Leicester
City Council

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS
Audit and Risk Committee   **17ᵗʰ June 2020**

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Risk Management and Business Continuity Strategy and Policies 2020

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Report of the Director of Delivery, Communications and Political Governance

1.   Purpose of Report

1.1.   To present to the Audit and Risk Committee (A&RC) the Risk Management and Business Continuity Policy Statement and Strategies (Appendix 1 and 2), which provide an effective framework for the Leicester City Council (LCC) to manage and respond to key risks facing its services to help achieve the delivery of its Business Plan.

1.2.   The documents have been significantly reviewed this year leading to some minor changes in the structure and general format.

2.   Recommendations (or OPTIONS)

2.1.   A&RC is recommended to consider and approve, on behalf of council, the updated:

- Corporate Risk Management Policy Statement and Strategy at Appendix 1. This sets out the council's attitude to risk, the approach to be adopted to manage the challenges and opportunities facing officers; and

- Corporate Business Continuity Management Policy Statement and Strategy at Appendix 2. This sets out the council's attitude, perception and approach towards implementing business continuity practices.

3.   Report

Risk Management Strategy and Policy 2020

3.1   The council's original Risk Management Policy and Strategy was approved by Cabinet in 2009, with subsequent updates approved each year (since 2012 by the Executive). The Risk Management Strategy sets how the council tackles the risks it faces. It plays a vital part in the overall governance framework of the council and is

particularly important in the current environment given the need to deliver our services in an effective and efficient way.

3.2   To date, improvements have been made in strengthening risk management arrangements within the council's diverse business units. A review of the Risk Policy and Strategy has taken place which reflects any developments made in the industry and to support internal procedures/processes. The revised strategy will continue to help embed risk management throughout the council **(see paragraph 4.1 for further detail).** Overall, the amendments were minor, therefore not having a major impact on LCC's embedded risk management process. Also, proposals were made at Corporate Management Team in December 2019 and those agreed were:

- o To include the 4T's column in the corporate risk assessment/register template which means the risk owner must decide whether to treat, terminate, tolerate or transfer the risk identified after the controls have been determined and the risk has been scored which helps with the prioritisation of risks;

- o Risk update reports presented to CMT 4 monthly (Jan, May and Sept) rather than quarterly

- o Working with HR to further embed risk management, particularly at management level.

3.3   Effective risk management is essential for organisations and their partners to achieve strategic objectives and improve outcomes for local people. Good risk management looks at, and manages, both positive and negative aspects of risk. This process allows the council to methodically address risks stemming from its activities with the aim of achieving sustained benefit within each activity and across the portfolio of all its activities. The council's risk management process should (and if the policy is complied with, does) allow 'positive risk taking'.

3.4   Every project/programme should have a risk assessment/log. Risk, Emergency and Business Resilience (REBR) provides risk management training (Appendix 4 of the strategy provides details and dates). This training became mandatory for staff expected to complete a risk assessment. REBR is continuing to work with business areas and a training programme has been established for 2020 approved by CMT in November 2019.

3.5   The LCC Risk Management Policy and Strategy formulated by the Manager, Risk Management was considered against good practice guidance, including ISO31000 and working practice observed by Zurich in 2018 in both the public and private sectors. The Policy Statement clearly sets out the council's risk management objectives identifying that risk presents both threats and opportunities to the Organisation. The Strategy articulates an appropriate framework for the delivery of risk management identifying key features including roles and responsibilities, risk reporting requirements, risk appetite, risk assessment methodology and competency requirements. Fundamental to the success of risk management is the integration of risk processes into "business as usual" activities and the development of a risk aware culture. To this extent, it is important that REBR continues to engage with and support Business Functions to ensure ongoing development of robust and relevant risk information which will support decision making and resource allocation at all

organisational levels. It is also emphasised that reviewing, monitoring and reporting of risks via risk registers is an ongoing exercise.

Business Continuity Policy and Strategy 2020

3.6   The council has established robust business continuity practices which are reviewed and maintained continuously throughout the year by service areas. Progress continues to be made to improve and strengthen business continuity management arrangements, particularly addressing the continuous change the organisation experiences.

3.7   REBR is currently targeting the following key business continuity activities:-

- Continuing development of Business Continuity Management (BCM) at the council to better align with current accepted best practice standards (ISO22301) and requirements of the Civil Contingencies Act (2004) – including a revised pro-forma plan issued for staff and schools to use;

- Ensuring that up to date, tested plans exist for all areas. Primary focus remains on critical activities, followed by review of the remainder of the council's activities, those deemed 'non-critical' which will continue to be reviewed and dealt with by divisions;

- Challenging the definition and interpretation of critical;

- Managing the number of services deemed to be critical. Business Impact Analysis is being undertaken from January 2020 to aid this. This will involve Directors/ Heads of Service nominating/identifying a Business Continuity Lead for each of their service areas to work with REBR to identify priority processes, resource requirements as well as the impacts of not delivering key activities.   This process will identify those services which are critical. Leicester City Council currently have 40 Business Critical Areas and it is anticipated to reduce these to ensure that resources can be correctly prioritised in the event of an incident. A pilot had been carried out with the Director of Delivery, Communications and Political Governance to commence this process with this division currently having 2 critical services. REBR have now rolled this out to other divisions starting off with Adult Social Care and Care and Commissioning;

- Continued delivery of a specific business continuity training programme for senior managers, management and their staff;

- Review, maintain and update the Business Continuity Plan (BCP) template periodically and ensure its implementation council wide; and

- Assisting schools (maintained and academies) with developing and testing of their BCPs.

The revised Business Continuity Policy and Strategy will assist on the delivery of the above mentioned points.

