

Title	Cause Effect	Controls measures in place	Likelihood	Impact	Score	Further actions required to mitigate risk
Failure to deliver the opportunities and benefits of the Investment Programme	<p>Two main causes are:</p> <ul style="list-style-type: none"> • Decisions taken about the supplementary or alternative income streams; Business Rates Growth, Business Rates Supplement, and Precept. • Interest rate rises erode the purchasing power of the grants / funding we secure. This raises the risk that we will be unable to deliver the opportunities and benefits of the Investment Programme, with all the related impacts on the long-term health of the CA and our ability to deliver for the people and businesses of the West Midlands. 	<ul style="list-style-type: none"> • Investment capped within an affordable limit, including a hedge against future interest rate rises. • Met Leaders have consistently stated that IP Projects are of the highest regional priority and that where new funds are provided, they should be first applied to meet the shortfall of funding of IP projects where this is allowed. • Regular review of the forces on the IP model. • Working closely with Government to unlock additional income streams, e.g. Single Settlement, or identify opportunities to fund Investment Programme schemes through other means (i.e. Levelling Up Fund, CRSTS). 	5	5	25	<p>We are actively engaging with Government through our Trailblazer Devolution Deal discussions to look at how we:</p> <p>(1) Unblock Business Rate growth, and</p> <p>(2) Build support to enable a Supplementary Business rate</p> <p>Finally, we may want to explore future (post current Mayoral Term) precept options</p>
Information Assurance & Security	<ol style="list-style-type: none"> 1. Data protection requirements and/or proper protective security of all WMCA assets, information systems, premises and people, are not reasonably and proportionately maintained. 2. Security assurance is more limited in areas of the combined authority independent of Digital & Data. 3. Organised and Opportunistic Crime. 4. Authorised user failures. 5. 3rd Party Services failures. <ul style="list-style-type: none"> • The protective security of all WMCA assets, information systems, premises and people, not being reasonably and proportionately maintained, giving specific rise to: • Loss of information / access to information by unauthorised persons. • Loss of access to information and information systems. • WMCA's inability to function effectively. 	<ul style="list-style-type: none"> • Information Assurance (IA) Framework supported by a suite of Protective Security and Data Protection policies. • The IA Framework requires risk owners to consider and manage Data Protection risk at strategic and operational levels. • The CA monitors and adheres to all standards, warnings, advice, guidance and best practice from relevant National Technical Authorities and other external experts. • All staff required to complete Information Security training, including GDPR, with regular staff awareness and monitoring in place. 	4	4	16	<ul style="list-style-type: none"> • Deliver the D&D Strategy. • Work with Exec Brd and CMT to maintain organisational buy-in and commitment. • Work with the Finance Team to embed the Strategy's requirements within the Medium-Term Financial Plan (MTFP) process to maintain the necessary financial support.
Stakeholder & Political Relations	<ul style="list-style-type: none"> • Positive stakeholder and political relations are needed to deliver the ambitions of the organisation. • Changes in national, regional or local politics have the potential to significantly impact the devolution agenda, funding, powers, make up or constitution of WMCA. • The devolution agenda may give rise to new powers and budgets for the CA, with 	<ul style="list-style-type: none"> • Ongoing close working and regular communication with our constituent and non-constituent members. • Collaborative working to be maintained and extended where opportunities allow. • Establishment of a Devolution Strategy Group to ensure stakeholders are kept informed & involved with any Devolution discussions. 	4	4	16	<ul style="list-style-type: none"> • New opportunities being identified by Leadership Team to maintain and improve relations. • Induction process for newly elected political members of WMCA in place. • Produce engagement and advocacy programmes across certain themes to ensure that the

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	<p>continued uncertainty on when and how these are delivered.</p> <ul style="list-style-type: none"> • Increased pressures on financial, operational, governance and scrutiny functions may result in further challenges in maintaining the relationships across the Region. • As the WMCA continues to expand and absorb new remits and accountabilities our relationships may become more pressured. • Failure to manage these political relations and expectations could result in gaps in delivery and increased budgetary pressures. 	<ul style="list-style-type: none"> • The expectations of all members are to be clearly understood and shared with ongoing engagement with all partners and businesses at all stages of the Portfolio delivery. • WMCA are developing more regular stakeholder and political engagement to discuss both inflight and emerging opportunities. Detailed stakeholder mapping and engagement activities undertaken in conjunction with local authorities. • Comprehensive public affairs activity to ensure the WMCA maintains relevance and influence with political actors. 				<p>devolution agenda is maintained, and CA objectives are achieved.</p> <ul style="list-style-type: none"> • A member relations officer is being recruited to help deliver improved engagement with local authorities.
