

# Finance and Audit Scrutiny Panel

Grand Jury Room, Town Hall  
19 October 2010 at 6.00pm

The Finance and Audit Scrutiny Panel deals with the review of service areas and associated budgets, and monitors the financial performance of the Council. The panel scrutinises the Council's audit arrangements and risk management arrangements, including the annual audit letter and audit plans, and Portfolio Holder 'Service' decisions reviewed under the Call in procedure.

# Information for Members of the Public

## Access to information and meetings

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## Have Your Say!

The Council values contributions from members of the public. Under the Council's Have Your Say! policy you can ask questions or express a view to meetings, with the exception of Standards Committee meetings. If you wish to speak at a meeting or wish to find out more, please pick up the leaflet called "Have Your Say" at Council offices and at [www.colchester.gov.uk](http://www.colchester.gov.uk)

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Occasionally meetings will need to discuss issues in private. This can only happen on a limited range of issues, which are set by law. When a committee does so, you will be asked to leave the meeting.

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# Terms of Reference

## Finance and Audit Scrutiny Panel

- To review all existing service plans and associated budget provisions against options for alternative levels of service provision and the corporate policies of the Council, and make recommendations to the Cabinet
- To have an overview of the Council's internal and external audit arrangements and risk management arrangements, in particular with regard to the annual audit plan, the audit work programme and progress reports, and to make recommendations to the Cabinet
- To monitor the financial performance of the Council, and to make recommendations to the Cabinet in relation to financial outturns, revenue and capital expenditure monitors
- To scrutinise the Audit Commission's annual audit letter
- To scrutinise executive 'service' decisions made by Portfolio Holders and officers taking key decisions which have been made but not implemented referred to the Panel through the call-in procedure

*The panel may a) confirm the decision, which may then be implemented immediately, b) refer the decision back to the decision taker for further consideration setting out in writing the nature of its concerns, or c) refer the matter to full Council in the event that the Panel considers the decision to be contrary to the Policy Framework of the Council or contrary to, or not wholly in accordance with the Budget.*

**COLCHESTER BOROUGH COUNCIL  
FINANCE AND AUDIT SCRUTINY PANEL  
19 October 2010 at 6:00pm**

**Members**

Chairman : Councillor Dennis Willetts.  
Deputy Chairman : Councillor Christopher Arnold.  
Councillors Jon Manning, Kim Naish, Gerard Oxford,  
Nick Cope, Scott Greenhill, Sue Lissimore, Colin Mudie and  
Colin Sykes.

**Substitute Members** : All members of the Council who are not Cabinet members or members of this Panel.

**Agenda - Part A**

(open to the public including the media)

**Members of the public may wish to note that Agenda items 1 to 5 are normally brief and items 6 to 9 are standard items for which there may be no business to consider.**

**Pages**

**1. Welcome and Announcements**

(a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.

(b) At the Chairman's discretion, to announce information on:

- action in the event of an emergency;
- mobile phones switched off or to silent;
- location of toilets;
- introduction of members of the meeting.

**2. Substitutions**

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

**3. Urgent Items**

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent and to give reasons for the urgency.

**4. Declarations of Interest**

The Chairman to invite Councillors to declare individually any personal interests they may have in the items on the agenda.

If the personal interest arises because of a Councillor's membership of or position of control or management on:

- any body to which the Councillor has been appointed or nominated by the Council; or
- another public body

then the interest need only be declared if the Councillor intends to speak on that item.

If a Councillor declares a personal interest they must also consider whether they have a prejudicial interest. If they have a prejudicial interest they must leave the room for that item.

If a Councillor wishes to make representations on an item on which they have a prejudicial interest they may do so if members of the public are allowed to make representations. In such circumstances a Councillor must leave the room immediately once they have finished speaking.

An interest is considered to be prejudicial if a member of the public with knowledge of the relevant facts would reasonably regard it as so significant that it is likely to prejudice the Councillor's judgement of the public interest.

Councillors should consult paragraph 7 of the Meetings General Procedure Rules for further guidance.

## **5. Minutes**

**1 - 5**

To confirm as a correct record the minutes of the meeting held on 28 September 2010.

## **6. Have Your Say!**

(a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter not on this agenda.

## **7. Items requested by members of the Panel and other Members**

(a) To evaluate requests by members of the Panel for an item relevant to the Panel's functions to be considered.

(b) To evaluate requests by other members of the Council for an item relevant to the Panel's functions to be considered.

***Members of the panel may use agenda item 'a' (all other members will use agenda item 'b') as the appropriate route for referring a 'local government matter' in the context of the Councillor Call for Action to the panel. Please refer to the panel's terms of reference for further procedural arrangements.***

## **8. Referred items under the Call in Procedure**

To consider any Portfolio Holder decisions, taken under the Call in Procedure.

*The panel may a) confirm the decision, which may then be implemented immediately, b) confirm the decision back to the decision taker for further consideration setting out in writing the nature of its concerns, or c) refer the matter to full Council in the event that the panel considers the decision to be contrary to the Policy Framework of the Council or contrary to, or not wholly in accordance with the Budget.*

## **9. Decisions taken under special urgency provisions**

To consider any Portfolio Holder decisions taken under the special urgency provisions.

## **10. Support for Colchester Credit Union 6 - 8**

See covering report from the Scrutiny Officer, including an update on progress from Mr. Paul Probert, Essex County Council.

## **11. Risk Management - period April to September 2010 9 - 23**

See report from the Head of Resource Management.

## **12. Annual Review of Business Continuity 24 - 35**

See report from the Head of Resource Management.

## **13. Work Programme 36 - 37**

See report from the Scrutiny Officer.

#### **14. Exclusion of the public**

In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended) to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).





## **FINANCE AND AUDIT SCRUTINY PANEL**

### **28 SEPTEMBER 2010**

*Present :-* Councillor Christopher Arnold (Chairman)  
Councillors Nick Cope, Scott Greenhill, Sue Lissimore,  
Jon Manning, Colin Mudie, Kim Naish, Gerard Oxford  
and Colin Sykes

*Substitute Member :-* Councillor Pauline Hazell for Councillor Dennis Willetts

*Also in Attendance :-* Councillor Nigel Chapman  
Councillor Mike Hogg  
Councillor Paul Smith

### **23. Minutes**

The minutes of the meetings held on the 17 August 2010 and the 7 September 2010 were confirmed as a correct record.

The minutes of the meeting held on the 31 August 2010 was confirmed as a correct record (Councillor G. Oxford abstained from voting).

### **24. Items requested by members of the Panel and other Members**

Councillor Chapman addressed the panel to request that consideration be given to setting up a task and finish group to review the Mayoral Budget.

Councillor Chapman acknowledged that discussions on the Mayoral Budget are ongoing, but this was an opportunity to widen the remit of a review, to reconsider, and to put forward sensible proposals. Councillor Chapman believed it would be wrong to put the responsibility of any review on the Mayor's shoulders, but it would be appropriate for an outcome of the review to be parameters to enable the costs of the Mayoralty and of other civic events to be clearly distinguished.

Councillor Hogg addressed the panel and endorsed Councillor Chapman's comments. Councillor Hogg spoke about being a mayor, saying his year in the mayoralty was the most rewarding, but hardest year of work he had ever undertaken, with in excess of 1,500 invitations received. Councillor Hogg said Colchester was considered the premier borough on the Chain Gang circuit.

In summary, Councillor Hogg urged the panel to except Councillor Chapman's request for a task and finish group to review the Mayor's budget including the role and duties of the Mayor.

Councillor Arnold clarified that unlike the Mayoralty itself, the provision of the annual Civic Budget is an executive function and therefore open to scrutiny. The panel could agree to set-up a task and finish group that would report back to the panel the findings and proposals. Any proposals to Cabinet would provide for a more informed 2011-12

Budget.

Councillor Naish asked whether the current task and finish group, already addressing some of the issues raised could continue with a wider remit.

Councillor Manning was concerned about the timing of a new task and finish group, and suggested the Cabinet set up a task and finish group, with invitations to the Mayor and Deputy Mayor to participate. Councillor Naish believed if this was the preferred option, the group should be made up of a mix of former mayor's and councillors. However, it was pointed out that this would introduce an unhelpful delay because the next meeting of Cabinet was three weeks away.

Councillor Oxford felt a task and finish group set up by the panel to feed information to the Cabinet was a sensible solution, but time was tight and this needed to be done as soon as possible.

