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**Report to:** Governance and Audit Committee

**Date:** 12 October 2017

**Subject:** Draft Risk Management Strategy

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## **1 Purpose**

- 1.1. This report provides an update on the work that is currently underway to review and enhance existing risk management arrangements for the West Yorkshire Combined Authority, in order that Members of the Governance and Audit committee can provide input to this.

## **2 Information**

- 2.1 Work is currently taking place to review and update WYCA's existing risk management arrangements. Routine consideration of the risk management approach is vital to ensure that the organisation remains proactive in identifying risks and managing these in a timely manner.
- 2.2 In addition the current review is also addressing a number of recommendations made by the Internal Audit team following their audit of risk management arrangements which took place earlier this year.
- 2.3 The objective of the audit was to assess the reliability of risk management systems and to make sure that the systems in place are properly administrated, authorised and recorded. As reported to the Governance and Audit Committee in April 2017, the resulting audit opinion noted that some improvements were required in existing risk management systems. The audit also concluded that while elements of an effective risk management framework were found to be present, these weren't necessarily consistently applied. This is reflective of an organisation undergoing significant change and the current review offers a timely opportunity to ensure updated risk management arrangements are embedded in new teams and new ways of working.
- 2.4 The current review of risk management arrangements is therefore seeking to ensure that the arrangements are appropriate for the new organisation, focussing on delivering greater consistency in risk management activities throughout the organisation and in doing so ensure the specific audit recommendations are addressed.
- 2.5 The organisation currently has a Risk Manual in place which sets out both the strategy for risk management and the detailed guidance associated with the current risk systems in operation. The internal audit review highlighted that the strategy and guidance elements of the Risk Manual should however be separated out in order to

better reinforce roles, responsibilities and expectations. As such a draft Risk Management Strategy has been prepared to more clearly set out the key organisational principles and processes by which risk management activities will be governed.

- 2.6 A copy of the draft risk management strategy is attached at Appendix 1. The key areas covered by this document can be summarised as follows:
- Policy statement on WYCA’s approach to risk management;
  - WYCA Risk Appetite Statement;
  - Risk management approach (including risk recording procedures, assessment of risks, and risk response categories);
  - Risk management roles and responsibilities; and
  - Risk Reporting and Escalation Process

2.7 In parallel to the development of the draft Risk Management Strategy, the organisation’s Corporate Risk Register is also currently under review. The Corporate Risk Register contains the main on-going or long term risks to WYCA on an organisation wide basis. These risks are owned and managed by the Leadership Team.

2.8 A summary of the headline risks currently contained within the Corporate Risk Register is provided below (the scoring has been updated to reflect the risk assessment criteria as set out in Section 4.3 of the draft Risk Management Strategy)

| Risk description  | Probability | Impact | Risk score | Mitigation Summary   |
|---|-------------|--------|------------|--|
| Failure to deliver WYCA objectives and outcomes   | 2           | 3      | 6          | One Organisation programme is delivering structure and process changes designed to deliver key organisational objectives   |
| Failure to secure enhanced funding and devolved powers                                    | 3           | 4      | 12         | Devolution discussions continuing as a key organisational priority. Recent developments in South Yorkshire to be taken into account                                      |
| Failure to have in place the capacity and resources to deliver the increased workload     | 2           | 3      | 6          | One Organisation Change programme has identified new organisational structures to address this and these are now largely implemented. Recruitment still however underway |
| Failure to properly communicate the purpose of WYCA to internal and external stakeholders | 2           | 3      | 6          | New Communications team established and brand/identity project in progress to address this.  |
| Failure to develop appropriate working arrangements with the districts                    | 2           | 3      | 6          | Work to strengthen key partnerships being led by policy teams. Assurance process implemented and contributing towards more consistent working arrangements on the        |

|   |   |   |   |  |
|---|---|---|---|--|
|   |   |   |   | delivery of projects and programmes with Districts   |
| Failure to demonstrate that WYCA is making a difference   | 2 | 3 | 6 | Continuing to monitor performance against corporate plan objectives. Mid-year KPI review shows majority are on track but with some 'amber' items |
| <b>NEW:</b> Failure to meet the provisions of the General Data Protection Regulations upon their introduction in May 2018 | 3 | 3 | 9 | Information Governance project identified in Phase 2 One Organisation programme. Action plan developed and being implemented                     |

2.9 Throughout October detailed discussions will take place with each Directorate to determine their business objectives and budget requirements for 2018/19, as part of the annual business planning process. It is intended that these discussions will also include the consideration of key risks for each Directorate, in order that Directorate level risks registers can be updated and these can then inform a more detailed review of the Corporate Risk Register in November.

### 3 Financial Implications

3.1 None arising directly from this report

### 4 Legal Implications

4.1 None arising directly from this report

### 5 Staffing Implications

5.1 None arising directly from this report

### 6 External Consultees

6.1 None.

### 7 Recommendations

7.1 That Governance and Audit Committee note the draft Risk Management Strategy and provide any feedback on this including feedback on the Risk Appetite Statement (which is presented at section 3 of the strategy.)

7.2 That Governance and Audit Committee note the summary of headline corporate risks at 2.8 of this report and provide feedback on these.

### 8 Background Documents

8.1 None.