Capacity and Capability	<p>Possibility of challenges in recruitment, retention and skill gaps, including those arising out of the post-pandemic environment we are operating in and the values shift that we are seeking.</p> <p>In addition, we need now to understand the implications of the single settlement and what challenges that may throw up regarding the capability of the organisation to respond to and work with the single settlement.</p> <p>There is the risk that the capacity and skills amongst managers and officers may not be sufficient or fully aligned to enable delivery of our objectives and respond to changing priorities, or to meet the continuing focus for delivery of new and challenging initiatives within WMCA</p> <p>While increased demands and pressures on staff could impact wellbeing and attendance levels.</p> <p>Post-Pandemic, there is a new threat as employees consider their work / life aspirations. Hybrid working has opened opportunities for people that might not have existed before. This also reflects an opportunity for the CA as we may no longer be tied to recruiting from a relatively small geographical pool, as hybrid opens up opportunities for recruits not necessarily located in the West Midlands.</p>	<p>Work on People & Culture Strategy has been completed and is now being rolled out through a detailed engagement plan, the implementation of which will enable us to ensure that our Officers and Managers are equipped to deliver what is required to support the aims and objectives of the CA Response to hybrid working continues to be a success. Workshops have taken place in all Directorates to review the response to Ways of Working, with feedback received and acted upon.</p> <p>Our shift towards and acceptance of hybrid working has assisted WMCA in the attraction and retention of applicants and employees.</p> <p>The new fora (Senior Leadership/Leaders & Managers) have jointly agreed a new Leadership Statement - setting out commitment to building leadership capability and development opportunities.</p>	4	4	16	<p>Implementation of the People & Culture Strategy.</p> <p>This year will be an opportunity to stress test the capacity and capability of the newly appointed HR and HR Service Centre team. Feedback has been positive to date.</p> <p>Work continues in Resourcing on the Employee Value Proposition (EVP) as part of the Recruitment Strategy. Ongoing work takes place on Resourcing pages on the external website, new Psychometric system for applicants has gone live and the “Gauge” reward and benchmarking system is also live.</p> <p>WMCA EXB are considering a number of health and wellbeing and development initiatives to potentially introduce to support staff</p>

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Overall Delivery of Devolution Objectives	<p>Political uncertainty and changing political priorities of central government.</p> <p>The case for Mayoral Combined Authorities (MCA) and devolution is undermined, resulting in:</p> <ul style="list-style-type: none"> • Re-centralisation of MCA functions or new HMG programmes that cut across our delivery plans or undermine our role. • Limit our ability to deliver our devolution deals, causing broad reputational damage and the possibility of detrimental impact to the local economy. 	<p>Organisational objectives are monitored and managed by Officers, thematic Boards and WMCA Board. We continue to:</p> <ul style="list-style-type: none"> • Maintain close relationships with central government at both political and civil service levels to enable us to both inform and respond to the emerging policy response to the "levelling up" agenda. • Make persuasive arguments for funding on all appropriate occasions. • Maintain involvement in regional and national review and planning exercises. 	1	4	4	Low perceived residual external risk given current government positioning on the devolution agenda.
Post pandemic sustainability of public transport network	<ul style="list-style-type: none"> • The West Midlands operates a deregulated bus service where most services are commercial and operate to make a profit. • The pandemic changed customer behaviour and working habits and we continue to see reduced patronage levels across all public transport networks, although this is most particular seen on the Bus network albeit this trend is gradually reversing. • All networks have also experienced challenges in the labour market, increased fuel costs; inflation and increased wage demands. • Continued uncertainty over longer term government funding beyond March 2025. • Most of the regional bus network is managed by commercial operators through partnership with TfWM. Decision and control on changes rests with bus operators with a limited time for the Local Transport Authority (LTA) to respond, usually 70 days. When large scale changes are at risk there is limited ability for the LTA to influence and zero control over this process. • Bus network is also hampered by poor passenger information about journeys and service availability. <p>Bus –Further reduction in commercial services across a region which has already seen a 10% loss in services since 2020. The threat of further reduced service provision across the region will result in further pressure on TfWM to provide financial support to more tendered services, leading to</p>	<p>Bus - TfWM have some influence through partnership and joint working, but do not control the commercial decisions of bus operators.</p> <ul style="list-style-type: none"> • Proactive engagement with Government / DfT which has successfully resulted in devolution of some funding to better manage any required network changes. • Reviewing the Bus Delivery Options on behalf of the WMCA to create an evidence led approach to assessing the future delivery of bus between the Enhanced Partnership and Bus Franchising for decision by the WMCA in 2024. • Putting performance requirements on bus operators to increase service performance in exchange for funding and to help encourage patronage growth. • Working with industry, Government and partners through the West Midlands Bus Alliance to attract new and additional bus drivers to the industry. • Work with operators to provide customers with improved journey and service availability information. • VFM criteria has been reviewed to allow a greater number of bus contracts to be supported by the subsidised bus budget. Several services will fall out outside the VFM criteria and will be withdrawn. • Government support for the sector has been confirmed to April 2025. In the West Midlands, all funding will be routed via TfWM giving us greater control and the 	3	5	15	<p>Bus - Work with operators to identify opportunities to reduce overprovision on corridors where there is commercial competition.</p> <ul style="list-style-type: none"> • Implement comingling of passengers / explore options for expanding WM on Demand service to help meet gaps in the fixed route bus network. • Negotiate with operators to get the best package from the BSIP funding, including securing best coverage of the network. • Raise customer awareness of revised product range to promote buying of longer duration Metro tickets. • Supporting national and local marketing campaigns to increase demand and targeting new markets. • We are in the process of assessing options for securing as much of the existing network as possible for the short-term using additional subsidy and also potential commercial opportunity. • Continuing in dialogue with DfT to understand the allocation of funding for the region and working creatively on how we can best use BSIP funding to deliver network security and transformation.

