



<b>Audit and Governance Committee</b>		Agenda Item
<b>08 September 2023</b>		<b>6</b>
Title:	Risk Management Framework and Risk Deep Dive	
Report of:	Nick Bell	
Lead Member:	Cllr Edna Murphy	
Public Report:	Yes	
Voting Arrangements:	A simple majority of all Members present and voting.	

#### Recommendations:

A	Recommend to CPCA Board approval of the Risk Management Framework and Procedure (including refined Financial risk scoring definitions).
B	To note and feedback on the Risk Deep Dive – Finance – Inflation and Future funding
C	To note the July - Risk Register

#### Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

X	Achieving ambitious skills and employment opportunities
X	Achieving good growth
X	Increased connectivity
X	Enabling resilient communities
X	Achieving Best Value and High Performance

#### 1. Purpose

1.1	The purpose of this document is to recommend to CPCA Board approval for the CPCA's Risk Management Framework and Procedure, to assist its communication and understanding and to provide guidance to those with responsibilities for ensuring that it is applied effectively and consistently. (This information is supplied in Appendix 1 and 2).
1.2	Information on the Risk Deep Dive – Finance – Inflation and Future funding has been supplied Appendix 2. This information will describe the process followed in which the financial risks are identified, assessed the risk (and adding the risk treatment), monitored and reported.
1.3	The Corporate risk register and supporting reports for July 2023 can be found in Appendix 3.

## 2. Proposal

2.1	<p>The CPCA are accountable for delivering in a complex and changing environment. Managing risk and uncertainty is critical to the successful delivery of strategic aims.</p> <p>The Risk Management Framework sets out an enhanced and integrated approach that builds on our existing risk management practice. The Framework is intended to support the strategic and organisation-wide focus on risk, setting out the ambition, motivation and principles that frame our approach.</p> <p>The Risk Management Procedure outlines the Combined Authority's approach to managing risk and outlines the tools and techniques involved in ensuring that this takes place effectively and in a consistent manner.</p> <p>The CPCA is committed to implementing an organisation-wide risk management culture that exemplifies high levels of risk maturity and best practice in the identification, evaluation and effective management of risk in respect of current activities and new opportunities.</p> <p>The Risk Management Framework has been co-produced with our Partners through a Partner Working Group.</p>
2.2	<p>The Orange Book 5 principles are <b>governance, integration, collaboration, processes, and continual improvement</b>.</p> <p>The objective of this framework is to adapt these principles to the Combined Authority's ways of working, ensuring compliance with our Single Assurance Framework.</p> <p>This Framework sits within the proposed Single Assurance Framework (SAF). The proposed SAF sets out the processes, approach and criteria that demonstrate to government the robust assurance, appraisal and value for money considerations that are used to develop and deliver projects and programmes to a high standard, maximising the opportunity to realise benefits whilst ensuring effective stewardship of public funds.</p> <p>The Risk Management Framework is a key tool in successfully delivering the SAF. It ensures that appropriate pipeline and project oversight is provided by both officers and politicians and provides risk data on project development and delivery to drive performance review considerations.</p> <p>To embed the use of the Risk Management Framework and Procedure, risk training has been undertaken with following groups:</p>
2.3	<p><b>Risk Management training</b></p> <p>Two risk Management sessions for members of the Audit and Governance Committee have now taken place: 21<sup>st</sup> November 2022 24<sup>th</sup> March 2023</p> <p>Risk Management training for CPCA and subsidiary companies Programme / Project Managers was delivered on 24<sup>th</sup> February 2023. A follow up training session is to be delivered in Autumn 2023.</p> <p>Risk Appetite training for the Corporate Management team took place on 27<sup>th</sup> April 2023. A Risk Appetite Statement has been drafted. The Risk Appetite Statement is incorporated within the Risk Management Framework.</p>
2.4	<p><b>Implementation of Risk Register software – 4Risk</b></p>

	<p>In May, risk software was procured. (4Risk supplied by RSM). The investment in new corporate, web-based risk software will allow a central and auditable platform to register risks associated across the work programme.</p> <p>Training in the use of the new software will be undertaken across all service areas and subsidiary companies this autumn.</p>
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### 3. Background

3.1	<p>The Combined Authority Risk Management Framework has been based upon the principles of the <a href="#">HMT Orange Book</a> (2020).</p> <p>The Orange Book states that, in successful organisations, risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced. Therefore, if we are serious about meeting our objectives successfully, improving service delivery and achieving value for money, risk management must be an essential and integral part of planning and decision-making.</p> <p>The Department for Levelling Up Housing &amp; Communities (DLUHC) published its English Devolution Accountability Framework (EDAF) in March 2023. This provides guidance on how Mayoral Combined Authorities should be accountable to local scrutiny, the public and the UK government. Our Risk Management Framework supports our compliance with the standards in the EDAF, and we are seeking to go beyond the spirit of EDAF in delivering good governance and strong measures of accountability.</p> <p>The Risk Management Framework was last approved in January 2020.</p>
3.2	<p>The Risk Management Framework and Procedure documents have been co-produced and co-designed with the following groups:</p> <ul style="list-style-type: none"> <li>• M10 Assurance network (3 sessions – May – Aug 2023).</li> <li>• Internal Officer Working Group – officers from across all CPCA service areas. (4 sessions covering the Single Assurance Framework, Performance Management Framework and Risk Management Framework, May – Aug 2023).</li> <li>• Partner Working Group – nominated officers from all CPCA constituent councils. (4 sessions covering the Single Assurance Framework, Performance Management Framework and Risk Management Framework, May – Aug 2023).</li> </ul>
3.3	<p>The Risk Deep Dive on Future Funding and Inflation risks is included as appendix 4.</p> <p>This is the first of the Deep Dives prepared for the Committee with the intention of providing the Committee's with a better understanding of the key risks, and mitigating actions, within the Combined Authority.</p> <p>As this is the first such report, the format and content are open to development and the Committee's views are sought to inform future reports to meet their needs.</p>

### 4. Appendices

4.1	<p>Appendix 1. Risk Management Framework</p> <p>Appendix 2. Risk Management Procedure.</p> <p>Appendix 3. Corporate Risk Register and supporting documents, July 2023.</p> <p>Appendix 4. Risk Deep Dive – Future Funding and Inflation</p>
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### 5. Implications

Financial Implications	
5.1	There are no direct financial implications to this report, adoption of the revised risk management framework and updated financial definitions will enable more effective reporting and scrutiny of the financial impacts of key risks.
Legal Implications	
5.2	The Cities and Local Government Devolution Act 2016 established the requirement for Combined Authorities to appoint an audit committee whose functions include reviewing and assessing the authority's risk management, internal control and corporate governance arrangements.
Public Health Implications	
5.3	None
Environmental & Climate Change Implications	
5.4	None
Other Significant Implications	
5.5	None
Background Papers	
5.6	None