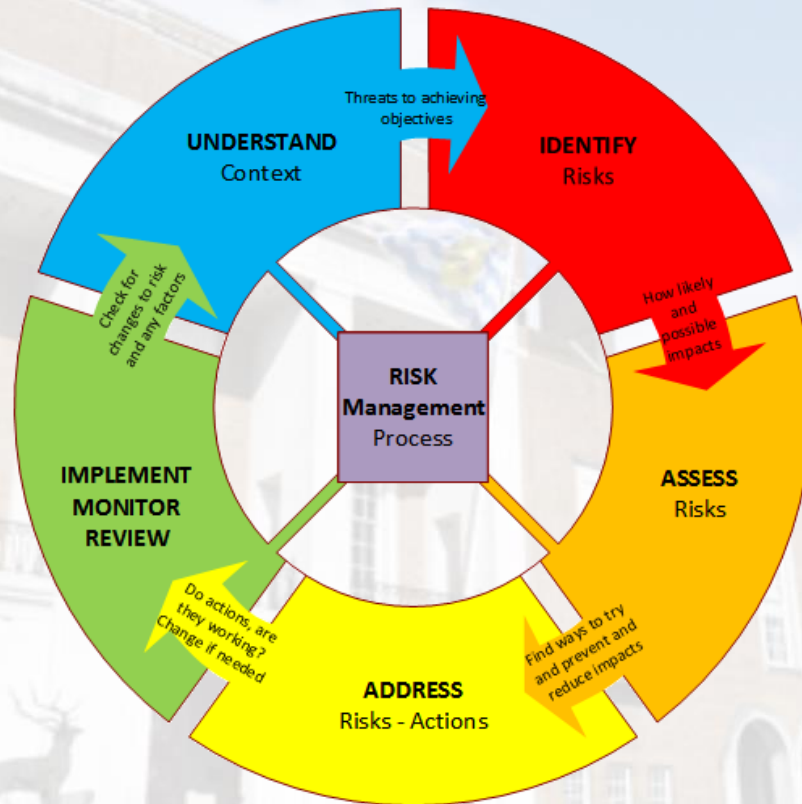


# Hertfordshire County Council Risk Management Policy and Strategy 2021-2024



Officers and Members can find further information on managing risk from the Risk Management Team, the Intranet and from the HCC Risk Management Guide.



# Risk Management Policy 2021-24



Risk is an uncertain event or set of events that, should it or they occur, will have an effect on the achievement of objectives.

Hertfordshire County Council (HCC) recognises and accepts its responsibility to manage risks effectively in a structured manner in order to achieve its objectives and enhance the value of services provided to the community.

With risks arising at all activity levels, the county council seeks to ensure that its risk management processes allow it to minimise risk and manage threats to the organisation while supporting innovation and encouraging creativity.

The council has not adopted a single risk appetite statement; and describes how it does not avoid risk; rather, it seeks to recognise the key risks in its programmes and activities, consider the opportunities that could arise and then mitigate the potential effect of those risks, proportionately, wherever possible. The council is not 'risk averse' it takes a 'managed risk' approach in order to deliver the best possible services to the people and communities of Hertfordshire.

The council promotes a culture and risk management methodology which encourages risk awareness and a measured and well managed approach to risk.

HCC's key objectives for Risk Management are to ensure its approach to mitigating and managing risk:

- Is integrated into both: the culture of the council; and all of its key management processes
- Complies at all levels with accepted best practice and is understood, owned, and implemented consistently by all officers and Members
- Is transparent to all stakeholders
- Provides a sound basis for the council's insurance strategy
- Supports innovation and encourages creativity.

**It is the responsibility of all Members, employees and partners to be aware of risk in carrying out their duties and ensure that risks are taken in a structured and well managed manner. Officers are accountable for the delivery of this policy within their areas of responsibility, and for encouraging partners to act accordingly. In addition they will provide members with the assurance they need that risk management is being applied in this manner across HCC.**

This policy and its effectiveness will be reviewed at regular intervals.

