



Chelmsford City Council Audit and Risk Committee

21st June 2023

Risk Management Report – Spring/Summer 2023

Report by:

Director of Connected Chelmsford

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Purpose

This report:

- summarises the current position for the Council's Principal Risks
- Outlines risk management activity for 2022/23

Recommendation

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

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 2023/24

2.1 The Council has a new Risk and Insurance Manager in post, so we are in a period of change and review. This will result in a review of the Council's risk profile, risk appetite and the insurance programme to ensure the correct level of protection is in place for the key risks identified in the review.

2.2 The Council's Risk Management Strategy was last reviewed by this Committee in December 2022. Progress against the agreed priorities is summarised below:

Priority	Objectives for 2022-23
Corporate Risk Maintaining the Principal Risk Register and detailed risk work according to priority.	<ul style="list-style-type: none"> ✓ Principal Risks Register review and refresh with the senior management team – Q3 2023 ✓ Implementation of Lighthouse, the new risk management and compliance tool.
Compliance	<ul style="list-style-type: none"> ✓ Quarterly Health and Safety (H&S) and Fire Risk Assessment (FRA) compliance reporting to Management Team. ✓ Corporate risk reporting to Management Team. ✓ Our Chelmsford, Our Plan (OCOP) and Climate and Ecological Emergency (CaEE) Action Plan performance reporting to Overview and Scrutiny Committee ✓ Support the Health and Wellbeing Action Plan
Insurance Refresh Reviewing claims, underwriting and reporting	<ul style="list-style-type: none"> ✓ Full insurance programme review to ensure it is in line with our risk appetite and good value for money, in preparation for insurance tender in 2024/25 ✓ Ongoing development of claims reporting and claims analysis to improve financial forecasts for the Council's insurance reserve

Priority	Objectives for 2022-23
processes, with staff development taking place to support this work.	<ul style="list-style-type: none"> ✓ Ongoing reviews into systems, record keeping and up to date valuations for Fine Arts, Motor, Contract Works and General Property cover ✓ Risk management training for newly elected members.
Operational Risk Exploring how work to maintain the Council's insurance programme can boost operational risk management across the Council	<ul style="list-style-type: none"> ✓ Health and Safety Driving at Work Policy developed in conjunction with Public Health and Protection to address driving risk and satisfy insurers requirements. ✓ Motor Insurers operational review of current policies and procedures and ensuring completion of their risk improvement actions. ✓ Pending implementation of a more user-friendly risk and compliance tool, insurance data will contribute toward populating operational risk registers, ensuring that they become a useful and relevant management tool at local level.

- 2.2 The focus of the next two quarters will be to fully implement the Lighthouse Actions Manager software solution across the organisation and support all users. The other key priority is to review and refresh the key strategic risks with management team and report these through Lighthouse Risk Module.

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. Councillors are, therefore, invited to request further detail on risks of particular interest or concern to them for circulation after the meeting.
- 3.3 PRR022 Theatre Refurbishment and Rebranding

The refurbishment of the Theatre has been a key risk for recent Risk Management Reports, but is now complete, pending final legal completion and handover. In view of this, the refurbishment project has been removed as a strategic risk.

- 3.4 Any apparent lack of change to other risk scores is not a direct reflection of the level of work carried out by Services or the Council as a whole, as:
- 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
 - A full risk refresh will be undertaken in August 2023 and presented to Audit Committee in December 2023

4. Conclusion

- 4.1 Members are invited to note the ongoing work by Directors and Service Managers to manage the Council's Principal Risks, along with the continuing development of the Council's risk management framework.

List of appendices:

Appendix 1 – Principal Risk Summary

Background papers:

None

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: The Performance Planning module is part of TechOne, the Council's Enterprise Resource Planning (ERP) system. ERP aims to increase efficiency and improve performance by integrating back-office systems and is key to the Council's Digital Strategy.

Other: None

Consultees:

Management Team, Audit Services Manager, Section 151 Officer,




Relevant Policies and Strategies:

Risk Management Strategy

Our Chelmsford, Our Plan




Principal Risk Summary – Heat Map (current risk)

Appendix 1 (cont.)

