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# Chelmsford City Council Audit and Risk Committee

**22<sup>nd</sup> January 2025**

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## **Risk Management Report – January 2025**

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### Report by:

Risk and Insurance Manager

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### Officer Contact:

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### Purpose

This report summarises the current position for the Council's Principal Risks and outlines risk management activity for 2024/25.

### Recommendations

Audit and Risk Committee are requested to note the contents of this report.

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## 1. Background

1.1. It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated with our plans and strategies, so as to:

- ✓ encourage responsible, informed risk taking within our risk appetite
- ✓ reduce exposure to a tolerable level using a justifiable level of resources

1.2. An effective risk management framework should:

- ✓ provide risk information to support decision-making and resource allocation
- ✓ improve compliance with policies, procedures, laws and regulations and stakeholder expectations; and
- ✓ provide assurance to internal and external stakeholders that the Council is well-managed

- 1.3. The risk management function assists the Council to identify, understand and manage its risks. The function reports twice a year to the Audit and Risk Committee to enable the Committee to monitor the effective development and operation of risk management in the Council.

## 2. Risk management activity for 2024/25

- 2.1. The Risk and Insurance Manager facilitated a review of the Council's Risk Register to ensure it is up to date and reflects the current risk profile and risk appetite. A revised Risk Register has been produced and subsequently approved by Management Team. Some new risks were added, and others reviewed and their risk profile changed to reflect the current risk category. All risks were replotted on the heat map to provide a visual resume of the risks facing the Council. The Risk Register was reviewed again by the Management Team in November 2024, and the Risk Register and heatmap have been upgraded to reflect this latest review.

## 3. Principal Risk Summary

- 3.1 The Principal Risk Register is central to the risk management framework. The Principal Risks (which may include strategic, operational, project or compliance risks) are those which require regular oversight at senior level. Management Team receive detailed information from the Register to ensure that, where necessary, action is taken to further mitigate risks outside the Council's indicative risk appetite.
- 3.2 A summary of the Council's Principal Risks can be found in Appendix 1. Much of the detailed information contained within the underlying Register is operational and may, in some cases, be sensitive.
- 3.3 We have implemented a slightly different approach to risk identification and risk capture in 2024, resulting in an increased number of risks on our risk register and heat map. This change relates to the increased volatility facing local councils and we feel it is important for there to be senior level visibility of all the key risks identified in the risk review. These have been reviewed and rated by the Management Team.
- 3.4 Risk Management process is a subjective management tool and is designed to assist the strategic direction, and operational running of the Council and ensure key issues are highlighted and resources allocated appropriately. It is essential to consider that:
  - Some risks may be heavily influenced by external factors outside the Council's control
  - Where inherent risk is increasing, additional work may have been undertaken to maintain the same current risk level
  - Risks are constantly changing.

#### 4. Future Work

- 4.1. Options for resourcing the Risk Management and Insurance Manager role following its restructure is currently being considered. This also includes consideration around options for risk management reporting.
- 4.2. Once these key areas are clearer, a new Risk Management Strategy will be developed to set out new strategic objectives for the service including corporate risk, compliance reporting for Fire and Health and Safety risk management, the management of insurance risk and operational risk.

#### 5. Conclusion

- 5.1. The Principal Risk Summary & Heat Map is attached for Audit & Risk Committee to note

#### List of appendices:

Appendix 1 - Principal Risk Summary & Heat Map

#### Background papers:

None

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#### Corporate Implications

Legal/Constitutional: The Council has a legal duty to ensure that it has a sound system of internal control, which includes effective arrangements for the management of risk (Regulation 3 (Part 2) of the Audit and Accounts Regulations 2015). The risk management framework encourages risk owners to consider the potential legal and regulatory consequences, should a risk event occur.

Financial: The risk management framework encourages risk owners to consider the potential financial consequences, should a risk event occur.

