

Risk Management update

Audit and Governance Committee

29 January 2021

Risk management project update

Since the last update to the committee on 26 November 2020, EY have:

- Developed a **high level risk strategy**, purpose, vision and principles
- Updated the **risk framework** into a risk process document
- Held **risk sessions with directorate leadership teams** and updated the list of strategic risks (**see slide 3**)
- Reviewed output from the **risk culture survey (see slide 4)**
- Developed a **roadmap** which sets out the key activities and decisions required to continue to develop and embed a consistent approach to managing risk.

A strategic session with CLT on 1st February will cover:

1 Updated risk strategy and approach

2 CLT engagement going forward – over next year

3 Where risk management function resides in Surrey

4 Agreeing Strategic Risks

Strategic risk register

Risk information from interviews and sessions with directorates consolidated into a draft list of strategic risks for review by CLT.

Draft risk title:

Local economy

Increasing demand

Financial sustainability

Failure to transform

Cyber threat

Governance and decision making

Data loss/breach

Effective partnerships

Staff wellbeing

Capacity and capability to deliver

Supplier failure

Changing model of ASC

Market supply of services

Childrens' Service improvement

Severe weather

Risk culture survey

Response rates: Leadership survey: 64% (9/14)

Managers survey: 47% (150/323)

Key Findings:

- 1 Respondents are comfortable to speak up about risk
- 2 There is a lack of a common understanding of Surrey's overall risk management approach and risk management governance structures
- 3 There is no consistent approach applied for how risk is managed across Surrey
- 4 No clear link between top down and bottom-up view, with regular reviews of impact
- 5 Risk information is not aggregated and used in a meaningful way, which prohibits forward planning
- 6 Further risk training is required, to cover the overall risk approach, key roles and responsibilities and risk escalation

EY have proposed the following five initiatives to **help to close the risk maturity gap:**

1. Communicate common risk management purpose, vision and approach
2. Consistent application of the approach (to identify, assess and monitor risks)
3. Clear connection between levels of risks – top up & bottom down
4. Good use of risk information to generate real insight
5. Provide guidance of SCC's standard risk management method and tools.

Risk management project next steps

Following the CLT 1st February workshop, next steps are:

- Confirm the strategic risks, assess, assign owners and identify priority actions
- Confirm risk governance arrangements and roles and responsibilities
- Communicate the high level risk approach across the organisation
- Develop risk reporting.

The role of the A&GC in managing risk

To seek assurance that SCC has a robust and effective approach to managing risk. This means...

1. Review and approve SCC's risk management strategy and framework annually, ensuring these are robust and consistent with SCC's wider structures, processes and priorities;
2. Challenge and review the implementation of risk management arrangements, to provide assurance to the Council that these are actively working across the organisation;
3. Review the development of risk management against the planned roadmap, to gain assurance that this is on track and that anticipated benefits / improvements are being realised.

To seek assurance that all significant risks have been identified and that appropriate and effective controls are in place, and actions are being taken, to manage these risks to an acceptable level. This means:

4. Support the Cabinet, Select Committees and Leadership in their roles to identify, assess and manage strategic risks, in line with SCC's appetite for risk;
5. Consider the treatment plans in place to manage significant risks;
6. Review and challenge the adequacy and effectiveness of control processes in responding to risks within the organisation's governance, operations, compliance and information systems.

NB as the approach to risk management develops across SCC, so the quality and quantity of risk information available to the A&GC should improve. The A&GC should reflect on the information available to them, when considering how risk management is developing. The A&GC can support this development by providing constructive feedback on the usefulness (including scope, depth and format) of the risk information they receive.

A proposed risk management agenda for each AGC meeting in 2021

Meeting date	Risk agenda	Objective
29 Jan '21		
23 Mar '21	<ul style="list-style-type: none"> Update on Risk Management Strategic risk register 	<ul style="list-style-type: none"> To confirm where accountability and responsibility for risk management across SCC will lay hence forth. To review the strategic risk register; and to understand each risk and management's assessment of each.
7 Jun '21	<ul style="list-style-type: none"> Review of SSC's approach to managing risk 	<ul style="list-style-type: none"> To ensure SCC has an up-to-date documented approach to managing risk; to understand the key components of it; and to ensure there is a sensible plan to implementation this.
29 Jul '21	<ul style="list-style-type: none"> Strategic risk register Update on other risks 	<ul style="list-style-type: none"> To review the strategic risk register and ensure this is up to date, noting any significant changes in risks To understand progress in developing Directorate risk registers and to review any escalated risks
1 Oct '21	<ul style="list-style-type: none"> Review of SSC's approach to managing risk 	<ul style="list-style-type: none"> To review the implementation of SCC risk management approach against the plan
29 Nov '21	<ul style="list-style-type: none"> Strategic risk register Update on other risks 	<ul style="list-style-type: none"> To review the strategic risk register and ensure this is up to date, noting any significant changes in risks To understand progress in developing Directorate & Service risk registers and to review any escalated risks

Key risk management questions for AGC to ask at each meeting

Meeting date	Risk agenda	Key Questions
29 Jan '21		
23 Mar '21	<ul style="list-style-type: none"> Update on Risk Management Strategic risk register 	<ol style="list-style-type: none"> Is clear accountability and responsibility for developing and maintaining SCC's approach to risk management? Is there sufficient resource allocated to risk management and are those people responsible for risk management equipped and empowered to do so effectively? Does the strategic risk register include the most significant risks facing the organisation? (consider: internal and external risks; emerging risks and longer term risks; and financial risks and non-financial risks) Is there a clear description of each risk – ensuring a common understanding of what the risk is, its causes and impacts? Has each risk been assessed in terms of its likelihood of occurrence and its potential impact on the organisation? Is this assessment done on a consistent basis for all risks? There is clear ownership of each risk?
7 Jun '21	<ul style="list-style-type: none"> Review of SSC's approach to managing risk 	<ol style="list-style-type: none"> Is there a clearly defined and documented approach for managing risk across SCC (including a strategy, structures and processes)? Is there a reasonable plan in place to implement and develop this approach across SCC?

Key risk management questions for AGC to ask at each meeting

Meeting date	Risk agenda	Key Questions
29 Jul '21	<ul style="list-style-type: none"> Strategic risk register Update o other risks 	<ol style="list-style-type: none"> Has the strategic risk register been updated to reflect changes in the risks and the impact of actions to address these Does management have a clear plan of how they are / will response to each strategic risk? What progress has been made to develop and update Directorate risk registers? Are there any risks that warrant escalation to the CLT and AGC?
1 Oct '21	<ul style="list-style-type: none"> Review of SSC's approach to managing risk 	<ol style="list-style-type: none"> Is the implementation and development of SCCs approach risk management in line with the plan set out earlier in the year? Is risk management being done in a way that really protects and benefits the SCCs and the communities it serves (and is not just a box ticking exercise)? What steps have been taken to promote and support and positive risk culture?
29 Nov '21	<ul style="list-style-type: none"> Strategic risk register Summary of Directorate & Service risks 	<ol style="list-style-type: none"> Has the strategic risk register been updated to reflect changes in the risks and the impact of actions to address these Does management have a clear plan of how they are / will response to each strategic risk? What progress has been made to develop and update Directorate and Service risk registers? Are there any risks that warrant escalation to the CLT and AGC?

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