


<p>London Borough of Hammersmith & Fulham</p> <p>AUDIT PENSIONS AND STANDARDS COMMITTEE</p> <p>17 JULY 2018</p>	
<p>RISK MANAGEMENT UPDATE REPORT</p>	
<p>Report of the Director for Audit, Risk, Fraud and Insurance – David Hughes</p>	
<p>Open Report</p>	
<p>Classification: For review and comment Key Decision: No</p>	
<p>Consultation: <i>All service departments were consulted as part of the quarterly review.</i></p>	
<p>Wards Affected: None</p>	
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1. EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to provide members of the Audit, Pensions and Standards Committee with an update on risk management within the Authority, and presents them with the Corporate Risk Register for consideration.

2. RECOMMENDATIONS

- 2.1. The Members of the Audit, Pensions and Standards Committee are requested to: -
- a) note the contents of this report;
 - b) review and consider the contents of the Corporate Risk Register.

3. REASONS FOR DECISION

- 3.1. The Accounts and Audit Regulations 2015 states that the Council must ensure that it has a sound system of internal control which includes effective

arrangements for the management of risk. It is paramount that all risks are clearly identified, managed and reported through the relevant channel. Risks can never be entirely eliminated but proportionate and targeted action can be taken to reduce risks to an acceptable level. It is essential that managers and their teams manage risks to:

- achieve council priorities to put residents first;
- ensure robust financial management;
- protect staff and residents;
- protect valuable assets; and,
- maintain and promote the council's reputation.

4. PROPOSAL AND ISSUES

- 4.1. Risk is the uncertainty of an event occurring that could have an impact on the achievement of objectives, and is measured in terms of impact and likelihood. For the London Borough of Hammersmith and Fulham, risk management is the process whereby the council methodically addresses these risks to achieving its vision, corporate and operational objectives.
- 4.2. The Strategic Leadership Team and Chief Executive needs a full understanding of the Council's risks to fulfil its fiduciary duty. Managing risk is therefore part of everyday business for the Council and is a process that involves the early identification of risks, assessing their potential consequences and determining the most effective way to reduce the likelihood and/or impact of the risk.
- 4.3. The Council's approach to risk management requires Directors, managers and staff, through their Senior Management Teams, to:
- identify risks;
 - assess the risk;
 - agree and take action to manage the risk; and,
 - monitor and review risks.
- 4.4. This report provides the Committee with an update on corporate risks following recommendations by the Audit, Pensions and Standards Committee to undertake a fundamental review of their presentation. The review was led by the Director of Audit, Risk, Fraud and Insurance and steered by the Strategic Leadership Team with input from Directors. Expectations have increased internally and by the public on how risks are perceived, identified, measured, and mitigated. This has resulted in a higher level of scrutiny of risk management and it is anticipated that this focus will continue for the foreseeable future. The Corporate Risks are listed in Appendix 1. There are currently 21 corporate risks and 2 newly introduced risks represented in the following Heat Maps.

