



## Combined Authority Board

**13 November 2024**

Title:	Corporate Risk Report and Risk Appetite Statement
Report of:	Janice Gotts, Executive Director, Resources
Lead Member:	Mayor Dr Nik Johnson
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	Simple majority of voting Members, subject to that majority including the vote of the Mayor, or the Deputy Mayor acting in place of the Mayor

### Recommendations:

A	To note the Corporate Risk Register, Dashboard and Heat Map
B	To seek approval of the Corporate Risk Appetite Statement
C	To note progress of Audit & Governance Deep Dives

### Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

X	Achieving ambitious skills and employment opportunities
X	Achieving good growth
X	Increased connectivity
X	Enabling resilient communities
X	Achieving Best Value and High Performance

Our principles of risk management support the consistent and robust identification and management of risk within desired levels across the organisation, supporting openness, challenge, innovation, and excellence in the achievement of our strategic objectives.

### 1. Purpose

1.1	To note the Corporate Risk Register, Dashboard and Heat Map in Appendix A-C
1.2	To seek approval of the Corporate Risk Appetite Statement, Appendix D
1.3	To update on the progress of Audit & Governance Deep Dives

## 2. Proposal

### 2.1 Risk Register, Dashboard and Heat Map (Appendix A-C)

The CPCA are accountable for delivering in a complex and changing environment. Managing risk and uncertainty is critical to the successful delivery of strategic aims.

To support the management of risk the Risk Management Framework and Procedure was approved at September 2023 CPCA Board. Implementing of the framework has commenced and is ongoing.

All risks are reviewed with risk leads through our 4Risk software and are reviewed monthly at the Corporate Management Team meeting, most recently on 28 October.

Since the July 2024 Board report there have been some changes to the Corporate Risk Register. These are set out below:

- An Embedding Improvement Journey risk has been added to the register given the nonrenewal of the Best Value Notice by Ministry of Housing, Communities and Local Governance on the 9th September 2024.
- The Embedding Improvement Journey risk has replaced the three Improvement Plan related risks - Governance, Culture and Future Viability of the Combined Authority.
- Recruitment and Retention risk has been added following a proposal by the Board at the July meeting.
- Work on improving weaknesses identified by internal audit has been added as a control to the Cyber Security risk as requested by Board at the July meeting.
- Ely to Milton Interchange risk has been escalated from the Transport service register.
- Climate risk amendments: The risk has been substantially changed, with the risk description, cause and effects all being amended to focus on what CPCA can control. With this, the residual score has been reevaluated from a 12 to a 17.
- Financial underspend risk reworked: The risk has been renamed to 'Failure to deliver work programmes within budget and planned timeframes'. It was assessed that this is the risk that may then lead to failure to deliver timely and effective projects.

Appendix A details the risks in a register format. Appendix B is the risk dashboard which shows the risks by category, proximity and score (inherent, residual and target). Appendix C maps the risks on a heatmap including which are above appetite.

There are 14 risks on the Corporate Risk Register. The residual risk scores (risks scores after controls are in place) are:

1 red very high risk
2 amber high risk
9 yellow medium risks
2 green low risks

The 1 very high risk is Future Funding, and is above risk appetite.

### 2.2 Risk Appetite Statement (Appendix D)

The current risk appetite approach was developed, implemented and approved during the course of 2023 and included within the Risk Management Framework document dated September 2023. It has subsequently been reviewed and considered by the Executive Team in August 2024.

The approach used by the Authority aligns to good practice and the principles laid out within the Treasury's Orange Book on risk management. The approach essentially takes into consideration that there is not one risk appetite for an organisation, and that there will be multiple risk appetites, depending upon the nature of the type of risk in question. The Authority utilises 8 risk appetite themes, and these can be found in the summary table on slide 5, alongside an appetite level and threshold. Each theme is then expanded upon on the subsequent slides, to create the 'Risk Appetite Statement', this is what outlines the Authority's risk appetite.

Undertaking a review of risk appetite every 12-18 months is in line with good practice, given that operating environments change and need to be considered and discussed in light of the Authority's

