



Strategic Risk Management Framework V1.0 Signed off by SLT on 28th April 2021.

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Framework queries should be directed to: victoria.harman@wmca.org.uk

How has the Strategic Risk Management Framework (SRMF) been developed?

The SRMF has been developed through a working group with cross directorate participation to ensure that the framework is suitable for organisation/WMCA wide use. Members of the working group are detailed below:

Member	Business Area
James Magee	TfWM
Craig Wakeman	TfWM
Cynthia Beverley	TfWM
Louise Capener	Data & Digital
Craig Barnes	Data & Digital
Gurmit Sangha	Data Protection and Information Sharing Officer
Rob Lamond	Housing & Regeneration
Anthony Bowater	HR & OD
Lorraine Quibell	Governance
Aanisah Begg	Investment
Keiran Casey	Productivity & Skills
Louise Cowen	Finance
Paige Mcinerney	Insurance Officer – Finance
Joti Sharma	Strategic Hub (Assurance)
Sascha Landucci	Strategic Hub (Performance Team)
Victoria Harman	Strategic Hub (Risk)



Current V's Future Strategic Risk Framework – Key Review Areas

Review of strategic risks

Review of appetite/tolerance

Scoring matrix

Escalation matrix

Risk likelihood table

Risk impact table

Value added by SRMF:

- 'In successful organisations, risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced. If we are serious about meeting objectives successfully, improving service delivery and achieving value for money, risk management must be an essential and integral part of planning and decision-making' – HMT's Orange Book .
- The Strategic Risk Management Framework sets out a consistent approach for how Risks are identified, managed, mitigated and reported in a consistent and proportional way. Supports prevention or risks crystallising/materialising (becoming an Issue). It also facilitates informed decision making through visibility of risk exposures throughout the organisation by providing a shared view of risk exposure.
- Sets risk management guidelines for a consistent and cohesive approach to managing risk across the organisation. Allowing for aggregation across risk registers and escalation of from Operational/Project/Programme/Directorate Risk Register to Strategic Level Register.
- It is a powerful tool to support the organisation in delivering its objectives, increasing likelihood of delivery against objectives through enhanced operational effectiveness and efficiency.

Current v Future Strategic Risks

Risks	Commentary
Political	Retain
Governance	Retain
Operations Core Functions	Retain – Renamed Operations
Economic	Retain
Financial	Retain
Programme Development	Retain – Renamed Innovation & Development
Programme Delivery & Devolution Commitments	Retain – Renamed Programme Delivery
New - Information risks	New
New - Reputational	New
Operations Emerging	Remove – Not perceived to be a Strategic Risk.

There has been a wholesale review of the risks that are considered to be strategic, and this slide shows the 2021 Strategic Risk updates- changes are in **red text**. You will see that all but 1 of the risks identified in the 2018 review have been retained although 3 have been renamed for ease of understanding. In addition the full framework provides a definition for each of the Strategic Risks to enable universal understanding.

Current v Future Risk Appetite Table

Risk Appetite	Description
Open	Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money.
Cautious	Preference for safe options that have a low degree of risk and may only have limited potential for reward.
Averse	Avoidance of risk and uncertainty is a key organisation objective

The appetite level range/framework remains as was documented in the 2016 & 2017 versions of Corporate Risk Management Strategy.

Current v Future Appetite

Risk	Appetite Current	Recommended Appetite 2021
Political	Averse	Averse
Governance	Averse	Averse
Operations – Core Functions <i>renamed Operations for 2021</i>	Averse	Cautious
Programme Delivery & Devolution Commitments <i>renamed Programme Delivery for 2021</i>	Averse	Cautious
Economic	Cautious	Cautious
Financial	Open	Cautious
Programme Development (opportunity) <i>renamed Innovation & Development for 2021</i>	Open	Open

Current v Future Appetite

Risk	Appetite Current	Recommended Appetite 2021
New Strategic Risk - Information Risk	N/A New recommended Strategic Risk for 2021	Cautious - Personally Identifiable Information
		Open - All other Information
New Strategic Risk - Reputational	N/A New recommended Strategic Risk for 2021	Averse
Operations Emerging (Not deemed Strategic) - Recommend Removal for 2021	Cautious	N/A

Current Scoring v 2021 Scoring

The Risk & Issues Classification Matrix (RICM)

Current Scoring Matrix

Likelihood	5 – very high Very likely to occur	5	10	15	20	25
	4 – High More likely to occur than not	4	8	12	16	20
	3 – Medium Could occur at some point	3	6	9	12	15
	2 – Low More likely not to occur	2	4	6	8	10
	1 – Very low Very unlikely to occur	1	2	3	4	5
		1 Minimal	2 Minor	3 Significant	4 Major	5 Critical
	IMPACT					

