



West Midlands
Combined Authority

ARAC

Strategic Risk Update

January 2023

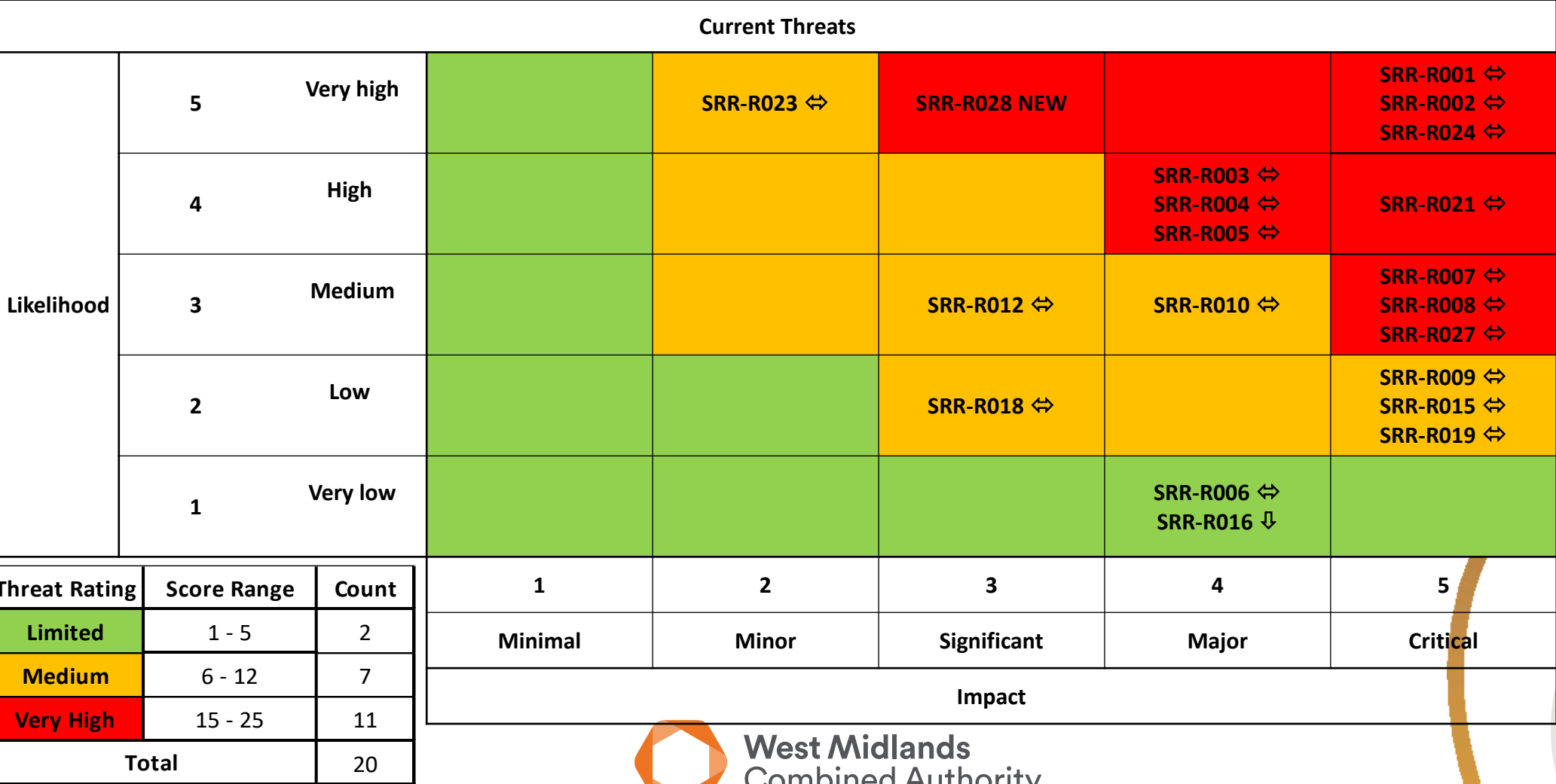
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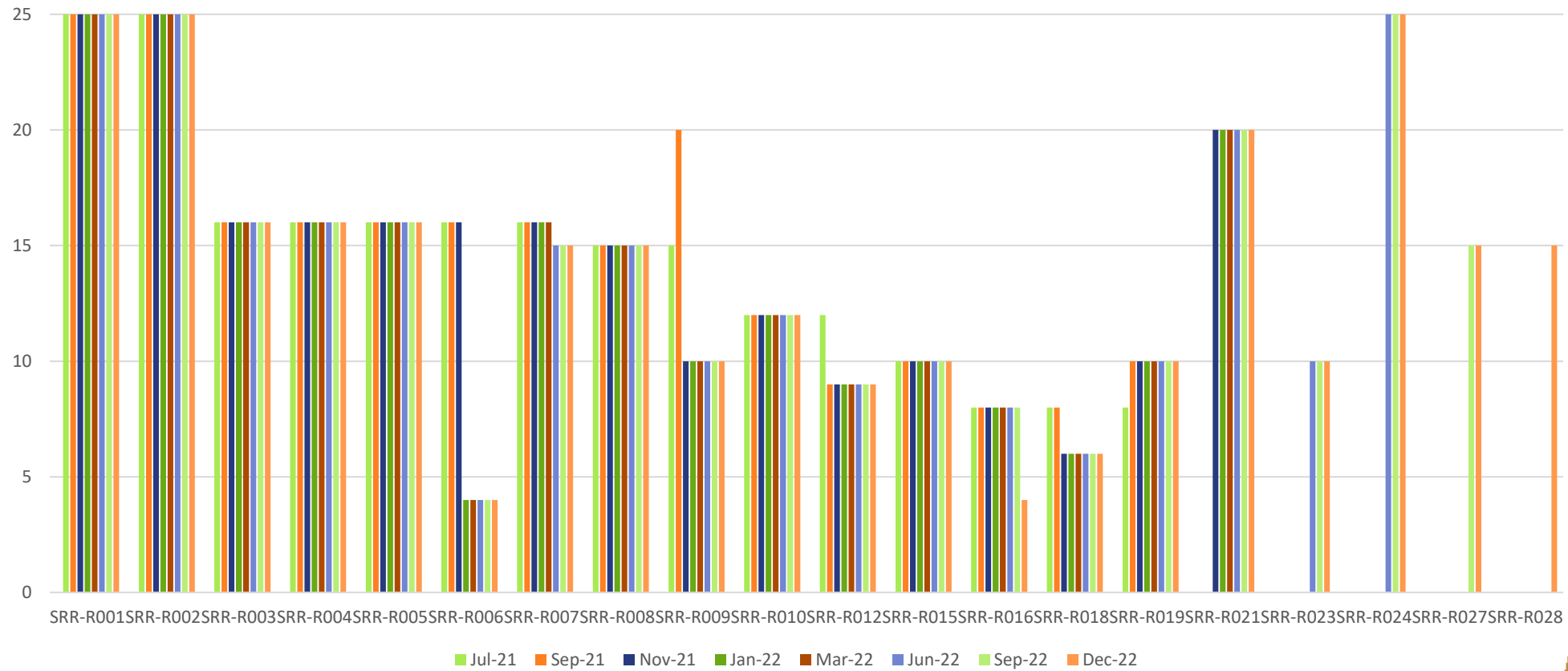
WMCA Strategic Risk Heat Map

