



West Midlands
Combined Authority

ARAC Strategic Risk Update April 2023

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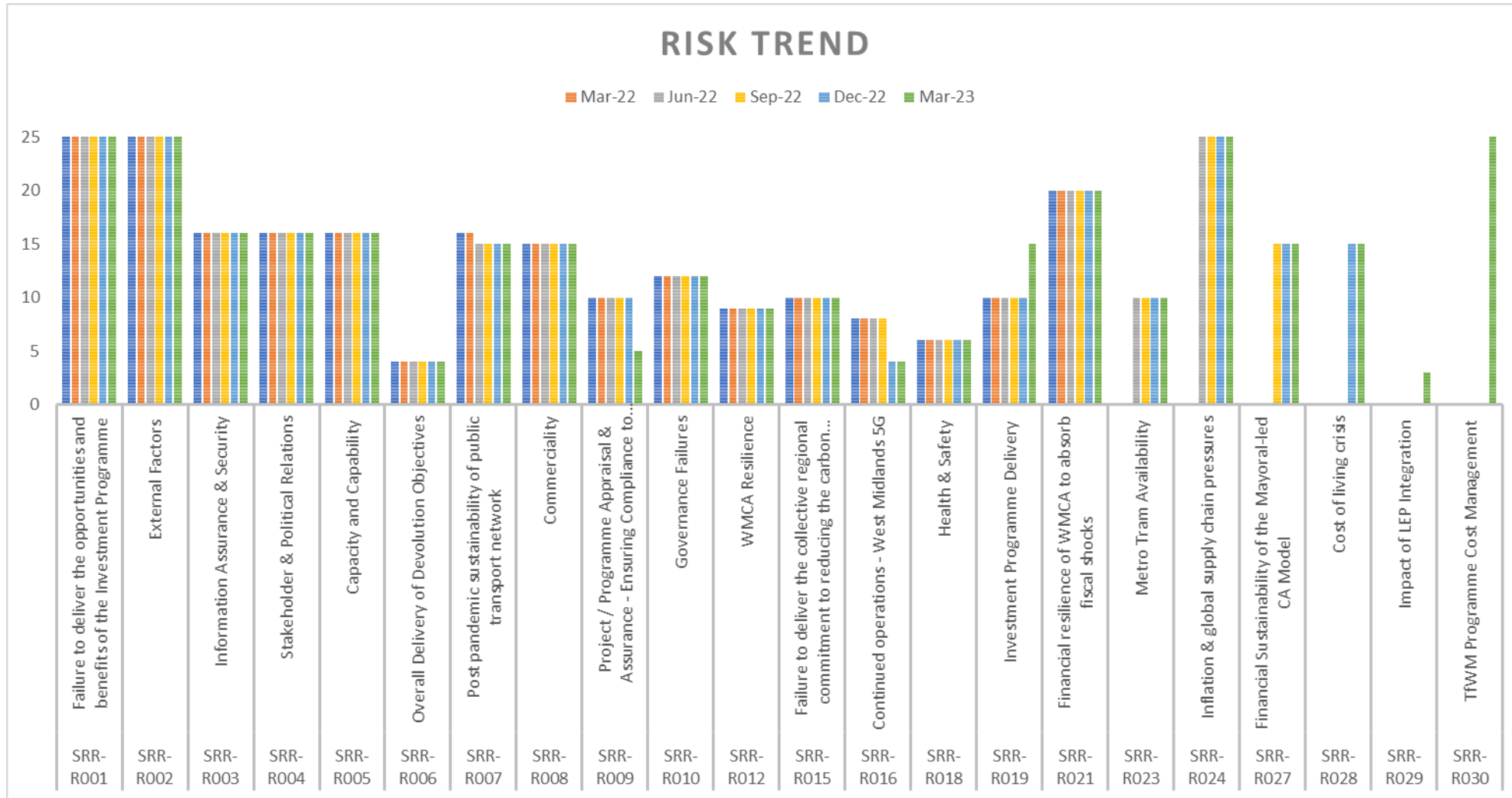
WMCA Strategic Risk Heat Map

