



West Midlands
Combined Authority

ARAC Strategic Risk Update July 2023

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Contents

<u>Slide</u>	<u>Title</u>
3	WMCA Strategic Risk Heat Map
4 – 5	WMCA Strategic Risk Trend (Graph & Detail)
6	Key Messages for ARAC – Issues
7 – 8	Key Messages for ARAC – Risks
9	Key Messages for ARAC – Risks to be Removed

WMCA Strategic Risk Heat Map

The latest review of strategic risks has seen a reduction in the assessment of two risks.

			Current Threats				
Likelihood	5	Very high			SRR-R028 ⇄		SRR-R001 ⇄ SRR-R002 ⇄ SRR-R024 ⇄ SRR-R030 ⇄
	4	High				SRR-R003 ⇄ SRR-R004 ⇄ SRR-R005 ⇄	SRR-R021 ⇄
	3	Medium			SRR-R012 ⇄	SRR-R010 ⇄	SRR-R007 ⇄ SRR-R008 ⇄ SRR-R019 ⇄
	2	Low		SRR-R023 ↓	SRR-R018 ⇄		SRR-R027 ↓ SRR-R015 ⇄
	1	Very low			SRR-R029 ⇄	SRR-R006 ⇄	
			1	2	3	4	5
			Minimal	Minor	Significant	Major	Critical
			Impact				

Threat Rating	Score Range	Count
Limited	1-5	3
Medium	6-12	5
Very High	15-25	12
Total		20

WMCA Strategic Risk Trend



WMCA Strategic Risk Trend

Following the latest review, there are now 12 strategic risks rated High / Red, four of which have the highest residual rating:

SRR-R001	Failure to deliver the opportunities and benefits of the Investment Programme	25
SRR-R002	External Factors	25
SRR-R024	Inflation & global supply chain pressures	25
SRR-R030	TfWM Programme Cost Management	25
SRR-R021	Financial resilience of WMCA to absorb fiscal shocks	20
SRR-R003	Information Assurance & Security	16
SRR-R004	Stakeholder & Political Relations	16
SRR-R005	Capacity and Capability	16
SRR-R007	Post pandemic sustainability of public transport network	15
SRR-R008	Commerciality	15
SRR-R019	Investment Programme Delivery	15
SRR-R028	Cost of Living Crisis	15

Key Messages for ARAC - Issues

- *Metro 2GT Cracks* – The second phase of repairs is proceeding well and is on schedule to complete end October, the third and final phase will follow on. We now have sufficient trams available to provide a resilient service, and this has resulted in the Issue Status changing from *Open at Risk* to *Open on Track*.

Key Messages for ARAC – Risks (1)

- The Trailblazer Devolution Deal (TDD) provides mid-term financial sustainability for our core activity, excluding public transport provision. However, the TDD only goes so far in resolving our financial concerns, hence we are seeing a reduction in the risk around the *Financial Sustainability of the Mayoral-led CA Model*, while we continue to review and manage the *WMCA's Financial resilience to absorb fiscal shocks* as a high risk.
- A significant driver for the underlying concerns is the *Inflation and Global Supply chain* risk, which continues to have a significant effect on all our delivery activity, as we spend more to achieve the same, or in some cases less, output. Obviously, this will in turn have a direct impact on the financial risks mentioned previously.
- This can be most acutely seen in the risk around *Post pandemic sustainability of the public transport network*. Here we will continue to speak to DfT to understand the allocation of funding for the region, and with operators on the implications of the funding position. Our work in this regard is further linked to the *Cost of Living Crisis*, where we are working with bus operators to ensure we maintain the existing network. This includes negotiating with government on additional funds through the Bus Service Operator Grant, and negotiating with Government around regional operator participation for the £2 fare cap initiative.

Key Messages for ARAC – Risks (2)

- In response to these risks, we will continue to engage with Government and other stakeholders; seek opportunities from a capital perspective and look at our over programming approach as a means to help us continue to manage several risks.
- Finally, it is important to say that the TDD gives rise to greater responsibilities and these need to be considered and worked through to ensure we understand the effect on all our existing risks, as well as identify new risks that might emerge. We plan to complete this work in time to report to the ARAC on **4th October**.

Key Messages for ARAC – Risks to be removed

- *Metro Tram Availability* – Risk was specifically developed to reflect, not only the cracking to the 2GT trams (which is captured separately as an Issue) but a wider resilience to provide a service across the existing lines and new extensions. With 2GT crack repairs proceeding and with the new 3GT trams becoming available, a total of 21 trams are now running and we are confident we are providing a resilient service, including capacity to cover the opening of the line to Wolverhampton and WBHE.

As a result, this risk will be removed from the SRR, with the residual risk being managed at TfWM Operational level.

- *Impact of LEP Integration* – The successful transfer of staff and assets was achieved on 31 March 23.

As a result, we propose this risk can be de-escalated from the SRR with any residual risk being managed on the ESC Operational Risk Register.