AUDIT AND PENSIONS COMMITTEE

2011

CONTRIBUTORS	Subject	WARDS
		All
All departments	COMBINED RISK MANAGEMENT HIGHLIGHT REPORT	

This report updates the Committee of the risks, controls, assurances and management action orientated to manage organisational level risks.

RECOMMENDATION:

1. The committee consider the current Strategic, Programme and Operational risk position as outlined in the report.

2. The committee approve the revised Hammersmith & Fulham Risk Standard for 2011 to 2014

1. **PURPOSE**

   1.1. This report updates Members on the highlight risk management issues identified across council services and follows changes in the reporting process to Committee expressed at its September 2010 meeting. Effective risk management continues to help the council to achieve its objectives by 'getting things right first time' and is a key indicator of the 'Corporate Health' of the council.

2. **BACKGROUND**

   2.1. The Finance and Corporate Services Department acts as the lead Department on risk management supported by the Principal Consultant Risk Management. Departmental Directors act as Risk Champions in their own service areas to support the process across all levels of the authority. Risk Management is critical to both the value for money assessment and provision of annual assurance that form part of the annual accounts.

3. **Strategic risks update**

   3.1. The Corporate Risk Register has been reviewed by the Council's Executive Management Team. In addition all risks have been reviewed, and where necessary modified, in the work leading to the preparation of the council's Annual Governance Statement. The full version accompanies this paper for Members information at **Appendix 1.**

   3.2. Revision highlights include;

   3.3. Corporate risk number 1. - Business Continuity - Medium risk - Stable

       3.3.1. Information Technology continuity risk was reviewed as part of the preparation of the Annual Governance Statement. The review identified that user acceptance testing (UAT) has taken place over January and February for the new IT business continuity environment by council and HFBP staff. HFBP have prioritised their resources to make a push to try and complete the BC project by the end of the May. HFBP have a number of loose ends to tie up, including completing UAT on two remaining applications and finalising the Business Continuity Plan itself. There is a recognised dependency on

some HFBP suppliers for some of this, which is expected to be a smooth process.

3.3.2. The Service Resilience Group has recognised an ongoing difficulty with getting continuity plans developed by services. The council's Executive Management Team will be updated on this issue more fully in June. This will highlight the current status of plans across the council and recommend a proposed programme to address any gaps.

3.3.3. In addition the 2012 Olympic risks relating to transport, skills and resource shortages and increased likelihood of terrorism have been included explicitly in the Corporate Risk Register. These issues are being managed through the Service Resilience Group.

3.4. Corporate risk number 3 – Managing Statutory Duty – High risk - Stable

3.4.1. Corporate Health & Safety arrangements were considered as part of the Annual Governance Statement review process. Premises safety in terms of fire, gas, asbestos, Legionella and control of contractors remains a core concern. Building Property Management (SMARTFM) are closely working with Corporate Safety to improve the robustness of the arrangements. Centralising facilities management has revealed a number of issues across the property portfolio that are being addressed. Gas safety audits in a number of core areas are on-going and further processes (e.g. fire safety) will be audited shortly.

3.4.2. Access to premise management and the named accountable persons is now available via the SmartFM site. The Corporate Asset Management System (CAMSYS) is now the central repository for all this data, including Corporate Safety reports, but a web based front end is required so that premise managers can access it; funding has now been approved and it is at the development stage. Once these improvements are in place it is anticipated that the exposure to this risk will be greatly reduced.

3.4.3. Corporate parenting is registered within this risk area. This has now been recognised explicitly on the Corporate Risk Register. In addition the Childrens Services Department have fully refreshed their departmental risk register and are developing an assurance map for their services. An initial set of Tri-Borough working risks have also been identified for the Fostering Service, Local Safeguarding Children Boards and Youth Offending Service.

3.5. Opportunity risk number 2. – Tri Borough – High risk – Stable

3.5.1. Merging of services with Westminster and the Royal Borough of Kensington & Chelsea. Cabinet received an update on Tri Borough working in May. This also contained reference to a number of risks associated with the move to shared service provision. These have been noted and discussed with the departmental contacts and will also inform the Portfolio Delivery Manager in the Organisational Development Team. Principal issues include but are not limited to staffing (retention, reduction and morale) Information Technology provision, continuity of service provision for the customer and not slipping on standards of public protection.

3.6. Opportunity risk number 5. - Re-integration of H & F Homes

3.6.1. Integration of the new department with the council's risk management framework is progressing. Internal Audit has also reviewed the risk management arrangements of the new Housing and Regeneration Department as part of the integration process. This review included coverage of the risk management software system used which is an in-house Microsoft Access database, risk reporting, contacts and roles and responsibilities.

3.7. Detailed information on controls and assurances is contained in the fabric of the corporate risk register, project tracking record and contract and market testing schedules. Work is in progress to mitigate these risks. The exposure rating of corporate risks has not proven to be volatile indicating a reasonable and consistent level of Internal Control.

4. Programme and projects

4.1. The Transformation Office provided an Assurance Statement on overall Programme and Project governance arrangements for 2010/11 with no disclosures of any significant control weaknesses.

4.2. There are no specific significant issues for Members consideration to report for this period. Some departments report minor delays in signing off Information Technology led projects and the overall environment is positive. The Resident Services Department identify two project red risks, h&f Lifestyle & Leisure Card - RSD (project 60) which is delayed due to provider issues and RSD (project 40) e-Resource Booking and Payment for facilities and services that is being allocated an H & F Project Manager.

5. Operational

5.1. Department have now completed their annual comprehensive refresh of their risk and assurance registers as part of the Directors Assurance Statement. As a result it is now the prime document in support of departmental assurance requirements and of the end of year position on risk. A separate financials risk set with assurance map has been presented to the council's Financial Strategy Board for consideration. Departments will continue to review risks periodically at their management team meetings and the risk and assurance register will form the basis of the future audit plan for each department.

6. Resilient services

6.1. Following the 2010/11 audits of risk management, risk controls, gap analysis of the British Standard for risk BS31100 and the Directors and Annual Assurance Statement, the Hammersmith & Fulham Risk Standard has been updated to reflect recommendations in each of the reports. Consultation has also taken place with operational officers in Insurance, Health & Safety, Business Continuity and Emergency Planning. A copy of the document is attached as **Appendix 2.**

6.2. Modification highlights include but are not limited to;

6.2.1. A single consolidated table to assess impact

6.2.2. reference to alternate Risk Assessment models, tools and techniques

6.2.3. The Annual Assurance Statement and process

6.2.4. Improved information on Internal Control

6.2.5. Consideration of consequence in a separate column in the risk & assurance register

7. Market Testing

7.1. A new reporting line covering this area has been established as part of the new Transformation portfolios. Procurement and market testing is now under the Market Management Portfolio. The Senior Responsible Officer on the Executive Management Team is the Director of Resident Services. Other areas under consideration include increased commercialisation, social enterprises and mutuals and the identification of

alternate contract provision through a single Tri-Borough procurement strategy.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Audit Commission: Worth The Risk, Improving Risk Management in Local Government	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
2.	Association of Local Authority Risk Managers & Institute of Risk Management, 2002, A Risk Management Standard	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
3.	The Orange Book, Management of Risk Principles & Concepts – HM Treasury	OGC Website	http://www.ogc.gov.uk/documents/Risk.pdf
4.	Departmental Risk Registers	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
5.	CIPFA Finance Advisory Network The Annual Governance Statement	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
6.	BS 31100 Code of Practice for risk management	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith