

Report to: Governance and Audit Committee

Date: 24 July 2023

Subject: **Risk Management**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this Report

- 1.1. To advise the Committee of the progression of plans to review the organisation's corporate risk management strategy.
- 1.2. To provide an update on corporate risk for the previous quarter.

2. Information

- 2.1. The Committee has previously endorsed the shift in approach to a risk management strategy and associated risk management tools, agreeing in March 2023 to update these 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.
- 2.2. 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 arising in delivery of business plan objectives effectively.
- 2.3. The outcomes of this are fed into a monthly business plan monitoring report which is considered by Directors as part of internal governance to monitor and assess corporate performance.

- 2.4. This report has identified that key challenges facing the organisation remain resourcing and capacity as possible hindrances to meeting corporate objectives for the region. Mitigations to this include prioritisation of projects and securing additional resource where pressure points exist so as not to breach approved tolerances.
- 2.5. It has become apparent that as the organisation continues to evolve there is a need to review the corporate approach to risk at all levels of the organisation's work. The objective is to ensure that risk management is a planned and systematic approach to the identification, evaluation, prioritisation and control of risks and opportunities facing the organisation, and to establish and maintain an appropriate risk appetite with proportionate boundaries and tolerances.
- 2.6. Senior managers have recently held a workshop during which a review of current risk approach was held to establish whether this remains fit for purpose. The outcomes of this workshop resulted in agreement that there is clear appetite for further improvement and development in how we manage risk. There is therefore an opportunity to revise the current approach to risk management, and to embrace a change of methodology to best suit the organisation.
- 2.7. Directors will consider options for a review of risk management and risk appetite on 14 July, following which these will be tested with Heads of Service via Senior Management Team. It is intended that a review will support consistent prioritisation of risk management across the organisation, and in particular the management of cross-cutting risks that need to be managed at a corporate level.
- 2.8. The Committee are asked to note and agree this approach, with a view that the outcomes of any such review be brought to the Committee for endorsement in due course.
- 2.9. In the intervening period risks associated with business plan delivery will continue to be managed through the corporate performance monitoring and reporting process. Senior managers will monitor and assess corporate risk as a matter of routine pending the agreement and application of a refreshed approach.
- 2.10. As part of the redesign of the organisation, the responsibilities of the Head of Legal and Governance (Monitoring Officer) have been expanded to include risk, internal governance and compliance, resulting in the post being amended to Deputy Director of Legal, Governance and Compliance. They will report to the Chief Operating Officer.

3. Tackling the Climate Emergency Implications

- 3.1. There are no climate emergency implications directly arising from this report. A comprehensive and well managed approach to risk will allow the Combined Authority to identify and mitigate risks associated with the climate emergency.

4. Inclusive Growth Implications

4.1. There are no inclusive growth implications directly arising from this report. A comprehensive and well managed approach to risk 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. A comprehensive and well managed approach to risk will allow the Combined Authority to identify and mitigate risks associated with EDI.

6. Financial Implications

6.1. There are no financial implications arising directly from this report. It is acknowledged that effective management of and planning for financial risks within the risk management strategy forms a key part in mitigating financial risks to the organisation.

7. Legal Implications

7.1. There are no legal or compliance matters arising directly from this report. It is acknowledged that effective risk management and communication of the matters within this forms a key part of ensuring the organisation meets its legal obligations.

8. Staffing Implications

8.1. There are limited HR implications arising from this report, recognising that the management and mitigation of risk is a core part of all officers roles. Resource to progress the review will need to be identified and prioritised alongside existing work.

9. External Consultees

9.1. No external consultations have been undertaken.

10. Recommendations

10.1. That the committee notes the update provided.

11. Background Documents

11.1 There are no background documents referenced in this report.

12. Appendices

12.1 None.

