

## HAMPSHIRE COUNTY COUNCIL

<b>Committee</b>	Audit Committee
<b>Date:</b>	16 December 2021
<b>Title:</b>	Corporate Risk Management Update
<b>Report From:</b>	Carolyn Williamson, Chief Executive Felicity Roe, Director - Culture, Communities and Business Services

**Contact name:** Patrick Blogg

**Tel:** 0370 779 1968

**Email:** [patrick.blogg@hants.gov.uk](mailto:patrick.blogg@hants.gov.uk)

### **Purpose of this Report**

1. The purpose of this report is to update the Audit Committee on Corporate Risk Management and inform the Committee of the key strategic and departmental risks that form the County Council's Corporate Risk Register.

### **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 progress that has been made by the organisation over the last 18 months, to further strengthen the processes and approaches that enable effective risk management. The report identifies the key areas of focus, including active management of significant strategic and operational risks, along with engaging and informing staff 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 initiatives forward and improving the risk culture within departments.

## Contextual information

5. A previous report was presented on the County Council's risk management arrangements to the Audit Committee on 23 July 2020.
6. 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 Corporate Management Team 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.
7. This report concerns the overall Risk Framework and strategic management of risk for the County Council.
8. In May 2021, following the disbandment of the Transformation and Governance department as part of wider departmental changes, the responsibility for corporate oversight of risk management moved under the Director of Culture, Communities and Business Services (CCBS). The responsibilities for corporate Emergency Planning and Resilience, and corporate Health and Safety also moved across to CCBS at the same time.
9. The County Council's Risk Management Strategy 2021-22 defines the approach the council has adopted to embed risk management into the culture, policies and practices of the organisation. This is underpinned by a detailed framework and guidance to provide a clear and consistent approach to the management of risk across all departments. A copy of this strategy is contained in Appendix A.
10. Reporting into the CMT, the management of risk is overseen by the RMB, which has senior representation from all departments, and which is chaired by the Deputy Director of CCBS. The RMB Terms of Reference can be found in Appendix B. CMT is provided with a report from the RMB on a quarterly basis with an update on the corporate strategic risks and key departmental risks raised by the Director in each department.
11. The Risk Management Board is supported by two sub-groups to look specifically at Resilience Management and Information Governance, both of which have departmental representation. These Boards are chaired by the

Interim Head of Emergency Planning and the Head of Information Governance respectively, both of whom also sit on the RMB. The arrangement allows swift escalation of issues but also dedicated expertise to pick up items in these subject matters. A third sub-group is being created under the RMB to pick up cross-cutting departmental health and safety items. This will complement the direct health and safety reporting into CMT. Subsequent Audit Committee reports will include health and safety risk management to ensure visibility to Members of key issues and developments.

12. During the course of 2021, the County Council has strengthened its framework and guidance for the identification, assessment and management of risk. This includes moving from the previous risk management database to a newly developed in-house, dynamic risk management tool which provides the mechanism by which the corporate risk register is maintained.
13. Key risks across all departments are captured in the new tool, providing oversight and visibility to the RMB. It also enables the identification and management of key, cross-cutting risks faced by the County Council – these are identified as corporate strategic risks. Key risks are identified by Directors, with the assistance of the RMB, with CMT agreeing which risks fall into the corporate strategic risks category. Each corporate strategic risk is owned by a Chief Officer, with a corresponding risk controller being a member of the RMB. All risks have an allocated risk owner, who actively manages the risk. The risks are evaluated against the risk management framework and guidance.
14. A built-in reporting function in the tool allows for consistent and up to date risk analysis by departments and the RMB and prompts regular review. The tool, framework and supporting guidance for staff has contributed to an improved culture and engagement around risk management in the organisation.
15. The forward look in the short-term for the RMB is to continue with reviews of corporate strategic risks, horizon scan for future potential risks that may cut across the organisation and develop the current Risk Management Strategy 2021-22 into a longer-term strategy.

### **Overview of Risk Dashboard**

16. As of November 2021, the dashboard contained 12 corporate strategic risks and 291 departmental risks. Details of the corporate strategic risks are contained in a confidential appendix to this report (Appendix C).
17. The 291 departmental risks cover all County Council departments. Currently, no departmental risks are categorised as 'very high risk'. 26 risks are categorised as 'high risk'. In addition, 162 departmental risks are categorised

as 'medium risk', and 103 as 'low risk'. All of these risks are actively managed.

## **Conclusions**

18. 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 strong governance structures in place to effectively manage the organisation's key risks and risk management progress.
19. Significant developments to the technology that is now being utilised to capture, monitor, and discuss risks at a departmental and corporate level, has improved the visibility and consistency of the organisation's approach to risk management. Alongside this, the refresh of risk management guidance and the strategy has improved awareness, consistency and support to staff who are actively involved in risk management.

## **Consultation and Equalities**

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

## **Climate Change Impact Assessment**

22. 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**

23. 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.

**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
<b>OR</b>	
<b>This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because:</b>	

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u> None	<u>Date</u>
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u> None	<u>Date</u>

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<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 2021-22**

#### **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.

Given the ongoing transition of the risk management framework, the short-term pressure of the current financial settlements and the immediacies of both Covid-19 and Brexit, this short-term strategy has been developed to cover the immediate future (2021-2022), with the aim to develop a longer term and more detailed review in due course.

#### **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. Replacing JCAD with an improved, modern software solution.
3. Revising, updating and effectively communicating, risk management guidance documents for managers and staff in one clearly accessible location.
4. Transitioning all Department Risk Registers and the Corporate Risk Register to become 'living documents' that are reviewed and consistently reported against an agreed timetable.
5. Exploring ways to integrate the Corporate Risk Register into the revised corporate performance framework and its associated reporting timetable/process.
6. Developing an improved and fully accessible risk management training offer.

### **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 being prepared (due early 2021) to assist managers and staff. The guidance will include, but not be limited to, roles and responsibilities; identifying risks; assessing controls and determining priorities (impact & likelihood); 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).

**Date agreed:** February 2021 by CMT

**Date of next review:** July 2022

## **Appendix B**

### **Corporate Risk Management Board Terms of Reference 2020**

#### **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.
- Reports to and escalates issues to CMT, as required, and secures any necessary associated departmental action.
- 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 representative 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.