

## London Borough of Hammersmith & Fulham

**Report to:** Audit Committee

**Date:** 16 March 2026

**Subject:** Risk Management Update

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

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### SUMMARY

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

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### RECOMMENDATION

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

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**Wards Affected:** None

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<b>H&amp;F Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
<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>

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## Financial Impact

The current and future strategic operating environment for local government represents a significant risk to the council with the ongoing challenge of delivering services with increased demand and legislative pressures. This is further impacted by wider economic factors leading to rising costs from inflation and reduced funding. This has seen the Council incur additional expenditure whilst at the same time seeing pressures in the level of resources and inherent demographic/legislative pressures.

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 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, Strategic Director of Finance and Corporate Services, 13 October 2025*

## Legal implications

There are no particular legal implications arising from this report.

*Comments verified by Grant Deg, Director Legal Services, 13 October 2025*

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## Background Papers Used in Preparing This Report

None

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## 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, 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 Strategic Directors, managers and staff, through their departmental 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. The Corporate Risk Register is reviewed on a regular basis by the Council's Strategic Leadership Team (SLT) and then presented to the Audit Committee.
8. Last year, work took place with risk owners and directors to amend the structure and content of the Register with the aim of providing a clearer and more targeted focus on current assurance over risks and on planned mitigations. This enables a better understanding of whether current and planned mitigations are providing the necessary effect or whether a different or further corrective action is required. The Register presented at this meeting shows this change including showing the process by clearly setting out the current position (including controls) and planned mitigations for each risk. In addition, changes include determination of the risk type, and a clearer mitigation action and its type.

9. This report provides the Committee with an updated Corporate Risk Register, presenting a suite of risks as reviewed by SLT Assurance in March 2026.