A review of medium and low risks has resulted in the identification and assessment of one new risk, revisions to several more including the reduction of one risk.



WMCA Strategic Risk Trend

Risk Trend



WMCA Strategic Risk Trend

Following the latest review, there are now 11 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	Inflation & global supply chain pressures	25
SRR-R021	Financial resilience of WMCA to absorb fiscal shocks	20
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SRR-R008	Commerciality	15
SRR-R027	Financial Sustainability of the MCA Model	15
SRR-R028	Cost of Living Crisis	15 (New)

Key Messages for ARAC (1)

The SLT agreed that the *Cost of Living Crisis; Inflation and Global Supply Chain pressures* risk ought to be split into two individual risks, updated as follows:

Cost of Living Crisis – The UK is experiencing the highest rate of inflation in forty years, primarily driven by increases in the cost of fuel, incl: electricity & gas, the cost of food, and the cost of transport. The SLT agreed that this should be a new risk, linked to *SRR-R024 - Inflation & global supply chain pressures*, but focussed on the effects and what we can do within our responsibilities, for our staff and the citizens (people and businesses) of the West Midlands. We are helping signpost citizens of the West Midlands to the assistance the relevant authorities are providing, while looking at our own responsibilities, both for citizens and our own staff.

Inflation & global supply chain pressures – There is increasing evidence of this risk starting to affect WMCA. A paper on TfWM capital pressures went to the WMCA Board on 16 December, while the separate, but related, risk of *Post pandemic sustainability of public transport network*, reflects the possible impact on the sustainability of the bus network, where the expiry of Government funding in 2023 will combine with the effects of fuel cost inflation and driver shortages.

Key Messages for ARAC (2)

Failure to deliver the opportunities and benefits of the Investment Programme

SLT agreed that the focus of control activity was on Government engagement, specifically through the Trailblazer Devolution Deal discussions.

Continued operations - West Midlands 5G

Project finances are subject to robust business case criteria and grant agreement within WMCA. A governance structure supports this, with an arms length, wholly owned subsidiary company of WMCA, overseen by an independent Chair and with WMCA representation. External funding for projects is in arrears and all targets have been met to date. As a result, the SLT agreed that the risk of any failure to delivery is falling, but that they would retain the risk on the SRR for the time being in order to ensure it remained under control.