

## Audit, Standards and Risk Committee

27 March 2022

### Risk Management Development

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<b>Is the paper exempt from the press and public?</b>	No
<b><i>Reason why exempt:</i></b>	Not applicable
<b>Purpose of this report:</b>	Monitoring/Assurance
<b>Is this a Key Decision?</b>	No
<b>Has it been included on the Forward Plan?</b>	Yes

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#### **Director Approving Submission of the Report:**

Ruth Adams, Deputy Chief Executive

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#### **Executive Summary**

This paper provides an update to the Committee on the development of a new Risk Management Framework and Corporate Risk Register which takes account of the integration of the MCA and the Passenger Transport Executive into a single organisation.

This paper sets out the process followed to develop the documents presented as appendices A, Risk Management Framework and Appendix B Corporate Risk Register and provides assurance that the work is progressing as intended.

#### **What does this mean for businesses, people and places in South Yorkshire?**

Effective risk management is a key principle of good governance and decision making, which enables the MCA to pursue its ambitions and objectives in the most effective and efficient way, bringing about better outcomes for residents and businesses in South Yorkshire.

#### **Recommendations**

The Committee is asked to:

Consider the development of the new framework, and provide their view re endorsing this for adoption to the MCA Board

Agree standing down the current business as usual MCA risk register included in Item 10, with immediate effect and endorse its replacement with the new corporate risk register proposed to be adopted by the new integrated MCA Executive.

## **Consideration by any other Board, Committee, Assurance or Advisory Panel**

None

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### **1. Background**

- 1.1 As separate organisations the MCA and the PTE have each held a risk management framework and operated independent processes resulting in different approaches to identifying, assessing, evaluating and recording risks. This has resulted in risk registers that are very different.

As part of the work to integrate the MCA and PTE, the development and agreement of a single, unified approach to risk management has been considered in greater depth and a new Framework and a Corporate Risk Register developed. This has been approved by the Management Board and further development activity commissioned to implement and embed the new Framework within the MCA.

### **2. Key Issues**

#### **2.1 Development Approach**

The Risk Management Framework, Appendix A, has been developed utilising the best of the existing frameworks of both the MCA and PTE, industry best practice in the form of the Risk Management standard, ISO 31000, the public sector based Orange Book, benchmarking of comparable organisations along with experiential knowledge of good practice.

The Risk Register, Appendix B, has been developed in collaboration with senior leaders and their respective teams, following a detailed view of all risks identified and monitored by the MCA and PTE. The risks of both organisations were brigaded together and allocated into categories and a detailed review of each category undertaken:

- Strategy Focus, 14<sup>th</sup> September 2021.
- Organisational Management, 21<sup>st</sup> September 2021.
- Budget and Financial Management, 5<sup>th</sup> October 2021.
- Programme Management, 5<sup>th</sup> October 2021.
- Operational Transport, 9<sup>th</sup> November 2021.
- Governance and Compliance Management, 9<sup>th</sup> November 2021.
- Risk Workshop, 9<sup>th</sup> November 2021 to consider the top risks facing the integrated MCA and
- Review of the MCA's Top Risk Register, in draft format, and content, 7<sup>th</sup> December 2021 and again on 11<sup>th</sup> January to confirm agreement.

The Risk Management Framework and Corporate Risk Register have been shared with independent members of the Committee and discussed on 11<sup>th</sup> January 22. The clear feedback has been that reporting of risks should be accompanied by a risk heatmap and dashboards to provide visual and graphical representation of the risks.

## 2.2 Risk Register Content

At the current time, we have not prepared any additional detailed narrative relating to the Corporate Risk Register as this level of detail is included in the previous paper, Item 10 of the Agenda.

## 2.3 Next Steps

The next steps are to:

- Present the new Corporate Risk Register to the Audit, Standards and Risk Committee 27<sup>th</sup> January 2022.
- Conclude the development of the new Risk Management Framework and present to the ASRC at the 27<sup>th</sup> January 2022 meeting.
- MCA Board to consider the Risk Management Framework and Corporate Risk Register in March 2022.
- Implement and embed across the business and the operating structures.
- Digitise risk recording and reporting, through the provision of a technical recording and reporting solution
- Develop risk reporting to include heatmaps and dashboards.
- Enhance understanding and training and build supporting resources.
- Carry out a post implementation review approximately six to 12 months after implementation.

The steps will facilitate risk management becoming integral to the culture and ways of working and make a positive contribution to strengthening the control environment, assurance arrangements, systems and processes.

## 3. Options Considered and Recommended Proposal

- 3.1 The option to utilise an approach from either the current MCA or PTE approach was discounted and a full refresh, aligned to the development and accountabilities of the emerging new organisation agreed.

## 4. Consultation on Proposal

- 4.1 Independent Audit Committee Members

## 5. Timetable and Accountability for Implementing this Decision

- 5.1 N/A

## 6. Financial and Procurement Implications and Advice

- 6.1 N/A

## 7. Legal Implications and Advice

- 7.1 N/A

## 8. Human Resources Implications and Advice

- 8.1 N/A

## 9. Equality and Diversity Implications and Advice

9.1 N/A

**10. Climate Change Implications and Advice**

10.1 N/A

**11. Information and Communication Technology Implications and Advice**

11.1 N/A – at this stage

**12. Communications and Marketing Implications and Advice**

12.1 Management Board and other teams have undertaken many sessions, workshops to review and develop the new approach to risk.

**List of Appendices Included**

- A Risk Management Framework
- B Corporate Risk Register

**Background Papers**

N/A