**Owen Mapley, Chief Executive.**



# Risk Management Strategy 2021-24

## An introduction to Risk and Risk Management



### Background

It is widely accepted in Local Government that the next few years are going to continue to be very challenging with further uncertainties and reductions in available funding alongside likely increases in demand for local government services. We therefore need to continue to think differently about how we work with district and borough councils and other partners to deliver services to the public. All this will inevitably bring a range of risks to bear which will need to be identified and managed effectively.

**Risk** - Simply put a risk is a potential future event that could affect the delivery of one or more objectives. Hertfordshire County Council has adopted the following formal definition of risk;

***“An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured in terms of a combination of the likelihood of a perceived threat or the opportunity occurring and the magnitude of its impact on objectives”***

We focus risk management on those uncertainties which could potentially have a significant impact on the achievement of the council’s objectives and the public’s confidence in the way the council delivers its services. The opportunities, or benefits, in respect of dealing with risk are considered as an integral part of project management and service delivery.

**Risk Management** - Risk management is an overall term for the identification, assessment and control of risk.

The county council seeks to minimise, though not necessarily eliminate, risk; managing threats to the organisation while supporting innovation and maximising opportunities.

The county council has adopted best practice in managing risk and follows the Office of Government’s (OGC) approach to the Management of Risk.



# Key Risk areas, Issues and Controls



## Risk Management Processes for key organisational-wide risk areas, including Information Risk

Risk management processes are applied at different levels within the organisation, and within areas dealing with significant organisational-wide risk, such as Health & Safety; Human Resources, Property, Finance, including Treasury Management and Pensions; Emergency Planning (Resilience and Business Continuity); Insurance; Information Security and Governance; Anti-Fraud etc, they apply their own policies, procedures and processes that are built into the governance arrangements of the council so that work is coordinated within the council's overall risk management framework.

For Information risks, the Information Governance Team develop, maintain and monitor compliance with a wide range of policies designed to protect information and data. The Data Protection Officer, within the Information Governance Team is responsible for reviewing findings from breach reports (personal data breaches and Data Protection Impact Assessments) and informing the Risk Management Team of the identified risks, how they will be managed and mitigated, and also reporting to the relevant Information Governance Groups (Board).

## Issues and Controls

It is important to distinguish Risks from Issues, which are essentially events (risks) that have now happened. This means instead of considering a future possible event that may or may not happen and being proactive, you now need to take reactive action.

We therefore use controls; plan in advance and develop mitigations, so when a risk does occur and becomes an issue, your contingency planning and business continuity actions can come into play and reduce/offset the issue enabling you to still deliver your key objectives.

When planning the way projects, services and significant partnerships are delivered, it is important that we think through the risks to achieving our objectives and take appropriate, timely, and proportionate actions to ensure the right balance between risk and reward.



# The HCC Risk Management Framework



## Risk Management Framework

It is important that risk management is embedded in both process and attitudes across the organisation and that there is a single, consistent, yet flexible approach adopted and used through all levels of the organisation. HCC does not have a single 'risk appetite' and each risk has instead its own 'target', which represents a realistic and achievable future desired level.



## Risk Management Priorities

- Developing and maintaining the capacity and skills to understand and manage the key risks facing the council in delivering services and undertaking change.
- Embedding risk management through training, primarily through e-learning and face to face as appropriate and providing expert support to empower all managers and staff to undertake risk management effectively and proportionately to the risks.
- Supporting a culture which encourages risk awareness and taking a measured and well-managed approach to risk, to improve outcomes, as outlined in the councils' values and behaviours.
- Ensuring effective monitoring and intelligence on the key risks is available to senior managers and members to enable better planning, decision-making and outcomes
- To both comply with best practice in risk management and be transparent to stakeholders

## Principles and support

Each risk has a single identified risk owner who is accountable for the effective management of the risk. Each control is similarly owned. Corporate and Strategic Risk Register risks and other key risks are held on a web accessed Risk Management Information System to promote consistency, good practice and transparency. A small central Risk Management Team provides training, including i-learn modules, guidance and support and ensures the framework is fit for purpose.



