



Combined Authority Board		Agenda Item
20 March 2024		12
Title:	Q3 Corporate Risk Report	
Report of:	Nathan Bunting	
Lead Member:	Mayor Dr Nik Johnson	
Public Report:	Yes	
Key Decision:	No	
Voting Arrangements:	To note- No need for voting	

Recommendations:	
A	To note the risk 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
Our principles of risk management support the consistent and robust identification and management of risk within desired levels across the organisation, supporting openness, challenge, innovation, and excellence in the achievement of our strategic objectives.	

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

2.1 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.

To support the management of risk the Risk Management Framework and Procedure was approved at September 2023 CPCA Board. Implementing of the framework has commenced and is ongoing.

The Risk Management Framework and Procedure documents were co-produced and co-designed with the following groups from May to August 2023:

M10 Assurance network – 3 sessions

Internal Officer Working Group – 4 sessions – (officers from across all CPCA service areas).

Sessions covering the Single Assurance Framework, Performance Management Framework and Risk Management Framework,

External Working Group – 4 sessions – (nominated officers from all CPCA constituent councils). Sessions covering the Single Assurance Framework, Performance Management Framework and Risk Management Framework.

This is the first risk report to Board since its approval and is one further step to embedding the framework. As it is the first report we will not focus on changes and instead focus on the status of the risks in 2.2.

Appendix 1 sets out all the risks in a register format. Appendix 2 is the risk dashboard which shows the risks by category, proximity and score (inherent, residual and target). Appendix 3 maps the risks on a heatmap, and from the next report will show which are above risk appetite.

All risks are reviewed monthly with risk leads and have been included in this report. Risks are also reviewed monthly at the Corporate Management Team meeting.

The reviews have taken place through our new 4Risk software (see 2.3) and early evidence is showing that the format and ease of reviewing is leading to improved reporting, as noted by the Audit & Governance Committees at the recent March 2024 meeting.

As the software captures and documents all changes, in future reports we will offer a detailed summary of what has changed since the previous report.

2.2 There are 15 risks on the Corporate Risk Register. The 15 residual risk scores (risks scores after controls are in place) are:

1 red very high risk
1 amber high risk
11 yellow medium risks
2 green low risks

The 1 very high risk is Future Funding

The Future Funding causes are:

- No replacement of devolved multi-year funding streams which are coming, or have come, to an end e.g. Transforming Cities Fund, housing investment funds and Local Growth Funding.
- Replacement of these funding sources with centrally controlled 'calls' for CAs and LAs to bid for grants for specific projects.
- Potential change of government following general election may lead to different funding priorities than CPCA currently prioritises.

	<p>The Future Funding effects are:</p> <ul style="list-style-type: none"> a) Lack of a long-term funding settlement impairs the Combined Authority's ability to plan strategic investments. b) Reduces the CA's ability to deliver projects considered a local priority, as only those which can attract national investment receive funding. c) Impact on staff retention as employment may be fixed term to match to current funding giving little certainty to employees. d) Potential inability to meet the aspirations contained within the original devolution deal from 2017. <p>The 1 amber high risk is Cyber Security</p> <p>The Cyber Security cause is: Cyber Security incident due to: Unauthorised applications, Human error, Misaid equipment, Breach of network / data or Fraudulent activity due to phishing attempts.</p> <p>The Cyber Security effect is: Potential loss of data and systems and inability to operate business critical services.</p> <p>Current controls/mitigations can be found in appendix 1</p>
2.3	<p>Implementation of Risk Register software – 4Risk</p> <p>In May 2023, 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>The Corporate Risk Register is now on 4Risk and we are in the process of adding the Service Registers (Transport, Skills, Business, Climate etc.) following the completion of the one-to-one training that has been taking place by RSM (including subsidiary companies).</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.</p> <p>There is an auditable log of changes on 4Risk which will be shared with A&G and Board so that there is effective oversight over what has changed between Board cycles.</p>
2.4	<p>Risk Deep Dives</p> <p>Starting from the Q4 report we will be completing a risk deep dive into those risks that exceed our risk appetite. This will be sent to the Corporate Management Team, Audit & Governance Committee and Combined Authority Board.</p> <p>Furthermore, Audit & Governance Committee and Board members can request a risk deep dive.</p>

3. Background	
3.1	<p>The Combined Authority Risk Management Framework and Procedure was reviewed at 08 September Audit & Governance Committee, and approved 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 notes 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, CPCA Board and the Risk Owners.</p> <p>The Combined Authority Board is responsible for:</p>

	<ul style="list-style-type: none"> • Adopting and reviewing the Risk Management Framework • Receiving recommendations from the Audit & Governance Committee (A&G) as to the Authority's arrangements for the management of risk and on any concerns that risks are being accepted which the Authority may find unacceptable. • Identify and propose new strategic risks • Review annual report from A&G <p>This item is key to ensure the above are completed. This is a standing item every quarter.</p> <p>A&G receive a Risk Report at every meeting, most recently at the March 2024 meeting. A&G 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>
3.3	<p>Training</p> <p>To embed the use of the Risk Management Framework and new software for recording risk, training has been undertaken across the CPCA both for members and officers. Dates of completed training are as follows:</p> <p>A&G Committee</p> <p>November 2022</p> <p>March 2023</p> <p>CPCA Officers (incl. subsidiary companies)</p> <p>February 2023</p> <p>February 2024 - 4Risk software</p> <p>Corporate Management Team</p> <p>April 2023 - Risk Appetite training</p> <p>(NB the risk appetite statement is incorporated within the Risk Management Framework).</p> <p>Refresher training is scheduled to take place each year.</p>

4. Appendices	
4.1	<p>Appendix 1. Corporate Risk register</p> <p>Appendix 2. Risk Dashboard</p> <p>Appendix 3. Residual movement heatmap</p>

5. Implications	
Financial Implications	
5.1	There are no direct financial implications to this report.
Legal Implications	
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>
Public Health Implications	
5.3	None
Environmental & Climate Change Implications	
5.4	None
Other Significant Implications	
5.5	None
Background Papers	
5.6	Corporate Risk Report - Audit & Governance Committee (08 March 2024)