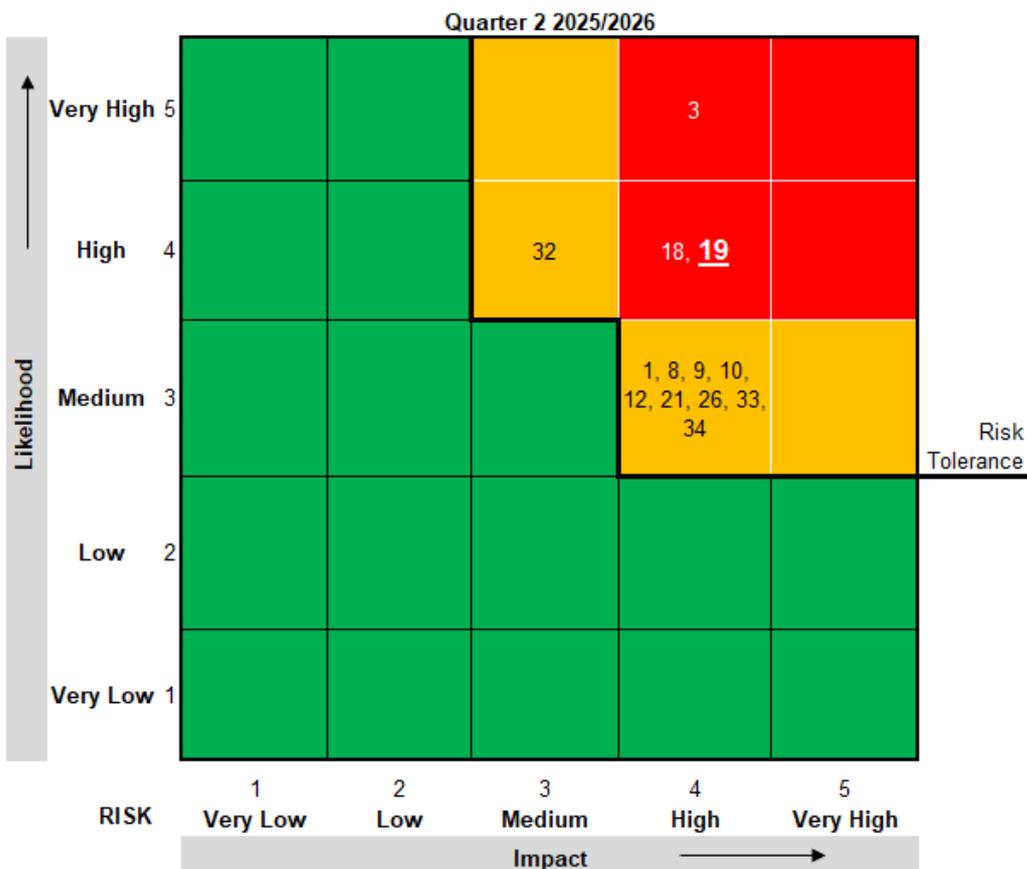
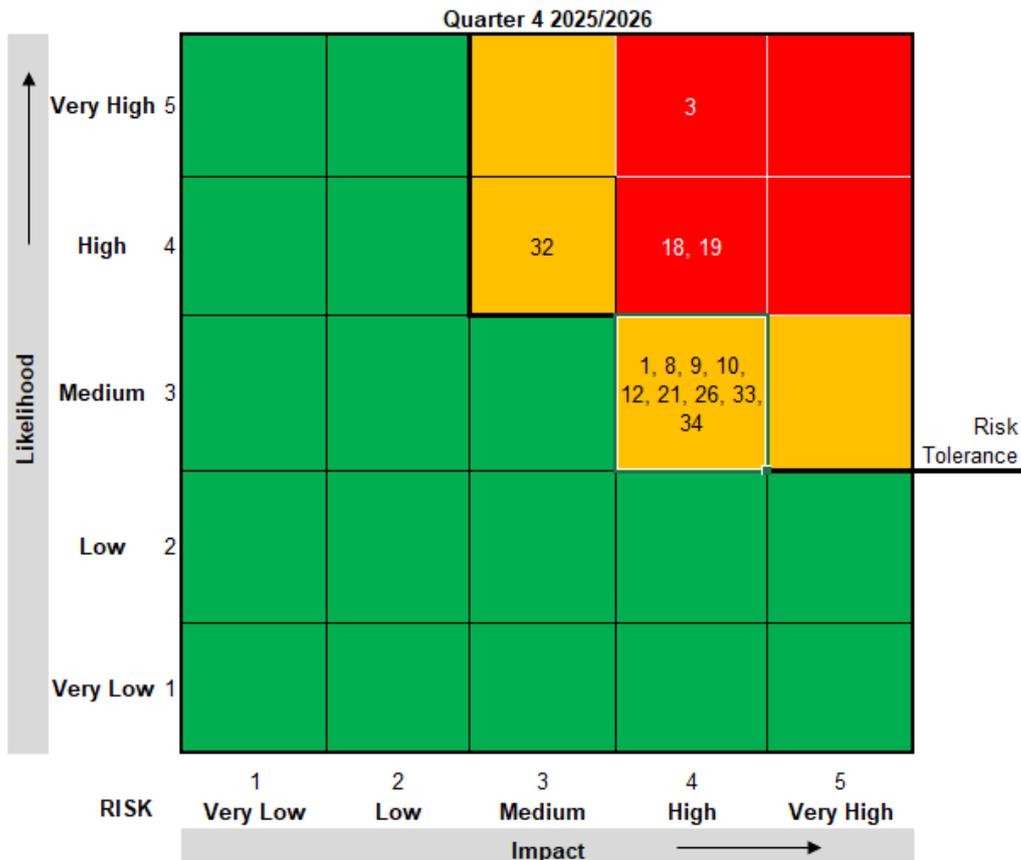
### **Changes made to the Corporate Risk Register**