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

Current Threats							
Likelihood	5	Very high		SRR-R023 ⇄	SRR-R028 ⇄	SRR-R001 ⇄ SRR-R002 ⇄ SRR-R024 ⇄ SRR-R030 NEW	
	4	High				SRR-R003 ⇄ SRR-R004 ⇄ SRR-R005 ⇄ SRR-R021 ⇄	
	3	Medium			SRR-R012 ⇄	SRR-R010 ⇄ SRR-R007 ⇄ SRR-R008 ⇄ SRR-R019 ↑ SRR-R027 ⇄	
	2	Low			SRR-R018 ⇄	SRR-R015 ⇄	
	1	Very low			SRR-R029 NEW	SRR-R006 ⇄ SRR-R016 ⇄ SRR-R009 ↓	
			1	2	3	4	5
			Minimal	Minor	Significant	Major	Critical
			Impact				

Threat Rating	Score Range	Count
Limited	1-5	4
Medium	6-12	5
Very High	15-25	13
Total		22

WMCA Strategic Risk Trend



WMCA Strategic Risk Trend

Following the latest review, there are now 13 strategic risks rated High / Red; one of which has seen its assessment increase. There are four risks with 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-R030 TfWM Programme Cost Management **25**
- SRR-R021 Financial resilience of WMCA to absorb fiscal shocks **20**
- SRR-R003 Information Assurance & 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-R019 Investment Programme Delivery **15**
- SRR-R027 Financial Sustainability of the MCA Model **15**
- SRR-R028 Cost of Living Crisis **15**



Key Messages for ARAC - New Strategic Risks

Impact of LEP Integration - Following the SLT's request in December 2022 for a new risk to be developed, the Risk Manager agreed a risk that reflected the position as at early March, with risk control activity focussed on negotiations with the LEPs, and specifically issues of resourcing and ongoing business support. However, in a fast-moving area of activity the risk is now considered to be largely under control, with outstanding areas of concern being managed at operational level. This is reflected in the latest revision to the strategic risk entry, where the risk is assessed as low. It is likely that the risk will be removed from the next iteration of the risk register.

TfWM Programme Cost Management - TfWM have identified a new strategic risk relating to the effective cost management of their programmes. A lot of activity has been recognised to bring the risk under control and we will continue to monitor this.

Key Messages for ARAC

Inflation & global supply chain pressures - We continue to see evidence of this risk affecting WMCA activity and we are actively looking at what we can do to mitigate the effects. The two main areas we have focussed on in respect of the impact of this risk are in HPR, where we are discussing priority pipelines with Local Authority colleagues and focussing on unblocking bottlenecks in projects coming up in the next 6 months; and TfWM, where we continue to make the case to Government for further funding for bus services.

Financial resilience of WMCA to absorb fiscal shocks and Financial Sustainability of the Mayoral-led CA Model - As with several strategic risks, these are inextricably linked. The approved 23/24 budget is once again supported by reserves, and with a further 3 months of bus funding announced the immediate risk has been reduced, but these are not practical long-term solutions.

Many of our strategic risks interact with each other and there is an understandable and significant focus on the Deeper Devolution Deal as a means of providing long term fiscal security to mitigate them. Following the announcement on 15th March, we are considering the detail of the Deal and will develop mobilisation plans and review the impact of the £1.5bn secured under the CA umbrella, this will include re-evaluating these risks to reflect the impact of the Deal.

Key Messages for ARAC – Risk to be removed

Project / Programme Appraisal & Assurance - Ensuring Compliance to National Devolution Commitments – All Directorates have now transitioned to the SAF process. Accordingly, the Executive Board agreed that the risk is now reduced to a level where it can be managed through the ongoing implementation of the SAF process and can be removed from the risk register.

Continued operations West Midlands 5G – As discussed at the last risk review, controls now in place mean the risk has greatly reduced and the Executive Board have agreed that this can be removed from the risk register.