

## Regulatory and Audit Committee

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<b>Title:</b>	<b>Business Continuity Management update</b>
<b>Date:</b>	11 <sup>th</sup> Sep 15
<b>Author:</b>	Andrew Fyfe, Resilience Manager, ext 2937
<b>Contact officer:</b>	Andrew Fyfe, Resilience Manager, ext 2937
<b>Local members affected:</b>	All members

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### Summary

Business Continuity Management (BCM) is a statutory requirement, a requirement of Financial Regulations and is the best practice business management process for continuing to deliver critical activities in the event of an internal disruption. It is therefore a key element of Assurance.

The subject matter expertise for BCM in the Authority lies with the Resilience Team, part of the Communities, Health and Adult Social Care (CHASC) Business Unit.

BCM is an ongoing and cyclical process. Both the Internal Audit report and the ongoing monitoring of BCM by the Resilience Team show limited assurance. Although progress has been made on the recommendations from the Internal Audit, completed in March 15, the **current** state of BCM in the wider Authority remains assessed as limited.

The responsibility for the delivery of critical activities always remains with the Authority, even when delivered by a contracted service provider. Therefore BCM must also be included within Contract Management.

Direct responsibility for BCM within Services lies with the Service Director, as confirmed in the BCM Policy and Financial Regulations. Service Directors must confirm they have effective BCPs in the Annual Governance Statement.

There is no current formal oversight role for BCM written into the BCM Policy for the Regulatory and Audit Committee.



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## Recommendations

- **The Regulatory and Audit Committee need to have an oversight role included in the BCM Policy as part of the general Assurance process and to drive BCM from a Member and Assurance perspective.**
- **Business Continuity Management needs to be reported on to the Regulatory and Audit Committee quarterly.**
- **Service Directors have the requirement for BCM to be included on their DSPs as a measure for a mandatory Assurance objective. This should cover their own Service activities and also any contracted out service for which that Director is responsible. Service Directors would need to add similar measures to their direct reports.**
- **Managing Director of Transport, Economy and Environment to be requested to provide an update regarding the state of BCM arrangements in that Business Unit.**

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## Main Report

### Context

BCM is a critical element of Assurance. BCM is not emergency management, contingency planning for specific hazards or Risk Management, though all are related. BCM provides a mechanism for the operational continuation of defined 'Mission Critical Activities' in the event of an internal disruption, the loss of which would have intolerable or significant consequences on the delivery of our services to the Community and in particular, the vulnerable within the Community.

For the Services, BCM is the business management process that defines, what activities are so critical to the organisation (and therefore the Community) that they must be continued, the assessment of those activities to define the resources required, the identification of mitigation strategies for continuing those activities in the event of an internal disruption and the consolidation of this information into effective, operational, Business Continuity Plans (BCPs) that identify specific roles and tasks for specific, identified members of staff, and the resources (including locations) to undertake those roles. These staff members should be trained and exercised. When there are changes to the organisation, Service or Team, plans need to be revisited and revised if necessary. It is an annual, cyclical, process.

The BCM Policy provides the statutory requirement for BCM under the Civil Contingencies Act (2004). The duty is summarised as follows:

*"The Civil Contingencies Act (2004) makes it a statutory duty for local authorities to maintain plans to ensure that they can continue to exercise their functions in the event of an emergency so far as is reasonably practicable. The duty relates to all functions, not just their*

*emergency response functions”.*

HM Government, 2005. *Emergency Preparedness*. Chapter 6, Summary

The statutory duty also covers all contracted out services or capabilities:

*“The duty also requires the authority to ensure that those organisations delivering services on behalf of the local authority (e.g. contracted-out services), or capabilities which underpin service provision (e.g. information technology and telecommunications) can also deliver to the extent required in the event of an emergency. This is because services remain part of an organisation’s functions even if they do not directly provide them”.*

HM Government, 2005. *Emergency Preparedness*. Paragraph 6.5

Furthermore, there is a requirement under the Council’s Financial Regulations for Services to have BCPs and there is a requirement under the Annual Governance Statement for Service Directors to confirm they have effective BCPs.

The rationale for BCM is not purely statutory but fundamental to our duty of care to the Community. The Authority’s BCM process provides a mechanism for the continuation of prioritised, effective support to the most needy when they are potentially at their most vulnerable while preventing others becoming vulnerable. Effective BCM assists Services and Teams to deliver their most critical functions with minimal disruptions – to carry out their roles under abnormal circumstances. In other words, it is there to help them when the distractions of an incident or emergency make decision-making less than clear.

Other reasons for BCM include:

- BCM is best practice. It is widely recognised by all sectors as a requirement for evidencing assurance and due diligence and is usually included in the Assurance, Risk Management and Internal Audit departments of businesses.
- BCM helps protect the bottom line. It helps make businesses profitable. It provides assurance of a business’s own supply chain. It shows to prospective clients that it is resilient and therefore increases the likelihood of receiving contracts.
- Profitable businesses mean successful Communities. Successful Communities means more money in the Community to be spent on the Community.
- By ensuring our Service Providers have BCM arrangements, not only are our Services protected, but also those Service Providers become better equipped to get more contracts and become more profitable.
- BCC also has a statutory duty to advise and assist local businesses and voluntary organisations with regards to BCM – another aspect of Community Resilience. Not having BCM is hypocritical and contradictory.
- A business with BCM arrangements is more likely to survive an internal disruption or emergency. This protects the workers (potentially our residents) and provides an

opportunity to pick up contracts where others didn't survive or, again, prove to prospective clients that, being a resilient business, their custom is safe with them.

