

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker	Cabinet
Date:	10 October 2023
Title:	Corporate Risk Management
Report From:	Director, People and Organisation

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Purpose of this Report

1. The purpose of this report is to summarise the further development of the robust risk management arrangements in place across the organisation, including the improved risk culture underpinning our approach to effective risk management practices.
2. The report also sets out the further progress made by the County Council in relation to delivery of the Corporate Risk Management Strategy 2022-2025 and related objectives, that was approved by Cabinet on 18 October 2022.

Recommendation

3. It is recommended that Cabinet notes the robust risk management arrangements and framework that are well embedded across the organisation, and the continued progress and impact of delivery of the objectives set out in the Corporate Risk Management Strategy 2022-2025.

Executive Summary

4. The Corporate Risk Management Steering Group (RMSG) previously known as the Corporate Risk Management Board (RMB) provides a robust organisation-wide lead for risk. The RMSG is a strategic group that ensures risk management activities and initiatives align with the Corporate Risk Management Strategy (see Appendix A), and encompasses pertinent key risk areas, including Health and Safety, Emergency Planning and Resilience, and Information Compliance and Data Protection.

5. The framework surrounding the risk management arrangements is well established and ensures regular and senior level visibility of key strategic and operational risks. The reporting process and escalation routes in place (see Appendix B) for key strategic and operational risks, allows the Corporate Management Team (CMT) and directorates to maintain regular discussions on key and emerging risks.
6. This year has seen a transition of corporate risk management accountability to People & Organisation, as part of the new organisational structure. In response to the new structure, all directorates have undertaken work to review, consolidate (where appropriate) and identify key risks to align with their service areas. In addition, risk management has seen increased engagement at senior level, through a detailed review of the Corporate Strategic Risk Register at each Directorate Management Team and subsequent strategic discussion at CMT.

Contextual Information

7. As a major public sector organisation, the County Council manages numerous risks, of varying significance and severity, daily. Some are transient, and others are perpetual – 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.
8. Indeed, most 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.
9. In January 2023, the responsibility for Corporate Risk Management transferred to the People and Organisation directorate, following the organisation restructure at the start of the year. The responsibilities for Corporate Emergency Planning and Resilience, Corporate Health and Safety, and Information Compliance and Data Protection also moved across to People and Organisation at the same time, placing leadership for all three underpinning risk management functions within one directorate.
10. Since January 2023, the overall accountability for Corporate Risk has been held by the Director of People and Organisation, through the leadership of the Deputy Director, who also chairs the corporate Risk Management Steering Group (RMSG), previously referred to as the Risk Management Board. Dedicated resource is in place to support the Deputy Director, to develop further improvements in the County Councils' strategic approach to risk

management, as well as to facilitate the corporate governance arrangements, oversight and assurance of our corporate strategic risks.

11. As previously reported to Cabinet, significant progress has been made to develop the maturity of the organisations approach to how risks are managed, particularly through continued development of our governance, reporting structures, systems and processes.
12. Additionally, opportunities to improve risk management good practice methods and approaches continue to be explored and implemented. These are guided by CMT, driven forward by the RMSG, and continue to shape our developing risk culture, through good practice approaches adopted by staff.
13. The Hampshire County Council's Corporate 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 sets out a structured and coherent approach to risk management, 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. It has recently been updated to align with new organisational terminology reference to 'directorates' and the RMSG.
14. Significant progress continues to be made towards delivering the Strategy aims and objectives; building on previous achievements of improved processes, continued development of the corporate risk management system, robust governance structures and the embedding of consistent approaches across the organisation.
15. Further progress has been made to align risks with the new organisation structure. This includes the development of the corporate risk management system to enable the transfer of some corporate and directorate level risks to a different directorate, and ensuring new risk owners and risk control managers are assigned. As part of this transition of risks, directorates have used this as an opportunity to review and consolidate (where appropriate) their risk registers. This has been particularly pertinent for newly formed directorates.
16. To better define the accountability and responsibilities of risk owners and risk control managers for corporate strategic risks, work has commenced to seek assurance from other directorates on current or planned mitigation control measures where the risk (or part of) falls outside of the risk owner's directorate.

17. The corporate strategic risks and key directorate level risks continue to be actively managed and evaluated against the County Council's risk management assessment criteria and are overseen by the respective DMT.

Evolving our Risk Governance Framework

18. Our Risk Governance Framework remains key to ensuring the County Council can effectively manage risks, and deliver our strategic aims and priorities as set out within the Serving Hampshire Strategic Plan.
19. The previous report to Cabinet in October 2022 set out the arrangements in place at that time including:
 - The Risk Management Board (RMB), comprising of Senior Information Risk Officers from each directorate, Head of Health & Safety, Head of Emergency Planning & Resilience, Chief Internal Auditor and the Senior Risk & Business Resilience Manager. The Risk Management Board is now known as the Risk Management Steering Group (RMSG) to align with new organisational changes.
 - Three corporate sub-groups, who feed into the RMSG, covering key areas of cross-cutting risks to the organisation, comprising of the Health and Safety Management Group (HSMG), Resilience Management Group (RMG) and the Information Governance Steering Group (IGSG). The IGSG is now referred to as the Information Governance Management Group (IGMG) to align with new organisational changes.
 - Robust reporting and escalation to ensure sufficient oversight, monitoring and assurance, including regular risk discussions at DMTs and six-monthly risk reporting to CMT comprising of executive summaries on key risks in each directorate.
 - Strong communication with stakeholders across the organisation.
 - Annual report to the Audit Committee that includes the Corporate Strategic Risk Register, providing an effective source of scrutiny, challenge and assurance regarding the County Council's arrangements for managing risk and maintaining an effective control environment.
20. Over the last year, the RMSG and associated three corporate sub-groups have continued to evolve, ensuring a robust framework is maintained, including clear escalation and decision-making routes for matters. This includes oversight and approval by the RMSG of key risk and resilience areas such as the new corporate wide business continuity system, the Hampshire County Council's Pandemic Framework, Bronze Group response framework, and the Information Governance Strategy 2022-25.