# The HCC Risk Management Approach



## Risk Management Policy

Hertfordshire County Council's Risk Management Policy sets out its commitment to managing risk across the organisation.

## Roles and Responsibilities

Although everyone has a responsibility to consider risk and take a measured approach to managing it, there are some more specific roles and responsibilities for elected members, senior managers, managers and all staff outlined in the appendix.

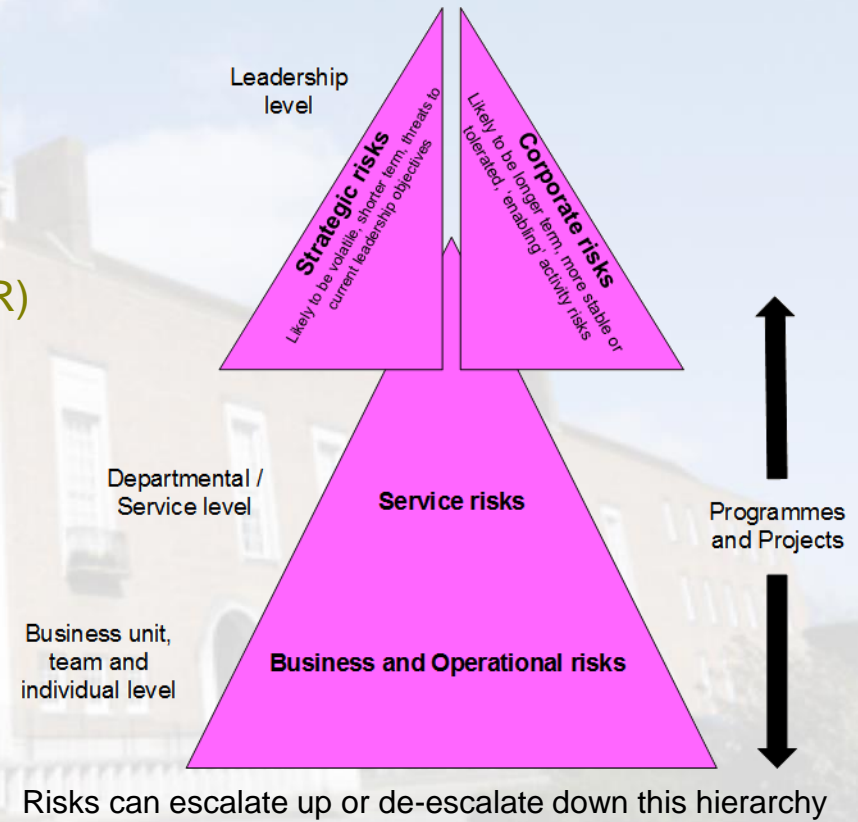
## The Corporate and Strategic Risk Register (CSRR)

This is the register of the most significant risks that could impact on the delivery of the county council's objectives. The risk hierarchy and a consistent approach to identifying, assessing, prioritising and mitigating risk ensure these risks are captured. Both Strategic and Corporate risks are reported in the register, these will have been considered by Directorate Management Boards, challenged by the cross-departmental Policy & Resources Officer Group and scrutinised by the Audit Committee regularly throughout each year. The CSRR is contained in the quarterly performance monitor to cabinet panel and an annual report on risk management is presented to Audit Committee to provide assurance of best practice.

## Risk Hierarchy

### Corporate and Strategic Risk Register

Risks to the overall success of council objectives, the vitality and viability of the organisation





