

<b>Signed off by</b>	Head of Corporate Policy, Projects and Performance
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<b>To</b>	Leader's Meeting
<b>Date</b>	Monday, 26 February 2024
<b>Executive Member</b>	Portfolio Holder for Corporate Policy and Resources

<b>Key Decision Required</b>	N
<b>Wards Affected</b>	(All Wards);

<b>Subject</b>	Risk management - 2024/25
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<b>Recommendations</b>
<p><b>That the Audit Committee</b></p> <ul style="list-style-type: none"> <li>(i) Notes the strategic risks (available at annex 1) for 2024/25 and makes any observations to the Executive</li> <li>(ii) Notes the 2024/25 assurance framework (available at annex 2) and makes any comments to the Head of Corporate Policy, Projects and Performance</li> </ul> <p><b>That the Executive</b></p> <ul style="list-style-type: none"> <li>(i) Approves the strategic risks for 2024/25 as detailed in annex 1.</li> <li>(ii) Notes the 2024/25 assurance framework (available at annex 2) and makes any comments to the Head of Corporate Policy, Projects and Performance.</li> </ul>
<b>Reasons for Recommendations</b>
For appropriate risk management arrangements to be in place for 2024/25.
<b>Executive Summary</b>

This report sets out the strategic risks and assurance framework for the 2024/25 financial year. The strategic risks are presented to the Audit Committee for their comment, and to the Executive for approval. The assurance framework was introduced as part of implementing the Council's updated risk management strategy and is presented for members' information. The assurance framework's purpose is to provide a comprehensive overview of the risks that the Council faces, allowing risk registers to focus on risks of concern and that are receiving active management attention to bring them within appetite.

**The Audit Committee and Executive have the authority to approve their respective recommendations.**

## **Statutory Powers**

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.
2. The Council also has a duty under the Local Government Act (1999) to put in place proper arrangements for the governance of its affairs.
3. The discharge of this responsibility includes arrangements for managing risk.
4. The Council's Code of Corporate Governance outlines these core governance principles; compliance with the code is reported each year via the Annual Governance Statement.

## **Background**

1. Reigate & Banstead Borough Council has a proactive approach to risk management. It is an integral part of the Council's corporate governance arrangements and is built into management processes. The risk management strategy sets out the full detail behind how risk is managed at the Council (see background papers below).
2. In 2022/23, a thorough review of the Council's risk management strategy was undertaken. The updated strategy was approved by Full Council in March 2023.

### Improved articulation of principal risks

3. As the strategy notes, the Council faces a considerable number of risks. This includes risks inherent to the delivery of the diverse range of services provided, but also those that stem from the environment in which the Council operates.
4. Risk awareness is a crucial component of effective risk management. To that end, the risk management strategy introduced the concept of an assurance framework for the Council. The assurance framework sets out the principal risks faced by the Council which are reasonably foreseen and managed as part of the usual course of service delivery.

### Focusing on risks of concern

5. However, it is important for purposes of governance, risk management and control that attention is focused on risks of concern. The Council's strategic and operational risk registers set out these risks of concern, that is, where the risk is outside of appetite and is receiving active management attention. 2023/24 saw the introduction

of improvements to how risks are reported quarterly to the Audit Committee and the Executive.

6. Strategic risks are defined as those risks that have an impact on the medium to long term ambitions and priorities of the Council as set out in the Corporate Plan and Medium-Term Financial Plan (MTFP). Members of the Management Team and Executive Members have shared responsibility for strategic risks. The Executive approve the risks for the upcoming financial year in Q3 reporting of each year.
7. Operational risks are short term risks that are encountered in the course of day-to-day delivery by services. However, if the operational risk cannot be fully managed within the service or it has a wider organisational impact, then it will be considered for inclusion in the operational risk register. Operational risks are managed by officers and are reported to the Audit Committee and Executive when 'red' rated.