Potential impact on climate change and the environment/ Contribution toward achieving a net zero carbon position by 2030: Reputational consequences set out within the risk management framework encourage risk owners to consider environmental aspects of their activities.

Personnel: The corporate risk management framework is being implemented within existing staff budgets.

Risk Management: Effective risk management is an essential part of good governance, providing assurance to internal and external stakeholders that the Council is well-managed. This report is intended to enable the Committee to fulfil its role in overseeing the effective operation and development of risk management at the Council.

Equality and Diversity: Equalities implications of Council activities are considered at initiative level.

Health and Safety: The risk management framework encourages risk owners to consider the potential safety, health and wellbeing implications for staff and/or service users, should a risk event occur.

Digital: Risks relating to cyber security are considered within the risk management framework

Other: None

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**Consultees:**

Management Team noted the Risk Management Report in January 2025

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**Relevant Policies and Strategies:**

None

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## Principal Risk Register and Heat Map (January 2025)

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Potential Risk Event	Comments
PRR 031	Local government review	Legal and regulatory	All Themes	Nick Eveleigh	Very High	22	Unification, devolution, legislative changes	MT are monitoring and assessing the development of LGR and its impacts and will be establishing plans accordingly.
PRR 024	Asset management funding and replacement	Operations	A greener and safer place	Keith Nicholson	Very High	22	Inadequate planning and investment in key assets which impacts of the ability to provide services or degrades income earning capacity	There are a number of properties that require refurbishment or replacement, condition surveys identify requirements, but the necessary work must be planned and budgeted for.
PRR 032	Budget and Financial Position	Financial	All Themes	Nick Eveleigh	Very High	22	The sustainability of the Council's financial position is challenged	Ongoing financial pressures are being monitored and mitigated through Council's Medium-Term Financial Strategy, budget setting, and capital and revenue monitoring cycles.
PRR 023	Governance - Key person/Succession planning/recruitment and retention	Operations	All Themes	Nick Eveleigh	Very High	20	Loss of key staff may result in a significant loss of knowledge and experience which could seriously impact on service delivery.	Identify dependencies on key persons and implement succession planning
PRR 001	Cyber Security	Operations	All Themes	Louise Goodwin	Very High	18	Malicious attack results in significant loss of sensitive data and/or significant disruption to Council operations	The Council continues to respond to the increasing cyber threat by completing a programme of work coordinated by its consulting Chief Information Security Officer.

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Potential Risk Event	Comments
PRR 012	Chelmer Waterside Development	Projects	A fairer and more inclusive place	Keith Nicholson	Very High	18	The housing and other development potential of Chelmer Waterside may not be realised in accordance with the new Local Plan	Consultant project managers monitor and report monthly on project risk and performance.
PRR 014	Health and Safety	Legal and Regulatory	A greener and safer place	Keith Nicholson	Very High	18	A serious health and safety incident occurs	The Council annual Health and Safety (H&S) audit programme continues using H&S specialists, Peninsula.
PRR 026	Pandemic	Operations	A greener and safer place	Nick Eveleigh	Very High	18	Occurrence of another pandemic severely impacts ability to provide key services	Maintain up to date contingency plans and measures to minimise the potential impact
PRR 036	A12 Widening Project	Projects	Local Plan	Paul Brookes	Very High	18	A decision to not fund the previously agreed widening of the A12 (a decision is due in Spring 2025).	If improvements to Junction 19 are not provided, key strategic sites in the Local Plan may not be deliverable. May result in reputational damage and increased cost.
PRR 005	Fraud	Financial	All Themes	Nick Eveleigh/ Louise Goodwin	High	16	Major fraud attempt (potentially undetected) is successful and there is little or no recourse for the Council	Detailed fraud risk assessment has been completed and a fraud action plan is in place.
PRR 006	Homelessness	Operations	A Fairer and more inclusive place	Paul Brookes	High	16	Inability to meet our statutory obligations to the homeless (and/or use our statutory powers to assist the homeless) promptly, effectively and efficiently	Measures currently being implemented should reduce demand whilst increasing availability of temporary accommodation whilst reducing cost, although high level of risk remains.

