



Audit and Governance Committee

18th July 2024

Title:	Corporate Risk Report June 2024- Deep Dives
Report of:	Janice Gotts, Executive Director, Resources
Lead Member:	Cllr Edna Murphy
Public Report:	Yes
Voting Arrangements:	No vote required

Recommendations:

A	To note the report and supporting documentation to enable to Committee to undertake a Deep Dive into the Culture risk
B	To note the report and supporting documentation to enable to Committee to undertake a Deep Dive into the Governance VfM risk
C	To note the Corporate Risk Register, Dashboard and Heatmap

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

1. Purpose

1.1	To note the report and supporting documentation in appendix 1 to enable to Committee to undertake a Deep Dive into the Culture risk
1.2	To note the report and supporting documentation in appendix 2 to enable to Committee to undertake a Deep Dive into the Governance VfM risk
1.3	To note the Corporate Risk Register June 2024 in Appendix 3, Risk Dashboard in Appendix 4 and Heatmap in Appendix 5

2. Proposal

2.1	<p>It was agreed at June 2024 A&G Committee for a Deep Dive into Culture and Governance VfM at the July Committee. Supporting documentation is in the appendices and the Risk Owners are available to respond to questions.</p> <p>Culture Risk:</p> <p>When the risk was first identified and added to the register in September 2022 it was inherently a Very High risk with a 5/5 critical impact and 3/5 possible likelihood.</p> <p>As of July 2024, the residual culture risk (now that controls are in place) is a Medium risk, with a 3/5 moderate impact and 3/5 possible likelihood.</p> <p>A key reason for the improved score is the controls that have been put in place and are being delivered. The controls are largely linked to the Improvement Programme delivery, with the outcomes delivered through phase 1, 2 and 3 playing an important part in mitigating these risks. 2.2 offers more detail on what has been delivered in relation to culture.</p> <p>See Appendix 1 for more information on this risk including the cause, effect and controls.</p> <p>Governance VfM Risk:</p> <p>When the risk was first identified and added to the register in June 2022 it was inherently a Very High risk with a 5/5 critical impact and 3/5 possible likelihood.</p> <p>As of July 2024, the residual culture risk (now that controls are in place) is a Low risk, with a 2/5 minor impact and 2/5 unlikely likelihood.</p> <p>A key reason for the improved score is the controls that have been put in place and are being delivered. The controls are largely linked to the Improvement Programme delivery, with the outcomes delivered through phase 1, 2 and 3 playing an important part in mitigating these risks. 2.3 offers more detail on what has been delivered in relation to governance.</p> <p>See Appendix 2 for more information on this risk including the cause, effect and controls.</p>
2.2	<p>Improvement delivery - Culture</p> <p>Culture was included within Phase 1 of the Improvement Programme, particularly workstream A (Political Ambition & Strategy) which included delivery of:</p> <ul style="list-style-type: none">• A clear strategic plan for the CA is in place with deliverables to take CA from now until end of current Mayoral Term• Organisational operating values and principles are in place that inform the approach the CA takes to how it operates.• Insight and evidence are used to assess the state of the region and inform policy direction and priorities for the CA• The strategic policy framework for the Combined Authority is re-established• The mayor's operating arrangements and appropriate office support is in place and fit for purpose <p>Culture also linked into workstream B (Governance Ways of Working), in particularly delivery of the following outcomes:</p> <ul style="list-style-type: none">• The culture and operation of the CA supports it as an effective, high performing organisation• A revised senior leadership structure in place to provide the organisation with clear and effective strategic direction and capacity• External partners recognise the CA has a culture of effective engagement <p>Following a transition into phase 2 in May 2023, culture was included within the Confidence, Capacity & Culture workstream. The outcomes were to:</p> <ul style="list-style-type: none">• Establish clear Ambitions and Priorities<ul style="list-style-type: none">○ We are clear in our ambition and priorities for the combined authority region○ We have a well-established framework to work in partnership with key stakeholders to deliver this ambition• Values and behaviours

- Values and behaviours are embedded and owned by everyone (both officers and members) through day-to-day activities
- Values and behaviours are recognised as central to all CPCA practice and processes and there is collective ownership and responsibility for culture- living the values through day to day working activity.
- Alignment to the values is recognised and celebrated, whilst non-aligned of 'behaviours' are addressed
- Peer reviews and feedback from partners identify CPCA is 'living its values'
- Leadership
 - Leadership at all levels of CPCA is seen as high quality, effective and in line with the agreed values and behaviours
- Recruitment, Retention, Reward & Resources
 - Balanced scorecard in place that reflects job satisfaction, employee turnover, absence etc.
 - Workforce strategy agreed (up to 2025) that identifies key resourcing requirements and how they will be delivered. CPCA is viewed as a 'good' employer tested through staff surveys, exit interviews and external review

Following a transition into phase 3 in March 2024, the Culture workstream includes:

- Officers continue to embrace and work according to our defined CIVIL values and behaviours
- Focus on CA Board consideration of their public duties according to our defined CIVIL values and behaviours

2.3 Improvement delivery – Governance

Governance was included within Phase 1 of the Improvement Programme, particularly workstream B (Governance Ways of Working) that included delivery of:

- The Board's ways of working have been reset to enable it to operate in effective and strategic manner
- Executive Committee ways of working are reset to enable them to operate in a more effective manner
- Transitional Committee Structure implemented
- Policy space for Board is developed and aligned to the policy development process
- Informal governance mechanisms are in place that reset ways of working with constituents and partners
- The culture and operation of the CA supports it as an effective, high performing organisation
- A revised senior leadership structure in place to provide the organisation with clear and effective strategic direction and capacity
- External partners recognise the CA has a culture of effective engagement