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Trend	Risk Event	Comments
PRR 006	Homelessness	Operations	Fairer and Inclusive Chelmsford	David Green	Very High	22		Inability to meet our statutory obligations to the homeless (and/or use our statutory powers to assist the homeless) promptly, effectively and efficiently	A Housing Action Group has been recently formed to address current housing challenges and consists of senior officers across the authority lead by Revenues and Benefits Services Manager. This group will update Management Team of its progress. Increased provision for rough sleepers remains in place.
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.
PRR 014	Health and Safety	Legal and Regulatory	Safer and Greener 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, with outstanding actions monitored on TechOne and submitted regularly to Management Team for review.





Principal Risk Summary – Heat Map (current risk)

Appendix 1 (cont.)

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Trend	Risk Event	Comments
PRR 012	Chelmer Waterside Development	Projects	Safer and Greener Place	David Green	Very High	18		The housing and other development potential of Chelmer Waterside is not realised in accordance with the new Local Plan	While short-term financial exposure is increasing as the programme progresses, in line with expectations and inflationary pressures, good progress on the infrastructure delivery continues to be made. Planning permission has been granted for both the new access road/bridge and the relocation of the gas infrastructure, and the first phase of land contamination has begun. Consultant project managers monitor and report monthly on project risk and performance.
PRR 019	Income and Financial Position	Financial	All Themes	Nick Eveleigh	High	16		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. The 2022-23 budget and strategy papers were submitted to Full Council in February 2023 and discuss financial risk in detail.
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	Inherent risk remains high due to the ongoing effects of the pandemic, including increased cyber-enabled fraud attempts. Detailed fraud risk assessment has been completed and a fraud action plan is in place. Counter-fraud e-learning for high-risk roles is being planned for officers.





Principal Risk Summary – Heat Map (current risk)

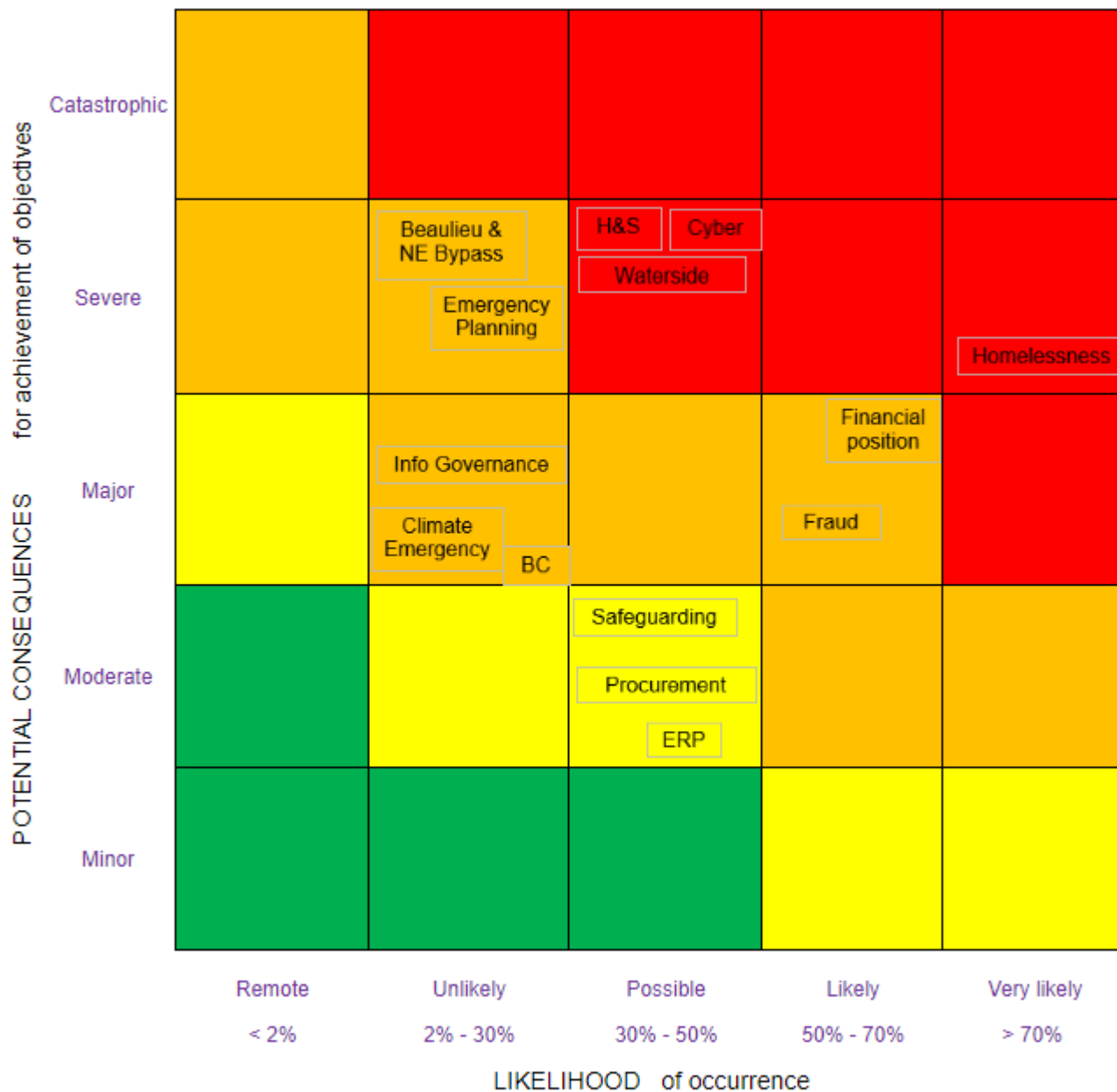
Appendix 1 (cont.)

