direction to Leave Undisturbed' is now reduced to an area within the internal courtyard where the incident occurred. Works to other parts of the Town Hall are restarting but will be limited until the damaged steels are removed and surveys undertaken to confirm any remedial repairs to the existing structure. The HSE is undertaking an investigation of what caused the incident.</p> <p>The Council, Joint Venture and Ardmere are reviewing the programme in light of the incident and once steels are removed a revised programme will be agreed.</p> <p>On the above basis, the likelihood of this risk remains at "4".</p>	H	Stable	Jonathan Pickstone

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Council Priority	Risk	Risk No.	Q1 22/23 Likeli-hood	Q1 22/23 Impact	Q2 22/23 Likeli-hood	Q2 22/23 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
Creating a compassionate council	High needs budget pressure continues, impacting on provision of services for vulnerable young residents.	16	3	4	4	4	<p>The department are looking at creative solutions across all areas to mitigate ongoing pressures.</p> <p>The Early support offers have launched. The infrastructure has been established to monitor the impact of these services, although it is not expected that this will be measurable until at least the 6-month gateway.</p> <p>The SEND Transformation programme is monitored via fortnightly Working Groups and programme updates to the High Needs Block Board which is chaired by the Director of Children's Services and membership includes the Director of Finance (S151 Officer). Progress is monitored at both meetings and a risk register is in place to actively monitor the risks.</p> <p>The Local Area and schools continue to be engaged in these programmes of work via Reference Groups, Headteacher Cluster Meetings and Schools Forum. Delivery savings targets have been a challenge, to enable schools sufficient time to plan these into their budgets accordingly, however this pressure has been mitigated by a proposed Schools Block to High Needs Block transfer in 2022/23. There is ongoing work to mitigate the emerging pressures from 2024/25 of £1.8m including ongoing work to develop and identify alternative pathways for 16-25 cohort including Adult Social Care and Health pathways.</p> <p>There continues to be ongoing national shortages of therapists. Officers have been working in partnership with the Integrated Care Board (ICB) and provider to mitigate the gaps in SALT provision but to date they have been unable to source suitable locums, permanently recruit or identify sub-contractors with sufficient provision. Officers are regrouping with the ICB and provider to consider vacancies at a system/partnership level to ensure all opportunities have been exploited. The provider continues to be out to recruit for locums and/or permanent staff. They have also identified a third party provider who has some capacity in September which they are progressing to secure provision against some gaps.</p>	M	Increased	Jacqui McShannon
All Council Values	Management of complaints, requests for information, members enquiries	18	3	4	4	4	<p>Performance is on or exceeding target for all areas except Housing Service where there are still performance concerns about handling of repairs complaints an improvement plan is in place and being overseen by SLT.</p> <p>Regular reporting to SLT and controls are in place and action being taken to address areas of concern. LGSCO is satisfied with improvement trajectory and actions being taken.</p> <p>Main ongoing risk is with Housing Ombudsman who recently issued a finding by of a severe mal administration in relation to the way a repair complaint was dealt with in 2020. This matter has been investigated and a robust response prepared for the Ombudsman detailing all of the changes the services has implemented since that time including the introduction of an after-care service that checks with tenants following the repair to ensure they are satisfied and a much more appropriate level of compensation is provided when delays or problems occur.</p> <p>All ombudsman complaints and their handling are now overseen by an SLT led Board to ensure the Authority achieves a good level of service both to residents and those that regulate these services.</p>	H	Increased	Bram Kainth/ Jon Pickstone
Being ruthlessly financially efficient	Financial Management - Medium-Term Planning.	19	3	4	3	4	<p>The Council's financial operating environment remains challenging (with the expected pressure on public finances and the impact on services from the current high inflation levels). In addition, there are many national reforms in progress (business rates, social care funding, social housing rent caps) and there are substantial demographic and new legislative burdens. The Council has a well-developed and established medium term financial planning process (for revenue, capital and treasury management). Our current MTFs indicates significant budget deficits from 2023/24 (in excess of £15m in 2023/24) and plans are in progress to ensure a balanced budget for 2023/24. The General Fund financial position is relatively strong (stable debt levels, reserves and cash balances) but the outlook is more difficult on the HRA.</p> <p>The Council has also established strong in year financial governance arrangements (from Finance SLT to Departmental Finance DMTs). The CRM 2 report for 2022/23 indicated a pressure of £4.4m (before mitigations and use of unallocated policy contingencies). These financial matters will continue to be monitored formally throughout the Council.</p>	M	Stable	Sukvinder Kalsi