Following a transition into phase 2 in May 2023, governance was included within the Governance & Decision Making workstream. This included:

- Revising / embedding the Constitution & Governance Improvements
 - financial regulations
 - Procurement code and
 - Single Assurance Framework
- Full assurance review of Governance by internal Audit
- A revised senior leadership structure in place

Following a transition into phase 3 in March 2024, the Governance workstream has been included within Continuous Improvement. This includes:

- A robust and transparent procurement provision within the CA that enables social, financial & operational value

	<ul style="list-style-type: none"> • A constitution and governance structure that is tested and reviewed on a regular basis to ensure it remains compliant, fit for purpose and relevant • A robust and transparent process for managing decision making associated with funding arrangements within the CA • Risk Management that enables the CA to make better decisions, using the agreed risk appetite to reduce negative impacts and is tested and audited • Performance Management within the CA provides the basis for better decision making & underpins delivery. 																					
2.4	<p>Risk Register Changes</p> <p>Since June A&G, as shown in Appendix 3, two new risks have been added. These are for Bus Reform and Peterborough Station Quarter (PSQ) – Funding.</p> <p>Three risks have been removed – Workforce/HR, HUG2 and Transforming Cities Fund. The HR risk has been closed as permanent staff are now in post. HUG2 risk has now become an issue and is being reported in the Complex Project dashboard. Transforming Cities Fund (TCF) has been deescalated to Service level Transport register due to mitigations in place.</p> <p>The only other substantial change since the June report is to Governance VfM risk which has changed from Medium to Low following a review of controls as part of the Deep Dive work. As controls have been strengthened with efficient monitoring in place the score has been reduced.</p> <p>Following comments from the Committee in June the Cyber Security risk’s controls and actions have been refreshed to provide greater clarity, further details will be provided via the deep dive scheduled in September.</p>																					
2.5	<p>Schedule of Risk Deep Dives</p> <table border="1"> <thead> <tr> <th>Risk</th> <th>A&G Committee date</th> <th>Lead officer</th> </tr> </thead> <tbody> <tr> <td>Culture</td> <td>July 2024</td> <td>Judith Barker</td> </tr> <tr> <td>Governance VfM</td> <td>July 2024</td> <td>Edwina Adefehinti</td> </tr> <tr> <td>Cyber Security</td> <td>September 2024</td> <td>Janice Gotts</td> </tr> <tr> <td>Future Viability of CA</td> <td>November 2024</td> <td>Rob Bridge</td> </tr> <tr> <td>Future Funding</td> <td>November 2024</td> <td>Janice Gotts</td> </tr> <tr> <td>Financial – Underspend / Inflation</td> <td>November 2024</td> <td>Janice Gotts</td> </tr> </tbody> </table>	Risk	A&G Committee date	Lead officer	Culture	July 2024	Judith Barker	Governance VfM	July 2024	Edwina Adefehinti	Cyber Security	September 2024	Janice Gotts	Future Viability of CA	November 2024	Rob Bridge	Future Funding	November 2024	Janice Gotts	Financial – Underspend / Inflation	November 2024	Janice Gotts
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3. Background

3.1	<p>Improvement background</p> <p>Culture</p> <p>The January 2023 Best Value Notice stated that DLUHC expect the authority to “Continue in its efforts to conduct investigations at pace and to implement cultural change, particularly in relation to the relationships between officers and members and with the Mayor’s office.”</p> <p>The January 2024 Best Value Notice stated that DLUHC expect the authority to “Continue to implement and monitor cultural change across the organisation, for both officers and members, with a focus on measurable outcomes.”</p> <p>Governance</p> <p>The Best Value Notice (Jan 23) noted “Significant concerns highlighted by the external auditor, published on 1 June 2022, in relation to the 2021/22 audit year confirming significant weakness in the Authority’s governance arrangements that they believe to be pervasive.”</p> <p>The January 2024 Best Value Notice stated that DLUHC expect the authority to “Continue to implement and embed the changes agreed by the Combined Authority Board as part of the improvement plan”.</p>
3.2	<p>The Combined Authority Risk Management Framework and Procedure was approved at 08 September Audit & Governance Committee, and 20 September Combined Authority Board.</p> <p>Work continues in embedding the Framework and Procedure, including through training and software.</p>

3.3	<p>The Framework states 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 & Performance, Corporate Management Team, Audit & Governance and the Risk Owners.</p> <p>The Audit & Governance Committee 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> <p>This item is key to ensuring this is completed.</p>
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4. Appendices

4.1	<p>Appendix 1. Culture Deep Dive</p> <p>Appendix 2. Governance / VfM Deep Dive</p> <p>Appendix 3. Corporate Risk register</p> <p>Appendix 4. Risk Dashboard</p> <p>Appendix 5. Risk Heatmap</p>
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5. Implications

Financial Implications

5.1 There are no direct financial implications to this report.

Legal Implications

5.2 The Cities and 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 Authority has a statutory responsibility under Part 2 – Internal Control of the Accounts and Audit Regulations (England) 2015 to have arrangements in place for the management of risk. It also forms part of the seven core principles within the best practice guidance, 'Delivering Corporate Governance in Local Government: Framework' published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE)

Public Health Implications

5.3 None

Environmental & Climate Change Implications

5.4 None

Other Significant Implications

5.5 None

Background Papers

5.6 None