

**REPORT TO: WEST OF ENGLAND MAYORAL COMBINED AUTHORITY
AUDIT COMMITTEE**

DATE: 11 DECEMBER 2023

REPORT TITLE: RISK MANAGEMENT

**RESPONSIBLE OFFICER: RACHEL MUSSON, STRATEGIC DIRECTOR RESOURCES
STEPHEN BASHFORD, STRATEGIC DIRECTOR ECONOMY
AND SKILLS**

Purpose of Report

Update on progress with the Corporate Risk Framework

To present the Corporate and Economy and Skills risk registers.

Recommendation

That Committee:

- 1) Note and support the development of the updated Corporate Risk Framework
- 2) Indicate a preference on how Members wish to develop the risk appetite.
- 3) Note and comment on the Corporate and Economy and Skills risk registers.

Reasons for recommendation

To provide Audit Committee Members with the opportunity to comment on the development of the Risk Framework and the risk registers

Voting arrangements

The voting arrangements of the West of England Combined Authority Audit Committee as set out at page A51 para. A20 of Part A of the West of England Combined Authority Constitution (as amended 17.3.2023) are not applicable as the West of England Combined Authority Audit Committee is asked only to note and comment on the report.

Background

1. As reported to the Audit Committee in September, further refinement of risk management arrangements within the Mayoral Combined Authority are in train working through the Governance Board. This includes a refresh of the process of identifying and reporting risks across the organisation, how the key risks are captured on the Corporate risk register and an update and extension of the Corporate Risk Framework. It is proposed that the Risk Framework is presented to the Audit Committee in March for comment and endorsement.
2. A key aspect of the Risk Framework is setting out the risk appetite of the Mayoral Combined Authority in order to guide appropriate acceptance of risk related to each activity in pursuit of the Mayoral Combined Authority's strategic priorities. This does not seek to give a precise answer in advance of specific decisions, but instead intends to give officers a steer about the Mayoral Combined Authority's sentiment with respect to risk/reward calculation in various fields of activity. It is suggested that an individual risk appetite could be defined for each risk category – financial, legal and governance, delivery, operational systems, external relationships, and people – reflecting that risk tolerance will be greater in some aspects of the Mayoral Combined Authority's work than others.
3. To date the Mayoral Combined Authority has not operated within a formally defined risk appetite. It is therefore proposed that the risk appetite should be agreed by the Mayoral Combined Authority Committee, but there will be an important role for the Audit Committee in shaping this. The options to achieve this are either:
 - a) That a proposal is produced by officers for comment at the next Audit Committee.
 - b) That the Committee Members lead the work to define the appetite, with support from officers as required.

Key Considerations

Corporate Risk Register

4. In line with the Mayoral Combined Authority's Corporate Risk Framework, the Corporate risk register sets out the key risks that could threaten its core business and the way it operates. This has been produced through a review of all the Directorate risk registers to identify the significant risks and discussion through the Corporate Leadership Team (CLT). The Corporate risk register is shown in full in Appendix 1, but the key overall themes which cut across the individual risks are:
 - Transformation Programme statutory recommendations.
 - Appropriate resources including skills and capacity.
 - Fit for purpose systems for evolving organisation.
 - Pace and completeness of delivery of projects and programmes.

- Addressing the climate and ecological emergencies
 - Macro-economic factors including inflation
5. The most notable changes to individual risks since the register was last reported to the Committee in December 2022 are:
- The reputational risk regarding the 20/21 value for money report has been updated to reflect the current risk of failing to fully deliver the Transformation Programme yet.
 - A new risk has been added relating to Health and Safety reflecting the Mayoral Combined Authority's enhanced delivery role and the management of 70 Redcliffe Street.
 - Other new risks had been added to the Corporate risk register related to failure to deliver Local Enterprise Partnership (LEP) integration; funding of key services with current arrangements ending (as also reflected in the Economy and Skills register) and the risk of a cyber incident.

