



## Audit, Risk & Assurance Committee

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<b>Report title</b>	WMCA Strategic Risk Update
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### Recommendation(s) for action or decision: For Information Only

#### Audit, Risk & Assurance Committee is recommended to:

- a. Consider and note the risks contained within the Strategic Risk Register (SRR).
- b. Note the key messages regarding changes planned for the SRR.
- c. Note the two risks highlighted in 2.11 which will be de-escalated to Directorate Risk Registers and managed operationally via those risk registers:

#### 1. Purpose

- 1.1. This report provides an update on the status of the SRR as presented at Appendix 1 to support the Audit, Risk and Assurance Committee (ARAC) in its function to monitor the operation of risk management at the WMCA.

#### 2. Background

- 2.1 The SRR supports the identification and management of the risks faced by the organisation in achieving its organisational or strategic objectives. The SRR captures only those high-level risks which are of such significance as to require oversight and assurance by the Strategic Leadership Team (SLT). The SLT monitors WMCA's risk environment on a regular basis to ensure key risks are captured on the SRR and effective mitigation measures are in place to reduce or eliminate the resulting effects.

- 2.2 This paper and the Risk Update at Appendix 2 reflects risk owners' review of the SRR in January / February and discussion at the SLT meeting on 23rd March.
- 2.3 The SRR was updated to reflect the risk position in January / February; updates are shown in red text to aid identification. The register contains 22 strategic level risks, including those resulting from the Covid 19 pandemic, however given the timing of its production it does not reflect any new risks, or the effect on existing risks, arising out of the conflict in Ukraine.
- 2.4 We have reviewed and assessed the economic, financial, commercial, and contractual risks associated with the conflict in Ukraine, resulting in the development of the briefing note at Appendix 3. Any emerging financial pressures, particularly in relation to capital delivery and operational costs relating to pay, prices and utilities will be closely monitored and reported through the Authority financial monitoring report. We can confirm that the Authority has no investments or contractual ties to any Russian based companies or direct supply chain connections.
- 2.5 In addition, following the National Cyber-Security Centre's announcement of a heightened cyber threat to the UK, and encouragement to organisations to bolster their online defences, we will be revising the SRR to reflect both this advice and our response.
- 2.6 **Issues Log** - The ARAC will wish to note that one risk has materialised, *Metro - 2GT fleet crack propagation (Suspension of all services from 13 November)* and this is now included in the Issues Log (Appendix 4). This has been revised to reflect recent events when new bodywork cracks were identified.
- 2.7 **High Risks** - The SLT agreed that having now materialised twice, the *Metro - 2GT fleet crack propagation* risk should remain open but will be revised to reflect a wider strategic risk of *Tram availability to operate the network*. Separate from the Metro risk, the register records two further risks with the highest possible residual score of 25:

*Financial Assumptions of the Investment Programme & Covid 19 effects and response to risk, and*

*External Factors*

And a further six risks with a residual high-risk score:

*Data Protection & Protective Security*

*Stakeholder & Political Relations*

*Capacity and Capability & Covid 19 effects and response to risk*

*Longer term economic impact of Covid-19 on bus service provision*

*Commerciality & Covid 19 effects and response to risk*

*Financial resilience of WMCA to absorb fiscal shocks*

These risks have not seen any change in risk assessment since July 2021, apart from *Financial resilience of WMCA to absorb fiscal shocks* which had some revision in November 2021.

In discussing these risks, the SLT made two observations

*Capacity and Capability & Covid 19 effects and response to risk* The SLT asked that the risk be revised to reflect possible post-pandemic recruitment and retention concerns.

*Longer term economic impact of Covid-19 on bus service provision* The SLT asked that the risk be expanded beyond bus service provision to reflect any evidence of possible longer term economic effects on Public Transport provision more generally.

- 2.8 In addition, the SLT agreed a recommendation that I undertake a thorough review of all eight risks so that we can continue to be assured that our assessment is based on up-to-date evidence. To achieve this, I propose conducting a series of “Deep Dives”, when I will engage colleagues and risk owners to better understand each risk, and ensuring we have all relevant evidence and controls. This will also include the specific revisions requested by the SLT at para 2.7. I will then aim to report back to the SLT through the next Risk Update in May.
- 2.9 **Remaining risks** - The register records a further 10 open risks with a moderate residual level (amber) and one risk rated as low (green).
- 2.10 There have been two significant amendments to the register since it was last reviewed by ARAC, and as such attention is drawn to the following two risks (see appendix 2 slide 8) which have been marked as closed and which will be de-escalated to Directorate Risk Registers and managed operationally via those risk registers:

*Delivery Milestones - Housing and Regeneration*

*Reputation risk - Adult Education Budget*

Both risks have been consistently assessed as a limited / low risk. They have been included on the risk register to provide the ARAC with visibility and will be removed in the next review cycle.

**3. Financial Implications**

N/A

**4. Legal Implications**

N/A

**5. Equalities Implications**

N/A

**6. Inclusive Growth Implications**

N/A

**7. Geographical Area of Report’s Implications**

N/A

**8. Other Implications**

N/A

**9. Schedule of Background Papers**

Appendix 1 WMCA Strategic Risk Register

Appendix 2 Strategic Risk Update

Appendix 3 Ukraine Conflict Note

Appendix 4 WMCA Issues Log