



Audit & Governance Committee  
November 2021

## Risk Management

### Purpose of the report:

To provide an update on risk management

To provide the Committee with more detailed information on a specific risk, namely : *There is a risk of a resurgence of Covid (variant) which leads to a major health crisis in Surrey*

### Recommendations:

It is recommended that:

1. Members note the update on risk management

### Introduction:

2. This report provides an update on risk management including the current status of the Corporate Risks.
3. Also, following a meeting with the AGC Members it was agreed that a specific risk would be reviewed in more detail (at this and future AGC sessions) to provide a better appreciation and understanding of the strategic risk.

### Risk Management Update

4. As the end of the calendar year approaches, it is worth reflecting on some of the risk management activities that have taken place. Key steps include:
  - 4.1 A standard approach to capturing risks has been developed and is being implemented across the Council with the creation of a new format risk register. Moreover, this method has facilitated thinking by risk owners about underlying causes/effects of their risks along with what are the existing controls in place to mitigate and whether further actions are required.

- 4.2 A Corporate Risk Register has been developed along with an associated Corporate Risk Heat Map. Corporate risks are reviewed monthly at CLT and brought to every AGC.
- 4.3 Directorate Risk Registers are progressing to capture the 'next level' down. Service Risk Registers are also being established across the organisation to embed a risk culture.
- 4.4 A Risk Management Strategy was approved by AGC and has been communicated across the organisation to provide additional guidance and support for risk owners.
- 4.5 Over 80 staff members have received 1-2-1 sessions to explain the risk approach and to show how risk can be actively used within their area to support the organisational objectives.
- 4.6 Risk reviews of 'companies' that SSC has a financial interest in such as Hendeca and Halsey Garten have been undertaken to ascertain whether risk is being appropriately considered. The reviews considered the risks identified in their risk registers along with suggestions for improvement.

## Audit

- 5. To provide additional rigour around risk, internal audit have reviewed the risk management process with a focus on the governance arrangements. The findings have a reasonable assurance with 4 areas identified for further work, summarised below:
  - Update the Council's constitution to reflect the new Risk Management Strategy approved by AGC in September
  - Communicate and embed the new Risk Management Strategy to key stakeholders
  - Define the Risk Appetite of the Council
  - Complete the roll-out of the risk registers at a Directorate and Service level
- 6. For each of the 4 recommendations, there is an agreed action plan and dates for completion. The Strategic Risk Business Partner is leading on all 4 initiatives.

## Corporate Risks

- 7. The *Corporate Risk Heat Map* is provided at each AGC and is reviewed monthly by CLT. Based on the current situation there are 2 changes for this period :

ST.26	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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The above risk is not regarded as a top corporate risk and is now being managed within a Directorate Risk Register.

ST.12 There is a risk that SCC will not be able to recruit and retain sufficient numbers of skilled staff to manage and deliver quality services

The above risk has increased in likelihood from 2 to 4 (out of 5). This increase is primarily due to growing difficulties in recruitment being experienced from labour shortages in the marketplace.

The following mitigations are being employed:

- salaries benchmarked against peers to attract and retain talent
- retention bonuses for key social care roles
- succession planning for key roles
- training and career pathways defined
- HR business partners working with Directorates to identify current and future resource requirements

### Review of a Strategic Risk

The second part of this risk update is to provide more detail for a specific risk. As winter approaches it was agreed that the following risk would be reviewed and Members are invited to ask any questions.

ST.23 There is a risk of a resurgence of Covid (variant) which leads to a major health crisis in Surrey

### Next Steps

8. The AGC will continue to receive updates on the current strategic risks including a focus on a specific risks at each AGC session. The focus will be on the 'top' rated risks. However, if a new risk is added onto the Corporate Risk Register then this would also be scheduled for a more detailed review. It is expected that the next risk review for AGC will be on:

ST.03 There is a risk of a deliberate and / or targeted cyber attack compromising IT systems and critical IT infrastructure

### Conclusions:

9. 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.

## **Financial and value for money implications**

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

## **Equalities and Diversity Implications**

11. N/A

## **Risk Management Implications**

12. 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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