

THE WEST OF ENGLAND COMBINED AUTHORITY CORPORATE RISK FRAMEWORK 2024

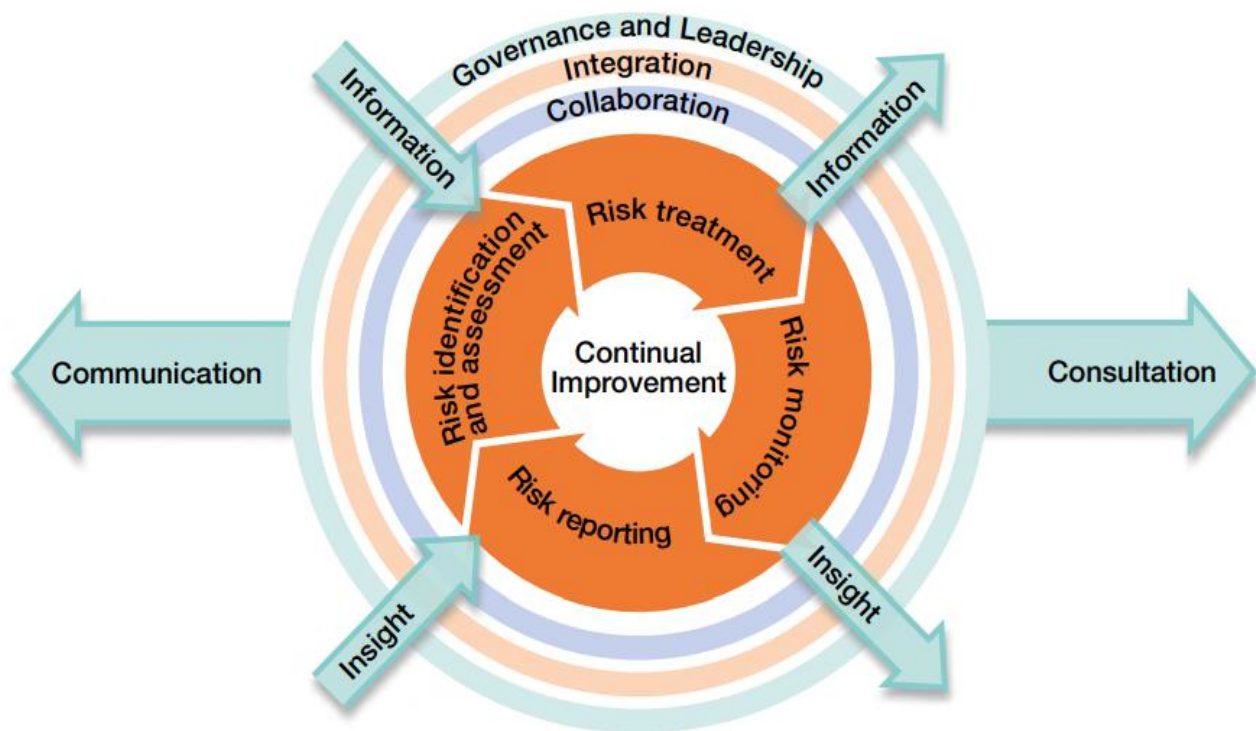


Figure 1: Risk Management Framework: The Orange Book Management of Risk – Principles and Concepts – HMT

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Introduction

1. The West of England Combined Authority's Risk Management Framework encompasses:
 - The principles on which risk management operates within the Mayoral Combined Authority (MCA)
 - The risk appetite of the organisation
 - The framework (or hierarchy) of categories of risk
 - Risk management process (identify and evaluate, treat, monitor and review)
 - Risk management templates and implementation plan
2. This document sets out the West of England Combined Authority's approach to risk management. It sets out the process and activities the Mayoral Combined Authority undertakes, and the roles and responsibilities for all staff, to ensure that key risks to the delivery of its strategic objectives are identified, managed, and monitored.
3. Risk can be defined as the effect of uncertainty on objectives. This effect can either be a positive or negative deviation from what is expected (ISO 31000). The focus of good risk management is the identification, evaluation, control and review of risks and opportunities to enable the delivery of key objectives.
4. The West of England Combined Authority is committed to delivering its strategic objectives whilst having a clear focus on the potential risks and opportunities that it faces through its activities on an ongoing basis.
5. Risk is inherent within all of the activities in which the West of England Combined Authority engages to deliver high quality services. It is acknowledged that the MCA cannot be wholly risk averse and be successful. Effective and meaningful risk management is important in taking a balanced approach to managing opportunity and risk. It should be an embedded part of the planning and decision-making process and not separate from it.
6. Risk management is most successful when it is interwoven with our existing decision making and management processes, rather than an add on. That is why it is an integral element of our project lifecycle. This is not about adding new processes; rather it is about ensuring the integration of effective risk management in the way we lead, direct, manage and operate.
7. Through this Framework the organisation can identify and manage those risks to a reasonable residual (within appetite) level, whether at Corporate, Directorate, Project/Programme or operational level, ensuring that all risks are subject to appropriate levels of ongoing monitoring. Risks that are at the corporate level (risks faced by the MCA that may impact on its ability to accomplish its strategic objectives), are documented within the MCA's Corporate Risk Register, which is aligned to the strategic objectives of the MCA.
8. There is significant benefit arising from the effective management of risk, including:
 - Informing business decisions
 - Enabling effective use of resources
 - Enhancing strategic and business planning