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Council Priority	Risk	Risk No.	Q1 22/23 Likelihood	Q1 22/23 Impact	Q2 22/23 Likelihood	Q2 22/23 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
Creating a compassionate council	Financial Management - in year budget 2022/2023 and Medium-Term Planning: Social Care	20	3	4	4	4	<p>Whilst social care balanced its 2021/22 budget and achieved its savings, the projected overspend for 2022/2023 is currently £4million (as at the end of month 4). This is due to the:</p> <p>1) the high volume of hospital discharges and the greater acuity of need.</p> <p>2) even greater market instability following Covid-19 and workforce pressures.</p> <p>3) the introduction of the Fair Cost of Care in 2023 is predicted to increase the cost of homecare to £22-23.00 per hour, from the current rate of £18.57 per hour.</p> <p>4) Increased inflation.</p> <p>The Social Care reform funding is expected only to meet the costs of new government proposals, rather than underlying pressures, and there are concerns that the funding may not be sufficient to fund the new requirements. In addition, it is unclear the NHS will continue to fund the discharge to assess system which created significantly increased financial pressure on the social care budget. Migrations plans are in place to partly address the financial pressure. Consequently the director is not confident of being able to balance the social care budget this year.</p>	H	Increased	Lisa Redfern
All Council values	Corporate management of Health and Safety	21	3	4	3	4	<p>The health and safety board continues to meet every 8 weeks. Corporate health and safety report no HSE enforcement this quarter and for the previous quarter. KPIs for 2021 / 2022, agreed by APSC in June 2021 are on target: Fire safety policy review (to reflect new legislation); Coronavirus ongoing monitoring and provision of information to worker via IPC awareness; review of H&S training; improvements to driver safety management; risk profiling to realign council to new ways of working; reduction of work-related stress; training and assessment for the home working environment. A deep-dive audit of water hygiene compliance in all council buildings has been completed in all areas has been completed. A rise in assaults and threats on staff is noted this quarter and a safer workforce task and finish group, instructed by the CEO to review personal safety and lone working, has completed its findings and has presented 8 recommendations for reducing violence and other unacceptable behaviour against staff. The delivery of these recommendations will be KPIs for FY 2022 2023. A strategic risk assessment for hybrid working (including wellbeing) has been presented and is being formatted to a RAG rating status for ease of reference. An external audit has been presented from Mazars. It gives a score of satisfactory assurance but recommends improvements in risk assessment record keeping, review as well as training in risk assessment methods across many areas of the council to achieve a corporate integrated approach. These recommendations will be priorities for the council in 2022 / 2023 and driven through the health and safety board with support from the corporate health and safety service. No change to risk rating</p>	M	Stable	Jonathan Pickstone
Taking Pride in Hammersmith & Fulham, Doing things with, not to residents	Impact on the local economy and businesses from the closure of Hammersmith Bridge to pedestrians, road and river traffic.	22	3	4	3	4	<p>Controls in place include:</p> <p>CCSO (Group of experts from LBHF officers/Xanta/Motts/WSP) Review monitoring data from the bridge on a continuous basis and continues to meet every two weeks.</p> <p>Opening Bridge reopened on 17th July after stress reports found that the temperature system and stress was being managed to such an extent that the risk was significantly reduced. Bridge opened up to pedestrians and cyclists. River traffic allowed to operate again under the bridge.</p> <p>Sensors 350 sensors on the bridge monitoring 24/7 with alerts of any changes to officers by text and emails.</p> <p>Temperature Control System – Operational managing chain temperatures to reduce stress on the structure. Sensors alert of any temperature issues outside permitted levels. Monitored 24/7.</p> <p>Stabilisation - Stabilisation works are progressing and are due to finish early next year</p>	M	Stable	Bram Kainth
Doing things with, not to residents	Failure to progress safety improvement works on the Charecroft Estate.	23	2	4	2	4	<p>As set out in the HRA 12 Year Asset Management Capital Strategy to Cabinet in Sept 2021, Charecroft Phase 1 is nearing completion: 98% fire Doors/Compartmentation complete. Lifts in two blocks complete and other started. Door Entry, LED Lighting and CCTV planned. Evac alarm approved to enable phased evacuation, Kier to install. Phase 2 works: Replacement windows and infill panels, Roofing, External/structural repairs and wet riser systems. Bailey Garner commissioned to oversee delivery.</p>	L	Stable	Jonathan Pickstone
Creating a compassionate council	Coronavirus – spread of infectious disease, particularly affecting vulnerable groups of residents and workforce/ contractors providing front line services.	25	2	3	2	3	<p>Since the government have lifted restrictions, testing has now stopped. Vaccinations continue to be offered via pop ups and Pharmacies. Restrictions have been lifted in all office areas, with staff being advised to stay at home if feeling unwell. Infection rates have been increasing recently (in line with the national trend), all departments are now working through recovery, if not back to BAU. We will continue to monitor the data and stand back up response if required.</p>	L	Stable	Linda Jackson

