



West Midlands  
Combined Authority

# ARAC High-level Strategic Risk Update – April 2022

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# Contents

<b>Slide</b>	<b>Title</b>
3	WMCA Strategic Risk Heat Map
4	WMCA Strategic Risk Trend
5 - 6	High Risks & Key Messages
7	Remaining Strategic Risks
8	De-escalated Risks

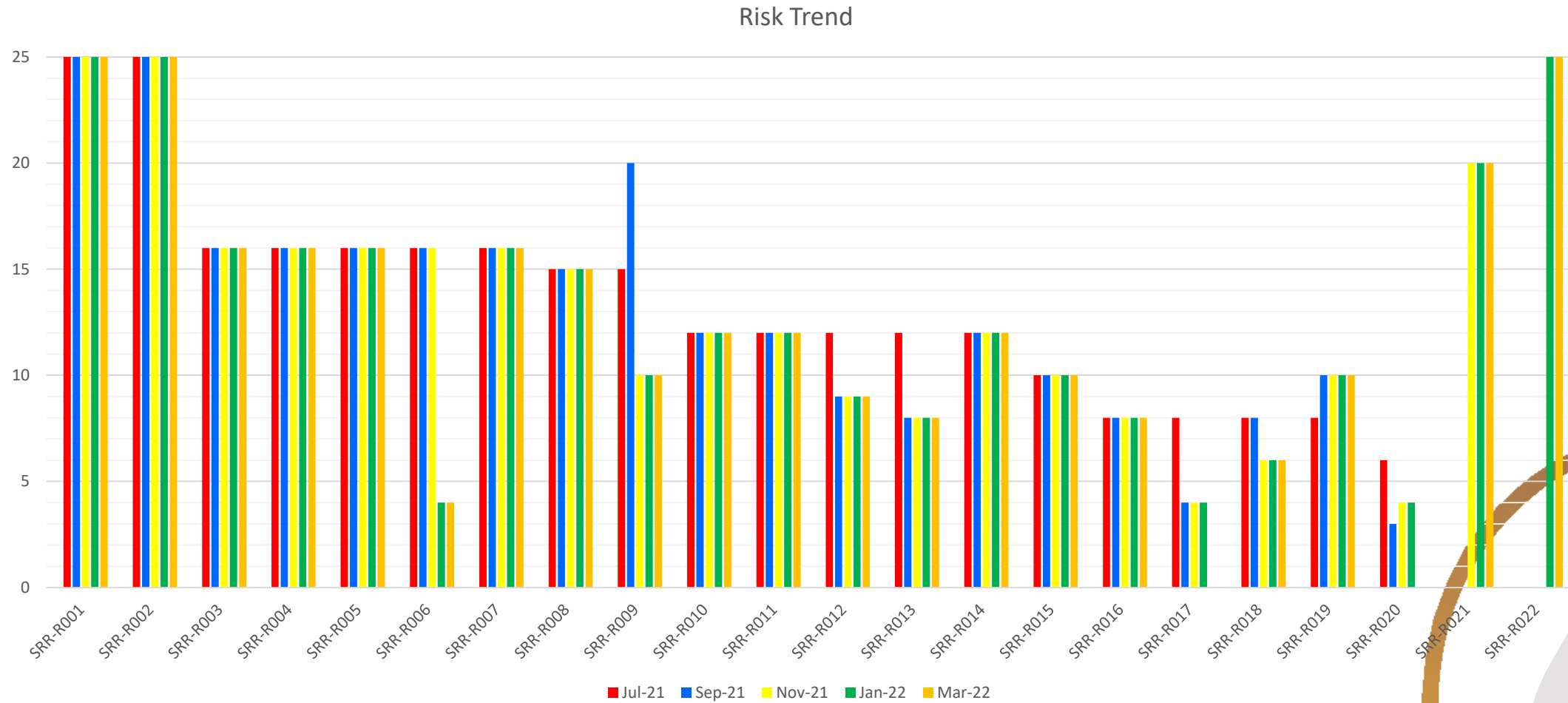
# WMCA Strategic Risk Heat Map

		Current Threats					
Likelihood	5	Very high				SRR-R001 ⇄ SRR-R002 ⇄ SRR-R022 (Issue)	
	4	High		SRR-R013 ⇄		SRR-R003 ⇄ SRR-R004 ⇄ SRR-R005 ⇄ SRR-R007 ⇄ SRR-R021 ⇄	
	3	Medium			SRR-R012 ⇄	SRR-R010 ⇄ SRR-R011 ⇄ SRR-R014 ⇄ SRR-R008 ⇄	
	2	Low		SRR-R020 ⇄ (De-escalated)	SRR-R018 ⇄	SRR-R016 ⇄ SRR-R009 ⇄ SRR-R015 ⇄ SRR-R019 ⇄	
	1	Very low				SRR-R006 ⇄ SRR-R017 ⇄ (De-escalated)	
			1	2	3	4	5
			Minimal	Minor	Significant	Major	Critical
			Impact				

Threat Rating	Score Range	Count
Limited	1 - 5	3
Medium	6 - 12	10
Very High	15 - 25	9
Total		22

Note: 2 x De-escalated low risks will be removed ahead of the next review cycle

# Risk Trend



## Nine Highest Rated Risks

There are currently 9 Risks rated **Very High** (Red) even after mitigants have been applied, of which three have the highest possible residual rating of 25.

- SRR-R001 Financial Assumptions for Investment Programme **(25)**
- SRR-R002 External Factors **(25)**
- SRR-R003 Data Protection & Protective Security
- SRR-R004 Stakeholder & Political Relations
- SRR-R005 Capacity and Capability
- SRR-R007 Longer term economic impact of Covid-19 on bus service provision.
- SRR-R008 Commerciality
- SRR-R021 Financial resilience of WMCA to absorb fiscal shocks (New Oct 21)

Separately, the following risk has now materialised, and is also captured on a separate Issues Log

- SRR-R022 Metro - 2GT fleet crack propagation (Suspension of all services from 13 November) **(25)**

# Nine Highest Rated Risks – Key Messages

## Key Message for ARAC:

- The CA continues to see a significant level of residual risk at the Strategic Level.
- Nine high risks remain outside of appetite, of which seven have remained static for some time.
