

HULL AND EAST YORKSHIRE COMBINED AUTHORITY

RISK MANAGEMENT FRAMEWORK

2026-2029



Foreword

The Hull and East Yorkshire area and its residents are at the heart of everything we do. We are aware of the challenges that our area and residents face and we always look for ways to improve the area and its' prosperity. In carrying out our vision encountering risk is commonplace and this framework guides staff and elected members on how to manage risk, supporting our ambitious plans for the Combined Authority's priorities.

The Combined Authority also has a duty to have effective arrangements for the management of risk in place to meet the requirements of the Accounts and Audit Regulations and ensure regulatory compliance. The governance outlined in this framework has been put in place to give us the assurance of risk management effectiveness.

We aim to reduce levels of risk to as low as reasonably practical for risks associated with the health and wellbeing of our staff and residents. The Combined Authority accepts that all other risks associated with strategic activities and operations will be carefully managed with effective controls in place, whilst embracing risk as part of our drive to seek opportunities to improve. This approach, along with the target we set for each risk, defines our risk appetite – the amount of risk we are willing to accept.

All staff and members are encouraged to embrace this approach to the management of risk and continue to drive a strong risk-aware culture. All staff and members are asked to evaluate risk when carrying out their duties and during decision making so that we have an embedded risk management approach.

If you need support, guidance, training or if you would just simply like to talk about a risk problem, please contact our risk team at risk@hullandeastyorkshire.gov.uk



Combined Authority Mayor

A handwritten signature in black ink, followed by the initials "M.B.E." in a smaller font.



Chief Executive (interim)

A handwritten signature in black ink, consisting of two distinct cursive-style signatures.

Risk - our plan on a page

Our Vision is:

A Combined Authority wide risk aware culture that is underpinned by a fully integrated risk management framework, which supports effective decision making

To achieve this *vision*, our *aim* is to maximise the effectiveness of the four pillars of our risk management framework.

Pillar 1

CULTURE

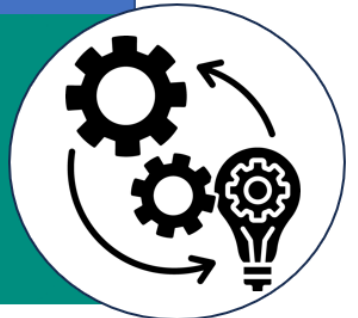
We aim to have shared values and beliefs about risk management across the Combined Authority which we will evidence by our consistent approach and behaviours to risk management.



Pillar 2

PROCESS

We aim to have effective and efficient processes for the management of risk that are adaptive to different situations and can be readily adopted by every part of the Combined Authority.



Pillar 3

EXPERIENCE

We aim to develop and maintain the skills, knowledge and understanding of our staff. We will regularly review our practices to build competency.



Pillar 4

APPLICATION

We aim to make critical decisions based on a comprehensive risk management approach. We will use risk management to maximise the opportunities that the Combined Authority explores.



To deliver the *ambition* and *vision*, our intentions are to:

Create conditions that support the delivery of the Combined Authority priorities



Good jobs

Affordable homes

Better connected

Fit and healthy

Roles & Responsibilities

Overall responsibility for risk management lies with the **Executive Board** and the **Senior Leadership Team (SLT)**.

All officers and committees are required to promote and challenge the application of risk management to ensure ongoing effectiveness.

Governance and Audit Committee – to ensure the requirements of the Accounts and Audit Regulations 2015 are in place for the Committee to satisfy themselves that the Combined Authority has effective arrangements in place for the management of risk.

Overview and Scrutiny Committee – to provide the necessary scrutiny, detail checking that the management of the risks is being achieved including the focus on the performance of the controls for each risk.