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	<p>increased budget pressures for TfWM / WMCA of between £30m and £50m per annum based on the existing network. The delivery of contracted bus services by the WMCA is determined by Access Standards, a regional policy that includes Value for Money criteria. The increased cost of delivering services has led to a considerable number of TfWM contracts falling outside of the VFM criteria. The bus driver shortage means most operators are unable to deliver the timetables they have registered.</p> <p>Metro - Difficult for MML to hit operating budgets, which has a knock-on impact on operations and elements of Metro expansion where borrowing against future revenue is involved.</p> <p>Rail - Increased pressure to reduce the Rail industry cost base by reducing services, changes to working practices and these could be harmful to the strategic objectives of TfWM & WMCA.</p>	<p>ability to focus funding on the needs of the region. Similarly, the Government have changed the guidance on BSIP funding which means it can be used to deliver retention as well as transformation. In all cases the quantum of funding and associated terms and conditions are not yet known.</p> <ul style="list-style-type: none"> Engaging with Government regarding the proposed recovery partnerships and seeking to influence the level of available funding - Light rail settlement combined with bus settlement, WMCA region allocation to be confirmed in due course. Early identification of financial risk to inform the budget setting process and identifying options for reducing expenditure - Operational efficiency ongoing, all elements investigated i.e. power, staffing. <p>Rail - Work with DfT, Rail industry partners to help inform decisions about future service offering within the West Midlands.</p>				
Commerciality	<p>Having chosen to use commercial company delivery models in some areas, challenging economic conditions and / or material loss of revenue from investments may result in these commercial models being unable to deliver expected benefits and commercial revenue targets.</p> <p>While the issues associated with Covid 19 have largely passed, a new issue of high inflation and the cost of living crisis is likely to have a significant effect on the economy. The Combined Authority may be exposed to greater financial risk, as well as reputational and delivery impacts. Examples being underperformance of the Commercial Regeneration Fund and a drop in commercial revenue and future Fairbox revenues, which could affect the WBH extension</p>	<p>Formal governance structures in place between WMCA and commercial bodies. CA directors appointed to companies providing regular interface between parties. Compliance of all financial accounting arrangements.</p> <p>Assurance & Governance checklist in place to review and confirm satisfactory arrangements are in place for all 'Arm's Length companies'</p> <p>Companies generally set up on a limited basis and therefore without a legal obligation to input more capital, however a reputational obligation may exist. Sources of capital input are generally sums that would otherwise have been input as grant i.e. they are from income streams to the WMCA that will not require repayment if losses occur.</p> <p>The Investment Director provides a commercial perspective on funding opportunities that are presented to WMCA. Adequate expertise brought into the</p>	3	5	15	<p>For new commercial models sensitivity analysis will determine the probability of meeting any borrowing commitments and an appropriate mix of grant and borrowing will be applied having first obtained relevant approvals for any investment.</p> <p>For existing models we will continue to monitor our risk exposure and where recommended and appropriate we will seek to add additional grant money or exit in part or whole subject to our ability to do so.</p>

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		<p>Finance Team to ensure an appropriate amount of rigor and precision exists within all WMCA commercial financing models, reducing the risk of error.</p> <p>The statutory officers of WMCA are involved in the review of all commercial decisions and contracts/legal agreements to ensure that Covid risks/viability and costs have been assessed and where possible, controlled at the present time.</p>				
<p>Governance Failures</p>	<p>Failure to adopt and embed adequate formal governance arrangements.</p> <p>As the WMCA is going through a period of growth with absorption of new and emerging priorities there is a risk that existing governance arrangements do not support the delivery of the organisation's objectives.</p> <p>With new devolved budgets, different government departments have specified different assurance requirements which are adding to pressures to develop bespoke governance arrangements.</p> <p>Inadequate governance could result in:</p> <ul style="list-style-type: none"> • Ineffective decision-making arrangements • Unsuccessful delivery of WMCA objectives, • Legal challenge, • Negative Financial impact • WMCA being unable to meet its obligations and future aspirations. • Reputational damage 	<ul style="list-style-type: none"> • Comprehensive governance arrangements are in place, regularly reviewed and contained in the WMCA constitution, approved by the Board. • The Director of Law & Governance and Monitoring officer is a member of the Strategic Leadership Team and attends all meetings of the WMCA Board, and responsibility for oversight of all assurance activities, including Internal Audit. • Governance activities are managed centrally to ensure robust arrangements are in place and conform to all legal requirements. • Statutory Officers Group meets to moderate and review compliance of governance arrangements. • A WMCA single assurance framework is in place. Governance requirements for Adult Education Budget, Housing and 5G have been established to ensure the adoption of streamlined approaches where required. • Ongoing programme of risk based Internal audits undertaken to provide an independent review that governance arrangements and internal policies are adhered to and remain effective. • Corporate Assurance Team and Governance continue to liaise with new functions to establish appropriate assurance and governance arrangements. • A governance review was undertaken and reported in November 2021 and continues to be implemented. • Executive Directors and their respective 	3	4	12	<p>Ensuring that governance arrangements are appropriate, properly resourced, agreed, understood and embedded across the Organisation to allow the new requirements and responsibilities contained in the DDD to be implemented and embedded successfully, this will include governance and monitoring and evaluation arrangements for the single settlement and the new accountability and scrutiny arrangements detailed in the Deal and the English Devolution Accountability Framework (the Scrutiny Protocol and the scrutiny of the Mayor and portfolio leads by regional MPs).</p>

