



AUDIT AND PENSIONS COMMITTEE

9 December 2010

CONTRIBUTORS

**COMBINED RISK MANAGEMENT HIGHLIGHT
REPORT**

**WARDS
All**

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 is asked to note the review of the Hammersmith & Fulham Risk Standard to align the risk management process more closely to the British Standard code of risk management practice BS31100**

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. Following an internal Finance and Corporate Services department reorganisation the line management reporting for risk management now reside with the Chief Internal Auditor in the Corporate Finance Division. Risk Management is critical to both the value for money assessment and provision of annual assurance that form part of the annual accounts.

3. PROGRESS

- 3.1. The council's risk management arrangements have recently been benchmarked against the British Standard BS31100 code of practice through a gap analysis to ascertain the appropriateness of intelligence used to inform the risk management process. A copy of the report is attached as **Appendix A** for members information. Recommendations from the report will be included in a refresh of the Hammersmith & Fulham risk standard currently underway. Findings indicate the continued presence of robust arrangements in place to manage risk across the range of services sampled in this exercise.

4. PRIORITY RISKS

- 4.1. At the September 2010 Committee it was agreed that future output would be orientated in accordance with the British Standard model that covers three discreet elements. These are listed below in three sections, Strategic, Programmes & Projects and Operations. Members are asked to note the highlights and significant changes to the risk profile in each area these are listed below;

Strategic risks

Corporate Risk Register – (the full register is attached for Members information as **Appendix B** to this report)

- 4.1.1. Managing budgets (risk number 5) remains high given the financial implications of the Comprehensive Spending Review.
- 4.1.2. The Information Commissioner is currently monitoring the councils responsiveness to Freedom of Information (FOI) issues. This has previously been reported through to the decommissioned Audit Committee where risk management highlighted the increasing risk of FOI requests.
- 4.1.3. Deletion of PCT Integration (opportunity risk number 1), PCT's are due to be abolished in 2013 and since the last report to Audit & Pension Committee Hammersmith & Fulham PCT will be working with Westminster and Kensington & Chelsea PCT's in a new joint arrangement.

Emerging Strategic Risks

- 4.1.4. New opportunity risks are included on the register including the shared education service provision with Westminster (opportunity risk number 2), Shared services with Westminster and the Royal Borough of Kensington & Chelsea that include corporate services (opportunity risk number 3), Shepherd's Bush Regeneration (opportunity risk number 4) and the re-integration of H & F Homes (opportunity risk number 5)
- 4.1.5. Members are also asked to note new risks may emerge from the integration of Public Health following abolition of the PCT.

Programmes and Projects including contract management

- 4.1.6. Following the internal reorganisation within the Finance & Corporate Service Department the responsibility for the Programme Management Office (PMO) and procurement functions transferred to new line management. New arrangements for reporting of programmes and projects through the Transformation programme are being discussed with the Executive Management Team and the

reporting requirements of the Audit & Pension Committee have been relayed to the new line manager of the PMO. A full list of ongoing programmes and projects is attached to this report for Members information as **Appendix C**.

4.1.7. Asset Management programme designated red, progress has been achieved as the Help Desk, Finance and Planned Maintenance modules of the SmartFM project (CAMSYS) going live during September but the project remains at Red status in view of concerns regarding the ultimate costs of the centralised FM Service and the CAMSYS project. This issue is expected to be resolved soon.

4.1.8. A new market testing programme is being compiled with departments and is due to be presented at the council's Competition Board. Ongoing monitoring of existing contracts is undertaken by the Procurement and IT Strategy Division and this has raised one red risk issue in relation to the performance of a contractor. This has however been raised in the contract performance review recently undertaken by the Leader of the Council. The full list is provided for Members information attached to this report as **Appendix D. (Exempt)**

Operations

4.1.9. Bringing together operational risk information, for example insurance, health & safety and fraud, adds value through shared intelligence from data, for example to examine if there is any correlation across health & safety, sickness and insurance statistics to spot any patterns emerging. A discussion paper is being prepared on the future of these Resilient Service activities in the council to determine if a different service model could bring greater benefits by consolidating the operational risk management areas under one line management.

4.1.10. Health and Safety data is currently being moved from manual labour intensive collection and input of information to the new ENABLE software system. Statistical output requirements have been discussed at the recent Safety Committee where Officers were briefed on the development of ENABLE to provide managers access to data more efficiently. Managers will be able to track,

report, record and respond to incidents as the system is designed to provide information output to desktop personal computers.

4.1.11. Following the need to provide greater transparency of the councils insurance portfolio and claims experience, to determine value for money in relation to the councils insurance contracts work is being undertaken to a. Establish a regular suite of insurance data b. Consider the options open to the council in respect of the procurement of insurance potentially aligning policy dates with the Royal Borough of Kensington and Chelsea (RBKC) to undertake a single package of insurances for Hammersmith & Fulham and RBKC. This may be particularly advantageous as shared services may result in some consolidation of resources.

4.1.12. Information Security and Data Quality - The information management team has been asked to compile information for the next Audit and Pension Committee to address any potential or actual breaches of information security and or data quality incidents.

5. CONCLUSIONS

5.1. Risk management across the council is aligning itself to comply more fully with British Standards BS31100 code of practice and that this report to Members reflects the changes to risk at Strategic, Programme and Project and Operational levels.

6. Comments from Director of Finance and Corporate Services

The Director of Finance and Corporate Services is the Council's 'Risk Champion' and endorses the contents of this report.

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	Strategy, Performance & Procurement Ground Floor, Room 10 Hammersmith Town Hall

2.	Association of Local Authority Risk Managers & Institute of Risk Management, 2002, A Risk Management Standard	Michael Sloniowski 2587	Strategy, Performance & Procurement Ground Floor, Room 10 Hammersmith Town Hall
3.	The Orange Book, Management of Risk Principles & Concepts – HM Treasury	OGC Website	http://www.ogc.gov.uk/sdto/okit/reference/ogc_library/related/orange-book.pdf
4.	Departmental Risk Registers	Michael Sloniowski 2587	Strategy, Performance & Procurement Ground Floor, Room 10 Hammersmith Town Hall
5.	CIPFA Finance Advisory Network The Annual Governance Statement	Michael Sloniowski 2587	Strategy, Performance & Procurement Ground Floor, Room 10 Hammersmith Town Hall
6.	BS 31100 Code of Practice for risk management	Michael Sloniowski 2587	Strategy, Performance & Procurement Ground Floor, Room 10 Hammersmith Town Hall

Members information full reports

Appendix A Risk Management BS31100 Gap Analysis



H:\My Documents\
Mike's Folders\LBHF R

Appendix B Corporate Risk Register



H:\My Documents\
Mike's Folders\Corpor

Appendix C Programmes and Projects list



H:\My Documents\
Mike's Folders\Progra

Appendix D Contract Management (Exempt item)



H:\My Documents\
Mike's Folders\Contra