

EAST SURREY SHADOW AUDIT AND GOVERNANCE COMMITTEE

MEETING DATE: 2 NOVEMBER 2026

REPORT OF: ADAM CHALMERS, HEAD OF PAID SERVICES; NIKKI O'CONNOR, INTERIM S151 OFFICER; JACKIE KING, THEME SPONSOR FOR CUSTOMER AND CORPORATE SERVICES

SUBJECT: RISK MANAGEMENT APPROACH FOR EAST SURREY COUNCIL

Purpose of the Report:

The purpose of this report is to set out the proposed approach to Risk Management for East Surrey Council (ESC) for consideration and approval.

This report sets out the minimum viable arrangements that enable ESC to have oversight of corporate risk (the most significant risks to the organisation in the delivery of its Council Strategy and priorities), to have awareness of corporate risks inherited from legacy councils, assurance that legacy council service risks are being managed effectively, and that risk escalation arrangements are in place. A suite of draft tools is provided that would enable the development of a Corporate Risk Register as organisational and governance arrangements develop.

Apart from the management of corporate risk and escalation arrangements, legacy councils would continue to operate according to their current risk management policies and frameworks post-vesting day.

Harmonisation of service risks, risk matrices, systems and other arrangements would take place post-vesting day as services and organisational structures stabilise. A comprehensive Risk Management Framework would be developed, including elements such as risk appetite and risk tolerance.

The recommendations in this report provide a proportionate and deliverable approach to risk management ahead of vesting day.

Recommendations:

It is recommended that the East Surrey Shadow Audit and Governance Committee:

1. Considers the recommended approach to risk management (Option 1) for East Surrey Council and provides any comments and observations to the Shadow Executive;
2. Considers the proposal that legacy East Surrey councils continue to operate according to their current risk management policies and frameworks, below corporate risk level, pending the development and approval of a comprehensive and harmonised risk management framework post-vesting day, and provides any comments and observations to the Shadow Executive; and

3. Submits any other appropriate observations regarding the proposed approach to the East Surrey Shadow Executive.

Reason for Recommendations:

The Committee has an important role in informing the development of risk management arrangements for ESC, including ensuring that there is understanding of the risk profile and that active arrangements are in place on risk related issues. Consideration by the Committee of the proposed approach at this stage provides an opportunity to influence the development of risk management arrangements for ESC.

The recommended approach as outlined in report would provide a proportionate and deliverable approach to risk management and would ensure that ESC operates on a safe and legal basis from vesting day.

It recognises the practical constraints of Local Government Reorganisation and focuses on establishing the minimum viable arrangements required for transition to the new authority. Implementation of a mature and harmonised risk management framework would be developed post vesting day in alignment with emerging organisational arrangements and structures. A phased approach provides ESC with the ability to establish robust oversight and accountability arrangements from vesting day while allowing the development of a harmonised framework and associated arrangements to evolve alongside service integration and organisational maturity.

The approach supports the statutory [Best Value standards](#) and strengthens organisational accountability. It establishes the foundations for future risk management arrangements that provide officers and elected Members with clear mechanisms for managing risk as the Council begins its delivery of the Council's strategic priorities.

Options

Option 1 – Adoption of phased approach to Risk Management to be in place by vesting day, with development of a comprehensive Framework and associated harmonised arrangements post-vesting day. Recommended.

This option has been developed based on the critical milestones set out in the Surrey Devolution and Local Government Reorganisation (D&LGR) Implementation Plan, endorsed by the Chief Executive and the Interim Statutory Officers.

This option sets out a phased approach to the development of Risk Management in East Surrey. Approval of the approach enables a focus on ensuring a safe and legal transition of risk management activity from Day 1 and provides the tools for developing those arrangements required for effective governance and risk oversight.

In summary, the proposed approach is to:

- Provide information and a suite of draft tools to enable ESC to have oversight of corporate risks from Day 1 (as set out below).

- Recommend that, apart from the management of corporate risk and escalation arrangements, legacy councils' risk management frameworks, risk registers, processes and systems below corporate risk level would continue to operate beyond vesting day to maintain continuity and accountability until harmonisation is achieved.
- Engage with all Members as part of the Member Induction programme in December 2026. This would provide an opportunity for Members to feed in any thoughts they may have for the future development of risk management arrangements.
- Confirm that the Senior Leadership Team would begin work from January 2027 to develop a corporate risk register for ESC.
- Between January and March 2027, it is anticipated that newly appointed Executive Directors will take ownership of relevant corporate risk areas.
- The draft tools and information provided in this report, will enable Executive Directors to develop corporate risks, as they apply to ESC. Corporate Risks from legacy councils would be considered for inclusion on the ESC Corporate Risk Register and the appropriate mitigations developed. Should any continuing risks not be carried forward as a corporate risk, these would need to be managed at service level.
- Additional information will be available on risks relating to the transition work, which are currently being managed by the Programme Management Office. The Vesting Day Blueprints, planned to be available during December 2026, will contain information on top-level risks specific to each work area that will require consideration by ESC.
- Work to develop a comprehensive Risk Management Framework, below the corporate risk level, would be undertaken post-vesting day, alongside the development of a risk appetite and risk tolerance, and the harmonisation of relevant systems and processes.

