

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker</b>	Cabinet
<b>Date:</b>	18 October 2022
<b>Title:</b>	Corporate Risk Management
<b>Report From:</b>	Director of Culture, Communities and Business Services

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### Purpose of this Report

1. The purpose of this report is to summarise the robust risk management arrangements in place across the organisation and highlight the improved risk culture underpinning our approach to effective risk management practices. The report also seeks approval by Cabinet for the Hampshire County Council's Risk Management Strategy 2022-2025 and sets out progress made by the County Council towards delivering the Strategy aims and objectives.

### Recommendation

2. That Cabinet notes the content of this report, the risk management arrangements in place across the County Council and approves the Hampshire County Council's Risk Management Strategy 2022-2025 in Appendix A.

### Executive Summary

3. This report seeks to highlight the robust processes and approaches across the organisation that enable effective risk management. It identifies the key areas of focus, including active management of significant strategic and operational risks, robust governance structures in place and staff engagement around good practice approaches to risk management.
4. The Corporate Risk Management Board (RMB), with direct reporting into the Corporate Management Team (CMT), provides a robust organisation-wide lead for risk by driving the Risk Management Strategy and other initiatives forward, and improving the risk culture within departments.

## Contextual Information

5. As a major public sector organisation, the County Council manages numerous risks, of varying significance and severity, on a daily basis. Some are transient and others are structural – they will always be there because of the nature of the services that the County Council operates. It is the responsibility of the CMT and Chief Officers to ensure that there is robust identification, assessment and management of all types of risk, and that staff are trained in all aspects of risk awareness and management and have the necessary resources and toolkits to respond appropriately. Indeed, the majority of the day-to-day activities of the County Council can be said to be identifying and managing risk in all its different guises. It is therefore important that our approach to risk, both strategically and operationally, is kept under constant review and is an intrinsic part of our day-to-day activities.
6. In May 2021, the responsibility for Corporate Risk Management moved over to Culture, Communities and Business Services (CCBS) following the disbanding of the Transformation and Governance Directorate. The responsibilities for Corporate Emergency Planning and Resilience, and Corporate Health and Safety also moved across to CCBS at the same time.
7. Over the last 17 months the accountability for the Corporate Risk Management function in CCBS has been held by the Director of CCBS and responsibility led by the Deputy Director of CCBS. Dedicated resource is provided through the CCBS Business Strategy and Improvement Team to ensure effective co-ordination of the RMB and to support the delivery of the corporate risk management work.
8. Steps continue to be made towards strengthening how risks are managed in the organisation, particularly through improved governance, reporting structures and tailored systems. Additionally, opportunities to improve risk management good practice methods and approaches continue to be explored and implemented. These are guided by the CMT, driven forward by the RMB and are becoming embedded in our risk culture, through good practice approaches adopted by staff.
9. The Hampshire County Council's Risk Management Strategy 2022-2025 in Appendix A defines the approach the organisation has adopted to embed risk management into its processes, practices and culture. The Strategy was developed by the RMB as a follow-on to the shorter-term Risk Management Strategy 2021-2022. It was developed in a manner to ensure it was clear and succinct, setting out a structured and coherent approach, tailored to how the County Council identifies, assesses and manages risk. Aimed at all levels of staff, the Strategy is relevant for all layers of the organisation, particularly given the breadth and nature of risks that require effective management.

10. Significant progress has already been made towards delivering the Strategy aims and objectives. Particular areas of achievement include improved processes, a new corporate risk management system, robust governance structures and consistent approaches, all of which are well embedded across the organisation.

