



West Midlands  
Combined Authority

# ARAC

## Strategic Risk Update

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# WMCA Strategic Risk Heat Map

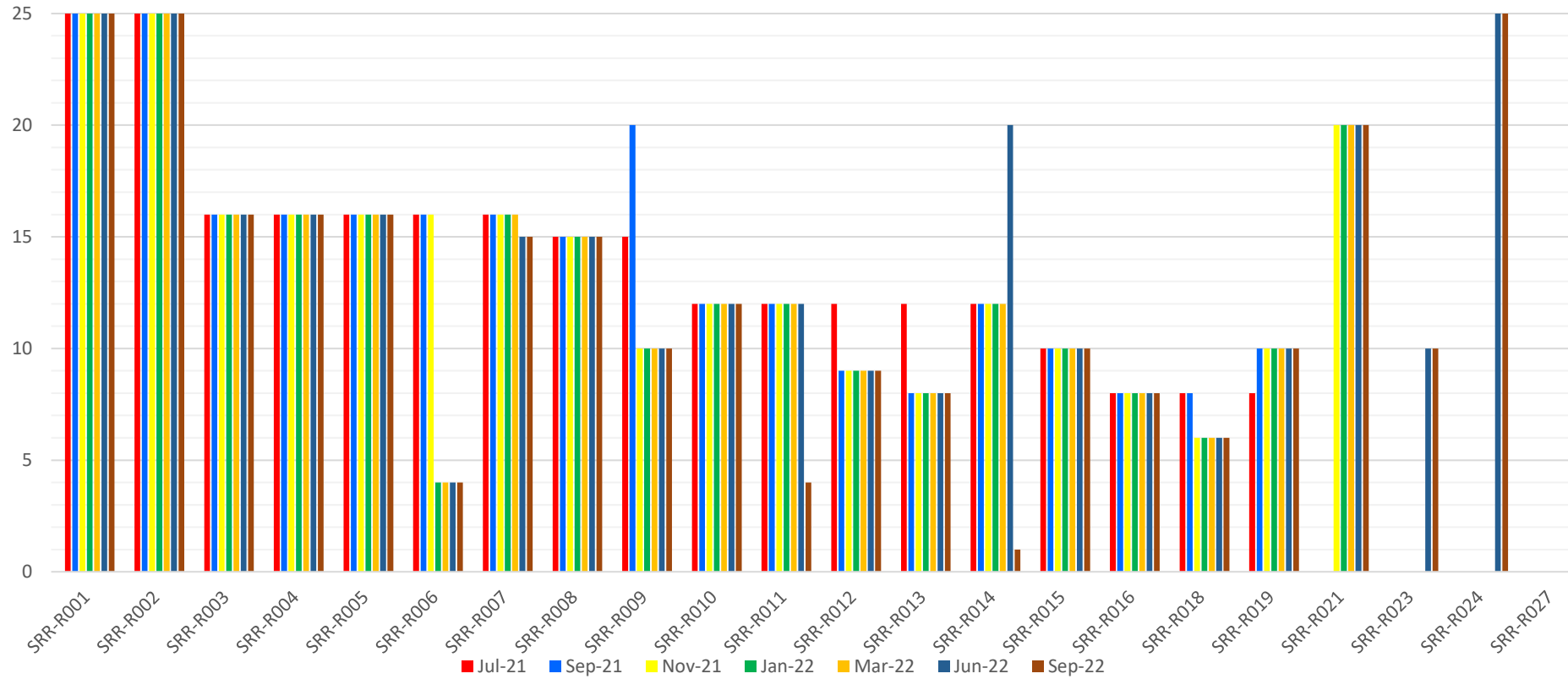
Twelve risks have been revised and one new risk has been identified

Current Threats							
Likelihood	5	Very high		SRR-R023 ⇄		SRR-R001 ⇄ SRR-R002 ⇄ SRR-R024 ⇄	
	4	High		SRR-R013 ⇄		SRR-R003 ⇄ SRR-R004 ⇄ SRR-R005 ⇄ SRR-R021 ⇄	
	3	Medium		SRR-R012 ⇄	SRR-R010 ⇄	SRR-R007 ⇄ SRR-R008 ⇄ SRR-R027 (New)	
	2	Low		SRR-R018 ⇄	SRR-R016 ⇄	SRR-R009 ⇄ SRR-R015 ⇄ SRR-R019 ⇄	
	1	Very low	SRR-R014 ↓		SRR-R006 ⇄ SRR-R011 ↓		
			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
<b>Total</b>		<b>21</b>

