

# APPENDIX 1

Title	Cause & Effect	Controls Measures in Place	Likelihood	Impact	Score	Further Actions Required to Mitigate Risk
<b>Information and IT Systems Assurance &amp; Security</b>	<p>1. Data protection requirements and/or proper protective security of all WMCA assets, information systems, premises and people, <b>require constant maintenance.</b></p> <p>2. Organised and Opportunistic Crime. <b>There has been an increase in the number of cyber incidents reported in the media over the past 18 months where UK public sector and transport related organisations have been targeted, including occurrences where vulnerabilities in globally used products, such as Microsoft applications, have been exploited.</b></p> <p>3. Security assurance is more limited in areas of the combined authority independent of Digital &amp; Data.</p> <p>4. Authorised user failures.</p> <p>5. 3rd Party Services failures.</p> <ul style="list-style-type: none"> <li>• Loss of information / access to information by unauthorised persons.</li> <li>• Loss of access to information and information systems.</li> <li>• Unable to use systems or significantly limited ability to process work</li> <li>• WMCA's inability to function effectively.</li> </ul> <p>As evidenced by recent (Autumn 23) cyber threat activity on transport infrastructure across the UK</p>	<ul style="list-style-type: none"> <li>• Information Assurance (IA) Framework supported by a suite of Protective Security and Data Protection policies.</li> <li>• The CA monitors and adheres to all standards, warnings, advice, guidance and best practice from relevant National Technical Authorities and other external experts.</li> <li>• In response to increasing cyber threat activity, D&amp;D have implemented additional mechanisms to further mitigate against this type of incident. These mitigations are applied to D&amp;D owned and governed systems.</li> <li>• <b>Cyber Essentials accreditation</b></li> <li>• <b>Cyber insurance now in place - in addition to financial protection, includes additional support to test our systems.</b></li> <li>• <b>WMCA is one of 20 'Councils' selected to support MHCLG pilot the new Cyber Assessment Framework (CAF).</b></li> <li>• The IA Framework requires risk owners to consider and manage Data Protection risk at strategic and operational levels.</li> <li>• All staff required to complete Information Security training, including GDPR, with regular staff awareness and monitoring in place.</li> <li>• <b>Significant progress has been made against our Cyber Treatment Plan with 40 of 48 recommendations having been met.</b></li> </ul>	5	4	20	<ul style="list-style-type: none"> <li>• Digital transformation work will help tackle issues around WMCA's IT requirements, its information systems, and how these needs are best managed.</li> <li>• Business Management Panel have approved a programme of continuous Information Processing Reviews, which will apply internal audit principles to reviewing data processing across WMCA teams. These reviews will address the IT being used by a business area, update Information Asset Registers, and enforce Information Asset Officer roles / responsibilities. A secondary outcome will be to help identify areas using 'shadow' IT – which is a matter of significant concern and was partially responsible for the recent increase in this risk assessment.</li> <li>• <b>The Technical Governance Panel (TGP) is being re-introduced and will have an important role to play in working with Information Governance Group to understand the prevalence of 'shadow' IT, to be clear about risks and mitigation, and to consider future IT solutions, in a way that provides protection to the WMCA while enabling innovation.</b></li> <li>• <b>Seven of the eight outstanding recommendations in our Cyber Treatment Plan are categorised as having a 'high' risk rating and need organisational support to overcome. Four of these recommendations are linked to business continuity activity in SRR-R012, while the other four relate to the implementation of a Security Operations Centre (SOC). A paper on the support needed to resolve the outstanding recommendations relating to Organisational Business</b></li> </ul>

