

Mayoral Combined Authority Board

25 July 2022

Risk Management Framework

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Governance
Funding Stream:	Not applicable
Is this a Key Decision?	No
Has it been included on the Forward Plan?	No - Not a Key Decision

Director Approving Submission of the Report
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Executive Summary

This paper presents a draft Risk Management Framework and summarises the activity undertaken to develop and implement the Framework.

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

Good governance, which incorporates the effective management of risk, enables the Combined Authority 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

Members are asked to consider the draft Risk Management Framework as recommended by the Audit, Standards and Risk Committee.

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

Audit, Standards and Risk Committee
Audit, Standards and Risk Committee

9th June 2022
24th March 2022

1. Background

- 1.1 As separate organisations the MCA and the PTE each held their own risk management frameworks and operated independent processes resulting in different approaches to identifying, assessing, evaluating and recording risks. As part of the work to integrate the MCA and PTE, the development of a single, unified approach to risk management has been considered in great depth and a new Framework and a single Corporate Risk Register developed.

This has been endorsed by the Audit, Standards and Risk Committee and further development activity commissioned to implement and embed the new Framework within the MCA.

2. Key Issues

2.1 Development of the Framework

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 Audit, Standards and Risk Committee considered a first draft of the Framework in January 2022. As part of the dialogue with members of the Committee on the first draft, it was suggested that a Risk Appetite Statement should be included in the Framework. This was considered in more detail by the Management Board in February 2022 and is now included as an Appendix to the Risk Management Framework document.

The Committee also recommended that there should be a low appetite for Health and Safety risk and that any Health and Safety risks with a score of 5 or above should be escalated to Management Board for visibility. This is now also included in the Framework.

The Audit, Standards and Risk Committee endorsed the final draft of the Framework at their meeting 24th March 2022.

2.2 MCA Board Accountability

The Framework recognises that the MCA Board has an accountability for ensuring robust risk management arrangements are in place and operating effectively and proposes that the MCA Board will receive an annual report on the risks, the type and exposure, within the context of the Corporate Plan and Business Plan. In addition, it is proposed that the Board receive an annual report from the Audit, Standards and Risk Committee providing their overview and commentary on the authority's risk profile.

2.3 Further development of the Framework

A recent risk management internal audit, which focused on the design effectiveness of the updated framework and the progress to implement the approach, concluded a

'significant level of assurance' but recommended some improvement points. These included:

- enhancing the Framework to strengthen accountability and ownership of risk at all levels and clarity on responsibilities for managing risk at operational team level
- enhancing risk reviews and reporting to ensure risks are managed and mitigated to a proportionate level.
- giving consideration to the inclusion of target scores aligned to risk appetite
- de-escalation of low-level risk from the Corporate Risk register to relevant team registers once in place
- the MCA giving consideration to enhancing the role of thematic boards with respect to risk oversight.

The report suggested that these points are considered as part of the Post Implementation Review scheduled for quarter 3 (October-December)

2.4 Development of the MCA Corporate Risk Register

A Corporate Risk Register has been developed in collaboration with senior management and their respective teams. The recorded risks of both organisations (c.140) were brigaded together, allocated into categories and a detailed review of each category undertaken between September and November 2021. A single, draft corporate risk register was considered in December 2021 by the Management Board and revised again in January 2022 following further work. The Audit, Standards and Risk Committee considered the register at their meeting 27th January 2022 and received a monitoring report in March 2022.

Directorate Level Risk Registers

A risk self-assessment exercise to identify, assess and evaluate risks taking account of the business plan deliverables, any outstanding risks arising in the workstreams of the Integration Programme, aligned risks from the 4Risk system used by the Operational Transport (particularly important where business areas have been centralised) and also the previously stood down MCA risk registers has taken place across the organisation. Once all the risk registers are in place and consistent in approach, reporting into the Audit, Standards and Risk Committee can be enhanced to include high level risks and to de-escalate the lower-level risks in line with the Risk Management Framework and the Internal Audit recommendation.

2.5 Continued Implementation of the Framework

At their meeting 14th July the Audit, Standards and Risk Committee considered a detailed plan of the activity and resource required to fully realise the benefits of the work to date to develop the Framework and risk registers, and to continue on a risk maturity journey that will see the Framework fully embedded and supporting the delivery of MCA objectives and priorities.

A key part of this will be the implementation and population of a refreshed risk management IT system. This system will be critical to the monitoring, review, analysis and reporting of risk on an ongoing basis and will be configured to enable

reporting across a number of themes as well as directorates and teams, and including risk scoring.

3. Timetable and Accountability for Implementation

3.1 The Framework will be adopted immediately once approved. A timetable for the continued implementation of the Framework has been considered by the Audit, Standards and Risk Committee which sees regular reporting as business-as-usual activity from the autumn. Responsibility for Risk Management is distributed across the organisation as described in the Framework, however the Legal and Governance Directorate have a responsibility for driving the process.

4. Financial and Procurement Implications and Advice

4.1 An IT system will be deployed to assist with the management, monitoring and reporting of risk.

5. Legal Implications and Advice

5.1 There are no legal implications as a result of this report.

6. Human Resources Implications and Advice

6.1 There are no human resource implications associated with this report.

7. Equality and Diversity Implications and Advice

7.1 There are no equality and diversity issues associated with this report.

8. Climate Change Implications and Advice

8.1 There are no climate change implications associated with this report.

9. Information and Communication Technology Implications and Advice

9.1 The IT function are supporting the roll out of the risk management IT system by ensuring single sign on arrangements are in place.

10. Communications and Marketing Implications and Advice.

10.1 There are no communications or marketing implications associated with this report, however, the framework will be published on the Authority's website.

List of Appendices Included

A Risk Management Framework

Background Papers

[ASRC Meeting 27th January 2022 Item 10](#)

[ASRC Meeting 24th March 2022 Item 27](#)