Ms. Ann Wain, Executive Director explained that should the work of a task and finish group be completed beyond the formal budget timescales, any findings could still feed into the 'roll forward' budget process.

Councillor Arnold said the group would therefore need to meet swiftly, and report back to the Panel which would make recommendations to Cabinet prior to Christmas. The Terms of Reference of the Task and Finish Group would be agreed in advance of the first meeting, to take account of the panel's comments. The group itself would elect its chairman and decide from whom evidence should be taken.

RESOLVED that the panel;

- i) Agreed to form a task and finish group to consider all aspects of the Mayorality function and the associated Mayor's budget.
- ii) Requested the panel's Group Spokespersons to put forward nominations for the Task and Finish Group to the Scrutiny Officer by the 1 October 2010.
- iii) Agreed for the Terms of Reference of the Task and Finish Group to be approved by the Panel's Group Spokespersons in advance of the first meeting.

## **25. Colchester Visual Arts Facility**

Mr. Geoff Bemrose from the Audit Commission and Mr. Ian Vipond, Executive Director attended the meeting for this item. Mr. Bemrose gave a brief presentation on the Audit Commission report.

The audit was undertaken between December 2009 and March 2010. Mr. Bemrose said there was a positive feel for the need to get the project completed, and positive views on the new contractual and monitoring arrangements.

Mr. Bemrose said significant risks still remained with the project, the Council's

acceptance to all risk for the final completion of the project, uncertainty about the outcome of legal action against the project's original contractors and the associated costs, and the outcome to the release of the contractor's bond.

Mr. Bemrose responded to Councillor Manning in confirming that whilst in the report the main conclusion said there was confidence by all partners to the May 2011 completion date, this was in relation to what they believed at the time of the audit. The auditors are not in a position to say whether the project would be completed on time as there remained a lot of work still to be done.

Mr. Ian Vipond, Executive Director, addressed the panel, explaining that the comments within the report relate to the time of the audit, whereas, we are now at a point where we are very confident of delivering phase 2 of the project. This confidence is also felt by the construction managers. Stage 2 of the procurement process is now complete and the tendering process, now in progress, suggests the overall costs will be slightly under budget.

Councillor Smith, Portfolio Holder for Resources and Diversity confirmed that an open day for members of the public was undertaken, with a tour of the interior of the new building. This was a successful event, organised through the Daily Gazette and Colchester United Football Club, resulting in a positive and encouraging response.

Mr. Vipond, in response to Councillor Naish and "Improved communications", said officers and members understood the negativity of this project given the history, but having turned the corner on construction, there was now a need, through the Communications Strategy to turn the focus on what people should look forward to in the not too distant future. Three developers are close to submitting proposals of redevelopment in the area, e.g. hotels, purely on the news of the progress made on the Visual Arts Facility. A co-ordinated partner approach would be undertaken in regards to communications to the public.

In response to Councillor Arnold, Councillor Smith said Firstsite has significantly improved their management arrangements, and are far more professional in their approach, providing a detailed Business Plan that included entry costs, visitor forecasts, accommodation provision etc. That said the recent further economic downturn meant there remained a high degree of risk, though contingencies were in place should the Business Plan prove optimistic. Firstsite are looking to attract a higher percentage of private financing for the Visual Arts Facility than is the case for any other similar project in the country.

In response to Councillor Cope, Mr. Bemrose said the comments made in paragraph 15 of the report, and in respect of the views of local councillors, might appear to be negative, but were a reflection of how some councillors felt. These comments help provide a balanced view, and it would be wrong to disregard them. They provided a word of warning.

Councillor Oxford said he hoped signage to the Visual Arts Facility would be better than that afforded to Tymperleys, and suggested it would be a nice idea given the close proximity of the building to the Dedham Vale, to have a John Constable exhibition soon

after the opening.

Councillor Smith said the new building would be named 'Firstsite', though the naming rights remained with the Council.

Mr. Vipond said the aim was to have the building and surrounding area a place that people would want to visit, to relax and involve themselves in a range of different things, not just a place to visit to view art.

In light of the reverse in fortunes to the financial arrangements for the Visual Arts Facility, and given the difficulty he and Councillor Jones had previously had in determining the progress by Firstsite in fund raising for private money towards the project, Councillor Sykes remained sceptical that there was now a stream of businesses willing to invest in the project. Mr. Vipond said the fundraising target of £2,000,000 was largely coordinated by Firstsite, and was more or less raised through a variety of different sources. Mr. Vipond said there had always been a concern around the risk to the fundraising, given the problems with the build, but to his knowledge the fundraising pledges remained, a point confirmed by Councillor Smith. Inevitably, it was easier to raise or hold onto funds from private business once a project is close to completion or complete and there was now some optimism that Firstsite will receive further funding from art sponsors.

In response to Councillor Lissimore, Mr. Vipond said Firstsite will be overseen by the Council through the Service Level Agreement and the contractual agreement between the landlord (The Council) and the Lessee (Firstsite). The Business Plan was about finding ways to increase visitors and revenue through an enjoyable experience, with less emphasis on the level of admission charge. Councillor Smith said the relationship with the Council and Firstsite would be similar to that of our relationship with the Mercury Theatre, not one of conflict, but about close dialogue and the opportunity to help with funding ventures or initiatives. It was confirmed that entry would be free for general everyday events and services but a charge would be made for special exhibitions and the like.

Councillor Smith confirmed to Councillor Arnold that the Cabinet would ensure the delivery of bullet points one and three of recommendation 1 of the Audit Commission report.

*RESOLVED* that the panel noted the follow up report on the Visual Arts Facility and congratulated those responsible for turning the project around.

**Councillor Nigel Chapman, Councillor Colin Mudie and Councillor Kim Naish (in respect of being a member of the Board of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)**

**Councillor Colin Sykes (in respect of his spouse being a member of the Board of Colchester Borough Homes) declared a personal interest in the following item**

## **pursuant to the provisions of Meetings General Procedure Rule 7(3)**

### **26. Internal Audit Monitor 2010-11 - April to June**

Ms. Elfreda Walker, Finance Manager and Mr. Alan Woodhead, Deloitte attended the meeting for this item. Ms. Walker introduced the report in three parts, i) the Internal Audit Strategy and Work Programme, ii) the 1<sup>st</sup> quarter internal audit activity, and iii) the status of outstanding recommendations.

There were no questions to the first part of the presentation.

Mr. Charles Warboys, Head of Resource Management addressed the panel in relation to the second part of the presentation, explaining that the internal audit activity report was indicative of a trend that the organisation does challenge where appropriate the recommendations from an audit, whereas there was a time when all recommendations from an audit were agreed. Officers now work closer with the auditors on all aspects of an audit and subsequently have greater respect for the internal audit process. Councillor Arnold welcomed the progress made by officers.

In regards to the external recommendations and the Benefits Service Diagnostic, Mr. Warboys said the diagnostic was undertaken two years ago, but a further inspection has been carried out by the Audit Commission this year. The report is in draft stage and currently embargoed but in general they are pleased with the progress made, with many recent issues addressed and / or resolved through the ongoing fundamental service review. The final report will be presented to the Panel at a future meeting.

*RESOLVED* that the panel noted the Council's performance in relation to the Internal Audit Strategy, the 1<sup>st</sup> quarter internal audit activity, the performance of the internal audit by reference to national best practice benchmarks and the status of outstanding recommendations.

### **27. Work Programme**

The panel noted that the Annual Audit Letter was to be brought forward from the January 2011 meeting to the meeting of 23 November 2010.

*RESOLVED* that the panel noted the 2010-11 Work Programme.



## Finance and Audit Scrutiny Panel

Item  
**10**

19 October 2010

Report of	Scrutiny Officer	Author	Robert Judd Tel. 282274
Title	Support for Colchester Credit Union		
Wards affected	Not applicable		

**This report provides members with an update on the progress of Essex County Council's support for Colchester Credit Union**

### 1. Action Required

- 1.1 The Panel is asked to comment and note the update from Mr. Paul Probert, Essex County Council on the 'Support for Colchester Credit Union'.

### 2. Reason for Action

- 2.1 Following discussions at two meetings in 2009 with Mr. Richard Cording, Colchester Credit Union, and Mr. Paul Probert, Essex County Council (ECC), the panel requested a future update.