# The Risk Management Process in HCC



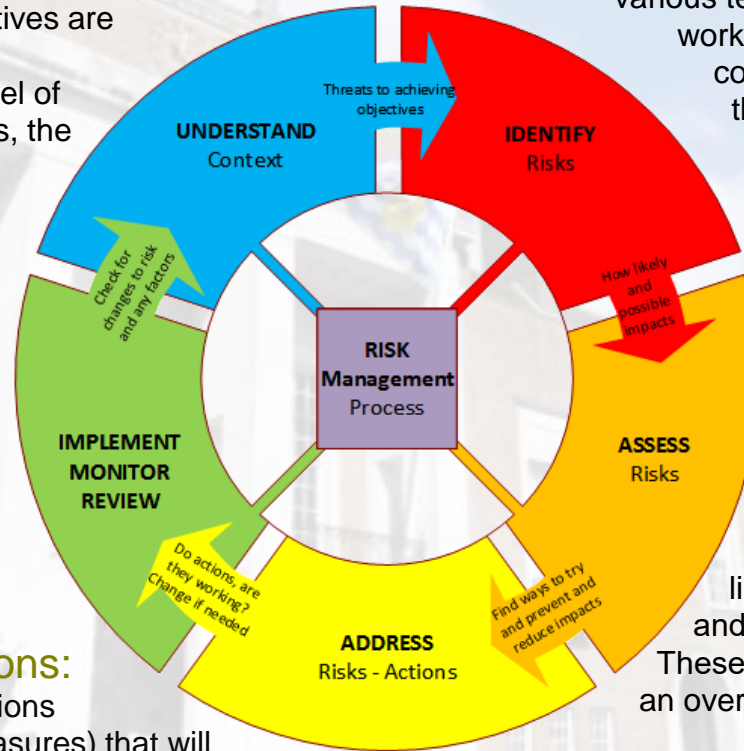
**Understand context:** Understanding the context of the activity is the first step – the aim being to provide as much information as possible. This would include, for example, ensuring that the objectives are agreed and understood by all stakeholders, determining the level of detail required by the risk process, the degree of risk of the activity and strategic importance.

**Implement:** Planning needs to lead on to implementing these control measures. Progress must be assessed, monitored and reviewed regularly. Further controls may need to be developed to reduce the likelihood or impact of the risk. Key stakeholders will also need to be kept informed.

## Address risks – plan actions:

This step involves developing actions (known as controls or control measures) that will influence either the likelihood or impact (or both) of the risks occurring. These actions need to be appropriate, achievable and affordable. They should be SMART – they should be measurable and monitored wherever possible, Key Performance Indicator focussed or taken from business plans, and a target date provided for when each control should be fully effective, in place or completed, if appropriate. The risk should be modified as a result of the effectiveness of the actions taken.

**Identify risks:** This step involves identifying the risks that could adversely impact on the success of the planned activity. This is done by using various techniques e.g., questionnaires, workshops, interviews etc. Having clear and concise risk descriptions is important for the ongoing steps.



*“Something may happen (cause), which may lead to something else happening (the event), where the impact would be something (effect) adverse.”*

**Assess risks:** The significance of the identified risks should be assessed to help prioritise them. Assessment is undertaken by rating likelihood from ‘rare’ to ‘almost certain’ and impact from ‘negligible’ to ‘very high’. These ‘scores’ are multiplied together to give an overall risk score.



# Risk Scoring Guidance in HCC



## Risk scoring criteria

When risks have been identified, they need to be assessed in terms of their impact and likelihood. That is the impact of the outcome of an event, expressed in terms of loss, injury, disadvantage, and the likelihood of the event happening as a qualitative description of likelihood, probability or frequency, whichever applies best.

The likelihood and impact of an event happening is always a question of judgement, but based on relevant experience, past history, expertise and other appropriate intelligence..