The above position reflects the minimum requirements in relation to risk management arrangements. However, as organisational structures and governance arrangements are put in place between now and vesting day, appointed senior officers should consider using the tools provided to begin the development of a Corporate Risk Register. The workstream will support and advise as resources allow.

Information and tools:

- High level of summary of key existing risks from current councils' corporate risk registers (not a proposed corporate risk register). Annex A.
- List of existing corporate risks from current councils. Annex B.
- Draft Corporate Risk Register template and worked example. Annex C.

- Draft corporate risk assurance evidence template and worked example. Annex D.
- Draft corporate risk assessment matrix and scoring guidelines. Annex E.
- Draft Day 1 escalation process for consideration of risks at corporate risk level. Annex F.
- An information pack of most recently published legacy councils' corporate risk registers. (Included as a link under the Background Papers section at the end of the report).

Option 2 – Postpone any development of Risk Management arrangements until after vesting day.

This option would mean that the Council would not have oversight and awareness of the corporate risks that legacy councils are currently managing. The Council would not have assurance that service risks of legacy councils were being managed effectively, or that there were arrangements in place for emerging risks of corporate significance to be escalated for senior management consideration.

This would significantly limit the ability of Members and senior officers to manage corporate risks and identify emerging risks during a period of significant organisational change.

For these reasons, Option 2 is not recommended.

Option 3 – Development of a comprehensive, harmonised Risk Management Framework by March 2027. Not Recommended.

This option involves a more detailed and extensive exercise to develop a comprehensive and harmonised risk management framework by March 2027. This option would consider risk management arrangements for all operational and service risks inherited from legacy councils as well as the development of a new suite of corporate risks.

Whilst this approach would establish a comprehensive framework, it would require a substantial amount of transformational work involving Members, senior officers and services across all legacy councils. It would be a complex piece of work requiring significant officer resources as each authority has its own arrangements for the identification and assessment of risk, its own systems for recording and reporting risk, with differing risk matrices, risk tolerances and risk appetites. This would all be taking place during a period of significant change where organisational structures are still in development, recruitment to key roles is in progress and governance arrangements are being established. It is very likely that any Framework developed would require revision soon after implementation.

For these reasons, Option 3 is not recommended.

Recommended Option

On balance, Option 1 is the preferred approach as it provides a clear and proportionate approach to risk management, with senior officer and elected Member oversight of the risk profile for ESC.

It ensures that the Council has an agreed approach and that key tools are available at an early stage to enable senior officers to develop a Corporate Risk Register for ESC. This approach supports alignment across the organisation while recognising the practical constraints on capacity and resources.

At the same time, it retains flexibility by positioning the initial approach as a foundation for further development, allowing for the development of a harmonised approach to risk management, at all levels of the organisation, following vesting day.

Summary:

Background

1. The effective implementation of risk management is a critical success factor in all organisations if they are to achieve their objectives. Effective risk management aids continuous improvement and, as far as possible, safeguards against loss or failure. The management of risk is central to good corporate governance to ensure that direction and control is established and maintained.
2. The effective management of risk is vitally important to the achievement of an organisation's priorities and service delivery. Risk management arrangements will support and underpin the delivery of the East Surrey Council Strategy 2027-32 and its priorities:
 - People: Helping people get the support, education, housing and opportunities they need, as early as possible.
 - Place: Improving local places, helping provide the homes people need, strengthening the local economy and minimising the impacts of climate change.
 - Council: Making services easy to use, managing money responsibly and reporting progress openly.
3. For East Surrey Council, effective risk management will play a particularly important role during the early years of operation. The Council will inherit risks from the legacy authorities and new risks will develop due to the formation of a new organisation. As a new organisation, there will need to be work undertaken to ensure that ESC has oversight and awareness of its corporate risks at Day 1. All other service risk management arrangements can continue to operate according to the existing frameworks of the legacy councils until such time that harmonisation work takes place post vesting day.

