



Appendix 3 Overview and Scrutiny Committee 18 September 2023

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| <b>Combined Authority Board</b> |  | Agenda Item |
| <b>20 Sept 2023</b>             |  | <b>X</b>    |
| Title:                          | Risk Management Framework and Procedure              |             |
| Report of:                      | Nick Bell / Chris Bolton                             |             |
| Lead Member:                    | Cllr Edna Murphy                                     |             |
| Public Report:                  | Yes  |             |
| Key Decision:                   | <i>Include KD reference is yes</i>                   |             |
| Voting Arrangements:            | A simple majority of all Members present and voting. |             |

**Recommendations:**

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| A | Approve the Risk Management Framework and Procedure |
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**Strategic Objective(s):**

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

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| 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               |

*Delete as appropriate and include short explanation. Link to relevant sections in business plans.*

## 1. Purpose

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| 1.1 | The purpose of this document is to seek 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). |
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## 2. Proposal

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| 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 CA'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> |
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| 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 a broader Single Assurance Framework (SAF). The 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> <p><b>Risk Management training for members of the A&amp;G Committee</b></p> <p>Two risk Management sessions for members of the Audit and Governance Committee have now taken place:</p> <p>21<sup>st</sup> November 2022.<br/>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.</p> |
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|     | Risk Appetite training for the Corporate Management team took place on the 27 <sup>th</sup> April 2023. A risk appetite statement has been drafted. The Risk Appetite Statement is incorporated within the Risk Management Framework.  |
| 2.3 | <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, for all programme/project managers 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> |

### 3. Background

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| 3.1 | <p>The Combined Authority (CA) 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.</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> <p>M10 Assurance network – 3 sessions – May-Aug.</p> <p>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).</p> <p>External 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).</p>   |
| 3.3 | Alternative options were not considered.   |

### 4. Appendices

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| 4.1 | <p>Appendix 1. Risk Management Framework</p> <p>Appendix 2. Risk Management Procedure.</p> |
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### 5. Implications

Financial Implications

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| 5.1   |   |
| Legal Implications                          |   |
| 6.1   | <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>However, under the CPCA constitution, Chapter 4, Rule 4.3.3, the Combined Authority Board has the responsibility for approving the adoption of, and any amendment to or withdrawal of the Risk Management framework.</p> |
| Public Health Implications                  |   |
| 7.1   | None  |
| Environmental & Climate Change Implications |   |
| 8.1   | None  |
| Other Significant Implications              |   |
| 9.1   |   |
| Background Papers                           |   |
| 10.1  |   |