Service Impact Score and Title		1 Negligible	2 Low	4 Medium	8 High	16 Very High
Impact Type	Service disruption	Annoyance, but does not disrupt service	Minor impact on service	Some service disruption	Significant service disruption	Total service loss for a significant time
	Injury (number / severity)	Minor injury to an individual	Minor injuries to several people	Major injury to an individual	Major/disabling injury to employee, service user or other stakeholder	Fatality of employees, service users or other stakeholders
	Financial impact / loss	Loss under £50k	Losses between £50k - £100k	Losses between £100k - £1Million	Losses between £1Million - £5Million	Loss in excess of £5Million
	Negative Media coverage	None	None or limited local media comment	Adverse local media coverage	Adverse national media coverage	Adverse national publicity for more than 3 days
	Complaints and/or poor performance	Isolated service user complaints, contained within team/service	Isolated service user complaints, contained within Department	Many service user complaints	Significant complaints which may lead to change of officers, roles, re-structures	Possible resignation of leading member or chief officer
	Claims / fines	Litigation claim or fine under £50k	Litigation claim or fine between £50k - £100k	Litigation claim or fine between £100k - £1Million	Litigation claim or fine between £1Million - £5Million	Multiple civil or criminal law suits. Litigation claim or fine above £5Million
	Objectives / HCC vision	Failure to achieve a team plan objective	Failure to achieve several team plan objectives including a core objective	Failure to achieve one or more Departmental / Strategic plan objectives	Failure to achieve one or more Departmental / Strategic plan objectives	Failure to achieve a major objective in the Corporate Plan

Service Likelihood Score and Title		1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
Type	Feeling and experience	Extremely unlikely / virtually impossible	It could occur at some point	Fairly likely to occur	It will probably occur in most circumstances	Expected to occur in most circumstances
	Evidence & probability	Less than 5% chance of it happening	6% to 20% chance of it happening	21% to 50% chance of it happening	51% to 80% chance of it happening	More than 80% chance of happening
	Timeframe and proximity	Unlikely to occur within a 50 year period	Unlikely to occur within a 10 year period	Likely to occur once within a 10 year period	Likely to occur once within a one year period	Likely to occur within 3 months and re-occur
Occurrence description						

You should ask 'what if?' questions to consider worst case scenarios. Consider controls / mitigations in place and being undertaken as these will also have an effect and should be taken into account. There may be a range of impacts as a result of a risk occurring, including to reputation and the highest rated impact should be the overall impact score given.





# Risk Scoring Matrix in HCC

## Risk scoring matrix

The chosen scores for likelihood and impact for the risk are then multiplied together to provide the overall risk score and rating.

Red (severe)

Amber (significant)

Yellow (material)

Green (manageable)

Risk Category	Management action required
<b>Severe</b>	The Board feels most concerned about carrying this risk. The consequences will have a severe impact on the delivery of a key priority and comprehensive management action is required immediately, and then proportionately on an ongoing basis.
<b>Significant</b>	The Board feels concerned about carrying this risk. The consequences of the risk materialising would be significant, but not severe. Some immediate action is required plus the development then implementation of an appropriate action plan.
<b>Material</b>	The Board is uneasy about carrying this risk. Consequences of the risk are not significant and can be managed through contingency plans. Action plans can be developed later to address the risk and then need to be undertaken effectively
<b>Manageable</b>	The Board is content to carry this risk. Consequences of the risk are considered relatively unimportant. The status of the risk should be reviewed periodically.

Likelihood

## Impacts

	Negligible (1)	Low (2)	Medium (4)	High (8)	Very High (16)
Almost Certain (5)	5	10	20	40	80
Likely (4)	4	8	16	32	64
Possible (3)	3	6	12	24	48
Unlikely (2)	2	4	8	16	32
Rare (1)	1	2	4	8	16

These risk rating classifications of Severe, Significant, Material and Manageable, determine the extent of management action required.



# Appendix – Roles and Responsibilities



It is the responsibility of all members, employees and partners to be aware of risk in carrying out their duties and ensure that risks are taken in a structured and well managed manner.