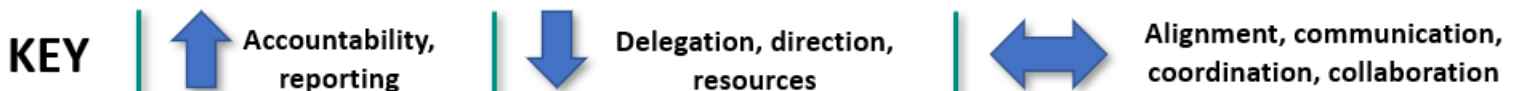
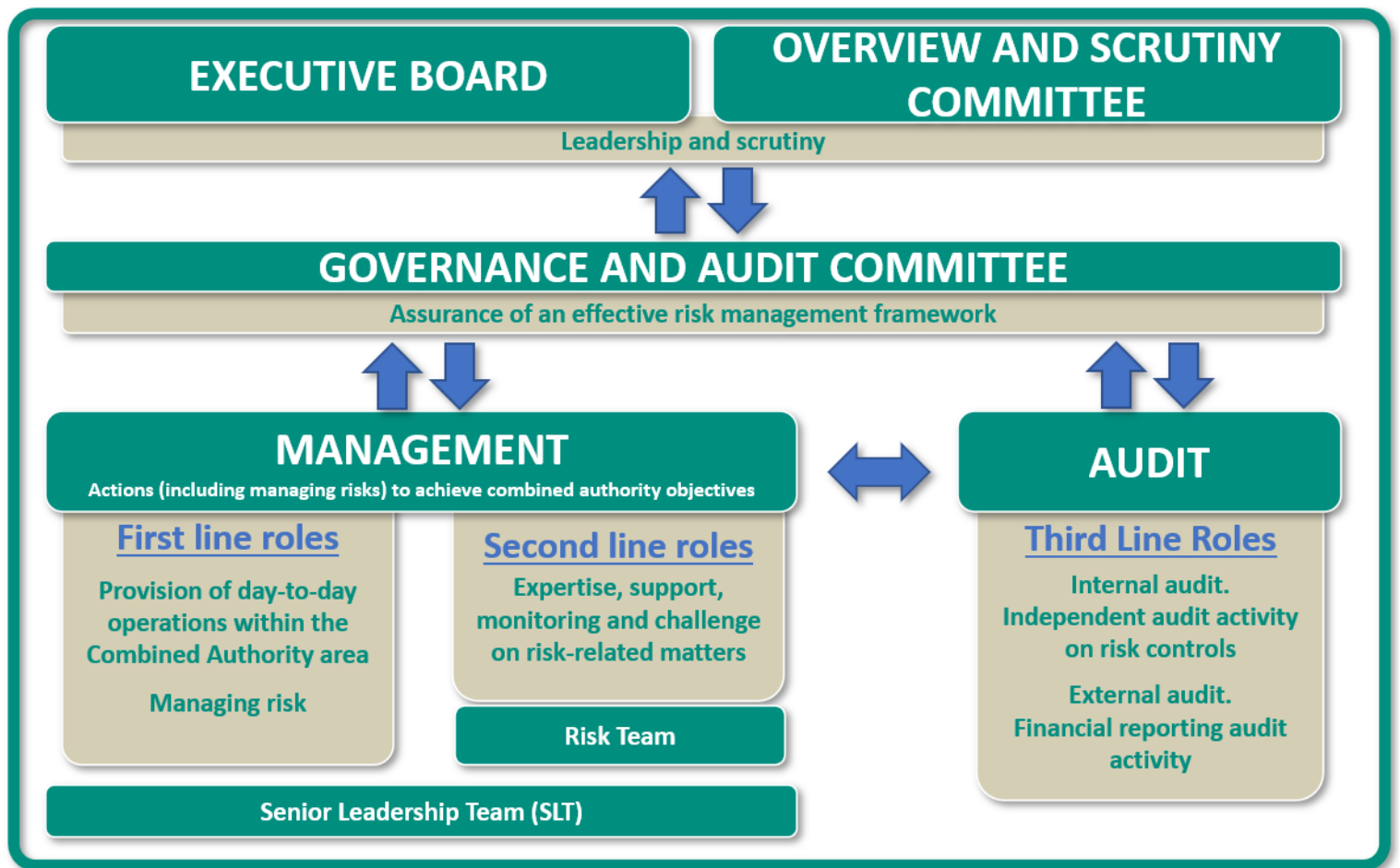


