



West Midlands
Combined Authority

ARAC Strategic Risk Update – July 2022

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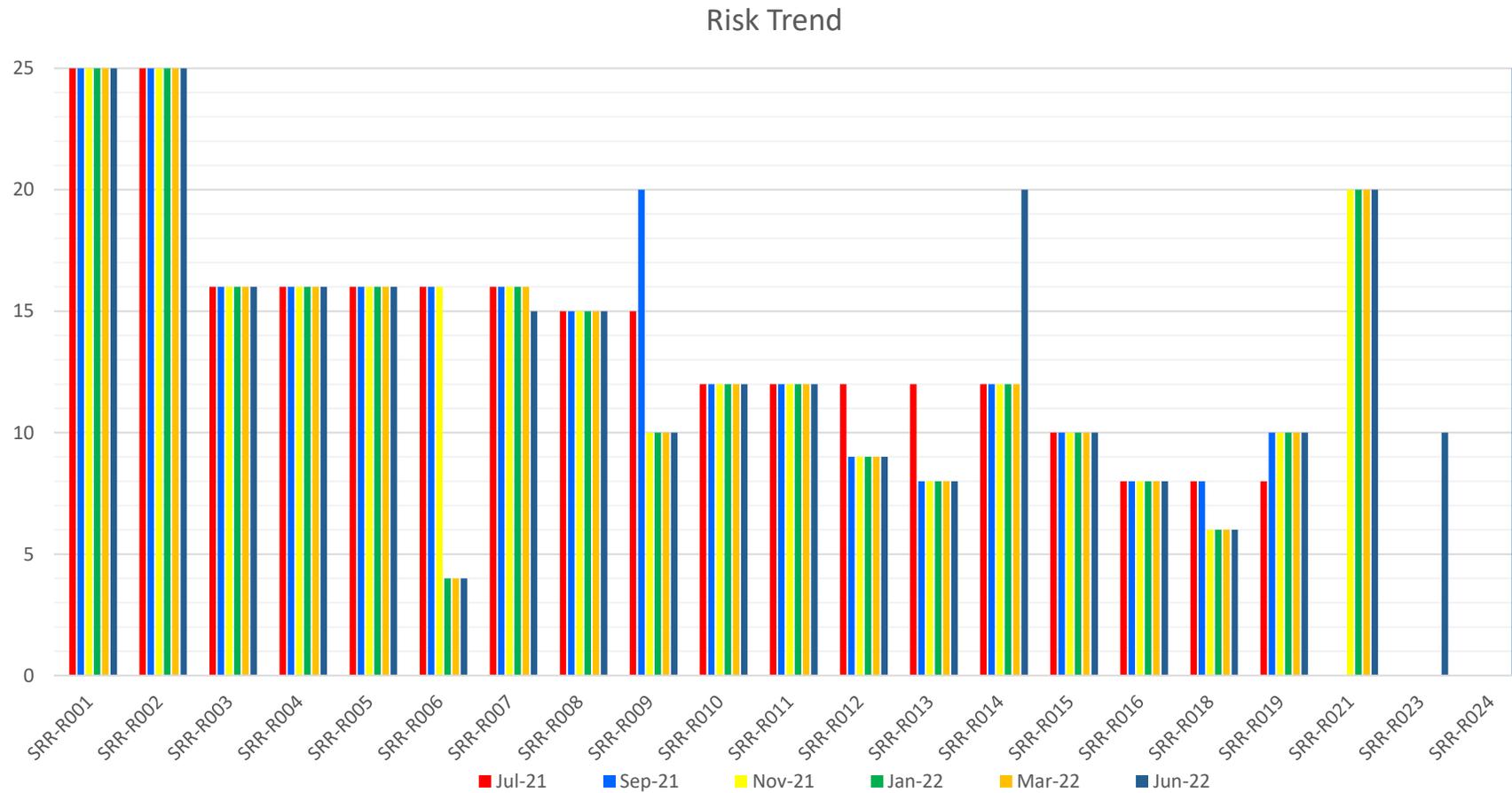
WMCA Strategic Risk Heat Map

A review of the highest rated risks has seen significant revision to six risks, along with the identification and development of two new risks.

