Risk Management and Business Continuity Strategy and Policies 2022

Audit and Risk Committee

Date of meeting: 16th March 2022

Lead director: Miranda Cannon

1. Summary

The purpose of this report is 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 Leicester City Council (LCC) to manage and respond to key risks facing its services and to support the delivery of its Business Plan.

Effective risk management is essential for organisations and their partners to achieve strategic objectives and to deliver and improve outcomes to its stakeholders including local people. Good risk management determines and manages both positive and negative aspects of risk and officers are not required to be risk averse as part of this process (more detail at paragraph 3.3).

2. Recommended actions/decision

A&RC is recommended to note, 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. Detailed report

Risk Management Strategy and Policy 2022

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 can tackle 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. In line with our agreed corporate approach, a review of the Risk Policy and Strategy has taken place to reflect any developments made in the industry and to support internal risk procedures / processes. Substantive amendments were not made in this year's review that would affect the risk management process.

The revised strategy will continue to help embed risk management throughout the council **(see paragraph 4.1 for further detail).**

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. Officers are not required to be risk averse. This process allows the council to methodically address the possibility of 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 this 'positive risk taking' to be taken and evidenced. **(See paragraph 11 and 12 of the Risk Management Strategy).** With the council adopting a **'Risk Aware'** approach rather than **'Risk Averse'** and integrating risk management into the council's culture and day-to-day practice, it is in a better position to identify opportunities that may benefit the council (including financial) where associated risks are managed rather than avoided altogether.

3.4   Every project / programme should have a risk assessment / log. Risk, Emergency and Business Resilience (REBR) delivers risk management training **(Appendix 4 of the Risk Management Strategy provides details and dates for 2022)**. This training became mandatory for staff expected to complete a risk assessment and has been approved by Corporate Management Team (CMT) in December 2021. In addition, the Manager (Risk Management) has been working with HR to further embed risk management within the organisation.

3.5   A review by Internal Audit of the risk management framework / practices was completed in December 2021 and received a '**substantial assurance**' outcome proving that the framework is effective and that risk management arrangements within the council are sound.   A sample of risk owners, typically Divisional Directors, were interviewed and were reasonably confident in the identification, scoring and management of risks in their service areas.

Business Continuity Policy and Strategy 2022

3.6   BCM is a cross-functional, organisation-wide activity and 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 commissioned services;
- Other relevant stakeholders.

The BCM programme needs to be managed in a continuous cycle of improvement for it to be effective. Therefore, formal and regular exercise, maintenance, audit and self-assessment of the BCM **culture** are essential. To support the effectiveness of this key staff within each division are encouraged to attend the BCM awareness training sessions delivered by REBR. This is formalised at CMT and remains a key activity within 2022.

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. In many ways, Covid-19 has demonstrated that LCC's business continuity practices are effective and efficient (see paragraph 3.7) where the Corporate Business Continuity Plan, now the Incident Response Plan, which is developed as part of the overall framework for contingency planning, was invoked. The Incident Response Plan forms part of the overall framework for contingency planning which is reviewed annually and influences the implementation of business continuity practices within the organisation. The BCM framework adopted by LCC contributes towards identifying LCC's critical activities and ensures business continuity plans (BCPs) exist for those services. An annual self-certification process is standard practice whereby directors confirm their plans have been reviewed annually as a minimum and tested. However, plans should be updated to reflect changes in service areas as and when they occur. All critical activity BCPs are robustly reviewed every 2 years by REBR

The implementation of this revised Business Continuity Policy and Strategy will support the delivery of an effective BCM programme including the above-mentioned points.

3.7   How Covid-19 proved LCC'S BCM System was implemented:

- The Corporate BC Plan (now the Incident Response Plan) was invoked;

- An incident response team was set up which met weekly;

- Service level BCPs were invoked as required;

- LCC's Incident Response Team ensured critical services were up and running along with supporting infrastructure;

- Prior to the lockdown in March 2020, a Covid-19 Coordination Center was set up in the control room to provide guidance and information to staff and LCC schools;

- REBR facilitated recovery planning sessions with each division considering BC elements which helped plan their Covid-19 response.