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<p>WMCA Resilience</p>	<p>Unexpected or irregular events and circumstances affecting WMCA services, buildings and facilities, disrupting operations and activities. WMCA may be unable to respond in an effective and timely manner to events that have the potential to disrupt operations and activities, causing service outages, incl. those relating to the disruption of the transport network.</p>	<p>departments to ensure good governance is embedded within their departments and activities</p> <ul style="list-style-type: none"> • Business continuity framework in place to ensure WMCA can respond to any business disruption. • Internal Audit provided 'substantial' rating for corporate business continuity arrangements. • Consistent messaging and comms throughout organisation. Raising awareness and embedding the programme within the business. • Hybrid working arrangements and increased resilience from newer communication methods. • A new 'all staff updates' messaging service has been established in Teams. • An incident management team and out of hours On Call arrangements are in place with alternative workspace locations identified. • Establishment of multi-agency partnerships with monthly progress updates and review of risk exposure e.g. TfWM & Blue Light Services • FM are now working closely with Network Resilience to share best practice on TfWM plans. • All incidents are now reported to CMT as part of the 'organisational health' dashboard and will be shared with Strategic Assets Board. • Major event emergency planning and associated governance structure to review on an ongoing basis. 	3	3	9	<ul style="list-style-type: none"> • Refresh of existing Business continuity framework underway to reflect organisational change and growth, assessment of new risks in a hybrid working environment and best practice from CWG arrangements: • A 'task and finish' group has been established, led by the FM team, to review and refresh our business continuity plan. • Digital & Data are working with FM as part of the 'task and finish' group to look at the IT disaster recovery plan. • A new business continuity Teams site is being established with Digital & Data. • Phase 2 of the Business Continuity Strategy is the review and refresh of the 16 Summer Lane emergency plan (over Q3 2023) • Phase 3 of the plan is the development of a wider corporate and organisational resilience plan and overarching strategy (Q4 2023)
<p>Failure to deliver the collective regional commitment to reducing the carbon budget to net-zero CO2 by 2041</p>	<p>A variety of challenging and uncertain structural and operational factors, including the pace of transition within key industries and sectors, and the scale of government investment and legislation. WMCA, its members and partners, do not meet the region's carbon budget reduction net-zero CO2 by 2041 aims and attendant interim targets. There are profound implications for the</p>	<ul style="list-style-type: none"> • A climate change strategy has been developed and priorities identified through a paper presented to the CA Board in June 2020; WM2041: a programme for implementing an environmental recovery. Actions from this paper are being taken forward and the CA Board agreed a Five-Year Plan. • As part of the approval of the Five-Year Plan, budget was provided to create 5 new 	2	5	10	<ul style="list-style-type: none"> • Implement the first 5-year action plan; there is concern that it is currently only fully resourced for 2-years, and we are now over halfway through. In addition, several milestones for HLDs relating to our carbon neutral objective have seen activities delayed this year. • Successful delivery of our

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	<p>region as part of a headline global risk of severe warming which evidence suggests will be hugely significant and costly in both human and economic terms.</p>	<p>roles for the Environment Team and five new roles for Energy Capital; significantly enhancing our ability to deliver against the programme's targets.</p> <ul style="list-style-type: none"> • The Environment Team are working with other parts of the CA (TfWM, Housing and Land and Productivity and Skills) to ensure that net zero is embedded across the CA's work. TfWM continues work to affect a modal shift to clean and efficient public transport and active travel addresses medium term carbon reduction goals as well as shorter term concerns over clean air and congestion. The new Movement for Growth strategy will have carbon as a key consideration in future transport measures. • Supporting progress with sustainability partners in aligning the five-year budget cycles required under the UK Climate Change Act. • Annual monitoring of progress by the WMCA Environment Team is in place, as is annual reporting to the Carbon Disclosure Project. 				<p>objective will be very challenging without additional resourcing of both the team and the work,</p> <ul style="list-style-type: none"> • The scale of the renewed commitment of WMCA alongside that of its members and partners requires a step change in our behaviour, this includes a particular need for focus on climate change across the whole of the CA's portfolio of activity. • We continue to press the Government for additional funding for the work on energy and environment in connection with any review of public spending.
