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| Report to: | Governance and Audit Committee |
| Date: | 11 January 2024 |
| Subject: | Risk Management |
| Director: | Alan Reiss, Chief Operating Officer |
| Author: | Caroline Allen Deputy Director, Legal, Governance & Compliance |

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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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: paragraph 3 | 3 |
| Are there implications for equality and diversity? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

1. Purpose of this report

- 1.1 To provide the Committee with an update on work to embed risk management through all layers of officer governance.
- 1.2 To advise the Committee on the current status of the corporate risk register.

2. Information

Risk Management Strategy and Implementation

- 2.1 As highlighted in the report to this Committee at its meeting on 16 October, the initial priority for this work area is on ensuring that risk management is embedded within the new operating model and that the current Risk Management Strategy (with some slight updates) remains appropriate. Work is underway on a revised draft of the Risk Management Strategy and this will be brought forward to a future meeting.
- 2.2 Since October work has progressed to develop and strengthen internal escalation mechanisms below the Corporate Risk Register. This work still has some way to go,

partly due to the need to align with internal accountability frameworks which are not yet fully established, and also due to the need for dedicated resource to support this which is anticipated but not yet in place. That said, work is continuing but at a pace that is reflective of these constraints. In particular, the Chief Operating Officer has put in place monitoring mechanisms in respect of corporate centre risks with a composite risk register which is reviewed on a monthly basis and it is intended that this is rolled out across the wider organisation.

Corporate Risk Register

Live Risks and Issues

2.3 Risk Owners have reviewed the corporate risk register and evaluated those risks and issues recorded to ensure that these are timely, accurate and appropriate. Internal Leadership Board have endorsed the risk register content, and a copy is attached at **Appendix 1 and exempt Appendix 2**.

2.4 Since the Committee last saw the register this has further been developed to include an anticipated date for closure and an assessment of the risk rating for the next review period following mitigation.

2.5 Further, an action plan to track progress on implementing further mitigations has been developed, initially in respect of a single very high risk:

- Due to a malicious external incident, there is a risk that the Combined Authority falls victim to a cyber security attack. There is a risk that this may result in: human harm; damage to assets; financial penalties and enforcement action from the Information Commissioner's office; a loss of personal or sensitive data; disruption to affected services; reputational damage.

2.6 Commentary on recent cyber attacks, their impact on website availability, and action taken in response, is also provided in the Regulatory and Compliance paper at item 9. The cyber security mitigations are contained in **exempt Appendix 2** alongside further mitigations by way of an action plan.

Fluctuations in ongoing risk

2.7 Since the last review in September, the risks relating to the transport network, bus patronage and tendered services budgets have decreased. A strategic review of the network is being conducted to ensure best value is acquired from a co-ordinated rollout of the Bus Service Improvement Plan funding which is helping to stabilise, restore and enhance services. This has been assisted by close partnership working with bus operators and a steady increase in patronage (now at 91% of the March 2020 pre-

pandemic baseline). Consequently, there have been fewer service reductions in the past few months as operators see some level of stability returning to parts of their commercial operations. The Combined Authority continues to work very closely with partners to ensure stability is maximised in an operational environment that remains somewhat unpredictable.

2.8 Risk associated with development and delivery of the mass transit programme has increased over the period from September, due to the potential for reputational impact due to limited resources and competing pressures and resulting future financial packages from Government. It is anticipated that this can be managed down to medium level risk later in the year through collaborative engagement with key strategic partners and supply chain partners, development of appropriate gateway review and assurance processes and timescales, and planned engagement with Government Partners to discuss the emerging way forward.

3. Tackling the Climate Emergency Implications

3.1 As referenced in the corporate risk register at Appendix 1, an existing corporate risk is the failure to meet the objectives set out in the Climate and Environment Plan (CRR-011). The register sets out the current and proposed mitigations to address this risk.

4. Inclusive Growth Implications

4.1 There are no inclusive growth implications directly arising from this report, however a number of the risks identified in the corporate risk register could have indirect implications if they materialised such as the potential bus operator failure (CRR-006) and delays in the capital programme delivery (CRR-013). The risk management strategy and tools will support 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, although the risk relating to potential bus operator failure could have implications which would need to be considered should the risk materialise. The risk management strategy and risk management tools will support the Combined Authority to identify and mitigate risks associated with Equality and Diversity.

6. Financial Implications

6.1 The corporate risk register includes both a risk (CRR-004) and an issue (CRR-005) relating to external pressures and uncertainty relating to the funding landscape, together with identified mitigations.

7. Legal Implications

7.1 The information contained in Appendix 2 is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person including the Combined Authority. It is considered that the public interest in maintaining the content of Appendix 2 as exempt outweighs the public interest in disclosing the information, as publication could prejudice the financial or business affairs of the Authority.

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 notes work ongoing to embed risk management through all layers of officer governance.

10.2 That the Committee notes and endorses the revised corporate risk register and action plan.

11. Background Documents

11.1 There are no background documents referenced in this report.

12. Appendices

Appendix 1 – Redacted Corporate Risk Register

Appendix 2 – (Exempt) Unredacted excerpts of Corporate Risk Register, including Action Plan