- Overcoming threats impacting on delivery
- Providing confidence in our ability to achieve our objectives
- Making informed investment decisions
- Strengthening contingency planning

Policy Statement

9. In managing risk it is important that we use the framework to support a culture that focuses on identifying and managing risks. The MCA framework and processes must support real substantive actions and awareness if they are to be useful and effective.
10. Our risk management framework is based on the following key principles, that risk management should be PACED:
- **Proportionate** to the size of organisation and nature of risks
 - **Aligned** to the objectives of the organisation and the needs of the stakeholders
 - **Comprehensive** - covering all types of risk
 - **Embedded** in the ongoing processes for strategic and operational decision making
 - **Dynamic** - able to change as the organisation and its environment changes
11. The West of England Combined Authority takes a proactive approach to risk management based on the following principles:
- Risk management activity is aligned to corporate and business plan aims, objectives and priorities. The scope covers all strategic and operational areas where events may prevent the MCA from fulfilling its strategic aims.
 - Where possible we will anticipate and take preventative action to avoid risk rather than managing the consequences.
 - We will seek to realise the benefits and opportunities that arise from the monitoring of risk.
 - We will employ a consistent approach for the identification, assessment and management of risk which is embedded throughout the organisation
 - Risk control and mitigation will be effective, appropriate, proportionate, and affordable.
 - All employees are required to take responsibility for the effective management of risk in the organisation.
 - The Corporate Leadership Team (CLT) and Heads of Services are responsible for implementing this policy and for the escalation of risks to the Corporate Risk Register as required.
 - We will look to manage risk as effectively as possible and ensure that the policy is published and communicated in a manner that is relevant, accessible, and understandable to all employees and relevant external parties.
 - Where practical and feasible we will migrate to a risk management system and/or adopt software to automate time-consuming tasks and streamlines processes,

making it easier for teams to collaborate, communicate, track progress and for compliance management.

Risk Management Structure and Approach

12. We aim to make risk management an integral part of the Mayoral Combined Authority’s performance reporting process as illustrated below, and this will be reviewed with the new Corporate Performance team and align with the Monitoring and Evaluation Framework.



Figure 2: West of England Mayoral Combined Authority Performance Reporting Process

13. The Corporate Risk Register (CRR) sets out the “across the board” risks that could threaten the MCA’s core business and the way it operates. Below this are Directorate Risk Registers (DRR) which are managed by each Director and identify risks that could threaten day to day operational activities. The registers are operational tools and generally not used in an outward facing way, other than for independent scrutiny and independent assurance at Audit Committee.

14. A recorded risk should always be described clearly in terms of its cause, what is likely to happen, and what impact it would have on the organisation if it occurred. The use of plain language, stripped of jargon, acronyms and confusing terms is encouraged to ensure understanding and accessibility for a public audience.