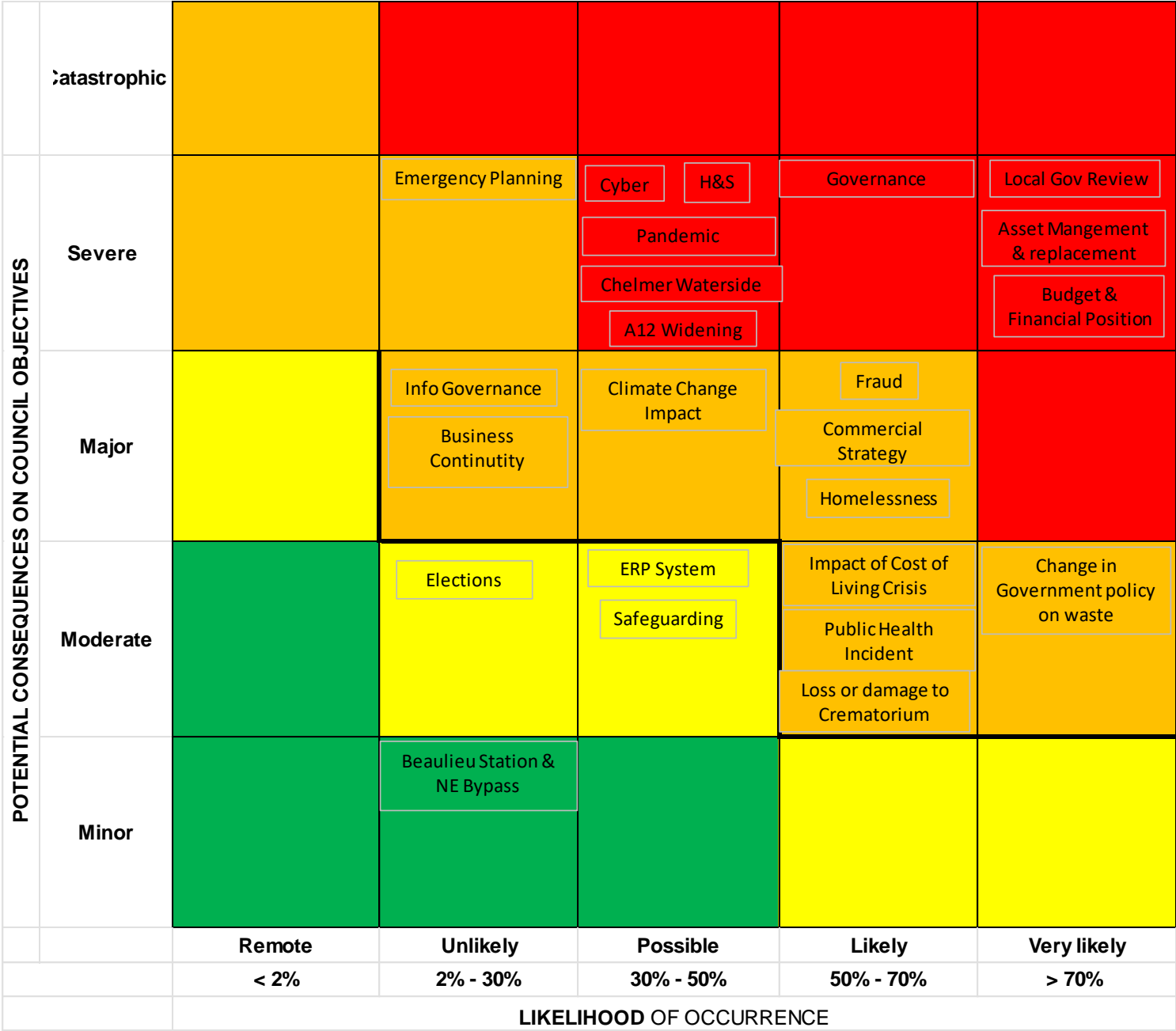
Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Potential Risk Event	Comments
PRR 033	Commercial Strategy	Projects	A greener and safer place	Keith Nicholson	High	16	Involvement in commercial investment properties	Review commercial investment plans and ensure these are within the current appetite.
PRR 004	Emergency Planning	Operations	A greener and safer place	Keith Nicholson	High	15	Ineffective emergency planning response breaches the Council's duties under the Civil Contingencies Act	The Council continues to work with Essex Resilience Forum to ensure it is well-placed to respond.
PRR 025	Impact of climate change	Operations	A greener and safer place	Keith Nicholson	High	14	Inadequate understanding of the potential impact of climate change and failure to mitigate the risks	Implementation of the Council's Climate and Ecological Emergency Action Plan to address the potential impacts of climate change, including improving flood resilience in Chelmsford
PRR 003	Business Continuity	Operations	All Themes	Keith Nicholson	High	13	Ineffective business continuity response enables an event to disrupt Council operations to a greater extent than planned for	Council strategy is being adapted (a) for changes to working patterns and the digital environment (b) to focus on operational resilience (rather than specific events). The Council remains well-placed to respond.
PRR 016	Information Governance	Legal and Regulatory	All Themes	Louise Goodwin	High	13	A serious data breach occurs and/or other significant instance of non-compliance with data legislation	Implementation of the Council's GDPR action plan continues. Inherent risk of the very highest financial penalties for non-compliance being issued to local government bodies appears reduced.
PRR 030	Change in government policy on waste	Operations	A greener and safer place	Keith Nicholson	High	12	The cost of new obligations are not fully covered by additional resources being made available	Ensure the Council is positioned to meet the new requirements and has adequate capacity to meet future demand.