21. The membership of the RMSG and the three sub-groups has been reviewed in line with organisation changes, to ensure that representation from directorates remains appropriate and includes deputies.
22. Each group has updated their Terms of Reference, accordingly, setting out that the RMSG provides a steer on the strategic priorities or order of business, prior to formal approval through CMT, and that sub-groups are specifically established to progress related activities.
23. To ensure accountability for managing risk remains at the highest level, CMT have dedicated more time over the last year to discussing and reviewing key risks to the County Council. The regular six-monthly risk report to CMT provides oversight of changes to key directorate risks, and any proposed changes to the Corporate Strategic Risk Register for CMT consideration.
24. There has been a particular focus at CMT on any directorate level risks that have 'limited' mitigation control levels, requesting that directorates scrutinise these risks, ensuring there is robust reasoning for any proposed as 'tolerated'.

Review of Corporate Risks

25. During 2022/23 the RMSG completed a full review of the corporate strategic risks. This involved risk control managers talking through the management of their risk at the RMSG, giving the chance to discuss the risk detail with other directorates and gain assurance on their management and contribution to mitigation controls.
26. Similarly, the risk owner for the corporate strategic risk on 'Failure to protect the safety of our workforce and the public' is working with directorates to understand the wide range of components that sit within this risk, and how associated mitigation controls are being managed by directorates.
27. The Corporate Strategic Risk Register continues to be actively managed. However, it was agreed by CMT in April that a detailed strategic review of the register would be carried out to ensure key and pertinent risks remain current moving forward. This review has now been completed, the outcome from which has been a number of proposed changes being made to the Corporate Strategic Risk Register.

Continuous Improvement

28. The Risk Management framework and risk-aware culture has been strengthened in recent years, most notably through the creation of stronger governance and a corporate risk management system that gives greater visibility of key risks across the organisation. The risk system plays a key part

in contributing to an open and transparent risk culture, and it will continue to be iteratively developed as needed.

29. The risk arena is an ever changing and dynamic picture, and there continues to be a positive shift in our approach to identifying risks. This recognises the role that directorates play in bringing current and potential future risk challenges to the RMSG, and the three sub-groups who are also key to strengthening our identification and response to risks. This includes lessons learned and associated actions we take from our response to and preparedness for emergencies, other incidents (e.g., health and safety) and undertaking corporate-wide resilience exercises.
30. The RMSG agreed to reduce the maximum review period for all risks in the corporate risk management system from 12 months down to 6 months. It was felt that this would provide greater reassurance that risks are monitored more regularly, particularly those with a high score.
31. The RMSG also plans to look at key risk areas that would benefit from greater oversight and input by the group. This includes a closer focus on health and safety, information governance and resilience management. This work will (in part) be informed by several internal audits planned throughout 2023/24:
 - a. Governance arrangements for health and safety risks, to include a separate review on Fire Safety Management.
 - b. Corporate resilience and business continuity arrangements (as an advisory review) to inform the new Corporate Resilience Strategy and resilience management governance arrangements.
 - c. The effectiveness of the Corporate Risk Management Strategy, with focus on alignment of the corporate strategic risk register with the new organisation model.

Finance

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

Performance

33. A strong discipline and more mature culture of risk management and reporting is now embedded in risk management processes both within directorates, but also in relation to our 'One Organisation' approach to our Corporate Strategic Risks, ensuring that we have visibility and assurance of risk management at a Chief Officer and Member level.

Consultation and Equalities

34. 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

35. 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

36. 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

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

Conclusions

38. In summary, the County Council's key corporate and directorate level risks continue to be actively identified, managed and monitored through a robust risk framework. Following the new organisation structure at the beginning of the year, directorates have also re-aligned their risks accordingly.
39. The strong governance structure surrounding this risk framework is well embedded in the organisation, enabling senior level visibility and oversight on a regular basis. The Corporate Risk Management Steering Group continues to play a central role in driving forward the Corporate Risk Management Strategy, delivering on risk initiatives and ensuring a strategic focus on key risk areas to the organisation. The increased engagement on risk management this year with directorates and CMT has led to a stronger re-positioning of the Corporate Strategic Risk Register.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

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.)

<u>Document</u>	<u>Location</u>
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:

The County Council has a programme of work in place to advance inclusion and diversity in line with its corporate Equality Objectives. This includes undertaking both internal and external assessment of its performance to identify areas of strength and for improvement. This report reviews past performance - the activities and services that are described were subject to appropriate equality impact assessment in accordance with this programme.

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 Directorate Risk Registers.
5. A proactive and collaborative approach is taken to managing cross-cutting risks.
6. Common language and reporting systems are used across Directorates at a strategic level, whilst enabling specific directorate 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 Steering Group (RMSG).
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 Directorate 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 Steering Group, to enable cross directorate 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 RMSG, for onward submission to CMT to endorse and recommend approval by Cabinet.

Date of endorsement by CMT: 27 April 2022

Date of approval by Cabinet: 18 October 2022

Date of next Strategy review & update by RMSG: March 2025

Appendix B – Hampshire County Council Risk Governance Framework

