

HAMPSHIRE COUNTY COUNCIL**Report**

Committee:	Audit Committee
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Title:	Report on the County Council's Risk Management Arrangements
Reference:	
Report From:	<i>Chief Executive</i>

Contact name: Peter Andrews, Corporate Risk Manager

Tel: 01962 847309

Email: Peter.andrews@hants.gov.uk

1. Purpose of Report

1.1. The purpose of this report is inform the Committee of the County Council's arrangements for managing its business risk and the performance of those risk management arrangements.

2. Contextual Information

2.1. Officers previously reported on the County Council's risk management arrangements to the Governance Committee. In addition, an annual report on risk management is presented to the Policy and Resources Select Committee and a regular update on risk is provided to the Executive Member with responsibility for risk, Councillor Elis, on a 6 weekly basis.

2.2. Although local authorities have always managed risk as part of their approach to delivering services to their communities, the adoption of formal, systemised processes for managing risk have been a development across the public sector within the last 10 to 15 years, and are now seen as an essential part of good governance for both public and private sector organisations.

2.3. The County Council's risk management programme aims to deliver improvements to the capacity of the Council to handle risk effectively.

2.4. A certain amount of risk taking is both inevitable and essential if the County Council is to achieve its objectives. The way that the County Council manages the many risks facing it ultimately contributes towards the achievement of those objectives and its priorities.

2.5. The aim of the County Council's risk management process is; "No surprises". To increase the level of certainty in the County Council's activities by thinking and planning ahead to deal with risks in advance.

2.6. A key purpose of the County Council's risk management arrangements is to provide assurance to Elected Members that the County Council is effectively managing its key business risks. In order to achieve this it maintains robust risk management arrangements that have adopted best practice from the private and public sector, nationally and internationally.

3. The County Council's Framework for Risk Management

3.1. The vast majority of risks faced by the County Council are managed as part of service delivery by the Departments of the County Council.

3.2. Each Department has a senior manager who, as part of their other duties, leads in ensuring that risk management principles are applied across the Department in ways that best support the services being delivered and the business models of those Departments.

3.3. The County Council has a corporate process through which it identifies, assesses and manages the risks to the services it provides. Departments are required to review their risks on an annual basis, reporting any findings to their respective Departmental Management Teams (DMTs).

3.4. Considerable work has been undertaken in all Departments to analyse, review and amend their risk registers. Risk registers are dynamic documents, so a number of changes have been made with new risks being identified, risks increasing in intensity and other risks dropping in importance as circumstance and business priorities change or new mitigation measures are implemented.

3.5. Key risks are identified and reported as part of the Chief Officer assessment process and Executive Members are regularly briefed on significant risks.

3.6. A key area of success across Departments has been a significant improvement in their Business Continuity arrangements. This has undoubtedly been influenced by the concerns over swine flu in 2009 and incidents of bad weather, however all Departments have undertaken considerable work that has improved the overall resilience of the organisation.

3.7. In addition, significant improvements have been undertaken in the risk management of key partnerships, with the arrangements in place in the Local Area Agreement being recognised as best practice by the Audit Commission.

4. Risk Management Performance

4.1. The County Council uses a process of self assessment to evaluate the performance of its risk management arrangements against a nationally recognised maturity standard (the Alarm National Performance Model)

4.2. The assessment focused on 7 areas of risk management activity, using an EFQM approach; recognising the different ways in which risks are managed in different services.

4.3. A quality assurance exercise of those departmental self assessments is then undertaken to ensure that Departments were taking a consistent approach.

- 4.4. Although the methodology differed slightly from that used in previous years, it is still possible to make meaningful year on year comparisons, and these are provided as Appendix 1 to this report.
- 4.5. Significant continuous improvement across the County Council as a whole can be demonstrated since the first assessment in 2006.
- 4.6. This year's aggregated results show improved or retained performance in all but one area. The lower score in the Strategy and Policy area is as a result of a much higher test being applied, not a reduction in performance. Notwithstanding, all performance areas are clearly within the "Embedded and Improving" band.
- 4.7. The Performance Model does not only allow for the tracking of progress, it provides a clear indication of the level of maturity that the County Council's risk management framework has achieved. Using the Alarm National Performance Model, the County Council can demonstrate that risk management is "Embedded and Improving" across the organisation, and specifically that:
 - "Risk management is championed by the Chief Executive. CMT and senior managers challenge the risks to the organisation and understand their risk appetite.
 - There are processes in place to ensure that Elected Members have up to date information on risk.
 - Risk handling is an inherent feature of policy and strategy making processes and the risk management system is benchmarked and best practices identified and shared across the organisation.
 - People are encouraged and supported to take well managed risks through innovation and training, and clear communication of risk is in place.
 - A framework of risk management processes are in place and used to support service delivery.
 - There is evidence that risk management is being effective and useful for the organisation and producing clear benefits and improved delivery of outcomes."
- 4.8. This assessment process was used to inform the County Council's annual governance statement.
- 4.9. These results were reflected by the opinion that the Audit Commission gave of the County Council's risk management arrangements in its annual audit letter of 2009 where it stated:

"Risk management arrangements are firmly embedded within the Council, permeate all aspects of the Council business and operate effectively at both the corporate and service level."
- 4.10. The Audit Commission noted a number of examples of best practice in the way that the County Council manages risk, indicating that the County Council's risk management arrangements are among the highest performing Councils.

- 4.11. To demonstrate that conclusively, the Corporate Risk Manager has been working with Alarm, the public risk management association, and Cipfa to launch a formal risk management benchmarking club, with the full results of this exercise being expected by September 2010.
- 4.12. The County Council's sensible and proportionate approach to managing its health and safety risk has been vindicated by RoSPA, with the County Council recently being presented with the RoSPA Health and Safety Award 2010 for the most outstanding performance in health and safety by an organisation within the Public Service, Education and Local Government sector. The award recognises that the County Council has demonstrated that it has a robust and high quality safety management system together with a minimum of four years' consistently excellent or continuously improving health and safety performance.

5. Recommendation

It is recommended that:

- 5.1. The Audit Committee notes the progress made and endorses the approach that the County Council is taking to risk management.

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

Appendix 1 – Graph showing the Performance Improvement of the County Councils Risk Management Arrangements

