

Corporate Risk Update

Combined Authority risk appetite levels

| | Low ↔ High Appetite | | | | | |
|---|----------------------------|----------|----------|----------|----------|---|
| | 1 | 2 | 3 | 4 | 5 | |
| Legal Compliance and Regulation | 1 | | | | | This is something for which the Combined Authority has no appetite for and expects minimal exposure to risk. Where it relates to a service which must be provided, significant controls must be in place. |
| Safety and Security | 1 | | | | | |
| Finance and Resources | | 2 | | | | There is a preference for what are deemed to be 'safe' options where there is a reduced degree of risk. Good controls are expected to be in place where risk remains. |
| Reputational | | 2 | | | | |
| Environmental | | 2 | | | | |
| Service Delivery and Operational | | | 3 | | | The Combined Authority accepts a level of risk may remain in the delivery of services in pursuit of our corporate priorities. The chosen option must present a healthy level of reward in relation to the risk faced. |
| Transformational Change | | | | 4 | | This is an area in which the Combined Authority has an increased appetite for risk. More uncertainty can be tolerated in seeking opportunities for improvement, commercialisation or innovation. |
| Development and Regeneration | | | | 4 | | |

Corporate risk summary

| | | Probability | Impact | Mitigation summary | |
|-----------------------------------|-----------|--|---------------|--------------------|--|
| Very high X5 | CRR - SD1 | <p>There is a risk that we fail to fully deliver projects and programmes (i.e. Growth Deal) within timescales or budget, or with the anticipated level of benefits, due to over-optimistic profiles, capacity within District partners and recruitment and retention challenges.</p> | Possible 3 | Critical 5 | <ul style="list-style-type: none"> • Significant monitoring and controls in place through PMO • Continuing support through 'District Pool' project resource • Call for projects to ensure healthy pipeline of projects/ programmes (2017) • Reviewing WY+TF portfolio with Chief Highways Officers • Review of housing outputs underway with district partners |
| | CRR - SD2 | <p>There is a risk that there are challenges and disruption to the way in which the Combined Authority provides services and the resources available to deliver those, due to uncertainty surrounding the UK's future relationship with the EU.</p> | Possible 3 | Critical 5 | <ul style="list-style-type: none"> • Brexit working group in place with Director representation and links to West Yorkshire Resilience Forum • Ongoing liaison with Bus Operators for reassurance on preparation for fuel or labour shortages • Communications and media campaign has increased to focus on effective signposting and support • Monitoring of legislative developments • Additional grant funding available to support local businesses • Secured additional resources, and refocussed existing ones, to support more businesses to prepare for Brexit and to gain a better understanding of impacts/opportunities on the economy. • Identifying any projects which may be vulnerable to shortages in skilled labour or supply chain disruption |
| | CRR -FR3 | <p>There is a risk that the Combined Authority does not secure an enhanced devolution deal or secure extensions to current funding agreements, due to government policy and failure to secure local agreement.</p> | Possible 3 | Critical 5 | <ul style="list-style-type: none"> • Devolution discussions continuing as a key priority • Development of pipelines to be 'bid' ready • Development of devolution 'Asks'. |
| | CRR - SD5 | <p>There is a risk that there will be a major impact on achievement of organisational objectives and/or a need to reconsider objectives and divert resources, due to a major unanticipated change in national policy (Brexit; major change in govt policy).</p> | Possible 3 | Critical 5 | <ul style="list-style-type: none"> • Continued dialogue with Government • Policy and Strategy directorate continuing to monitor emerging national trends • Continued work with local LEPs and Combined Authorities |
| | CRR - SD6 | <p>There is a risk that there could be major disruption to the delivery of business critical and frontline services, due to the Cononavirus outbreak and changes in the national response to this.</p> | Possible 3 | Critical 5 | <ul style="list-style-type: none"> • Ongoing monitoring of latest developments and Government advice • Continued update of service-specific business recovery plans to ensure scenarios impacting on critical services are identified and planned for • Precautionary measures in place and staff communications continuing |

| | | Probability | Impact | Mitigation summary | |
|------------|---------|--|---------------|--------------------|--|
| High x6 | CRR-FR1 | There is a risk that key services will cease and the knowledge and expertise we have developed to deliver them will be lost, due to uncertainty surrounding the availability and timing of future funding streams. | Possible 3 | Serious 4 | <ul style="list-style-type: none"> • Ongoing budget discussions with District partners • Ongoing devolution discussions with key stakeholders and Government, including the UK Shared Prosperity Fund • Regularly reviewing additional funding opportunities • Preparation of a submission to the 2020 Spending Review • Ongoing liaison with BEIS/DIT regarding continued funding |
| | CRR-DR1 | There is a risk that a major contractor/supplier/recipient of Combined Authority funding encounters significant financial difficulties, or enters administration or liquidation, and are therefore unable to deliver agreed projects, due to current uncertainties within the construction industry. | Possible 3 | Serious 4 | <ul style="list-style-type: none"> • Contractual KPIs & penalty clauses • Agreed escalation routes in contracts • Ability to de-scope via change requests with partner buy-in • Embed security measures into as many contracts as possible e.g. bond, legal charge, priority in lending hierarchy • Regular financial checks in place through Procurement & contract/loan monitoring • External consultants procured to advise on future investment strategy/due diligence processes for more commercial deals |
| | CRR-FR2 | There is a risk that there is insufficient floorspace to generate projected business rates income, due to challenges in bringing forward Enterprise Zone sites within Growth Deal funding and occupier incentive timescales. | Possible 3 | Serious 4 | <ul style="list-style-type: none"> • Progress policy gap workstreams in parallel with Delivery • Progress detailed due diligence & potential funding/overage agreement negotiations • Identify other potential land/property income streams for GD monies |
| | CRR-SS1 | There is a risk that a major accident or injury occurs at a Combined Authority facility, due to the high volume of people and inherent operational risks present in a bus station, transport interchange or Combined Authority facility. | Unlikely 2 | Critical 5 | <ul style="list-style-type: none"> • Health and safety policies, procedures and processes in place • Staff training • Ongoing review of Health and Safety risks • Working with district emergency planning units to share knowledge and develop joint plans • Continued working with police on preventative measures • Business Continuity and Disaster Management workshops taking place at corporate level |
| | CRR-DR2 | There is a risk that significant travel disruption arises from the implementation of major transport investment programmes, due to their intrusive nature, and a lack of effective communication or co-ordination. | Possible 3 | Serious 4 | <ul style="list-style-type: none"> • Close working with programme sponsors on phasing out of construction • Mitigating travel arrangements • Creation of a 'travel demand management plan' to inform and influence travel behaviours • Economic analysis taking place to further assess current situations and potential future risks |
| | CRR-SD3 | There is a risk that there is a substantial reduction or alternation of services to customers, due to the business failure, sale, or substantial change in bus/rail providers. | Possible 3 | Serious 4 | <ul style="list-style-type: none"> • Close relationships with operators to obtain early warnings • Dialogue with DFT, TFN • Work commissioned and in progress to consider future bus options |