	<p>strategy and current position, to help inform risk-based decision making. Challenging the risk appetite statement and its associated elements, risk appetite theme, levels and thresholds is an important component of effective risk management.</p> <p>The risk appetite statement provides the parameters for the management and decision making of the risks being faced by the organisation. Different categories of risk have been defined, each of which has an appetite aligned to it.</p> <p>The associated risk appetite level aids in informing the target risk score for each risk within the corporate risk register, leading to the determination of whether further action is required to reduce the residual risk to within appetite. Changes made as a result of the review include:</p> <ul style="list-style-type: none"> <li>• Data &amp; Management Information – moved from Cautious to Minimal, to reflect increasing data security threats</li> <li>• Partnerships – moved from Cautious to Open as this is a core part of achieving the Authority’s objectives and by continuing with a Cautious approach this could stifle the organisation.</li> <li>• Culture &amp; Confidence – amended from talking about Improvement plan, to about embedding values and behaviours.</li> </ul> <p>The revised Risk Appetite Statement is in Appendix D.</p>																		
2.3	<p><b>Risk Deep Dives</b></p> <p>A schedule of Risk Deep Dives with Audit &amp; Governance Committee (A&amp;G) has been agreed. The schedule is set out below:</p> <table border="1" data-bbox="188 869 1508 1126"> <thead> <tr> <th>Risk</th> <th>A&amp;G Committee date</th> <th>Lead officer</th> </tr> </thead> <tbody> <tr> <td>Governance &amp; Culture</td> <td>Complete - July</td> <td></td> </tr> <tr> <td>Cyber Security</td> <td>Complete - September</td> <td></td> </tr> <tr> <td>Future Funding</td> <td>November 2024</td> <td>Janice Gotts</td> </tr> <tr> <td>Financial Underspend / Inflation</td> <td>December 2024 (28 Nov)</td> <td>Janice Gotts</td> </tr> <tr> <td>Climate</td> <td>February 2025</td> <td>Judith Barker</td> </tr> </tbody> </table> <p>The Audit and Governance committee undertook deep dives of the Governance &amp; Culture and Cyber Security risks in July and September respectively.</p>	Risk	A&G Committee date	Lead officer	Governance & Culture	Complete - July		Cyber Security	Complete - September		Future Funding	November 2024	Janice Gotts	Financial Underspend / Inflation	December 2024 (28 Nov)	Janice Gotts	Climate	February 2025	Judith Barker
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3. Background	
3.1	<p>The Combined Authority Risk Management Framework and Procedure was reviewed on 08 September 2023 Audit &amp; Governance Committee and approved 20 September 2023 Combined Authority Board. Work continues in embedding the Framework and Procedure, including through training and software.</p>
3.2	<p>The Framework notes that the Programme Management Office are responsible for ensuring that the Corporate Risk Register is maintained, updated and that risks are regularly reviewed with the Executive Director of Resources &amp; Performance, Corporate Management Team, Audit &amp; Governance, CPCA Board and the Risk Owners.</p> <p>The Combined Authority Board is responsible for:</p> <ul style="list-style-type: none"> <li>• Adopting and reviewing the Risk Management Framework including the risk appetite statement</li> <li>• Receiving recommendations from the Audit &amp; Governance Committee (A&amp;G) as to the Authority’s arrangements for the management of risk and on any concerns that risks are being accepted which the Authority may find unacceptable.</li> <li>• Identify and propose new strategic risks</li> <li>• Review annual report from A&amp;G</li> </ul> <p>This item is key to ensure the above are completed. This is a standing item every quarter.</p> <p>A&amp;G receive a Risk Report at every meeting, most recently at the 08 November 2024 meeting. A&amp;G is responsible for overseeing the Authority’s Risk Management Framework and Procedures and the Corporate Risk Register, to ensure that risk management is being done to the appropriate standard and in line with this framework.</p>

3.3	<p><b>Training</b></p> <p>To embed the use of the Risk Management Framework and new software for recording risk, training has been undertaken across the CPCA both for members and officers. Dates of completed training are as follows:</p> <p><u>A&amp;G Committee</u></p> <p>November 2022</p> <p>March 2023</p> <p>September 2024 - focusing on Principles and Practice</p> <p><u>CPCA Officers (incl. subsidiary companies)</u></p> <p>February 2023</p> <p>February 2024 - 4Risk software</p> <p>June 2024 – 4Risk Software</p> <p><u>Corporate Management Team</u></p> <p>April 2023 - Risk Appetite training / development session</p> <p>August 2024 - Risk Appetite training / development session</p>
3.4	<p><b>Implementation of Risk Register software – 4Risk</b></p> <p>In May 2023, risk software was procured (4Risk supplied by RSM). The investment in new corporate, web-based risk software will allow a central and auditable platform to register risks associated across the work programme.</p> <p>The Corporate Risk Register is now on 4Risk and Service Registers (Transport, Skills, Business, Climate etc.) have also been added following the completion of the one-to-one training that has been taking place (including subsidiary companies).</p> <p>The software is now being used to update corporate risks and service level risks.</p>

## 4. Appendices

4.1	APPENDIX A. Corporate Risk register
4.2	APPENDIX B. Risk Dashboard
4.3	APPENDIX C. Residual movement heatmap
4.4	APPENDIX D. Risk Appetite Statement

## 5. Implications

### Financial Implications

5.1 There are no direct financial implications to this report.

### Legal Implications

5.2 The Cities and Local Government Devolution Act 2016 established the requirement for Combined Authorities to appoint an audit committee whose functions include reviewing and assessing the authority's risk management, internal control and corporate governance arrangements.

The Accounts and Audit Regulations 2015, Regulation 3, provides that: 'A relevant authority must ensure that it has a sound system of internal control which

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.

The proposals in this report contribute to the CPCA's effective arrangements for the management of risk.

Public Health Implications	
5.3	None
Environmental & Climate Change Implications	
5.4	None
Other Significant Implications	
5.5	None
Background Papers	
5.6	<a href="#">Corporate Risk Report</a> - Audit & Governance Committee (18 July 2024)