

HAMPSHIRE COUNTY COUNCIL**Report**

Committee:	Audit Committee
Date:	26 June 2014
Title:	Key Aspects Of Risk Management Strategy And Associated Improvement Plan
Reference:	5762
Report From:	Director of Policy and Governance

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1. Purpose of Report

- 1.1. The purpose of this paper is to inform the Audit Committee of the key aspects of the County Council's risk management framework and associated procedures for the management of risk. Further reports detailing specific areas of the Council's risk management framework will be presented to future meetings.
- 1.2. The County Council's arrangements for managing risk and health and safety are important elements of its overall governance arrangements and form an integral part of the Council's Annual Governance Statement.
- 1.3. 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.
- 1.4. The aims of the Council's Policy and Strategy for Risk are to support the challenges that the County Council may face, allowing it to react dynamically to sharply changing external circumstances by delivering improvements to the capacity of the Council to handle risk effectively and deliver successful outcomes.

2. Contextual Information

- 2.1. The County Council has had robust strategies for both Risk Management and Health and Safety for many years, which have culminated in considerable recognition of the County Council as a centre of excellence.

3. Approach to Managing Risk

- 3.1. The County Council's Strategy for Managing Risk and Uncertainty articulates that it wants its risk management to deliver the capacity across the organisation to be more confident with risk so that it can be used to support the delivery of successful outcomes, even if that means taking more, managed risk.
- 3.2. The County Council takes a pro-active approach to its business risk, in order for it to take acceptable risk. The County Council believes that risk needs to be managed rather than avoided, and that responses to risk should be proportionate.
- 3.3. The County Council's approach to risk is based on the principles outlined in, the International Standard on Risk Management ISO 31000 and "Managing for Health and Safety", HSG65.
- 3.4. The amount of risk the County Council is prepared to accept or be exposed to (it's risk appetite) varies according to the perceived significance of particular risks and the timing (it may be more open to risks at different points in time), as well as regulatory or legislative constraints.
- 3.5. The County Council's Strategy for Managing Risk and Uncertainty focuses on 4 priority areas:
 - Developing the capacity across the organisation for handling risk and responding dynamically to uncertainty
 - Maintaining acceptable Health and Safety standards across the organisation, whilst increasing consistency of practice and behaviour against those standards
 - Ensuring that risk management effectively supports Outcome Delivery, Structural Transformation, Efficiency and Effectiveness
 - Developing and maintaining the County Councils role in terms of community engagement in specific risk areas (e.g. flood management & resilience across partners and supply chain).

4. Arrangements for the Management of Risk

- 4.1. 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 monitor risk.
- 4.2. 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.

- 4.3. The Corporate Risk Register is reviewed and reassessed on a quarterly basis by the Risk Management Board. Departmental risks are subject to an annual reassessment.
- 4.4. 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.
- 4.5. 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.
- 4.6. Performance risks are considered within the Performance Management Framework. In addition, the Performance Management Framework establishes a transparent cycle of reporting, including quarterly reporting of progress against the *Shaping Hampshire* Plan and an annual self-assessment, completed by departments. As part of wider developments to link the processes of the Council's governance functions better, existing interconnections between the Council's Risk Management and Performance Management frameworks are being strengthened

5. Monitoring Performance

- 5.1. Regular monitoring and reporting of risk on a constructive basis, including early warning of risks likely to have a significant impact on the achievement of the County Council's objectives, is carried out by Departments, and the Risk Management Board.
- 5.2. The Risk Management Board consists of senior management representatives from each Department, chaired by the Director of Policy and Governance. Its remit is to oversee the Council's handling of risk and risk management arrangements.
- 5.3. The County Council has developed a performance framework for its risk management, which is based on the Alarm National Risk Management Maturity Model.
- 5.4. In operation since 2006, the aim of the performance framework has been to develop sustained improvement to so that risk management becomes fully integrated into the way the Council delivers its business objectives, with continuous improvement. Year on year assessment has demonstrated consistent excellent performance against recognised national standards. The latest assessment in January 2014 provides assurance that:
 - there is top down commitment to embedding and integrating risk management as routine business practice
 - risk policies and strategies are communicated effectively and made to work through a framework of processes
 - a core group of people have the skills & knowledge to manage risk effectively

- risk with partners is managed consistently for all key areas and across organisational boundaries
- there is clear evidence that risk management is being effective and leading to the production of good results.

5.5. The County Council benchmarks the performance of its risk management arrangements with other public sector organisations through participation in the Cipfa/Alarm benchmarking club. Hampshire County Council continues to perform in the top quartile of UK local authorities.

6. Conclusion

6.1. 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.

6.2. There is evidence, both from the benchmarking of the County Council's activities against other public sector organisations and the successful delivery of a number of key transformation programmes, that the County Council is effectively handling risk.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u> Strategy and Policy for Risk Management and Health and Safety	<u>Reference</u> 3063	<u>Date</u> 27.06.11
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	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. Not required for the decision associated with this report.

2. Impact on Crime and Disorder:

2.1. No detrimental impact on Crime and Disorder from the contents of this report

3. Climate Change:

How does what is being proposed impact on our carbon footprint / energy consumption?

No direct impact

How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The County Council's response to climate change adaptation is risk based and uses elements of the processes and approaches contained within the County Council's overall risk management arrangements.