OVERVIEW RISK HEAT MAPS

Chart 1: Quarter 2 - Period: November 17 to January 18

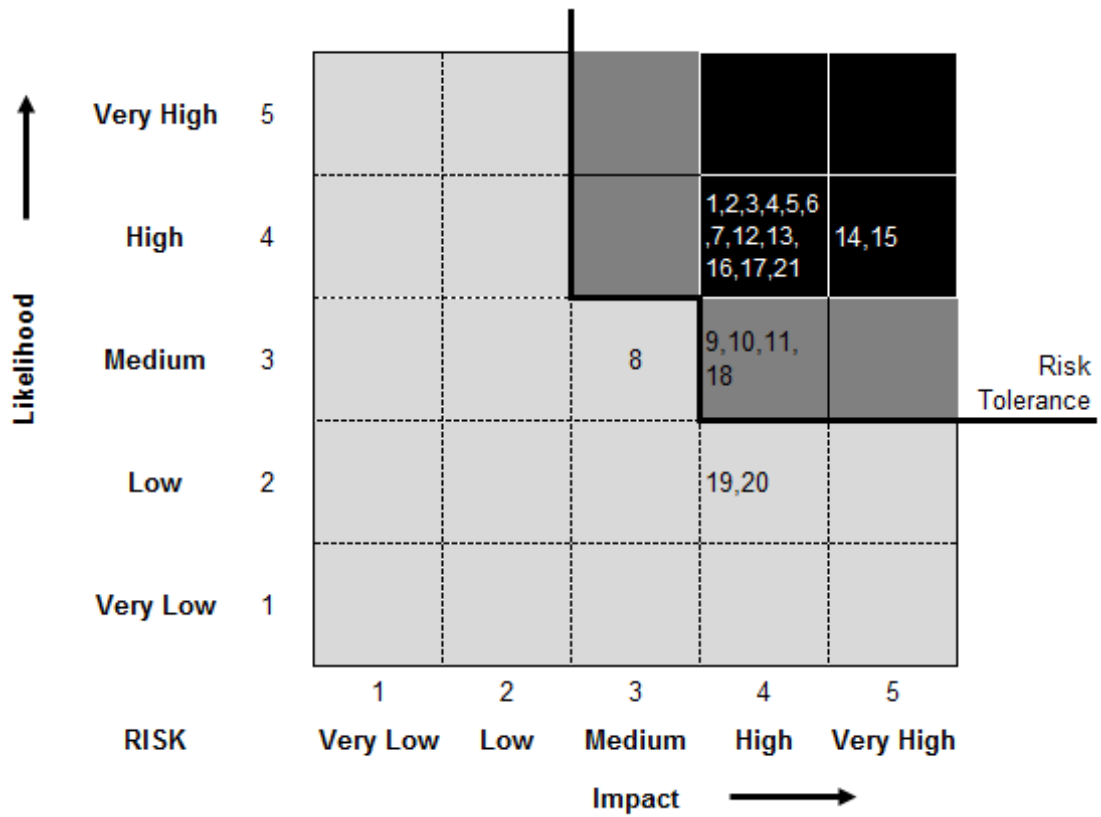
