Audit, Risk & Assurance Committee

Date	29 September 2021
Report title	WMCA Strategic Risk Management Framework V1.0
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Report has been considered by	Linda Horne (Finance Director & Section 151 officer)

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

(1) Following presentation to an informal ARAC on 28th June 2021, review and approve/endorse the new WMCA Strategic Risk Management Framework V1.0 enclosed as appendix 1 (in draft until approved by ARAC).

1.   Purpose

1.1   One of the key roles of the Audit Risk and Assurance Committee documented within the Terms of Reference is "independent review of the governance, risk management and control frameworks". The purpose of this report is to share with ARAC members the draft WMCA Strategic Risk Management Framework V1.0 (SRMF) as documented in appendix 1. In view of its role of oversight of risk management, ARAC is requested to review and approve/endorse the draft Strategic Risk Management Framework V1.0 (draft) ahead of its implementation, the framework will remain in draft until approved/endorsed by ARAC.

1.2   The Framework has been reviewed by and is supported by the WMCA's Strategic Leadership Team (SLT) who approved the framework at their weekly meeting on 28th April 2021. In order to aid the understanding of ARAC members a high level presentation of the 6 key focus areas of the SRMF was presented at its meeting on 28th June 2021 this is also included again as appendix 2.

2.   Background

2.1   There is an established Corporate/ Strategic Risk Register in place that is regularly reviewed and updated by the Risk Manager and Risk Owners in addition to Directorate level risk registers and Project/Programme risk registers. Additional risk management arrangements were also put in place during the Covid-19 pandemic via a Covid Risk Register, elements of which have been escalated to the Strategic Risk Register.

However, within West Midlands Combined Authority there has been a need to develop an overarching risk management framework for the CA that standardises the definition of risk, the way in which we expect risk to be managed across the whole organisation and also defines those risks that are in scope for strategic oversight. The Strategic Risk Manager, with the support of a cross directorate working group has developed a framework in the new Strategic Risk Management Framework to do this (see appendix 1) and alongside it a plan to roll out and embed the framework across WMCA as shared with ARAC on 28th June 2021 and is included in appendix 2.

3.   Risk Management Framework

3.1   The risk management framework sets out how risks should be managed across the organisation. It explains how risk exists at all levels of the CA and sets out the responsibilities of all employees for managing and where appropriate, escalating this risk. The new Framework is shown in its entirety in appendix 1. ARAC have a role in the oversight and management of risk. Thus, it is requested that members review and endorse the Framework prior to its implementation.

4.   Implementation

4.1   In addition to the Strategic Risk Management Framework, a proposed implementation plan has been developed. This was presented to ARAC on 28th June 2021 and is shown on slide 13 in the enclosed presentation (appendix 2), the key stages of this are:

•   Baselining – Assess the maturity of risk management arrangements across WMCA currently through a facilitated Risk Maturity self-assessment (Commencing July 2021).

•   Organisational awareness and communications – launch the new risk framework through a variety of comms and training (Commencing July 2021).

- Embedding – through facilitated risk workshops, developing alignment of the "lower level" directorate, operational and project/programme risk registers. This is expected to commence July 2021 with an expected embedding period of approximately 6 months, by which time all areas of the organisation would be expected to comply. Full Organisational compliance is expected by 1st February 2022. With Operational Embedding following as the new Framework becomes BAU from 1st February 2022.

- In addition, implementation will be supported by the provision of newly developed supporting tools including a new Basic Risk Register template which is compliant with the SRMF and a new Risk Escalation model and accompanying Risk Escalation sheet for Risk Owners to use to facilitate escalation between Risk Registers.

- A review of the framework's embedding including conformance with the framework will be undertaken following the embedding period to look at ownership and embedding of the framework along with organisational conformance to the Framework. This activity is anticipated to be completed by 31st July 2022. In addition, there will be an annual review cycle, this will ensure and provide assurance to ARAC that framework is and remains fit for purpose. Consideration will be given to whether this annual review cycle should include assurance to be undertaken independently of the WMCA, such as by another CA as part of a sharing of best practice and bench marking exercise.

5.   Resourcing

5.1   The Strategic Risk Manager has worked in partnership with OD to deliver a training plan and will begin to deliver risk training across the organisation during July 2021 to enhance organisational awareness of the framework. The delivery of the training plan, to include risk owners and risk managers is due to be completed by the end of October 2021. With Further plans to deliver training to new and existing members of ARAC by the end of 2021 and the wider management group by end of January 2022.

6.   Financial Implications
N/A

7.   Legal Implications
N/A

8.   Equalities Implications
N/A

9.   Inclusive Growth Implications
N/A

10.   Geographical Area of Report's Implications
N/A

11.   Other Implications
N/A

12.   Schedule of Background Papers
N/A

13.   Appendices

Appendix 1 SRMF V1.0 (Draft)　　　　**Appendix 2 SRMF Presentation**