Figure1: Risk reporting structure

Risk Management Process

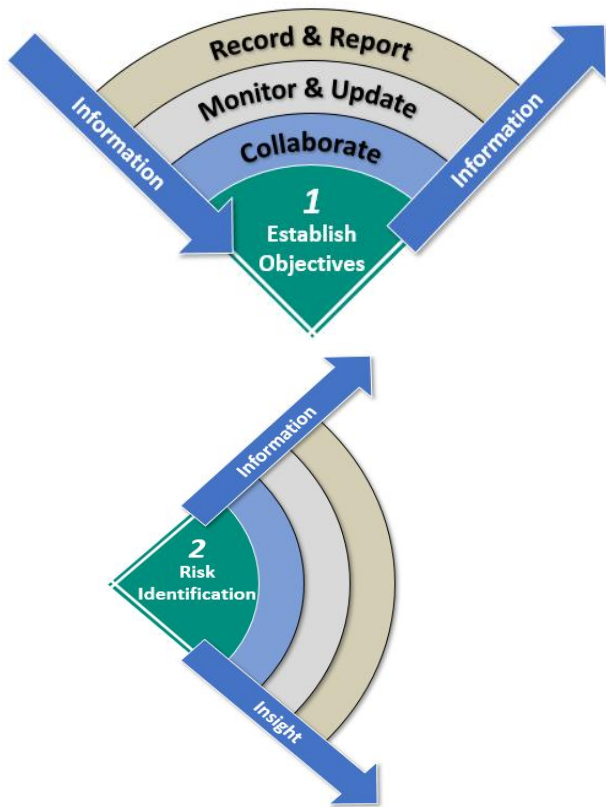
Effective risk management is best achieved by collaboration within teams, rather than silo working on risk management.

Risks are **monitored, updated, recorded and reported** to agreed timelines outlined on page 8.

- **Establishing objectives** is the first step, so that the correct risks are identified. For the Combined Authority, this means the objectives which are set within plans and strategies.
- **Risk identification** is important to capture both current and emerging risks that could be a number of years ahead. Particular attention needs to be paid to less obvious risks.
- **Risk analysis & scoring** will streamline the number of risks. Not all risks identified will be of concern. The output of this part of the process will be a manageable number of risks.
- **Risk control** is critical, as it is the controls that stop the risk from occurring and/or reduces the likelihood or impact level.
- **Changing objectives** would result in restarting the risk management process.



Figure2: Risk Management 4 Step Process



1. Establish Objectives known as priorities and key actions are set out within plans and strategies.

Objectives are also set when undertaking projects or carrying out day-to-day operations.

The objectives may need to be revisited if the level of risk is assessed as being too high (too ambitious/risky) or too low (not ambitious enough/ willing to accept more risk).

