



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 first quarter of 2022-23.
- 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 The Corporate Risk Register reflects the highest scoring risks across the organisation – those with a residual score in excess of 16 (to the maximum score of 25) and graded as “red”. These are the risks which present the most significant threats to the achievement of the objectives articulated in the Corporate Plan, and so these risks span the whole Combined Authority.
- 2.2 The Corporate Risk Register is owned by the Executive Leadership Team (ELT) and each risk has a designated risk owner who is a member of ELT, and they are responsible for co-ordinating activities to manage the risk and reduce its impact and likelihood to its target level, drawing on the support of colleagues across the organisation.
- 2.3 The Corporate Risk Register has fully reviewed by ELT for 2022-23, and this has resulted in the re-framing of some of the risks and the addition of a new risk – Financial Sustainability. The six corporate risks are:



Accountability

There is risk that the Combined Authority does not develop and maintain sufficient capacity to deliver its obligations and responsibilities.



Resilience

There is a risk that the Combined Authority fails to develop and maintain robust arrangements to ensure business resilience and continuity.



Environment

There is a risk that the City Region does not achieve its ambition 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 not maximised.



Economic Prosperity

There is a risk that the Combined Authority does not contribute positively to economic prosperity within the City Region.



Financial Sustainability

There is a risk that financial pressures will impact negatively on the financial sustainability of the Combined Authority.

2.4 The Corporate Risk Register has been reviewed by the Executive Leadership Team as a whole and by each individual Executive Director in their capacity as Risk Owners, with the objective of ensuring that:

- The risks identified are pertinent;
- The control measures are 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 appropriate, and progress is being made in progressing these;
- Any new or emerging risks are captured; and



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- Risks that are reducing in score are identified and de-escalated to service risk registers as necessary.

2.5 The results of this review were:

- The risk descriptions and risk scores have been reviewed and updated to reflect the priorities set out in the Corporate Plan;
- A further risk relating to financial sustainability has also been identified and actions to mitigate this risk have been agreed by both Executive Leadership Team and the relevant Executive Director;
- All actions have been reviewed and assigned action owners and target dates to further progress mitigations for each of the six risks; and
- The bi-monthly reviews with Executive Directors and the Risk Manager have been diarised to capture updates on progress with regard to actions.

2.6 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 key 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 are synergies or common areas of risk. Recent meetings have identified that a number of Directorates are identifying risks such as supply chain and staffing capacity as starting to have an impact on delivery. Task and finish groups have been established as spin-offs from the Risk Group to look at supply chain and ethical investment risks and the organisational approaches to these.
- 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 Plans;
- Facilitating the Executive Leadership Team discussions 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;
- 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 2021 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 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 information shows the following:

Description	Performance	Progress Rating
Percentage of service areas with a Risk Register that complies with the Risk Management Policy	88%	Amber
Percentage of corporate risks that have a suitable action plan in place	100%	Green

- 3.3 Most service areas have an up-to-date service risk register, but work continues to ensure a consistent approach to embedding risk across directorates. There has been a positive increase in the request for risk workshops to assist in this process.
- 3.4 During 2021-22, Internal Audit conducted a review of the organisation's risk management arrangements. The overall opinion for this work was a Minor organisational risk, and there were a number of recommendations made and these, along with an update on the progress being made to implement the actions, are detailed in the table below:



	Recommendation	Action and Update	Implementation Date
1.	The wording included in the Risk Management Policy should be reviewed, to determine whether all key areas of the organisation are encapsulated as part of the requirement to produce a Service Risk Register. Any update to the wording/requirement should be approved as part of the next review of the Policy; and any new applicable areas of the organisation notified accordingly. A list of agreed service areas, for which a Risk Register is required, should be utilised as part of implementing Recommendation 02.	The policy is reviewed annually and is due for review in August 2022. The point will be taken into account during this review / update.	31 August 2022
2.	The applicable 'risk register' folders within Teams/SharePoint, should be reviewed and updated, to ensure each contains the correct Risk Registers (i.e., for the directorate; and all are correctly named), with access and permissions appropriately assigned to relevant officers.	The SharePoint has been set up and relevant access permissions established for those registers contained therein. Further registers will be added once completed and the access granted in the same manner.	30 September 2022
3.	<p>Advice should be sought (likely to be from the organisation's Senior Information Management Officer) to determine whether Service Risk Registers could, for example, be subject to a Freedom of Information request, and reach the public domain.</p> <p>Steps should be taken in response to the advice provided, primarily:</p> <ul style="list-style-type: none">- notifying officers responsible for Service Risk Registers Heads of Service/Assistant Directors of the outcome;- updating the Risk Management Policy to reflect the advice;- ensuring the content of Service Risk Registers is reviewed and deemed appropriate (depending upon the advice provided, it may be that the information contained within some Registers needs to be scaled back; or alternatively, it may that additional information can now be included).	The matter has been discussed with the Senior Information Management Officer and it is believed that Service Risk Registers are unlikely to be the subject of a Freedom of Information request.	31 July 2022



	Recommendation	Action and Update	Implementation Date
4.	The Risk Manager should take steps to ensure a robust Risk Register is in place for each applicable area of the organisation (by the end of Q1 2022/23). Formal feedback should be provided to the relevant manager and Executive Director in those instances where it is felt the Risk Register does not meet expectations and/or has not been produced. Reminders should be issued on a quarterly basis to prompt Risk Registers being reviewed and updated; and feedback provided to Executive Directors where there is evidence of non-compliance.	Work to support service areas in this respect is ongoing.	30 September 2022
5.	The Risk Register template should be reviewed, and a decision taken as to whether the format can be enhanced, in order to: - facilitate the inclusion of comments (by both the 'Risk Owner' and/or the 'Risk Team') in a more effective manner; and - clearly flag where an amendment has been made that impacts upon the risk 'rag' rating.	The risk register template will be reviewed / updated in line with the Risk Management Policy which is reviewed annually and is due for review / update in August 22. This point will be considered and implemented as appropriate as part of that process.	31 August 2022

3.5 The 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.