

## HAMPSHIRE COUNTY COUNCIL

<b>Committee:</b>	Audit Committee
<b>Date:</b>	22 December 2022
<b>Title:</b>	Corporate Risk Management Update
<b>Report From:</b>	Carolyn Williamson, Chief Executive Patrick Blogg, Deputy Director, Culture, Communities and Business Services

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### **Purpose of this Report**

1. The purpose of this report is to update the Audit Committee on the County Council's Corporate risk management framework and a summary of the key corporate strategic risks that are included in the County Council's Corporate Risk Register. It will also set out the risk management infrastructure in place, with particular focus on the governance and processes in place.

### **Recommendation**

2. That the Committee notes the contents of this report and the risk management arrangements in place across the County Council.

### **Executive Summary**

3. This report seeks to highlight the risk management framework and longer-term Risk Management Strategy 2022-25 (Appendix A), along with improvements within the last 12 months to further strengthen the processes and approaches that enable effective risk management in the County Council. The report identifies the key areas of focus, including active management of significant strategic and operational risks, along with how we continue to engage and guide staff on good practice approaches to risk management.
4. There continues to be regular discussion and visibility of risk management at senior level across the organisation. The Corporate Risk Management Board (RMB) meet every two months, and also provide regular reports and updates to the Corporate Management Team (CMT). This enables a robust organisation-wide lead for risk by driving the Risk Management Strategy and other risk improvements forward and enhancing the risk culture across the

organisation. Additionally, this year there has been further senior level oversight and visibility on risk through corporate risk reporting to Cabinet in October.

5. A summary of the corporate strategic Risk Register is set out in a separate and confidential appendix to this report (see Appendix B).

### **Contextual information**

6. A previous report was presented on the County Council's risk management arrangements to the Audit Committee on 16 December 2021.
7. Following this, a Scrutiny and Risk report was considered in February 2022, with an action for more detail on the County Council's risk management infrastructure to be provided to the Audit Committee. Therefore, this year's report contains more extensive details of the County Council's risk process and governance structure, including the operation of the RMB and an outline of the corporate Risk Management system. A set of slides covering this detail is included in Appendix C as a separate attachment to this report.
8. As a major public sector organisation, the County Council continues to manage numerous risks that can be fluid in nature and are of varying significance and severity. Within the last 12 months alone, external factors both nationally and internationally, have resulted in emerging and changing risks to the County Council. 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. Since May 2021 the accountability for the corporate risk management function has been held in CCBS with 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 Risk Management Strategy aims and objectives.
10. 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.
11. The County Council's Risk Management Strategy 2022-2025 (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.

## **Risk Governance**

12. 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.
13. The RMB is pivotal in ensuring that risks are identified and managed effectively across the organisation. The board is chaired by the Deputy Director of CCBS and includes the County Council Senior Information Risk Officer (SIRO), Deputy SIRO and Department SIROs. It also has senior level representation from key areas, including Emergency Planning, Health and Safety, Information Governance, Audit and Legal.
14. A well-established group, the RMB meet every two months, recognising the need for regular discussions to identify and monitor current, new or emerging risks. With a strong governance and reporting structure in place, the RMB provide regular department and corporate Risk Register updates to the CMT. This includes summaries from each department, ensuring that the latest risk position provided is up to date, and that the most significant risks are visible. In addition, the RMB provide an annual risk report to the Audit Committee and since 2022, annual risk reporting to Cabinet.
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 structures in place in the County Council allows clear and regular senior level visibility of key risks. The regular visibility that risk management has at both the Department Management Team (DMT) and CMT level demonstrates high commitment and provides a good perspective of both risks and opportunities.
16. RMB is also supported by corporate sub-groups to look specifically at three cross cutting key risk areas: Health and Safety, Resilience Management and Information Governance. Each sub-group has a senior level representative from each department and meets every two months, discussing current risks and issues. This arrangement allows swift escalation of issues by the Chair of each group, who also sit on RMB. Each sub-group plays a key role in escalating matters and decisions up to the RMB, keeping the board well informed of progress on plans, strategies and improvements.

