



Audit & Governance Committee
January 2022

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 deliberate and / or targeted cyber attack compromising IT systems and critical IT infrastructure*

Recommendations:

It is recommended that:

1. Members note the update on risk management

Introduction:

2. This paper provides an update on Surrey County Council's Corporate risks. It focuses on the changes since the last review on the 29th November 2021. The changes are also highlighted in the Corporate Risk Heat Map. In addition, every 6 months (depending when the AGC meeting falls) a more detailed Corporate Risk Register is also provided, attached. This gives more information on the risks and is a Part 2 confidential item.
3. To develop Members understanding of the Corporate risks there is also a review on a specific risk covered at each risk session. This month the risk of cyber attacks will be presented by Morgan Reece (part of the IT & Digital team).

Risk Management Update

4. Enclosed is the Corporate Heat Map detailing the current top risks. It was last reviewed by CLT in December 2021. There are 4 risks which have changed since the last AGC :

ST.2 8 NEW	There is a risk the governments adult social care reforms add to the financial pressures for SCC if additional funding is not made available from central government	SW	3	4	12
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The above is a new risk which will develop over time once there is more clarity on the reforms and SCC can then model the impact on the organisation. However, it has being raised as a risk now because it could add significant financial costs. Once this risk becomes clearer more detail will then be brought back to AGC.

ST.2 7 NEW	There is a risk that SCC cannot deliver core services due to a dependency on national 'infrastructure components' that become unavailable	KS	1	5	5
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The above is a 'new' risk. Given the fuel 'crisis' and substantially higher gas prices in 2021, CLT felt is prudent to keep a watching brief. The intention is to be alert to geo-political or other factors which might have an impact.

ST.23	There is a risk of a resurgence of Covid (variant) which leads to a major health crisis in Surrey	RC	4	5 (WAS 4)	20 (WAS 16)
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The above risk is the most significant threat on the Corporate Risk Register. It was reviewed last month at AGC with Surrey County Councils' Director for Public Health.

The impact of the risk has been increased reflecting that Omicron appears more transmissible and as such may results in higher infections and more widespread sickness. The probability has not increased yet (from likely to very likely) as measures are in place including the booster programme to help mitigate the risk.

ST.24	There is risk that there could be higher costs in operating a fire service if moved to the Police and Crime Commission (PCC) which SCC might have to help subsidise, or the overall fire service capabilities could be diminished from a move to the PPC	LW	3 (WAS 4)	3	9 (WAS 12)
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The above risk has been reduced in terms of probability from likely to possible. This reflects a speech by Lord Greenhalg (Minister of State for Building Safety and Fire) at the National Fire Chiefs conference. During the speech it was indicated that Councils may not be mandated to transfer their fire service responsibilities - although there has been no formal announcement of this.

Review of a Strategic Risk

- The second part of this risk update is to provide more detail for a specific risk. This month the risk on Cyber attacks will be presented by Morgan Reece (part of the IT & Digital team). Members are invited to ask any questions.

ST.0 3	There is a risk of a deliberate and / or targeted cyber attack compromising IT systems and critical IT infrastructure	LW	4	4	16
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Next Steps:

- The AGC will continue to receive updates on the current strategic risks including a focus on a specific risks at each AGC session. The intention is for the next review to be :

ST.2 1	There is a risk that the Dedicated School Grant, which is currently running at a deficit, does not begin to return an in year surplus within the period of the MTFs and therefore does not return the DSG to balance with reasonable timescale	RW	4	4	16
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Conclusions:

- The work in this area provides assurance that risk management is being actively undertaken.

Financial and value for money implications

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

Equalities and Diversity Implications

- N/A

Risk Management Implications

- 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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