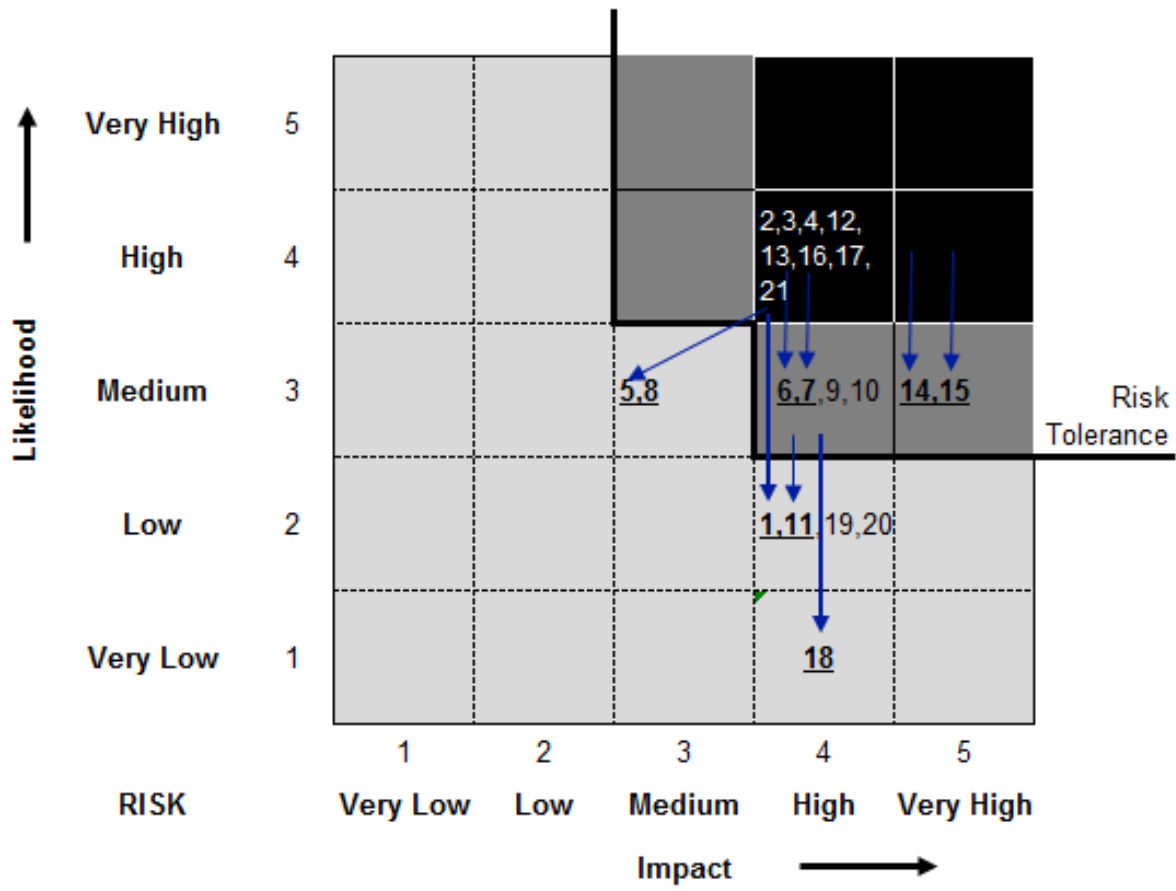
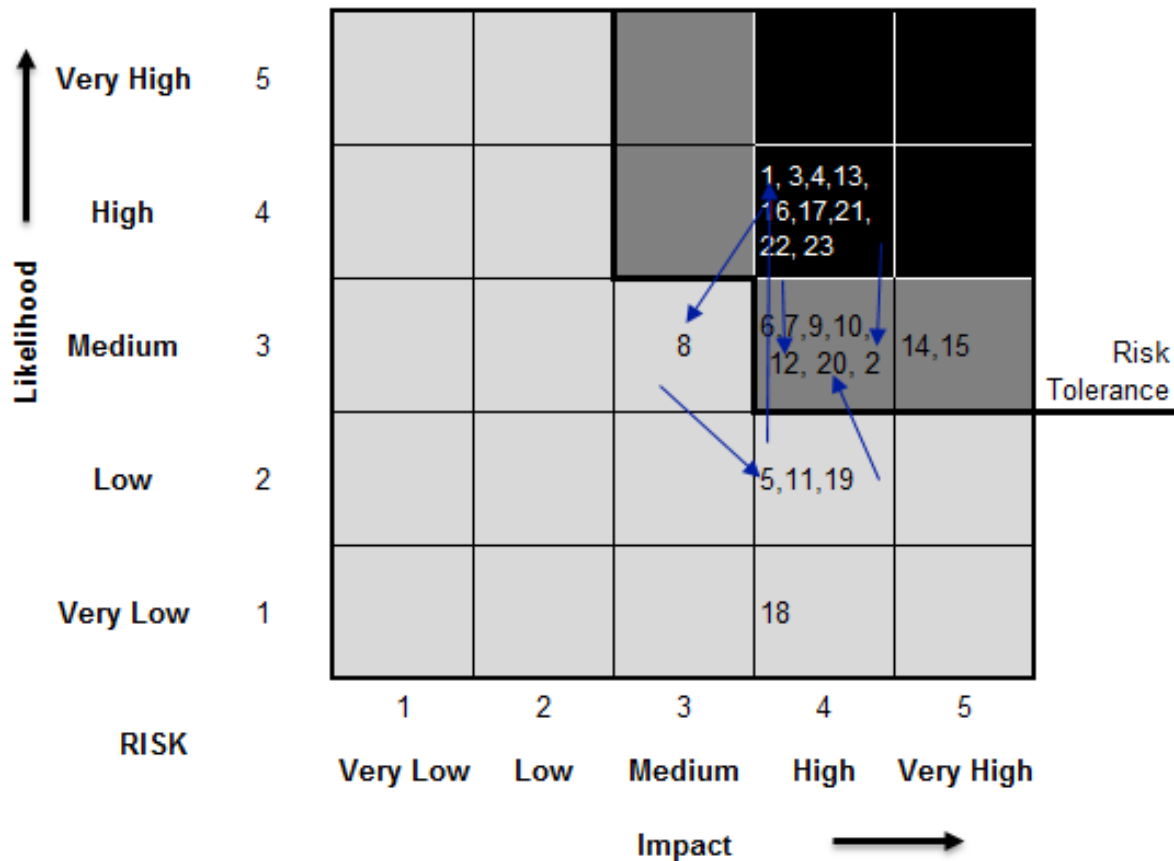


