

## London Borough of Hammersmith & Fulham

**Report to:** Audit Committee

**Date:** 14/12/2021

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

---

### Financial challenge

The current and future climate for local government represents a significant risk to the council with the ongoing challenge of delivering services with significantly reduced funding levels further impacted by the coronavirus pandemic. 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.

## **Financial implications**

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.

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 monthly in the Corporate Revenue Monitor to Cabinet. Other corporate risks also identify financial pressures arising from demand and complexity of service provision which need to be managed.

Comments verified by Emily Hill, Director of Finance

## **Legal implications**

There are no particular legal implications arising from this report.

Comments verified by Rhian Davies, Director of Resources

---

## **Contact Officer:**

Name: David Hughes

Position: Director of Audit, Fraud, Risk and Insurance

Telephone: 020 8753 2587

Email: David.HughesAudit@lbhf.gov.uk

---

## **Background Papers Used in Preparing This Report**

Risk Registers, reports to Children and Education Policy and Accountability Committee; Health Inclusion and Social Care Policy and Accountability Committee; Finance, Commercial Revenue and Contracts Policy and Accountability Committee.

## **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, 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 austerity continues the Council will need to take carefully considered risks to develop new and innovative ways to deliver services, support communities and ensure the long-term wellbeing of communities is not impaired by decisions made in the short term. This makes good risk management essential.
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 Covid Pandemic remain under close review, particularly in light of the recent emergence of the Omicron variant of concern and the ongoing efforts to increase vaccination rates as well as promoting and encouraging uptake of the vaccine booster. 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.