### **Risk Governance Framework**

11. Being able to manage risk effectively is key to enabling the County Council to deliver improved outcomes and achieve its strategic aims. To ensure this is approached in a robust manner, there is a strong risk management framework in place, which has become more developed since 2021.
12. Underpinning this framework is the RMB, comprising Senior Information Risk Officers (SIROs) and other senior representation from across the County Council with experience and knowledge to enable risk to be managed effectively across the organisation. This is a well-established group, chaired by the Deputy Director of CCBS. The RMB is pivotal in recognising that risk is dynamic and changing, and it also ensures the right mechanisms are in place to support risk management at both operational and strategic level. Its remit and priorities provide the assurance and certainty that key organisational risks are considered and monitored. The RMB Terms of Reference can be found in Appendix B.
13. There are three corporate sub-groups that sit beneath the RMB and cover key areas of cross-cutting risk to the organisation. These are the: 1) Resilience Management Group, 2) Information Governance Steering Group and 3) Health and Safety Management Group. The Chair of each Group is a Head of Service and also a representative on the RMB. A highlight report from each sub-group meeting enables issues and decisions to be escalated into RMB meetings as appropriate. Encompassing areas such as business continuity, information handling and health and safety risks, this arrangement allows swift escalation of issues but also dedicated expertise to pick up items in these subject matters.
14. The robust reporting and escalation framework within the County Council is set out in Appendix C and ensures oversight, monitoring and assurance remains at the most appropriate level. This framework has been developed in more depth over the last 17 months by the RMB, comprising of regular reporting cycles to CMT, annual reporting to the Audit Committee and now Cabinet, and through establishing strong links between the RMB and key corporate risk sub-groups.
15. Establishing strong communication and reporting structures is key to ensuring that key stakeholders are kept informed of risk responses and practices, and that decision making relating to risk is appropriately aligned. The regular visibility that risk management has at both the Department Management Team (DMT) and the CMT level demonstrates high commitment and provides a good perspective of both risks and opportunities.

16. The annual report to the Audit Committee provides an effective source of scrutiny, challenge and assurance regarding the County Council's arrangements for managing risk and maintaining an effective control environment.

### **Monitoring and Reviewing Risks**

17. A key activity of the RMB is to oversee and review the Corporate Strategic Risks, held in a central corporate Risk Register system. The corporate Risk Register system was re-developed in 2020 and a new system launched that has transformed how risks are captured and monitored. It captures key risks across all departments and has a built-in reporting function in the system that allows for consistent and up to date risk analysis by departments and the RMB, prompting regular review. For transparency, this Register can be viewed by key colleagues in departments who are involved in risk management, including the RMB and the CMT for visibility and oversight.
18. Periodic reviews of all risks are important, and the corporate Risk Register system prompts a review of each risk at either 1,3,6,9 or 12 months. This is to reflect emerging changes and ensure mitigation controls are monitored, and progress against implementation of new controls is assessed. All risks in the corporate Risk Register are managed and reviewed by risk owners or risk control managers, with oversight from appropriate monitoring groups. This demonstrates that as an organisation we are actively looking at risk and the processes to support good risk management are becoming well embedded and more mature.
19. The RMB also recognises the value of encouraging discussions at each RMB meeting about potential emerging risks at department level. This can include internal and external factors and those that are cross cutting in nature, which are therefore likely to pose a greater risk to the organisation. Equally there are risks which may come to the County Council at speed and others which are more 'slow burn'.
20. Each department also has a regular review planned at DMT level to discuss key risks held on Risk Registers and consider current and emerging risks.

### **Continuous Improvement**

21. There has been significant progress made to the technology that is now being utilised to capture, monitor and discuss risks at a departmental and corporate level as outlined in point 17. This new system has proved to be extremely fit for purpose for departments to manage high level risks effectively, and has also led to a much more consistent method for scoring and assessing risks.

22. As an organisation, we recognise the importance of nurturing a positive risk culture. To help underpin and encourage consistent and positive approaches to good practice risk management, tailored guidance on good practice risk management using common language was developed for staff in 2021 by the RMB. This guidance is available on a corporate SharePoint site for all staff to access. It has been purposefully developed to engage staff and support with their learning, knowledge building and awareness of how to manage risks well. Governance and reporting structures are also defined in the guidance to help staff fully understand and adhere to management and reporting routes.
23. Recent changes have been made to how the County Council measures the 'level of effectiveness' for risk control mitigations. Previously the categories used to measure control effectiveness were defined as 'completely, partially, not' effective. These have now been changed to four categories: 'substantial, reasonable, limited, no' effectiveness. This was brought about as a move towards a more easily understood and defined set of criteria that aligns with the County Council's audit terminology. The criteria were developed by the RMB and approved by the CMT in April this year, and risks in the Corporate Risk Register have been re-assessed and new effectiveness levels selected.
24. The Southern Internal Audit Partnership has undertaken two comprehensive audits on the risk management process since 2019, to examine risk management practices, and outline improvements that would strengthen the organisation's approach and continue our exceptional record of managing risk as part of business as usual and decision-making processes.
25. The audit in 19/20 was rated as 'limited', with improvements centring on governance and risk control. The RMB instigated a number of initiatives to address these areas, including a new risk management system, a short-term Risk Management Strategy 2021-2022 and the introduction of regular reporting to CMT on key organisation risks.
26. A more recent audit carried out in 21/22 assessed the County Council's approach to risk management with a rating of 'reasonable' that demonstrated a marked improvement from the previous audit. Small scale improvements are in the process of being implemented based on audit observations, including refinements to staff guidance, learning & awareness.