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Trend	Risk Event	Comments
PRR 004	Emergency Planning	Operations	Safer and Greener 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 020	Beaulieu Station & Chelmsford NE Bypass	Projects	Fairer and Inclusive Chelmsford	David Green	High	15		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 continues to be made. Planning permission for the Bypass was granted in March 2022 and the reserved matters application for the Station has been submitted. Both projects are currently on schedule and within budget.
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 021	Climate and Ecological Emergency	Reputation	Safer and Greener Place	Keith Nicholson	High	13		The Council fails to effectively engage with the environmental agenda	Implementation of the Council's Climate and Ecological Emergency Action Plan continues.

Principal Risk Summary – Heat Map (current risk)

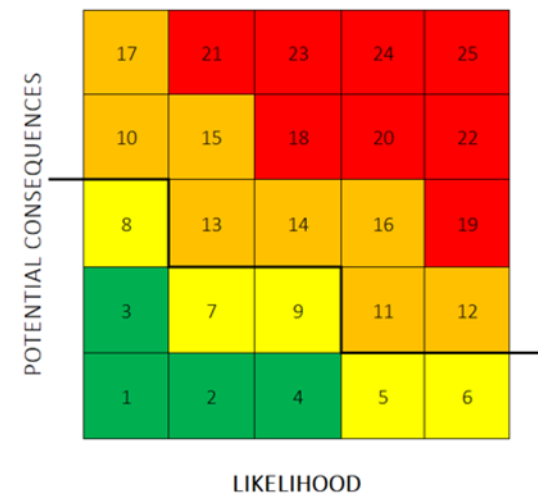
Appendix 1 (cont.)

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Trend	Risk Event	Comments
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 017	Procurement Strategy	Financial	All Themes	Louise Goodwin	Medium	9		Procurement activity takes place which is not in the best interests of the Council and its stakeholders and/or is in breach of legislation	Central procurement processes are more agile and robust and wider contract oversight is improving with the use of One Council. Residual risk lies with the Services.
PRR 010	Enterprise Resource Planning	Projects	All Themes	Louise Goodwin	Medium	9		The intended benefits of the TechOne system are not realised in full	Priorities for TechOne development are under review by TechOne Board/ Management Team in conjunction with the Digital Services.
PRR 015	Safeguarding	Legal and Regulatory	Safer and Greener Place	Keith Nicholson	Medium	9		A safeguarding incident occurs which, through action or omission by the Council, might otherwise have been prevented	The most recent Section 11 safeguarding audit (by Essex Safeguarding Board-moderated self-assessment) in September 2021 gave positive assurance that safeguarding objectives are being met. Audits are normally every 2 years so we would be expecting to complete another audit later on this year.



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



Principal Risk Summary – Key to Consequence Ratings

Appendix 1 (cont.)

	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.	Critical Priority
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.	
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

*Please note financial limits are a guide only and may be overridden by other consequences.