### 3. Background information

- 3.1 Mr. Cording attended the Finance and Audit Scrutiny Panel meeting on 22 September 2010. This discussion focused on the concerns from him in relation to a £170,000 grant from ECC to introduce Essex Savers Credit Union branches. Colchester Credit Union (CCU) was to receive none of this grant and with little other support from ECC, Mr. Cording said Colchester felt disadvantaged and believed additional branches would result in one branch competing against another.
- 3.2 Mr. Paul Probert attended the Finance and Audit Scrutiny Panel meeting on 17 November 2010. This discussion clarified ECC funding and the work of ECC with all Essex Credit Unions. The purpose of the additional funding was to ensure access to credit union facilities in areas which currently lacked the provision. There was no intention to see competition between credit unions, for instance, Essex Savers and Colchester. At the time of the meeting, Mr. Probert explained that ECC were keen to see CCU survive and every effort was been made to ensure Colchester did not feel disadvantaged and were working with Mr. Cording to find ways in which they could help. Mr. Probert agreed to provide an overview of progress to members at a future meeting.

### 4. Standard References

- 4.1 There are no policy plan references or financial implications in this matter. There are no equality, diversity or human rights issues in this matter and therefore no Equality Impact Assessment has been completed. There is no health and safety, community safety or risk management implications in this matter.

## **Support for Colchester Credit Union - Update**

As part of its response to the economic downturn, Essex County Council (ECC) committed to help local credit unions.

According to independent studies, Credit Unions:

- Help to prevent vulnerable individuals seeking high interest loans that exacerbate the financial problems they have.
- Educate those most vulnerable to significant financial problems about financial management and promote prudent financial management.
- Have the potential to promote a savings culture.
- Help build community cohesion by creating a saving and lending circle and a common membership.
- Reduce the negative effects on people's lives that over-indebtedness can set in train.

In November 2009, Paul Probert, ECC's Head of Economic Policy, gave evidence to Colchester Borough Council's Finance and Audit Scrutiny Committee detailing the authority's work with credit unions. Since that meeting, ECC has reached an agreement with Colchester Credit Union (CCU). The remainder of this paper details the support offered, the areas of focus, progress to date and ways in which the wider public sector could further support the development of Colchester Credit Union.

### **Agreed support**

Following a series of negotiations, Essex County Council and Colchester Credit Union have entered into a two year agreement. Based on CCU's own two-year cost projections, including staffing, marketing and administration, a total grant of £19,000 (£14,000 in year one and £5,000 in year two) is to be made available to support the work of CCU, recognising that the credit union's work promotes a range of outcomes sought by ECC.

The initial grant was paid in June 2010. Future payments will be made following a review of Colchester Credit Union's performance against the agreed outputs.

### **Agreed outputs**

In order to better support the residents of Colchester Borough, CCU is keen to have a greater presence and be more accessible. To reduce the prevalence of loan sharks and indebtedness within the area, there also needs to be a greater emphasis on affordable lending and referring clients to advice and support organisations. To this end, the agreed outputs for year one include:

- increasing the number of credit union members;
- increasing the total loan amount;
- increasing total savings;
- increasing the number of collection points; and
- making referrals to other organisations that can provide financial and benefits advice to residents.

### **Progress to date**

*Funding* - A payment of £14,000 was made to Colchester Credit Union in June.

*Referrals* - In the two-month period since reporting began in June, a total of 7 referrals have been made to other support organisations. These have predominantly been to Citizens Advice Bureaux. This is in keeping with the seasonal profile of people seeking advice on these matters which typically sees greater referral rates in the winter months.

*Collection Points* - Rent-free space has been offered in all ECC run libraries within Colchester Borough to help CCU develop weekly collection points where residents can meet and transact with the credit union. It has been agreed that CCU will open two library-based collection points over the next few months, piloting the scheme in Prettygate before opening in Wivenhoe.

*Publicity* - Colchester Credit Union has been mentioned in a number of ECC internal and external communications and the ECC communications team will continue to provide support and issue press releases detailing important developments for CCU or the ECC/CCU relationship.

## **Future plans**

Given the societal benefits a successful credit union can offer, and ECC's desire to see CCU grow its membership, discussions are ongoing with regard to support in the following areas:

- Publicity materials
- Website
- Press handling
- Targeted marketing
- Payroll saving

When Colchester Borough Council's Finance and Audit Scrutiny Committee members reviewed ECC's work with credit unions in November 2009, they were keen to see CCU supported. Given this, CBC may also like to consider ways in which it could support the credit union locally.





## Finance & Audit Scrutiny Panel

Item  
**11**

19 October 2010

Report of

Head of Resource Management

Author

Hayley McGrath  
508902

Title

1<sup>st</sup> & 2<sup>nd</sup> Quarter Risk Management Progress Report

Wards  
affected

Not applicable

**This report concerns Risk Management activity between  
April and September 2010**

### 1. Actions Required

- 1.1 To note and comment upon:
- The work undertaken during the period;
  - The Strategic risk register

### 2. Reason for Scrutiny

- 2.1 The Risk Management Strategy, which forms part of the policy framework, identifies the Finance and Audit Scrutiny panel as being responsible for reviewing the effectiveness of the risk management process and reporting critical items to cabinet as necessary.
- 2.2 Quarterly progress reports, detailing work undertaken and current issues, are provided to assist with this responsibility.

### 3. Key Messages

- The risk management function was audited internally in May 2010 and achieved an increase in assurance level to substantial.
- The key risk for quarter 1 & 2 continued to be the potential impact of future central government decisions to reduce public funding, including that of partners.

### 4. Supporting Information

- 4.1 The aim of the Council is to adopt best practice in the identification, evaluation, cost-effective control and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.
- 4.2 In broad terms risks are split into three categories:
- Strategic – those risks relating to the long term goals of the Council
  - Operational – risks related to the day-to-day operation of each individual service
  - Project – consideration of the risks occurring as a result of the Council's involvement in specific initiatives
- 4.3 Strategic risks are essentially those that threaten the long term goals of the Council and therefore are mainly based around meeting the objectives of the Strategic Plan. They may also represent developing issues that have the potential to fundamentally affect service provision, such as proposals to change assessment processes. Strategic risks are owned by members of the Senior Management Team.

- 4.4 Operational risks are those that threaten the routine service delivery of the Council. Each service area has their own operational risk register that details the risks associated with providing the service. High risks and the success in controlling them are reported to Senior Management Team on a quarterly basis, as these assist in the formulation of the strategic risk register.
- 4.5 Project risks are those that relate solely to the successful delivery of that specific project. They tend to be quantifiable issues, such as resource or time related, and constantly change and develop over the course of the project as each stage is completed. The lead on the project is responsible for ensuring that there is an appropriate risk register and high level issues are reported to the senior management team.
- 4.6 Identified risks, in all three categories, are judged against levels of probability and impact to give them an overall score. This allows the risks to be shown as 'high, medium or low' which enables a prioritised action plan to be set for managing risks. There are insufficient resources to be able to reduce all risks - and in some cases it would not be cost effective. Therefore resources are more effectively targeted at the high, and in some cases medium, risks. Categorising an issue as 'high risk' indicates that it would have a fundamental effect on the Council, if it occurred, and therefore plans need to be put in place to either stop it happening or reducing the effect if it does. High risk does not mean that it has, or will definitely, occur.
- 4.7 In many cases the causes of risks are outside of the Council's control, such as general economic issues. The Council cannot stop these risks from occurring (the probability score) but can put plans in place to mitigate against their effect if they occur (the impact score). Likewise there are occasions that risks can be reduced with preventative actions but there is not much that can be done to mitigate their effect if they do occur, such as a failure to protect public resources. Therefore some risks will tend to maintain the same score, regardless of the controls that the Council puts in place.

## **5. Work undertaken during the period**

- 5.1 Risk strategies and registers are being developed for both the Museum and Parking joint services and will be reported to their boards later in the year.
- 5.2 Following on from the last report to this board the annual committee review of the risk management strategy has been carried out. The strategy was approved by both FASP and Cabinet without amendment and the policy framework will be updated shortly to reflect the current strategy.
- 5.3 The website has been updated with the risk management strategy and the strategic risk register as part of the governance framework.
- 5.4 A review of the operational risks of the vehicle fleet has been undertaken in conjunction with our insurance brokers and insurance providers. This had been looking at accident statistics for the last three years and identifying particular trends and issues. The results of this will be used to further develop the arrangements that are in place to minimise the number of incidents that occur.

5.5 In April 2008 the internal audit of risk management gave a limited assurance level. In January 2009 a regularity audit was carried out, therefore there was no indication of any change in assurance at that time. However the 2009/10 audit, which was finalised in June 2010, gave a substantial assurance level. The four recommendations from the internal audit report have now all be implemented. These all related to the formatting and co-ordination of the risk registers, including standard scoring, showing a score matrix and entering dates and responsibilities.

