HAMPSHIRE COUNTY COUNCIL

Report

Panel:	Audit Committee
Date:	19 December 2019
Title:	Risk Management
Report From:	Director of Transformation and Governance – Corporate Services

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Purpose of this Report

1. The purpose of this paper is to inform and update the Audit Committee on the key aspects of the County Council's risk management arrangements.

2. The County Council's arrangements for managing risk are important elements of its overall governance arrangements.

3. The County Council recognises that maintaining a dynamic risk aware culture is vitality important as it goes through a period of significant change, with the increasing need to balance the effects of budget reductions and changes to the ways services are provided. The financial challenges facing the County Council mean that it has needed to adopt positive strategies to risk taking, in order to maintain the resilience of its essential services through a period of change.

4. The County Council has had robust strategies for Risk Management for many years.

Recommendation

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

Arrangements for the Management of Risk

6. Hampshire County Council recognises that we live in an uncertain world, where the people, environment and communities of Hampshire may be at risk. Risk Management is the framework by which the County Council can view, manage and respond to risk, both threats and opportunities, in a robust, systematic and documented way.

7. The County Council uses risk management to enhance strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced.

8. The County Council has successfully embedded risk management into many of its business as usual practices and is undertaking an unprecedented programme of change. It has been successful to date, partly because it has taken a proactive and dynamic approach to managing risk.

9. The County Council is clear that it wants its risk management to: deliver the capacity across the organisation to be more confident with risk so that it can use it to deliver the outcomes it needs – even if that means taking more, managed risk.

10. The County Council takes a pro-active approach to its business risk; in order to take acceptable risk. The County Council believes that risk needs to be managed rather than avoided and that its response to risk is proportionate.

11. Risk is most effectively managed where it occurs. Operational risk management is focused at the front line of service delivery (for example, the safeguarding of vulnerable social care clients). At a strategic level, departmental management teams, the Risk Management Board and individual programme delivery boards have responsibilities to manage and monitor risk.

12. Departments are responsible for identifying, evaluating, and managing their own risks. Operational risks are managed locally through a series of risk assessments and risk-based approaches. Each Department maintains a strategic risk register, as well as managing risks to project and programme delivery through robust project management processes.

13. Consideration of risk performs a key role within the major transformational programmes the Council is delivering. It could be argued that each of the transformational strands addresses key risk factors in themselves. Within each project, risk is considered and appropriately managed as part of the Council's approach to project management.

14. In addition, risk is considered and presented to Members as part of the reports that authorise significant projects or activity and included in progress reports on the Council's major change programmes.

Corporate Risk Register

15. In accordance with best practice, the County Council maintains a Corporate Risk Register. This identifies and outlines how key strategic risks faced by the County Council are managed. It is a dynamic document, with the risks identified changing in accordance with the risk environment facing the County Council at any one time.

16. It articulates and consolidates the risk management activity that is being undertaken to mitigate the key strategic risks that the County Council faces, i.e. those risks which, by their impact severity may affect more than one Department.

17. The key risks are identified by Chief Officers, with the assistance of the County Council's Risk Management Board and focus on the County Council's financial and organisational resilience, as well as key service responsibilities. Individual risks are evaluated using the County Council's risk management assessment tool. This assesses risks from the perspective of a quantified scale of impact and likelihood to calculate a total risk evaluation.

18. Each risk has an allocated risk owner, the Chief Officer of the area concerned, who actively manages the risk. The level of risk and associated controls are also kept under close review by the County Council's Risk Management Board. This has representatives from each Department at a senior level and is chaired by the Director of Transformation and Governance.

19. It is important to bear in mind that the risks outlined in a risk register are estimated future outcomes. They represent areas of uncertainty rather than scenarios that are currently occurring.

20. The Risk Management Board has responsibility for co-ordinating the County Council's risk management, health and safety, resilience and information governance activities and actively monitors both the Corporate Risk Register and departmental strategic risk registers.

21. Risks are considered for entry onto the Corporate Risk Register by the Risk Management Board, these may be as a result of horizon scanning of risk by the Board, where those risks may be of a cross cutting nature or may be as a result of escalating risks from departmental registers.

22. A copy of the County Council's Corporate Risk Register is contained in the confidential appendix to this report (Appendix 1).

23. The County Council takes a proportionate approach to controlling risk. Proportionate controls to mitigate each risk are identified, implemented and monitored.

24. There are basically 4 approaches to controlling risk:

- Treat (or reduce) – put procedures and controls in place to reduce the chance of a loss happening, or the frequency of a loss, or the severity of the incident; or formulating a contingency plan to reduce interruption to services, new internal systems and practices, staff training, physical risk improvements, continued assessment & monitoring

- Tolerate (or accept) – decide to bear losses out of normal operating costs, informed decision to retain risk, monitor situation

- Transfer – place indemnity clauses in a contract, insurance cover, outsource services.

- Terminate (or avoid) – stop doing the activity or find a different way of doing it, introduce alternative systems/practices.

25. The County Council's Corporate Risk Register recognises that although significant controls may be in place, the risk may remain "high" due to factors that are outside the County Council's control.

26. The Risk Management Board is in the process of reviewing the County Council's approach to risk management and its strategic risk registers. This includes a review of the County Councils Risk Management Strategy and risk assessment process, and refresh of Departmental Risk Registers.

27. The County Councils risk management arrangements are supported by its IT Disaster Recovery arrangements and its Resilience framework. A suite of business continuity plans is in place across County Council services. A major test of the County Councils business continuity arrangements was undertaken on 6 February 2019.

28. This approach to risk management has served the County Council well to date. This is evidenced by the performance of key services to vulnerable people, as validated by external regulatory bodies such as Ofsted and CQC. The County Council's financial stewardship through a period of unprecedented challenge, and its successful delivery of successive cost saving transformational programmes is also validation of its risk management approach.

Consultation and Equalities

29. As this is a briefing paper with no changes recommended, consultation is not required.

30. As this is a briefing paper with no changes recommended, no impact has been identified to groups with protected characteristics.

Conclusion

31. The Council's risk management arrangements are designed to support an environment in which risk taking, innovation and exploitation of opportunities are encouraged within a well-managed environment, where risks are identified, and appropriate mitigation measures are taken.

32. Through a series of operational and strategic risk registers, held at departmental and corporate level the County Council identifies, evaluates, mitigates and monitors its key risks.

33. Oversight of the strategic risk registers is undertaken by the Risk Management Board, which actively monitors Department and Corporate Risk Registers.

34. External and internal measures indicate that these risk management arrangements are serving the County Council well.

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:	
Title	Date
Strategy and Policy for Risk Management and Health and Safety	27.06.11
Key Aspects of Risk Management Strategy and associated Improvement Plan	26.06.14
Direct links to specific legislation or Government Directives	
Title	Date

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