<b>Key Responsibilities for Risk Management:</b>
<b>Elected Members</b>
<ul style="list-style-type: none"> <li>To understand the corporate and strategic risks that the council faces; and will be made aware of how these risks are being managed through the annual risk management process. They will also be kept informed on the management of those risks through the regular performance and finance monitors.</li> <li>Consider the risks associated with the decisions they take and ensure these risks are reported to them and monitored appropriately. They should not seek to avoid or delegate this overall responsibility, as it is key to their stewardship responsibilities.</li> </ul>
<b>Leader of the Council and Cabinet Members</b>
<ul style="list-style-type: none"> <li>Oversee and agree the council's risk management approach</li> <li>Ensure that risk management is delivered on behalf of the Cabinet members, by the Chief Executive and Strategic Management Board (SMB)</li> <li>Ensure that a corporate and strategic risk register is established, including details of the actions taken to mitigate the risks identified and that this is regularly monitored.</li> <li>Approve an annual statement (Annual Governance Statement) on the risk management processes in place, their effectiveness, and details of any improvements required.</li> </ul>
<b>Executive Member, Resources and Performance</b>
<ul style="list-style-type: none"> <li>Have oversight of risk management activity across the council</li> <li>Promote risk management at Cabinet and strategic levels within the council.</li> </ul>
<b>Audit Committee</b>
<ul style="list-style-type: none"> <li>Review the effectiveness of the implementation of the risk management policy</li> <li>Advise the Executive on the risk management system and risk related issues</li> <li>When appropriate, nominate an area of risk, or service for a more detailed account of their corporate and strategic risk register risks.</li> </ul>



# Appendix – Roles and Responsibilities (2)



## Key Responsibilities for Risk Management:

### Strategic Management Board and Chief Officers

- Ensure that there is a robust framework in place to identify, assess and treat the council's corporate and strategic risks
- Lead and ensure effective implementation, monitoring and review of risk management across the council
- Identify and manage the corporate and strategic risks facing the council
- Ensure that the council fully complies with all legal and corporate governance requirements including the Annual Governance Statement
- Comply with the council's risk management policy, ensuring that there are processes in place for the effective identification, assessment and control of risk that can impact on overall objectives.
- Appoint a member of their senior management team to be the "Policy & Resources Officers Group (PROG) representative" for their department who will act as the main point of contact on risk issues, advocate the benefits of risk management across the service and actively promote consistency in risk management across the organisation
- Communicate their current and emerging key risks with the Risk and Insurance Manager.
- Maintain the risk register in relation to their areas of responsibility
- Ensure compliance with corporate and departmental risk management standards and practices
- Ensure that all employees, volunteers, contractors and partners are made aware of their responsibilities for risk management
- Consult with the relevant Executive Member/s on the significant risks affecting the service
- Nominate appropriate staff for risk management training.

(See also under Financial Regulations section 13 for risk management, responsibilities of Chief Officers)



# Appendix – Roles and Responsibilities (3)



<b>Key Responsibilities for Risk Management:</b>
<b>Chief Officer lead for Risk Management</b>
<ul style="list-style-type: none"> <li>• Act as SMB lead for risk management within the council and chair PROG</li> <li>• Oversee the corporate approach to risk management</li> </ul>
<b>Policy &amp; Resources Officer Group (PROG) members</b>
<ul style="list-style-type: none"> <li>• Ensure that the corporate and strategic risk register is produced and regularly monitored and challenged at meetings to improve consistency</li> <li>• Review the corporate risk process and where appropriate amend it to improve its effectiveness.</li> <li>• Report any significant risks where additional mitigating actions may be required between or across the council to SMB for decision.</li> <li>• Act as a main contact for the service area on the subject of risk and its management including liaising with the Risk and Insurance Manager</li> <li>• Challenge risks both within their service and across the organisation to improve consistency ensuring the risks for their service are regularly monitored and challenged at meetings</li> <li>• Represent their department on risk issues and at PROG.</li> <li>• Provide assurance that there is active risk management within the service, and that controls are being effective in mitigating risks.</li> <li>• Promote and advocate the benefits of risk management to service teams and managers and to communicate corporate information and requirements to them.</li> <li>• Undertake appropriate risk management training</li> </ul>
<b>Maintained Schools</b>
<ul style="list-style-type: none"> <li>• Have regard to the Hertfordshire Learning Partnership arrangements which sets out the way that maintained schools and the county council work together.</li> <li>• Comply with the financial and contractual regulations and standards and act upon Internal Audit recommendations</li> </ul>