## **6 Strategic Risk Register**

6.1 The strategic risk register that was in operation for quarters 1&2 is attached at appendix 1 with the score chart attached at appendix 2. The register, for quarter 3, was reviewed by senior management on 13 October and any significant changes will be reported verbally this meeting.

## **7. Proposals**

7.1 To note and comment upon the Councils progress and performance in managing risk during the period from April to September 2010.

## **8. Strategic Plan Implications**

8.1 The strategic risk register reflects the objectives of the strategic plan and the actions have been set with due regard to the identified key strategic risks. Therefore the risk process supports the achievement of the strategic objectives.

## **9. Risk Management Implications**

9.1 The failure to adequately identify and manage risks may have an effect on the ability of the Council to achieve its objectives and operate effectively.

## **10. Other Standard References**

10.1 There are no direct Publicity, Financial, Consultation, Human Rights, Equality and Diversity, Community Safety or Health and Safety implications as a result of this report.

**Colchester Borough Council – Corporate Strategic Risk Register  
Quarter 1&2 2010/11 - June 2010**

Specific Risks		1. AMBITION					ACTION PLAN – AMBITION			
		SCORE					Action	Owner	Timing	
		Current	Previous	P	I	O				
1a	In a period of public sector resource reductions the ability to have ambition and to deliver on that ambition.	3	2	6			Constantly challenge the ambition shown by the Council and look for new and innovative ways of delivering that ambition.	Chief Executive / Executive Directors / Heads of Service	Sep 2010	
1b	Unrealistic internal and external expectations on the speed of delivery.	3	3	9			To make the most of Information and Communication Technology; continue the process of Fundamental Service Reviews; and concentrate on the core strategic, tactical and operational services.	Executive Management Team	March 2011	
1c	The Council is unable to effectively respond to changes in the Borough economy.	2	4	8	2	5	10	Poorer external assessments by independent agencies and loss of Council reputation.  The Borough Council loses its status and influencing ability at sub-regional, regional and national levels.	Senior Management Team	March 2011
1d	Over reliance on a limited number of key personnel to deliver the ambition.	3	3	9	2	3	6	Consider longer term impacts of short-term decisions in staffing reductions.	Senior Managers and Human Resources function	Sep 2010

Specific Risks		2. CUSTOMERS					ACTION PLAN – CUSTOMERS			
		SCORE					Consequence	Action	Owner	Timing
		Current	Previous	P	I	O				
2a	The increasing expectations of our customers, set alongside the financial challenges to service delivery may pose some challenges to customer excellence, service and delivery and the reputation of the authority.	3	3	9			The Authority fails to deliver the high standards of service and delivery which our customers expect	A programme of engagement and consultation is put in place to ensure customers are able to inform service priorities and delivery	ED Customer Excellence	July 2010

Specific Risks		3. PEOPLE					ACTION PLAN – PEOPLE			
		SCORE					Consequence	Action	Owner	Timing
		Current	Previous	P	I	O				
3a	Economic climate means very low turnover with a risk that skills date and we have a stagnant workforce	3	4	12		Decline in service performance Disengaged and demotivated staff	Develop capacity planning and monitoring plans to anticipate needs Ensure effective communications strategy around budget implications with staff	ED People & Performance ED People & Performance	July 2010 July 2010	
3b	Unable to update skills at a time when we need a changing skill set to deliver in a different economic climate	3	3	9		Efficiency and productivity reduction Inability to meet changing requirements and needs Customer perceptions decline as we deliver less	Ensure people strategy is updated to reflect changing needs Continue to recognise the importance of training and development budgets and use more innovative methods to keep skills up to date	ED People & Performance ED People & Performance	Sept 2010 Sept 2010	
3c	Failure to sustain adequate resource to support Training and Development because of the financial situation	3	3	9		Loss of key staff	Ensure performance management process is effectively implemented and monitored to include development needs and plans	ED People & Performance	July 2010	
3d	Declining number of staff affects our capacity and impacts on our ambitions	3	4	12			Active promotion and use of Colchester Learning Managers programme and development to meet evolving needs	ED People & Performance	July 2010	

3. PEOPLE										ACTION PLAN – PEOPLE		
Specific Risks	SCORE						Consequence	Action	Owner	Timing		
	Current		Previous		P	I						
	P	I	P	I								
3e Failure to provide effective and visible political and managerial leadership.	3	3	9				Ensure outcomes of fundamental service reviews reflect training and development needs to support changes in services.	ED Customer Excellence	Sept 2010			
3f Staff motivation declines with impact of fundamental service reviews and other budget implications	4	4	16							July 2010		

Specific Risks		4. HORIZON SCANNING						ACTION PLAN – HORIZON SCANNING			
		SCORE						Consequence	Action	Owner	Timing
		Current	Previous								
P	I	O	P	I	O						
4a	To continuously assess future challenges to ensure Council is fit for future purpose	2	4	8				If not properly managed then either the Council will lose the opportunity to develop further or will have enforced changes to service delivery. Adverse impact on local residents / resources.	Ensure organisational readiness to respond to external challenges through the Way We Work programme strands: - People - Transformation - Customer Excellence - Leadership of Place	EMT	July 2010 & ongoing agenda items
4b	Not taking or creating opportunities to maximize the efficient delivery of services through shared provision, partnerships or commercial delivery	4	3	12				Missed opportunities to boost local economy. Conflict between Council / Government agendas. Reduction in levels of service provision and potential withdrawal of services.	Supported by a robust Medium term Financial strategy and organisational development strategy.	EMT	July 2010 & ongoing agenda items
4c	Failure by the Council to spot / influence at an early stage the direction of Central Government policies / new legislation.	3	3	9	2	3	6		Continuous review of strategies and policies to reflect changing context.	EMT	July 2010 & ongoing agenda items
4d	Potential impact of future central government decisions to reduce public funding, including that of our partners	4	5	20	3	5	15		The budget situation is under constant review, including the impact of decisions from central government. Additional actions and areas for spending reviews are being identified.	EMT	July 2010 & ongoing agenda items



5. PARTNERSHIPS				ACTION PLAN – PARTNERSHIPS			
Specific Risks	SCORE			Consequence	Action	Owner	Timing
	Current	Previous	o				
	P	I	o				
5a	4	3	12	The cost of service delivery is increased however quality decreases. Failure to deliver key priorities. Reputational and financial loss by the Authority.	Assess proposed strategic partnerships to ensure that they will satisfy the Council's objectives before commitment to new partnerships is made.	EMT	July 2010 & Ongoing as part of partners hip strategy
5b	3	3	9	Failure to deliver expected outcomes through partnerships Requirement to repay external funding granted to partnership – taking on the liabilities of the 'withdrawn' partner. External assessment of the Councils partnerships are critical and score poorly.	Define a relationship / performance management process for partnerships	ED People & Performance	July 2010
5c	3	3	9	Potential inability to agree shared outcomes/ agendas with partners and the Council's ability to influence partner's performance, particularly in relation to LAA requirements.	Ensure that there is a mechanism to review partnerships and assess the value added.	ED People & Performance ED Leadership of Place	July 2010

Specific Risks		6. ASSETS & RESOURCES					ACTION PLAN – ASSETS & RESOURCES				
		SCORE					Consequence	Action	Owner	Timing	
		P	I	O	P	I					O
6a	Failure to protect public funds and resources – ineffective probity / monitoring systems	2	4	8	2	5	10	Service delivery failure Financial and reputational loss by the Authority Personal liability of Officers and Members. Legal actions against the Council Loss of stakeholder confidence in the Borough Inability to sustain costs	Ensure that there is a robust system of internal control that encompasses all assurance systems including Internal Audit, Risk Management, Budget process, Corporate Governance and performance management. This must be reported to senior officers and members on a regular basis to ensure that it is fully embedded	EMT / Head of Resource Management	There is cycle of reviewing and reporting including internal Audit, Risk management and the AGS Review July 2010
6b	Risk that Asset Management is not fully linked to strategic priorities and not supported by appropriate resources	3	4	12				Failure to deliver a balanced budget Required to use Reserves & Resources to fund services and capital priorities Severe impact on cash-flow leading to negative effect on performance targets	Continue to ensure that the budget monitoring process is reflective of finances across the whole Council not just individual service areas	Head of Resource Management	Regular reporting to PMB. & FASP. Review July 2010
6c	Inability to deliver the budget strategy in the current economic climate	3	5	15					Develop the annual budget strategy to ensure it has controls built in to be able to respond to changes in the strategic objectives and is innovative to reflect the current climate and emerging options	Head of Resource Management	Annual exercise. Council approves budget in Feb 2011