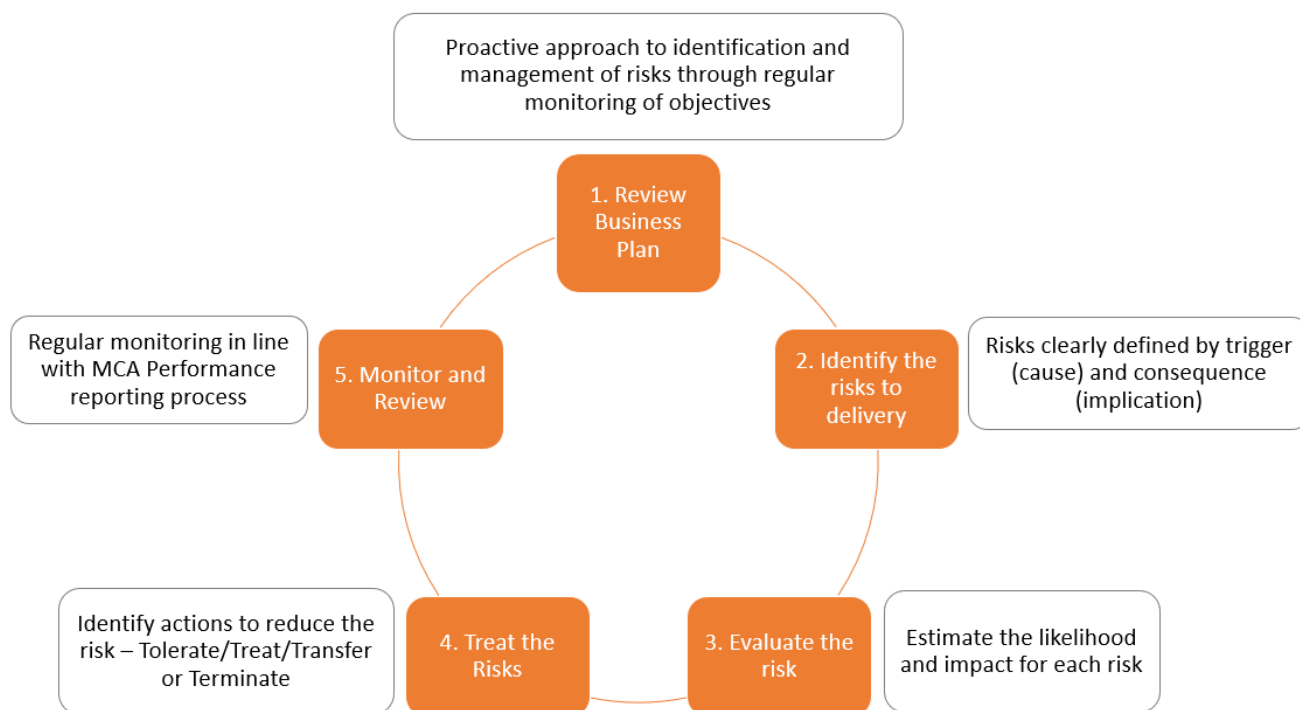


Figure 3: West of England Mayoral Combined Authority Risk Management Process

15. Risk management is a cyclic process as illustrated above. Activities to identify and manage risks require regular monitoring of progress against the objectives in the business plan, the key risks to delivery, emerging risks, and the impact of mitigating actions.
16. The Mayoral Combined Authority has reviewed and strengthened the Framework and this process during 2023/24, working with CLT members to establish the risk appetite and the cross-cutting risks to delivery and to draw on collective expertise and understanding to help identify mitigations. An implementation plan is in place to embed a risk management culture and ownership within the organisation and is set out at Appendix 3.

The Risk Appetite of the Mayoral Combined Authority

Risk Appetite is defined as the level of risk 'with which an organisation aims to operate' (HMT Orange Book, Oct 2020) and is a driver of strategic risk decisions.

17. The Mayoral Combined Authority's aim is to consider options to respond to foreseeable risks appropriately and make informed decisions that are most likely to result in successful delivery of strategic objectives, whilst also providing value for money. We accept an element of risk in almost every activity we undertake. The critical question for our risk appetite is "how willing is the MCA to accept risk related to each key activity in pursuit of our strategic priorities?"
18. In defining its risk appetite, the MCA should arrive at an appropriate balance between uncontrolled innovation and excessive caution and decisions made by the MCA to proceed with the acceptance of risk are subject to ensuring that all potential benefits and risks relevant for informed decision taking are fully understood. Acceptance of risk will be carefully scrutinised, and the risk profile and appetite regularly reviewed to ensure it is appropriate.
19. The MCA's risk appetite has been defined following consideration of organisational risks, issues, and consequences. Appetite levels will vary and in some areas the risk tolerance will be cautious, whilst in others the MCA will be willing to carry more risk in the pursuit of important objectives. The MCA will always aim to operate organisational activities at the levels defined below. Where activities are projected to exceed the defined levels, this will be highlighted through appropriate governance mechanisms.
20. Risk appetite metrics cannot give precise answers in advance of specific decisions, but instead usefully serve to give officers a general steer about the sentiment of the MCA Committee with respect to risk/reward calculations in various fields of activity.
21. Some risks can be easily measured on a quantitative basis (e.g., financial loss), while others may be difficult to quantify and require a more qualitative assessment (e.g., reputational impact). As such both the risk appetite and risk tolerance may vary significantly across each of these categories, and even within categories e.g., we may have a higher reputational risk appetite with sector representative bodies than with Government.
22. The risk appetite section and results should be used to inform Directorate, Programme and Project risk registers, as well as individual decisions to take action or not take action. For example, under the Delivery category there will be differences between operational delivery & programmes delivery and some projects will be more focused on innovation than those projects with established techniques.
23. The MCA Risk Register shows risk assessment both pre and post mitigation. On some risks we may reach a point where we are willing to accept a certain level of risk which remains after mitigating actions. Typically, this is because:
 - Further mitigation would involve disproportionate cost or effort, and/or
 - The opportunity associated with the risk is sufficiently high that the risk is considered worth accepting and monitoring.

24. There is no fixed Risk Rating at which we will accept a residual risk. Instead, it depends on two factors, the first the level of opportunity or reward which is driving the risk and secondly the category of risk.

KEY		
Risk Appetite	RAG	Description
High appetite	Eager / Open	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.
Medium appetite	Cautious	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent
Low appetite	Minimalist	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.
Very low appetite	Averse	Avoidance of risk and uncertainty is key objective

25. The individual specific risk appetite levels of the West of England Combined Authority are mixed with explanation in the table below and illustrated further in the individual risk matrix in Section 22 – 27.