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						Continuity and SOC has been supported by the Business Management Panel.
<b>Regional Stakeholder &amp; Political Relationships</b>	<ul style="list-style-type: none"> <li>• Positive stakeholder and political relations and strong CA-LA partnership working are needed across the region to deliver the collective ambitions of the organisation.</li> <li>• Low trust and poor relations have the potential to impact our ability to deliver the funding, powers and priorities of WMCA and undermine our ability to take the right strategic decisions for the region.</li> <li>• Failure to manage these political relations and expectations could result in gaps in delivery, missed opportunities for regional economic development and increased budgetary pressures.</li> <li>• The West Midlands' long-term economic potential would remain untapped and residents' living standards would be lower as a result.</li> <li>• External consequences: reputational damage, confusion among investors.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of the West Midlands Partnership Plan to seek a consensus on CA and LA respective roles, with key workstreams owned and led by CXs.</li> <li>• Regularisation of the West Midlands Executive Board and collective leadership development work earlier this year.</li> <li>• Development of Place-Based Strategies and emphasis within the WMCA Transformation Programme of the importance of place - both of which need to be delivered on to provide any form of risk mitigation.</li> <li>• The Member Relationship Manager is working with the Mayoral office closely to increase engagement. This has now resulted in a fortnightly slot in the diary for the Mayor to spend time in each of the Constituent Councils on a rotating basis.</li> <li>• Regular visits to LA Scrutiny Boards.</li> <li>• We have moved to a leaner and more efficient meeting structure which has reduced the demand on leaders and senior officers' time and more efficient working practices.</li> <li>• Shift in ways of working between the Mayor &amp; Leaders; and as part of the Mayor's commitment to bring the region together, the MML and WMCA Board meetings are now moving around the region to encourage a shared understanding of each LA and the role they play in the region.</li> <li>• Further resource has been added to the Member Relationship Team.</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>• Continue to develop and embed the Member Development Programme, Induction Process and communications with Councillors.</li> <li>• WM Partnership Plan work is underway, with work due to intensify over the summer and into 2025. This is being coproduced between the LAs and CAs with the aim of bringing together a cohesive regional voice.</li> <li>• Work is being carried out to better integrate the forward plans of the CA into the WM Executive Board to help ensure better and earlier engagement to take place on key regional projects and policy.</li> <li>• Work is also underway to reform the meeting between the Mayor and Leaders, with a sharper focus on getting leaders input earlier to ensure maximum impact for the region.</li> <li>• Work to assess the current picture in relation to CA/LA Officer Meetings.</li> </ul>
<b>Capacity and Capability</b>	New organisational priorities will increase demands and pressures on staff, creating potential challenges in recruitment, retention, and skills gaps, with additional skills required for many of these new priorities: Single	Work on People & Culture Strategy has been completed and is now being rolled out through a detailed engagement plan. The new fora (Senior Leadership/Leaders & Managers) have jointly agreed a new Leadership Statement - setting out	4	5	20	Ongoing implementation of the People & Culture Strategy will enable us to ensure that our Officers and Managers are equipped to deliver the CA's aims and objectives. Developing a workforce strategy that

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	<p>settlement implementation; new procurement regs implementation; Investment Zones.</p> <p>Increased demands and pressures on staff could result in failure to implement or deliver these new priorities or could significantly impact the wellbeing of WMCA staff.</p>	<p>commitment to building leadership capability and development opportunities. Evidence-led framework to inform related organisational and people decision-making.</p>				<p>details the current workforce, what is required in the future and skills foresight. To support this:</p> <ul style="list-style-type: none"> <li>• Project – job descriptions to create consistency of roles and improve the clarity of responsibilities and accountabilities.</li> <li>• Project - job families to group the job role requirements and career pathways.</li> </ul> <p>Reviewing and actioning the outcomes of the employee engagement survey</p>
<p><b>Maintenance of political support for devolution from HMG to WMCA</b></p>	<p>Our resources and powers and consequently our ability to bring about positive changes for people and businesses across the West Midlands, depend on continued HMG support for English devolution and to the WMCA specifically.</p> <p>This Government is very supportive of devolution, and we continue to work closely with officials to ensure the West Midlands remains a focus for delivery.</p> <p>The increase in the number of Combined Authorities nationally may mean officials in the West Midlands have fewer meetings and less bilateral leverage with Government.</p>	<ul style="list-style-type: none"> <li>• Role of the Head of Policy &amp; Integration is to ensure we as a CA have robust, credible and innovative thinking underway across the CA, so that our propositions to government match our status and narrative as a trailblazing organisation and have the best chance of landing and securing favourable resources for the region.</li> <li>• Positive ways of working with the Mayor's office as the key conduit to influencing HMG policy where issues need to be addressed.</li> <li>• Maintaining our active contributions to national policy debates about the future of devolution to make sure the WMCA voice is heard and to position ourselves as a place where HMG can pilot things with established institutions - via Budget submissions, English Devolution White Paper and consultation responses.</li> <li>• Maintaining close relationships with central government at both political and civil service levels, including through the development of WMCA lobbying strategies, and thought leaders, to shape a positive and favourable climate towards devolution.</li> <li>• Onboard other regional stakeholders as champions for the maintenance and furthering of devolution to the region.</li> </ul>	2	3	6	<p>We will review existing control measures to ensure they remain effective and provide the right balance.</p>