Chart 2: Quarter 3 - Period: to March 2018



Quarter 4 - Period: to June 2018



4.4.1. Essentially movement continues to be in a positive (risk is reducing) direction and, as confirmed at the last Audit, Pensions and Standards Committee meeting, a risk narrative of the principal movements on risks is noted for assistance below:

Risk Narrative

4.4.2. Corp. 1: **Financial Management in year budget 2017/2018 and Medium-Term Planning:**

Action taken

A revised corporate risk noting details of actions to manage financial risks that are contained with context in appendices of Corporate Revenue Monitoring reports. The 2017/18 Corporate Revenue Outturn Report, confirming the financial position as at 31st March 2018, was presented for Scrutiny at the July meeting of the Finance, Commercial Revenue and Contracts Policy & Accountability Committee. The Councils' Accounts closed a month ahead of the statutory deadline of 31st May 2018 and are subject to external audit. The outcome of the audit will be reported to the July Audit Committee.

Recommend that this risk be modified to track the 2018/2019 position.

4.4.3. Corp. 2: **Adult Social Care balanced budget in 2017-2018 and in the medium term.**

Budget position improved by the end of 2017/18, however new pressures in 2018/19 which will need to be managed appropriately to deliver balanced budget.

4.4.4. Corp. 3: **Commercial Contract Management and Procurement risks, rules, outcomes social value, management:**

Action taken

A new range of initiatives to both improve the understanding of the position in relation to contracts and the future management is being developed. This means the Commercial and Procurement Service has procured a stand-alone contracts system and are ensuring that all contracts are entered onto the system for centralised monitoring. The service is developing and analysing management information around contracts and procurements to understand what spend is across the contracts portfolio and what savings can be realised both this year and subsequent financial year.

Next steps

The Commercial Management Initiative is planned to deliver real contract savings and will raise the standards of procurement and contract management across the organisation. A defined governance for the programme is being established and the programme will update the Programme Management Office on a monthly basis. The team is also delivering General Data Protection Regulations compliance across the contract portfolio and assisting developing the business resilience approach. The Service is offering a Capital E sourcing training package across all departments to ensure compliance with the contracts management system.

In development is a revised H&F specific social value policy for procurements and contracts. Ensuring we use the size of our Council and spending power to develop the local community both economically and socially. We will install a mechanism for monitoring the benefits so that we have evidence of the impact of this policy going forward.

4.4.5. Corp. 4: **Public Health funding reduction limiting investment in other departments and priorities:**

In 2018/19, PSR Public Health officers will review and monitor public health investment across the Council, ensuring that funding delivers against the public health outcomes framework and council priorities, in line with the requirements of the budget. A robust process for applying for funding for projects by departments that meet the aspirations of the Council in transforming services and developing innovative ideas with clear outcomes, will also be developed.

4.4.6. Corp. 5: **Business Resilience:**

Issues. Preparedness in the event of (but not limited to): Fire, Water mains bursts, Denial of Access, Supply Chain failure.

Action taken

The ability to respond and recover quickly from an incident is a measure of 'resilience' and is an important aspect of building safer and stronger communities. The last year has been unprecedented in the number and scale of emergency incidents responded to. Incidents outside Hammersmith & Fulham can still have an impact on our planning and service delivery. Officers from Hammersmith & Fulham were heavily involved in the response to Grenfell Tower and provided control room staff to assist the Camden housing evacuation. This is in addition to the Parsons Green tube bombing and two major burst water mains on King Street and Goldhawk Road. An additional level of Member overview has been introduced with a new Annual report on Emergency Planning and Business Continuity produced and considered by Cabinet at its 4th June meeting. A workplan has been established and a review of the Dashboard of Emergency Planning and Business Continuity, updates, training, exercises and incidents to be presented to Strategic Leadership Team twice a year.