10. 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.
11. SLT Assurance reviewed and agreed the Corporate Risk Register on 4 March 2026. While risk mitigations were updated, there were no changes in risk score proposed or agreed. SLT Assurance recognise that many of these risks are inherently long term in nature and there will be little or no movement in scores from one period to the next. They are focussed on ensuring that robust risk mitigations in place and working, they are regularly reviewed and new mitigations are added as and when required.
12. In respect of Risk 19, SLT continues to monitor and manage the impact of the Fair Funding Reforms for 2026/27 announced by the Government which will have a significant impact on grant funding for the next three years. The Council will be asked to approve a balanced budget taking account of this and other pressures.
13. A briefing for Risk 3 will be provided to the Committee as an exempt item, as has been done at previous meetings when reporting on this risk.
14. SLT Assurance will continue to keep the escalating events in the middle east under review, to consider the impacts on the Council and any mitigations which can be put in place.

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

15. The Corporate Risk Register is set out in Appendix 1 and summarised in the following Heat Map as at Quarter 5 for 2025/26, with the Heat Map for Quarter 2 for 2025/26 provided for comparison. Risks which have been subject to change since the Quarter 2 2025/26 Risk Register 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 with the ongoing challenges faced by the Council, there is a need to continue to 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. The recent escalation of the situation in the middle east is causing economic uncertainty. There is also ongoing pressure arising from the cost of domestic and business energy costs and fuel costs for activities such as transport and heating. Inflation has reduced from a very high level but the cumulative effect, along with the current level of interest rates continues to put pressure on local authority finances. The cost of living crisis will continue to drive increased demand for services where residents will need more support.
19. These factors impact on the Council in several ways including its staffing costs (including the level of pay awards and the national insurance increase for employers), 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.
20. 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.
21. These and other factors are kept under regular review by SLT. This is done to ensure that ongoing impacts are recognised, and appropriate mitigations put in place to protect Council services and local residents.
22. 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.

## **LIST OF APPENDICES**

### **Appendix 1 – Corporate Risk Register**

## Appendix 1 – Corporate Risk Register

Ref	Type / Corporate Objective	Description	Impact of Risk	Inherent Impact	Inherent Likelihood	Risk Mitigation	Mitigation Action / Update	Residual Impact	Residual Likelihood	Owner
1	Governance, Compliance, Legal risk  Being ruthlessly financially efficient	The Council is non-compliant with new commercial, contract management and procurement legislation	Possible financial penalties, court proceedings, service disruption, extra costs and reputational credibility	3	4	Reduce	The Council has a well-established Corporate Procurement Team. The Contracts Assurance Board meets weekly to ensure governance compliance, consider new future procurement legislation, the major medium-term procurements that are in progress and to update our policies e.g. Social Value Policy, as necessary. A Forward Plan is also regularly considered by SLT, and work continues by Departments to refine their forward planning processes. The Council is also strengthening the reporting of performance against the main contracts in line with the new procurement regulations.	3	3	Sukvinder Kalsi
3	Technology risk  Being ruthlessly financially efficient	IT systems are compromised and / or unable to operate in the event of a cyber-attack or data breach.	Major and sustained operational disruption, data theft and damage to public trust. Disruption or cessation of services to residents. Potentially, considerable financial losses and associated safeguarding risks from the loss of personal information.	5	4	Reduce	H&F maintains strong cyber resilience through a set of layered security controls. Regular vulnerability scanning helps identify and fix weaknesses before they can be exploited. The council follows guidance from the National Cyber Security Centre. Business continuity is supported by tested Disaster Recovery and Cyber Incident Response plans. Supplier risks are managed through security checks and ongoing monitoring. H&F also works closely with regional and national partners to stay prepared for emerging cyber threats.	5	3	Sukvinder Kalsi
8	Financial risk  Being ruthlessly financially efficient	Failure to identify and address internal and external fraud.	The consequences of failing to manage fraud risk include: Financial losses: Fraud can lead to significant monetary damages. Reputational damage: Fraud incidents harm brand trust and stakeholder relationships.	3	4	Reduce	Policies are reviewed bi-annually at SLT Assurance and the Audit Committee. Refreshed Fraud Response Plan, with robust Anti-Money Laundering and Bribery Policies in place. Fraud Awareness training is available on the Learning Platform to all staff LBHF is a member of the London Fraud Hub (LFH). The LFH matches a number of data sets across councils in London to highlight potential fraud cases for investigation.	3	3	David Hughes

