

8 September 2020

<b>Report of</b>	<b>Assistant Director of Corporate &amp; Improvement Services</b>	<b>Author</b>	<b>Hayley McGrath</b> ☎ 508902
<b>Title</b>	<b>2019/20 Year End Review of Risk Management</b>		
<b>Wards affected</b>	Not applicable		

## 1. Executive Summary

- 1.1 This report provides members with an overview of the Council's risk management activity undertaken during the financial year from 01 April 2019 to 31 March 2020.
- 1.2 Effective management of risk is essential to ensuring that the Council's aims and objectives are achieved. The Council has therefore approved a Risk Management Strategy, which is included in the policy framework. This provides a comprehensive risk management process that is embedded across the organisation and includes a strategic risk register (which is the responsibility of the senior management team), operational risk registers which are produced by each service, project risk monitoring and specific risk mitigation initiatives.
- 1.3 The Risk Management strategy and processes are reviewed annually to ensure that they are still appropriate to the Council's needs and continue to be effective in identifying and mitigating risks to its aims and objectives.
- 1.4 Towards the end of the 2019/20 financial year the impacts of the Covid-19 pandemic began to be managed by the Council with its partners and this situation has prompted a further review of the strategic risk register (Appendix 1).
- 1.5 The key strategic risks are:
  - Budget Strategy
  - Covid-19 Pandemic
  - Spending Power
  - Compliance
  - Staff Resources
  - EU Transition
  - Data Protection
  - Cyber Security

## 2. Recommended Decision

- 2.1 Consider and comment on the Council's progress and performance in managing risk during the period from April 19 to March 2020.
- 2.2 Consider and comment on the current strategic risk register.
- 2.3 Consider and comment on the proposed risk management strategy for 2020/21.

- 2.4 Endorse the submission of this report to Cabinet to approve the risk management strategy for 2020/21

### **3. Reason for Recommended Decision**

- 3.1 The Risk Management Strategy, which forms part of the policy framework, identifies the Governance and Audit Committee as being responsible for reviewing the effectiveness of the risk management process and reporting progress to Cabinet at least annually.
- 3.2 As part of the Policy Framework, any changes and reviews of the strategy need to be approved by Cabinet and ratified by Full Council.

### **4. Alternative Options**

- 4.1 There are no alternative options to consider

### **5. Background Information**

- 5.1 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.
- 5.2 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 – the delivery risks of specific initiatives.
- 5.3 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. A high score does not mean that a risk has, or will definitely, occur.
- 5.4 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.

### **6 Work undertaken during the period**

- 6.1 There were no fundamental changes to the risk management function, or the processes used to identify and control risk, during 2019/20.
- 6.2 The review of risk processes, reported to this committee in January 2020, has continued. The review is concentrating on how the risk registers are compiled, how mitigation actions are reflected in scores and potentially moving to more interactive on-line registers. The revised format for the risk registers has been used for the strategic register attached to this report, and it can be seen that both pre action and post mitigation (residual) ratings are given for each risk.
- 6.3 Work has continued to develop the insurance and risk programmes for Colchester Commercial (Holdings) Limited, to ensure that emerging commercial risks are appropriately managed.

- 6.4 Support continues to be provided, reviewing the risk elements of event plans, to both the Colchester, and the Community Stadium, Safety Advisory Groups.
- 6.5 The risk registers for the Joint Museum Service and the North Essex Parking Partnership both continue to be produced and reported to the joint committees.

## **7 Strategic Risk Register**

- 7.1 During 2019/20 the strategic risk register was reviewed by the senior management team every quarter and reported to the Governance & Audit Committee every six months. The current register is shown at appendix 1.
- 7.2 For the majority of 2019/20 the Council's strategic risks were consistent. The United Kingdoms' exit from the European Union, security of data and Council finances being key areas of concern.
- 7.3 A review of strategic risks during the year also identified several areas where risks could be removed or substantially reduced, as there had been no indication of this risk materialising in the near future, to ensure the risk register was focussed on priority risks.
- 7.4 During January and February, the Senior Management Team reviewed the Council's strategic risks, business continuity plans and Flu Pandemic plan in light of emerging information about Coronavirus (Covid-19) and to ensure the register was fit for purpose.
- 7.5 At the very end of the financial year the Council responded promptly to the combined impacts of the Coronavirus pandemic, associated economic lockdown and sector-specific guidance affecting operational activities. Consequently, several of the Council's strategic risks became live issues and the likelihood of lower rated risks materialising increased. Whilst the pandemic is itself now a clear ongoing risk to the Council, our customers, communities and businesses, the situation has also increased the level of other risks associated with income generation and service delivery.
- 7.6 The strategic risk register has been revised to reflect the key areas of concern, and the Council's recovery strands, along with the addition of a specific Covid-19 risk.
- 7.7 The risk register will need to be further refined over the coming months, as the medium/long term impacts of the pandemic become clearer. The Council's internal auditors have been asked to assist with this process and they will be working with the Corporate Governance Manager to carry out a full review of the risk management framework. The results of the review will be reported to this committee later in the municipal year.

## **8. Risk Management Strategy for 2020/21**

- 8.1 The Council's current approach to managing risk was introduced in 2006/07. A requirement within the strategy, and also of the annual audit assessment, is to review the approach each year to ensure that it is still appropriate to the Council's needs.
- 8.2 Many of the mitigating activities identified, and implemented, in the Council's risk strategy and Strategic Risk Register have been central to the organisation, with its partners, coping with and responding to the impacts of Covid-19 and recovery. For example, strong partnership working, effective communications and prudent financial management. The early review of business continuity plans enabled the Senior

Management Team to have confidence in the implementation of urgent operational decisions throughout the Pandemic.

- 8.3 A review has been undertaken and the strategy has been updated for 2020/21. The revised strategy is attached at appendix 2. There are no changes proposed to the risk process at this stage, with amendments only to external review comments and the updating of external guidance references. The strategy will be reviewed again as part of the work undertaken by the Council's internal auditors mentioned at paragraph 7.7.

## **9. Equality, Diversity and Human Rights implications**

- 9.1 There are no equality, diversity or Human Rights implications as a result of this report.

## **10. Strategic Plan References**

- 10.1 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.

## **11. Risk Management Implications**

- 11.1 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.

## **12. Environmental and Sustainability Implications**

- 12.1 There are no environmental or sustainability implications as a result of this report.

## **13. Other Standard References**

- 13.1 There are no particular references to consultation or publicity considerations or financial; community safety or health and safety implications.

## **Appendices**

Appendix 1 – The strategic risk register

Appendix 2 – Risk Management Strategy for 2020/21