Health & Safety	<ul style="list-style-type: none"> • Failure of the WMCA to implement and embed suitable and sufficient Health and Safety arrangements across its activities via a defined Safety Management System (SMS) which as a minimum ensures compliance with all relevant legislative requirements. • Risk to persons and/or infrastructure, including safe delivery of Metro Operations and Programme Delivery construction activity. • Breach of legislative requirements, with potential for enforcement action by regulatory bodies, legal action (both criminal and civil). 	<ul style="list-style-type: none"> • SMS certified to ISO 45001 standard with ongoing compliance externally assessed annually. • Assessment of internal and external issues relevant to the SMS undertaken to allow the organisation to understand the H&S challenges and risks inherent to its activities, as well as any interested internal and external parties. • WMCA Health and Safety Policy signed by Chief Executive containing statement of intent, roles and responsibilities and arrangements for implementation. • Comprehensive H&S Legislation Register maintained by H&S Dept. • WMCA Health and Safety Strategy 2023-26 (and associated Annual Delivery Plan) endorsed by Exec Board on 10th May 2023. • Strategic and Operational Health & Safety Committees established. • Audit and Inspections of all operational 	2	3	6	<ul style="list-style-type: none"> • Development of policies, procedures, and guidance to ensure suitable and sufficient H&S implemented for all areas of the WMCA portfolio. • Implementation of SMS Compliance Audit Tool to assess the application, understanding and maturity of health and safety policies and procedures within each WMCA directorate. • Enhanced Visible Felt Leadership Programme to engage and motivate employees, whilst demonstrating commitment and support to the overall Health and Safety Policy. • Development and delivery of H&S culture campaign to increase employee engagement. • Continued development of the Health and Safety Training

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		assets undertaken against set schedule to ensure H&S compliance is maintained. <ul style="list-style-type: none"> • Monthly Health and Safety Report produced to provide regular update of performance and activity. • Annual Health and Safety Performance Report produced to provide a summary of principal activities relating to the promotion and management of health and safety and outcomes during the past year. • H&S obligations are considered in the development of all projects and programmes. • Provision of relevant instruction, training, and supervision. • Robust procedures in place for the reporting and investigation of accidents, incidents, and near misses. 				Programme. <ul style="list-style-type: none"> • Immediate engagement with emergency services and/or regulatory body (HSE, ORR) in response to serious H&S incidents.
Investment Programme Delivery	<ul style="list-style-type: none"> • Through circumstances beyond their control, delivery partners / bodies may fail to deliver the full agreed scope of a WMCA Investment Programme funded Project or Programme. This may not be identified early on if monitoring mechanisms are not robust. • HMG are demonstrating increased interest in the benefits from the Investment Programme and increased scrutiny is placed on all CA's. Many Business Cases approved in early days of the WMCA are light on monitoring and evaluation requirements when reviewed against current HMG expectations. • Delays to the delivery of programmes, and failure to deliver elements of the WMCAs devolution commitments. • Increased demand on resources to meet HMG expectations on information gathering and analysis. • Revised monitoring requirements now implemented revealed 10 projects of 82 total in July 2023 report more than 6 months delay in completion date with Change Requests to notifying Approvers where extensions are sought. 	<ul style="list-style-type: none"> • Mitigating actions are limited by robustness of Funding Agreements and desire to enact clawback. • Monitoring Arrangements in place with Delivery Partners to ensure timely monitoring and reporting. • WMCA assurance framework is in place and resources bolstered. • Progress of financial contributions monitored to enable coverage of all WMCA successes or early intervention of possible challenges. • Investment Programme Monitoring and Evaluation team in place and a new Monitoring Framework rolled-out. • Single Assurance Framework (SAF) has been rolled out. • Funding agreements now in place with most Delivery Partners although many reflect Business Case requirements set historically and could be bolstered. • Local Evaluation Framework to be put in place to HMG accepted standards this year and draft has been submitted to DLUHC. 	2	5	10	<ul style="list-style-type: none"> • Deliver Local Evaluation Framework. • Process all relevant Change Requests for the 31 projects with delays and gain approval plus put in place revised Funding Agreements. • Ensure adoption and compliance with enhanced monitoring by Delivery Partners." • Acceptance by HMG of the Local Evaluation Framework (now submitted). • Interim Gateway Review will complete in March 2024 and will be a test of reported information from Delivery Partners when analysed in detail. This may trigger adjustments to how we gather information.