# WMCA Strategic Risk Trend

Risk Trend



# WMCA Strategic Risk Trend

Following the latest review, there are now 10 strategic risks rated High / Red; one of which is new, and three of which have the highest residual rating:

- SRR-R001 Failure to deliver the opportunities and benefits of the Investment Programme **25**
- SRR-R002 External factors **25**
- SRR-R024 Cost of living crisis; inflation & global supply chain pressures **25**
- SRR-R021 Financial resilience of WMCA to absorb fiscal shocks **20**
- SRR-R003 Information assurance & protective security **16**
- SRR-R004 Stakeholder & political relations **16**
- SRR-R005 Capacity and capability **16**
- SRR-R007 Post pandemic sustainability of public transport network **15**
- SRR-R008 Commerciality **15**
- SRR-R027 Financial sustainability of the Mayoral-led CA model **15 (New)**

# Key Messages for ARAC

The SLT agreed two overarching key messages as follows:

1. The biggest strategic risks for the WMCA lie in the financial sustainability of the CA and our ability to continue to achieve our objectives. With so many of the organisations strategic risks reflecting linked concerns around, budget deficits, gaps in funding, or loss of revenue.
2. Although we are confident in saying these are our biggest risks, we need to maintain visibility of risks across the organisation and continue to embed risk management in the WMCA.

# Key Messages for ARAC - New Risks

The SLT identified one new risk as follows:

***Financial sustainability of the Mayoral-led Combined Authority model*** – This risk is not unique to the WMCA, pressures on funding streams are in turn putting pressure on Combined Authority budgets.

# Key Messages for ARAC – Significant revisions (1)

***Cost of living crisis; inflation & global supply chain pressures*** – Revised to reflect the connected, but wider, concern of the cost-of-living crisis. This risk is complex and multi-layered, possibly impacting the people and businesses of the West Midlands and our own staff. With the possible subsequent effect on the funding streams we rely on to deliver our services and objectives.

***Commerciality*** - Revised to remove reference to COVID, but now reflects how the economic environment; inflation and a cost-of-living crisis, could increase our exposure to financial risk through our commercial models.

***Project / Programme appraisal & assurance*** – Revised to reflect the progress on transitioning to the use of the Single Assurance Framework. The SLT have agreed that once all portfolios have transitioned, likelihood will reduce to 1 bringing the overall risk score down to 5 and we would consider the risk to have been brought under control. At that point, it can be removed from the Strategic Risk Register.



# Key Messages for ARAC – Significant revisions (2)

**Capacity of leadership team** – The SLT recognised that a significant range of activity has now helped to bring this risk under control and it can now be removed from the Strategic Risk Register.

**Ineffective communication** – Revised to reflect significant work on improving Comms management. The SLT recognise that this type of risk cannot be removed entirely within an organisation like the WMCA. However, they agreed it was now under control and could be removed from the Strategic Risk Register.

**Delivery Commonwealth Games regional and spectator transport operations** – Following the successful delivery of the Commonwealth Games and overall spectator and workforce transport operations considered to have been successful, the SLT agree the risk can now be reduced and removed from the Strategic Risk Register.

# Key Messages for ARAC – Embedding Risk Management

- ❑ The first meeting of the risk network was held in August, with all parts of the WMCA well represented.
- ❑ Colleagues were interested in improving their understanding of the risks the SLT discuss and those being managed across the organisation. In response to their desire to learn more, I will now:
  - Publish a simple strategic risk register onto the intranet risk page and share a link via the Managers Briefing.
  - Work with Business Improvement Team colleagues to explore options for improving the capture of risk information across projects and programmes.
  - Facilitate discussions with Directorate Leadership Teams to consider risk management within directorates, and the identification and assessment of risks to the delivery of their objectives.