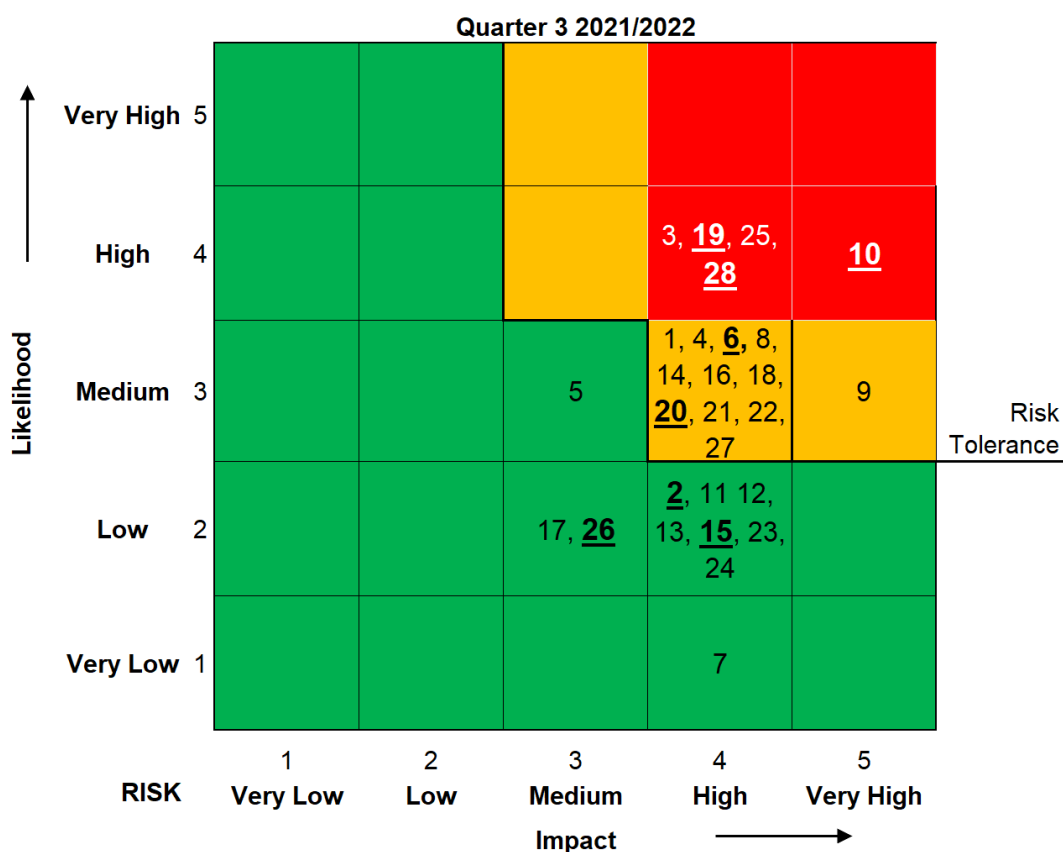
### **Changes since September**

10. At its meeting on 1 December 2021, SLT Assurance agreed that Risk 17 (Digital Accessibility) should be closed due to the further reduction in the risk rating resulting in the actions which had been taken. This risk will be removed from future reports.
11. Two risks have had their rating increased since September: Risk 6 has increased due to the Covid impact on the performance of timely completion of EH&C plans and Risk 10 due to the recent increase in the UK Terror Threat Level to Severe.
12. Two risks have had their rating reduced since September; Risk 15 due to effective assessment planning and review and rigorous oversight for placements by the resource panel and Risk 26 due to the approval and adoption of the climate strategy by Cabinet and recruitment to posts in the Climate Emergency Unit, leading to a number of actions being commenced.
13. One new risk has been added, Risk 28 where alternative mitigations are being considered and to minimise the delay to the Civic Campus programme and the outcome of ongoing discussions may result in this risk being reduced in the coming weeks.
14. Two risks have been split out since September to provide greater clarity on the risks identified the mitigations in place or planned. What was previously Risk 5: "Failure to maintain services to residents in the event of significant events/incidents where business resilience risks (systems, processes, resources, IT) may be compromised" has been split out to focus on the risk of failure in business continuity plans (Risk 2) and the risk of failure in IT Disaster Recovery arrangements (Risk 3). What was previously Risk 30: "Financial Management - in year budget 2021/2022 and Medium-Term Planning: Social Care" has been split out to cover the overall risk of corporate funding pressures (Risk 19) and the specific budget pressures being managed in Social Care (Risk 20)
15. As two of the risks reported in the previous quarter have been split out and other risks had previously been closed, the risks shown in Appendix 1 have been renumbered so they are sequential.

### **Corporate risk register – heat map**

16. The Corporate Risk Register is set out in Appendix 1 and summarised in the following Heat Map as at Quarter 3 for 2021/22. Risks which have been subject to change since the Quarter 2 Risk Register was reported to the Committee in September 2021 are shown in the larger bold underlined type:

## OVERVIEW RISK HEAT MAP



### Risk appetite

17. 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.
18. 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.

### Key controls in place to manage ongoing Covid risk

19. The council continues to respond well to an unprecedented global crisis within the resources and information available. Its strengths include working with a broad set of partners, the community and volunteers to mitigate the effects of the outbreak and then to recover. Vaccination, testing, tracing and managing outbreaks and community transmission are essential components in the response to the virus. Work continues to encourage greater take up of vaccinations and, for those who have already been vaccinated to receive the vaccine booster. Effective communications have been central to encourage everybody to take the required

steps to help themselves and keep others safe whilst Covid-19 remains in circulation.

20. The current and future financial climate for local government represents a significant risk to the Council's priorities and ambitions. The impact of Covid-19 on the economy is being felt by businesses and residents resulting in an increase in demand of services and significant reductions in income realised by the Council. Whilst every possible effort is being made to protect front line services the position remains challenging and may not be sustainable, particularly with the recent emergence of the Omicron variant of concern.

### **Conclusions**

21. Local authorities will continue to face significant pressures over the coming months responding to the ongoing Covid-19 pandemic combined with financial pressures and the other concurrent demand led pressures. Council Officers and services continue to respond with all partners to changing circumstances at pace, interpreting and implementing new guidance and regulations as they arise.

### **List of Appendices:**

Appendix 1 – Corporate Risk Register