Financial resilience of	Reduced levels of reserves / resources available to deal with fiscal shocks. The most	<ul style="list-style-type: none"> • The Finance Business Partner model ensures finance professionals embedded 	4	5	20	<ul style="list-style-type: none"> • WMCA are working on a Change Request for BSIP which will provide

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WMCA to absorb fiscal shocks	<p>evident causes of such fiscal shocks currently being:</p> <ol style="list-style-type: none"> 1. The ongoing effect of the pandemic on public transport services (see SRR R007), and 2. The effect of inflation and global supply chain issues (see SRR R024) <ul style="list-style-type: none"> • The revenue budget in recent years has been supported by reserves and other one-off resources which is the case for the recently approved 23/24 budget. • This approach limits the degree to which the WMCA can direct funding quickly towards specific, or changing, priorities and reduces the extent to which WMCA has the financial capacity to effectively deal with fiscal shocks. • Potential to force the reprioritisation of activity, including the use of earmarked reserves to support the organisation, which will affect the delivery of regional priorities. 	<p>within functions can proactively raise risks and issues as they emerge so that appropriate strategies can be put in place. A good example being the ongoing emerging bus industry risks (initially raised 2-3 years ago).</p> <ul style="list-style-type: none"> • In this respect, while the Bus Recovery Grant has ended, DfT have confirmed that we will receive funding called BSOG+ for the period July 23 - Mar 25 to help support the network. • WMCA will continue to work with and lobby Government to ensure more permanent arrangements can be put in place, including options around franchising and initial arrangements (such as depot acquisition) are being assessed in this regard. 				<p>additional financial capacity to secure the Bus network to December 2024.</p> <ul style="list-style-type: none"> • Although not all fiscal asks within the Traiblazer Devolution Deal (TDD) were landed there remains scope around the single settlement which could build flexibility (and longevity) into how WMCA funds its functions. In theory therefore, funding could be targeted towards areas of most need which may be relevant in the event of a 'fiscal shock' within a portfolio. • Further options for increased funding continue to be explored including a Council Tax Precept, Levy uplift, subject to discussions with Exec, WM Finance Directors, Leaders.
Inflation & global supply chain pressures	<p>Macro-economic events, such as the war in Ukraine, Brexit, and the lasting impacts of the 2019 pandemic, are placing pressure on the cost and availability of resources, resulting in:</p> <ol style="list-style-type: none"> 1. Material price increases. 2. Energy price increases. 3. Availability and price of materials. 4. Availability and price of labour. <p>These matters impact WMCA in the following ways.</p> <p>Project Delivery - WMCA may be required to severely curtail delivery programmes, doing less for more. One example being the CRSTS programme, where this could be perceived as 'under-performance' by Government or if WMCA do not meet DfT's delivery expectations, the value of funding from DfT could be reduced either during or following the CRSTS 5-year period.</p> <p>Operational Delivery: Certain industries are more exposed than others. The Bus industry for example is severely exposed to increasing fuel prices and the availability of suitably qualified labour – see Post pandemic sustainability of public transport network.</p> <p>Capital Delivery Transport: For existing</p>	<p>CRSTS Programme Delivery: WMCA are in continual dialogue with DfT over the CRSTS programme delivery arrangements and change control processes. The issues experienced are not exclusive to WMCA and DfT (who are being pragmatic and helpful, to date) are liaising with other MCAs who are in receipt of CRSTS. With respect to CRSTS projects (and Investment Programme projects) which are delivered by Local Authority partners, the funding agreements will be capped (limiting immediate exposure to WMCA).</p> <p>Operational Delivery: Where contracts provide for RPI / CPI related increases, WMCA are contractually bound but a detailed (bottom / up) budget for 2023/24 has sought to predict the impact over the financial year and has made reasonable allowances and the Finance Director is happy that reasonable assumptions around revenue risks have been made within the budget. The impact on the bus network is being closely monitored and there is an ongoing dialogue with Bus Operators. WMCA continue be in conversations with</p>	5	5	25	<p>CRSTS Programme Delivery & Capital Transport Delivery: Once the DfT change control requirements are known, the programme will be re-prioritised to cater for any unavoidable overspends in line with the report to Board. If this is not possible, there may be a requirement to increase future year Levy payments and Local Authorities have been advised accordingly. Operational Delivery: Ongoing monitoring of RPI / CPI and the subsequent impacts with the outcomes being reported through the Financial Monitoring Report for the current year, and the Medium-Term Financial Plan for future years.</p> <p>Capital Delivery Housing: Developers must prepare for the predicted ongoing economic situation with contingency plans and agile project management, while we improve our own contract</p>

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	<p>projects in the delivery stage, there is a risk that tightening profit margins in the construction sector mean contractors could seek to force more cost onto WMCA. Where there is no contractual protection from rising prices WMCA will need to identify additional funding to compete the schemes (or consider termination / de-scope). Additionally, availability of labour for construction works could result in extended schedules and additional cost.</p> <p>For projects in development, it will become more difficult to accurately cost the projects and set budgets and thereby affect the viability of the project. In others, where the impact is under-estimated, this could introduce further cost pressures into the programme.</p> <p>Capital Delivery Housing: Given that Housing Grants typically address commercial viability gaps, where costs increase, the gap will increase and hence, the value of the subsidy WMCA are required / requested to meet. This could result in either fewer projects meeting the Value for Money benchmarks and / or the funds available funding fewer projects. We are starting to see evidence of delays to projects and market conditions affecting the number of projects coming online.</p>	<p>Government about the level of ongoing support required.</p> <p>Capital Delivery Transport: Project Teams (in Rail for instance) have bolstered Commercial expertise within teams to ensure any excess additional costs are robustly defended and declined. TfWM re-imagined has taken account of the need to ensure adequate expertise is available and steps are underway to strengthen the control, monitoring and reporting processes. Where additional costs (and descope or termination) are unavoidable WMCA will need to meet these costs. WMCA have undertaken an exercise to provide early warnings to WMCA Board. The report included a strategy for how additional costs may be met using CRSTS or Levy. Costs are being monitored and matters managed on a case-by-case basis.</p> <p>Capital Delivery Housing: Principal contractors to plan and ensure materials ordered in sufficient time. Suppliers and subcontractors to manage the impact of material shortages and ensure delivery dates are maintained as scheduled. Continue to assess / monitor exposure of Inflation & Market pressures on schemes / contractors / suppliers.</p> <p>For the Investment Programme, the Single Assurance Framework (SAF) requires all projects and programmes to include a contingency sum. Once the contingency is exhausted, the Accountable Body is expected to meet any cost overrun. The final option is for the Accountable Body to request a change to the project through the SAF. Programme delivery and trends are monitored via reports to Site Pipeline, Housing & Land Board and Investment Board. In addition, regular pipeline development meetings are held with Local Authorities, Strategic Partners and the wider market to maintain a continuous flow of projects into the programme. We have now put in place overprogramming which</p>				<p>& commercial management. Our focus is on considering delivery profiles and ensuring, along with contractors, that there is effective resource planning. We have monthly priority pipelines meetings with Local Authority colleagues, while development managers are focussed on unblocking bottlenecks in projects coming up in the next 6 months in a bid to ensure projects continue to proceed.</p>

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		allows for project substitution if required to maintain funding commitment targets from HMG.				
