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Guildford Borough Council

Report to: Corporate Governance and Standards Committee (CGSC) and the Executive
Date: Thursday 16 January 2025 (CGSC)
Thursday 23 January 2025 (Executive)
Ward(s) affected: 'All'
Report of Strategic Director of: Transformation & Governance
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Lead Executive Member: Cllr Carla Morson
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Status: Open
Key decision: No

Risk Management Strategy (2025/26 – 2028/29)

1 Executive Summary

- 1.1 A new risk management strategy for the council has been developed and is presented to the Corporate Governance and Standards Committee for review and comment ahead of anticipated adoption by the Executive on 23 January 2025.
- 1.2 The strategy articulates the approach to risk management at the council. It commits the council to risk management as a core component of effective governance, leadership as well as the direction, control and management of the organisation at all levels. It has been developed to ensure conformance with sector best practice and guidance, as well as the risk profile of the council. Its development was a key action of the council's Improvement Plan,

arising from the independent governance review undertaken by Solace in 2024.

- 1.3 The council has worked closely with Zurich Resilience Solutions in creating the strategy, including in the development and inclusion of an explicitly defined risk appetite.
- 1.4 Zurich have also acted as a 'critical friend' in the strategy's development and have confirmed that it is comprehensive and meets standards of good practice.
- 1.5 The strategy is accompanied by a risk management methodology, which is attached as Appendix 3 to this report. The methodology sets out, in detail, how the principles and objectives of the strategy are to be achieved at the council. It is presented alongside the strategy for members' information.

2 Recommendations to the Corporate Governance and Standards Committee

That the Committee resolves:

- 1) To note the risk management strategy (2025/26 – 2028/29);
and,
- 2) To make any observations and/or comments on its contents to the Executive.

3 Recommendations to the Executive

That the Executive resolves:

- 1) To note the risk management strategy (2025/26 – 2028/29) and any comments on its contents made by the Corporate Governance and Standards Committee;
- 2) To approve the risk management strategy (2025/26 – 2028/29);

- 3) Subject to any revisions required following the Corporate Governance and Standards Committee's receipt of the strategy, to delegate authority to the Joint Assistant Director, Strategy and Corporate Services to make any necessary amendments in consultation with the Lead Councillor for Community and Organisational Development; and
- 4) To delegate authority to the Joint Assistant Director, Strategy and Corporate Services to make any minor amendments to the risk management strategy as required and in consultation with the Lead Councillor for Community and Organisational Development.

4 Reason for Recommendations

- 4.1 To enable the council to have effective arrangements in place for the management of risk.

5 Status of Report

- 5.1 The report is fully open.

6 Strategic Priorities

- 6.1 Means for the effective management of risk are key to the council's Corporate Strategy priority of being a resilient and well-managed council.

7 Background

- 7.1 In 2024, Solace (the Society of Local Authority Chief Executives and Senior Managers) undertook an independent governance review of the council.
- 7.2 The review highlighted several areas for improvement regarding the council's approach to risk management and governance. The subsequent Improvement Plan committed the council to adopting a new, improved approach to risk management, ensuring that it underpins effective corporate governance and strengthens the internal control environment.

- 7.3 This new and improved approach is set out in the accompanying risk management strategy and methodology (2025/26 – 2028/29). The new strategy will come into effect from 1 April 2025 and will replace the current risk management strategy and policy (2022-2025). It is being brought to the Corporate Governance and Standards Committee and the Executive ahead of 1 April to allow for sufficient time for implementation activities to be scoped and carried out.
- 7.4 In summary, the strategy articulates the council’s commitment to risk management as a core component of good governance and effective leadership. The strategy sets out how the council identifies, assesses, manages and monitors the risks that it faces in delivering its objectives. It has been developed to conform to established sector best practice in ensuring the integrity of risk management to all council activities and decision making, as well as fostering and promoting a positive and mature risk culture amongst councillors and officers.
- 7.5 The accompanying risk management methodology complements the strategy. Whilst the strategy sets out the context and overall approach to risk at the council, the methodology defines the systems and processes to deliver the strategy’s objectives, including detailed roles and responsibilities involved in the operation of the risk management cycle.
- 7.6 The methodology is therefore intended as an operational, management document and is presented for members’ information and awareness.
- 7.7 The council’s strategy now includes an explicitly articulated overall risk appetite statement, as well as statements for individual risk category areas. Adopting a risk appetite does not establish the risk profile the council wishes to adopt. Instead, it articulates the level of risk that is acceptable in pursuit of objectives and is therefore crucial to risk-based decision making.
- 7.8 Information on the guidance and application of the council’s risk appetite is set out in the strategy and methodology.

View of Zurich Resilience Solutions

7.9 The council has worked with Zurich Resilience Solutions in the development of the new strategy, including in developing risk appetite statements and the underlying scoring criteria to apply the appetite to individual risk areas and situations. Zurich are a leading industry expert in supporting risk management in local government and are also the council's insurers.