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Ref	Type / Corporate Objective	Description	Impact of Risk	Inherent Impact	Inherent Likelihood	Risk Mitigation	Mitigation Action / Update	Residual Impact	Residual Likelihood	Owner
9	Environmental risk  Taking pride in H&F  Doing things with, not to, residents	Failure to ensure compliance with the statutory housing landlord duties including management of asbestos, electrical testing, fire risk, plant and equipment, water testing, legionella.	Significant risks to the health and safety of our residents, including loss of life.  Possible financial penalties, court proceedings, service disruption, extra costs and reputational credibility.	4	3	Reduce	External and internal reviews are undertaken to ensure compliance with regulations (and reflected in records management) Compliance based fire safety works continue across properties in the Borough with the necessary Gateway 2 applications to the Building Safety Regulator for validation. Fire Risk Assessments (FRAs) are undertaken in line with fire safety management system. There is consistent good performance, with close to 100% Big Six compliance. Tenant perception of safety has also increased, as evidenced through the TSM scores.	3	2	Richard Shwe
10	Governance/ Compliance/ Legal risk  Taking pride in H&F  Doing things with, not to, residents	Failure to comply with the new Building Safety Act and certification of 49 Higher Risk Buildings (HRB)	Possible financial penalties, court proceedings, service disruption, extra costs and reputational credibility	3	4	Reduce	Responding to Building Safety Regulator (BSR) to certify our High Rise Blocks. Submission of information required by BSR and commissioned testing of the concrete in response to the requirements from the BSR. Additional staffing resources recruited to improve capacity and resilience.	4	2	Richard Shwe
12	People risk  Creating a compassionate Council	Loss of key personnel in a highly competitive employment market	Loss of knowledge and skills that could have a major impact on the Council's ability to maintain delivery of services and to continue to improve/innovate	3	4	Reduce	Ensuring competitive terms and conditions for our workforce. Improving our succession planning and long-term work force plans. Establishing strong career pathways (particularly children/adult social care) and working with local residents/businesses to promote LBHF as a prestigious employer and working across London Councils to broaden the appeal of local government in the employment market. Developing forward looking employment practices and apprentice programmes. 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 and Emerging Leaders.	3	3	Grant Deg

## Appendix 1 – Corporate Risk Register

Ref	Type / Corporate Objective	Description	Impact of Risk	Inherent Impact	Inherent Likelihood	Risk Mitigation	Mitigation Action / Update	Residual Impact	Residual Likelihood	Owner
18	Governance/ Compliance/ Legal risk  All Council Values	Management of complaints, requests for information, members enquiries are not completed according to our target timescales.	Reduced confidence by residents/other local & national stakeholders in the Council and an adverse impact on our reputation within the sector. Potential additional costs to rectify service shortfalls and consequential impact on existing services.	4	4	Reduce	The Council has established a central team lead by a senior leader to oversee these matters (this includes a Disputes Resolution Team). Comprehensive and timely reporting of performance, analysis of complaints to inform amendments to operational policies. The use of modern technologies/workflow/case management systems to assign requests to officers to progress. Maintaining regular communications with sector Regulators (Housing Ombudsman, Local Government Ombudsman) to ensure an up to date understanding of the Council's performance, actions and plans. Improvement continues under the central team, and has been evidenced externally through regulators and improved TSM scores.	3	3	Nicola Ellis
19	Financial risk  Being ruthlessly financially efficient	The continuing pressure on the public finances (including interest and inflation rates) and the adverse impacts from the proposed Fair Funding Reforms in 2026/27	Impact on our ability to deliver valued discretionary services. There will be wider implications on the work of the Council with our externally contracted services and may affect the morale of employees due to the uncertainties. Longer term effect on our overall financial resilience as reserves may be depleted.	4	4	Reduce	Continue to use the established and well-developed medium term financial planning process (for revenue, capital, and treasury management) and the strong financial leadership by Members and Officers. Working with the sector (LGA/London Councils and MHCLG) to secure the long-term finances of the sector. Ensure the timely reporting of financial performance, identification of risks and implementation of recovery plans (the revenue, capital and HRA outturns for 2024/25 were in line with approved budgets and plans). Significant work is already in progress to ensure a balanced budget for 2026/27.	4	3	Sukvinder Kalsi

