

Report to: Governance and Audit Committee

Date: 23 January 2020

Subject: **Risk Management Strategy Update**

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1. Purpose of this report

- 1.1 To seek approval for the revised organisation's Corporate Risk Management Strategy.

2. Information

Background

- 2.1 The Corporate Risk Management Strategy was first approved in 2017 and last endorsed by the Governance and Audit Committee in July 2018. Since this time significant progress has been made in developing and improving risk management activities across the organisation. The refresh of the Corporate Risk Management strategy received endorsement of Senior Management Team on 31 December 2019.
- 2.2 The proposed changes within the strategy come as a result of feedback gathered from key stakeholders across the organisation, as well as including the findings of two Internal Audit reports from May and October 2019. During its development, senior risk owners across the organisation have been consulted with, and feedback has been incorporated from key management groups across the organisation, including Regulatory and Compliance Board, as well as feedback from previous meetings of this Committee.
- 2.3 A copy of the updated Corporate Risk Management Strategy can be found at **Appendix 1**.

Key updates

- 2.4 The organisation's risk assessment matrix has been reviewed, to address several existing problems with the previous iteration. The revised matrix ensures equal distribution of risk categories, and descriptors have been updated with the most recent guidance from ISO 31000. The matrix ensures

the number of risk ratings are equal to those in the organisation's risk appetite to ensure comparison between the two is clear and easy to understand.

- 2.5 The organisation's risk appetite has been reviewed in consultation with Regulatory and Compliance Board and incorporates feedback from an informal workshop held with elected Combined Authority members. A revised list of categories has been included with ratings set to more clearly reflect the organisation's appetite for risk across varying themes which reflect the four corporate priorities.
- 2.6 The corporate risk register template has been simplified and enhanced, incorporating standardised wording to help ensure risks are captured in a uniform, easy-to-understand format. The register provides automated information on the direction of travel of a given risk, and uses standardised terminology consistent with that used across supporting documentation. Work is now underway to review risk registers in line with these changes.
- 2.7 A risk management toolkit has been created within the Corporate Risk Management pages of the internal intranet, to help risk managers across the organisation with the identification, mitigation, escalation and general management of risks. This includes more sophisticated guidance regarding the conduct of risk reviews as well as recommended timescales depending on risk severity.
- 2.8 A communication and engagement plan has been developed to ensure consistent and effective information is fed to the organisation to reinforce risk management responsibilities, and the relevant processes and procedures. This plan seeks to focus upskilling activities on a network of staff with increased risk management responsibilities (Risk Champions and Coordinators) to further develop levels of expertise across the organisation.
- 2.9 Roles and responsibilities, including reporting and escalation routes, have been improved and clarified in the new strategy documentation.
- 2.10 An organisational membership to ALARM has been obtained. This membership provides best practice guidance from across the industry, as well as benchmarking information, to ensure the Combined Authority's arrangements reflects the most up-to-date recommendations. Through this membership, relationships between the Transformation and Performance Team and risk managers in Wakefield Council and Leeds City Council have been formed, to share experiences and best practice.
- 2.11 A risk management 'Process on a Page' document has been produced with the aim of providing any staff member within the Combined Authority a brief and easy to understand document which provides an overview of the risk management processes within the organisation.
- 2.12 Corporately facilitated risk workshops continue to take place across the organisation, to raise the profile of risk management arrangements and to

support staff in conducting practical risk assessments.

- 2.13 A new reporting template to the Regulatory and Compliance Board has been developed, which provides details of very high risks across the organisation and risk travel across directorate risk registers, to better assist the Board in providing objective assurance of risk management controls and processes.

3. Financial Implications

- 3.1 There are no financial implications directly arising from this report.

4. Legal Implications

- 4.1 There are no legal implications directly arising from this report.

5. Staffing Implications

- 5.1 There are no staffing implications directly arising from this report.

6. External Consultees

- 6.1 No external consultations have been undertaken.

7. Recommendations

- 7.1 That the Governance and Audit Committee considers and approves the revised corporate risk strategy and arrangements.

8. Background Documents

None.

9. Appendices

Appendix 1 – Corporate Risk Management Strategy