4.   Key Deliverables

4.1   The **key deliverables** in both Policies and Strategies include:

4.1.1   **Risk:**

- Ensuring the Risk Management Framework at the council continues to reflect the organisational structure, and that risks affecting the delivery of the council's priorities and its objectives are properly identified, assessed, managed, monitored and reported;

- Continuance of the process whereby Divisional Directors and their Heads of Service have individual risk registers feeding through to the council's Operational Risk Register, which is reviewed by CMT, led by the Chief Operating Officer, supported by the Manager, Risk Management, REBR;

- Improving divisional engagement with risk management processes to further embed a culture within the council where risk is anticipated and managed proactively and is part of the daily process.   It is not a quarterly 'form filling' exercise but should be seen to 'add value'. A risk assessment should be completed and/or updated for each project or contract being let and for all the council's significant activities, as a minimum;

- Increasing recognition of the benefits that can be achieved, operationally and strategically, with effective and embedded risk management;

- Continuing to support the operational service areas in the development and improvement of their individual risk registers by identifying training needs, providing support and guidance and delivering training to them;

- Directors and managers continuing to identify staff requiring risk management training through the appraisal and job specification process. As highlighted above, this is a key deliverable for directors and their teams to better protect the council. Bespoke sessions are also available upon request. Business areas 'own' and should manage their risks; and

- Emphasising that REBR is perceived across the council as 'Risk Consultants' who will assist managers in scoping and managing their risk exposure to enable the implementation of innovative schemes. This team do not manage the council's risks as this remains the responsibility of service areas.

4.1.2   **Business Continuity allows to:**

- Achieve **Resilience -** Proactively improves resilience when faced with the disruption to the council's ability to achieve its key objectives;

- Protect **Reputation -** Helps protect and enhance the council's reputation as well as reducing the risk of financial loss;

- Achieve **Business improvement -** Gives a clear understanding of the entire organisation which can identify opportunities for improvement;

- Achieve **Compliance -** Demonstrates that applicable laws and regulations are being observed;

- **Deliver Cost Savings -** Creates opportunities to reduce the cost of business continuity management and may reduce insurance premiums. Poorly managed incidents also leave the council and its officers exposed to insurance claims;

- **Deliver services -** Provides a rehearsed method of restoring the council's ability to supply critical services to an agreed level and timeframe following a disruption;

- **Manage Disruption -** Delivers a proven capability for managing disruptions which helps to retain confidence in the council.

  BCM is a cross-functional, organisation-wide activity; consequently, the arrangements in this strategy apply to:

  - All services within the council;
  - Every staff member;
  - All resources and business processes;
  - Suppliers, service partners and outsourced services;
  - Other relevant stakeholders.

4.1.3 The BCM programme needs to be managed in a continuous cycle of improvement if it is to be effective. Therefore, formal and regular exercise, maintenance, audit and self-assessment of the BCM **culture** are essential. This would be more achievable and effective if the appropriate staff within each division attend the BCM awareness training session delivered by REBR. This is formalised at CMT and remains a key activity within 2020.

4.1.4 The revised Business Continuity Policy and Strategy will assist on the delivery of the above mentioned points and in paragraph 3.7

5.

5.1 **Financial Implications**

'The revised Risk Management Policy Statement and Strategy is intended to promote an effective approach to risk across the council. It should minimise the costs of insurance premia, successful claims and responding to incidents. Rigorous BCP arrangements are essential to ensure the council can be confident of recovering effectively from a major incident and with as little additional or abortive expense as possible'.

Colin Sharpe, Deputy Director of Finance, Ext. 37 4081

5.2   **Legal Implications**

'Rigorous Risk Management and BCM arrangements are essential to ensure the council can be confident of ensuring it has proper cover for its legal liabilities'.

Kamal Adatia, City Barrister, 37 1401

5.3   **Equality Implications**

'Effective risk management is essential for organisations and their partners to achieve strategic objectives and improve outcomes for local people and therefore is likely to be beneficial to people from across all protected characteristics. However, in some circumstances, effective risk management will be particularly relevant to those with a particular protected characteristic (for example, safeguarding risks and risks which could result in service disruption). Therefore, a robust risk strategy and policy statement which is embedded effectively will minimise the likelihood of ineffective risk management resulting in a disproportionate impact on those with particular protected characteristic/s. The strategy identifies other potential risks which are relevant to equalities, such as legislative requirements (ensuring that the council meets its statutory duties) and the risks posed by demographic changes. The strategy promotes that the management of such risks should be embedded into the day to day business and culture of the council. This would support the continued delivery of positive equalities outcomes for the citizens of Leicester.

A robust approach to business continuity planning will limit the impact of incidents and plays a key role in maintaining service delivery, therefore there will be a positive impact across all protected characteristics. If business continuity planning is not effective there is a greater risk where a service has been identified as critical. If those critical services were unable to maintain service delivery, there may be a disproportionate impact on those with particular protected characteristic/s, such as age and disability. The recommendation, to approve the 2020 Corporate Business Continuity Management Policy Statement and Strategy will support a robust approach and minimise the impact of incidents which could have a disproportionate impact on certain protected groups. The report also outlines a review of business-critical areas. The correct prioritisation in the event of an incident, will ensure that those areas of greater risk, including risks around equalities and human rights will be prioritised provided this is a consideration in any changes that are made.'

Hannah Watkins, Equalities Manager, 37 5811

6. **Other Implications**

OTHER IMPLICATIONS	YES/NO	Paragraph/References Within Supporting information
Risk Management	Yes	All of the paper.
Legal	Yes	
Climate Change	No	
Equal Opportunities	Yes	
Policy	Yes	All of the paper.
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

7. **Report Authors**

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2nd March 2020