



West Midlands
Combined Authority

R\QA

Audit, Risk & Assurance Committee

Date	23 September 2022
Report title	WMCA Strategic Risk Update
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Report has been considered by	Linda Horne (Finance Director & Section 151 officer)

Recommendation(s) for action or decision: For Information Only

Audit, Risk & Assurance Committee is recommended to:

- a. Note the key messages in the Strategic Risk Update
- b. Consider and note revisions, or planned revisions, to the Strategic Risk Register.

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 Issues Log – Both issues on the Issues Log (Appendix 3) relate to the Metro fleet. For the 2G tram cracks, a programme for repair is being closely monitored and an off-site location is being discussed. While the programme for 3GT quality issues is on track to close the remaining issues.

2.3 High Risks – Following its review, the SRR now contains 22 risks, of which three have the highest residual score of 25:

- *Failure to deliver the opportunities and benefits of the Investment Programme (prev. Failure to deliver the Investment Programme as originally intended)*
- *External factors*
- *Cost of living crisis; Inflation & global supply chain pressures (prev. Inflation & global supply chain pressures)*

A further seven risks are rated at High / Red:

- *Financial resilience of WMCA to absorb fiscal shocks*
- *Information assurance & protective security*
- *Stakeholder & political relations*
- *Capacity and capability*
- *Post pandemic sustainability of public transport network*
- *Commerciality*
- *Financial sustainability of the Mayoral-led CA Model **New***

2.4 Other Risks - Following their review, the SLT agreed the following three risks are now considered to be under control and can be removed from the SRR:

- *Capacity of leadership team*
- *Ineffective communication (prev. Reputation)*
- *CWG the delivery Commonwealth Games regional and spectator transport operations*

2.5 Embedding Risk Management - The first meeting of the risk network was held in August, with all parts of the WMCA represented. I will continue to work to embed the risk management framework across the organisation and support its consistent application, and the SLT reiterated their support for my engagement with them and their directorate colleagues to achieve this.

2. **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