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<p><b>Sustainable &amp; affordable public transport network</b></p>	<ul style="list-style-type: none"> <li>Increased costs of service operation.</li> <li>Continued uncertainty over longer term government funding beyond March 2025 (latest extension to funding deadline) and local funding sources are in focus.</li> </ul> <p>Bus</p> <ul style="list-style-type: none"> <li>Further reduction in commercial services across a region.</li> <li>Increased pressure on TfWM to provide financial support leading to increased budget pressures for WMCA of c.£30m-£50m p/a based on existing network.</li> </ul> <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 &amp; WMCA.</p>	<p><b>Bus</b> - TfWM have some influence through partnership and joint working, but do not control the commercial decisions of bus operators. However, there has been devolution of some funding to better manage network stability changes.</p> <ul style="list-style-type: none"> <li>Reviewing the Bus Delivery Options to create an evidence led approach to assessing future delivery between the Enhanced Partnership and Bus Franchising which has now led to a decision to move to an audit of the FFA, which shows franchising to offer the best value for money on delivery of services.</li> <li>Putting performance requirements on bus operators to increase service performance in exchange for funding and to encourage patronage growth.</li> <li>Working with West Midlands Bus Alliance to attract new and additional bus drivers to the industry.</li> <li>Working with operators to improve journey and service availability information.</li> <li>Government support to April 2025, with all funding routed via TfWM to provide greater control and ensure funding focussed on the needs of the region.</li> <li>Future negotiation with Government on support beyond April 2025.</li> <li>CRSTS Programme Delivery: WMCA are in continual dialogue with DfT over the CRSTS programme delivery arrangements and change control processes.</li> </ul> <p><b>Metro</b> – 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.</p> <p><b>Rail</b> – Work with DfT, Rail industry partners to help inform decisions about</p>	3	5	15	<p><b>Bus</b> -</p> <ul style="list-style-type: none"> <li>Work with Government and WMCA, Leaders and LAs to identify funding options from January 2025 for sustaining and reviewing the existing bus network.</li> <li>Work with operators to identify opportunities to reduce overprovision on corridors, improved information, marketing of existing service, improved performance and passenger growth.</li> <li>Continue trial of alternatives including comingling of passengers / explore options for expanding WM on Demand service to help meet gaps in the fixed route bus network.</li> <li>Effectively repurpose BSIP funds to sustain the existing network.</li> <li>Promote revised ticketing products which have been massively simplified in July 2023.</li> <li>Maximise outputs from £19m ticketing incentive scheme plans through BSIP.</li> <li>Review options for long term sustainability of the network through Enhanced Partnership and Franchising assessment by Summer 2024.</li> </ul>

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<b>Commerciality</b>	<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. 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.</p> <p>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>future service offering within the West Midlands.</p> <p>Formal governance structures in place between WMCA and commercial bodies. CA directors appointed to companies providing regular interface between parties.</p> <p>Compliance of all financial accounting arrangements. Assurance &amp; 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.</p> <p>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.</p> <p>Adequate expertise brought into the 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>	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>
<b>Governance Failures</b>	<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</p>	<ul style="list-style-type: none"> <li>Comprehensive governance arrangements are in place, regularly reviewed and contained in the WMCA constitution, approved by the Board.</li> <li>The Director of Law, <b>Governance &amp; Audit</b> and Monitoring officer is a member of the Strategic Leadership Team and WMCA Board, and <b>has</b> responsibility for</li> </ul>	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</p>

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	<p>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"> <li>• Ineffective decision-making arrangements</li> <li>• Unsuccessful delivery of WMCA objectives,</li> <li>• Legal challenge,</li> <li>• Negative Financial impact</li> <li>• WMCA being unable to meet its obligations and future aspirations.</li> <li>• Reputational damage</li> </ul>	<p>oversight of all assurance activities, including Internal Audit.</p> <ul style="list-style-type: none"> <li>• Governance activities are managed centrally to ensure robust arrangements are in place and conform to all legal requirements.</li> <li>• Statutory Officers Group meets to moderate and review compliance of governance arrangements.</li> <li>• 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.</li> <li>• 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.</li> <li>• A governance review was undertaken and reported in November 2021 and continues to be implemented.</li> <li>• Executive Directors and their respective departments to <b>take active steps to</b> ensure good governance is embedded within their departments and activities</li> </ul>				<p>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). <b>This will require pro-active involvement of all Exec Directors to ensure their departments / officers are fully trained and complying with processes.</b></p>
<b>WMCA Resilience</b>	<p>WMCA should ensure the continuation of essential business functions and services whilst protecting the wellbeing and safety of our employees, visitors and tenants across all our assets. Unexpected or irregular events and circumstances may affect WMCA services, buildings and facilities, disrupting operations and activities.</p> <p>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</p>	<ul style="list-style-type: none"> <li>• Draft Business continuity framework in place.</li> <li>• Hybrid working arrangements and increased resilience from newer communication methods, incl. 'all staff updates' messaging service established in Teams.</li> <li>• Incident management team and out of hours On Call arrangements in place with some alternative workspace locations identified.</li> </ul> <p>Establishment of multi-agency partnerships with monthly progress updates and review of risk exposure e.g. TfWM &amp; Blue Light Services.</p>	4	4	16	<ul style="list-style-type: none"> <li>• Business Impact Assessments currently being updated</li> <li>• Internal Audit into WMCA's Business Continuity arrangements identified that the systems and controls in place were inadequate and was, therefore, only able to provide Limited assurance over the adequacy of the controls reviewed.</li> <li>• A new Business Continuity team to support BC activity has been approved. Action plan in response to IA findings has been agreed and will be instigated and delivered before we look to reduce our risk assessment.</li> </ul> <p><b>ARAC will receive regular reports on</b></p>

