



Audit & Governance Committee  
11 September 2024

## RISK MANAGEMENT

### Purpose of the report:

To provide an update on risk management.

### Recommendations:

It is recommended that the Committee:

1. Notes the update on risk management.
2. Approves the Risk Management Strategy.

### Introduction:

1. Risk Management is presented to the Committee (AGC) twice per year - in March and September. This paper provides an update over the past six months.

### Risk Management Progress in 2024

2. At the last AGC (in March) it was referenced that a more outwardly looking lens would be used to examine risk management in Surrey County Council (SCC). An exercise was undertaken to review the current risks in SCC's Corporate Risk Register and compare them to some comparator Councils. The objective was to see whether there were any strategic risks being reported by those organisations that warranted consideration within Surrey.
3. Internal Audit were commissioned to undertake the work so that there was impartiality in terms of the approach taken and the findings. The table on the next page shows the comparator Councils - with a slight orientation to the South East Region.

## Risk – Comparator exercise

Local Authority	Revenue Budget 23/24 (net expenditure)	Population	No. of Risks in Corp Register
Durham	466,732,000	522,100 (mid-2021)	43
Hertfordshire	1,057,100,000	1,198,798 (mid-2021)	36
<b>Surrey</b>	<b>1,101,500,000</b>	<b>1,203,108 (mid-2021)</b>	<b>22</b>
Buckinghamshire	504,339,000	553,300 (mid-2021)	18
Kent	1,310,900,000	1,593,200 (mid-2022)	17
Essex	1,176,900,000	1,503,521 (mid-2021)	16
Derbyshire	678,200,000	803,464 (2022)	14
West Sussex	708,803,000	882,700 (mid-2021)	12
East Sussex	501,446,000	550,720 (2022)	11

4. The table reflects that apart from a couple of outliers, SCC has the most Corporate Risks. Typically, the ‘sweet spot’ for an organisation is to have between 15-20 Corporate level strategic risks and SCC is marginally above this. However, given the diverse range of services that Surrey as well as many Councils deliver - from Transport, to Childrens services to Fire services - a slightly higher number of Corporate risks is not unwarranted.
5. Pleasingly, the findings from Internal Audit showed every risk in the top 5 (from a comparator Council) was included in SCC’s risk register with one exception which was specific to the geography of another Council – namely HS2 and potential demolition of buildings which is not applicable in Surrey.
6. It is also worth noting, although not unsurprising, that the most frequent risk in the other Corporate Risk Registers was pressure on financial budgets.
7. The findings from internal audit were presented to the Corporate Leadership Team along with an hour’s risk workshop to see whether there were any additional risks that need to be added (or removed). The conclusion was that the SCC Corporate Risk Register remains appropriate and there were no additional risks that needed to be added or removed. A copy of SCC Corporate Risk Register is attached.
8. Separately, another area of significant risk activity over the past 6 months particularly worth highlighting - which could have had major implications for SCC - was around possible industrial action. A risk was added to the Corporate Risk Register in April 2024 upon notification from Unison that a revised pay offer from SCC had been rejected and there was an intention by Unison to ballot their members for industrial action.
9. While ultimately the ballot did not get the majority required to undertake industrial action, there was a lot of risk preparatory work into highlighting the risk exposures. There was also close cooperation with SCC’s

Emergency Management and Resilience Team and Industrial Action Planning Group to prepare in the event that there was industrial action.

10. The last part of the update is to request approval for the Risk Management Strategy. The Strategy is reviewed annually (to take account of any changes or best practice) with the last revision undertaken in 2023 and approved by the AGC. No changes to The Risk Management Strategy have been required / made over the past year and AGC are asked to formally approve the Strategy for another year. It is worth noting that the Grant Thorntons review at the beginning of this year did not make any recommendations for improvement around risk management.
11. Finally, for the avoidance of doubt, the above activities have been completed in addition to the normal Risk Management undertakings including working closely with the Directorates and teams to assess risks as well as providing risk updates to CLT every month (including the Corporate Risk Register), quarterly updates to icab (Informal Cabinet) and twice-yearly assurance updates to this Committee.

**Next Steps:**

12. The AGC receive a further risk update on a six-monthly cycle with the next scheduled for March 2025.

**Conclusions:**

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

**Financial and value for money implications:**

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

**Equalities and Diversity Implications:**

15. There are no direct equalities implications of this report.

**Risk Management Implications:**

16. 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.

**Legal Implications – Monitoring Officer:**

17. There are no legal implications of this report.

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**Report authors:** David Mody, Head of Strategic Risk

**Contact details:** [david.mody@surreycc.gov.uk](mailto:david.mody@surreycc.gov.uk)

**Sources/background papers:**

None

**Annexes/Appendices:**

- Annex A - Corporate Risk Heat Map (August 2024)
  - Annex B - updated Risk Management Strategy
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