



Audit & Governance Committee  
13 September 2023

**Risk Management**

**Purpose of the report:**

To provide an update on risk management.

**Recommendations:**

It is recommended that the Committee:

1. Note the update on risk management.
2. Approve the updated Risk Management Strategy (Appendix B).

**Introduction:**

1. This paper provides an update on how risk management is being undertaken within Surrey County Council (SCC). It includes an overview of the external and internal environment, picks-up on the actions from the February internal audit findings and highlights the key changes to the Risk Management Strategy.

**Risk Profile**

2. Earlier this year - at the March Audit and Governance Committee (AGC) - the risk paper started by calling out some of the possible significant external risks facing both Surrey County Council and its residents. Unfortunately, just about all of those headwinds did – to varying degrees – transpire.
3. Taking each in turn, **Industrial Action** and labour market unrest spread particularly impacting the education, health and travel sectors. A possible **economic recession** became more likely with higher interest rates to curb demand. **Inflation** did not follow the Bank of England forecast and persistently remained in the high single digits. The knock of effect has

been the continued **Cost of Living** pressures for residents. Moreover, the **Demand for Council Services** (particularly in the children's and adults Directorates) continues to be high. Finally, but still very important, the **conflict in Ukraine** unfortunately shows no signs of abating.

## Risks – staying on track

4. On a more positive note, the internal risk position has improved somewhat. Appendix A shows the changes over the past 6 months with 2 risks being removed off the Corporate Risk Register (ST25 & ST28), 1 new risk being added (ST36), and an improvement in one risk (ST23).
5. Risks continue to be reported monthly as a standing agenda item to the Corporate Leadership Team (CLT) and quarterly to icab. The approach is largely the same with a review of the changes over the period and a focus on a particular risk or risk area. These have proven to be very effective in stimulating thought and discussion.
6. Risk Registers for Directorates continue to be reviewed and updated. Deep dives have taken place over the summer period for Adult Social Care, Childrens (CFLL), Customer & Communities and the Resources Directorate. This has included 1-2-1 with each 'Head of' to ensure risks are being properly articulated (incl. causes, effects, mitigations) and reinforcing good risk management principles.
7. In addition, there is continued work with colleagues within the Services to support risk management including reviewing specific risks, facilitating risk discussions, escalating risks within the organisation if necessary and providing help and guidance.

## Risk Audit

8. While internal audit updated the assessment on risk management to substantial assurance in Feb 2023, there were two recommendations that needed to be actioned, namely:

**a) Risk Registers** - *We reviewed a sample of directorate risk registers and noted that key information such as risk owners and target dates had not been recorded for all risks included on registers.*

**Response (Feb 2023):** *As the risk registers are 'live' documents then it is possible some risks may not be fully worked through in terms of assigning ownership, scoring, target dates etc. However, a note will be sent to risk leads advising that whenever possible that the registers should have all the fields completed.*

**Update (Sept 2023):** *Email to all Risk Leads issued 28th February advising of the above. Followed up by verbal notification by the Risk Manager.*

**b) Risk Management Awareness and Training** - During our review, we noted that there was no web presence for the risk management function and no available training for risk management within the organisation. A general search on risk management on the Intranet, led to the display of unrelated information rather than a link to the current risk management strategy. The importance of training was highlighted in feedback received from a sample of canvassed risk coordinators, which indicated the requirement for additional training in risk management.

**Response (Feb 2023):** A review of the web presence will be conducted to identify what information is currently being returned and how better to bring forward the key risk management information. This will be completed by April 2024. Subsequently, a training module will be implemented.

**Update (Sept 2023):** A number of activities have been undertaken.

- (1) A Risk Management site has been created on MySurrey (intranet). This provides information such as who to contact for help on risk management, risk templates, links to the Corporate Risk Register etc.
- (2) A review of current risk management information on the Surrey Intranet and Website was conducted in March and April with the support from the Intranet Content Lead (IT) and Regulatory Business Manager (Legal And Democratic Services). Outdated information was removed although some documents do remain as they relate to historic meetings held in the public domain which must be retained for governance purposes.
- (3) A risk management training ‘module’ has been added to the Project and Programme Management Training in April 2024. This is being rolled out to staff managing projects with 450 staff going through the 2 day training by October 2023.

On this basis, both actions from the internal audit are now complete.

**Risk Management Strategy**

- 9. The Risk Management Strategy is shown in Appendix B. It is reviewed annually (to take account of any changes or best practice) and brought to AGC in September for approval.
- 10. The changes incorporated this year are relatively minor with the alterations to the Risk Management Strategy highlighted in red. Probably two areas to mention are:
  - a. Reference is now made to the ‘Three Lines of Defence’. This is has become a more common term and it is helpful to reference it within the risk management strategy.
  - b. The concept of Risk Leads has been added i.e. each Directorate has a Risk Lead to promote risk management and

ensure that the risks are a standing agenda item in team meetings.

11. The AGC are requested to approve the updated Risk Management Strategy.
12. Finally, AGC may recall that it was agreed for the Constitution Review Group to put forward a proposal that the Risk Management Strategy be approved by the AGC rather than having to also go through Full Council as was the case previously. This is a more sensible approach with a better use of time given there are typically only minor tweaks to the Risk Management Strategy. Full Council met in July and the proposal was approved.

#### **Next Steps:**

13. The AGC will continue to receive risk updates on a 6 monthly cycle with the next scheduled for March 2024.

#### **Conclusions:**

14. Risk management continues to be actively undertaken within Surrey County Council.

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

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

#### **Equalities and Diversity Implications**

16. N/A

#### **Risk Management Implications**

17. 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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#### **Annexes/Appendices:**

Appendix A - Corporate Risk Heat Map (August 2023)  
Appendix B - updated Risk Management Strategy

#### **Sources/background papers:**

None