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	relating to the disruption of the transport network.	<ul style="list-style-type: none"> <li>New Governance process agreed July 2024.</li> </ul>				<p><b>progress.</b> The high-level findings relate to action on:</p> <ol style="list-style-type: none"> <li>Business Continuity Plan</li> <li>Communications plan</li> <li>Business Continuity Policy</li> <li>Business Continuity on the Strategic Risk Register</li> <li>Business Continuity governance and resources</li> <li>Business Continuity Testing</li> <li>Disaster Recovery Plan</li> </ol>
<p><b>Failure to deliver the collective regional commitment to reducing the carbon budget to net-zero CO2 by 2041</b></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.</p> <p>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 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>	<ul style="list-style-type: none"> <li>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.</li> <li>As part of the approval of the Five-Year Plan, budget was provided to create 5 new roles for the Environment Team and five new roles for Energy Capital; significantly enhancing our ability to deliver against the programme's targets.</li> <li>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.</li> <li>Supporting progress with sustainability partners in aligning the five-year budget cycles required under the UK Climate Change Act.</li> <li>Annual monitoring of progress by the WMCA Environment Team is in place, as</li> </ul>	2	5	10	<ul style="list-style-type: none"> <li>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.</li> <li>Successful delivery of our objective will be very challenging without additional resourcing of both the team and the work,</li> <li>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.</li> <li>We continue to press the Government for additional funding for the work on energy and environment in connection with any review of public spending.</li> </ul>

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		is annual reporting to the Carbon Disclosure Project.				
<b>Health &amp; Safety</b>	<p>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.</p> <ul style="list-style-type: none"> <li>• Risk to persons and/or infrastructure, including safe delivery of Metro Operations and Programme Delivery construction activity.</li> <li>• Breach of legislative requirements, with potential for enforcement action by regulatory bodies, legal action (both criminal and civil).</li> </ul>	<ul style="list-style-type: none"> <li>• SMS certified to ISO 45001 standard with ongoing compliance externally assessed annually.</li> <li>• Assessment of internal and external issues relevant to the SMS undertaken to allow the organisation to understand the H&amp;S challenges and risks inherent to its activities, as well as any interested internal and external parties.</li> <li>• WMCA Health and Safety Policy signed by Chief Executive containing statement of intent, roles and responsibilities and arrangements for implementation.</li> <li>• Comprehensive H&amp;S Legislation Register maintained by H&amp;S Dept.</li> <li>• WMCA Health and Safety Strategy 2023-26 (and associated Annual Delivery Plan) endorsed by Exec Board on 10th May 2023.</li> <li>• Strategic and Operational Health &amp; Safety Committees established.</li> <li>• Audit and Inspections of all operational assets undertaken against set schedule to ensure H&amp;S compliance is maintained.</li> <li>• Monthly Health and Safety Report produced to provide regular update of performance and activity.</li> <li>• 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.</li> <li>• H&amp;S obligations are considered in the development of all projects and programmes.</li> <li>• Provision of relevant instruction, training, and supervision.</li> <li>• Robust procedures in place for the reporting and investigation of accidents, incidents, and near misses.</li> </ul>	2	3	6	<ul style="list-style-type: none"> <li>• Development of policies, procedures, and guidance to ensure suitable and sufficient H&amp;S implemented for all areas of the WMCA portfolio.</li> <li>• Implementation of SMS Compliance Audit Tool to assess the application, understanding and maturity of health and safety policies and procedures within each WMCA directorate.</li> <li>• Enhanced Visible Felt Leadership Programme to engage and motivate employees, whilst demonstrating commitment and support to the overall Health and Safety Policy.</li> <li>• Development and delivery of H&amp;S culture campaign to increase employee engagement.</li> <li>• Continued development of the Health and Safety Training Programme.</li> <li>• Immediate engagement with emergency services and/or regulatory body (HSE, ORR) in response to serious H&amp;S incidents.</li> </ul>