17. The Health and Safety Management sub-group was created earlier this year, to pick up cross-cutting departmental health and safety items. This includes the corporate procedures programme, accident data and trends, and more recently a new validation process for health and safety improvements that are implemented following incidents and investigations. To keep CMT updated on health and safety arrangements and management across the organisation, an annual report was taken to CMT in October, setting out the advisory and support work to departments delivered by the Corporate Health and Safety team, and key cross cutting programmes of work.
18. The work of the Resilience Management Group is led by the head of the Emergency Planning team, and continues to drive forward and improve business continuity resilience and preparedness across the organisation. This includes ensuring services have up to date severe weather plans, a revised County Council pandemic plan (currently in draft and to be approved by the RMB) and implementation of a new corporate wide business continuity system. Also, work is being undertaken to update the corporate resilience framework, shaped through senior level discussions with DMTs and the CMT.
19. The Information Governance Steering Group continues to meet regularly to ensure the County Council has a robust and effective culture of information governance. This year, a new Information Governance Strategy has been developed and approved by the RMB, and the group is currently exploring new software to improve the Freedom of Information process.

## **Risk Framework**

20. The risk framework used by the County Council is supported and driven by the Risk Management Strategy 2022-2025. This longer-term Strategy was developed by the RMB as a follow-on to the shorter-term County Council's Risk Management Strategy 2021-2022.
21. The longer-term Strategy sets out the County Council's approach to identifying, assessing and managing risk in a consistent and structured approach, and how the organisation achieves this. Aimed at all levels of staff, the clear and succinct Strategy, enables consistency in how the organisation approaches risk management and embeds risk management into its processes, practices and culture. It also draws together the key strands of robust good practice risk management for the County Council, including governance structures, sound processes and systems, and a positive risk culture.
22. The RMB is pivotal in driving forward the new Strategy, ensuring that it is communicated and visible to staff. This will continue to widen the general understanding of the County Council's approach to managing risk and guide staff on good practice approaches to adopt.

23. 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.
24. 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'. For additional assurance and to initiate collaborative discussion on key risks and control measures, an annual review cycle of each corporate strategic risk is carried out by the RMB.

### **Corporate Risk Register System – Risk Summary**

25. A new Risk Register System has been introduced and is used at both department and corporate level. The system is now well embedded and used effectively across the organisation. It is a central place that holds all key department and corporate strategic risks, providing an up-to-date risk profile across the County Council. The risks are evaluated against the corporate risk management framework and guidance, to ensure consistent approaches are applied.
26. Each risk has a named owner and control manager, who are accountable for ensuring risks and control measures are discussed and monitored appropriately. To ensure there is senior level accountability of corporate strategic risks, each one is owned by a Chief Officer, with a corresponding risk controller being a member of RMB.
27. With a built-in risk dashboard for departments and reporting features, the system has greatly improved the transparency of key risks and giving them visibility at senior level. Each risk in the system has been assessed against the corporate framework and guidance
28. Each department plans regular reviews to take place at DMT level, discussing key risks held on Risk Registers and to consider current and emerging risks.
29. 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 and regularly looking at our key risks.

30. As part of the organisational changes coming into effect from 1 January 2023, the corporate risk management function will be moving to the People and Organisation directorate. To reflect this change, the Risk Register system will be developed and updated accordingly, to ensure risks are reviewed and reflected within the new directorate structures.

## **Continuing Improvement**

31. 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 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.
32. The Southern Internal Audit Partnership has undertaken two comprehensive audits on the risk management process since 2019, to examine risk management practices, and implement recommendations 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.
33. 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 Register system, a short-term Risk Strategy 2020-2022 and the introduction of regular reporting to CMT on key organisation risks.
34. A more recent audit carried out in 2020/21 assessed the County Council's approach to risk management with an outcome 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 recommendations, including refinements to staff guidance, learning & awareness.
35. The corporate SharePoint site for all staff to access information and guidance on risk management, continues to be a useful resource to support staff with 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.

## **Consultation and Equalities**

36. As this is a briefing paper with no changes recommended, consultation is not required.
37. As this is a briefing paper with no changes recommended, no impact has been identified to groups with protected characteristics.

## **Climate Change Impact Assessment**

38. 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**

39. The carbon mitigation tool and climate change adaptation tools were not applicable on this occasion because this paper relates to a programme that is strategic in nature, and no decisions are required.

## **Other Key Issues**

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

## **Conclusion**

41. 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.

**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

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u> Corporate Risk Management	<u>Date</u> 18 October 2022
Corporate Strategic Risk Register Annual Report (Confidential)	18 October 2022
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u> None	<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:**

*No specific EIA has been prepared for this briefing report as it is not a decision paper.*

## Appendix A - Hampshire County Council's Risk Management Strategy

# **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**

**Date of approval by Cabinet: 18 October 2022**

**Date of next Strategy review & update by RMB: March 2025**