



Audit & Governance Committee
18 June 2021

Risk Management

Purpose of the report:

To provide the Committee an update on the current risk management position and next steps to improve risk management across the organisation.

Recommendations:

It is recommended that the Council continue with progressing the risk management approach detailed in this report.

Introduction:

1. Risk management is a key component in the running of a successful organisation. The Audit and Governance Committee (AGC) require assurance that risk management activities are taking place in order to protect current assets and demonstrate that risks are understood prior to decisions being made.
2. External consultants Ernst & Young (EY) were brought in during 2020 to help further strengthen the Council's risk management arrangements. After a number of meetings, a series of updated high level corporate risks were initially identified. These were brought to the last AGC committee and approved.
3. To continue the work around risk and promote a risk culture within SCC an interim Risk Manager was recruited to take over the activities of EY. David Mody joined at the end of March 2021.

Current Position and Phase 1 activities

4. SCC have recognised that there is a need to continue to improve risk management. Of specific note:
 - 4.1 Some parts of SCC need to demonstrate evidence that risk management is taking place.
 - 4.2 Some parts of SCC undertake risk activities (demonstrated through the use of risk registers). However, there is a need for greater consistency in the way the risk registers are being compiled. For example, some registers do not detail the cause(s) of the risks, while others reflect a variety of risk scoring scales such as 1-4, 1-100, high/medium/low.
 - 4.3 While updated strategic level risks have been proposed by EY, they need to be developed into a formal risk register. For example, there should be an allocated risk owner and mitigations specified.
 - 4.4 There hasn't been the resource capacity within SCC to provide the specialist support and guidance to staff on how risk management should be undertaken.
 - 4.5 There is an opportunity to update the risk framework detailing the process for how risk management should be undertaken.
5. A number of activities have been initiated to improve risk management based on the above findings and these can be split into 3 main components outlined below. These can be regarded as Phase 1 deliverables. It should be noted at this point that each member of CLT has met with the Risk Manager and been taken through the Phase 1 approach. Each CLT member has endorsed the approach and been very supportive.
6. An updated standard risk register template has been created. The template allows for a consistent view of risk across the organisation and provides managers with a clearer overview of their risks. The template is being rolled out to capture Corporate level risks, Directorate level risks as well as Service impacting risks.
7. To promote a risk culture a number of 1-2-1's are being undertaken between the Risk Manager and SCC Managers. The purpose is to :
 - 7.1 Explain the principles of risk management and provide coaching for those who are less familiar with risk management techniques.
 - 7.2 Introduce the risk register template and how best to capture risks.
 - 7.3 Go through some real-life examples of risk related to that part of the organisation to demonstrate the practical use of risk management.
 - 7.4 Encourage thinking about risk with a view to having more action orientated mitigations with associated target dates for completion.
 - 7.5 Promote the continued use of risk management with regular reviews and updates of the risk register (and remove the thought that it is a one-off exercise).
8. A refreshed risk framework document is being developed. This is a key governance document and will detail the process of undertaking risk management in SCC along with the key roles and responsibilities.

Next steps

9. The strategic risks are currently being reviewed and formalised into a revised/updated Corporate Risk Register to include the current controls and actions to mitigate the risks. It is expected that a first version of the revised/updated Corporate Risk Register will be brought to the next AGC committee (in July 2021).
10. The promotion of risk management and culture through undertaking risk 1-2-1's is expected to continue through until October 2021. This will result in a number of revised Directorate and Service level risk registers. The output will also help shape a more effective risk framework document.
11. A refreshed risk framework document will then be brought to the following AGC (in October 2021) for review and approval.
12. A second phase to risk management is also envisaged. While this will largely be dependant on the successful implementation of the initial phase it is expected that Phase 2 will focus on reviewing the appropriateness of a central risk management database (and implementing if warranted), defining the risk appetite of the organisation and further embedding the risk culture.

Conclusions:

13. SCC recognises that there is an opportunity to make improvements to its' application of risk management. A Risk Manager is now in place and activities and being undertaken to achieve this.

Financial and value for money implications

14. There are no additional costs for Phase 1 other than the Risk Manager.

Equalities and Diversity Implications

15. N/A

Risk Management Implications

16. Failure to implement effective risk management will reduce the quality of decision making within SCC. Moreover, the AGC will not be able to demonstrate that it is discharging its' governance responsibility of having active risk management within the organisation.

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