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Rising to the challenge of the climate and ecological emergency	Failure on the part of the Council to mobilise its response to the Climate Change emergency.	26	2	3	2	3	The Climate Emergency Unit is now in place, with initial posts recruited to. A climate strategy for a net zero borough by 2030 has been approved and adopted by Cabinet. The resident-led commission has now been replaced with a new Climate Strategy Implementation Group to increase scrutiny and deliver actions at pace. A detailed audit of the Council's carbon footprint is now an annual activity to track progress against our action plan and to provide a robust evidence base for costing and prioritising organisational carbon reduction activity. Quick win workstreams to influence emissions through policy have been progressed, including emissions-based policies on parking, council fleet, energy procurement, and wider procurement. Engagement has begun with local businesses and organisations to develop an H&F Climate Alliance, and H&F has been a leader in designing and implementing the UN's climate education programme. Recent flooding has expedited the need for a climate adaptation plan to prepare residents, businesses and the council for more extreme weather including heavy rainfall and heatwaves. Individuals, households and infrastructure will need to adapt and prepare for more of occurrences and the council has an important supporting role.	L	Stable	Bram Kainth
Taking Pride in Hammersmith & Fulham, Doing things with, not to residents	Repair system and contractor management not delivering performance at the required levels.	27	3	4	3	4	<p>There are robust contract management arrangements in place to manage contractor performance and to monitor their financial health. There is a clear mechanism for recovery of costs in relation to contractor failure. We continue to build the in-house DLO capability and capacity with a focus on planned preventative maintenance. Although these measures would mitigate the disruption in the short term would be significant if a contractor went into administration.</p> <p>An acceleration plan has been agreed and investment signed off to enable sustainable contract and improved service delivery, which includes reducing WIP, complex repairs, disrepair and voids. PPM programme with DLO. A few small specialist contractors have been onboarded to provide resilience. Weekly reporting to SLT and weekly strategic and operational board. £600 million investment over 12-year capital strategy approved in 2021.</p> <p>We are working to achieve within 6 months a recovered service to a target steady state (October). This work is underpinned by weekly task force group that has a focus at strategic and operational level. We have carried out a diagnostic of root causes and top ten of big fixes this work has been completed. The fixes focused on; major works and planned maintenance, contractor ownership and performance, up-streaming point of failure management and clearing backlogs. Recovery work is being delivered withing the context of a medium term plan for transformation and capital investment.</p>	H	Stable	Jonathan Pickstone
Being ruthlessly financially efficient, Rising to the challenge of the climate and ecological emergency	Changes to Western Riverside Waste Authority contracts or waste disposal arrangements that do not align with the Council's financial or climate priorities and potential missed opportunities for improvements or savings as a result of the current governance and management arrangements.	29	3	3	2	3	<p>Work with Western Riverside Waste Authority (WRWA) and other WRWA boroughs to seek alignment of priorities and minimisation of waste along with achievement of carbon reduction commitments.</p> <p>The likelihood risk has reduced from this quarter due to the new membership of the WRWA Committee.</p>	M	Reduced	Bram Kainth
Being ruthlessly financially efficient, Rising to the challenge of the climate and ecological emergency	Failure to manage the requirements of the New Environmental Act which will change the way in which the Waste service operates and how it contributes to the Council's carbon zero commitment.	30	3	3	3	3	Work to feed into any further Defra consultation on potential changes. Likely and foreseeable changes are being factored into current waste service procurement, however there is little clarity on how the Act will be implemented at present until detailed regulations and guidance have been published.	M	Stable	Bram Kainth

