



**LIVERPOOL
CITY REGION**
COMBINED AUTHORITY

METROMAYOR
LIVERPOOL CITY REGION

RISK MANAGEMENT UPDATE



Audit and Governance Committee
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1. Introduction

- 1.1 The purpose of this report is to provide a summary of the Combined Authority's risk management activity for the third quarter of 2021-22.
- 1.2 It is prepared for the Audit and Governance Committee and its purpose is to facilitate the Committee in discharging its obligations as defined in its Terms of Reference: "to review the Combined Authority's financial affairs, internal control, corporate governance arrangements and risk management". It is also intended to assist in continuing the progress made to date in embedding effective strategic and operational risk management into the organisation.
- 1.3 The report covers:
 - an update on the Corporate Risk Register including the key changes made since the last report; and
 - the ongoing activity to embed risk management further into the organisation.

2. Corporate Risk Register

2.1 So as to facilitate a clearer presentation and understanding of corporate risks, the recent review has led to these being shown as five key corporate risk themes. It is considered that these are broad enough to enable the encapsulation of all significant corporate risk issues. The corporate risk themes, and the associated risks within each, are:



Devolution Deal

There is a risk that the Liverpool City Region does not meet the specific requirements and expectations set out in its Devolution Deal



Resilience

There is a risk that the organisation's ability operate in the event of a major incident may not be adequate and may disproportionately impact the organisation's performance and that of the City Region's economy



Environment

There is a risk that the LCRCA does not use its position and powers effectively to meet the target for the City Region of being net zero carbon by 2040



Transport

There is a risk that the role of transport in supporting the social, economic and environmental objectives of the City Region is inhibited by governance and funding models that do not support future public transport recovery and improvement



Economic Recovery

There is a risk that the LCRCA does not use its position and powers effectively to drive economic recovery and prosperity in the City Region



2.2 The Corporate Risk Register has been reviewed by the Executive Leadership Team as a whole and by individual Executive Directors, with the objective of ensuring that:

- The risks identified are still pertinent;
- The control measures are still in place and working, and reflect any new or additional controls that have been implemented;
- The risk scoring identified is still considered an accurate representation;
- The actions identified are still the right ones, and progress is being made in progressing these;
- Any new or emerging risks are captured; and
- Risks that are reducing in score are identified and de-escalated to service risk registers as necessary.

2.3 The results of this review were:

- The risks have remained static since the last review;
- A number of new actions have been added to the register to reflect the development of the approach to mitigation of risks;
- Actions continue to progress; however, the Devolution Deal and Transport risks have extended their deadlines to March 2022, reflecting the significant actions necessary and the pivotal nature of these to the core business of the Combined Authority;
- The Devolution Deal risk consequences has been updated to take into consideration the forthcoming publication of the Government's "Levelling Up" White Paper;
- The actions associated with the Environment risk has been reviewed and further updated to reflect the planned approach to reaching the net zero target;
- Previous actions relating to the Resilience risk have been completed and added to the controls. Further actions have now been set with a revised target date;



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- The Economic Recovery risk has been updated to reflect the Plan for Prosperity, due to be submitted to CA for approval in January 2022, which sets out priorities for our economy and investment;
- Risk owners have been further reviewed and confirmed and the Register updated to reflect this; and
- A risk workshop is to be held in February 2022 so as to begin the process for reflecting on corporate risks that are pertinent to the next phase of the Corporate Plan delivery.

2.4 A summary of the Corporate Risk Register is included in this report at Appendix A.

3. Embedding Effective Risk Management

3.1 Internal Audit continues to play a vital role in facilitating the system of risk management. Key strands of activity in the period have been:

- Organising and chairing the quarterly Risk Group meeting, which has representatives from all Directorates, to discuss emerging risks, progress in managing key risk issues, and promote discussion/awareness of governance issues across the organisation. The group is proving particularly useful in identifying new risks emerging across the business, and where there synergies or common areas of risk. The meeting held in December identified that a number of Directorates are identifying risks such as supply chain and staffing capacity as starting to have an impact on delivery. Staffing capacity is included within the Corporate Risk Register within the Devolution Deal risk.
- Facilitating review and update of risk registers via meetings with individual executive directors and their management teams, which is particularly pertinent in terms of ensuring alignment with the Corporate Plan and Directorate Delivery Plans;
- Presenting to the Executive Leadership Team on Risk Management and leading the discussion on the update of the Corporate Risk Register;
- Development and launch of a risk management skills training offer for senior managers;
- Development and launch of an e-learning package for all staff to provide general awareness of the principles of risk management;
- Continuing to facilitate the review of service risks by members of the Senior Leadership Team, including in respect of the update of fraud risks, risks arising from the continued effects of the pandemic and other emerging risks;
- Providing corporate support in respect of risk management across the organisation, including facilitating risk workshops and supporting colleagues in their risk management activities;
- Following its approval at the July Audit and Governance Committee meeting, continued roll out of the Risk Management Policy and revised risk register template across the organisation; and
- Established an individual “SharePoint” folder for all Directorates to enable access to risk information in one dedicated location.

- 3.2 It is important that the revised Corporate Risk Register is used as a tool, along with performance management, to facilitate delivery of the Corporate Plan priorities, and that the very positive progress made so far in embedding the process continues.

For this reason, the service has adopted two corporate performance indicators, which are designed to measure the extent to which risk management data is being utilised to drive delivery of the Corporate Plan priorities. The latest figures show the following:

Description	Performance	Progress Rating
% of service areas with a Risk Register that complies with the Risk Management Policy	68%	Amber
% of corporate risks that have a suitable action plan in place	100%	Green

- 3.3 It was highlighted in the November 2021 report to the Committee that the recommendations arising from the 2020-21 internal audit of Risk Management have been fully implemented. The review for 2021-22 is to commence imminently and its focus will be on the extent to which good risk management practices are embedded across Directorates. The Committee will be kept updated on the progress of the audit and its outcomes.



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- 3.4 The quarterly reports to this Committee will continue to give an overview of the progress being made in delivering the activities above, and the effectiveness of these actions in increasing the level to which effective risk management arrangements are embedded into the organisation.