### **BCM Monitoring in BCC**

The Internal Audit report dated 4<sup>th</sup> Jun 15 provided an external opinion on the state of BCM within the Authority. Specific comments on the progress of actioning the Internal Audit report are included at Appendix 1. The one area where there is no updated progress (as at 11 Sep) is from Transport, Economy and Environment.

The Resilience Team monitor the Service / Team BCM arrangements throughout the Financial Year and particularly at the end. This monitoring provides an almost 100% check on how Service Directors are delivering their BCM arrangements and undertaking their roles in respect of the BCM Policy and Financial Regulations.

From both the Internal Audit report's snapshot of BCM as at March 15, and from the Resilience Team's ongoing monitoring, significant questions remain regarding the limited nature of Assurance in relation to BCM on an ongoing basis.

It should also be noted that, if the Services / Teams have limited Assurance for the continuation of their Mission Critical Activities, then it is possible that the Services Providers of contracted-out services also have limited Assurance. The importance of this should not be disregarded as the Authority moves further down the line as a commissioner of services and, under the Care Act, a statutory role as '*provider of last resort*' – i.e. if a service provider fails, the responsibility lies with the Authority to continue to deliver that critical activity.

It should be noted that regardless of the progress on the Internal Audit report, BCM must be seen as a key means of providing ongoing Assurance on the capability of the organisation to continue to deliver its critical activities and therefore must be followed up regularly throughout a Financial Year.

### **Way forward**

- Governance of BCM is detailed in the BCM Policy. Responsibility for effective BCM documentation lies with the Service Directors and above them, the CEO. Currently there is no oversight role for the Regulatory and Audit Committee.

### **Recommendations:**

- **The Regulatory and Audit Committee need to have an oversight role included in the BCM Policy as part of the general Assurance process and to drive BCM from a Member and Assurance perspective.**
- **Business Continuity Management needs to be reported on to the Regulatory and Audit Committee quarterly.**

- Services / Teams must comply with the requirements of the BCM Policy, Programme and the Financial Regulations by ensuring they have effective BCM arrangements in place, not least to have effective BCPs.

#### **Recommendations:**

- **Service Directors have the requirement for BCM to be included on their DSPs as a measure for a mandatory Assurance objective. This should cover their own Service activities and also any contracted out service for which that Director is responsible. Service Directors would need to add similar measures to their direct reports.**
- **Managing Director of Transport, Economy and Environment to be requested to provide an update regarding state of BCM arrangements in that Business Unit.**

#### **Supporting information to include the following if a decision is being requested:**

##### **Resource implications**

There are no new resource requirements – the statutory duty has been in existence since 2005 and the first BCM Policy was agreed in 2007. The difference is to what extent Services have complied with the requirements and allocated staff to the job. Where this has been lacking, there will appear to be a new resource requirement.

The main subject matter expertise for BCM is held by the Resilience Team, part of the Communities, Health and Adult Social Care (CHASC) Business Unit. The Team has been reduced in size from six to three since August 2014, whilst the statutory workload (Integrated Emergency Management, Business Continuity Management, Safety at Sports Grounds) is retained and increases. However, there has had to be a reduction in the aspirations towards the delivery of the non-statutory activity of Community Resilience.

Delivering BCM across the Authority whilst providing appropriate and competent Assurance of contracted-out services would realistically require at least 1 x FTE. This is currently unrealistic with the current level of staffing. However, as the Business Unit will be undergoing a consultation process as part of the CHASC Business Unit, the Committee may see fit to endorse the importance of maintaining sufficient resources to deliver effective BCM for the organisation.

##### **Legal implications**

The statutory duty is covered under the Civil Contingencies Act (2004). Financial Regulations also apply.

##### **Other implications/issues**

Nil

**Feedback from consultation, Local Area Forums and Local Member views (if relevant)**

Nil

**Appendix 1**  
**Specific Comments on the Report – Outstanding Issues**

The following includes comments on those areas of the Audit report that have not been declared as complete.

Note that the Audit report was a snapshot of the status of BCM arrangements across parts of the organisation prior to the end of the Financial Year – the cut-off date for BCM documentation. A clearer reflection of the ongoing status of BCM can be taken from the Resilience Team's ongoing monitoring of BCM arrangements.

<b>Report Ref No.</b>	<b>Comments</b>
1a	Awaiting resolution of Ref 1b (below) prior to submission for Cabinet Member decision to accept the Policy revisions.
1b	Awaiting decision by Regulatory and Audit Committee regarding its role in delivering oversight of BCM (see Recommendations).
1c	Submission to Director Assurance with regards to DSPs for Service Directors. Agreement by Regulatory and Audit Committee may help drive this, including across the Assurance framework as a whole.
2d	No update received. The only BCP received by the Resilience Team is for TfB.
4b	Update suggests completed (marked 'in progress').
5a	Trading Standards had a BCP in place for 31 March, however 1 <sup>st</sup> April they merged with Surrey CC. They are currently working on a revision by the end of September and subsequently training and an exercise. Manager will attend the BCC BCM exercise on 5 <sup>th</sup> November.
5b	Update suggests completed (marked 'in progress')..
5c	No update from action owner.
5e	No update received. No TEE BCPs received by Resilience Team except TfB. All are invited to participate in the 5 <sup>th</sup> Nov exercise.
6a	Completed
6c	No update received. There is a Contact Centre BCP.
6b	Update suggests completed. Note Resilience Team records have some discrepancies with update – following up.