Next steps

For 2018/19 the focus for Emergency Planning and Business Continuity is to embed emergency response and planning throughout the organisation with briefings to Department Management Teams, supportive training and exercising of staff, volunteers and external organisations throughout the year.

4.4.7. Corp. 6: **Information Management and digital continuity:**

Action taken

This area has been extensively reviewed as there are obvious links to the introduction of the General Data Protection Regulations (GDPR) in May this year. A readiness statement has been agreed with our Legal Services. The Council is GDPR "ready" and working towards compliance. The Strategic Leadership Team have oversight of a Project that governs its implementation in the Council. The Project Team has mitigated the key risks agreed at the outset except for the following Indirect key risks which remain for:

- Meeting the 95% target for staff completion of mandatory data protection/information security training, currently 49% for data protection and 65% for information security.
- 87% of known contracts on the H&F register are not confirmed as compliant with the General Data Protection Regulations

Project achievements include:

- Raised awareness of Information Management obligations amongst staff.
- Delivery of an information asset register.
- A new data protection policy (currently with SLT and the Trade Unions for approval).

- GDPR clauses for all existing contracts/service level agreements (SLA's).
- Revised iCasework processes for new data protection rights, including changes to subject access requests (SAR's).
- A new "interim" data protection officer.
- Revised intranet content and staff guidance.
- A new schedule of lunchtime and "bite-size" sessions for staff development from June

Next steps

Review of existing contracts for GDPR contracts and policies.

4.4.8. Corp. 7: **Managing Statutory Duties:**

Action taken

A Risk register is in place for management of people, systems and property Health and Safety risk; higher and emerging risks are reported corporately. An audit programme, based on the register, is in place and being delivered. The programme includes a review of third party housing provision commissioned by the Council for our vulnerable adults and children. Health and Safety performance reports are provided routinely to the Strategic Leadership Team.

Next steps

A report on organisational performance for the period December to June will be available to the Committee in September.

4.4.9. Corp. 8: **Standards and delivery of care, protection of children and adults:**

Family Support Services (FSS): Safeguarding is embedded into the FSS policies procedures systems and practice. Safeguarding is monitored via the monthly contract management meetings and weekly in the service management meetings. FSS work closely with children's social care to ensure robust pathways exist, information sharing occurs and opportunities developed to share good practice. As part of the service the department are enhancing the safeguarding policies to embrace all varieties of adult safeguarding issues. Commissioners have a robust safeguarding review framework which they use to analyse the effectiveness of services.

The robust and regular monitoring of contracts and services ensures that the standards and delivery of care are maintained so that residents are safeguarded. Regular monthly monitoring of key services also focuses on opportunities to improve standards and address any areas of concern. In addition, wider monitoring of market stability and sustainability and within care services is undertaken periodically to ensure that the Council can ensure service continuity.

4.4.10. Corp 9: **Failure of partnerships and major contracts (e.g. The Link, 3BM, Shared Service, Commercial Providers):**

Action taken

The Commercial and Procurement Service are leading the ongoing negotiations of exiting both the Shared Services arrangement for facilities management and the TFM contract with Amey. This is in response to inadequate performance of the supplier but requires both the re-establishing of the management information and the development of a new service model going forward.

Next steps

Negotiations are ongoing on a weekly basis with a timeline estimated as negotiations concluded by late Autumn and service transition by the end of the financial year.

4.4.11. Corp 10: **Increase in complexity of working with Health partners:**

Action taken

The newly appointed Interim Director of Public Health will continue to build relationships with health partners ensuring that the opportunities available to all through joint working are capitalised on.

Next steps

In 2018/19, as Public Services Reform (PSR) develops the work programme to transform public services, including public health, it will ensure that health is part of these discussions and sighted on the plans for the borough. Health, alongside other stakeholders, will support PSR to co-produce solutions and continue to deliver against the public health outcomes framework.