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<b>Investment Programme Delivery</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Delays to the delivery of programmes, and failure to deliver elements of the WMCAs devolution commitments.</li> <li>Increased demand on resources to meet HMG expectations on information gathering and analysis.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Mitigating actions are limited by robustness of Funding Agreements and desire to enact clawback.</li> <li>Monitoring Arrangements in place with Delivery Partners to ensure timely monitoring and reporting.</li> <li>WMCA assurance framework is in place and resources bolstered.</li> <li>Progress of financial contributions monitored to enable coverage of all WMCA successes or early intervention of possible challenges.</li> <li>Investment Programme Monitoring and Evaluation team in place and a new Monitoring Framework rolled-out.</li> <li>Single Assurance Framework (SAF) has been rolled out.</li> <li>Funding agreements now in place with most Delivery Partners although many reflect Business Case requirements set historically and could be bolstered.</li> <li>Local Evaluation Framework to be put in place to HMG accepted standards this year and draft has been submitted to MHCLG. <b>A final draft is with MHCLG. Investment Board now paying closer attention to red risk flagged projects and recent presentations to Board from SMBC and CCC have helped reinforce the need for Change Requests.</b></li> </ul>	2	5	10	<ul style="list-style-type: none"> <li>Deliver Local Evaluation Framework (LEF); The LEF is still being debated with <b>MHCLG</b>, who have yet to advise us whether it is an acceptable form of evaluation. <b>A final draft is with them and seems to be acceptable.</b></li> <li>Process all relevant Change Requests for the 31 projects with delays and gain approval plus put in place revised Funding Agreements. <b>Draft Change requests for 21 projects now received and being processed.</b></li> <li>Ensure adoption and compliance with enhanced monitoring by Delivery Partners. <b>This is being reinforced by withholding payments to delivery partners until monitoring information is received.</b></li> </ul>
<b>Financial resilience of WMCA to absorb fiscal shocks</b>	<p>Reduced levels of reserves / resources available to deal with fiscal shocks. The most evident causes of such fiscal shocks currently being the ongoing effect of:</p> <ol style="list-style-type: none"> <li>Financial sustainability issues on public transport services particularly in relation to bus (see SRR R007), and</li> <li>Inflation and global supply chain issues affecting our capital delivery projects (see SRR R037 and 38)</li> <li>Government spending cuts proposed by the Chancellor to</li> </ol>	<ul style="list-style-type: none"> <li>The Finance Business Partner model ensures finance professionals embedded 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).</li> <li>WMCA currently has a funding agreement in place with bus operators that secures the current network levels until 31 December 2024 <b>and is working to extend this to 31 March 2025.</b> This has</li> </ul>	5	5	25	<ul style="list-style-type: none"> <li><b>HMG confirmed its commitment to the Integrated Settlement in Autumn budget with WMCA receiving it's first settlement from 1 Apr 25 as a Trailblazer. It also committed to the roll out of Integrated Settlement arrangements across more MCA from 2026/27.</b> Although not all fiscal asks within the Trailblazer Devolution Deal (TDD) were landed there remains scope to expand the scope and functions of the Integrated Settlement which could build flexibility (and</li> </ul>

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	<p>departmental budgets</p> <p>The revenue budget in recent years has been supported by reserves and other one-off resources which is the case for the 24/25 budget and will be the case for 25/26.</p> <ul style="list-style-type: none"> <li>• WMCA's general reserves balance is below the recommended 3 – 5% of current expenditure level.</li> <li>• 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.</li> <li>• The Autumn budget announced a number of funds for 25/26, details of which are still being discussed with HMG.</li> </ul>	<p>been funded through a combination of one-off reserves and grant funding due to end on 31 March 2025. WMCA is also discussing the terms of an agreement that would secure the network through to 25/26 which once again be supported by one off resources.</p> <ul style="list-style-type: none"> <li>• WMCA will continue to work with and lobby Government to identify and secure a long term financially sustainable plan for public transport that can be put in place. WMCA is continuing with the Full Franchising Assessment process with a decision on whether to franchise to be made in 2025 and had a depot strategy approved at November WMCA Board.</li> <li>• WMCA continues to work with and lobby government to put in place further local investment levers for MCAs that will provide financial flexibilities and sustainability.</li> </ul>				<p>longevity) into how WMCA funds its functions. Financial flexibilities within the MoU also provides some opportunity to target money to areas of most need provided outcomes framework can still be delivered.</p> <ul style="list-style-type: none"> <li>• While the Autumn 2024 budget announcement has bought some short term funding into the authority for transport pressures, further options for increased funding on a long-term sustainable basis continue to be explored including a Council Tax Precept, Levy uplift, subject to discussions with Exec, WM Finance Directors, Leaders.</li> <li>• The English Devolution white paper is expected to be published by the end of the calendar year with the paper to be laid before parliament in 2025. It is expected that this will seek to give further powers and flexibilities to devolved local institutions. WMCA continue to actively engage with these discussions to ensure that the needs of the region are represented and with a view to increasing financial resilience.</li> </ul>
<p><b>Financial Sustainability of the Mayoral-led CA Model</b></p>	<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</p>	<ul style="list-style-type: none"> <li>• A balanced 2024/25 budget was approved by WMCA Board.</li> <li>• The TDD provides medium-term financial sustainability for Portfolio activity but there remains a gap on Transport.</li> <li>• 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.</li> <li>• 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).</li> <li>• Risk of cost escalation transferred to</li> </ul>	2	5	10	<ul style="list-style-type: none"> <li>• The Single Settlement 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.</li> <li>• The current government has stated their commitment to Single Settlement with intentions to roll out to all MCAs in due course. It is still expected that those arrangements will come into play for WMCA in April 2025, although initially with a 1-year financial settlement until the full</li> </ul>

