



**LIVERPOOL
CITY REGION**
COMBINED AUTHORITY

METROMAYOR
LIVERPOOL CITY REGION

RISK MANAGEMENT UPDATE

**Audit and Governance Committee
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Contents

	Page
1. Introduction	2
2. Corporate Risk Register	3
3. Embedding Effective Risk Management	6

1. Introduction

- 1.1 The purpose of this report is to provide a summary of the organisation's risk management activity for the fourth 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 updates made since the last report; and
 - the ongoing activity to embed the risk management framework 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 therefore 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 organisation.
- 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, who is 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 features six corporate risks:



2.4 The Corporate Risk Register has been reviewed by the Executive Leadership Team as a whole (facilitated by the Head of Internal Audit and Risk Manager) and by each individual Executive Director in their capacity as Risk Owner (the Risk Manager holds bi-monthly risk catch-up meetings with each Executive Director to facilitate this review), 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
- 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 residual risk scores were discussed, and it was agreed these continue to be assessed appropriately;
- Risk 1 - Accountability, has been updated. Two actions relating to the task and finish procurement group have been completed;
- Risk 2 - Resilience, the action to implement the Cyber Security Plan has been revised to consider the threats posed by hosting the Eurovision Song Contest;
- Risk 3 - Environment, the deadline date for rolling out the climate awareness training has been pushed back to June 2023 as no budget had previously been allocated. However, the funding has been identified within the 2023/24 budget and training will be rolled out by the end of the first quarter of the next financial year;
- Risk 4 - Transport, has progressed with some actions completed however, the RAG status on the action to maximise the potential of digital technology has been raised to red as the Executive Director for Place believes that this action could have been progressed further;
- Risk 5 – Economic Prosperity, the actions are amber as the Executive Director for Investment and Delivery believes that although some progress has been made these actions may need to continue into the next financial year. These actions will be reviewed at the next risk drop-in session with the Risk Manager;



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- Risk 6 - Financial Sustainability, all but one action has been completed for the financial year 2023/24 although these actions will need to be reconsidered for the financial planning process for 2024/25.

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

3. Embedding Effective Risk Management

3.1 Key Activities

3.1.1 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 promoting 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 shared areas of risk.
- Recent Risk Group meetings have identified that a number of Directorates are continuing to identify risks such as supply chain, staffing capacity and ethical investment, and that these are having an impact on delivery. A task and finish group have been established as a spin-off from the Risk Group to look at supply chain risk and the organisational approaches to mitigating the impact of this.
- Facilitating the Executive Leadership Team discussions on Risk Management and leading the discussion on the update of the Corporate Risk Register;
- Facilitating review and update of risk registers via meetings with individual executive directors and their management teams;
- Delivery of a face-to-face training sessions on risk management for senior managers;
- Provision 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, and presenting to the SLT on risk management;



- Providing corporate support in respect of risk management across the organisation, including facilitating risk workshops across all areas of the business and supporting colleagues in their risk management activities;
- Maintenance of a “SharePoint” folder for each Directorate to access and update risk registers in one dedicated location;
- Each service risk register has been reviewed by the Risk Manager and suggestions added where necessary. An email was circulated to all Heads of Service/Assistant Directors to request that they review those suggestions and undertake any necessary updates. This will now become a monthly rolling review of the quality and consistency of service risk registers, with feedback provided to Risk Owners.

3.2 Implementation of the Corporate Risk Management Policy and Handbook

- 3.2.1 Following its approval by this Committee at its September meeting and by Merseytravel in October 2022, the Corporate Risk Management Policy and Handbook was issued to all Senior Managers via the I4P system. It is pleasing to note that it has been read and accepted by over 85%.
- 3.2.2 The Risk Manager attended each Executive Director’s Management Team meeting during quarter 3 to summarise the key changes to the Corporate Risk Management Policy and Handbook; including the addition of the “stock risks” to the risk register template; to encourage members of each management team to read the revised policy and promoting the e-learning package and face-to-face training available. It was requested that each service risk register be updated by 23 December 2022, so as to reflect the updated template and stock risks. Whilst most service risk registers have been reviewed and updated by the Assistant Director/Head of Service, there are still a number of reviews outstanding. Of the 28 service risk registers established, 20 have been updated, 5 are work in progress, and 3 are overdue. The Risk Manager continues to offer ongoing support to ensure the remaining service risk registers are updated accordingly.
- 3.2.3 The take up of the face-to-face training has been disappointing and has resulted in the cancellation of the last two sessions. In total only eleven delegates have attended to date. However, those who have attended have given positive feedback and stated that the session provided a clearer understanding of the risk management framework. The e-learning package has been completed by 30 staff, and a further 6 are work in progress. The e-learning offer was made an essential requirement in preparation for the face-to-face training.

3.3 Future Developments

- 3.3.1 A risk workshop will be held with the Executive Leadership Team in April 2023 to review the Corporate Risk Register for 2023/24. The format will be revised to include a narrative on key milestones.
- 3.3.2 The organisation's insurance broker, Griffiths and Armour, has been asked to undertake an independent review of the organisation's risk management arrangements. The outcomes of the review this will be reported back to this Committee once the review has been completed.