



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Governance and Audit Committee

23 July 2020

Report of: Councillor Adam Stokes

Cabinet Member for Finance and
Resources



Risk Management and Business Continuity Annual Report 2019-20

In accordance with the terms of reference of the Committee, it is a requirement to produce an annual report on the risk management and business continuity arrangements in place. Risk management and business continuity are fundamental to the Council's achievement of its strategic objectives. This report relates to the financial year 2019-20 and summarises the work delivered during this period.

Report Author

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Corporate Priority:

Administrative

Decision type:

Administrative

Wards:

All Wards

Reviewed by:

Alison Hall-Wright, Head of Finance

6 July 2020

Approved by:

Richard Wyles, Interim Director of Finance

9 July 2020

Signed off by:

Councillor Adam Stokes, Cabinet Member for Finance
and Resources

10 July 2020

Recommendation to the decision maker

1. The Governance and Audit Committee is asked to note the contents of this report.

1 The Background to the Report

- 1.1 Two of the key areas for the Governance and Audit Committee, as part of its terms of reference, is to monitor and review the risk management and business continuity arrangements in place and, the activities that are being undertaken to assess the effectiveness of those arrangements.

2 Risk Management Annual Report

The Risk Management Framework

- 2.1 The current Risk Management Framework 2018-20 was revised and approved by Governance and Audit Committee at its meeting on 20 September 2018. The Framework provides details of the risk environment the Council operates within, and the controls and mechanisms that are in place, to ensure risk is sufficiently managed by officers and Members. Throughout the period of 2019-20, the risk management activities have been undertaken in accordance with the Framework.
- 2.2 The Risk Management Framework will be reviewed in 2020-21 following the approval of the adoption of a strategic risk register by the Committee on 4 June 2020. As part of further alignment, the Council's approach to risk scoring will be reviewed to better reflect the Council's risk appetite. This will be undertaken as part of the annual review of the Risk Management Framework.

Risk Management Internal Audit

- 2.3 Internal Audit undertook a review of the Risk Management Framework in December 2019 as part of the Internal Audit Plan 2019-20. The review resulted in substantial assurance and the report was presented to Governance and Audit Committee on 4 June 2020.

Risk Management Group

- 2.4 The Risk Management Group, consisting of all Heads of Service (or their representative) plus other key officers, and chaired by the Governance & Risk Officer, met twice during the year, to discuss issues relating to risk management, internal audit, insurance, counter fraud, governance, procurement, business continuity and safeguarding.

Service Risk Register

- 2.5 An exercise to review the risks was undertaken in October 2019. The assessment considered if:
- all the previous risks identified were still relevant;
 - those risks were being managed and what controls were in place;
 - there were any emerging risks that needed to be included.
- 2.6 The review covered both the 'business as usual' and 'exceptional' risks. Exceptional risks are those which scored highly or a new risk to the Service, which is causing concern and as such the risk will be included on the Exceptional Service Risk Register. These identified risks are discussed at the Risk Management Group.
- 2.7 Heads of Service were also asked to review and identify any service risks as a result of the impact of the Coronavirus. This review exercise started at the end of March 2020 and concluded early April 2020, with Heads of Service reporting no major concerns.

Corporate Risk Register

2.8 The Governance and Audit Committee last approved the Corporate Risk Register on 18 December 2019. The proposed changes to the way the Council will manage its corporate risks were captured within the report, which was presented to Committee on 4 June 2020. It was agreed, by the Committee that the corporate risks could be subsumed within the proposed strategic risks, with an appropriate narrative, because these are more aligned with the Council objectives:

- Enabling community transformation
- Achieving Council transformation
- Efficient and effective internal control/compliance
- Ensuring financial resilience
- Creating the right culture, capacity and capability
- Ability to be agile and shift focus in response to policy and political change

Annual Assurance Statement

2.9 Heads of Service have produced an Annual Assurance Statement for 2019-20 which assessed the effectiveness of their key internal control environment. Heads of Service were asked to agree, or otherwise, to various statements based on their knowledge and understanding across seven core areas of assurance:

- Business Continuity
- Governance
- Health and Safety
- IT Security and Confidentiality
- Probity and Regularity
- Procurement
- Staffing and Development

2.10 The overall assurance level revealed that managers fully agreed with 82% of the statements on assurance with the remainder being 8% partially agreed; 3% not agreed and 7% did not know.

