

## **RISK MANAGEMENT AND BUSINESS CONTINUITY ANNUAL REPORT**

### **Executive Summary**

Risk Management and Business Continuity Management are the two main disciplines through which the Council identifies, manages, and mitigates its business and operational risks. An annual report is submitted to the Executive to outline any activities or issues that have occurred.

Good progress in relation to Risk Management and Business Continuity has been made since the last annual report, the key highlights being:

- Corporate Strategic Risks have been reviewed and updated by CLT (every 3 months), and the risks that have been identified have been logged with owners allocated. The most recent version, reviewed in May, is attached as an appendix.
- A Corporate Risk Appetite Statement has been developed and adopted. Risk Appetite is defined as a target level of loss exposure that the organisation views as acceptable.
- Risk management training has been delivered to senior managers and Councillors.
- All annual updates required for Business Continuity have been completed in-line with agreed monitoring requirements. The key outputs being an updated Business Impact Analysis and the review of Action Cards for the Council's most critical services.
- The Business Continuity Strategy and associated documents are being reviewed by Zurich (the Council's insurers) to ensure that all associated plans are robust and as up to date as possible.

### **Recommendations**

The Executive is requested to:

#### **RESOLVE That**

- (i) the report be noted; and
- (ii) Risk Management and Business Continuity arrangements will continue to be reviewed and updated in-line with agreed monitoring arrangements.

### **Reasons for Decision**

Reason: The continuous development of Risk Management and Business Continuity is essential to ensure effective management and planning within the Council.

The Executive has the authority to determine the recommendation(s) set out above.

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**Background Papers:** None.

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# Risk Management and Business Continuity Annual Report

## 1.0 Introduction

- 1.1 The purpose of this report is to provide Members with an update on Risk and Business Continuity Management arrangements that are in place within the Council. The status of both functions is reported on an annual basis. Risk Management and Business Continuity provides the framework through which the Council identifies, manages, and mitigates its business and operational risks.
- 1.2 Risk Management is the process through which the organisation methodically identifies and manages the threats and opportunities that might exist within a Council activity. Business Continuity sets out to enhance the strategic and tactical capability of the organisation to plan for incidents and business disruptions, in order to continue business operations at an acceptable pre-defined level.
- 1.3 Risk Management and Business Continuity Planning are not one-off activities. They are part of a continuous process that runs throughout the Council's activities, considering all aspects such as projects as well as day-to-day work that is undertaken. Both disciplines must be integrated into the culture of the Council with an effective strategy and be led from the top.
- 1.4 The continuous improvement of risk and business continuity arrangements will also feed into the ongoing work of aligning strategic planning and performance management functions across the Council. All of these functions working together will provide an integrated and cohesive framework for prioritising the delivery of effective services.
- 1.5 The functional responsibility for corporate risk management and business continuity rests with the Corporate Leadership Team (CLT). The Business Improvement Team is accountable for overall delivery and review. All senior managers are responsible, with guidance and support from Business Improvement, for ensuring appropriate risk and business continuity arrangements are deployed in their functions, services, and areas of responsibility.

## 2.0 Risk Management

- 2.1 Risk can be defined as the combination of the probability of an event and its consequences. In any organisation there is the potential for events and consequences that can result in opportunities for benefits or threats to success. Since the last annual report, progress has been made in the following areas:
  - Corporate Strategic Risks have been reviewed and updated by CLT (every 3 months), and the risks that have been identified have been logged with owners allocated. The most recent version, reviewed in May, is attached as an appendix to this report.
  - A Corporate Risk Appetite Statement has been developed and adopted. Risk Appetite is defined as a target level of loss exposure that the organisation views as acceptable.
  - Risk management training has been delivered to senior managers and Councillors. The training sessions, which were planned and delivered in partnership with Zurich, were well attended; the majority of senior managers participated in the day session and 15 Councillors were present for the evening session.
  - Corporate strategic risks, along with an updated Risk Management Policy, were submitted to the Overview and Scrutiny committee in November and to the Executive in January for review.
  - Workshops have been held with teams across the Council to identify and map operational risks that fall within each of the Council's three directorates. Work is now underway with each Strategic Director to finalise directorate level risk registers.

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### 3.0 Strategic Risk Register

3.1 The Strategic Risk Register (Appendix 1) contains risks that are of a size and nature that could affect the delivery of significant Council objectives and targets. These risks are often at such a level where only CLT can influence and mitigate them through political and financial intervention, or other means such as redistributing resources.

3.2 Strategic risks will be fewer in number but would typically be high-scoring (representing the biggest threats) and may sit outside of the Council's tolerance and appetite levels. The identification of strategic risk is an essential element of good practice and demonstrates a proactive stance to managing key threats in a transparent way.

3.3 The Strategic Register was last updated by CLT in May 2023 and is attached at Appendix 1. Highlights from the risk register include:

- There are currently twelve strategic risks that have been identified.
- Six risks have a score which is beyond the Council's stated risk appetite i.e., these risks are higher than we feel comfortable with and will require closer monitoring. Of these risks, four are marked as black which signifies the highest risk score (16); these risks sit outside of the Council's tolerance thresholds and will be reviewed every month.
- Each risk has mitigation plans in place, and progress to manage the risk has been identified and recorded.