LCC and the Local Resilience Forum (LRF)

3.8   REBR work with partners / stakeholders to discuss and share best practice and to promote business continuity. LCC's major incident plan, if invoked, is aligned to link to wider LRF emergency response plans and LCC work to ensure we have consistency of approach and work collaboratively to achieve the desired outcome. The Manager for Risk Management is recommencing and chairing a 'Multi-Agency Business Continuity Group' inviting BCP Officers from partner organisations to share good practice, how they dealt with responding to a BC related issue and what they have learnt from this. The participants include, for example, blue light services, district authorities, utilities.

4. Key deliverables

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

4.1. **Risk:**

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

- Continuance of the process whereby Divisional Directors (and now 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 Director of Delivery, Communications and Political Governance and the Manager, Risk Management;

- Continue to integrate risk management into the council's culture and its everyday business operations. Risk management should be a significant part of managers overall duties. 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 of our significant procedures, 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;

- A training programme has been established for 2022 **(Appendix 4 of the risk management strategy)**. Demand has required two additional sessions being added which have also been fully booked and the next available session is now November. Directors and managers should ensure they identify staff requiring risk management training not only through the appraisal process but also by job specification process. As highlighted above, this is a key deliverable for directors and their teams to better protect the council. It is the business areas that 'own' and should manage their risks;

- Risk is considered, identified and assessed in the procurement of goods / services with contractors and partners and;

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

4.2 **Business Continuity:**

- Continuing development of BCM at the council to better align with current accepted best practice standards (ISO 22301) and requirements of the Civil Contingencies Act (2004);

- Ensure 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 by managing the number of services deemed to be critical. This is being achieved through a business impact analysis process which focuses in on the specific and critical tasks and resources and the required timescales for restoration in any incident. This will enable us to have an even more clearly defined view of what is critical and the priority order for restoration of services and supporting infrastructure such as specific systems to guide areas like ICT in recovery during an incident. LCC currently have 40 Business Critical Services and it is anticipated through the business impact analysis process that this will be reduced and focused more to ensure that resources can be correctly prioritised in the event of an incident. This work is now reaching a conclusion and the Corporate Management Team will be asked to review the outcome in order to determine the priority of critical services for LCC.

- The former Corporate Business Continuity Plan has been combined with the Major Incident Plan, now the **LCC's Incident Response Plan** and work will continue to embed this plan. A virtual desktop exercise was conducted in December 2021 with senior managers to test and exercise the plan;

- Continued delivery of a specific business continuity training programme for senior managers, management and their staff, virtually during Covid-19;

- Review, maintain, update the corporate BCP template annually and promote council-wide use;

- Promoting BC Planning to schools and assisting with developing and testing of their BCPs and

- Targeted chargeable work with some academies.

Poorly managed incidents could leave the council and its officers exposed to insurance claims. Embedding risk management and business continuity is beneficial to the council to ensure proactive measures are taken in these areas to help maintain the organisation's reputation meeting stakeholder needs, ensure incidents are managed with minimal disruption and claims are kept to a minimum. This opens new doors to insurance premium discounts and reduced excesses as insurers look favourably at organisations that manage their risks. Business Continuity planning also protects the council, ensuring that it can help others in an emergency (facilitated by the BCP).

5. Financial, legal, equalities, climate emergency and other implications

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 Equalities 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.

As an organisation, with a range of different stakeholders, each with differing needs and expectations, this can be a challenge. 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) 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.'
Surinder Singh, Equalities Officer, Ext. 37 4148

5.4 Climate Emergency implications

'There are no significant climate change implications associated with this report'
Aidan Davis, Sustainability Officer, Ext 37 2284

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

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	

6. Summary of appendices:

Appendix 1 – Risk Management Policy Statement and Strategy

Appendix 2 – Business Continuity Management Policy Statement and Strategy

7. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

8. Is this a "key decision"? If so, why?

No