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	down or delete specific functions to balance the budget.	Local Authorities via funding agreements where budgets are double devolved.				<p>Spending Review process is completed in Spring 2025 which will deliver a multi-year financial settlement. 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.</p> <ul style="list-style-type: none"> <li>• The MTFP for 5 years commencing April 2025 suggests a potential deficit of c.£86.4m in year one (rising to £135.3m in year five) which includes an estimated £50m per annum risk in relation to the bus network assuming no further government funding – as reflected in <i>R007 - Sustainable and affordable public transport network</i>.</li> <li>• WMCA continues to work with Mayor and Leaders to develop a long-term sustainable solution coupled with use of one off funding solutions in the form of Network North revenue support of £250m to balance the budget in the short term.</li> <li>• As noted above the current government is also developing the English Devolution bill which WMCA continues to actively engage on to seek financial sustainability for the MCA model.</li> </ul>
<b>TfWM Programme Cost Management</b>	<p>Inconsistent visibility 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 programme whole-life costs. <b>Business cases often include black cost allowances in key areas e.g. risk allocation and do not benefit from robust bottom-up assessments.</b></p> <p>Any lack of visibility or consistency</p>	<p>Integration of cost / commercial and finance management and reporting for projects that can be rolled up to programme level in TfWM's Delivery Portfolio to support management of the whole life budget per programme, maximising opportunities and minimising risk.</p> <p>TfWM maturing its Delivery Function via implementation of the Delivery Directorate, ensuring cost / commercial function and capability is adequate for all</p>	5	5	25	<p>Increasing commercial capability and capacity across programmes and projects. Introduction of a suite of programme &amp; project controls, with defined ways of working, determining risk contingency draw down and mechanism for containing cost exposure, schedule methodology and effective document control.</p> <p>Intelligent client procurement – improving the contract models approach across delivery across the</p>

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	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 result in reputational damage and reduced confidence in our ability to deliver future schemes.	programmes and projects. <b>Implementation of a robust approach to cost categorisation, programme appraisal and implementation of lessons learned to inform the programme / project budget setting process.</b>				lifecycle. Investment in people: training and development for delivery teams (investment in client-side capability) and integration to progressing people and culture strategy.
<b>Integrated Settlement Implementation</b>	<p>The Integrated Settlement is a complex programme of reform that is novel, with multiple interdependent components, all of which could give rise to a risk of underperformance or failure.</p> <p>Unsuccessful implementation would result in missed opportunities to bring about positive regional change, reputational risk and material consequences for the region. Under a worst-case scenario we could have the Integrated Settlement removed from us or funding flexibilities reduced, which could have wider repercussions for the furthering of devolution to the region.</p>	<ul style="list-style-type: none"> <li>• Completion of several lessons learned/reflective exercises to highlight challenges to successful implementation.</li> <li>• Development of an implementation programme plan with delegated leadership over delivery across all parts of the CA to address challenges, that is regularly reviewed to ensure it remains up-to-date and relevant and with distinctions between must do/could do activities.</li> <li>• Regular 'core group' and 'functional pillar/directorate' meetings to enable the flow of information between teams across the organisation, to mitigate coordination and transparency issues, and an increase in cross-organisational communications.</li> <li>• Regular updates to and oversight of the work programme by WMCA Executive Board, LA officer groups and teams/directorates across the CA, to open up our work to comments, criticism and challenge from others.</li> <li>• Maintenance of a risk register with owners identified to respond to key issues.</li> <li>• On-going lobbying with HMG to ensure the resources we receive are on the best terms possible.</li> </ul>	3	4	12	<p>Review of existing control measures to ensure they remain effective and provide the right balance.</p> <p>Strengthening of cross-organisational communications to increase visibility and awareness.</p> <p>Lessons learned exercise in May 2025 to review how we want to approach the multi-year Settlement (linked to the WMCA Transformation Programme).</p>
<b>Local authority partners in financial difficulties or entering Section 114</b>	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	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.	4	3	12	We continue to work closely with Constituent authorities to understand the impacts of financial difficulties and S114.