## Key Information

### Strategic risks 2024/25

8. The strategic risks anticipated for 2024/25 are available at annex 1.
9. The substantive changes from the 2023/24 strategic risk register are as follows:
  - The risk on **cost pressures affecting the viability of Council developments (SR5)** is expected to be closed in Q4 2023/24 reporting. This is because the risk is now managed as business as usual via core governance processes, including, for instance, the Council's project management and commercial governance frameworks. If the Executive do not support the risk being closed in Q4 it will carry forward into 2024/25
  - The risk on **fraud (SR8)** is expected to be closed in Q4 2023/24 reporting. This is because the risk is now regarded as being sufficiently controlled and mitigated in accordance with the Council's risk appetite. It is also captured on the assurance framework (see below for additional information on the assurance framework). If the Executive do not support the risk being closed in Q4 it will carry forward into 2024/25.
  - **Local government reorganisation, devolution and Levelling Up (SR6)** is expected to close in Q4 reporting given that the county deal being for Surrey will not result in a reorganisation of local government. However, a new risk on the challenges facing the local government sector has been included in the strategic risks for 2024/25 (as SR2 local government sector sustainability and challenge). If the Executive do not support the existing risk being closed in Q4 it will carry forward into 2024/25.
  - **Organisational capacity and culture (SR4)** has received a contextual update.
  - The risk on **Planning System Reform (SR11)** has been updated to reflect the position following the publication of a new National Planning Policy Framework.
10. Otherwise, where necessary all risks have received a contextual update to reflect the anticipated position as of 1 April 2024.

### Assurance framework

11. As noted above, the updated risk management strategy now includes preparation of an assurance framework which is available at annex 2 for the Audit Committee and Executive to note.
12. The assurance framework records the principal – though not necessarily specific manifestations of – risks faced by the Council and maps the corresponding controls and mitigations that are in place. It aims to place the risk registers in the broader context of how risk is managed at the Council and to provide members with the necessary background when considering the strategic risk register and the Council’s wider risk profile.
13. The assurance framework will be maintained and reviewed quarterly by the Projects and Performance Team, alongside Heads of Service. In accordance with the risk management strategy and methodology, it will be reported annually (in Q3 of each year) to the Audit Committee and Executive when the risk registers for the upcoming financial year are considered.
14. Should members have detailed questions on the contents of the assurance framework, the Projects and Performance Team would be pleased to receive these in writing, though the assurance framework is primarily a management document and does not require Audit Committee and Executive agreement.
15. The compilation of an assurance framework mirrors sector best practice as issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

### **Options**

16. The Audit Committee has two options:
  - Option 1 – note the report and the assurance framework and make any observations on the 2024/25 strategic risks to the Executive.
  - Option 2 – note this report and the assurance framework and make no observations on the 2024/25 strategic risks to the Executive.
17. The Executive has two options:
  - Option 1 – note this report and the assurance framework and approve the strategic risks for 2024/25. This is the recommended option.
  - Option 2 – note this report and do not approve the strategic risks for 2024/25.

### **Legal Implications**

18. There are no legal implications arising from this report.

### **Financial Implications**

19. There are no financial implications arising from this report.

### **Equalities Implications**

20. There are no equalities implications arising from this report.

### **Communication Implications**

21. There are no communications implications arising from this report.

### **Environmental Sustainability Implications**

22. There are no environmental sustainability implications arising from this report.

### **Risk Management Considerations**

23. There are no additional risk management considerations arising from this report.

### **Procurement/Contract Management and Subsidy Considerations**

24. There are no procurement, contract management and subsidy considerations arising from this report.

### **Other Implications**

25. There are no other implications arising from this report.

### **Consultation**

26. The report has been considered by Corporate Governance Group as part of its governance role.

### **Policy Framework**

27. The Council's risk management strategy and methodology provides additional information on how the Council manages risk.

### **Background Papers**

1. Risk management strategy:  
[https://www.reigatebanstead.gov.uk/info/20090/council\\_policy/929/risk\\_management](https://www.reigatebanstead.gov.uk/info/20090/council_policy/929/risk_management)