

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.
- Risks have been mapped and updated with Strategic Directors and Heads of Service for Communities, Corporate Resources, and Place Directorates.
- 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, Incident Plan, and associated documents are scheduled to be updated in 2024. This will include a full review of the content and structure to ensure that the plans remain as robust 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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1.0 Introduction

- 1.1 The purpose of this report is to provide Members with an annual update on Risk and Business Continuity Management arrangements that are in place within the Council. Risk Management and Business Continuity provide the framework through which the Council identifies, manages, and mitigates its business and operational risks.
- 1.2 Risk Management is the process that enables the organisation to methodically identify and manage 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 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 Corporate Strategy Team is accountable for overall delivery and review. All senior managers are responsible, with guidance and support from Corporate Strategy, 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.
 - Risks have been mapped and updated with Strategic Directors and Heads of Service for Communities, Corporate Resources, and Place Directorates. This process captures operational risks that exist across the Council – these are reviewed every 6 months.
- 2.2 A great deal of progress has been made in the development of risk management over the last two years, with particular focus around strengthening governance and accountability. The introduction of Quarterly Assurance Meetings ensures all risks (both strategic and operational) that sit outside of the Council's defined appetite levels are formally assessed and monitored by CLT. As part of the continuous improvement journey, a key next step will be to further embed risk across all levels of the Council; this will be achieved through training/workshops for Heads of Service and all Senior Managers in June.

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 achievement of significant Council objectives and targets. These risks are often at

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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 2024 and is attached at Appendix 1. Highlights from the risk register include:

- There are currently thirteen 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 agreed appetite levels and will require closer monitoring. Of these risks, five 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 more frequently.
- Each risk has mitigation plans in place, and progress to manage the risk has been identified and recorded.

3.4 Key changes to the risks since the last report are as follows:

1. Risk one wording has changed from:
 - i. "Risk that the Council is unable to bridge a budget shortfall of £9.5m" to
 - ii. "Risk that the Council is unable to balance its General Fund and Housing Revenue Account budgets over the medium-term". The risk remains the same at 4,4 before mitigation and 4,3 (same probability, reduced severity) after mitigation, leading to the same score of 12.
2. Risk two is new: "Risk that the Council is exposed to fraud".
3. Risk three is new: "Risk that the Council does not deliver value for money with the delivery of asset rationalisation in order to reduce the Council's debt to an agreed and affordable level".
4. Risk four wording has changed from:
 - i. "Risk that WBC Group Company(s) do not deliver to their approved business plans" to
 - ii. "Risk that Council companies do not have sufficiently robust cashflow forecasting and management arrangements in place". The risk score remains the same pre and post mitigation.
5. Risk five wording has changed from:
 - i. "Risk that workforce resilience will be negatively impacted if recruitment, retention, and succession planning is not actively managed" to
 - ii. "Risk that workforce resilience, capability and capacity is not sufficient to deliver the ambitions of the Woking Vision and core service objectives in 2024/25". The risk has increased to 4,4 before mitigation and remains the same 3,3 post mitigation.
6. Risk six is new: "Risk that the Council's focus on the Improvement and Recovery Plan leads to a loss of strategic direction and attention to the performance of the core services of the Council".
7. Risk seven remains the same.

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8. Risk eight is new: "Risk the principle of Risk Management is not fully embedded at all levels of the Council".
9. Risk nine remains the same.
10. Risk ten wording remains the same, however the severity score pre-mitigation has increased from 3 to 4.
11. Risk eleven wording has changed from:
 - i. "Risk that the cost-of-living pressures for Woking residents will lead to increased demand on Council services that cannot be met within existing resources." to
 - ii. "Risk that the cost-of-living pressures for Woking residents will lead to a reduction in income collected and increased demand on Council services that cannot be met within existing resources". The risk remains the same before mitigation and has decreased to 3,3 post-mitigation.
12. Risk twelve wording remains the same, however the probability score post-mitigation has increased from 2 to 3.
13. Risk thirteen is new: "Risk that the Housing property portfolio will continue to deteriorate without sufficient investment".

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. The purpose of the Plan is to ensure that critical functions remain up and running or are brought back into action in the event of a disruption 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.

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- 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, Incident Plan, and associated documents are scheduled to be updated in 2024. This will include a full review of the content and structure to ensure that the plans remain as robust as possible.

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 across these areas in 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