- One of these risks *Metro - 2GT fleet crack propagation* is to be revised to reflect a wider strategic risk: *Tram availability to operate the network*.
- SLT have agreed that I should now conduct a series of deep dives into the eight remaining high risks to ensure our assessment is based on an up to date understanding of the risk evidence and controls.

# Remaining Strategic Risks


## Medium Risks:

- There are 10 risks with a medium rating (scoring 6-12); of which four have reduced in materiality during the last 4 review cycles.
- All risks have mitigation plans in place and are reviewed by individual risk owners and SLT on a minimum of bi-monthly basis.
- There is no particular concern with these risks at present.

## Low Risks:

- Three risks have a low rating (scoring 1-5); of which two will now be de-escalated, following agreement at SLT on 6<sup>th</sup> January 2022, to the relevant Directorate Risk Registers in Housing & Regeneration and Productivity & Skills Directorates and are included for visibility only. See next slide for details.

# Key material changes (since January 2022 review)

RISK ID & Name	Change	Details	Score Trend
<b>SRR-R017 Delivery Milestones - Housing and Regeneration</b>	<b>De-escalated to Housing &amp; Regeneration Risk Register</b>	<p>Risk is specifically about securing and maintaining Government funding to enable delivery of our targets. We are managing our relationship with Government and there have been no issues with our funding.</p> <p>This risk has remained within appetite (rated as Limited) since September 2021, SLT have agreed that this risk will be de-escalated to the Housing &amp; Regeneration locally managed risk register. It will now be removed from the SRR.</p>	
<b>SRR-R020 Reputation risk - Adult Education Budget</b>	<b>De-escalated to Productivity &amp; Skills Risk Register</b>	<p>Risk has remained within appetite (rated as Limited) since September 2021, SLT have agreed that this risk will be de-escalated to the Productivity &amp; Skills / AEB operational risk register, where it will be managed along with implementation and review of recommendations from the AEB audit. It will now be removed from the SRR.</p>	