



Combined Authority Board

24 July 2024

Title:	Corporate Risk Report
Report of:	Janice Gotts, Executive Director, Resources
Lead Member:	Mayor Dr Nik Johnson
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	No vote required

Recommendations:

A	To note the risk register, dashboard and heat map in Appendix A-C.
B	To note the update on progress of the Risk Software implementation
C	To note the plan for risk 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 risk register, dashboard and heat map in Appendix A-C.
1.2	To note the update on progress of the Risk Software implementation
1.3	To note the plan for risk deep dives

2. Proposal

2.1 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.

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

- Two new risks have been added. These are for Bus Reform and Peterborough Station Quarter (PSQ) – Funding.
- 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.
- Governance VfM risk has changed from Medium to Low following a review of controls. As the controls have been strengthened with efficient monitoring in place the score has been reduced.
- Cyber Security has moved from High to Medium and is now within risk appetite. The impact of the risk has reduced from Major to Moderate because of the controls now in place, particularly around data access, are such that if there was a cyber incident the impact would be lessened. A briefing note was sent to Board members following a comment on this risk at the previous meeting, particularly related to how our resilience matches other public bodies and local authorities.

2.2 Appendix A sets out all 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, and from the next report will show which are above risk appetite.

All risks are reviewed with risk leads through our new 4Risk software (see 2.3), and are reviewed monthly at the Corporate Management Team meeting.

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

0 amber high risk

11 yellow medium risks

2 green low risks

The 1 very high risk is Future Funding

The Future Funding causes are:

- a) No replacement of devolved multi-year funding streams which are coming, or have come, to an end e.g. Transforming Cities Fund, housing investment funds and Local Growth Funding.
- b) Replacement of these funding sources with centrally controlled 'calls' for CAs and LAs to bid for grants for specific projects.
- c) Potential change of government following general election may lead to different funding priorities than CPCA currently prioritises.

The Future Funding effects are:

- a) Lack of a long-term funding settlement impairs the CA's ability to plan strategic investments.
- b) Reduces the CA's ability to deliver projects considered a local priority, as only those which can attract national investment receive funding.
- c) Impact on staff retention as employment may be fixed term to match to current funding giving little certainty to employees.
- d) Potential inability to meet the aspirations contained within the original devolution deal from 2017.

Current controls/mitigations can be found in appendix A

2.3	<p>Implementation of Risk Register software – 4Risk</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 by RSM (including subsidiary companies).</p> <p>The software is now being used to update corporate risks and service level risks.</p> <p>There is an auditable log of changes on 4Risk, the key changes since March Board are set out in 2.1.</p>																					
2.4	<p>Risk Deep Dives</p> <p>A schedule of Risk Deep Dives with Audit & Governance Committee has been agreed. The schedule is set out below:</p> <p>Schedule of Risk Deep Dives</p> <table border="1" data-bbox="188 640 1506 943"> <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> <p>If Board members also request a Deep Dive into a risk, then we can bring this forward to a future meeting.</p>	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>The Combined Authority Risk Management Framework and Procedure was reviewed at 8 September Audit & Governance Committee, and approved 20 September Combined Authority Board.</p> <p>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 & Performance, Corporate Management Team, Audit & Governance, CPCA Board and the Risk Owners.</p> <p>The Combined Authority Board is responsible for:</p> <ul style="list-style-type: none"> • Adopting and reviewing the Risk Management Framework • Receiving recommendations from the Audit & Governance Committee (A&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. • Identify and propose new strategic risks • Review annual report from A&G <p>This item is key to ensure the above are completed. This is a standing item every quarter.</p> <p>A&G receive a Risk Report at every meeting, most recently at the March 2024 meeting. A&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>Training</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>A&G Committee</p>

	<p>November 2022</p> <p>March 2023</p> <p>CPCA Officers (incl. subsidiary companies)</p> <p>February 2023</p> <p>February 2024 - 4Risk software</p> <p>June 2024 – 4Risk Software</p> <p>All staff refresher risk training is scheduled to take place in August.</p> <p>Corporate Management Team</p> <p>April 2023 - Risk Appetite training / development session (NB the risk appetite statement is incorporated within the Risk Management Framework).</p> <p>A refresher appetite session is scheduled to take in the August.</p>
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4. Appendices

4.1	Appendix A. Corporate Risk register
4.2	Appendix B. Risk Dashboard
4.3	Appendix C. Residual movement heatmap

5. Implications

Financial Implications	
5.1	There are no direct financial implications to this report.
Legal Implications	
5.2	<p>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.</p> <p>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</p> <p>(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</p> <p>(c) includes effective arrangements for the management of risk.</p> <p>The proposals in this report contribute to the CPCA’s effective arrangements for the management of risk.</p>
Public Health Implications	
5.3	None
Environmental & Climate Change Implications	
5.4	None
Other Significant Implications	
5.5	None
Background Papers	
5.6	Corporate Risk Report - Audit & Governance Committee (18 July 2024)