

REPORT TO: AUDIT COMMITTEE

DATE: 27th FEBRUARY 2020

REPORT TITLE: RISK MANAGEMENT UPDATE

DIRECTOR: MALCOLM COE, DIRECTOR OF FINANCE

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& PROJECTS**

Purpose of Report

- 1 This is the annual update to Audit Committee on WECA's approach to risk management

Recommendation

- That Members endorse the updated risk management framework.

Background / Issues for Consideration

- 2 The West of England Combined Authority is committed to deliver its strategic objectives of clean and inclusive economic growth whilst retaining a clear focus on the potential risks and opportunities associated with the activities set out in the annual business plan.
 - 2.1 During 2018 work was undertaken with Internal Audit colleagues to develop WECA's risk management approach and a draft framework was presented to Audit Committee members on 8th November 2018.
 - 2.2 Implementation of this approach was reviewed by Internal Audit in February 2019. Their report, attached as appendix one, concluded that the risk management framework was effective and good progress had been made in implementation to date, noting that it was early days with regards to embedding processes.
 - 2.3 It was agreed that a further review would be scheduled into the Internal Audit work programme for 2019/20. This has been concluded satisfactorily and the follow up report is included as appendix two.

Risk Management Process

- 2.4 During 2019 WECA has embedded the risk management processes as set out in the framework with a focus on the following reporting mechanisms:
- The WECA Senior Management Team have reviewed the Corporate Risk Register and Service Risk Registers each month.
 - The quarterly progress report on delivery of the business plan, which are taken to WECA and to Joint Committee, include a summary of the corporate risks associated with delivery of the business plan.
- 2.5 The risk management process was discussed at the WECA Senior Management Team meeting on 24th September 2019 and it was agreed to take the opportunity to widen the discussion on Corporate Risks to include the broader Management Team (including Heads of Service). This following revised reporting arrangements were proposed:
- Directorate Management Teams to continue to review service risk registers on a monthly basis.
 - A full update on Service and Corporate Risks will be brought to WECA's Management Team (Directors and Heads of Service) every two months, with a verbal update on key risks in the alternate months. This will ensure the mechanism for escalating items to the Corporate Risk Register remains a monthly activity.
 - SMT to review WECA Corporate Risk Register and Service Risk Registers each quarter, as part of the preparations for the quarterly business plan progress report.
- 2.6 The risk management framework has been updated to reflect this development in reporting cycles.
- 2.7 In discussion with WECA's Senior Management Team the risk evaluation criteria have been expanded to split the financial category into costs and benefits and to include further detail on the thresholds for these..
- 2.8 A draft of the updated risk management framework is attached as appendix three to this report.

Corporate Risk Register

- 2.7 WECA's full Corporate Risk Register is attached as appendix four to this report. This categorises the strategic risks to delivery of the business plan, their impacts and mitigations.

Consultation

- 3 The updated risk management framework has been discussed and endorsed by WECA's Senior Management Team, which includes the Director of Investment and Corporate Services.

Other Options Considered

- 4 None.

Risk Management/Assessment

- 5 Without a formal risk management framework and processes WECA will not be able to anticipate and take preventative action to avoid risk and will instead incur time and cost in managing the consequences of unplanned events.

Public Sector Equality Duties

- 6 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 6.1 The Act explains that having due regard for advancing equality involves:
- Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- 6.2 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.
- 6.3 There are no equality implications arising directly from this paper. Equalities implications are considered as part of the planning and implementation of specific activities.

Finance Implications, including economic impact assessment where appropriate:

- 7 Core financial risks to the Combined Authority, together with mitigating actions, are highlighted in the Corporate Risk Register.

Advice given by: Malcolm Coe, Director of Investment and Corporate Services

Legal Implications:

- 8 The Accounts and Audit (England) Regulations 2015 state that “A relevant authority (the Council) must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk”. This framework meets this requirement and is an essential part of good governance for the Combined Authority.

Advice given by: Shahzia Daya, Director of Legal

Climate Change Implications

- 9 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region’s residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region’s resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

- 9.1 *Taking the above specifically into account, please comment on any climate change implications arising as a result of this report, and include details of any mitigation:*
- 9.2 Risks arising from the declaration of the Climate Change Emergency, in relation to the delivery of WECA’s business plan, are highlighted in the Corporate Risk Register.

Land/property implications

- 10 n/a

Human Resources Implications:

- 11 There are no Human Resource implications arising directly from this report.
- 11.1 If specific workforce risks are identified through this process, they will be

managed in line with policy and best practice in consultation with the Human Resources Team.

Advice given by: Alex Holly, Head of People and Assets

Appendices:

List any appendices to the report:

Appendix 1 – Internal Audit Report: Risk Management, February 2019

Appendix 2 – Internal Audit Report: Risk Management, November 2019

Appendix 3 - WECA Draft Risk Management Framework 2020

Appendix 4 – WECA Corporate Risk Register

Background papers:

None

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird / Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 3 Rivergate, Temple Way, Bristol BS1 6ER; email: democratic.services@westofengland-ca.gov.uk