| **Report of** | **Assistant Director of Corporate & Improvement Services** | **Author** | **Hayley McGrath** ☎ **508902** |
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| **Title** | **2019/20 Year End Review of Risk Management** | | |
| **Wards affected** | 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
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## 2. Recommended Decision

2.1 Note the Council's progress and performance in managing risk during the period April 2019 to March 2020.

2.2 Consider and comment on the current strategic risk register.

2.3 Approve the proposed risk management strategy for 2020/21 and recommend to Full Council that it be included in the Council's Policy Framework.

**3. Reason for Recommended Decision**

3.1 Cabinet has overall ownership of the risk management process and is responsible for endorsing its strategic direction. Therefore, the risk management strategy states that Cabinet should receive an annual report on progress and should formally agree any amendments to the strategy itself.

3.2 During the year progress reports are presented to the Governance & Audit Committee, detailing work undertaken and current issues. This report was presented to the Governance & Audit Committee on 08 September 2020, where they approved its referral to this meeting.

3.3 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 the Governance and Audit 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 2020/21 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. These risks have been mapped onto a risk chart
        as shown at appendix 2, this charts the risks both pre action and post mitigation.

7.2     The Corporate Governance Manager reviewed the strategic risks with the Senior
        Management Team in June 2020 to ensure that the identified risks were still appropriate.

7.3     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.

7.4     A review of strategic risks during the year 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.

7.5     During January and February the Senior Management Team reviewed the Council's
        business continuity plans and Flu Pandemic plan in light of emerging information about
        Coronavirus (Covid-19).

7.6     Many of the mitigating activities identified, and implemented, as a direct result of the
        Council's risk strategy and Strategic Risk Register have helped the organisation, with its
        partners, to cope with the impacts of Covid-19 . For example, strong partnership working,
        effective communications and prudent financial management.

7.7     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, it has also increased risks associated with income
        generation and service delivery.

7.8     The strategic risk register (Appendix 1) 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.

7.9     However, it is felt that the risk register will need to be further refined over the coming
        months, as the 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 fundamental review of the risk
        management framework. The results of the review will be reported to the Governance
        and Audit committee later in the 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 Therefore a review has been undertaken and the strategy has been updated for 2020/21. The revised strategy is attached at appendix 3. There are no changes proposed to the risk process, with amendments only to external review comments and the updating of external guidance references.

## 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 3 – Risk Management Strategy for 2020/21