RISK CATEGORY	APPETITE	WHAT THIS MEANS
FINANCIAL	Cautious	The MCA has adopted a cautious stance for financial risks with reference to core running costs, seeking safe delivery options with little residual risk that only yield some upside opportunities. As a responsible public sector organisation we need careful financial planning to ensure that we do not risk significant over-spend or underspend.

	Eager/ Open	We are willing to accept/tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant reward and/or realise an opportunity.
LEGAL AND GOVERNANCE	Averse	<p>The MCA places high importance on compliance, with statute, regulation, professional and ethical standards and prevention of bribery and fraud. Compromising these obligations and risks which cannot be mitigated to avoid the potential for a breach of the law/formal regulation would not be acceptable.</p> <p>Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is paramount; or activities undertaken will only be those considered to carry virtually no inherent risk. The MCA will not engage in an activity that is unlawful.</p>
	Minimalist	We are willing to accept modest and largely controllable levels of risk in order to achieve acceptable key, but possibility unambitious, outcomes or benefits.
DELIVERY	Cautious	The MCA is cautious regarding taking risks that may have an impact on delivery as the MCA and the Mayor will be judged on performance against delivery commitments in this area. The MCA has a pragmatic approach and will accept a small increase in risk arising from the nature of its operations and service delivery, to deliver an appropriate level of service to residents and value for money.
OPERATIONAL SYSTEMS	Cautious	<p>The MCA recognises the importance of the availability and integrity of business-critical systems. The prolonged outage of core systems and threats to its systems / network arising from malicious cyber-attacks are unacceptable.</p> <p>Consideration given to adoption of established / mature systems and technology improvements.</p>

		Agile principles ¹ are considered. Data and information tightly controlled, the MCA accepts the need for operational effectiveness with risk mitigated through careful data and information management limiting distribution.
EXTERNAL AND RELATIONSHIPS	Cautious	It is important that MCA continues to preserve a high reputation with key stakeholders and the public. Therefore, it has set a low appetite for risk in the conduct of any of its activities that puts its external reputation and partnering arrangements in jeopardy through sustained adverse publicity. We must maintain a positive balance in external media coverage and messages.
PEOPLE	Cautious	<p>The MCA is committed to providing an inclusive working environment which will enable employees to progress, develop and work safely and positively to maximise their potential and career development.</p> <p>We have a higher appetite when it comes to recruitment, innovate ways of working that enable us to be an inclusive employer and supporting and empowering staff to perform in their role. Our appetite is lower when it comes to safety, conduct and behaviours, that are not in line with our values, and our equality, diversity and inclusion objectives.</p>
INNOVATION AND DEVELOPMENT	Eager/ Open	Risks relating specifically to uncertainty of opportunity in change/ innovative projects/programmes in which the MCA is involved. The MCA is open to programme development / innovative opportunities where additional benefits can be delivered which are aligned with strategic objectives and are complementary to existing workstreams if finances and resources permit additions.

¹ [Core principles of agile - Service Manual - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67222/core_principles_of_agile_service_manual.pdf)

- focus on user needs.
- deliver iteratively.
- keep improving how your team works.
- fail fast and learn quickly.
- keep planning.

26. Appetite for Financial Risk

OPPORTUNITY	10	A	A								
	9	A	A								
	8										
	7										
	6										
	5										
	4										
	3										
	2										
	1										
		1	2	3	4	5	6	7	8	9	10
		FINANCIAL RISK									

Examples might include:

- A: An opportunity with high value, low cost, and low financial penalties or repercussions.
- B: Having no, or limited, provision for risk in a project budget
- C: Using all funding from cash balances to make high risk equity investments.

27. Appetite for Legal and Governance Risk

OPPORTUNITY	10	A									
	9										
	8										
	7										
	6										
	5										
	4										
	3										
	2										
	1										
		1	2	3	4	5	6	7	8	9	10
		LEGAL AND GOVERNANCE RISK									

Examples might include:

- A: A programme which delivers major benefits at minor GDPR or other legal risk including subsidy control act or procurement rules.
- B: Failure to stay within grant conditions
- C: Relaxation of anti-fraud measures

This profile would express a very low appetite for all legal and governance risk unless it was a Draft Corporate Risk Framework 2024

very low compliance risk for very high reward against our strategic priorities.
The following are additional examples of Legal & Governance Risks which are Averse

1. Unlawfulness-non-compliance with the MCA’s legal and regulatory obligations and standards;
2. The issuing of unlimited indemnities;
3. The issuing of unlimited uncapped financial liability;
4. Failure to notify appropriate Key Decisions;
5. Anything that incurs potential personal liability for officers.