2. Risk Identification is achieved by:

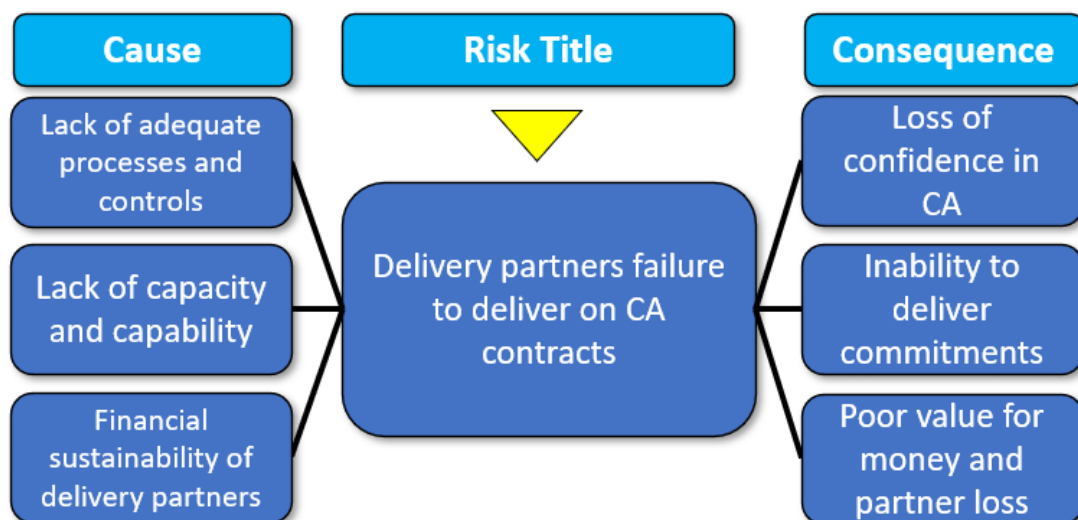
- Reviewing the risks associated with the objectives set
- Collaboration of teams within service areas
- Risk workshops
- Looking ahead to future emerging risks (horizon scanning)
- Reviewing lessons learned
- Business continuity planning

Project/ Programme management. Opportunity risks are likely to occur during these activities – risks that can be embraced to maximise the benefits

Reviewing the Combined Authority risk themes may also help identify risks:

Environmental	Compliance & Regulatory	Contractual & Partnership	Educational Attainment
Financial	Health, Safety & Wellbeing	Opportunity	Physical Asset
Reputational	Safeguarding	Technology	Workforce

An **identified risk** could have several **causes** and **consequences**, all of which need to be recorded on the register. The diagram below acts as guide to staff in recording each of these elements.



Further examples of narrated risks are contained within **Appendix A**.

3. Risk Analysis & Scoring



Analysis - Not all risks identified are a cause for concern. Low scoring risks that are well managed may not need to be recorded.

Scoring is subjective - people's views often differ and that is ok. The team directly involved with the risks needs to agree on scores. Teams can sometimes spend too much time debating scores when the time could be better spent looking at the controls – as it is the controls that stop the risk from happening or getting worse (see Step 4 for risk controls).

Three scores for each risk are produced. The **Risk Owner** has final accountability for deciding on risk scores.

- Inherent** score - before any action has been taken to manage the risk
- Residual** score - risk score taking into account current controls performance
- Target** score - specific to each risk, linked to the Combined Authority's risk appetite

Each score requires a rating for the **Likelihood** and **Impact** as per the table below.

Score	Likelihood	Impact
5	Almost Certain	Catastrophic
4	Likely	Major
3	Possible	Moderate
2	Unlikely	Minor
1	Remote	Insignificant

Figure 3: Risk Scoring Table

The **Inherent (I)**, **Residual (R)**, and **Target(T)** scores for **Likelihood** and **Impact** are summarised onto a **Heatmap Matrix**.

The **Heatmap Matrix** below shows the journey of the risk (I → R → T).

		Impact				
		1	2	3	4	5
Likelihood	5					
	4			R	I	
	3			T		
	2					
	1					

In this example, the **Inherent (I)** score is reduced by the current controls down to the **Residual (R)** score but has not yet met the **Target (T)** score.

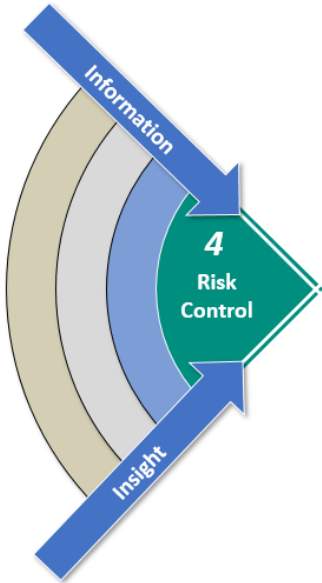
Green: Low rated **Residual** risk score requiring **monitoring** and may be able to be removed from the register.

Amber: Medium rated **Residual** risk score requiring **close** management.