4.4.12. Corp 11: **Decision making and maintaining reputation and service standards:**

There has been an increase in abuse of internal communal space from non-residents. The communal areas are being used for loitering, smoking, and dealing drugs with a regular congregation of 5-10 youths. The Neighbourhood Wardens regularly patrol Churchward and Fairburn House. Between November 2017 and the end of April 2018 they attended the blocks on 71 occasions. During the same period, they attended the neighbouring blocks (Desborough and Lickey House) which have onsite concierge, only 4 times. In addition to Anti-Social Behaviour, drug dealing and extreme levels of littering, the acute concern is the rise of the exploitation of vulnerable adults.

Action taken

A proposal has been made setting out the rationale for reinstating the concierge service at Churchward and Fairburn House on the West Kensington Estate to re-open the Churchward and Fairburn House office with a dedicated concierge officer who will have access to the council's

CCTV system and be linked to the other offices by radio and the council's network. They will patrol at least twice a day and pick up on fire safety, Anti-Social Behaviour and tenancy management issues. They will also support residents by acting as a local point of contact for accessing the council's other services.

4.4.13. Corp 12: **Fraud:** A separate detailed report on the activity and risks of the Corporate Anti-Fraud Service has been made available to the Committee.

4.4.14. Corp 13: **Exiting Managed Service arrangements from Agresso:**

A Transfer of HR/Payroll & Finance system is required to exit from the current Agresso system. An exit planned for Autumn 2018. There is some risk of loss/corruption of data when transferring, disruption of services such as payroll service. Time-critical implementation and data migration activities are being actively managed and need to be delivered to ensure new system goes live as planned.

Action taken

There is a specialised project team to work with BT to manage the exit.

4.4.15. Corp. 14: **Compliance with Statutory Duties to undertake inspection regimes:**

This risk was expanded from its original focus on Housing to include wider consideration of corporate buildings and property management statutory compliance risks, management controls and actions.

Action taken

A full audit of Corporate Property Statutory Compliance was undertaken by an independent specialist in May 2018. The audit has tested the following criteria:

- Availability of documents to demonstrate compliance
- Does the document provided address all necessary legal requirements?
- Have all remedial actions identified in the document been either raised and/or complete?

An early indication shows compliance at 25.6%, however, most of the non-compliance has proven so far to be missing documentation. The company responsible for managing statutory compliance for H&F was given an opportunity to respond to the level of non-compliance and have been given to the 13th July to produce the document or an action plan to undertake the necessary works.

Further, Corporate Property are undertaking a full independent asset condition survey of all its equipment in all its corporate buildings. The contractor's property management system has been interrogated for records of maintenance of these assets and where records are inadequate or

absent, the contractor will undertake full maintenance of each item. It is estimated that the project will be complete in December 2018.

Compliance performance information for corporate buildings is provided inconsistently which is not acceptable. Control measures at several sites are unsatisfactory. The management of corporate property is currently without clear leadership or accountability creating additional risk. This has been reported to Lead Directors. A review of fire emergency plans of our key sites, including Rivercourt Road and Dalling Road respite care, is on-going.

Fortnightly operational compliance monitoring of Housing continues. Clear management structures with suitable subject matter expertise are in place. Housing have served notice on the principle contractor requiring improvement in performance a few areas including the management of gas and asbestos. The risks are understood and controls in place. Delivery remains on track.

A review of residential tower blocks (18 metres and over) in the private sector for aluminium composite material cladding is complete and risks controlled.

Next steps

Future capital works for Housing to be delivered by specialist contractors. A review of Construction, Design and Management is in progress.

Lift modernisation programme: in support of the Council's Fire Safety Plus initiative and accordance with our Council Priority of Doing thing with, not to Residents, a report seeking approval of a procurement strategy for the completion of the housing lift modernisation programme has been prepared for Cabinet.

There are 216 lifts across the housing portfolio, of which 193 have been scheduled for modernisation as part of a multi-year programme which started in earnest during 2011. 140 lifts have been completed to date, with a further 4 currently being modernised as part of live contracts. 9 lifts are the subject of separate tenders. The proposed strategy will cover the remaining 40 lifts (39 passenger lifts plus a single goods lift).

4.4.16. Corp 18: **Moving on Programme, talent, resource, impact, cost, transition and mobilisation:**

Recommend to close, programme delivered.

