

Audit, Risk & Assurance Committee

Date	15 September 2017
Report title	Strategic Risk Register
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Report to be/has been considered by	None

Recommendation(s) for action or decision:

The Audit, Risk and Assurance Committee is recommended to:

1. Consider and comment on the contents of the Strategic Risk Register (Appendix 1 and 2).

1.0 Purpose

1.1 This report is provided to support the Audit, Risk and Assurance Committee with their responsibility of providing oversight of Risk Management within the West Midlands Combined Authority (WMCA).

2.0 Background

2.1 Robust Risk identification and management arrangements have been established with regular monitoring in place between Senior Managers, Programme Management and Commission representatives, following the principles of the Corporate Risk Management Strategy.

2.2 The current status of the key risks are presented to this Committee within the balanced scorecard as provided in Appendix 1. The heat maps contained within the scorecard reflect the varying levels of risk tolerance set within the risk profiling, with an 'Open' risk environment considered for Financial, Programme Delivery, and Benefits realisation risks, a Cautious risk environment for operational risks and an Averse risk environment for those risks categorised as Political or Governance in nature. A description of the approaches given to the tolerances is provided in the table below.

Tolerance	Risk Environment	Description
Open	Financial Programme Delivery Benefits realisation	We are open to taking some risk in order to ensure we remain focussed on the achievement of future delivery.
Cautious	Operations	We will take a moderate risk approach in an effort to improve services.
Averse	Political Governance	A very low tolerance is set for these risks to ensure delivery meets defined governance obligations.

2.3 There is an anticipation the corporate risk register will continue to undergo continuous revisions over the coming months, capturing the approach of the new WMCA senior management team.

3.0 Strategic Risk Register

3.1 20 risks are currently contained within the strategic risk register. Full details of these risks including remedial actions are provided in the risk register as Appendix 2. A further 7 issues have been identified as part of the Internal Audit activity and are presented separately to this committee.

3.2 Three risks have been introduced to the register during this period, and include:

3.2.1 There is a risk that the current pension valuation may be insufficient to meet future liabilities of the fund. The current tri-annual valuation has reduced the deficit until 2020 however the valuation and WMCA contributions may require an increase in future years. This has been set as a low risk with ongoing monitoring of the fund in place to provide early warnings of risk escalation.

3.2.2 There is a risk the assumptions made to inform the medium term financial plan are not valid to meet expectations, resulting in insufficient budgets and unachievable objectives being set. This has been set as a medium risk with continued engagement with all parties being maintained to ensure the financial plan remains effective.

3.2.3 There is a risk the WMCA contribution and mayoral support provided for the Commonwealth Games bid will create a perception that WMCA is leading the development and delivery of the programme resulting in political, financial and reputational challenges being incorrectly perceived and directed towards the organisation. This is set as a low risk with the programme being led by Birmingham City Council.

3.3 All risks continue to be effectively managed with the risk trend worsening on only one risk, 'Financial Assumptions of the Devolution deal' (ref. WMCA-0012). This is because the Finance Bill 2017 has not yet been considered by Parliament due to the Parliamentary timetable being disrupted by the snap General Election. So the mayor does not yet have powers to levy supplementary business rates which had previously been included within the financial assumptions. This will now be considered as part of 'Devolution 2' discussions.

3.4 6 risks have been removed from the corporate risk register during this period, with these having been either de-escalated to the respective management team risk register or closed. This includes:

- Delivery of the Sprint programme
- Metro operations
- Sustainable transport initiatives
- Awareness and Appetite for Intelligent Mobility
- Commission Governance, and
- Commission recruitment

3.5 No Programme risks have been escalated to the corporate register during this period however it is recognised risk CS-002 (Information Governance) and WMCA-0014 (Information Security) have the potential to impact on the successful delivery of the Archiving project and includes compliance of the General Data Protection Act in advance of its law enforcement in May 2018.

4.0 Wider WMCA Implications

4.1 The effective identification and management of strategic risks is essential in ensuring wider WMCA implications are successfully removed, managed or adopted as appropriate.

5.0 Financial implications

5.1 There are no direct financial implications arising from this report.

6.0 Legal implications

6.1 There are no direct legal implications arising from this report.

7.0 Equalities implications

7.1 Equality considerations are taken into account in the assessment of individual risks. There are currently no direct implications arising from the risks contained in the corporate risk register or the contents of this report.

7.0 Appendices

Appendix 1 – Strategic Risk Scorecard

Appendix 2 – Strategic Risk Register