



Audit & Governance Committee
September 2021

Risk Management

Purpose of the report:

To provide the Committee with an update of the strategic (Corporate) risks across the organisation.

To seek approval of the Risk Management Strategy.

Recommendations:

It is recommended that:

1. Members review and note the strategic risks
2. Members approve the Risk Management Strategy
3. Members agree that the next risk session will include a deep dive on one of the current top corporate risks

Introduction:

1. A risk paper was circulated on 29th July 2021 providing the Audit & Governance Committee (AGC) with the current strategic risks of the Council. The intention moving forward is that the Committee will receive the current strategic risks at every future AGC.
2. The July paper also stated that a *Risk Management Strategy* would be presented for approval, enclosed. This is a further step at having a standardised risk management approach and a more effective risk ecosystem.

Strategic Risks

3. Enclosed is the *Corporate Risk Heat Map* showing the current strategic risks of the Council. This was reviewed by CLT in August. Based on the current situation there is 1 change for this period:

ST.26 NEW	There is a risk that Surrey is not selected to be a pilot for the County Deal by government meaning a loss of flexibility in the way we operate (and reputational damage)
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Apart from the above risk there have been no other changes in terms of either risks being added/removed or the overall scoring of the risk.

4. The *Corporate Risk Heat Map* will now be provided at every future AGC to inform the Committee of the current strategic risks. The more detailed *Corporate Risk Register* will be provided twice per year.

The Risk Management Strategy

5. The *Risk Management Strategy* provides the framework for how risk management is undertaken in the Council. It is an important document, including from a governance perspective, showing how risk management supports the successful delivery of the Council's objectives. The document is very similar to the risk strategies adopted by many other councils and has a focus on the key components of 'identify, assess, treat, monitor and report.'
6. The *Risk Management Strategy* is intended to act as a useful guide both for those within the Council who are looking at support in understanding the steps to managing risks, but also to partners who would like to understand how risk management operates within Surrey County Council.
7. It is important that the strategy is not overtly prescriptive, cumbersome or technical. Rather, to be effective the Strategy should be 'user friendly' and easy to read so that it encourages the application of risk management by setting out the key principles, processes and benefits.
8. It is recommended that the risk strategy is reviewed and approved by AGC every year.

To help embed the risk management strategy, a number of 1-2-1 risk discussions are taking place with the Risk Manager. This is to ensure there is a clear understanding of the risk processes, risk register and for staff to have a better appreciation on how risk management can be useful within their area. Currently the work is focused in helping to develop Directorate Risk Registers involving the Head of each Directorate and their Direct reports.

Next Steps

9. It is intended that the structure of future risk sessions for the AGC's will be focused on 2 parts, namely:
 - 9.1 to provide an update on the current strategic risks (the *Corporate Risk Heat Map*)
 - 9.2 a 'deep dive' on a specific corporate risk
10. The 'deep dive' will give an opportunity for the Committee to hear first-hand - and get a wider appreciation – about a specific risk. The corporate risk will be presented by one of the Councils Lead Officers and give the Committee an opportunity to ask further questions.
11. The proposal is to select the deep-dives in order of priority i.e. starting with the top risks first. Hence the next AGC will have a presentation on:

“ There is a risk of a deliberate and / or targeted cyber attack compromising IT systems and critical IT infrastructure “

NOTE : If the AGC would like other risks to be selected (in a different order) then this can be arranged.

Conclusions:

12. The work in this area reflects a further improvement in risk management competency and a strengthening of the overall governance. The Council has an up-to-date set of strategic risks that are regularly reviewed both at CLT and AGC. Moreover, there is a risk strategy that details the risk management framework used by the Council.

Financial and value for money implications

13. Improved decision making through risk management supports better allocation of resources and value for money.

Risk Management Implications

14. Failure to implement effective risk management will reduce the quality of decision making within the Council. 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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