6. Appetite for Delivery Risk

OPPORTUNITY	10	Green	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Red
	9	Green	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Red
	8	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	B	Red	Red
	7	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	B	Red	Red
	6	Green	Green	Yellow	C	C	Yellow	Yellow	Red	Red	Black
	5	Green	Green	Yellow	C	C	Yellow	Yellow	Red	Red	Black
	4	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Red	A	A	Black
	3	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Red	A	A	Black
	2	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Red	Black	Black	Black
	1	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Red	Black	Black	Black
		1	2	3	4	5	6	7	8	9	10
		DELIVERY RISK									

Examples might include:

- A. Fully focus on needs of one stakeholder type
- B. Funding for highly innovative projects that trial new cutting-edge measures.
- C. Project delays and slippage

The Mayoral Combined Authority has a medium risk appetite for risks which may affect our performance and delivery. We are prepared to accept managed risks to our portfolio of services if they are consistent with the achievement of MCA objectives and effective outcomes are maintained. The MCA recognises that there may be unprecedented challenges (such as Covid-19, workforce availability and limited resources) which may result in lower performance levels and unsustainable service delivery for a short period of time.

10. Appetite for Innovation and Development

OPPORTUNITY	10	A	A								
	9	A	A								
	8										
	7										
	6					B	B				
	5					B	B				
	4										
	3										
	2										
	1										
		1	2	3	4	5	6	7	8	9	10
	Innovation and Development										

Examples might include

A: Change Programmes, like new technology, processes or systems that will provide the MCA with opportunities to achieve the outcomes defined within the strategy and deliver long term benefits for the region within a specified budget.

B: Actively innovative programmes, like R&D proof-of-concept projects or new funding options (equity or loans) which align with strategic objectives.

C: New innovative approaches where the risks involved could have significant financial or reputational impact.

The Mayoral Combined Authority may have a higher appetite for risk (with the right safeguards) when we are actively innovating and is open to programme development / innovation opportunities where additional benefits can be delivered which are aligned with strategic objectives and are complementary to existing workstreams if finances and resources permit additions.

The MCA is willing to consider all options and choose the one most likely to result in successful delivery while providing an acceptable level of benefit. This seeks to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. The activities themselves may potentially carry, or contribute to, a high degree of residual risk.

Evaluation Criteria




11. Each risk is clearly defined, and the cause and consequence stated. Six key risk categories have been identified that have the potential to create a significant impact onto delivery if not managed effectively. These are:

- Financial
- Legal and Governance
- Delivery
- Operational Systems
- External and Relationships
- People
- Innovation and Development

12. The impact of each risk is evaluated on a five-point scale, with one representing a minimal risk and five a critical risk. Detailed criteria for each of the risk impact categories are provided in Appendix 1.

- The likelihood of each risk occurring is also evaluated on a five-point scale with one indicating very low through to five for a very high likelihood of occurrence.
- Once assessed, risks are mapped using a scoring matrix to ensure the Mayoral Combined Authority has a clear view of its overall risk profile. An overall 'risk score' is generated (multiplying the impact and likelihood scores) to help identify the key risks requiring immediate intervention.
- Risks are recorded on a risk register which captures the scoring for risks before and after proposed intervention (inherent and residual risks). The scoring matrix is set out in figure three and a template risk register is provided in Appendix 2.

Figure 3: West of England Combined Authority risk scoring matrix

	Urgent action required to ensure delivery can be achieved	5	10	15	20	25
	Significant impact on delivery – intervention required	4	8	12	16	20
	Remedial action should be considered if appropriate	3	6	9	12	15
		2	4	6	8	10
		1	2	3	4	5
	Probability					
		1: Minimal	2: Minor	3: Significant	4: Major	5: Critical
		Impact				

13. Once a risk has been assessed and ranked four strategic options are available to manage them. These are described below should be considered along with the cost/benefit of the proposed intervention:

Treat	Take direct action to reduce the level of risk to an acceptable level. Actions must be SMART (specific, measurable, agreed, realistic, timed) and allocated to individuals.
Tolerate	No additional actions taken.
Transfer	Transfer the risk to another organisation or partner to resolve.
Terminate	The risk may be so serious that withdrawal from the activity should be considered.

Management of Risk - Governance Reporting and Escalation

14. As illustrated in figure two the approach ensures that risks are escalated upwards from project and programme risk registers through to Directorate/thematic risk registers which are reviewed each month by Directorate Management Teams.
15. There is a quarterly cycle of formal reviews of Directorate and Corporate Risk to better align with reporting to Corporate Leadership Team and to Audit Committees. Individual Directorate Risk registers will be reviewed periodically by CLT.
16. The diagram below illustrates the specific roles of Directorate Management Team, and Corporate Leadership Team in relation to Risk Management and Performance Management. The MCA adopts the three-line defence model for effective risk management and control as shown in the Figure 4 below. The Risk Assurance Model clarifies response at both an operational and strategic level of the organisation. Within this model, management control is seen as the first line of assurance; this shows how each service area complies with risk management sources of assurance. The second line of assurance shows the oversight functions of Assurance Services. The third line of assurance provides External Audit's assessment of the risk management sources of assurance such as audit committee and regulators. This model provides active scrutiny and challenge to ensure assurance is achieved.