6. ASSETS & RESOURCES		ACTION PLAN – ASSETS & RESOURCES							
Specific Risks	SCORE					Consequence	Action	Owner	Timing
	Current		Previous						
	P	I	O	P	I				
6d	3	4	12	3	2	6	Review the medium term financial outlook and capital programme processes to ensure they are kept up to date and realistic	Head of Resource Management	MTFS is part of the budget strategy & considered during the process. Capital programme reported to FASP quarterly Review July

SCORE DEFINITIONS	1 Very Low	2 Low	3 Medium	4 High	5 Very High
Impact	Insignificant effect on delivery of services or achievement of Strategic Vision & Corporate Objectives.	Minor interruption to service delivery or minimal effect on Corporate Objectives.	Moderate interruption to overall service delivery/effect on Corporate Objectives or failure of an individual service.	Major interruption to overall service delivery or severe effect on Corporate Objectives.	Inability to provide services or failure to meet Corporate Objectives
Probability	10% May happen – unlikely	10 -25% Possible	26 – 50% Could easily happen	51 – 75% Very likely to happen	Over 75% Consider as certain

## KEY OPERATIONAL RISKS – For Information

SERVICE	RISK	CONSEQUENCE	CONTROLS	RESPONSIBILITY
<b>Corporate Management</b>	Failure to comply with statutory duties (e.g. health and safety, freedom of information, data protection) and failure to comply with The Constitution.	<ul style="list-style-type: none"> <li>Financial and reputation loss to the service, and to the Council.</li> <li>Injury to staff.</li> <li>Complaints and potential threat of legal action</li> <li>Prosecution of staff</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that the responsibility for the health and wellbeing of staff is properly allocated within the service.</li> <li>Ensure that there is adequate training for staff, at all levels, to understand their responsibilities.</li> <li>Ensure that information is up to date and available to all staff on the Hub (intranet)</li> </ul>	Head of Corporate Management
<b>Corporate Management</b>	Unplanned emergency expenditure on repairs and maintenance of buildings	<ul style="list-style-type: none"> <li>Lack of resources to fund essential items of expenditure or deliver on agreed targets.</li> <li>Cuts in service provision.</li> </ul>	<ul style="list-style-type: none"> <li>Work with Estates to ensure Asset Management Plan is up to date.</li> </ul>	Head of Corporate Management
<b>Enviro &amp; Protect Servs</b>	Inability to recruit suitably qualified / experienced staff.	<ul style="list-style-type: none"> <li>Lack of expertise</li> <li>Missed deadlines</li> <li>Burden on remaining staff.</li> </ul>	<ul style="list-style-type: none"> <li>Embed a succession planning process linked to a structured training programme</li> </ul>	Head of EPS
<b>Enviro &amp; Protect Servs</b>	Need to ensure that back / front office functions are integrated.	<ul style="list-style-type: none"> <li>Failure to realise efficiency savings and increase capacity</li> </ul>	<ul style="list-style-type: none"> <li>Produce a development strategy.</li> </ul>	Head of EPS & Systems team.
<b>Life Opportunities</b>	Inadequacy of Repairs and Renewals provision.	<ul style="list-style-type: none"> <li>Reduction or closure of services due to failure of plant, equipment or infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Funding programmes presented during budget setting process.</li> </ul>	Head of Life Opportunities
<b>Life Opportunities</b>	Significant loss of customers.	<ul style="list-style-type: none"> <li>Reduction in income leading to cuts in service provision, negative impact on customers and reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Continuous review and improvement of use / satisfaction and level/type of service provision / competitors</li> <li>Insurance against disasters.</li> </ul>	Head of Life Opportunities

SERVICE	RISK	CONSEQUENCE	CONTROLS	RESPONSIBILITY
<b>Resource Management</b>	Loss of key members of staff	<ul style="list-style-type: none"> <li>Lack of expertise</li> <li>Impact on service provision</li> <li>Impact on other staff</li> </ul>	<ul style="list-style-type: none"> <li>Identification of key staff and roles</li> <li>Succession planning</li> <li>Documented procedures</li> <li>Establishment of training for customer focused, vulnerable service and roles</li> </ul>	Head of Resource management & HRBP
<b>Resource Management</b>	The detrimental effect that Fundamental Service Reviews may have on staff morale and productivity	<ul style="list-style-type: none"> <li>Decrease in service delivery levels and output</li> <li>Personal impact on staff wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that there are adequate staff support mechanisms in place to address staff concerns.</li> </ul>	Finance Manager Collections & Control
<b>Strategic Policy &amp; Regeneration</b>	Lack of focus on governance issues	<ul style="list-style-type: none"> <li>Poorly informed business processes</li> <li>Lack of focus on critical issues</li> </ul>	<ul style="list-style-type: none"> <li>Clear information and expectations are required as part of the management process.</li> <li>SSP to allow focus on priorities</li> <li>FSR to tackle process in Housing</li> <li>Project management in regen</li> </ul>	Head of SPR
<b>Strategic Policy &amp; Regeneration</b>	Inability to deliver the Decent Homes programme within budget and according to timetable	<ul style="list-style-type: none"> <li>Negative effect on reputation</li> <li>Increased customer complaints</li> <li>Over spend on budget allocation</li> </ul>	<ul style="list-style-type: none"> <li>Ensure there is effective partnership working</li> <li>COG group</li> <li>SPG</li> </ul>	Contract risk and Service Manager
<b>Street Services</b>	Reduction in investment in services	<ul style="list-style-type: none"> <li>Cuts in service provision</li> <li>Negative impact on image / reputation</li> </ul>	<ul style="list-style-type: none"> <li>Financial planning and reporting to Members / CMT / SMT</li> <li>Ensure services meet community needs and strategic plan objectives</li> <li>Measure to increase on external income</li> </ul>	Head of Street Services
<b>Street Services</b>	Car park income targets not met	<ul style="list-style-type: none"> <li>10% shortfall in takings equates to over £400k reduction in income that supports other services.</li> </ul>	<ul style="list-style-type: none"> <li>Regular monitoring in use and income.</li> </ul>	Parking Services Manager.

RISK MATRIX QUARTER 1&2 2010/11 - July 10

Low Risks	Medium Risks	High Risks
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Scoring 1-5

Risk Tolerance Line

Probability of Occurrence	5 Very High					
	4 High			4b 5a	3f	4d
	3 Medium		1a	1b 1d 2a 3b 3c 3e 5c 5b 4c	3a 3d 6b 6d	6c
	2 Low				1c 4a 6a	
	1 Very Low					
		1 Very Low	2 Low	3 Medium	4 High	5 Very high
<b>Severity of Impact</b>						



# Finance & Audit Scrutiny Panel

Item  
**12**

19 October 2010

Report of

Head of Resource Management

Author

Hayley McGrath  
508902

Title

Annual Review of Business Continuity

Wards  
affected

Not applicable

**This report reviews the Business Continuity work undertaken for the period 1 October 2009 to 30 September 2010.**

## 1. Actions Required

- 1.1 Consider and note the business continuity work undertaken during the period.
- 1.2 Consider and comment on the review of the business continuity strategy.
- 1.3 Consider and note the intended work plan for 2010/11.

## 2. Reason for Scrutiny

- 2.1 The Risk Management Strategy, which forms part of the policy framework, identifies the Finance and Audit Scrutiny panel as being responsible for reviewing the effectiveness of the risk management process and reporting critical items to cabinet as necessary. Business continuity is an integral part of the risk management process and it is appropriate that a detailed progress report is provided to this panel.

## 3. Key Messages

- Business continuity processes have continued to improve, demonstrated by an increase in the internal audit assurance level to substantial.
- Robust response plans have been developed for key services and buildings.
- Benchmarking exercises show that Colchester is performing at higher than the Essex average with regards to business continuity.

