

HAMPSHIRE COUNTY COUNCIL

Committee:	Audit Committee
Date:	14 December 2023
Title:	Corporate Risk Management Update
Report From:	Carolyn Williamson, Chief Executive Jac Broughton, Director, People and Organisation

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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 profile of the organisation and the risk management arrangements in place, including governance and processes.

Recommendation

2. That the Committee notes the risk profile of the organisation and the risk management arrangements in place across the County Council.

Executive Summary

3. This report seeks to highlight the core governance, reporting and accountability arrangements that continue to be in place for the County Council's risk management framework. This includes regular discussions on risk, and senior level visibility of risk management across the organisation. The Corporate Risk Management Steering Group (RMSG) meet every two months and provide regular reports to the Corporate Management Team (CMT). This year has also seen an in-depth strategic discussion at CMT to refine the Corporate Strategic Risk Register. In addition, the annual corporate risk report has been presented to Cabinet on 10 October 2023.
4. The risk management framework is supported by the Risk Management Strategy 2022-25 (Appendix A) that was agreed by Cabinet on 18 October 2022. The Strategy defines the approach the organisation has adopted to embed risk management into its processes, practices and culture. It 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.

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

Contextual information

6. A previous report was presented on the County Council's risk management arrangements to the Audit Committee on 22 December 2022. This report is provided on an annual basis.
7. Following a similar approach to last year, this report contains extensive details of the County Council's risk process and governance structure, including the operation of the Risk Management Steering Group (RMSG) as a pivotal role in driving forward effective management of risk. This report also sets out the clear position on the County Council's risk profile, and alignment with the strategic outcomes within the Serving Hampshire Strategic Plan.
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. External factors both nationally and internationally, result 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.

Core governance and accountability arrangements

9. The governance structure surrounding risk management is fundamental to ensuring that risk is managed effectively and robustly. This structure includes senior level Officers and Members to ensure sufficient high-level visibility and engagement. It is also important to ensure that risks are managed effectively across all levels in the organisation. There are processes and guidance in place to enable this within directorates at service level. A well embedded internal framework of corporate groups covering key risk areas, has been in place for some time, and is working well.
10. In January 2023, the Corporate Risk Management function 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.

11. 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. There is resource in place to support the risk management function, through a full time Senior Risk and Business Resilience Manager role in People and Organisation. This role supports 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.
12. The RMSG is central to collectively driving forward effective risk management across the organisation, and acts as an escalation point to CMT on risk matters (see Appendix B for governance structure). The group is senior level and has cross-directorate representation. This ensures discussions are strategic in nature, and actions can be guided by those with senior level responsibility and knowledge within the key areas of risk. Representation includes Chief Officer Group members for Risk, Emergency Planning, and Health and Safety, Senior Information Risk Officers (SIRO) from each directorate, Head of Health & Safety, Head of Emergency Planning & Resilience, Chief Internal Auditor and the Senior Risk & Business Resilience Manager.
13. There are three corporate sub-groups that sit beneath the RMSG, each one is represented on the RMSG membership. This enables a central and co-ordinated point of escalation onwards into CMT for issues and concerns, as appropriate. The corporate sub-groups cover key and cross-cutting areas of the organisation. These are Health and Safety Management Group (HSMG), Resilience Management Group (RMG) and the Information Governance Management Group (IGMG).
14. Each sub-group plays a key role in escalating matters and decisions up to the RMSG, keeping the board well informed of progress on plans, strategies and improvements. 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 2022-2025.
15. Over the last year, the RMSG and associated three corporate sub-groups have actively continued to ensure the robust risk framework is maintained, and key strategic risk discussions take place. Each subgroup meets on a two monthly cycle to link with the RMSG meetings. These regular discussions

across corporate groups allow pertinent and current issues or developments to be discussed and escalated where needed.

16. In the case where a potentially significant new risk may need adding to the Corporate Risk Register, the RMSG provide challenge to ensure there is no duplication across other corporate risks. Once the RMSG is confident, the new risk is escalated to CMT for a decision on whether to include as a cross cutting strategic risk to the organisation.
17. The Health and Safety Management Group is Chaired by the Head of Health and Safety. The group looks at cross-cutting directorate health and safety matters and issues, in relation to both the public facing and organisation facing services. This includes discussing lessons learned from health and safety incidents that have taken place, as well as potential emerging issues. The views of the group are sought on proposed health and safety changes, including corporate health and safety procedures, policies and guidance.
18. The RMG is Chaired by the Head of Emergency Planning and Resilience. As a group, the RMG have supported the implemented the new corporate wide business continuity system (Meridian) and the transition from the previous system. As part of this transition, the directorates have been working towards updating Service Recovery Plans, to ensure the continuation of services' critical activity during an incident. The group also plays a key role in sharing learning from incidents and de-brief results, along with improving RMG members (and wider staff where appropriate) skills through corporate training and incident exercising. The expertise and knowledge of the group is used to develop and strengthen the content of Emergency Planning and Resilience Frameworks e.g. Pandemic Framework, Bronze Group framework.
19. The IGMG is Chaired by the Head of Information Governance. Some of the key focus areas for the group include delivery of the Information Governance Strategy 2022-25 and the implementation of a new system (eCase) to manage and process Freedom of Information (FOI) requests and Subject Access Requests across the organisation. In addition, the IGMG has overseen improvements to the Data Protection Information Assessment form process, and following the data breach at the PSNI on 8 August 2023, reminded directorates on the County Council's FOI process that is aligned with the Information Commissioner's Office (ICO) guidance.
20. In addition, performance trends and data are shared by each subgroup, with a view to providing recommendations for the RMSG to consider and agree on directorate or corporate level actions, where necessary.
21. The reporting structure for risk management in Appendix B sets out the frequency and type of reports. This enables the Corporate Management Team (CMT) and directorates to maintain regular discussions on key and

emerging risks. Each DMT undertake risk discussions as appropriate, and feed into the feed into the six-monthly risk reporting to CMT, via directorate key risk summary positions.

