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**Report to:** Governance and Audit Committee

**Date:** 22<sup>nd</sup> March 2023

**Subject:** **Risk Management Strategy**

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## 1. Purpose of this report

- 1.1 To provide the committee with an update on the Combined Authority's risk management strategy.

## 2. Information

### Corporate risk review

- 2.1 The Corporate Planning and Performance Team is working in partnership with Directorates to embed a focus on more active risk management, ensuring the strategy is consistently applied and that teams are supported to monitor and control risks and issues more effectively. Corporate Planning and Performance Officers meet on a monthly basis to assess and support the risk management process across all directorates.
- 2.2 The last meeting of the Committee in January of this year heard that the corporate risk management strategy, in place since January 2020, needs to be reviewed to ensure it is still fit for purpose.
- 2.3 The risk management strategy and associated risk management tools are being updated to reflect the Combined Authority's outcome led organisational operating model and structure. This will update how and where risks are viewed and managed across the Combined Authority.

### Areas of change

- 2.4 **An approach revolving around delivery of outcomes and corporate performance:** The organisation has moved to a new outcome led operating model and structure, as well as integrated outcome led business plans. Work is continuing through the Evolution Programme on further developing and

embedding the operating model including through the re-design of the 'Corporate Centre', as well as a renewal of corporate performance monitoring. There may be an implication from this work on the organisation's approach to risk and risk management.

- 2.5 **A simpler, active, discussion led approach** – The current organisation-wide approach to risk management is heavily process led and focussed on the creation of lengthy and detailed risk registers. This leads to very laborious and time-consuming exercises to keep registers up to date to help support the mitigation and management of risk. In a resource constrained world this approach does not lend itself to having regular proactive conversations about the management of risk, nor to the determination and effective application of mitigations.
- 2.6 **A differentiated approach to risk management at the different levels of management of the organisation** - The Corporate Risk Register needs to be refreshed as part of the preparations for the new financial and business plan year, and the performance monitoring thereof. The intention is that this aligns with the emerging modus operandi for the organisation from the ongoing Evolution Programme. In terms of risk, this includes a focus on quality rather than quantity to ensure that precious time is spent managing and mitigating the most important existential, compliance and outcome delivery risks.

The table below highlights as an example some areas for discussion and deliberation in relation to a possible new approach. The Committee is asked to consider and provide input to this:

Forum	Planning horizon	Nature of risk management	Level of detail
ILB	Medium – long	Risk to delivery of multi-year business plan and budget, internal and external. Organisation and region-wide	5–7 no. risk register, detailed mitigations. Macro, existential, horizon scanning, impact and outcome focussed
SMT	Medium	Organisation-wide, risk to delivery of annual business plan and budget. Internal and external.	5-10 no. risk register based on themes from directorates, detailed mitigations. Horizon scanning, outcome and compliance focussed.
DMTs	Short - medium	Risk to delivery of annual directorate business plan and budget	5-7 no. risk registers, detailed mitigations. Outcome and output focus.
Heads of Service Teams	Short	Operational level risk to delivery of service level annual business plan	Use of integrated, outcome led business plan. Output focussed.

### **3. Tackling the Climate Emergency Implications**

- 3.1 There are no climate emergency implications directly arising from this report. The risk management strategy and tools will allow the Combined Authority to identify and mitigate risks associated with tackling the climate emergency.

### **4. Inclusive Growth Implications**

- 4.1 There are no inclusive growth implications directly arising from this report. The risk management strategy and tools will allow the Combined Authority to identify and mitigate risks associated with Inclusive Growth.

### **5. Equality and Diversity Implications**

- 5.1 There are no equality and diversity implications directly arising from this report. The risk management strategy and risk management tools will allow the Combined Authority to identify and mitigate risks associated with Equality and Diversity.

### **6. Financial Implications**

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

### **7. Legal Implications**

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

### **8. Staffing Implications**

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

### **9. External Consultees**

- 9.1 No external consultations have been undertaken.

### **10. Recommendations**

- 10.1 That the Committee considers the report and provides input on a new approach to risk management.

### **11. Background Documents**

None.

### **12. Appendices**

None