			Current Threats				
Likelihood	5	Very high		SRR-R023 (New)			SRR-R001 ⇄ SRR-R002 ⇄ SRR-R024 (New)
	4	High		SRR-R013 ⇄		SRR-R003 ⇄ SRR-R004 ⇄ SRR-R005 ⇄	SRR-R021 ⇄ SRR-R014 ↑
	3	Medium			SRR-R012 ⇄	SRR-R010 ⇄ SRR-R011 ⇄	SRR-R007 ↓ SRR-R008 ⇄
	2	Low			SRR-R018 ⇄	SRR-R016 ⇄	SRR-R009 ⇄ SRR-R015 ⇄ SRR-R019 ⇄
	1	Very low				SRR-R006 ⇄	
			1	2	3	4	5
			Minimal	Minor	Significant	Major	Critical
			Impact				

Threat Rating	Score Range	Count
Limited	1-5	1
Medium	6-12	10
Very High	15-25	10
Total		21

WMCA Strategic Risk Trend



WMCA Strategic Risk Trend

The review of high rated risks has resulted in there now being 10 strategic risks rated High / Red of which three have the highest residual rating:

- SRR-R001 Failure to deliver the Investment Programme as originally intended **25**
(prev. *Financial Assumptions for Investment Programme*)
- SRR-R002 External Factors **25**
- SRR-R024 Inflation & global supply chain pressures (**New**) **25**
- SRR-R014 Delivery Commonwealth Games Regional and Spectator Transport Operations
- SRR-R021 Financial resilience of WMCA to absorb fiscal shocks
- SRR-R003 Information Assurance & Protective Security
(prev. *Data Protection & Protective Security*)
- SRR-R004 Stakeholder & Political Relations
- SRR-R005 Capacity and Capability
- SRR-R007 Post pandemic sustainability of public transport network
(prev. *Longer term economic impact of Covid-19 on bus service provision*)
- SRR-R008 Commerciality

Key Messages for ARAC - New Risks

In March 2022, the SLT identified two new risks. These have been developed as follows:

Inflation & global supply chain pressures – the primary causes of which are the cost of materials, energy and labour, and the availability of supplies and labour. The effect of this, and the focus of attention for both existing or new controls, is then on: CRSTS, TfWM Operational Costs and delivery of Capital Projects. It is important to note that, although we are including this as a risk at a strategic level, at an operational level it is already an issue for many projects and is being managed as such.

Metro Tram Availability – a new risk which moves away from the very specific “2GT Fleet Cracks” risk, by including several further causes, a range of additional control measures and several areas of further action.

Key Messages for ARAC (1)

Failure to deliver the Investment Programme as originally intended – Although this risk had been revised to make clear it was about a risk to delivery of the investment programme as agreed with our members and partners, the SLT have asked that it be redrafted to focus on the risk that we fail to deliver the benefits and opportunities of UK Central.

Financial resilience of WMCA to absorb fiscal shocks - the risk has been revised to reflect current fiscal shocks captured elsewhere in the SRR: the *Ongoing effect of the pandemic on public transport services* and the *Inflation and global supply chain issues*, which are themselves very high risks and we need to be mindful that our response to those could have an adverse effect on this risk.

Post pandemic sustainability of public transport network - revision of earlier risk which focussed solely on post-pandemic bus provision. This expanded / revised risk has seen a slight reduction in likelihood along with significant revision of existing controls and the further actions planned.

Key Messages for ARAC (2)

Delivery Commonwealth Games Regional and Spectator Transport Operations – revised risk now reflects uncertainties including rail union action, infrastructure failures, and driver shortages. This expansion of risk causes has resulted in an increase in the residual risk score from 12 to 20.

Information Assurance & Protective Security – significant revision of risk, aiming to remove ambiguity and focus attention on assurance that we are protecting our information. The SLT have collective ownership, while the secondary risk owners are Head of ICT / Head of Governance.

Capacity and Capability – revised to make clear we are looking at a post-pandemic environment, with focus on delivering the People Strategy, recruitment, retention, hybrid working, and well-being.

Key Messages for ARAC (3)

The following high risks were not revised, but action is in hand to achieve this ahead of the September SLT Risk Update:

- ***External Factors***
- ***Stakeholder & Political Relations***
- ***Commerciality & Covid 19 effects and response to risk***