4. This report focusses on the proposed approach to risk management for ESC and provides draft tools that can be further developed in relation to the identification and management of corporate risks from Day 1.
5. The recommendations in this report are based on work undertaken by the Corporate Support workstream, including compiling a 'Request for Information' (RFI) to gather existing information from across all existing 12 authorities in Surrey. This included a set of questions in relation to risk management, information on key risk management activities undertaken, arrangements for oversight and reporting of risk, and systems used to capture risk information. Copies of Risk Management Frameworks/policies and Corporate Risk Registers were requested.
6. A risk management sub-workstream was subsequently established in July 2026 to lead on risk management work. Its membership is comprised of risk management specialists from the Borough and District Council and Surrey County Council who have jointly developed the proposals in this paper.

Information & Tools

7. Analysis of the latest available Corporate Risk Registers from each legacy council showed a number of consistent risks reflected across all, or the majority of East Surrey legacy councils. These included risks such as financial sustainability, health and safety, cyber security, and data protection. In addition, there are some corporate risks that relate to a specific legacy council area or areas. This analysis has been used to inform a high-level summary of key existing Corporate Risks (Annex A) and to produce a document providing the titles and descriptions of all risks that appear on the most recently published corporate/strategic risk registers for each current sovereign council (Annex B). The full version of each council's most recently published corporate risk register is available via the link at the end of this report.
8. As ESC is a new entity with its own Council Strategy and priorities, it will need its own bespoke corporate risk register and an associated risk assessment and scoring system. Once a corporate risk has been identified, it will need to be entered onto the Corporate Risk Register and assessed according to the potential impact on the service or organisation and the likelihood that it will happen.
9. In order to enable ESC to undertake this work, a comparison and analysis of the format used by each legacy council for their Corporate Risk Register and their risk assessment and scoring systems was undertaken. This analysis was used to propose the draft corporate risk register template (Annex C) and the draft corporate risk assessment matrix and scoring guidelines (Annex E).
10. To provide ESC with assurance that the mitigations and controls defined in the corporate risk register are in place and operate effectively, a draft corporate risk assurance evidence template has also been developed (Annex D).

11. As each legacy council will continue to manage their service risks according to their locally agreed risk management arrangements until harmonisation work is undertaken post-vesting day, it is important that a process is in place to escalate risks identified under current arrangements. A draft Day 1 risk escalation process (Annex F), based on the proposed new management structure has been developed to enable oversight and awareness of legacy service risks and a route for discussion and potential inclusion on ESC's corporate risk register. Governance arrangements to report risks internally and externally through committee are yet to be confirmed.
12. In line with the D&LGR Programme principle of 'Transition not Transformation', the proposed approach to Risk Management for ESC provides the minimum viable arrangements to enable ESC to have oversight of corporate risk, awareness of corporate risks inherited from legacy councils, assurance that service risks from legacy councils are being managed effectively, and that risk escalation arrangements are in place. The proposed approach is considered proportionate and deliverable, enables senior officers and elected Members to have oversight of the risk profile for ESC and ensures that ESC operates on a safe and legal basis from vesting day.
13. It is anticipated that between January and March 2027 the newly appointed Executive Directors will take ownership of relevant corporate risk areas and that the new Senior Leadership Team will begin work to develop a corporate risk register for ESC. The tools and information provided in this report will enable this exercise, including consideration of corporate risks from legacy councils and risks arising from the transition work currently managed by the Programme Management Office. The Corporate Risk Register will be owned by the Chief Executive and monitored and managed together with their Senior Leadership Team.
14. Each legacy council currently has its own risk management arrangements. In line with the transition principles, it is proposed that, apart from the management of corporate risk and escalation arrangements, legacy councils continue to operate according to their locally agreed arrangements at service level, beyond vesting day. In practical terms, this means existing risk management framework, risk registers, risk matrices, systems and arrangements, below corporate risk level would continue to operate, until harmonisation work is undertaken at the appropriate time, as services and organisational structures stabilise. This approach maintains continuity and accountability and provides assurance that service risks inherited from legacy councils continue to be managed effectively.
15. ESC will develop and implement a comprehensive Risk Management Framework post-vesting day, including:
 - Development and agreement of risk assessment matrix and scoring guidelines applicable to all risks
 - Development and agreement of risk tolerance level

- Development and agreement of risk monitoring, escalation and reporting arrangements according to agreed internal governance arrangements
 - Development and agreement of a risk appetite
 - Risk management training rolled out to officers and Members
 - Harmonisation of legacy councils' risks using a common methodology and supporting systems
16. Members' engagement will take place in December 2026 as part of the Member Induction Programme. This will provide an opportunity for Members to feed in any thoughts they may have for the future development of risk management arrangements.
17. Arrangements will be confirmed as to which team within ESC would lead on the coordination of risk management arrangements on behalf of the Chief Executive.
18. The [Orange Book Management of Risk](#) is a good practice guide provided by the government that East Surrey Council may wish to consider as it develops its Framework.