Recommended new Scoring Matrix

Between Open & Cautious -

Likelihood	5 – very high Very likely to occur	5	10	15	20	25
	4 – High More likely to occur than not	4	8	12	16	20
	3 – Medium Could occur at some point	3	6	9	12	15
	2 – Low More likely not to occur	2	4	6	8	10
	1 – Very low Very unlikely to occur	1	2	3	4	5
		1 Minimal	2 Minor	3 Significant	4 Major	5 Critical
	IMPACT					

New Escalation Process for 2021

The table details the escalation points:

Escalation	Rating
Local /Business Head	Limited
Risk Accountable Officer/Director/ *SRR	Medium
SLT/ARAC/SRR/ **WMCA Board	Very High

* Where deemed appropriate by WMCA SLT

** Where deemed appropriate by ARAC

SRR => Strategic Risk Register

1. Risks scored/assessed as being low/limited/minor using the scoring matrix are to be managed at local level through the Project/ Programme/ Portfolio/Directorate/Operational Risk Registers by accountable risk owners. These are to be escalated by exception only where deemed appropriate. Accountability for escalation of risks sits with the Risk Owner.
2. Risks scored major/considerable/medium using the scoring matrix are to be managed at local level under the oversight of the risk owner/ Director or business Head, but **must** be escalated to WMCA Strategic Leadership Team for consideration of impact on Strategic Objectives and consideration for inclusion on the Strategic Risk Register (public document) where deemed appropriate by WMCA SLT. Accountability for escalation sits with the Risk Owner. ***
3. Risks scored/assessed as critical/very high using the scoring matrix **must** be escalated to WMCA Strategic Leadership Team and the Strategic Risk Register (public document) and managed under the oversight of both WMCA SLT & ARAC. Accountability for escalation sits with the Risk Owner.

***Note: Discretion regarding escalation does not sit with the risk owner, the risk owner must escalate all residual risks that are scored as amber (medium) to WMCA SLT, via either their responsible SLT Member or Via the Strategic Risk Manager (as part of the Strategic Risk Register review) the risk will then be reviewed and considered for inclusion on the SRR.

Likelihood table

How likely is it that the risk will manifest? See [appendix 1](#) for detailed likelihood table

Likelihood Score	Likelihood Rating	Description
1	Very Low	Very unlikely to occur. Very Low perceived chance of the risk manifesting.
2	Low	More likely not to occur. Known internal and external factors mean there is a possibility of the risk manifesting.
3	Medium	Could occur at some point. Known internal and external factors mean the possibility of the risk manifesting is more likely than not.
4	High	More likely to occur than not. Unknowns and instability means there is a high probability of the risk manifesting.
5	Very High	Very likely to occur/ Certain/ Has occurred. Failure is inevitable.

High Level Impact Table

1.Minimal - Very Low	2. Minor - low	3. Significant -Moderate	4. High - Major	5. Exceptional - Critical
<p>The nature of this failure may result minor adjustments but will not have any noticeable effect on outcomes.</p>	<p>The nature of this failure may result in minor annoyance or inconvenience, delivery will continue as planned.</p>	<p>Failure would cause some dissatisfaction which may include annoyance, and failure to deliver all anticipated outcomes.</p>	<p>The scale and nature of failure would result in a high level of dissatisfaction, localised reputational damage with possible reporting to the Regulatory body and severe impact on outcomes.</p>	<p>If the risk manifests it will; compromise safety; result in legal or constitutional noncompliance and project failure. Severe reputational damage and investigations will ensue.</p>

For detailed impact table please see [appendix 2](#)

Roll Out – Regular Progress Updates Will be Provided to ARAC

Framework Development Approval Steps - Regular Progress Reporting to be Provided to ARAC

- SLT Approval obtained (meeting date 28th April 2021)
- Develop risk tools training & Awareness materials May –June2021 – In progress & on track
- ARAC Review & Approval (meeting date 28th June 2021)

Baseline & Risk Maturity Review Raising organisational awareness

- Launch Communications – Commencing July 2021 to include:
 - Managers Briefings
 - Spotlight
 - Bitesize Sessions
- Launch of Framework & Roll out of Training From **July-August 2021**
 - Learning Pool training (**Date TBC**)
 - Base Lining / Gap analyses (Risk Maturity review) remediation plans to be in place by Jan 2022