Financial Sustainability of the Mayoral-led CA Model	<p>There are multiple risks around the various funding streams for Combined Authorities including. but not limited to the lack of multi-year funding models, delays to business rate reform, political support for a Council Tax Precept, real terms reduction in transport funding. By contrast, cost bases continue to encounter upward pressure driven by various macro-economic factors.</p> <p>WMCA is legally obliged to present a balanced budget each year i.e. one where costs do not exceed incomes. In a scenario where a deficit remains, WMCA could be required to scale down or delete specific functions to balance the budget.</p>	<ul style="list-style-type: none"> • A balanced 2023/24 budget was presented to and approved by WMCA Board in February 2023. • The TDD provides medium-term financial sustainability for Portfolio activity but there remains a gap on Transport. • Regular and proactive presentation of the MTFP to Exec, Local Authority Finance Directors, Leaders and the Mayor together with potential financial strategies to address likely budget deficits. • Close working relationship with Government with respect to the use of Government funding, particularly for areas of greatest potential exposure (i.e. the bus industry matters). • Risk of cost escalation transferred to Local Authorities via funding agreements where budgets are double devolved. 	2	5	10	<ul style="list-style-type: none"> • The TDD provides some options for longer term budget certainty and these need to be worked through in due course with WM Finance Directors, specifically in relation to the Business Rates Retention values which will feature in the budget plans. • Development of the single settlement is underway (likely to be effective from April 2025) and while this may not impact the quantum of the funding available, it should give local leaders more flexibility over how funds are used while providing some longer-term certainty over capital and revenue allocations. • The MTFP for 5 years commencing April 2024 suggests a potential deficit of c.£26m in year one (rising to £64m in year five) with WMCA carrying significant risks on top of that value, predominantly with regards to bus network – as reflected in <i>Post pandemic sustainability of public transport network</i>
Cost of living crisis	<p>The UK is experiencing the highest rate of inflation in forty years, with the Consumer Price Index up by 11.1% in the 12 months to October 2022. This has primarily been driven by increases in the cost of electricity, gas, and other fuels, cost of food, and cost of transport, primarily driven by increases in fuel costs, and there is therefore a direct link with <i>SRR-R024 - Inflation & global supply chain pressures</i>.</p> <p>The cost-of-living crisis is an existential threat to the WMCA through its impact on the businesses and people of the West Midlands, including many of our own staff, and through an associated threat to both our funding and revenue streams.</p>	<p>Citizens: The response to the cost-of-living crisis is a responsibility for all layers of government. In January 2023, an internal position paper was agreed setting out the situation in relation to the cost of living, along with the short-term and longer-term actions being taken to address the cost of living by both the CA and LA partners. The focus for WMCA is in our ongoing business as usual activity. In particular:</p> <p>TfWM - maintain access to affordable transport.</p> <p>Housing and Regeneration – WMCA has in a place a requirement for a minimum of 20% affordable homes on all residential projects supported by devolved housing</p>	5	3	15	<p>Citizens:</p> <p>TfWM - As noted elsewhere, we are working with bus operators, and discussing with Government, to ensure we maintain the existing bus network with as few changes as possible.</p> <p>HPR – WMCA has in place Zero Carbon Homes requirements for its funding, which require homes to be more energy efficient and, in turn, reduce heating and energy bills. In response to changes to Building Regulations in the Future Homes Standard, these targets are being refined through WMCA's Future</p>

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		<p>and land funding. Through the deeper devolution deal, WMCA has strategic oversight and leadership of the Homes England Affordable Homes Programme (AHP). WMCA and Homes England are working together to invest up to £400m from the AHP to build more affordable and social housing. Recently announced flexibilities to support Estate Regeneration through the AHP are providing the opportunity to explore how a WMCA/HE dual-funded approach can support estate renewal and replace poor quality, inefficient homes with new ones which are fit for the future and cheaper to run.</p> <p>SINZ – Retrofitting houses in the WM is not only one of the means of meeting our net Zero aspirations but will help those citizens reduce their energy bills and move out of energy poverty.</p> <p>Staff: Eight round tables events for staff have been, attended by over 130 staff and 45 managers. These events sought to consider how the organisation could best support managers and their teams, exploring practical things the CA could do and also discussing what we can all do to save money. Following this, we brought together on a single intranet page, a range of information incl: financial-wellbeing-guidance, cycle purchase scheme, season ticket loan scheme. corporate gym membership, and links to external support and our CareFirst programme.</p>				<p>Housing programme to ensure the West Midlands continues to lead innovation and deliver the best outcomes for residents in this space.</p> <p>Staff: A small TfWM task and finish group has been established to consider sustainable transport options for staff and alternatives to a travel pass.</p> <p>As explained, in response to <i>Capacity and Capability</i> risk, WMCA EXB are considering a number of health and wellbeing and development initiatives to potentially introduce to support staff</p>