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	<p>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. 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>When an issue does emerge, we will monitor it and assess the potential impact on WMCA.</p> <p>Looking specifically at BCC, a letter was issued by their S151 Officer stating the commitment to deliver all funds under live agreements.</p>				
<p><b>Energy Efficient Homes</b></p>	<p>The cost-of-living crisis has been primarily driven by increases in the cost of electricity, gas, cost of food, and cost of transport and there is therefore a direct link with SRR-R024 - Inflation &amp; global supply chain pressures.</p> <p>In 2021, the WMCA area had some 238,449 fuel poor homes, contributing to wider housing related costs. The overall rate of fuel poverty, at 17.5% is amongst the highest in the UK – with some areas experiencing far higher rates of over 40%</p>	<p>Retrofitting existing homes is essential to help citizens reduce their energy bills and move out of energy poverty, while at the same time helping us achieve our Net Zero ambitions.</p>	5	3	15	<ul style="list-style-type: none"> <li>• Deliver Net Zero Neighbourhood demonstrator in Brockmoor, Dudley</li> <li>• Develop second tranche of Net Zero Neighbourhoods through Local Net Zero Accelerator</li> <li>• Develop regional net zero fund through Local Net Zero Accelerator</li> <li>• Design and implement framework for delivering retrofit activity and building regional capacity through single settlement</li> <li>• Energy Advice in support of local groups</li> <li>• Deliver activity in respect of SHDF Wave 2.1 and HUG Wave 2 , completion by 30th September 2025 and 31 March 2025, respectively - noting that restrictive milestones and adjustments to timescales by MNZH/DESNZ, capital grant has been reduced, which may affect our ability to deliver to scale.</li> </ul>
<p><b>Capital Delivery (Homes &amp; Regeneration)</b></p>	<p>Macro-economic events creating significant cost pressures and changing market conditions impacting on housebuilding and investment in infrastructure.</p> <p>Current WMCA Housing &amp; Land funds are restricted by terms and conditions agreed with HMG prior to significant</p>	<p>The WMCA focus on encouraging the redevelopment of brownfield sites and requirements around meeting local affordable housing have improved overall new housing supply.</p> <p>The region remains on course to achieve its target for 215,000 new homes by 2031. Increased housing supply should play a</p>	3	4	12	<p>Negotiations ongoing with MHCLG to provide greater flexibility for the use of existing WMCA Brownfield funds (most of which were agreed prior to the Pandemic and subsequent economic disruption) to unlock key sites. Securing these flexibilities will be key to enabling WMCA to invest</p>

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	<p>market changes.</p> <p>The West Midlands is an expensive place to rent or own a home. From April 2022 to March 2023, the average renter in the West Midlands paid 4.3% more in rent; compared to an average increase in England of 3.8%. In addition, homeowners have seen rising interest rates make mortgage repayments become more costly. Between December 2021 and December 2022, the indicative monthly mortgage payment in the West Midlands has increased by some £428 for the average semi-detached house. In 2023, some 5,600 households across the West Midlands were living in temporary accommodation, that is one in every 200 households, with the number of households in temporary accommodation continuing to grow.</p>	<p>part in reducing pressure on rising rents and mortgages and addressing the rise in the use of temporary accommodation. WMCA investments require developers to make a minimum 20% of the new homes affordable and WMCA evidence indicates around 25% of homes invested in are defined as affordable (exceeding the target).</p> <p>The WMCA aims to design out homelessness in the West Midlands through prevention by design including ensuring a supply of affordable homes. From 2026 the West Midlands Affordable Homes Programme will be devolved to the WMCA, giving the region more influence and direction over the use of significant additional grant funding specifically for new affordable homes.</p>				<p>funds into key regional priority schemes, which have significant market failure issues to land viability and remediation requirements. <b>Recent dialogue with MHCLG indicates willingness to provide further flexibility for our existing funds and we are seeking to agree these with HM Treasury asap.</b></p> <p>Continue to work in partnership with Homes England (who currently deliver the Affordable Homes Programme) to expand the pipeline for new schemes and support further new affordable homes being delivered in the region</p> <p>Continue to develop our regional approach to the AHP post 2026 (whereby accountability for programme delivery will be devolved to WMCA) using a detailed evidence base of the impacts &amp; implications of affordability to inform our strategy &amp; delivery requirements for more affordable homes. <b>Joint working with Homes England, other MCAs and the affordable housing sector is taking this programme forward.</b></p> <p>Continue to develop innovative approaches to unlock more affordable homes, building on the <b>previous</b> pilots and the collaboration with Housing Associations in the region.</p>
<b>Investment Zones</b>	<p><b>All BRR MOUs signed and legal agreements advancing. Government has confirmed 10-year IZ funding is in MHCLG baseline as commitment. However, this is still subject to CSR.</b></p> <p><b>All funding passed on to LAs / providers will have to take account of CSR cycles.</b></p>	<p><b>All funding agreements / contracts will include appropriate terminology which avoids WMCA being over-committed or exposed whilst also enabling extensions for future years.</b></p>	2	4	8	<p><b>WMCA staff, LAs and contracted providers all to be made clear on implications of CSR rounds on future year funding and the need for appropriate inclusions in agreements / contracts.</b></p>