Figure 4: Roles and responsibilities and three lines of defence model in performance and risk management

17. The Risk Management Action Table (Figure 5) below shows the action levels to be taken in the management and reporting of risk. Audit Committee are provided with the Corporate Risk Report quarterly each year to provide independent challenge and assure themselves that risk management arrangements are effective. They can request additional information as necessary.

18. All Directorate Risk Registers are maintained monthly as part of core management processes such as business planning and performance and project management processes. The MCA's Risk Management Framework relies on escalation of risks from directorate /operation level through to strategic Corporate Risk Register to ensure CLT and Members are aware of the most significant risks. The escalation process is shown in Figure 5 below. As part of this process consideration can be given to the actions proposed to manage the risk, whether the tolerance level recorded is appropriate and whether it is aligned to the correct service area.

19. Additionally, in reviewing the Corporate Risk Register the Corporate Leadership Team may identify risks to which the assessment may need to be revised or risk transferred. Risks with a current risk score of 15 to 25 (high and critical/significant risk) need to be escalated at Directorate Management meetings for consideration for inclusion in the Corporate Risk Report.

20. All risk scoring 20-25 (high, critical/ significant risk) following mitigation should automatically be escalated to a CLT Report for consideration for inclusion on the Corporate Risk Register. Issues that have arisen that are significantly impacting on the MCA are recorded within CLT CRR report/ paper.

Figure 5 – Monitoring and Escalation Action

Likelihood of risk occurring	Impact level if risk occurs	Level of risk	Action Required
1-5	1-5	Low	May not need any further action/monitor at service / project level.
8-14	8-14	Medium	Action required, manage and monitor at the Directorate Level
15-24	15-24	High	Must be addressed - If Directorate level risk consider escalating to the Corporate Risk Report and Risk Register
25	25	Significant	Action required - escalate (if Directorate level risk, escalate to the Corporate Level, if Corporate bring to attention of the Audit Committee to confirm actions to be taken

21. A risk may need to be escalated to a higher level if:

- The risk threatens the MCA's core business and the way it operates.
- the risk moves outside the stated appetite boundaries
- the risk will impact on more than one directorate/ project or function if the risk event materialises
- the risk becomes too unwieldy to manage at the current level
- the risk rating cannot be controlled/contained within its current level
- the risk remains very high even after mitigations are implemented

22. A risk may need to be moved to a lower level if:

- the risk can be controlled / managed at a lower level
- the risk rating decreases significantly
- the risk event will only affect one team / directorate/ team and the impact will be limited then this should be controlled more locally at a lower level.

23. There should be communication and consultation throughout the process and the need for continual monitoring and review of the risk(s) throughout the lifecycle of the activity / objective / outcome. The process is cyclical, and it is often necessary to revisit steps and carry them out regularly to ensure there is a complete picture of the risks to the activity/outcome being assessed as part of continuous improvement in the management of risk

Roles and Responsibilities

24. The management of risk is a responsibility of all staff at the Mayoral Combined Authority. Roles and responsibilities are set out below:

Role	Responsibility for Risk Management
West of England Mayoral Combined Authority and Joint Committee	Oversee effective delivery of the Mayoral Combined Authority's objectives and management of risk
West of England Combined Authority Audit Committee	Provide independent assurance of the risk management framework
West of England Combined Authority Scrutiny Committee	Provide scrutiny on progress to deliver the business plan
Corporate Leadership Team (CLT)	Accountability for delivery of the business plan and management of the risks affecting its delivery. Ownership of Corporate Risk Register
Governance Board	Manage and advise on all aspects of corporate governance, monitor Corporate Risk Register and agree formal report for Audit Committee
Senior Information Risk Owner (SIRO)	Management and oversight of information risk aspects and compliance reviews
Grant Management & Assurance Team	Oversee the corporate risk management process, supporting Directors to ensure risks and mitigations are clearly defined. Provide quarterly risk updates to CLT and SIRO. Draw on best practice to ensure approach remains up to date, including participating in network of combined authority risk managers.
Heads of Service/ Directors	Ensure the risk management process is promoted, managed, and implemented effectively in the organisation. Manage departmental risks
Programme and Project Boards and Managers	Own programme and project risk registers, escalating risks to the Head of Service/Director as appropriate
Employees	Identify and manage risk effectively in their jobs, liaising with their managers to identify new or changing risks
Internal Audit	Review the risk management process and provide assurance to officers and members on the effectiveness of controls

Departmental Risk Registers

Risk Register	Includes	Owner
Resources	Finance, People & Assets, Grant Management & Assurance, Commercial	Strategic Director of Resources
Fraud Register	Areas of potential fraud risk	Head of Finance
Legal and Governance	Litigation, lawful decision making, corporate governance and compliance	Director of Law and Governance
Economy and Skills	Integrated Delivery, People & Skills and Enterprise Inward Investment and Trade	Strategic Director of Economy and Skills
IT and Cyber security	Cyber-attack, data breach or technical infrastructure risks	Director of People & Assets
Climate	Environment, SW Net Zero Hub, Regional Low Carbon Delivery, Nature Recovery, Green Recovery Fund	Director of Environment
Strategy and Innovation and Communications	Policy, Innovation & Analysis, Communications and Place	Director of Policy and Strategy
Infrastructure	Capital Delivery, Integrated Transport, Transport Strategy	Strategic Director of Infrastructure

