

REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY
AUDIT COMMITTEE

DATE: 4 MARCH 2024

**REPORT
TITLE:** RISK REGISTERS

RESPONSIBLE OFFICER: STRATEGIC DIRECTOR OF RESOURCES,
DIRECTOR OF POLICY AND STRATEGY

<u>Key Decision</u>	No
<u>Purpose of Report</u>	To present the Corporate and Strategy and Communications risk registers.
<u>Recommendation</u>	That Committee: <ul style="list-style-type: none"> 1) Note and comment on the Corporate risk register and the proposed approach for risk reporting to the Committee going forward. 2) Note and comment on the Strategy and Communications risk register
<u>Reasons for recommendation</u>	To provide Audit Committee Members with the opportunity to comment on the risk registers.
<u>Voting arrangements</u>	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.
<u>Publication Requirements</u>	For publication

Background

1. As reported to the Audit Committee in December 2023, 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 (CRR) and an update and extension of the Corporate Risk Framework. Further work is underway in readiness to implement the revised Risk Management Framework, this includes establishing a Risk Register Working Group to vet the CRR & its assurance processes. The updated Risk Framework is presented in a separate report on this agenda.

Key Considerations

Corporate Risk Register

2. 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
3. The CRR captures only those high-level risks which are of such significance as to require oversight by the Corporate Leadership Team (CLT). Across the risk registers there are 54 risks rated at high / red (at 15 and above), following a review the CRR now contains 8 significant risks detailed in Appendix 1.
4. The most notable changes to individual risks since the register was last reported to the Committee in December 2023 are:
 - CRR 5 around the reoccurring theme of 'Reduction of funding for the Mayoral Combined Authority and the Unitary Authorities impacting on delivery of priorities and resourcing programmes' has been updated. There are several individual risks across the registers that translate to this significant risk, which if they materialise pose a threat the Mayoral Combined Authority's core business and the way it operates. The following 2 risks have been removed and incorporated into the revised CRR 5:

- CRR 5 There is a risk that the way that Government funds Mayoral Combined Authorities, including its approach to levelling up, will result in less funding to support delivery of projects and priorities as some funding schemes come to an end. Reduction in LEP Capacity Funding and match funding alongside LEP Integration. Failure to deliver full funding or delays in securing funding through the Investment Fund Gateway Review 2.
 - CRR 4 Levels of Unitary Authority funding from government may impact staff resource and match funding, reducing viability of projects in delivery.
5. The CRR 8 risk “The actions to address the climate and ecological emergencies are not sufficient or suitably integrated within the work of the Mayoral Combined Authority” and the “Decline in national and regional political support for Climate Change action” has increased potentially undermining our ability to meet our 2030 Net Zero and Nature Recovery ambition.

The Environment Directorate are developing their risk register following an informal session with Audit Committee which took place on the 8th of February. The following 6 key risks have been rated highly and are being considered for escalation and will be incorporated fully next quarter.

1. Loss of public confidence in local authorities as we are unable to achieve 2030 goals
 2. Scale of current investment inappropriate for the challenge
 3. Constrained electricity grid prevents renewable energy investment at scale
 4. Transport decarbonisation does not have political or public support
 5. Retrofit at scale lacks demand, supply and finance needed
 6. Lack of regional resilience to climate change impacts threatens health and prosperity of the region
6. The CRR 11 Risk “Moving to the delivery phase and scaling up the capacity and capability across our partners to deliver additional major programmes such as the City Region Sustainable Transport Settlement (CRSTS) and Bus Service Improvement Programme (BSIP) has increased, a number of new individual risks have escalated which fall under this overarching risk. It highlights programme management capability issues which could result in project schedules delays, budget overruns, compromised quality and ultimately the inability to deliver infrastructure portfolio objectives and benefits.
7. The following 4 risks have been removed from the CRR since the last quarter review as the scoring has significantly reduced and they can be monitored and controlled / managed at a lower level, or the risk is now captured within another over-arching CRR risk:
- CRR 7 “Increased risk of fraud, bribery or corruption through growing grant portfolio” has deescalated to directorate level monitoring.
 - CRR 9 “Arrangements to safeguard the health and safety may not be appropriate / proportional as the MCA develops” has deescalated to directorate level monitoring

- CRR 11 “Failure to deliver LEP integration” is now captured in risk CRR 5.
 - CRR 1 “Stakeholders and political relationships may become more pressured as the MCA continues to expand and absorb new responsibilities” is now incorporated into risk CRR 12 within the delivery of the Transformation Programme.
8. 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 over the coming year. This identified that the Strategy and Communications risk register would be presented to this meeting. Now that there is a more formalised process for the regular updating and review of Departmental/thematic registers, and the escalation of key risks to the corporate risk register, it is proposed that consideration of the corporate risk register is a standing item for each Committee meeting. That would not preclude Committee Members proposing a deeper dive into one of the constituent registers should they so wish.

Strategy and Communications Risk Register

9. As set out above, the Strategy and Communications risk register was timetabled to be presented to this Committee meeting and this is provided in Appendix 2. The current most significant risks are as follows:
- Failure to demonstrate significant progress in delivery of the Transformation Programme
 - Failure to deliver a revised Regional Strategy
 - Gateway Review: risk to future Investment Fund allocations if adequate evidence is not presented to Government through the Gateway process. This covers evidence from strategic consultations, project monitoring, and project evaluations

Alternative Options Considered

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

Consultation and Engagement

11. 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

12. The key Strategy and Communications and changed Corporate risks are summarised in paragraphs 3 to 9 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

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

Climate Change Implications

14. There are no direct climate change implications arising from the Risk Management Framework or Risk Registers reports. Indirectly, there is significant potential for informing future decision-making within the Mayoral Combined Authority, because:

- The Framework provides clarity around risk appetite, and provides guidance for proportionality, noting that there are opportunities with regard to finance and innovation-based risks where these align with corporate objectives.
- The Corporate Risk Register specifically identifies the Climate and Ecological Emergencies and that the Mayoral Combined Authority will need to develop new funding and investment plans to address the gap between current delivery and future need.

Taken together, this should clarify the Mayoral Combined Authority's planning, and encourage consideration of proportionate risks for new proposals.

Finance Implications

15. The risk framework provides assurance that limited resources will be utilised to their best effect to ensure activity is appropriate and proportionate.

Legal Implications

16. The Legal Team has reviewed the Framework and provided advice on the wording of the Legal and Governance Appetite Statement which has been incorporated in the latest draft. Additional examples for when legal and governance risks would be Averse have been added to the Framework.

Human Resources Implications

17. There are no immediate Human resources implications arising directly from this paper, the 'People' Risk Appetite Statement has been developed with CLT. If specific workforce risks are identified through the Framework process, they will be managed in line with policy and best practice with the Human Resources team.

Land/property Implications

18. None arising directly from this paper and we have not sought comment.

Commercial Implications

19. None arising directly from this paper and we have not sought comment.

Appendices

Appendix 1 - Corporate Risk Register

Appendix 2 – Strategy and Communications Risk Register

Background papers:

None

West of England Mayoral Combined Authority Contact:

Report Author: Abbie Evans, Governance and Delivery Assurance Manager

Contact Details: Abbie.evans@westofengland-ca.gov.uk