2.11 Suggested actions will be taken to improve the level of assurance over the controls. These may be addressed at service level, or corporately, to improve internal controls. Internal Audit as part of the annual planning process will seek verification of the assurance levels being provided. This will further inform the overall assurance with regards to the management of assurance within the Council. Actions will be monitored throughout 2020-21.

3 Business Continuity Annual Report

Introduction

3.1 The period 1 April 2019 to 31 March 2020 was a year dominated by two unique and wide ranging 'emergencies' – planning for the potential implications of our exit from the European Union (EU), and the Coronavirus outbreak.

3.2 During the period 2019-20, the Council undertook considerable work, both singly and as part of wider County planning, relating to Brexit and the potential impacts forecast.

3.3 Risk assessments were completed for the key potential consequences, that were identified and where appropriate measures have been taken to reduce or mitigate any impacts. It is anticipated that this work will progress, in the near future, as the country moves towards the

new normal. This will allow resources, currently involved with the Covid 19 situation, to refocus on the Council's preparation arrangements for our exit from the EU.

Business Continuity Plans

- 3.4 Specific Business Continuity-related plans have also been further developed to address other potential risks and events relevant to the Council. In light of potential risks being identified, to the fuel supply chain, as a result of our exit from the EU, a Fuel Contingency Plan has been drafted. This identifies critical fuel users, estimates average fuel use from the purchased fuel stock, and identifies ways to maximise that fuel stock until such time as the issue is resolved. Similarly, the Election Emergency Plan has been reviewed to recognise changes in key election staff, as well as adding considerations relating to the possible impacts following severe weather. The election held on the 12 December 2019 assisted the Council to identify these types of possible risks. It is usual for an election to be held in the summer months and accordingly, the potential risks were identified for holding an election during the winter.

Emergency Plan

- 3.5 Throughout the period of 2019-20 work has continued to review the Emergency Plan to develop and include an on-call strategic officer role. This on-call strategic officer role was established to ensure the Council always has access to assistance from an officer, for advice relating to internal emergencies and also the officer can participate at any multi-agency strategic co-ordination groups. This role provides direction and overview for any District Council response to an emergency situation, as well as ensuring effective liaison with Elected Members.

Training

- 3.6 Multi-agency strategic-level training was delivered during the period 2018/2019 by the Local Resilience Forum and tactical-level training was provided during November 2019. Three officers from this Council attended, providing advice and information to enable the officers to be able to take the lead on both single and multi-agency incidents, as and when required.
- 3.7 To enhance the skills and experience of officers during incidents, an emergency exercise was held during July 2019. The scenario was a major fire at a Council owned residential premises, and the exercise focused on immediate response, communications and the welfare of those affected. To enhance the realism of the exercise, and build on the local multi-agency partnership, representatives from Lincolnshire Police, Lincolnshire Fire and Rescue and Lincolnshire County Council's Emergency Planning also participated. This encouraged the parties to cooperate and understand each other's roles and responsibilities, which has been unseen in previous single agency local exercises.

Coronavirus

- 3.8 The Coronavirus outbreak occurred at the end of the period of the annual review of the service level business continuity plans. This outbreak prevented the running of the annual business continuity service-level exercise. This had been planned to cover testing of remote working and the new flexible working capabilities being put into place. Covid 19 and the restrictions it places upon us, all prompted a significant change in working practices and tested our existing Emergency Planning and Business Continuity arrangements. These plans were not designed for an incident over such a long period. The Business Continuity Recovery Team was established on 11 March 2020, which was just one week prior to the implementation of lockdown. Significant progress was made by quickly establishing the ICT

needs of staff to enable full roll out of homeworking to be successfully implemented. Existing Business Continuity Plans were reviewed, to highlight key risks and single points of failure, during lockdown, and solutions have been implemented. As a result, not only is the service delivery maintained throughout, it has enabled additional support to be given to the local community.

