

376. 2022/2023 Year End Review of Risk Management

The Committee considered a report providing members with an overview of the Council's risk management activity undertaken during the financial year from 01 April 2022 to 31 March 2023.

Hayley McGrath, Corporate Governance Manager, attended the meeting to introduce the report and assist the Committee with its enquiries. During the course of the municipal year, the Committee received 2 reports relating to risk management, a mid-year report and an end of year report. The report which was before it was the end of year report, which focussed on 3 key areas:

1. The Council's Risk Management Strategy
2. Work which had been undertaken during the financial year 2022/2023
3. The Council's current Strategic Risk Register

The Committee heard that it was good practice that it was presented with the Council's Risk Management Strategy once a year, to ensure that the Strategy provided the assurance that the Council's risks were managed appropriately. No significant changes had been made to the Strategy for 2023/2024, save for minor changes to update job titles of staff. The Strategy was approved by the Council's internal auditors each year and had received a 'reasonable' assurance level.

There had been a couple of significant areas of work in the preceding financial year, due to the results of the Council's Peer Review Challenge, and the subsequent review of the Council's wholly owned companies. Work had been undertaken to examine the governance arrangements and risk processes of the Council's companies, Colchester Borough Homes (CBH) and Colchester Commercial (Holdings) Ltd (CCHL).

The presence of an interim Health and Safety Manager during the year had afforded the opportunity to implement a system of managing health and safety risks to provide assurance to managers across the organisation. The programme was comprehensive and was being implemented across all the Council's services. The Committee would receive a more detailed report on this work later on in the municipal year.

Additionally, the Corporate Governance Manager had been working with the Council's joint committees, the North Essex Parking Partnership (NEPP) and the Colchester and Ipswich Museum Service (CIMS), to provide their Committees and Boards support with managing their own internal risk management processes and governance arrangements.

The Strategic Risk Register which was presented to the Committee had a revised format, and a lot of work had taken place with the Council's Senior Leadership Board (SLB) to carry out a detailed, honest and robust review of the risks which the organisation faced. As a result of this review, the contents of the Register had been

amended, and the risks related to the 6 outcomes of the Council's Strategic Plan to provide assurance from a corporate governance point of view across the organisation that the Council's objectives would continue to be met. Fewer risks were contained in the Register than before, as the decision had been taken to focus on the risks which it was considered would present the greatest challenge to the authority. SLB had been very honest about the risks that the Council faced, and a key risk had been identified as organisational resilience.

The Committee was asked to agree the proposed Risk Management Strategy in order that it could be presented to Cabinet for approval before being presented to Full Council for inclusion in the Council's Policy Framework.

The Committee noted the number of high priority risks which had been identified, and considered that this demonstrated a high level of transparency, and was to be applauded.

The Committee discussed the critical importance of the Council's staff, and wondered how best to ensure that staff were able to provide honest feedback about the stresses that they faced. It was noted that surveys and morale monitoring had taken place, and particular praise was reserved for the Council's Employment and Financial Inclusion team who were carrying out excellent work in difficult circumstances. Pam Donnelly, Chief Executive of the Council, addressed the Committee and confirmed that in her opinion the levels of honesty which staff felt empowered to express had risen. There had recently been a significant level of staff engagement from the whole SLB, including webinars and regular monthly sessions with the Chief Executive based on the principles of 'listen, learn, lead'. Any member of staff was afforded the opportunity to raise any concerns with the Chief Executive in a totally confidential environment, and these sessions had been very well attended. The wellbeing and resilience of Council staff was of key importance at all levels of the Council.

It was noted by a member of the Committee that the Budget Strategy Risk contained a referenced to a S.114 notice, and considered that this could cause concern among the public that the Council may be in danger of having to serve this Notice, when in reality there was no danger of this at the present time. It was suggested that as soon as the revenue outturn reports for quarter 1 were available, then these should be shared with the Committee, which had a duty of oversight to ensure that the Council was delivering on its ambitious savings plans. Chris Hartgrove, Deputy S151 Officer, confirmed to the Committee that the quarter 1 figures would be presented to it at its' meeting in September. It was noted that Risk 'J' in the Register related to delays in the Council's Capital Programme, which was listed as a medium risk. Given that delays had already occurred, should this risk not be at a more elevated level? The Corporate Governance Manager was happy to discuss the points which had been raised with the Council's SLB, HM to take this back to SLB, and explained that the Risk Register was currently being reviewed on a monthly basis to allow the very fluid economic situation to be kept under constant review. It was the purpose of the Register to list the worst possible outcomes from a given risk, and this was the only reason that a S114 Notice had been included in it.