4.4.17. Corp 20: **Procurement of replacement HR, Payroll and Finance Services:**

The Transfer of HR/payroll & finance systems planned to go live Sept-Nov 2018. Risks include data transfer from Agresso to HCC and disruption of services such as payroll service.

Action taken

A specialised project team is managing the transfer to new system.

4.4.18. Corp 21: **King Street Regeneration Programme:**

Actions taken

A strategy has been developed for delivery of alternative of office facilities, with cabinet approval for commercial heads of terms intended for March 2018. An Options appraisal on delivery routes and clear legal advice on the process has been secured. Regular monitoring will occur at programme board

Next steps

Detailed financial and commercial advice on legal agreements as part of business case process and ahead of future cabinet approval will be conducted. Appropriate professional advice being procured for this purpose. Completion of best consideration exercises.

New Risks:

4.4.19. The following new risks have been recommended for inclusion in the Corporate Risk Register by Children's Services:

- Corp 22: the number of looked after children in the last 3 years without an increase in budget.
- Corp 23: Increasing budget pressure in the High Needs Direct school block.

5. CONSULTATION

- 5.1. Consultation has taken place with the Strategic Leadership Team, Service Department Risk Representatives and Subject Matter Experts in Business Continuity, Insurances, Health and Safety, Commercial and Procurement, Internal Audit and Information Management.

6. EQUALITY IMPLICATIONS

- 6.1. There are no direct Equality implications associated with the presentation of Risk Registers to the Strategic Leadership Team and Audit, Pensions and Standards Committee.

7. LEGAL IMPLICATIONS

- 7.1. There are no direct Equality implications associated with the presentation of Risk Registers to the Strategic Leadership Team and Audit, Pensions and Standards Committee.

8. FINANCIAL IMPLICATIONS

8.1. There are no direct Finance implications associated with the presentation of Risk Registers to the Strategic Leadership Team and Audit, Pensions and Standards Committee.

9. IMPLICATIONS FOR BUSINESS

9.1. There are no direct implications for business associated with the presentation of Risk Registers to the Strategic Leadership Team and Audit, Pensions and Standards Committee.

10. COMMERCIAL IMPLICATIONS

10.1. There are no direct implications for business associated with the presentation of Risk Registers to the Strategic Leadership Team and Audit, Pensions and Standards Committee.

11. IT IMPLICATIONS

11.1. There are no direct implications for Information Technology associated with the presentation of Risk Registers to the Strategic Leadership Team and Audit, Pensions and Standards Committee.

12. OTHER IMPLICATION PARAGRAPHS

12.1. A list of Corporate Risks is required in the narrative of the Council's Statement of Accounts. Risk Management is a statutory responsibility under the Accounts and Audit Regulations 2015. A relevant authority, the Council, must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk.

12.2. *Implications completed by Michael Sloniowski, Risk Manager, telephone 020 8753 2587.*



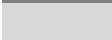
13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name and contact details of responsible officer	Department/ Location
	Risk registers	Michael Sloniowski, Risk Manager, telephone 020 8753 2587	Internal Audit, Risk, Fraud and Insurance

LIST OF APPENDICES

Appendix 1, List of Corporate risks

Corporate Risks Profiled as at June 2018 for periods Q2, Q3 and Q4.

Key	
High risk - immediate management action required.	
Medium risk, review controls.	
Low risk, monitor and if the risk escalates check controls.	