7.10 Zurich have also acted as a 'critical friend' in the strategy's development and were asked to review the strategy and methodology to provide assurance on the approach to its creation and its conformance to sector good practice and guidelines.

7.11 Zurich have confirmed that the strategy:

'... is representative of good risk management practice and contains the elements you would expect to see for a public sector organisation with mature risk management principles. The definitions and concepts used, such as risk, risk management, three lines of defence, mitigation strategies and risk appetite, are represented in accordance with common understanding. Both Strategy and Methodology documents are well worked and comprehensive in nature and conform with sector guidance such as "The Orange Book". The content provides evidence of a very high level of knowledge within the Corporate Strategy and Performance Team with matching ambition on behalf of the Council.'

7.12 Zurich's full opinion is available at appendix 2.

Role of the Corporate Governance and Standards Committee

7.13 Part 2 (Article 10) of the council's constitution states that, in respect of risk management, the committee's purpose is:

... to provide independent assurance to councillors of the adequacy of the risk management framework and the internal control

environment. It provides independent review of the authority's governance, risk management and control frameworks ...

- 7.14 Receiving and reviewing the updated risk management strategy is crucial to discharging this constitutional responsibility.

Role of the Executive and the policy framework

- 7.15 The risk management strategy does not form part of the council's policy framework and, in accordance with the council's constitution, its adoption is a matter for the Executive.
- 7.16 As risks affect the council's objectives, it is important that the Executive adopts a robust strategic and operational approach to the identification, assessment, management, and monitoring of risk. The risk management strategy and accompanying methodology is key to this.

8.0 Options

The Corporate Governance and Standards Committee has the following options:

- 8.1 Option 1 – note this report and the risk management strategy (2025/26 – 2028/29) and comment on its contents to the Executive.
- 8.2 Option 2 – note this report and the risk management strategy (2025/26 – 2028/29) and not comment on its contents to the Executive.

The Executive has the following options:

- 8.3 Option 1 – subject to any comments made by the Corporate Governance and Standards Committee, note this report and approve the risk management strategy (2025/26 – 2028/29). This is the recommended option.
- 8.4 Option 2 – note this report and not approve the risk management strategy (2025/26 – 2028/29).

9.0 Consultation

- 9.1 The development of the strategy has been shaped by consultation with key internal stakeholders. This has included briefings with the Corporate Governance and Standards Committee (to which all members were invited to attend), the Executive and the Joint Leadership Team (JLT).
- 9.2 The development of risk appetite statements was supported by a survey of Corporate Governance and Standards Committee members, as well as Executive members and the JLT. This survey was led by Zurich and was supplemented with a workshop with the JLT to discuss the outcomes in greater detail. High level findings from the survey were shared with councillors at a briefing held on 5 December 2024.
- 9.3 Further, the Corporate Leadership Board (CLB) – comprised of all Strategic Directors and statutory officers – have been kept apprised as the strategy and methodology were developed.

10 Key Risks

- 10.1 There are no risks arising from this report.

11 Legal and Governance Implications

- 11.1 The Council holds various statutory responsibilities for ensuring that its business is conducted in accordance with the law and that public money is safeguarded, accounted for, and is used economically and effectively.
- 11.2 This statutory framework includes the Local Government Accounts and Audit Regulations 2015 which require local authorities to have ‘a sound system of internal control which ... includes effective arrangements for the management of risk’. The adoption of a risk management strategy and methodology is crucial to this.

12 Financial Implications

12.1 There are no direct financial implications arising from this report, though it should be noted that the approach to risk management articulated by the strategy and methodology should improve decision making and, in turn, minimise financial risk through loss.

13 Human Resources Implications

13.1 There are no Human Resources implications arising from this report.

14 Equality and Diversity Implications

14.1 There are no Equality and Diversity implications arising from this report.

15 Climate Change and Sustainability Implications

15.1 There are no Climate Change and Sustainability Implications arising from this report.

16 Next Steps

16.1 Work will be required to implement the improvements contained within the new risk management strategy and methodology, as well as to ensure the consistent and effective application of the principles and processes set out.

16.2 In this vein, officers are developing an implementation plan for the new strategy and will work with key stakeholders as necessary.

16.3 An all member briefing on the strategy will be held on 23 January 2025. The briefing will be led by officers and Zurich Resilience Solutions. The briefing will cover risk management more generally, as well as the approach articulated in the new strategy. Subsequent briefings will take place as necessary.

17 Background Papers

There are no background papers.

18 Appendices

Appendix 1 – Risk management strategy (2025/26 – 2028/29).

Appendix 2 – Zurich's opinion

Appendix 3 – Risk management methodology (2025/26 – 2028/29).