



Strategic Risks

1. Currently the most significant risks for the WMCA would appear to be: Economic, Financial, and Security.
2. Even before the war, energy prices had increased significantly, with extreme market price volatility flowing through to significant price rises for consumers. We have been advised to expect a price increase of both gas and electricity costs of around 60-70%. Alongside pressures on food supply and related costs, this is causing significant economic uncertainty.
3. This could exacerbate several of our existing risks, while there is the possibility of new risks if there are any links with Russian suppliers either directly or through supply chains.
4. Finally, there are concerns about increased cyber-security threats.

Exacerbating Existing Risks

5. There is an existing risk relating to our *Financial Assumptions for our Investment Programme* which recognises the possible negative effect on our investment programme because of the *“challenge in securing income streams caused by political and economic uncertainty”*. The risk was revised to reflect Covid 19 uncertainties, and we will want to consider the risk and our options for mitigating it further, in light of current specific threats.
6. The risk goes on to describe a secondary area of concern around: *“the ‘interest rate risk’ and the degree to which any upwards movement in the rate WMCA borrow at erodes the purchasing power of the grants / funding it has secured to date*. Given the increase in inflation, the volatility of the energy market, and

pressure on food costs, it appears these concerns will only exacerbate through the year.

7. Were the WMCA to look towards its financial reserves to deal with any of these issues in the short term, we would need to consider the effect on another high risk, which is the *“Financial resilience of the WMCA to absorb fiscal shocks”*, where we already recognise a risk of *“Reduced levels of reserves / resources available to deal with fiscal shocks.”*

Possible New Risks

8. With concerns about any links with Russian suppliers either directly or through supply chains in mind, we have undertaken a trawl of our current suppliers. We have no live suppliers who are listed as being in either Russia or Ukraine, therefore we have no live contracts either. That’s not to say that that we don’t have contracts with suppliers who deal with Russian or Ukrainian companies as part of their supply chains though.
9. WMCA source both Gas & Electricity through Total Gas & Power via ESPO (Electricity) and CCS (Gas). ESPO have no direct contractual links with Russian gas and electricity suppliers or have now terminated these arrangements in light of recent events. We will continue to press our contracted energy suppliers to reduce reliance on Russian-owned interests within their own supply chains.
10. In respect of MML, gas supplies are with Brooke Green Supply Ltd a UK based company supported by a large Japanese trading company called SCMI Ltd, and electricity supplies are with Npower, which is now owned by Eon, both of which are German companies. We

understand that there are no live contracts with the Russian supplier Gazprom.

Voi eScooters

11. The BBC news website published an article relating to allegations made by a Swedish newspaper *Di*, which claims Russian businessman Alexander Eliseev, who owns shares in Voi, has alleged business connections to Alexei Mordashov, who has been sanctioned by the EU over the Russian invasion.
12. Voi have provided us with a statement confirming their condemnation of the Russian actions in Ukraine, and that they are actively donating to the relief effort. They have told us they have no active operations in Russia, are disposing of any Russian assets, and have ensured their supply chain no longer goes through Russia. On top of this they have confirmed to us that none of their investors were under sanctions at the point of their investment in Voi or currently are so, and that any investor, advisor, or partner who does not join them in vocally opposing the Russian invasions of Ukraine will no longer be associated with the company.
13. We acknowledge the steps Voi have set out and will continue to monitor this situation closely and keep in contact with the company to ensure they enact on what has been set out to us. In the meantime, we will continue to focus on ensuring the safe and effective operation of the eScooter trial, which has been successfully serving hundreds of thousands of travellers over the last 18 months

Security

14. The National Cyber Security Centre (NCSC) has heightened the cyber threat

to British businesses and organisations and is advising organisations to improve their cyber resilience following the Russian invasion. Staff have been made aware of the increased threat and have been made aware of the need for extra vigilance about our cyber security. Whilst we are not aware of any current specific threats to the WMCA, businesses and government bodies should be on heightened alert. To this end, we will be undertaking continual rigorous checks on our systems, services, and accounts to ensure that we are as robust as possible.

Further Information	
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