<p>TfWM Programme Cost Management</p>	<p>Inconsistent visibility of a range of dependable financial and management information at programme level, incl: forecast outturn costs; the impact of change and cost over-runs, and the visibility of whole-life costs.</p> <p>Any lack of visibility or consistency could result in over-ambitious budgets being set for programmes / projects, leading to possible cost-over runs and an inability to provide reliable cost-certainty. This could in turn result in reputational damage and reduce</p>	<p>Regular reporting to both TfWM and WMCA, the centralised capture of costs, forecasting of costs at regular intervals and management of programme finances through a Finance Business Partner structure that closely aligns TfWM's Finance function, with programme delivery.</p>	5	5	25	<p>TfWM re-organising its Delivery Function via TfWM re-imagined, introducing new ways of working, determining risk contingency draw down and mechanism for containing cost risk impacts. Robust approach to cost categorisation, post-programme appraisal and the use of historic performance information to inform programme/project budget setting process. Investing in our staff to</p>

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	confidence in our ability to deliver future schemes.					robustly manage capital project delivery. New arrangements went live in July with recruitment underway.
Single Settlement - Negotiations	<p>Failure to reach agreement - LA partners are unable to agree or ratify the regional approach Quantum - unknown, hence there is a risk that we could end up with less funding than we are currently getting.</p> <p>Outcomes Framework - as part of the single settlement negotiations, we will need to agree outcomes for delivery within the Spending Review period. There is a risk that these metrics will be difficult to achieve, either through WMCA not having the leavers to meaningfully impact them, or them being too challenging or through poor investment decisions.</p> <p>Failure to reach agreement would result in our failure to derive the benefits of more flexible funding and would result in significant reputational damage.</p> <p>Concerns around quantum - We could end up with less money than we currently have. This could further increase pressure on our BAU and delivery ambitions - see wider financial risks around WMCA <i>resilience to financial shock</i>, and the <i>Inflation and global supply chain</i> pressures.</p> <p>Concerns around the outcomes framework - At the next spending review, Treasury could implement additional spend controls on WMCA's single settlement, which would limit its effectiveness and become burdensome. As performance in meeting outcomes will be published on a government website, failure to meet objectives could give rise to further challenge and scrutiny from the public, media and government.</p>	Before Single Settlement goes live, a MoU needs to be signed between WMCA, Treasury and DLUHC- this gives us the opportunity to refuse to participate in Single Settlement, should it felt to be disadvantageous.	4	4	16	
TDD Ratification	There is a risk that the TDD will not be ratified by constituent LA members. This could have a significant effect on our reputation, our relationship with Government and our ongoing funding. Although we would continue to be funded as previously, we would not benefit from the opportunities that	We are supporting LAs through their ratification processes by providing deliverables that will help them understand the potential benefits of the deal. Across the different workstreams in the deal, we are continually engaging with LAs to give them	3	4	12	

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	<p>arise from the devolution deal, for example access to certain Government policy discussions that would enable us to help inform new policy the affects our region. We would also lose access to specific funding, meaning some of our delivery ambitions would not be achievable.</p>	<p>avenues to shape the implementation of the deal and secure their support for it.</p>				
<p>Local authority partners in financial difficulties or entering Section 114</p>	<p>Local Authority uncertainty of long-term funding and the relatively small growth in funding has put sustained pressure on Local Authority finances, this has been exacerbated by the increasing demand for services and low levels of general reserves to withstand fiscal shocks.</p> <p>The WMCA works in close partnership with its Constituent authorities and this inter-dependency means that if there are any financial shocks or pressures, it will impact on the wider partnership.</p> <p>The varied effects on WMCA would not be known at the outset, but they would be specific to each particular case and local authority partner. The general risks to the WMCA would likely extend to reputation, delivery and policy consequences.</p>	<p>Engagement with LA Partners, finance Directors and leaders, in respect of finances, budgets, and fiscal pressures. The majority of capital payments and investment programme activity with local authority partners are paid in arrears, thereby limiting our exposure.</p> <p>When an issue does emerge, we will monitor it and assess the potential impact on WMCA.</p>	5	5	25	<p>We are seeking advice from the Chartered Institute of Public Finance and Accountancy as to how a local issue could impact regionally.</p>