Embedding

- Align Strategic Risk Register (SRR) with new risk management framework begins July 2021
 - Updated and aligned SRR to SLT for review August/September 2021 (Date TBC)
 - Updated & aligned SRR to ARAC – Date TBC
 - Training facilitates Organisation wide compliance with the SRMF - expected by 1st February 2022
 - Followed by embedding period completed by End of May 2022
- Provision of supporting tools, facilitating standardisation
 - Basic Risk Register Template available from 1st July 2021 ([appendix 4](#))
 - Risk Escalation Process & Template available from 1st July 2021 ([appendix 4](#))

Conformance Testing Following Embedding

- Organisation conformance testing to be completed by 31st July 2022 in line with Audit Issue 2.4

Appendix 1 -Detailed Likelihood table

Likelihood Score	Likelihood Rating	Description
1	Very Low / Very Unlikely to occur	<ul style="list-style-type: none"> • Very unlikely to occur. Very Low perceived chance of the risk manifesting. • The risk is not expected to occur in the next 25 years. • <10% probability of materialising. • There are no open audit or compliance issues related to this risk / issue. • There are no known Risk Events/Near Misses/Key Control failures within the last 10 years. • The risk has been assessed as within appetite/tolerance by the Risk Owner, indicating that there is no perceived threat to WMCA Strategy. • There have been no known significant External Risk Events relevant to the risk/issue.
2	Low / Unlikely to occur	<ul style="list-style-type: none"> • More likely not to occur. Known internal and external factors mean there is a possibility of the risk manifesting. • 10-29.9% probability of materialising. • The risk may occur in the next 5 years and is expected to occur in the next 25 years. • There have been no significant external events related to the risk/issue. • There are no open audit or compliance issues related to this risk/issue. • There are no known Risk Events/Near Misses/Key Control failures within the last 5 years. • The risk has been assessed as within appetite/tolerance by the Risk Owner, indicating that there is no perceived threat to WMCA Strategy.

Detailed Likelihood Table - continued

3	Medium/ Moderate/ Possible	<ul style="list-style-type: none"> • Could occur at some point. Known internal and external factors mean the possibility of the risk manifesting is more likely than not. • 30-49.9% probability. • The risk may occur in the next 12 months and is expected to occur in the next 5 years. • Significant external risk events have been identified but not in the last 12 months. • There are no known Risk Events/Near Misses/Key Control failures within the last year /12 months, there relevant examples within the last 5 years. • The risk has been assessed as being at appetite/tolerance by the Risk Owner and is being assessed/monitored for its impact to WMCA Strategy.
4	High/ Likely	<ul style="list-style-type: none"> • More likely to occur than not. Unknowns and instability means there is a high probability of the risk manifesting. • 50-79.9% probability of materialising. • The risk is expected to occur in the next 12 months. • There are open Audit or Compliance Issues related to the risk/issue with significant remediation still ongoing/outstanding/required. • There have been significant, multiple or recurrent internal (operational) Risk Events /Near Misses or Key Control failures related/directly related to the risk/issue within the last year / 12 months. • The Organisational Unit has made provisions for the risk. • Significant external risk events relevant to the risk have been identified within the last 12 months.
5	Very High Very Likely/ Certain	<ul style="list-style-type: none"> • Very likely to occur • >80% probability of materialising • The risk impact has materialised, an issue has occurred or there has been a Near Miss (a Risk Event has occurred). • Failure is inevitable.

Appendix 2 -Impact Table

* Percentiles are subject to maximum financial values in line with Financial impact

Impact/Severity Rating Descriptions/Examples					
	1.Minimal - Very Low	2. Minor - low	3. Significant -Moderate	4. High - Major	5. Exceptional - Critical
Financial Impact – Financial Loss	<£50,000	£50,000-£100,000	£100,001 - £500,000	£500,001-£1,000,000	>£1,000,000
Cost % Budget	<2.5% increase*	2.5% - 4.9% increase*	5% -7.49% increase*	7.5% -10% increase*	>10% increase *
Schedule Impact	Delivery impact of up to 3 months	Delivery impact of between 3 and 6 months	Delivery impact of between 6 and 9 months	Delivery impact of between 9 and 12 months	Delivery impact of greater than 12 months
Client /Customer /Partner	None	Jeopardises continuing good business relationship with Client/Customer/Partner.	Damages business relationship with Client/Customer/Partner.	Severely damages business relationship with Client/Customer/Partner.	Irretrievably destroys business relationship with Client/Customer/Partner.
Health & Safety	Known H&S threats effectively managed through appropriate control measures.	Potential for minor injury to occur that can be satisfactorily managed through Safety Management Systems.	Potential for moderate injury or dangerous occurrence to be sustained, possible reporting to the Regulatory body.	Potential for a breach in H&S rules resulting in likely intervention by the Regulatory body.	Severe injury or fatality likely to occur. Regulatory body intervention probable with threat of statutory enforcement or prosecution.