Appendix One: Risk Impact Scoring Criteria

Consequence	1: Minimal	2: Minor	3: Significant	4: Major	5: Critical
Financial	<p>Investments based on grant funding and treasury management based on public sector loans.</p> <p>A very small risk of overspend where costs are not controlled.</p>	<p>Some repayable grants/loans to public sector partners.</p> <p>Some risk of overspend that is within risk apportioned in budget.</p>	<p>Use of new investment funding to focus on a higher proportion of loans or equity.</p> <p>Risk of overspend is foreseen as cost types are prone to inflation.</p>	<p>Use of cash balances for higher risk investment.</p> <p>Overspend is hard to predict as costs are not well known and inflationary pressures are particularly volatile.</p>	<p>Portfolio that uses new funding and cash balances to focus heavily on private sector loans and SME equity.</p> <p>Overspend is almost a certainty.</p>
Legal & Governance	<p>To the best of our knowledge and practice all constitutional and legislative requirements have been met and the Mayoral Combined Authority is acting within its statutory powers.</p>	<p>There is potential for legal action but measures to mitigate against any action can be demonstrated and no legislation has been breached. Litigation, claims or fines up to £10K</p>	<p>Discretionary opinion on the interpretation of legislation or contractual terms is applied to confirm the Mayoral Combined Authority's ability to proceed with activities. Litigation, claims or fines up to £25K</p>	<p>Discretionary opinion is not followed and action taken contrary to advice of legal colleagues. Litigation, claims or fines up to £50k.</p>	<p>Failure to comply with legislation and contractual obligations leading to the possibility of a litigation, arbitration or major claim being brought. Litigation, claims or fines up to £100K. Multiple breaches in statutory duty. Serious findings by audit/inspection; serious court enforcement or prosecution.</p>
Delivery	<p>Insignificant failure or delay in delivering Mayoral Combined Authority objectives or statutory requirements</p> <p>Threat could have a minimal impact on the quality of, or delivery delays of up to 3 months.</p> <p>There is no funding issue with regard to carry over of external grant underspend between financial years.</p>	<p>Minor failure or delay in delivering Mayoral Combined Authority objectives or statutory requirements</p> <p>Threat could have a minor impact on the quality of, or delivery delays of between 3 and 6 months.</p> <p>Carry over of external grant underspend between financial years is allowed but is discretionary.</p>	<p>Moderate failure or delay in delivering Mayoral Combined Authority objectives or statutory requirements</p> <p>Threat could have a significant impact on the quality of, or delivery delays of between 6 and 9 months.</p> <p>Carry over of external grant underspend between financial years is discretionary and there is a high bar to meet.</p>	<p>Major failure or delay in delivering Mayoral Combined Authority objectives or statutory requirements</p> <p>Threat could have a significant impact on the quality of, or delivery delays of between 9 and 12 months.</p> <p>There is no facility for carry over of external grant underspend between financial years and would be subject to discussion and agreement.</p>	<p>Critical failure or delay in delivering key Mayoral Combined Authority objectives or statutory requirements</p> <p>Threat could have a critical impact on the quality of, non- delivery, or delivery delays of greater than 12 months.</p> <p>All unspent funding left at a set date must be returned to the funder on a non-negotiable basis.</p>

Consequence	1: Minimal	2: Minor	3: Significant	4: Major	5: Critical
Operational Systems	Technologies and data management viewed as a key enabler of operational delivery No security risks causing loss or damage to property, assets or information. Insignificant service Interruptions & negligible infrastructure damage	Minor, short term infrastructure damage Minor, short term service interruptions	Some medium infrastructure damage Loss of key service for <7 days	Medium term infrastructure damage Loss of key service 7-14 days	Failure to prevent unauthorised and/or inappropriate access to key systems and assets, including people, information. Technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience. Loss of key service >14days. Long term infrastructure damage
People	H&S: Known H&S threats effectively managed through appropriate control measures. HR: Short-term low staffing level that temporarily reduces service quality (< 1 day).	H&S: Potential for minor injury to occur that can be satisfactorily managed through Safety Management Systems. HR: Low staffing level that reduces the service quality	H&S: Potential for moderate injury or dangerous occurrence to be sustained, possible reporting to the Regulatory body. HR: Late delivery of key objective/ service due to lack of staff. Unsafe staffing level or competence (>1 day). Low staff morale. Poor staff attendance for mandatory/key training	H&S: Potential for a breach in H&S rules resulting in likely intervention by the Regulatory body. HR: Uncertain delivery of key objective/service due to lack of staff. Unsafe staffing level or competence (>5 days). Loss of key staff. Very low staff morale. No staff attending mandatory/ key training.	H&S: Severe injury or fatality likely to occur. Regulatory body intervention probable with threat of statutory enforcement or prosecution. HR: Non-delivery of key objective/service due to lack of staff. Ongoing unsafe staffing levels or competence. Loss of several key staff. No staff attending mandatory training on an ongoing basis.
Relationships and External	Minimal external reputational & relationship impact.	Minor poor media coverage or negative stakeholder relations contained locally over a short period of time including social media.	Poor media coverage or negative stakeholder relations contained locally but over a prolonged period. Damage to relationships with government is possible	Inability to maintain relations with stakeholders. Potential for national media coverage impacting on stakeholder confidence in the Mayoral Combined Authority Substantial damage to relationships with	Inability to deliver political priorities. Serious negative media coverage over a sustained period of time leading to political and/or public loss of confidence in the Mayoral Combined Authority Breakdown in relations with key stakeholders. Damage to relationships with government is likely to be

