



Report title: Review of Corporate Risk Register & Risk Management Strategy

To: Audit and Governance Committee

Meeting Date: 6 April 2021

From: Robert Parkin
Monitoring Officer

Key decision: No

Recommendations: The Audit and Governance Committee is recommended to:

- a) Review the Combined Authority's Corporate Risk Register (Appendix 1)
- b) Review the Proposed Corporate Risk Management Strategy (Appendix 4)
- c) Recommend any proposed changes to the Corporate Risk Register to be reported to the next Combined Authority Board meeting for approval.

Voting arrangements: A simple majority of all Members.

1. Purpose

- 1.1 The Audit and Governance Committee's terms of reference include monitoring the Combined Authority's risk management arrangements including the risk register.
- 1.2 This report provides the Committee with the Corporate Risk Management Strategy and an update on the Corporate Risk Register.
- 1.3 In the interests of good governance, the Committee is requested to review the Corporate Risk Management Strategy and Corporate Risk Register and suggest any changes they would like to put forward as a recommendation to the Combined Authority Board.

2. Background

Corporate Management Risk Strategy

- 2.1 The current Corporate Risk Management Strategy was adopted by the Combined Authority in January 2020 and forms Appendix 3 to this report. The internal review report carried out by the Combined Authority's internal auditor RSM, makes suggestions as to improvements in the strategy (including, for example, the use of SMART mitigations and controls), the current strategy is attached as appendix 3 and was included in the January Audit and Governance Committee papers.
- 2.2 RSM, the internal auditor, suggested in its report a series of management actions to improve the Corporate Risk Management Strategy. Appendix 4 is the Corporate Risk Management Strategy with highlighted changes which are proposed following the RSM report. The changes are the following:
- References to the Government's Orange Book (Management of Risk – Principles and Concepts) enhancing the need for Risk Management within the organisation.
 - Provides further clarity on internal monitoring arrangements including spot checks to ensure the risk management strategy is being adhered to.
 - Additional training requirements for CPCA staff members.
 - Includes the definition of Risk Appetite and Risk Tolerance, which links to the Relationship between Risk and Change Control document that was adopted by the Combined Authority in January 2021.
 - Enhanced process for the escalation and de-escalation of risks.
 - Introduces further monitoring and review arrangements based on residual risk scores.

Corporate Risk Register

- 2.3 The Corporate Risk Register is populated by reference to individual project risk assessments and over-arching corporate risks.
- 2.4 The Corporate Risk Register is reviewed by the Corporate Management Team, any risks which arise, or which become more significant between their meetings are escalated to the next Corporate Management Team meeting.
- 2.5 The same risk register template and terminology are used by all Project Managers during the reporting process for each project. Any risks that score over the agreed threshold on an individual project register will then also appear on the main risk register so that it can be monitored accordingly. Again, the report of the internal auditor on risk includes some recommendations around the corporate risk register.

Significant Implications

- 2.6 Risk 20 - Potential impact of the New Trade Deal with the EU on delivery of the Combined Authority's Growth Ambition Programme (B

The Residual RAG rating has been updated with the likelihood being changed from likelihood 1 (rare) to likelihood 2 (unlikely) and the impact has changed from 2 (marginal) to 3 (significant) providing a Residual RAG score of 6 and raising it from GREEN to AMBER.

2.7 Risk ID 21 – MHCLG review of £100m Housing Programme

The Residual RAG rating has been updated with the likelihood being decreased to 3 (significant); the Impact has remained the same at 3 (significant). This has reduced the Residual RAG score from 12 to 9 and from RED to AMBER.

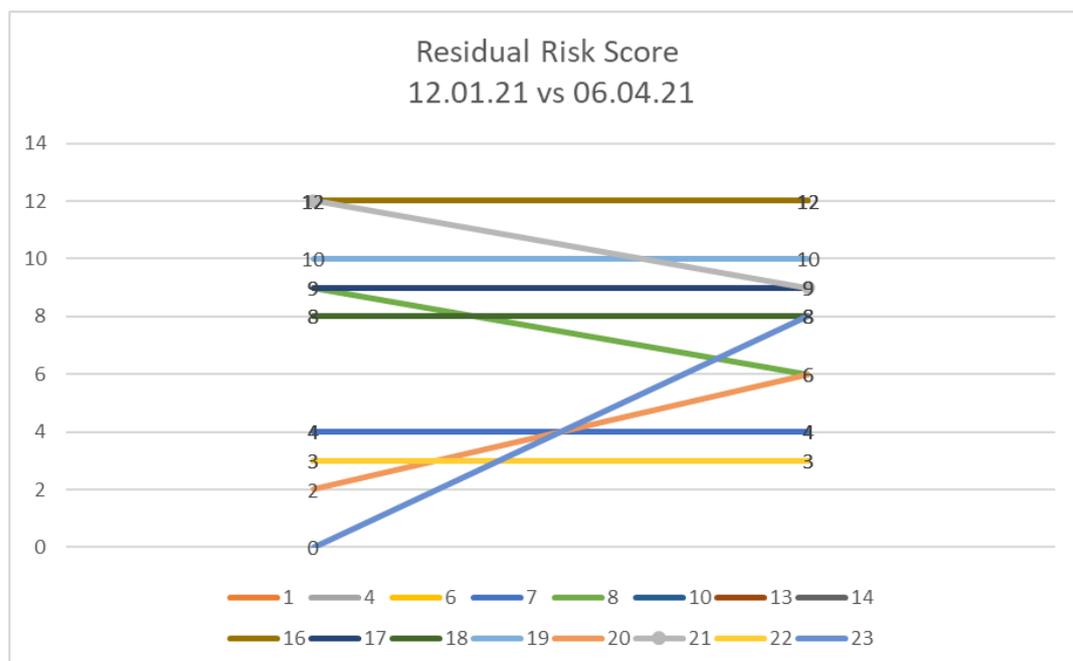
2.8 Risk ID 8 – Absence of funding of historic ambitious and long stalled Programmes

The Residual RAG score has been reduced with Impact moving from 3 (significant) to 2 (marginal) to reflect the mitigation plan. This reduces the Residual RAG score to 6 and remains AMBER.

2.9 Risk ID 23 – Lack of capacity/resilience in the ICT provision to the CPCA

A new risk has been added to the Corporate Risk Register to reflect the risk of a shortfall in the provision of an adequate ICT platform for future need - including software and systems, and equipment. Failure to have access to an application/system needed for the delivery of the CPCA project, programme, or service. This has been given a Residual RAG rating of 8 AMBER.

2.10 Below is a graph demonstrating the changes in residual risk score from the previous Audit and Governance Meeting on the 12th of January 2021 to the current Audit and Governance meeting. This reflects the changes noted above.



3. Financial Implications

3.1 All of the work has been carried out in-house, therefore there are no significant financial implications to this activity.

4. Legal Implications

4.1 No significant legal implications.

6. Appendices

6.1 Appendix 1 – Corporate Risk Register

6.2 Appendix 2 – Corporate Risk Heat Map

6.3 Appendix 3 – Current Corporate Risk Management Strategy

6.4 Appendix 4 – Proposed Corporate Risk Management Strategy