## 4. Supporting Information

- 4.1 Under the Civil Contingencies Act 2004 the council has two duties relating to business continuity:
  - To be able to carry on providing its own services in the event of a disruption
  - To provide advice and guidance relating to business continuity to local businesses and voluntary organisations.
- 4.2 The responsibility for ensuring that the Council has effective business continuity plans rests with the Executive Director for People and Performance and forms part of the Risk Management function in the Resource Management Service area. The role of the Risk & Resilience Manager is to provide advice and guidance and to co-ordinate the individual service plans and the overall Council plan. Issue specific plans, such as responding to a flu pandemic, are also required.
- 4.3 Business continuity issues are primarily reported to the 'First Call Officer' group, this consists of the senior management team and other key staff. The primary role of this group is to provide the strategic management of any emergency – either internal or external. The group meets every two months to review plans and consider emergency planning and business continuity issues<sup>24</sup>



4.3 The duty to provide advice and guidance to local businesses rests with the Emergency Planning team within Environmental and Protective Services.

## **5. Summary of Work Undertaken**

- 5.1 The main focus of the work has been to develop the service continuity plans. Sessions have been held with individual management teams to discuss key issues and critical risks. The format of the service plans has been refreshed to ensure that they are simple to use and that they integrate with the corporate plan.
- 5.2 The first internal audit report of the business continuity function, carried out in April 2007, highlighted that there were several areas of weakness which resulted in a 'no assurance' score. A further audit carried out in December 2008 showed that there had been significant improvements, with the assurance level raised to 'limited'. The last audit in June 2010 demonstrated that business continuity processes have continued to improve and a 'substantial' assurance level was achieved.
- 5.3 The audit highlighted areas of good practise including the reporting process to senior management and members, the dedicated information area on the Hub and co-ordination with the Emergency Planning team. The recommendations that came out of the review related mainly to administrative procedures including keeping a register of the plans, producing notes from meetings and putting the strategy on the Hub. The only technical recommendation was that the service plans should have a formal system of annual testing.
- 5.4 Following on from last years Swine Flu issues, further work has been undertaken to strengthen the resilience of key service areas. A staff survey carried out in September last year identified various members of staff who were willing to support other service areas if the need arose. One of those areas was the Cemetery and Crematorium. The staff that showed an interest in the Cemetery and Crematorium were sent an Open University video of a working crematorium and, if they were still interested, were then invited to attend a behind the scenes tour of the crematorium. This was very well received and over 50 staff attended sessions over the course of two weeks. Following on from this a total of 45 staff have volunteered to assist at the Cemetery and Crematorium in the event of a business continuity issue.
- 5.5 Following the move to Rowan House a dedicated building plan has been compiled. This includes all of the building information such as alarm systems, door entry procedures and lighting. A simulated power failure exercise was carried out in August 2010 to test the plan. Various details in the plan were verified, such as fixed line phone numbers, security arrangements and the process for turning the power back on. The test was successful and further testing will be carried out in the future.
- 5.6 During the course of the year the Risk and Resilience Manager was invited to attend a swine flu response review meeting at the PCT. This was primarily a meeting to discuss how the health services, including primary and secondary providers, had responded to the issue. However it was an excellent opportunity to strengthen arrangements for ensuring that a consistent message is provided by both the Health providers and the Council in future pandemic scenarios.
- 5.7 The Risk and Resilience Manager has also been working with the Climate Change Adaption group to look at how the business continuity plans and response actions are affected by climate change.
- 5.8 The Risk and Resilience Manager has attended the quarterly meetings of the Essex Business Continuity Working Group. This group consists of emergency planning and business continuity officers from across the county and meets to ensure that there is a coordinated approach to providing advice and guidance to businesses and the public and to share best practise.
- 5.9 The Essex Business Continuity Working Group has devised a detailed benchmarking process which Colchester has been participating in. This shows that Colchester is performing well and exceeds the Essex average in most areas.

5.10 The Risk and Resilience Manager has also represented the business continuity service at several events including the annual parish councils emergency planning seminar, staff road shows and training sessions for emergency planning volunteers.

## **6. Business Continuity Strategy for 2010/11**

6.1 The Business Continuity Strategy was agreed for the first time in 2009. A requirement within the strategy, and also of the annual audit assessment, is that it is reviewed annually to ensure that it is still appropriate to the Council's needs.

6.2 Therefore a review has been undertaken and the strategy has been updated for 2010/11. The revised strategy is attached at appendix 1. There are no fundamental changes proposed to the business continuity process with only minor wording amendments.

## **7. Work plan for 2010/11**

7.1 With regard to the comments made in the internal audit review, and the self assessment, the following areas will be the primary focus for developing business continuity further in 2010/11:

- Testing of the plans. Ensuring that the assumptions made in both the corporate and service plans are correct and that they support each other.
- Development the information area on the Hub so that all staff can access the non-confidential parts of the plans.
- Creation of an on-line training programme – using resources such as the Learning Pool (An on-line website that contains short training sessions on various topics that is available to all staff)

## **8. Proposals**

8.1 To note and comment upon the Councils progress and performance with regard to business continuity during 2009/10, the Business Continuity Strategy and work plan for 2010/11.

## **9. Strategic Plan Implications**

9.1 The ability of the Council to carry on providing critical services, even when dealing with a major disruption, is a fundamental part of customer excellence.

## **10. Risk Management Implications**

10.1 The failure to adequately manage a business interruption may have an effect on the ability of the Council to achieve its objectives and operate effectively.

## **11. Other Standard References**

11.1 There are no direct Publicity, Financial, Consultation, Equality and Diversity, Human Rights, Community Safety or Health and Safety implications as a result of this report.



# **COLCHESTER BOROUGH COUNCIL**

# **BUSINESS CONTINUITY STRATEGY**

October 2010

## **CONTEXT**

Colchester Borough Council, like every local authority, provides a wide range of services to the local community, many of which are statutory functions. Any failure, actual or perceived, to deliver the full range of services will have a negative impact on both the community and the authority. As such, all reasonable measures should be adopted to minimise the likelihood of business or service interruption.

The Civil Contingencies Act 2004 places a specific duty on local authorities to ensure that they have prepared, as far as reasonably practical, to continue to provide critical functions during any disruptive incident.

However the Civil Contingencies Act is just one of the key drivers for business continuity. External assessments such as the benefits inspection and the Lexcel accreditation require robust business continuity arrangements to provide assurance that quality services will continue to be provided at all times. But above all business continuity is critical to the Council in its ability to survive an incident with as little disruption to services and reputation as possible.

This Business Continuity Strategy provides the framework for a plan to be implemented by the Council in order to mobilise its response and undertake work to prevent or mitigate the severity of potential disruptions.

The p1lan will identify the specific recovery objectives, the structure for implementation, mitigation measures and the communication process to keep staff, partners and the public informed of necessary changes to service delivery.

## **OVERVIEW**

The strategy adopted for development of the Business Continuity Plan can be summarised as follows:

- The Corporate Incident Management Plan will form the basis of the Council's response. This is an operational document designed to assist the authority in the event of a disruption occurring. The plan sets priorities and communications to ensure an appropriate response to any disruption.
- The Corporate Incident Management Plan is the overall tool for the Council and event controllers. However this is supported by service specific business continuity plans which ensure that each service is able to respond appropriately to an incident whether it is a corporate or service specific interruption.
- Incident specific plans are also be developed for corporate issues where the risk indicates sufficient likelihood of occurrence and the impact is seen to be severe, such as fuel shortages, power failures and severe weather.
- Business Impact Analyses (B.I.A.s) are undertaken to be able to develop the plans. B.I.A.s assess the key risks and key services at both corporate and service level and will help to identify preventative measures that can be undertaken.

## **AIM AND OBJECTIVES**

### The aim of the strategy is:

- To support the Council in anticipating risks for the purpose of mitigating them and having flexible plans in place, which are already tested, to minimise disruption when unplanned events significantly interrupt normal business.

### The objectives are:

- To identify preventative measures that can be carried out to minimise the likelihood of an incident occurring.
- To ensure the Council can continue to exercise its functions in the event of an emergency.
- To integrate the Business Continuity requirements with the Emergency Planning responsibilities of the Authority to ensure that in the event of a major disruption the Authority can respond appropriately both internally and externally.
- To identify the essential services, in order to determine overall priorities for recovery of functions if disruption takes place.
- To ensure all Council service areas are involved in the preparation of the Plan, so that there is an effective and consistent response to service continuity.
- To provide a basis for cost benefit analysis to determine which contingency plans will be developed.
- To develop a process to review and update the overall Plan and develop service area, functional or specific plans where necessary, in order to protect the services and reputation of the Council.
- To undertake training and awareness programmes for staff, elected members, suppliers and partners.
- To carry out regular tests of the Plan to validate the arrangements.

