



West Midlands
Combined Authority

ARAC Strategic Risk Update October 2023

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WMCA Strategic Risk Heat Map

The latest review of strategic risks has seen the closure of one risk, a reduction in the assessment of another, and the identification of three new risks.

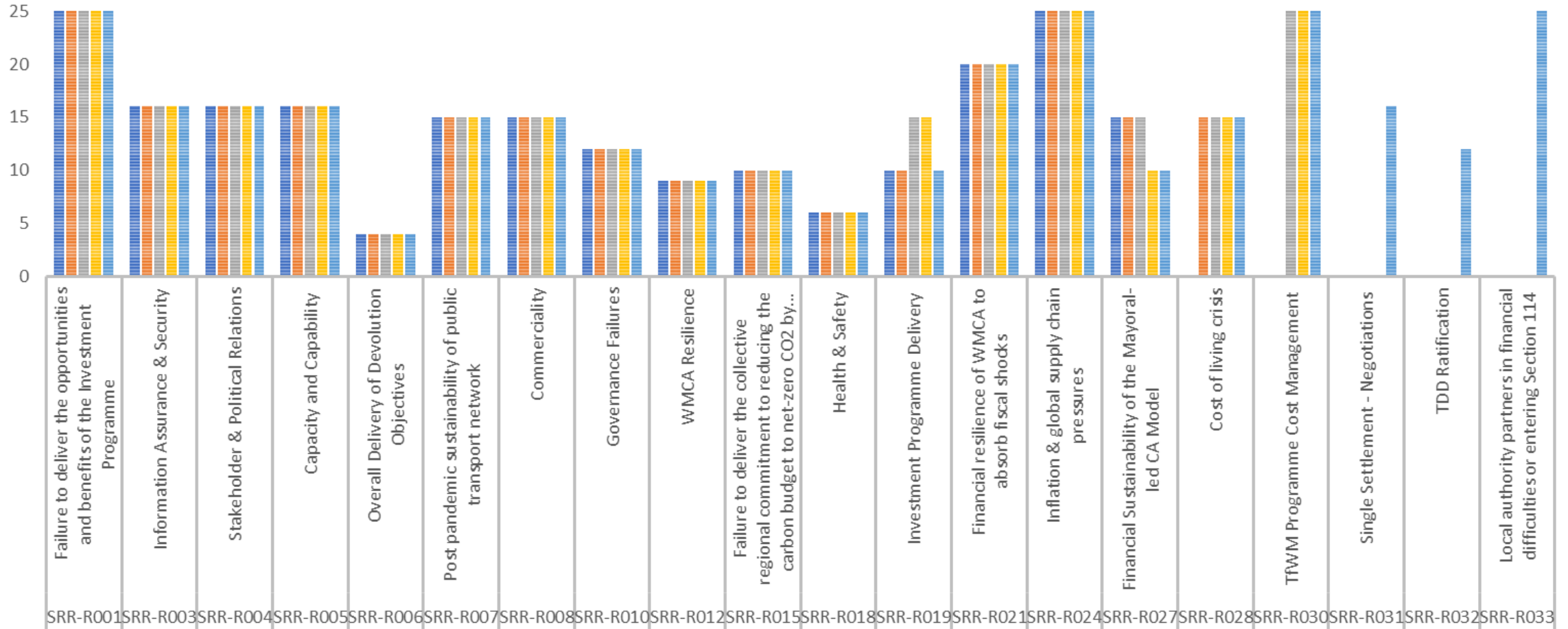
Current Threats							
Likelihood	5	Very high			SRR-R028 ⇄	SRR-R001 ⇄ SRR-R024 ⇄ SRR-R030 ⇄ SRR-R033 NEW	
	4	High			SRR-R003 ⇄ SRR-R004 ⇄ SRR-R005 ⇄ SRR-R031 NEW	SRR-R021 ⇄	
	3	Medium		SRR-R012 ⇄	SRR-R010 ⇄ SRR-R032 NEW	SRR-R007 ⇄ SRR-R008 ⇄	
	2	Low		SRR-R018 ⇄		SRR-R019 ↓ SRR-R015 ⇄ SRR-R027 ⇄	
	1	Very low			SRR-R006 ⇄		
			1	2	3	4	5
			Minimal	Minor	Significant	Major	Critical
			Impact				

Threat Rating	Score Range	Count
Limited	1-5	1
Medium	6-12	7
Very High	15-25	12
Total		20

WMCA Strategic Risk Trend

RISK TREND

Dec-22 Mar-23 Jun-23 Sep-23



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-R024 Inflation & global supply chain pressures **25**

SRR-R030 TfWM Programme Cost Management **25**

SRR-R033 Local authority partners in financial difficulties or entering Section 114 **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-R031 Single Settlement – Negotiations **16**

SRR-R007 Post pandemic sustainability of public transport network **15**

SRR-R008 Commerciality **15**

SRR-R028 Cost of Living Crisis **15**

Key Messages for ARAC - Issues

One new issue has arisen:

- *Buckingham Group enter into administration* - Buckingham Group Contracting Limited (BGCL) are the principal contractors responsible for the design and build of Darlaston and Willenhall Rail Stations. The delivery team are exploring options for the future delivery of the project.

There are no changes to the two existing 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.
- *TfWM - Technical Financial Breach* – We are implementing the recommendations of the independent investigation into this issue.

Key Messages for ARAC – New Risks

Three new strategic risks have been identified. These relate to:

- *Single Settlement Negotiations* – Where we could fail to reach agreement because Local Authority partners are unable to agree or ratify the regional approach; or where because quantum is unknown, we could end up with less funding than we are currently getting; or where the outcomes framework for delivery within the Spending Review period is considered difficult to achieve for any of several reasons.
- *TDD Ratification* – Where we recognise the risk that the TDD is not ratified by constituent LA members.

For both risks, we continue to have discussions with relevant parties, including LA partners.

- *Local authority partners in financial difficulties or entering Section 114* – We will continue to engage LA Partners, finance Directors and leaders, in respect of finances, budgets, and fiscal pressures. Monitoring to assess potential impact on WMCA, while seeking advice from the Chartered Institute of Public Finance and Accountancy as to how a local issue could impact regionally.

Key Messages for ARAC – High Risks

Post pandemic sustainability of public transport network, the Financial resilience of WMCA to absorb fiscal shocks and Financial Sustainability of the Mayoral-led CA Model – DfT have now confirmed we will receive BSOG+ funding from July 23 - Mar 25 to help support the bus network, and we are working on a change request for BSIP which will provide additional financial capacity to help secure the network to December 2024.

Accordingly, by the time of the next update (ARAC January 2024) we should have a clearer picture of the 2024/25 budget solution and have the BSIP change request.

Key Messages for ARAC – Risk Reducing

Investment Programme Delivery – the latest review has seen the risk reduce from 15 (red) to 10 (amber). If Government accepts our Local Evaluation Framework, and once we have completed the Interim Gateway Review in March 2024, we will assess again whether the risk has been brought under control.

Key Messages for ARAC – Risks to be removed

External Factors – The Executive Board agreed a new approach to handling risks arising from ‘external factors’.

We have always said that where vulnerabilities are exposed, we will develop and deliver “*appropriate responses as the situation develops*”, we believe it will be far more useful if we identify specific external factors and treat them as individual risks as appropriate.

This approach will allow us to develop those “appropriate responses”, captured as bespoke risk management activity. This is the approach we have already taken with: *Cost of Living Crisis; Inflation and Global Supply Chain concerns*, and the *Post-pandemic sustainability of public transport*.

Accordingly, this risk has been closed and removed from the Strategic Risk Register.