## **Finance**

27. There are no budgetary considerations required as part of this paper.

## **Performance**

28. A strong culture of risk reporting is embedded in risk management processes in departments and corporate level, with sufficient visibility of risk management at Chief Officer and Member level.

## **Consultation and Equalities**

29. An assessment on Equality Considerations has been undertaken and due regard has been given, with the view that a full Equalities Impact Assessment (EIA) is not required for the Risk Management Framework and Hampshire County Council's Risk Management Strategy 2022-2025. Where applicable, EIAs and consultation will be carried out as necessary, as part of management of individual risks.

## **Climate Change Impact Assessment**

30. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

## **Climate Change Adaptation and Mitigation**

31. The carbon mitigation tool and climate change adaptation tools employed by the County Council were considered and deemed not applicable on this occasion because the decision relates to a strategic programme.

## **Other Key Issues**

32. There are no key issues to raise in this report.

## **Conclusions**

33. In summary, the County Council's key organisational and departmental strategic and operational risks are being actively identified and managed through robust mitigation control measures. Close monitoring of risk management progress, issues and developments is led by the RMB with oversight and approval by the CMT, demonstrating that strong governance structures and commitment is in place to effectively manage the organisation's key risks and risk management progress.

34. The Hampshire County Council's Risk Management Strategy 2022-2025 sets out a structured and coherent approach that is tailored to how the County Council identifies, assesses and manages risk. As a follow on from the previous Risk Management Strategy, significant work to embed the Strategy Aims and Objectives has been driven by the RMB and this is successfully demonstrated across the organisation. However, as risks to the County Council are fluid, there remains a continued need to review and improve processes and approaches in a proportionate way, to further reduce risk levels to the County Council.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	Yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	Yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	Yes
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	Yes

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

Document

Location

None



## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

2.1 An assessment on Equality Considerations has been undertaken and due regard has been given, with the view that a full Equalities Impact Assessment (EIA) is not required for the Risk Management Framework and Hampshire County Council's Risk Management Strategy 2022-2025. Where applicable, EIAs and consultation will be carried out as necessary, as part of management of individual risks.

## **Appendix A: Hampshire County Council's Risk Management Strategy 2022-2025**

# **Hampshire County Council's Risk Management Strategy 2022-2025**

### **Introduction & Context**

This strategy defines the approach Hampshire County Council ('the Council') has adopted to embedding risk management into the culture, policies and practices of the Council. The strategy, together with its underpinning guidance, aims to provide a clear and consistent approach to the management of risk across the organisation.

### **Overall Aim**

To ensure a robust, proactive and effective culture of risk management accountability exists across the Council, as an integral part of the contribution frontline services make to the safety and wellbeing of Hampshire residents.

### **Objectives**

To ensure:

1. Robust and clearly defined governance arrangements are in place to support delivery of the Risk Management Strategy at all levels of the organisation.
2. Roles, responsibilities and accountabilities are clearly defined, understood and administered.
3. Strategic risks are identified, documented, owned, managed, and regularly reviewed (including the identification of new and emerging risks), supported by an effective and intuitive risk management software solution.
4. An effective and regularly reviewed Corporate Risk Register is maintained, informed and supported by a comprehensive set of Departmental Risk Registers.
5. A proactive and collaborative approach is taken to managing cross-cutting risks.
6. Common language and reporting systems are used across Departments at a strategic level, whilst enabling specific departmental approaches at a local level.
7. A strong culture of risk reporting is embedded in performance management.
8. Business continuity plans are in place and recorded for key strategic risks to maximise resilience across the Council.
9. Effective training and up-to-date guidance are in place to support and embed the Risk Management Strategy at all levels across the Council.