Impact table

Impact/Severity Rating Descriptions/Examples

	1.Minimal - Very Low	2. Minor - low	3. Significant -Moderate	4. High - Major	5. Exceptional - Critical
Service	Minor outages to non key services, business processes or locations.	Minor degradation to a key service, business process or locations.	Significant but not widespread degradation to 1 or more key services, business processes or locations.	Significant degradation or outage internal or third party, impacting a business area, key service or location.	Multiple business areas and or locations critically impacted as a result of widespread key service degradation.
Operations	Minimal threat to the running of daily operations which can be managed through management controls	Minor threat to the running of daily operations which have the potential to escalate but can be managed through management controls.	Significant threat to the running of daily operations which will escalate if not managed through management controls.	Major threat to the running of daily operations needs active management through management controls.	Severe threat to the running of daily operations needs immediate management through management controls.
Programme Delivery	Threat could have a minimal impact on the quality of, or delivery delays of up to 2 Weeks	Threat could have a minor impact on the quality of, or delivery delays of between 2 weeks and 1 month.	Threat could have a significant impact on the quality of, or delivery delays of between 1 and 2 months.	Threat could have a significant impact on the quality of, or delivery delays of between 2 and 3 months.	Threat could have a critical impact on the quality of, non-delivery, or delivery delays of greater than 3 months.
Reputational Impact	Adverse reputation impacts judged to be short term and manageable at a local/project level	Cause embarrassment and loss of credibility within the business community, general public, customers and markets.	Cause severe embarrassment and increased loss of credibility within the business community, general public, customers and markets.	Cause extreme embarrassment and increased loss of credibility within the business community, general public, customers and markets.	Cause extreme embarrassment and total loss of credibility within the business community, general public, customers and markets.
Regulatory/Legal/Governance	All constitutional and legislative requirements have been met and WMCA is acting within its statutory powers.	There is potential for legal action but measures to mitigate against any action can be demonstrated and no legislation has been breached.	Discretionary opinion on the interpretation of legislation or contractual terms is applied to confirm WMCA's ability to proceed with activities.	Discretionary opinion is not followed and action taken contrary to advice of legal colleagues	Failure to comply with legislation and contractual obligations leading to the possibility of a litigation, arbitration or adjudication claim being brought. WMCA exceeds its legislative powers (Ultra Vires)

Impact Table - Continued

Impact/Severity Rating Descriptions/Examples

	1.Minimal - Very Low	2. Minor - low	3. Significant -Moderate	4. High - Major	5. Exceptional - Critical
Colleague/Staff	Very Low levels of negative impact on colleagues engagement and morale isolated staff indicators being outside of tolerance.	Low levels of negative impact on colleagues engagement and morale isolated staff indicators being outside of tolerance.	Considerable negative impact on colleague/staff engagement and morale with multiple staff indicators being outside tolerance.	Pervasive negative impact on a significant number of colleagues engagement and morale with a high number of staff indicators outside tolerance.	Pervasive negative impact on a significant number of colleagues engagement and morale with majority of staff indicators outside tolerance
Benefits Realisation & Performance Management	The Benefits identified to be delivered will be the same, however there will be a minimal delay to realising the benefits (5%< duration of planned)	There is a minor impact to the benefits identified to be delivered effecting x 1 of the objectives or a monetary impact (BCR = 0.25 or less) and/or a minimal delay to the benefits being realised (6%-10% duration of planned)	There is a significant reduction in the benefits identified to be delivered effecting x 2 of the objectives or a monetary impact (BCR = 0.5-1) and/or a significant impact to the benefits being realised (11%-30% duration of planned)	There is a major reduction in the benefits identified to be delivered effecting x 3 of the objectives or a monetary impact (BCR = 1-2) and/or a major impact to the benefits being realised (31%-50% duration of planned)	There is a critical reduction in the benefits identified to be delivered effecting x 4 of the objectives or a monetary impact (BCR = 2+) and/or a critical impact to the benefits being realised (50%+ duration of planned)

Full SRMF Document – Appendix 3



Draft SRMF V1.0

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Tools- Appendix 4



Basic Risk register
template



Risk Escalation
Template