Red: High rated **Residual** risk score requiring **very close** management. Avoid wherever possible unless this relates to an essential service.

- Scoring is subjective
- People will have different views
- Avoid spending too much time scoring risk, the risk owner makes the final decision
- The inherent score will naturally be higher than residual because there are no controls in place
- Residual is the risk score with current controls in place
- The target score is the realistic score that we are aiming to achieve

4. Risk Control



The fundamental principle of effective risk management is reducing the likelihood or impact of the risk, and this is achieved by **Risk Control**.

A risk control must be an action which modifies the risk and something that can be audited. Our internal auditors will test controls as part of their audit activity. Collating information alone is not a risk control.

- The controls need to be **effective**, which will require an in-depth evaluation to ensure that they are fit for purpose
- The control needs to be **efficient**, and the cost and time involved in implementing needs to be assessed and agreed
- A control could either be proactive or reactive
- A proportionate amount of time in relation to the level of risk should be allocated when identifying controls

Risk Controls will be evaluated and managed by the **Risk Owner** at each update point.

RAG Rating
Highly Effective
Partially Effective
Mostly Ineffective

- **RAG ratings** – the **Risk Control Owner** will rate the effectiveness of the controls red, amber or green (RAG)
- Changing the RAG rating of a **Risk Control** could possibly lead to a change in the **Residual Risk** score and this may also lead to changing the **Target Score**

See **Appendix A** for examples in relation to control effectiveness.

Once a control is put in place it needs to be monitored and updated. Just like risk, the **environment** and **situation** could change.

What needs to happen if the RAG rating is AMBER or RED ?

It is important to achieve a highly effective (green) RAG rating for controls to ensure that the risk is being managed effectively.

If a control has an amber or red RAG rating an action plan to turn green is required.

This action plan should be recorded on the risk register alongside the RAG rating.

Being specific about this action plan is required, and this should involve:

WHO, WHAT, WHY and by **WHEN**.

Update	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Risk register updates		Y			Y			Y			Y	

Monitoring and Reporting

Figure 4: Risk Reporting Calendar

Figure 5 above shows the Combined Authorities agreed **risk update points**. Outside these set timelines, it is important that risks continue to be monitored as and when necessary. This could be done during team meetings, in the daily course of activities, or in response to change in the nature of the situation or risk.

A **comprehensive evaluation** needs to take place at each update point. However, if the nature of the risk hasn't changed greatly then the expected time spent and the amount of change on the update may be minimal.

Reviewing the **effectiveness** of the **controls** is a **critical** success factor.

Consideration needs to be given to **add** or **remove** risks.

Risks are approved, consulted and communicated according to **Figure 6** below.

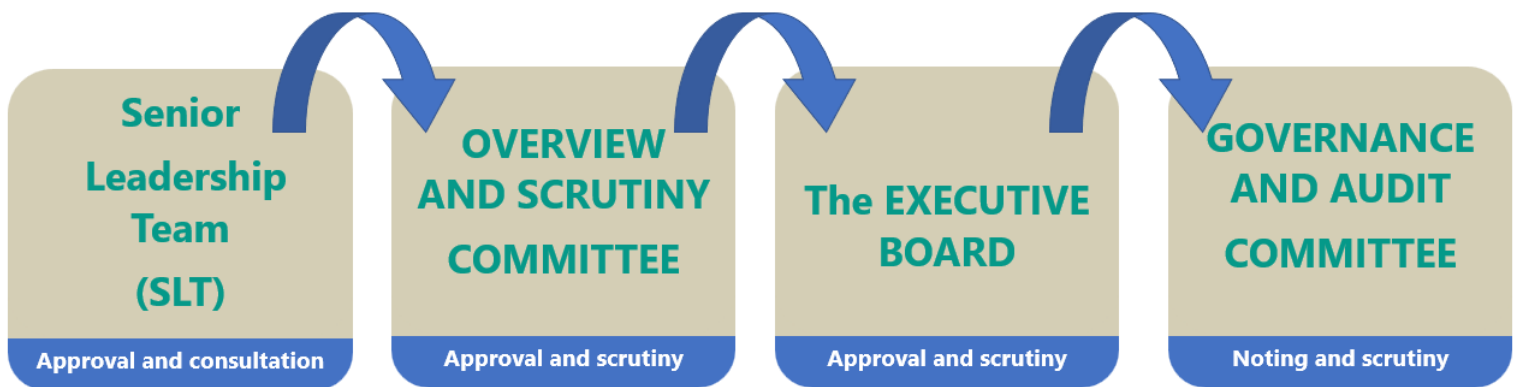
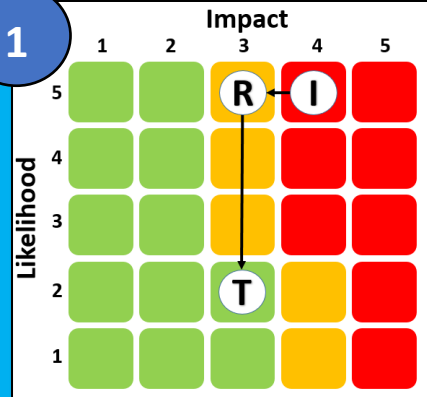


