



Audit and Governance Committee		Agenda Item
08 March 2024		6
Title:	Corporate Risk Register	
Report of:	Nick Bell, Executive Director, Resources and Performance	
Lead Member:	Cllr Edna Murphy	
Public Report:	Yes	
Voting Arrangement:	To note	

Recommendations:

A	To note the February 2024 Corporate Risk Report including the Register, Dashboard and Heat Map in Appendix 1-3.
B	To note the update on progress of the Risk Software implementation
C	To note the plan for risk deep dives

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	To note the risk register, dashboard and heat map in Appendix 1-3.
1.2	To note the update on progress of the Risk Software implementation
1.3	To note the plan for risk deep dives

2. Proposal

All risks have been reviewed with risk leads in advance of developing this report. This is the first time the reviews have taken place through the 4Risk software and early evidence is showing that the format and ease of reviewing is leading to improved reporting, as illustrated by the level of changes this month.

Furthermore, as the software captures and documents all changes, we can offer a detailed summary of what has changed since the previous report. These changes are detailed below:

- Closure of the Subsidiary Companies risk.

This risk was related to there being no member oversight of the operational and direction of the subsidiary companies. The controls and actions have been completed and this is no longer a risk. This is because there is now member oversight through the Shareholder Board, which is to be merged with the Investment Committee, therefore the risk is no longer live.

- Opening of a new risk called Subsidiary Companies and stakeholder membership

A new Subsidiary Companies risk has been identified, with the cause being a 'Lack of day to day management of these companies', and the effect of this as 'Financial and reputational issues from company decisions'. This reflects a number of companies where the Combined Authority is an investor but does not have a controlling interest.

- Closure of the two Net Zero Hub risks.

The first risk was relating to the delay in CPCA process to assess and approve role specifications. The second risk was that the scale of change of scheme rules between HUG1 and HUG2 is difficult to accommodate with the scale of the project delivery team in the Hub. The controls and actions have been completed and this is no longer a risk. This is because all suppliers have now been appointed and the CPCA have recruited all roles advertised for.

- Opening of a new risk called Net Zero Hub / HUG2.

A new Net Zero Hub risk has been identified, with the cause being a '15% Admin & Ancillary (A&A) spend cap alongside smaller capital delivery' and the effect a 'Funding for centralised costs may not be sufficient to stick within the 15% Admin & Ancillary (A&A) cap, leading to a breach of MoU conditions with potential liability for CPCA to fund some costs'.

- Workforce/HR risk – score change

The residual risk score has reduced from 13 yellow down to 5 green. This is because the controls are in place and seem to be working. The risk relates to the failure to secure permanent staff in senior and key positions, and many of these positions have been filled.

- Future Funding – score change

The residual risk for Future Funding has increased from 19 to 22 as the impact has increased from a 2/5 to a 3/5. This is because whilst work to date has reduced the likelihood of this risk occurring, and additional work planned should reduce it further, should the risk occur the potential impact has been raised to catastrophic as a lack of funding would cause the Combined Authority significant difficulties in meeting its objectives.

- Cyber Security

The inherent risk increased from 21 to 24 as recent examples in UKPLC show the devastating impact of cyber-attacks on organisations, therefore the impact moved up from a 4 to a 5. The residual risk remains the same so after controls the risk remains amber at a score of 14.

- University of Peterborough

The risk has been renamed to University of Peterborough future expansion with the wording tweaked to make it clearer that the risk is relating to the overarching vision rather than the first phases.

2.2	<p>The result of the above is that there are now 15 risks on the Corporate Risk Register, down from 16 in the January 2023 report.</p> <p>The February Corporate risk register shows the following for the 15 residual risks (risks scores after controls are in place):</p> <ul style="list-style-type: none"> • 1 red very high risks • 1 amber high risks • 11 yellow medium risks • 2 green low risks <p>This represents an increase of one very high risk (Future Funding - see 2.1), one less amber risk, two less yellow medium risks, and one more green risk.</p>
2.3	<p>Implementation of Risk Register software – 4Risk</p> <p>In May 2023, risk software was procured. (4Risk supplied by RSM). Implementation of the new risk recording system is ongoing.</p> <p>The software is now being used to update corporate risks, and in February 2024 the PMO met with each risk lead to update risks live on the system. By the end of March all risk owners and leads will be able to login to 4Risk and update without the support of PMO – they will have the access required and will have had training on how to use it. There is a change log on 4Risk so PMO will see any changes made and continue to report these to A&G.</p> <p>Service level risk registers are also being put onto 4risk. To date we have the Economy & Growth Programme Risk Register and are working on adding the others following thorough reviews of the registers. We aim by the end of March to have all the service registers on 4risk – with full access and training.</p>
2.4	<p>Risk Deep Dives</p> <p>An action from the March A&G meeting is to develop a list of deep dives for the Committee to consider going forward.</p> <p>We will be bringing a report in June to seek committee views on areas members would like to consider for review. We will then come back in the following A&G meetings with deep dive into those areas.</p>

3. Background

3.1	<p>The Combined Authority Risk Management Framework and Procedure was approved at 08 September Audit & Governance Committee, and 20 September Combined Authority Board.</p> <p>Work continues in embedding the Framework and Procedure, including through training and software.</p>
3.2	<p>The Framework states that the Programme Management Office are responsible for ensuring that the Corporate Risk Register is maintained, updated and that risks are regularly reviewed with the Executive Director of Resources & Performance, Corporate Management Team, Audit & Governance and the Risk Owners.</p> <p>The Audit & Governance Committee is responsible for overseeing the Authority's Risk Management Framework and Procedures and the Corporate Risk Register, to ensure that risk management is being done to the appropriate standard and in line with this framework.</p> <p>This item is key to ensuring this is completed.</p>

4. Appendices

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| 4.1 | Appendix 1. Corporate Risk register
Appendix 2. Risk Dashboard
Appendix 3. Residual movement heatmap |
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5. Implications

Financial Implications

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| 5.1 | There are no direct financial implications to this report. |
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Legal Implications

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| 5.2 | <p>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.</p> <p>The Accounts and Audit Regulations 2015, Regulation 3, provides that: 'A relevant authority must ensure that it has a sound system of internal control which</p> <p>(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and</p> <p>(c) includes effective arrangements for the management of risk.</p> <p>The proposals in this report contribute to the CPCA's effective arrangements for the management of risk.</p> |
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Public Health Implications

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| 5.3 | None |
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Environmental & Climate Change Implications

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| 5.4 | None |
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Other Significant Implications

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| 5.5 | None |
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Background Papers

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| 5.6 | None |
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