# Appendix – Roles and Responsibilities (4)

<b>Key Responsibilities for Risk Management:</b>
<b>Risk and Insurance Manager (a single corporate role)</b>
<ul style="list-style-type: none"> <li>• Produce an annual risk management report for Audit Committee.</li> <li>• Develop, maintain, promote, advocate and communicate an effective policy to manage the council’s risk which has the support of the Chief Executive and Chief Officers.</li> <li>• Develop and maintain a framework for managing risk</li> <li>• Keep under review departmental arrangements for managing risk</li> <li>• Manage the co-ordination of the corporate risk process, risk management framework on behalf of the council.</li> <li>• Provide the council with guidance, advice and support on risk management and support risk coordinators and PROG members in delivering their roles</li> <li>• Lead, co-ordinate and develop risk management activity across the council</li> <li>• Ensure that relevant staff and Members are appropriately trained in risk management.</li> </ul>
<b>Risk Coordinators</b>
<ul style="list-style-type: none"> <li>• Assist/support PROG members and their services in the recording of, and quality assurance of, the content of risk registers.</li> <li>• Assist in recording risk information, using the risk management system as appropriate, following the guidance provided</li> <li>• Provide the necessary support on the management of risks to service managers, heads of service and other managers within the department, seeking support from PROG.</li> <li>• Identify any risk management training needs of their service departments and to notify such needs to the appropriate manager.</li> <li>• Complete the risk training modules available on I-Learn or attend suitable alternative training</li> <li>• Adhere to the more detailed Risk Coordinator roles and responsibilities available from the Risk Management and Insurance Team</li> </ul>
<b>Internal Audit</b>
<ul style="list-style-type: none"> <li>• Formulate its audit plan on the basis of providing assurance on the effective management of significant risks within the organisation</li> <li>• Give an annual assurance opinion on the council’s internal control environment which includes risk management</li> </ul>



# Appendix – Roles and Responsibilities (5)

## Key Responsibilities for Risk Management:

### Risk Owner or Control Owner

- Assist in the identification, scoring, and mitigation of risks and controls
- Ensure their risks are actively managed and monitored
- Actively contribute to the identification of mitigation measures, and monitor their effectiveness
- Ensure their controls are actively managed and monitored
- Ensure risks and controls progress are communicated/reported upon effectively and that appropriate personnel are well informed i.e. Risk Coordinators, Risk Owners
- Develop an understanding of the HCC Risk Management Process
- Have familiarity with the appropriate tools, e.g. the Risk Management Information System (RMIS)

### Programme, Project Managers and Significant Partnership Leads

- Use the relevant risk checker (for programmes/projects or significant partnerships) consider the recommended approach to take as a result and develop a risk register and risk management process
- Effectively manage risks in their particular programme/project or partnership, adopting the corporate risk management standard and practices, or in the case of significant partnerships with external leadership, being assured that the approach is best practice.
- Communicate and promote the corporate approach / best practice approach to risk management to teams.
- Identify and recommend staff for risk management training, e.g. I-learn, and attend training as appropriate
- Report risks to the Chief Officer that could be considered for inclusion in the council's Corporate and Strategic Risk Register, seeking advice from the PROG member, or corporate Risk Management Team, as appropriate.
- Provide assurance on the effective management of risk to Audit Committee and / or via the Annual Assurance Statement Process and through internal audit or other scrutiny within HCC



# Appendix – Roles and Responsibilities (6)



## Key Responsibilities for Risk Management:

### Managers

- Effectively manage risks in their particular service area adopting the corporate risk management standard and practices.
- Communicate and promote the corporate approach to risk management to staff.
- Identify and recommend staff for risk management training e.g. i-learn and attend training as appropriate
- Report risks to the Chief Officer that could be considered for inclusion in the council’s Corporate and Strategic Risk Register, seeking advice from the PROG member as appropriate.
- Provide assurance on the effective management of risk to Audit Committee and / or via the Annual Assurance Statement Process

### Employees

- Have an understanding of the risks and regard the management of these risks as part of their everyday activities.
- Contribute to and support the assessment of risk within their service area
- Report any risks or failures of existing control measures that may threaten the achievement of the service’s objectives to their manager