Figure 5: Strategic Risk report flow

Put your Risk CAP on!

- **C ollaborate!** Draw on the experience of the team to produce an accurate update
- **A ll green controls** are unlikely as this may suggest the risk does not need to be monitored
- **P lan ahead!** Overrunning an update point may reduce the quality of the evaluation if it is rushed

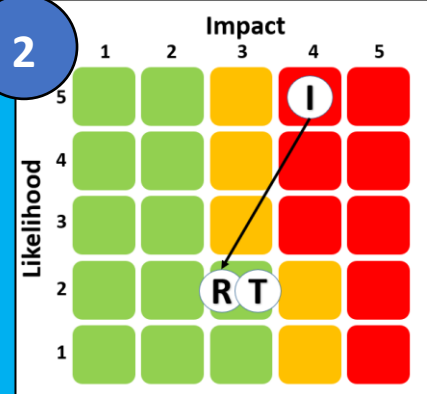
Risk Scoring Examples



- I** INHERENT SCORE (before controls)
- R** RESIDUAL SCORE (with current controls)
- T** TARGET SCORE (as set by the Risk Owner)

In **Example 1**, the gap between the residual score and the target score is significant. Mostly red and amber controls are expected.

RED **AMBER**



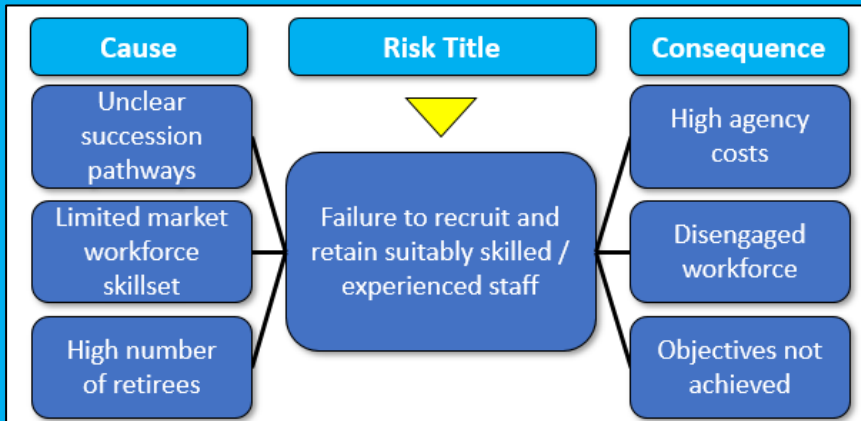
- I** INHERENT SCORE (before controls)
- R** RESIDUAL SCORE (with current controls)
- T** TARGET SCORE (as set by the Risk Owner)

In **Example 2**, the residual risk has met target. Mostly / all green controls are expected.

GREEN

Risk Narration Examples

1



2