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Potential Risk Event	Comments
PRR 028	Impact of cost of living crisis	Operations	A greener and safer place	Keith Nicholson	High	11	Increased poverty, homelessness, civil unrest	Linked to PRR 006 & PRR 004 – ensure strategies in place to consider impact of cost of living on residents.
PRR 029	Public Health	Operations	A greener and safer place	Keith Nicholson	High	11	Major public health emergency	Undertake separate risk assessment to establish potential emergency situations, liaise with Essex Resilience Forum. (Linked to PRR 004)
PRR 034	Loss or damage to the crematorium	Operations	A greener and safer place	Keith Nicholson	High	11	The Council is unable to meet its obligations as the burial and cremation authority for the area	Complete condition surveys and complete required maintenance regimes. Set up reciprocal arrangements with alternative suppliers. Source alternative location to increase burial and cremation capacity and improve resilience
PRR 010	Enterprise Resource Planning	Projects	All Themes	Nick Eveleigh	Medium	9	The intended benefits of the TechOne system are not realised in full including Asset Management Module	Priorities for TechOne development are under review by TechOne Board/ Management Team.
PRR 015	Safeguarding	Legal and Regulatory	A greener and safer place	Keith Nicholson	Medium	9	A safeguarding incident occurs which, through action or omission by the Council, might otherwise have been prevented	A recent Section 11 child safeguarding audit (by Essex Safeguarding Board-moderated self-assessment) gave positive assurance that child safeguarding objectives are being met.
PRR 035	Elections	Legal and regulatory	A fairer and more inclusive place	Louise Goodwin	Medium	7	Recruitment of staff to run elections, election fraud/failure	Ensure staff are available to run elections effectively.