Economy and Skills Risk Register

6. At the Audit Committee in March 2023, a timetable for regular review of selected risk registers was approved for consideration at future Audit Committee meetings. The forward timetable for 2023/24 is as follows:
- 2023 Q4 Economy and Skills Risk Register
 - 2024 Q1 Strategy and Innovation Risk Register
7. As per the agreed programme, the Economy and Skills register is brought for review and is provided in Appendix 2.
8. The current most significant risks are as follows:
- The successful delivery of Department for Education funded Skills Bootcamps owing to lack of demand and timescales.
 - There is a risk that effective external engagement is not in place for us to work closely with a range of partners to ensure coherent and joined up strategic regional delivery.
 - A reduction in Growth Hub core funding from government leaves the Mayoral Combined Authority unable to deliver core objectives around business support.
 - Fully committing the UK Shared Prosperity Fund by Government deadlines and the risk that underspend needs to be returned.
 - The transition to the National Skills Fund and risks around continuity for provision through the devolved Adult Education Budget.

- Funding shortfall for delivering key services such as Invest Bristol and Bath and Future Bright as current funding comes to an end.

Alternative Options Considered

9. None, given Audit Committee have requested to be kept informed.

Consultation and Engagement

10. The risk registers are produced with engagement with risk and mitigation owners. Escalation follows project and programme reviews of the risks and mitigations, on to the Directorate risk registers and the Corporate register, as appropriate.

Risks

11. The changed Corporate risks and the key Economy and Skills and are summarised in paragraphs 5 and 8 of this report. The registers are presented in full in Appendix 1 and 2 including current and planned mitigation and an assessment of the residual risk.

Equality, Diversity and Inclusion Implications

12. There are no specific implications arising directly from this report.

Climate Change Implications

13. The Climate Change Risk Register was presented to Audit Committee on the 18th of September 2023 the recommendations from that meeting are being incorporated into the next iteration. The Environment team is exploring separating the regional climate risks from the MCA's day to day, programme and project risks.
14. This report contains the Corporate Risk Register and Risk 8 recognises that environment cuts across all the activities of the MCA and that sustainability needs to be a critical consideration in everything the region invests in if it is to deliver on Net Zero and Nature Recovery ambitions. Mitigations are in place and being developed to address the climate and ecological emergencies essential to delivery of our strategic priorities.
15. The Environment team is supportive of the development of the Risk Appetite as part of the refreshed Risk Management Framework. Work will commence with Governance Board members on the recommendations following Audit Committee on the inclusion of a corporate risk appetite and we would like to include a specific Climate Change appetite / level and guidance on its application.

Advice given by: Roger Hoare, Director of Environment 30.11.23

Finance Implications

16. There are no direct financial implications as a result of this paper.

17. There are potential financial implications within some of the risks listed in the risk registers. These risks are not all owned by finance, however, are monitored by the finance team.

Advice given by: James Cunnane-Neilan, Senior Finance and Project Business Partner 22.11.2023

Legal Implications

18. There are no legal implications arising from this report.

Advice given by: David Cox, Interim Senior Commercial Lawyer 19.11.2023

Human Resources Implications

19. In situations where funding is reduced, with implications of reducing the workforce on a specific project, the Combined Authority's internal managing change will be applied, with options of redeployment and/or redundancy where appropriate. The Combined Authority will aim, as a priority, to redeploy staff into suitable alternative roles.
20. Any change that will have a financial implication through redundancy will be signed off first in principle by the Director of Resources, Strategic Director of Economy & Skills, and the Director of People & Assets.
21. For situations that result in increased funding with the need for more staff, any CLT-approved posts (fixed term/permanent) and interim/agency staffing will be recruited to, supported through the Human Resources team, through recruitment or agency processes.
22. Restructure of the directorate will be led by the Strategic Director of Economy and Skills, supported by Human Resources, and in line with the Combined Authority's Managing Change policy and process, including engagement with the Union, and overall approval by CLT.

Advice given by: Monica Ogborne, Senior HR Business Partner 20.11.2023

Land/property Implications

23. There are no implications directly arising from this report. For any specific risks which arise, the associated implications will be dealt with on an individual basis.

Alex Holly, Director of People and Assets 24.11.2023

Commercial Implications

24. There are no commercial issues arising from this report.

Appendices

Appendix 1 - Corporate Risk Register

Appendix 2 - Economy and Skills Risk Register

Background papers:

None

West of England Mayoral Combined Authority Contact:

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