22. On an annual basis an outline is provided for the County Council's Annual Governance Statement (AGS), setting out how risks are managed through robust internal control and governance. This also includes specific actions relating to risk management, that are identified in the AGS Action Plan. For 2022/23, these actions included:
 - a. Driving forward the Risk Strategy to ensure Risk Registers are reviewed and all risks contain appropriate control measures, with sufficient assurance that these are being managed effectively. Progress has been made against this action, as outlined in the governance, accountability, process and approaches sections in this paper.
 - b. Aligning the County Councils Corporate Resilience framework with supporting plans and building further resilience and capability within the organisation to safeguard our ability to provide an effective response to emerging incidents which are outside of our control. Progress has been made against this action, as outlined in paragraph 46b. In addition, a new corporate strategic risk has been approved by CMT in relation to ensuring the County Council is able to sufficiently prepare for, respond to, and recover from emergency incidents.

Risk Management Strategy

23. 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.
24. 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.
25. Further progress has been made to align risks with the new organisation structure. This includes further 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.

26. The RMSG is pivotal in driving forward the Risk 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.

Risk Profile of the County Council

27. The key risk profile of the organisation is held in the Corporate Risk Management system, with each risk being managed by the respective directorate risk owners and control managers. The system includes an overarching Corporate Strategic Risk Register, and Directorate Risk Registers.
28. A summary of the Corporate Strategic Risk Register is set out in a separate and confidential appendix to this report (see Appendix C).
29. Earlier this year, the RMSG completed a review cycle of each corporate strategic risk. Following on from this, work has commenced to better define the accountability and responsibilities of risk owners and risk control managers for corporate strategic risks. This includes seeking 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.
30. The Corporate Strategic Risk Register continues to be actively managed. 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. We will continue to develop our approach to how we gain assurance of the effectiveness of controls identified for these risks.
31. Following the new organisational structure at the start of 2023, Directorate Risk Registers have been aligned accordingly. 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.
32. Both 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.

Risk Process and Approaches

33. The Corporate Risk Register System continues to be well embedded and used effectively across the organisation. It is a central system that holds key

directorate and corporate strategic risks, and provides up-to-date risk profiles across the County Council. The risks are evaluated against the corporate risk management framework and guidance, to ensure consistent approaches are applied.

34. Each risk has a named owner and control manager, who is 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.
35. With a built-in risk dashboard for directorates and reporting features, the system enables the transparency of key risks and giving them visibility at senior level. Each directorate undertakes regular reviews at DMT level, discussing key risks held on their Risk Register, and to consider any current or emerging risks.
36. The reporting from the system can be adapted to provide oversight on key areas of focus. This year, following a particular focus at CMT on any directorate level risks that have 'limited' mitigation control levels, the reporting was developed to highlight such risks. In addition, directorates were asked to scrutinise these risks, providing reasoning as to any 'limited' risks proposed as 'tolerated' rather than 'treated'.
37. Periodic reviews of all risks are important as part of effective risk management. The Corporate Risk Register system prompts a review of each risk at either 1,3, or 6 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 system are managed and reviewed by risk owners and 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.
38. With key features in the system such as automated email reminders about risk reviews, secure access that is approved at SIRO level, recording risk scoring direction changes, this in-house system supports the framework for effective monitoring of key risks.

Continuous Improvement

39. 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 Corporate Risk Register system plays a key part in contributing to an open and transparent risk culture, and it will continue to be iteratively developed as needed.

40. 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.
41. This year, 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. Future improvements to monitoring will include focus on progress against the implementation of further control measures for individual risks, where they have been identified in the system.
42. 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, that will be informed by internal audits and reviews as appropriate.
43. The corporate SharePoint site is there for all staff to access information and guidance on risk management. This supports a risk aware culture and continues to be a useful resource for 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. The site continues to be updated as appropriate, to ensure that guidance and information remains current.

Consultation and Equalities

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

Climate Change Impact Assessment

46. 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

47. 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

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

Conclusion

49. In summary, the County Council's key organisational and directorate strategic and operational risks are being actively identified and managed through robust mitigation control measures. The strong governance and reporting structures continue to support effective management of the organisation's key risks and risk management progress. Over the last year, senior level engagement and visibility on corporate risk management has increased, to ensure key and pertinent risks to the County Council remain on 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> Corporate Risk Management	<u>Date</u> 10 October 2023
Corporate Strategic Risk Register Annual Report (Confidential)	10 October 2023
Direct links to specific legislation or Government Directives	
<u>Title</u> None	<u>Date</u>

Section 100 D – Local Government Act 1972 – background documents	
<p>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.)</p>	
<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 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’s Risk Management Governance and Reporting Framework