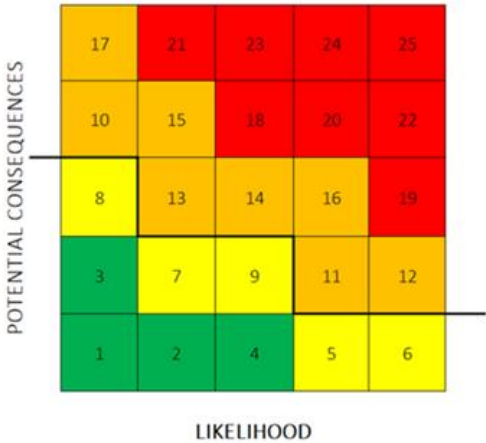
Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Potential Risk Event	Comments
PRR 020	Beaulieu Station & Chelmsford NE Bypass	Projects	A fairer and more inclusive place	Paul Brookes	Low	2	Funding is partially or wholly withdrawn resulting in non-delivery of key infrastructure	Essex County Council continues to lead on risk management, and good progress on both projects.

Principal Risk Heat Map



Risk score	Risk level	Management response
18 to 25	Very High Risk	Critical - Immediate/ sustained action required
10 to 17	High Risk	Concerned - Action required (exceeds appetite)
5 to 9	Medium Risk	Cautious - Action required (to ensure appetite is not exceeded)
1 to 4	Low Risk	Comfortable - monitor and review (low cost/ efficiency measures only)

Indicative risk appetite



	FINANCIAL	OPERATIONS	PEOPLE	REPUTATION	LEGAL & REGULATORY	MAJOR PROJECTS	AUDIT
CATASTROPHIC	Catastrophic financial loss. (>£20 million*)	Permanent cessation of core activities	Multiple fatalities.	Future viability of the organisation threatened.	External control of the Council assumed.	Repeated failure of high-profile projects. All discretionary funding withdrawn.	
SEVERE	Severe financial loss (>£1 million *)	Extended disruption of core activities in excess of normal recovery timescales, with adverse impact on the wider community.	Life-threatening or multiple serious injuries (to staff or service users) or prolonged workplace stress. Severe impact on morale and service performance. Mass strike actions etc.	Critical impact on the reputation or brand of the organisation. Intense political and media scrutiny i.e., national front-page headlines, TV.	Possible criminal, or high-profile civil action against the Council, Members or officers. Statutory intervention triggered with impact across the whole Council. Critical breach in laws and regulations that could result in severe fines or consequences.	Failure of major projects and/or politically unacceptable increase on project budget/cost. Elected Members are required to intervene.	Critical Priority
MAJOR	Major financial loss. Service budgets exceeded (£200k to £1 million*)	Disruption to core activities. Some services compromised. Management Team action required to overcome medium-term difficulties.	Serious injuries or stressful experience (for staff member or service user) requiring medical attention/ many workdays lost. Major impact on morale and performance of staff.	Major impact on the reputation or brand of the organisation. Unfavourable media coverage. Noticeable impact on public opinion.	Major breach in laws and regulations resulting in major fines and consequences. Scrutiny required by external agencies.	Key targets missed. Major increase on project budget/ cost. Major reduction to project scope or quality.	High Priority
MODERATE	Moderate financial loss. Handled within the team (£50k to £200k*)	Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service Manager action will be required.	Injuries (to staff member or service user) or stress levels requiring some medical treatment, potentially some workdays lost. Some impact on morale and performance or staff.	Moderate impact on the reputation or brand of the organisation. Limited unfavourable media coverage.	Moderate breach in laws and regulations resulting in fines and consequences. Scrutiny required by internal committees or internal audit to prevent escalation.	Delays may impact project scope or quality (or overall project must be re-scheduled). Small increase on project budget/cost. Handled within the project team.	Medium Priority
MINOR	Minor financial loss (< £50k*)	Minor errors in systems/ operations or processes requiring Service Manager or Team Leader action. Little or no impact on service users.	Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale.	Minor impact on the reputation of the organisation.	Minor breach in laws and regulations with limited consequences.	Minor delay without impact on overall schedule. Minimal effect on project budget/cost or quality.	Low Priority