



West Midlands  
Combined Authority

## Audit, Risk & Assurance Committee

<b>Date</b>	4 July 2022
<b>Report title</b>	WMCA Strategic Risk Update
<b>Accountable Chief Executive</b>	Laura Shoaf, Interim Chief Executive Email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a> Tel: (0121) 214 7444
<b>Accountable Employee</b>	Linda Horne (Finance Director & Section 151 officer) Email: <a href="mailto:Linda.Horne@wmca.org.uk">Linda.Horne@wmca.org.uk</a> Tel: (0121) 214 7508
<b>Report has been considered by</b>	

**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 that have been made and which are planned for the SRR.

**1. Purpose**

- 1.1. Taken together, the Strategic Risk Update at appendix 1, the Strategic Risk Register (SRR) at appendix 2, and the Issues Log at appendix 3, provide the Audit, Risk and Assurance Committee (ARAC) with visibility of the strategic risks currently faced by the WMCA and support its function in monitoring 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 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 measures are in place to effectively manage or mitigate their effects.

- 2.2 At their review of the SRR in March 2022, the SLT agreed to a proposal for a series of deep dives to allow a more detailed consideration of its highest risks; those with a risk score from 16 – 25. Following significant discussion with several colleagues, the SRR has seen changes to key information surrounding many of our highest rated risks, along with the development of several new risks following their identification by the SLT in their March review.
- 2.3 To aid the ARAC in understanding these revisions, a brief explanation is included in the risk update, while all revisions are shown in red text in the SRR.
- 2.4 **Issues Log** - The ARAC will be aware of the issues of Metro - 2GT fleet crack propagation and Metro - 3GT fleet; Compromised bolt identified on the fleet both of which are included in the Issues Log. The ARAC will also be aware that the trams are now running. We have retained the issues on the log for now but these will be reviewed ahead of the September update.
- 2.5 As requested by SLT, the tram risk has been revised to reflect a more general risk of tram availability.
- 2.6 **High Risks** – Following the review of the majority of risks rated high / red, and the development of new risks identified by the SLT, the SRR now contains three risks assessed with the highest possible residual score of 25:

- *Failure to deliver the Investment Programme as originally intended (prev. Financial Assumptions for Investment Programme)*
- *External Factors*
- *Inflation & global supply chain pressures (New)*

A further seven risks are rated at High / Red:

- *Delivery Commonwealth Games Regional and Spectator Transport Operations*
- *Financial resilience of WMCA to absorb fiscal shocks*
- *Information Assurance & Protective Security (Prev. Data Protection & Protective Security)*
- *Stakeholder & Political Relations*
- *Capacity and Capability*
- *Post pandemic sustainability of public transport network (prev. Longer term economic impact of Covid-19 on bus service provision)*
- *Commerciality*

In discussing these risks, the SLT paid particular interest to the *Failure to deliver the Investment Programme* risk and have asked that it be further revised to better reflect a risk of not delivering the benefits and opportunities of UK Central. This work will be undertaken ahead of the next SLT risk update in September.

- 2.7 **Remaining risks** – The SLT discussed the need to provide assurance that all strategic risks are kept up to date and new risks identified, they agreed the following activity which aims to achieve this and to help improve risk engagement across the CA:

- To undertake a similar deep dive into the remaining risks to consider whether their language, assessment and action is up to date. This will ensure we have a cycle for thoroughly reviewing all high risks and remaining risks alternately every six months.
- That the Risk Working Group; now the Risk Network, is reinstated as a means of providing assurance about how the CA is managing risk, and for gathering evidence of strategic risks at a Directorate or Programme level.
- We will also gather risk evidence from across the Finance and Business Hub by engaging colleagues and using performance management, assurance, and appraisal resources.
- Engaging with the CMT to offer colleagues across the 1<sup>st</sup> line of defence an opportunity to challenge the evidence I am pulling together and to feed in their views on the CA's strategic risks, ahead of consideration by the SLT.

### **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 Strategic Risk Update

Appendix 2 WMCA Strategic Risk Register

Appendix 3 WMCA Issues Log