Consultation:

19. The options presented for the approach to Risk Management have been developed by the Corporate Support workstream, in the Customer and Corporate Services Theme of the D&LGR Programme, in collaboration with the Chief Executive and Interim Statutory Officers.
20. A Risk Management sub-workstream was established in July 2026 and has met weekly. Risk Management leads from East and West District and Borough Councils are represented together with the Strategic Risk Manager for Surrey County Council, and all have provided input into this report.
21. Wider engagement with risk management subject matter experts across all twelve authorities has been undertaken to develop the proposals contained within the report.
22. A paper outlining the proposed approach was presented to and endorsed by the Vesting Day Readiness Board and the Officer Board in September and October 2026.
23. Further engagement with Members will take place in December through the Member Induction Programme. One online and one in-person session will be offered. The purpose of these sessions will be to build awareness of the approach to risk management and will also provide an opportunity for Members to feed in any thoughts they may have for the future development of risk management arrangements. The two-hour sessions will cover risk and also performance and Equality, Diversity and Inclusion.

Risk Management and Implications:
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24. The development of the Risk Management approach and Corporate Risk Register is dependent on effective alignment with other key processes, including the Council Strategy and progression of the D&LGR Implementation Plan, budget setting and service planning/blueprint development. There is a risk that misalignment across these dependencies could lead to inconsistencies in the understanding of the emerging risk profile of East Surrey Council, and reduced clarity of the arrangements for the management of operational / service risks of the legacy councils.
25. These risks will be mitigated through engagement with other processes across the Local Government Reorganisation programme. This includes defining clear decision points, regular coordination across strategy, finance and service design and alignment at key governance milestones. This will ensure a coherent, evidence-led and deliverable approach to risk management.

Financial and Value for Money Implications:
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26. It is anticipated that Option 1 can be delivered with existing resources by drawing on the resources available from risk management subject matter experts across Surrey. There are no direct financial implications of the proposal to develop an approach to risk management in the way recommended in this report.

Climate Change and Sustainability:

27. The proposed approach to is not expected to have any direct climate change or sustainability impacts. However, should climate change and/or sustainability be included as risks with the ESC risk management arrangements, controls would be put in place to mitigate.

Section 151 Officer Commentary:
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28. East Surrey Council will operate in a very challenging financial environment, with significant budgetary pressures from increasing demand and costs of service delivery, coupled with limited financial resources and reducing government funding. East Surrey will be increasingly reliant on Council Tax as the primary source of income.
29. Decisions made by the sovereign councils in East Surrey and the East Surrey Shadow Authority will need to consider the ongoing financial impact and ensure that expenditure does not exceed the resources available. It is vital that significant importance is placed on effective financial management and medium-term financial sustainability to achieve a balanced budget position and protect service delivery.

30. There are not anticipated to be any direct financial implications of the proposed approach to the development of a risk management framework, as it is proposed that these activities will be managed within existing resources.

Legal Implications (Monitoring Officer Commentary):

31. The report supports the overall safe and legal transition to East Surrey Council, and the phased development of a risk management framework supports the new authority's overall corporate governance framework. Risk Management ensures the council will have mitigating strategies in place to prevent risks to the achievement of its strategic business objectives.

Workforce Implications:

32. The recommended phased approach does not in itself propose changes to staffing structures, roles or terms and conditions. In the short term, however, effective delivery will depend on sufficient officer capacity and clear accountability for identifying, owning, escalating and reporting risks, alongside the other demands of transition. Existing risk management leads and subject matter experts will support the initial arrangements, with Executive Directors and senior leaders taking ownership of relevant corporate risks as the East Surrey Council structure is established. Appropriate guidance, communication and training will be required so that officers and Members understand their responsibilities and apply the agreed approach consistently.
33. Any future proposals arising from the post-vesting day harmonisation of risk management arrangements that affect roles, responsibilities, ways of working or systems will need to be assessed and managed through the Council's agreed people and change arrangements, including engagement and consultation with staff and recognised trade unions where appropriate.

Equality and Diversity:

34. The recommended approach to risk management is not expected to have a direct impact on residents or staff with different protected characteristics.

What Happens Next:

The approach to Risk Management for East Surrey Council is on the agenda of the Shadow Executive meeting on 9 November 2026.

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Annexes:

Annex A: High level of summary of key existing risks from current councils' corporate risk registers.

Annex B: List of existing corporate risks from current councils.

Annex C: Draft Corporate Risk Register template and worked example.

Annex D: Draft corporate risk assurance evidence template and worked example.

Annex E: Draft corporate risk assessment matrix and scoring guidelines.

Annex F: Draft Day 1 escalation process for consideration of risks at corporate risk level.

Sources/background papers:

[Information pack of most recently published legacy councils' corporate risk registers](#)