Priority	Risk	No.	Quarter 2		Quarter 3		Quarter 4		Movement	Exposure	Officer	1st Line of Assurance Operational	2nd Line of Assurance Corporate Oversight	3rd Line of Assurance Independent
			Likelihood	Impact	Likelihood	Impact	Likelihood	Impact						
Being ruthlessly financially efficient	Financial Management in year budget 2017/2018 and Medium-Term Planning.	1	4	4	2	4	4	4	Amended as per APSC review Mar 18	H	HJ	High	High	Very High
Being ruthlessly financially efficient	Adult Social Care balanced budget pressure in 2017/2018 and over the medium term.	2	4	4	4	4	2	4	Improved	L	LR	High	High	Very High
Being ruthlessly financially efficient	Commercial Contract Management and Procurement risks, rules, outcomes social value, management.	3	4	4	4	4	4	4	Stable	L	RW-T (interim LR)	Low	Moderate	Moderate
Being ruthlessly financially efficient	Public Health funding reduction limiting investment in other departments and priorities.	4	4	4	4	4	4	4	Stable	H	RW-T (interim LR)	Moderate	Moderate	High
Being ruthlessly financially efficient	Business resilience risks, systems, processes, resources, IT and accommodation moves.	5	4	4	3	4	2	4	Improved	L	NA	Moderate	Moderate	High
Being ruthlessly financially efficient	Information management and digital continuity, regulations, legislation and compliance.	6	4	4	3	4	3	4	Stable	M	VB	Moderate	Moderate	High
Creating a compassionate council	Managing statutory duties, health and safety, equalities, human rights, duty of care regulations, highways etc.	7	4	4	3	4	3	4	Stable	M	KD	High	High	High
Creating a compassionate council	Standards and delivery of care, protection of children and adults.	8	3	3	3	3	3	3	Stable	L	JL/SM	Very High	Very High	Very High
Creating a compassionate council	Failure of partnerships and major contracts (The Link, 3BM, Shared Service, Commercial Providers)	9	3	4	3	4	3	4	Stable	M	RW-T (interim LR)	Moderate	Moderate	Moderate
Creating a compassionate council	Increase in complexity of working with Health partners.	10	3	4	3	4	3	4	Stable	M	RW-T (interim LR)	High	High	High
All Council Priorities	Decision making and maintaining reputation and service standards. Governance, conduct, external inspections, information management.	11	3	4	2	4	2	4	Stable	L	HJ/RD	Very High	High	High
Being ruthlessly financially efficient	Failure to identify and address internal and external fraud.	12	4	4	4	4	3	4	Improved	M	HJ/DH	High	High	High
Being ruthlessly financially efficient	Managed Services (Existing Human Resources and Financial Transactional Service)	13	4	4	4	4	4	4	Stable	H	MG	High	High	High
Doing things with, not to residents	Compliance with the statutory duties to undertake inspection regimes covering Management of Asbestos, Electrical Testing, Fire Risk, Plant and Equipment, Water/Legionella.	14	4	5	3	5	3	5	Stable	M	HJ/JR/NA	Moderate	Moderate	Moderate

Priority	Risk	No.	Likelihood	Impact	Likelihood	Impact	Likelihood	Impact	Movement	Exposure	Officer	1st Line of Assurance <i>Operational</i>	2nd Line of Assurance <i>Corporate Oversight</i>	3 rd Line of Assurance <i>Independent</i>
Doing things with, not to residents	Co-ordination and response to calls on the Council for Mutual Aid in a crisis	15	4	5	4	5	3	5	Improved	M	NA	High	High	High
All Council Priorities	Change Readiness e.g. Smartworking, New systems.	16	4	4	4	4	4	4	Stable	H	MG	High	Moderate	High
All Council Priorities	Challenges in Recruitment and retention.	17	4	4	4	4	4	4	Stable	H	MG	High	Moderate	High
Creating a compassionate council	Moving on Programme, talent, resource, impact, cost, transition and mobilisation.	18	3	4	1	4	1	4	Proposed that this risk is closed, delivered.	L	RW-T (interim LR)	High	High	High
Doing things with, not to residents	Coroner's Office (The Council Acts as a Lead for Services to other Local Authorities).	19	2	4	2	4	2	4	Stable	L	RD	High	Very High	High
Being ruthlessly financially efficient	Procurement of replacement HR, Payroll and Finance Services	20	2	4	2	4	3	4	Increased risk	M	MG	High	High	High
Doing things with, not to residents	King Street Regeneration Programme	21	4	4	4	4	4	4	Stable	H	JR	Very High	Moderate	Moderate
Creating a compassionate council	Children's services placements. number of looked after children in the last 3 years without an increase in budget.	22					4	4	New risk	H	SM	High	High	High
Creating a compassionate council	High needs budget pressure in the Direct school block.	23					4	4	New risk	H	SM	High	High	High