## Appendix 1 – Corporate Risk Register

Ref	Type / Corporate Objective	Description	Impact of Risk	Inherent Impact	Inherent Likelihood	Risk Mitigation	Mitigation Action / Update	Residual Impact	Residual Likelihood	Owner
21	People risk  All Council Values	Corporate management of health and safety is incomplete	Negative impact to staff wellbeing.	3	4	Reduce	<p>Health and Safety Board meet every eight weeks. Annual health and safety at work report highlighting the council's activities and performance presented to the Council's Audit Committee.</p> <p>Staff training programmes and activities extended to include a risk assessment training course which has been added to the learning zone.</p> <p>Numerous teams across the council have successfully completed the course and achieved IOSH accreditation. Teams taking up the training include HR, Events, Housing, Fire Teams, and Adult Social Care.</p> <p>The Employee Protection Register reviewed and updated weekly or as required.</p> <p>Fire Marshal and First Aider Training continues and at present we have 145 Fire Marshals and 204 First Aiders across our sites.</p>	3	3	Bram Kainth
26	Environmental risk  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	Failure to meet climate commitments reading to negative findings, additional costs and reputational damage.	3	4	Reduce	<p>The Climate Emergency Unit and climate strategy for a net zero borough by 2030 are in place along with a Climate Strategy Implementation Group to increase scrutiny and deliver actions quickly.</p> <p>Annual audit of the Council's carbon footprint in place.</p> <p>Quick win workstreams to influence emissions through policy have been progressed, including emissions-based policies on parking, council fleet, energy procurement, and wider procurement.</p> <p>Engagement underway with local businesses and organisations through the H&amp;F Climate Alliance, and H&amp;F has been a leader in designing and implementing the UN's climate education programme.</p> <p>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.</p>	3	3	Bram Kainth

## Appendix 1 – Corporate Risk Register

Ref	Type / Corporate Objective	Description	Impact of Risk	Inherent Impact	Inherent Likelihood	Risk Mitigation	Mitigation Action / Update	Residual Impact	Residual Likelihood	Owner
33	People risk  Creating a compassionate council	Failure to ensure and/or identify inadequate standards and delivery of care, protection of children and adults and associated data quality and information risks.	Impact on residents' wellbeing and safety, increased cost, reputational damage, adverse inspection outcomes.	3	4	Reduce	Adult Social Care Transformation and Assurance Board operating to hold corporate leadership and oversight of the major programme to ensure sufficient pace in delivering the change agenda. Chaired by Exec Director of People. Programme priorities identified and agreed. Departmental Improvement Plan in place and overseen via the Transformation and Assurance Board. Action plan developed and being implemented in response to the CQC inspection. SEF signed off via Partnership Board along with SEND Action Plan for areas for development. Inspection briefing provided to key partners, and at All Staff Education and SEND Briefing. Inspection Readiness update provided to SLT Assurance.	3	3	Jacqui McShannon
34	People risk  Creating a compassionate council	Financial sustainability risk of the High Needs Block with demand and pressures exceeding the opportunities to mitigate.	Leading to impact on residents' wellbeing and safety, increased cost, reputational damage, adverse inspection outcomes (leading to potential intervention), legal disrepair cases.	3	4	Reduce	Whilst funding is increasing at a higher rate in 2025/26 there is minimal headroom and wider system pressures following Operational Guidance of sustainable Special School MFG at 0%. High Needs Reference Group in place with Headteachers to support Phase 4.	3	3	Jacqui McShannon