In response to a comment from a Committee member who noted that the Strategy made reference to the Council taking more risks, the Corporate Governance Manager said that an example of this was the current Turnstone Development, and the fact that the Council was an innovative authority which gave rise to potentially greater risk exposure. Although there was no mention of the Council's risk appetite in the Strategy, this appetite had been assessed and could be added to the Strategy in the future if this was appropriate.

In discussion, it was noted that the Committee had considered the Council's financial statements, together with their production and the potential for qualified statements, and these issues were not mentioned in the Risk Register. Had they been considered and had their omission been a conscious decision? The Council's S151 Officer considered that the risk around the Council's financial statements was adequately covered within the Council's Risk Register under the Budget Strategy in section B of the Register.

A Committee member wondered what the large, unforeseen, catastrophic events were which could have a significant impact on the Council? The Corporate Governance Manager confirmed that such events would be considered by Cabinet, SLB and the Leader to consider, and there were a range of issues which could cause unexpected problems for the Council. Consideration would be given to mentioning such events in the Register in the future. Big issues which could disrupt the council's services were considered and included in the Council's Business Continuity Plans which were approved by this Committee annually.

The Chief Executive considered that in general terms the Council was facing more risks at the current time than it had in the past. These risks included the level of savings which the Council was required to make, the new approach which was being taken to the leadership of Council staff, and the resizing of the workforce which was taking place. A Committee member pointed out that staffing levels were currently at their highest number over the last 5 years, however, noted that the full time equivalent (FTE) in staffing was considerably lower, which was a deliberate choice of the organisation. It was suggested that the Council should take note of this when thinking about or discussing recruitment. The Chief Executive confirmed that the organisation had made a choice to offer more flexible working for staff, and it was considered that there were three key benefits to this choice:

1. Allowing groups into the workforce who may previously have been excluded such as working parents.
2. If the Council were to adopt a more fixed employment model this would not recognise the significant improvements which had been made in retention and productivity.
3. The Council's approach encouraged a wider recruitment market, both geographically and in terms of the skillsets which the Council was able to attract.

Ultimately, the outcome of the Council's policy was a richer, more diverse workforce which better mirrored the community that the Council served.

Councillor King, The Leader of the Council and Portfolio Holder for Strategy, attended the meeting and offered the Committee his assurance that the approach being taken by the Council with regard to risk management was one which was balanced and given weight which was appropriate to the fluctuating circumstances the Council found itself in. He considered that it was important to understand the FTE number of staffing, and suggested that the flexibility which the Council was able to offer to its employees was part of a desirable employment package which supported recruiting and retaining the staff who could best deliver the Council's aims and objectives, while continuing to support the savings which had to be made.

In discussion, the Committee noted the high levels of interrelationship between elements of the Risk Register, considering that the impact of continued economic hardship could have a knock-on effect on the provision of social housing, for example. Could this be reflected in the Register in some way? It was considered that when setting the budget in the future years, it was essential that the Council didn't try to deliver the same level of service with fewer staff, as this would not lead to a healthy organisation. A Committee member praised the layout and content of the Register, but wondered whether the Council's Project Risk Register should also be considered by the Committee, as some of the Council's projects were large in scope and had the potential seriously impact the Register. The Corporate Governance Manager would discuss this suggestion with the Council's SLB to determine how best to reflect the project risks within the Strategic Risk Register.

The Committee considered whether or not it was appropriate for the risks which were posed to the Council by its wholly owned companies CBC and CCHL to be included on the Strategic Risk Register. The Corporate Governance Manager explained that each of the companies would bring their own Risk Registers to the Committee for scrutiny at the appropriate time. Although the failure of the companies did pose a risk to the Council, in strategic terms, such a failure would potentially have broader consequences on the Council's service delivery. The Chief Executive did consider that when considering risks which were contingent risks, there was now a strong case that these be included in the Council's Strategic Risk Register as the interdependence of the Council and its' companies was highlighted more strongly than ever before.

RESOLVED that: The submission of the Corporate Governance Manager's report to Cabinet to approve the Risk Management Strategy for 2023/2024 be endorsed.