ICT

- 3.9 The ICT team successfully completed the rollout of the laptops and call centre telephony technology to enable staff to be able to work from home. There is currently a daily average of over 400 users, working from home, which compares to 30 officers prior to Covid. This was achieved by distributing to officers in critical roles with laptops which have been returned by other employees, unused, and unallocated laptops.
- 3.10 Other than scheduled works, there has only been 1.5 hours of system downtime during the lockdown where ICT rectified an issue that affected the infrastructure and user's ability to access their systems. The ICT team continue to provide a robust virtual ICT Helpdesk to support officers and Members to work from home and provide support to remote users with any issues experienced to ensure a quick turnaround. This level of homeworking can be maintained for a sustained period, allowing the Council to modernise services and maintain customer access to our services.
- 3.11 Significant efforts from the ICT team enabled the successful delivery of virtual Committee meetings, including full Council, with public access where needed, using our in-house Skype for Business solution. The ICT team continue to provide virtual and physical support for all of the virtual meetings to ensure systems are in place and Members are supported. Further developments include creating a meeting environment using visual and audio that supports onsite, virtual and hybrid meetings. This will enable these meetings to be webcast live, and recorded and comply with all guidance and legislation relating to local council's committees.

Conclusion

- 3.12 The ability to conduct Council business, whilst complying with the restrictions in place as a result of the Coronavirus outbreak, will lead to a fundamental review of the Council's business continuity plans. Prior emphasis on alternative premises, as a relocation option for service areas, no longer applies, whilst the reliance on a robust ICT infrastructure and communications has grown. Recent investment in the resilience of the ICT infrastructure and the use of Microsoft Teams has significantly strengthened the resilience of the Council. Business Continuity and Disaster Recovery Plans will reflect this going forward.
- 3.13 The events of 2019/20 and early 2020/21 have demonstrated the robustness of our emergency planning and business continuity arrangements, as well as the ability of managers and staff to adapt. It is essential that the Council continues to work at this level to maintain and improve our corporate resilience and the ways in which we are able to support our partners, agencies and communities during an emergency situation.

4 Consultation and Feedback Received, Including Overview and Scrutiny

- 4.1 The Governance and Audit Committee is asked to note the following proposed actions which are further detailed in Appendix A where appropriate:
- An additional Governance and Audit Committee to be held on 5 November 2020 to focus on Risk Management including the following:

- The creation of a Strategic Risk Register which will subsume the current corporate risks
- The move away from capturing ‘business as usual’ service risks to focussing on ‘emerging’ and ‘exceptional’ risks
- The improvement to the Annual Assurance Statement process which will capture corporate controls
- The utilisation of software which will provide greater visibility and strengthen accountability

5 Reasons for the Recommendation

5.1 Governance and Audit Committee, as part of its terms of reference, is required to monitor and review the risk management and business continuity arrangements in place and the activities that are being undertaken. In order to be able to consider the outcome of any review of existing arrangements, the Committee must be fully informed.

6 Next Steps – Communication and Implementation of the Decision

6.1 None

7 Financial Implications

7.1 These are contained within the report where appropriate.

Financial Implications reviewed by: Richard Wyles, Interim Director of Finance

8 Legal and Governance Implications

8.1 Members of the Committee are responsible for monitoring actions taken and to be taken on behalf of the Council, to identify corporate business risks and assess whether they are being effectively managed. It is essential they are kept up to date with details of the risks and how they have been mitigated.

Legal Implications reviewed by: Shelley Hardy, Legal Services

9 Equality and Safeguarding Implications

9.1 None

10 Risk and Mitigation

10.1 These are contained within the report where appropriate.

11 Community Safety Implications

11.1 None

12 How will the recommendations support South Kesteven District Council’s declaration of a climate emergency?

12.1 The recommendations will have a neutral effect on the Council’s declaration of a climate emergency.

13 Background Papers

13.1 Risk Management Framework and Appendix

[Report to the 20 September 2018 meeting of the Governance and Audit Committee](#)

[Appendix A - Risk Management Framework 2018 - 2020](#)

13.2 Internal Audit Progress Report

[Report to the 4 June 2020 meeting of the Governance and Audit Committee](#)

13.3 Corporate Risk Register and Appendix

[Report to the 21 March 2019 meeting of the Governance and Audit Committee](#)

[Appendix A – Corporate Risk Register March 2019](#)

13.4 Risk Management Framework - Proposed Changes and Appendices

[Report to the 4 June 2020 meeting of the Governance and Audit Committee](#)

[Appendix A - Mapping of Corporate Risks to Strategic Risks](#)

[Appendix B - Strategic Risks](#)

Report Timeline:	Date of Publication on Forward Plan (if required)	Not required
	Previously Considered by	Not applicable
	Final Decision date	23 July 2020