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Taking pride in Hammersmith and Fulham	Failure to manage the negative impact of flooding, due to adverse weather conditions, on residents and businesses. Consequences of the Climate Emergency. One in a hundred events that lead to the overloading our surface water systems (gullies) which results in widespread flooding and consequent damage to homes and businesses. Fluvial flooding as the most at risk London Borough.	31	3	4	3	4	Mitigations: 1. Tree management system allowing water to collect underneath the tree and slow release into the ground has been installed in Bloemfontein Road, Seagrave Road, Overstone and Gallaway Roads. Number of green infrastructure are increasing. 7 more schemes in the programme for this year. 2. x 2 Countess Creek Project with Thames Water have been completed and are working the Thames water Independent Review confirm that they had worked during the flooding event on 12 th July 2021. 3. Working with Economy on their regeneration projects to deliver enhance flood risk. 4. Continued to work with Thames water on delivering flood mitigation they have offered assistance on the de-paving programme we will roll out and offered flow data on the first phase of flood risk scheme in Brackenbury. 5. Developing our own programmes of works on the public highway Including doing further work on retrofit measures in a number of borough streets that will have impact on reducing flood risk. 6. Highways are delivery de-paving schemes. 7. Sewer network remains a Thames Water asset that we have no remit over so we will continue to work with them to ensure we reduce the water flow off our highway to a minimum where possible. 8. Flood Risk Board set up and meeting regularly and officers working Cllr Rowbottom (Flood Risk Czar) 9. Bi-monthly meetings with Thames Water set up – Challenge on action plan, programme and seek funding opportunities and joint working.	M	Stable	Bram Kainth
Page 100 All Priorities	Failure to maintain services to residents or progress works or development because of provider failure or market failure. (This includes a legal requirements to step in where care agencies fail even if the council does not commission them)	32	New	New	4	3	Mitigations 1. Departments refreshing business continuity plans 2. Risk assessment of markets and high-risk contracts being undertaken by Contract Assurance Board to inform where alternative provision or arrangements may need to be planned 3. Risk management plan established for any residents who may be impacted 4. Regular reports to SLT Assurance		New	Sukvinder Kalsi
All Priorities	Supported accommodation providers, SBH & NHG are exiting the market, by 2023	33	New	New	3	4	Mitigations 1- Council steering group set up, chaired by Director Transformation meets every two weeks 2- Programme management plan in place 3- Risk management plans for all effected residents 4- Joint work with commissioners, operational response teams and providers 5- Regular reports to SLT		New	Lisa Redfern

Key

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

Likelihood and Impact Based on a 1 to 5 scale with 1 Very Low and 5 Very High, the Score then is automatically calculated by multiplying them together.

Help

Risk Description	Risk described in a language that articulates clearly what could go wrong or what opportunity could be achieved.
Residual Exposure	Extent of the risk once the controls are currently in place. This is known as the residual risk and is calculated by multiplying impact of risk and likelihood of occurrence.
Existing Controls	Not all risks can be managed, but those that can are managed using a variety of controls. The art of risk management is to apply controls that are effective and efficient in reducing the exposure.
Risk Owner	This is the person or team best positioned to manage the identified risk