## **THE BUSINESS CONTINUITY PROCESS**

Irrespective of an unusual or disruptive event, occurring internally or externally, the capabilities of the Council to provide services to the community must be maintained. This process aims to address the issues likely to arise, and to identify measures to mitigate them.

This process recognises that ‘Business Continuity’ can be considered in three phases:

- DEFENCE - The prevention of disruption
- CONTINUITY - Maintenance of essential services during a disruption
- RECOVERY - The return to normality

Business Continuity is an on-going cyclical process of risk assessment, management and review with the purpose of ensuring that the business can continue if risks materialise.

The effective implementation of Business Continuity has four stages:-

- Recognition of Need & Initiation
- Defining Requirements & Strategy
- Implementation
- Operational Management

Appendix 1 sets out the component parts of each stage of the implementation.

## **RESPONSIBILITY FOR BUSINESS CONTINUITY**

To be effective Business Continuity should be fully endorsed and actively promoted by senior management and there should be a clearly defined responsibility for co-ordination of Business Continuity. However it does not belong to one person or role and every service has a responsibility for ensuring that they are capable of responding to an interruption.

There are three levels of responsibility for managing the business continuity process:

1. Co-ordinator
2. Corporate Response Team
3. Service Teams

Appendix 2 outlines the structure for Business Continuity relationships.

In essence there is a core role of co-ordinating the process and ensuring that services have access to information and assistance when building their own plans, mainly through the use of an operational Business Continuity Group consisting of representatives from each service. This co-ordinator also has responsibility for ensuring that key partners are involved in the process.

In the event that there is a disruption there should be a defined corporate response team who will have overall control of the situation. The co-ordinator is responsible for maintaining details of this team ensuring that they are fully briefed on executing the plan and are informed of any potential issues that may arise.

There should also be individual service action teams who are responsible for ensuring that their service has its own response plan and can manage the continuity and recovery for the functions within that service. The team is likely to consist of one person for the process of defining the response plans and day to day co-ordination of Business Continuity, but will call upon other senior managers if and when the plan needs to be put into practice.

Appendix 3 sets out the roles and responsibilities for Business Continuity at all levels.

## **LINKS**

To be an effective management tool and to truly embed the process throughout the organisation the plan should recognise and be influenced by the Council's operational and strategic risk registers, this will lead automatically to the plan linking into the Internal Audit plan, the strategic plan and the budget process. The plan should also recognise the Community Risk Register, maintained by the Essex Resilience Forum, to ensure that external impacts are recognised and allowed for.

The Business Continuity process must also be closely linked to the Emergency Planning process. In any major scenario it is likely that other organisations in the Borough will be effected as well and it is essential for the Council to be able to respond to their requirements as well as its own. Due to the nature of the response required from Emergency Planning it is likely that they will be the first service to receive external information regarding potential issues and it is imperative that there is a system for incorporating these issues in the Business Continuity process.

## **TRAINING**

All members of the Corporate Response Team and the Service Teams need to be trained on an annual basis to ensure that they are fully aware of how to implement the plan. All staff should be informed of the process (preferably as part of the induction process) and further training should be available if required. Members should be trained to ensure that they know of the existence of the plan and also how they can assist, politically, in the continuity and recovery process.

## **REVIEW PROCESS**

The Plan will be reviewed annually to ensure that it is still relevant to the Council's needs. However the individual plans for each service will be subject to review every six months to ensure that information on service functions and contact details are kept up to date.

The outcome of training and exercises for the Plan will be incorporated into the annual review process.

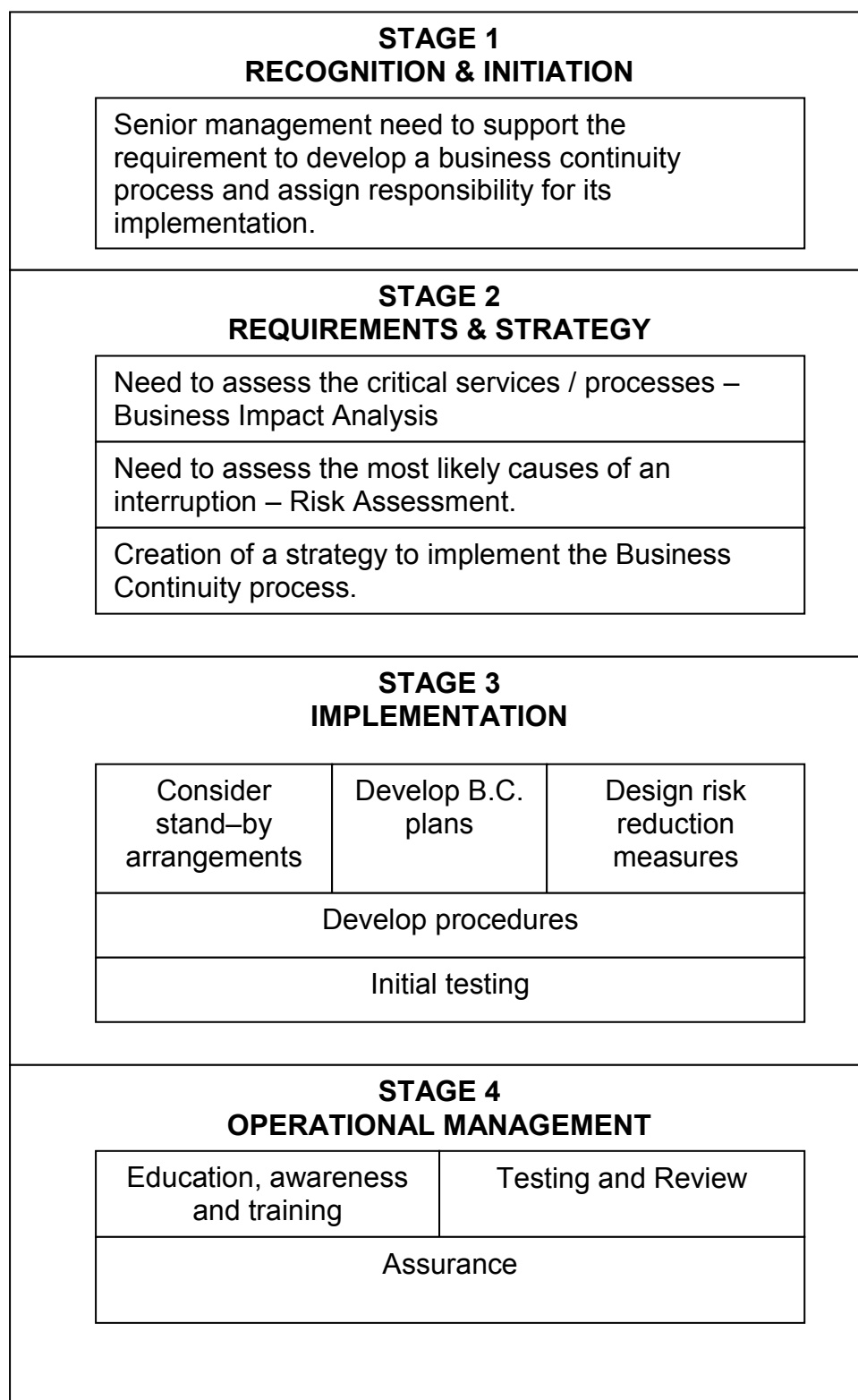
The high risks, priority services and preventative actions will be re-assessed as part of the annual review process.