3.4 Changes to risks since the last report. Each number refers to the Risk Number in the Appendix.

1. Risk one: the wording has changed from:
  - i. "Risk that the council is unable to set a balanced budget without a significant negative impact to, and reduction of, service delivery" to
  - ii. "Risk that the Council is unable to bridge a budget shortfall of £9.5m". The risk remains the same at 4,4 before mitigation and changed from 3,4 to 4,3 (higher probability, reduced severity) after mitigation, leading to the same score of 12
2. Risk two is new: "Risk that the Council's large-scale investments and financial operations have led to, and continue to contribute towards, a deficit financial position of strategic dimensions which cannot be overcome without Government Support.": 4,4, and 3,4
3. Group company risks unchanged
4. Workforce resilience risk unchanged
5. Woking For All Strategy risk increases from 3,4 to 4,4, giving a risk before mitigation of 16, after mitigation unchanged at 9
6. Business Continuity risk unchanged
7. Cyber Security risk unchanged
8. Government policy risk falls from 3,4 to 3,3 before and after mitigation
9. Risk of economic vitality not being sustained also falls from 3,4 to 3,3 before mitigation, and falls from 3,3, to 2,3 after mitigation
10. The Community Engagement Risk has been reworded from:
  - i. "Risk that the renewed commitment to community engagement does not improve public perception of the Council" to:

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- ii. "Risk that the Council's financial position will lead to reputational damage with residents, staff, partners, and other stakeholders." The risk has increased from 3,3 to 4,3 before mitigation and increased from 2,3 to 3,3 after
- 11. Cost of living risk decreases from 4,4, to 4,3 before mitigation and remains the same after mitigation at 4,3
- 12. Risk 12 is new: Risk that WBC fails to meet its statutory and regulatory requirements in respect of housing: 4,3 and 2,3

### 4.0 Business Continuity

- 4.1 Various documents and procedures make up the Council's Business Continuity Plans. These are listed here:

**Business Continuity Strategy:** This document details the purpose of Business Continuity Management, the Council's overall approach to Business Continuity (including documentation, organisational structure, testing and training), and the relationship between Business Continuity, Emergency Planning and Disaster Recovery.

**Business Continuity Incident Plan:** The Business Continuity Incident Plan details the steps that should be taken when faced with a Business Continuity disruption. This plan lists the process that will be taken to ensure that critical functions remain up and running, or are brought back into action, in the event of a threat to normal service.

**Business Impact Analysis (BIA):** Analysis is undertaken annually to identify the Council's most critical functions that need to continue to run in the event of a Business Continuity disruption. The BIA assesses what the impact would be if a function were not available in a particular time period and in a particular circumstance.

**Action Cards:** An Action Card is completed for any Council function that is assessed as having a 'disaster' level of impact if it was unavailable. This document details the things that would stop the service running (e.g., lack of staff, loss of the Civic Offices), any mitigation action that has been taken to reduce the impact of the issue, and actions that would be taken to restore the service to an acceptable minimum standard. The Action Card also lists the people that would be responsible, the equipment and information they would require, and the overall actions that they would take to respond to a Business Continuity disruption.

**Alternative Premises Plan:** The Alternative Premises Plan details the process for setting up the Upper Gallery at the Leisure Centre as the Council's main base of operations should the Civic Offices be unavailable for any reason.

- 4.2 All annual updates required for Business Continuity have been completed in-line with agreed monitoring requirements. The key outputs being an updated Business Impact Analysis and the review of Action Cards for the Council's most critical services.
- 4.3 The Business Continuity Strategy and associated documents are scheduled to be reviewed and updated in 2023. To support this work, Zurich (the Council's insurers) will be assessing all documentation related to Business Continuity to ensure that the plans remain as robust as possible. Zurich will work with Business Improvement to enhance the plans and provide necessary training and/or test regimes where appropriate. This work will be at zero additional cost to the Council, as it is covered within the insurance annual support package that is already in place. Further updates will be made when the work is completed.

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### **5.0 Conclusions**

- 5.1 The thorough application of Risk Management and Business Continuity Management remains essential for the Council. Good progress has been made in strengthening the corporate approach to risk management. Work is also ongoing to further align risk and business continuity principles with emergency planning and disaster recovery, to ensure that the Council can achieve a robust and joined-up approach in all of these areas for the future.

### **6.0 Corporate Strategy**

- 6.1 Risk management and business continuity are themes that need to be considered across all Council services. These disciplines underpin the effective delivery of the functions that the Council provides, which in turn supports the objectives listed in the Corporate Strategy.

### **7.0 Implications**

#### Finance and Risk

- 7.1 No additional implications arise specifically from the report but any proposals to further improve or enhance resilience may have cost implications and these would be identified in any such proposal.
- 7.2 There are no risk implications, other than those outlined in this report.

#### Equalities and Human Resources

- 7.3 None arising from this report.

#### Legal

- 7.4 None arising from this report.

### **8.0 Engagement and Consultation**

- 8.1 None arising from this report.

REPORT ENDS