				government is likely impacting on future funding.	unrecoverable with clawback of any relevant funding a high likelihood.
Innovation & Development	Informed impactful innovation which will provide additional benefits aligned with strategic objectives and are complementary to existing workstreams and within budget.	Potential for planned minor financial loss and minor disruption where the reward outweighs the risk - to innovate toward an opportunity or positive change	Potential for short term disruption or minor financial loss outcomes	Excessive risk and resources i.e. large-scale disruption and major financial loss.	Where innovation might lead to a threat to safety or a risk of harm to staff or the community. The activity is not aligned with strategic objectives and not within permitted finances and resources.

Appendix Two: Risk Register Template

[INSERT NAME OF DIRECTORATE] RISK REGISTER				LAST REVIEWED:		Scores (1-5)				Risk Score after Mitigation (Scores 1-5)									
ID	Category	Date entered on register	Risk Description	Risk Impact	L	I	Priority	Trend	Mitigation - Controls in place and active <i>(Transfer to Controls Proposed / planned column where Controls are not currently in place)</i>	Controls proposed and planned	L	I	Score	Trend	Owner	Action Owner	Status	Date of Last Update	Notes
Unique reference allocated centrally	Financial, Legal & Governance, Delivery, Data and Technology Management, Reputation, People		Description of the risk	Description of the impact should the risk occur			0	↔						↔	Typically Director Level	Officer responsible for mitigating / and actioning controls	Open or Closed		

Appendix Three: Proposed implementation plan

KEY STAGES	DATE
Risk Management Focus Session with CLT to agree fundamentals on how risk management should develop and be operated.	31 January 2024
Assess the risk appetite and agree revised Framework with CLT	20 February 2024
Agree approach with Governance Board	21 February 2024
Agree approach with Audit Committee	04 March 2024
The intention is that the Risk Appetite Statements are presented at the West of England Combined Authority Committee	14 June 2024
Awareness and communications - launch the risk framework through communications and training - Provide easy access to the Risk Framework and guidance (central depository)	June 2024 onwards
Prepare corporate risk register & facilitate update of directorate risk registers	Every Quarter
Embedding – through facilitated risk workshops / lunch & learns – share summary reporting and good practice	June 2024 onwards
Annual review of Framework	June 2025

Appendix Four: Definitions

Risk management	Risk Management is the practice of minimising threats, maximising opportunities and managing uncertainty in the most effective manner. This will support achievement of the strategies, objectives and activities of the organisation.
Risk	A risk is any future event, or set of circumstances that, should it occur, will have a positive (opportunity) or adverse effect (threat) on achieving the West of England Combined Authority's objectives.
Issue	An issue is an event that has already taken place that has had a positive (opportunity) or adverse (threat) on achieving the MCA's objectives. Like risks, issues may require management to mitigate the impact to the achievement of objectives
Risk appetite	The risk an organisation is willing to take in the pursuit of its strategy. 'The willingness to take risks.
Risk Tolerance	Defines how much an organisation can tolerate the risks it is willing to take.
Likelihood	Likelihood is the chance that something might happen. Likelihood can be defined, determined, or measured objectively or subjectively and can be expressed either qualitatively or quantitatively (using mathematics).
Impact	The impact to the Mayoral Combined Authority if a risk occurs. There can be several different types of impact, for example financial, reputational, operational, strategic or compliance.
Risk Score	Risk score is a calculation of the cumulative effect of the impact and likelihood of the risk occurring.
Inherent risk	The threat a risk poses before considering any mitigating activities [controls] in place to address it.
Residual risk	The threat a risk poses after considering the current mitigating activities [controls] in place to address it.
Risk treatment	Risk treatment is the response that an organisation takes to mitigate the risks it identifies. Typical treatment options include avoiding the risk, reducing the risk, sharing or transferring the risk or accepting/tolerating the risk.
Risk Owner	A risk owner is a person or entity that has been given the authority to manage a risk and is accountable for doing so.