**ROLES & RESPONSIBILITIES FOR BUSINESS CONTINUITY**

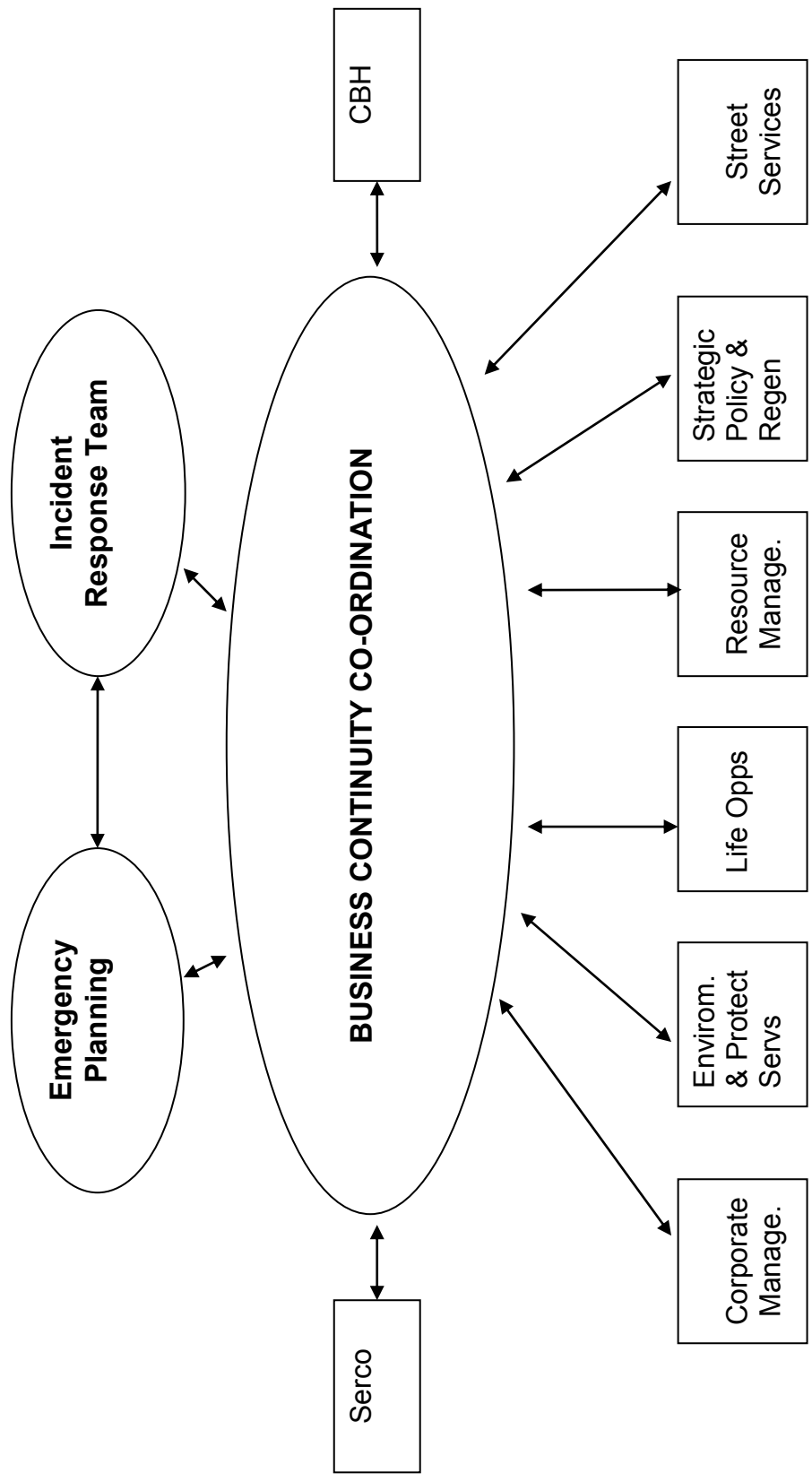
	<b>Strategy And Plan</b>	<b>Defence</b>	<b>Continuity</b>	<b>Recovery</b>
<b>Members</b>	Agreeing the strategy and plan determined by officers.	Endorsing the defence plans and ensuring that political decisions are taken with due regard for Business Continuity.	Political will to ensure that there is a united approach to continuity.	Political will to ensure that there is a united approach to recovery.
<b>Business Continuity Co-ordinator</b>	Devising and co-ordinating the strategy and plan.	Ensuring that the defence actions are appropriately implemented, are regularly reviewed and that services have developed own plans.	Co-ordination of the Corporate Response Team and the Service Action Teams. Guidance on the plan and mitigating actions during the incident.	Co-ordination of the Service Action Teams. Guidance on the plan and reporting progress of recovery to senior management.
<b>Senior Management Team</b>	Approval and support of the strategy and plan. Completion of service plans.	Critical review and approval of the defence actions.	Support of the actions of the Corporate Response Team during the incident.	Support the actions of the Service Action Teams, endorse recovery priority for services.
<b>Corporate Response Team</b>	Overview of strategy and plan. Review of 'new issues'.	Critical review of the defence plans. Ensuring that the information contained within the plan is accurate. Annual testing of the plan.	Control the response to the incident until such time as the organisation enters the recovery stage. Ensuring that priority services are afforded the proper support. Ensuring information is available to members and staff. Keeping SMT informed.	Review the actions of the Service Action Teams. Facilitate full recovery and ensure that recovery follows the correct priority. Liaison with external agencies. Ensuring information is available. Keeping SMT informed
<b>Service Action Teams</b>	Input into the formulation of the strategy and plan.	Development of defence plans and implementation of control actions. Ensure that checklists of key info are compiled. Identification of service priorities.	Co-ordinate their service's response. Act as a liaison between Corporate Response Team and Service. Respond to Corporate Response teams requests during an incident.	Implement their own team recovery plan whilst maintaining the link with the Corporate Response Team. Briefing staff. Overseeing alternative accommodation.
<b>Employees, contractors and partners</b>	Knowledge of the strategy and plan, and awareness of impact on own job / service.	Knowledge of the defence plans and awareness of impact on own job / service	Assist with the incident where required. Know how to / who to contact in emergency.	Assist with recovery where required. Understand how they fit into the recovery of their service.

## BUSINESS CONTINUITY IMPLEMENTATION PROCESS



Appendix 2

### BUSINESS CONTINUITY RELATIONSHIP CHART





## Finance and Audit Scrutiny Panel

Item  
**13**

19 October 2010

Report of	Scrutiny Officer	Author	Robert Judd Tel. 282274
Title	Work Programme 2010-11		
Wards affected	Not applicable		

**This report sets out the rolling 2010/11 Work Programme for the Finance and Audit Scrutiny Panel and Accounts and Regulatory Committee**

### 1. Action Required

1.1 The Panel is asked to consider and comment on the 2010-11 work programme.

### 2. Reason for Action

2.1 This function forms part of the Panel's Terms of Reference in the Constitution.

### 3. Outstanding items

3.1 International Financial Reporting Standards – date to be confirmed

### 4. Additional items

4.1 Summary for Colchester Credit Union - Update (19 October 2010)

### 5. Work Programme

#### 29 June 2010

1. Audit Opinion Plan and 2010-11 Audit and Inspection Fee Letter (A&R)
2. Annual review of the Governance Framework and 2009-10 Statement (A&R)
3. Draft Annual Statement of Accounts (A&R)
4. 2009-10 Financial Monitor (FASP)
5. 2009-10 Capital Expenditure Monitor
6. 2009-10 Internal Audit Report

#### 27 July 2010

1. Community Governance Review – Wivenhoe Town Council (A&R)  
(merging of two parish wards / increase of councillors to 13 (+2))
2. Community Governance Review – Fordham (A&R)  
(increase of councillors to 9 (+2))
3. Freedom of Information Update (Head of Corporate Management)
4. Annual Report on Treasury Management
5. 2009-10 Risk Management Summary

### **17 August 2010**

1. Capital Improvement Programme (DHP update to incl. outcomes of pilot scheme)
2. 2010-11 Financial Monitor, period April to June
3. 2010-11 Capital Monitor

### **31 August 2010 Extra meeting**

1. Call-in Proposed Travellers Site – Severalls Lane East

### **7 September 2010 Extra meeting**

1. Call-in Highwoods Country Park Car park charging proposals

### **28 September 2010**

1. 2010-11 Internal Audit Monitor, period April to June
2. Annual Statement of Accounts – Annual Governance Report (A&R)
3. Financial Regulations revised (A&R)
4. Colchester Visual Arts Facility – Audit Commission

### **19 October 2010**

1. Report Publication of Audited Statement of Accounts (A&R)
2. Risk Management period April to September
3. Annual Business Continuity Progress report
4. Local Governance Review (Hd.of Corp.Management)(A&R)
5. Summary for Colchester Credit union – Update

### **23 November 2010**

1. Annual Audit letter (District Audit)
2. Annual Governance Statement (A&R)
3. 2010-11 Internal Audit Monitor, period April to September
4. 2010-11 Financial Monitor, period April to September
5. 2010-11 Capital Monitor
6. 2010-11 Treasury Management Monitor

### **25 January 2011**

1. 2011-12 Budget Strategy
2. Treasury Management - Investment Strategy

### **22 February 2011**

1. Risk Management, period April to December
2. 2010-11 Financial Monitor, period April to December
3. 2010-11 Capital Monitor

### **29 March 2011**

1. 2010-11 Internal Audit Monitor, period April to December
2. Annual Governance Statement briefing paper
3. Audit Opinion Plan