### **The Aim and Objectives will be Achieved By**

1. Reviewing the Council's overall governance arrangements and reporting for risk management, including the role, membership, frequency and programme of the Risk Management Board.
2. Maintaining, reviewing, and monitoring effectiveness of the Risk Management system used across the organisation to manage risks at a departmental and corporate level.
3. Revising, updating and effectively communicating, risk management guidance documents for managers and staff in one clearly accessible location.
4. Reviewing Department Risk Registers and the Corporate Risk Register appropriately, and consistently reporting against an agreed timetable.
5. Ensuring the corporate risk assurance and reporting processes are integrated with the corporate performance framework.
6. Developing an improved and fully accessible risk management training offer.
7. Undertaking appropriate reviews of individual risks on the Corporate Strategic Risk Register through the Risk Management Board, to enable cross departmental consideration of control measures.
8. Improving the descriptions of control effectiveness levels to align with consistently recognised audit terminology.
9. Agreeing and implementing a risk training programme for managers, in addition to increasing general risk management awareness across the organisation.

### **Risk Management Guidance**

To support the achievement of the Aim and Objectives outlined in this Risk Management Strategy, a revised suite of underpinning guidance documents is available on the Risk Management guidance site to assist managers and staff. The guidance includes but is not limited to: roles and responsibilities; identifying risks; assessing controls and determining priorities (impact & likelihood); control effectiveness levels; identifying mitigation measures; providing assurance that risks are being well managed; benchmarking; risk appetite and tolerance; and the Council's risk management tools (both risk registers and reporting).

### **Approval of Strategy**

This strategy will be reviewed and signed off by RMB, for onward submission to CMT to endorse and recommend approval by Cabinet.

**Date of endorsement by CMT: 27 April 2022**  
**(Planned) Date of approval by Cabinet: 18 October 2022**  
**Date of next Strategy review & update by RMB: March 2025**

## **Appendix B: Risk Management Board Terms of Reference 2022**

### **Risk Management Board – Terms of Reference 2022**

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#### **Core Purpose**

To ensure the County Council has a robust and effective culture of risk management.

#### **Scope**

- Risk Management
- Health & Safety risk
- Information Handling risk
- Business Continuity

#### **Roles & Responsibilities**

- Provides the Corporate Management Team (CMT) with assurance that strategic risks are identified, documented, and well managed in a balanced and proportionate manner.
- Ensures a robust culture of risk management accountability across the Council through both thorough collective consideration and constructive challenge.
- Ensures each Department has an effective and regularly reviewed Departmental Risk Register, feeding through to the Corporate Register, and informed by a comprehensive local process of risk management.
- Demonstrates and promotes full ownership of key risks across the business including a proactive and collaborative approach to managing cross cutting risks.
- Promotes the use of common language and reporting systems across Departments at a strategic level, whilst respecting departmental differences at the local level.
- Ensures a strong culture of risk reporting embedded in performance management.
- Ensures that issues and key decisions are escalated into the board from key corporate risk sub-groups: Resilience Management Group, Information Governance Steering Group and the Health and Safety Management Group.
- Reports to and escalates issues to CMT, as required, securing any necessary associated departmental action and shares information back into the corporate risk sub-groups.
- Prepares an Annual Report to the Audit Committee on Risk Management and the key risks facing the County Council to sit alongside the annual audit statement, and other reports on risk as may be determined.
- Oversees the Corporate Risk Register and the process for escalating/de-escalating risks to the CRR, subject to overall approval of CMT.

## **Membership**

- Deputy Director of CCBS as Chair
- DMT representative as Deputy Chair
- Nominated DMT rep for each Department\* – AHC, CCBS, Children’s Services, Corporate Services, and ETE
- Head of Law and Governance
- Head of Health & Safety
- Head of Emergency Planning Resilience
- Head of Information and Deputy SIRO for the County Council
- County Council SIRO (Role carried out by Corporate Services RMB Rep)
- Chief Internal Auditor

*\*Deputies (DMT level) to attend if nominated rep unable to attend.*

## **Frequency & Duration**

Every 2 months / 1.5 hours

Or such additional meetings as the Board may determine to progress specific start/finish projects.

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## **Terms of Reference Approval History**

*ToR 2022 signed off by RMB – August 2022*

*ToR 2020 signed off by RMB – August 2020*

## **Terms of Reference Update History**

*Updated to include reference to Subgroups feeding into RMB – July 2022*

*Updated following changes to Corporate Services Representation – August 2021*

*Updated following transition of ownership of Risk Management to CCBS and approved by CMT – July 2021*

**Appendix C: County Council’s Risk Management Reporting Structure**