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<b>Capital Delivery (Transport)</b>	<p>Macro-economic events creating significant cost pressures.</p> <p>Impact our ability to deliver Transport delivery activity on time and in budget across the portfolio (including CRSTS 1) and an increase in requirements to deliver in parallel across the region in the remaining timeframe. We may need to identify additional funding to complete the schemes and or/ scope reduction/ deferment of delivery projects. Reputational damage with regional stakeholders, impacted scheme BCRs and potential impacts to future funding.</p>	<p>The Delivery Directorate (Rail, Metro and Sustainable Transport) has bolstered delivery expertise (snr mgmt., commercial, project, engineering, risk) across programmes to ensure adequate capability and capacity for delivery management on the client side. 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 escalation of issues/risks with mitigation strategies and actions for approval.</p> <p>Where additional costs (and descope/deferment or termination) are unavoidable, WMCA will need to meet / mitigate 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. Implementation of a dependency roadmap and register identifying all critical level 0 &amp; 1 milestones</p>	4	5		<p>CRSTS Programme Delivery &amp; Capital Transport Delivery: WMCA Board has approved the strategy for TfWM to mitigate identified budget pressures for their projects at this point in the programme. Further work is required cross-programme (TfWM and LA progress) to ensure it remains deliverable to time, cost and budget. Once the DfT change control requirements are known, the programme will be re-prioritised / mitigated to cater for any unavoidable overspends in line with the report to Board.</p> <p>Identify and agree appropriate mitigation strategies to allow the programme to manage remaining deliverables in an agile way, minimising the risk of failure to deliver maximum benefits for the region. Establish cross-programme level view of planning and delivery milestones to enable visibility to any concurrent activity (particularly in the same local boundary/corridor) to minimise impacts on the network during the build phases. Establish adequate programme management resources for CRSTS 1 to ensure robust management of the remainder of the programme and adequate preparations for CRSTS 2. Implementation and consideration of the findings and recommendations identified by Arup during the 2024 Mayoral Capital Transport review.</p>
<b>Unspent Grant Expenditure</b>	<p>Underperformance against activities where there are specific, defined terms (including back stop dates)</p> <p>1. Loss of funding; we are unable to drawdown the full amount allocated to the region, or we are required to return</p>	<ul style="list-style-type: none"> <li>• Full monthly financial close &amp; quarterly forecast process is run to ensure there is regular monitoring of the financial spend, both actual and expected.</li> <li>• Month end pack includes detail on all grants ending in next 6 months and accounting risks.</li> </ul>	3	5		<ul style="list-style-type: none"> <li>• Discussions with funding partners (Government) where opportunities exist to extend timelines and remove / explain what the barriers to deployment of funds may be (e.g. overly restrictive conditions)</li> <li>• Continuing to work with Directorates</li> </ul>

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	<p>unspent funds to Government.</p> <p>2. Reputation; we are no longer seen as a trusted delivery partner in the eyes of Government and West Midlands residents.</p> <p>3. Weakened negotiating position; future funding discussions particularly as we move towards a delivery &amp; outcomes mode of assessment under Integrated Settlement, where we will be judged entirely on our ability to achieve outcomes.</p> <p>4. Future funding; region is allocated less funding (proportionally) in future settlements, meaning smaller grant settlements being provided to directorates, resulting in fewer transport, housing and skills interventions.</p>	<ul style="list-style-type: none"> <li>Financial risks and opportunities are reviewed as part of month end closedown and reported to Executive Board and WMCA Board as appropriate.</li> <li>Embedded business partner model. includes a process for capturing, assessing and reporting financial risk.</li> <li>The monthly reporting pact to EXB, triangulates, performance, finance and HR data, with responsibility for taking appropriate action lying with the Executive team collectively and individually.</li> <li>Working with Directorates to ensure performance dashboards are fit for purpose and project pipelines are as robust and realistic as can be expected.</li> <li>Finance Team continue to raise potential problems as early as possible, (with a particular focus on: Transport, Housing, and Skills (UKSPF)) allowing the organisation sufficient time to undertake / implement mitigating actions.</li> </ul>				<p>on dashboard development and ideally, work towards a standard format across the organisation.</p> <ul style="list-style-type: none"> <li>Development and improvement of our outcomes monitoring as part of Integrated Settlement.</li> </ul>