

AGENDA ITEM 11

PAPER FOR FINANCE AND AUDIT COMMITTEE 16/3/2021

Review of Corporate Risk Register

The table highlights the key corporate risks, scored by the highest residual risk rating.

RISK SCENARIO	IMPACT	FUTURE CONTROLS / MITIGATION MEASURES	Planned actions	Residual risk rating		
				IMPACT {1-5}	LIKELIHOOD {1-5}	TOTAL
EZ receipts received not in line with forecasts	Unable to undertake the necessary EZ investments, repay loans and develop other areas of LEP activity.	continue to liaise with business rate function staff to improve forecast accuracy and determine contingencies. Establish a reserve within EZ funds. Manage expectations about availability of finance and reduce investment programme accordingly if need be.	Improve forecasting and understanding of cashflow and monitoring of income. Ensuring that we have sufficient levels of reserves to manage short-term variances in EZ income. Ensure sufficient flexibilities to turn on and off commitments.	4	3	12
Uncertain economic conditions make it difficult for the LEP to support economic development.	It's hard to identify how the LEP can tackle all the issues that are likely to crystallise as a result of the pandemic. The LEP may not have the means to adequately and comprehensively respond. Could impact the reputation of the LEP.	Recovery plan being developed in conjunction with stakeholders which will convey the scope of what the LEP intends to do to aid recovery	Investment in developing business cases and "Place" marketing has been approved by the board and further use of EZ retained business rates is expected to continue creating opportunities and awareness. Committees are tasked with redirecting funding for failing projects in order to prevent loss of funding. Continue Horizon scanning to drive pipeline of appropriate projects.	4	3	12
Risk of criticism of COVID response and then subsequent recovery response and resources available for it.	Reduces the scope for the LEP to be able to respond meaningfully to changing economic conditions. Prevents stakeholder meaningfully engaging with recovery plans.	In the process of developing shorter term interventions which could start early next year as we emerge from the pandemic. Pipeline of projects developed. Need sub region wide agreement to initiatives to get buy-in/support	Recovery plan is being prepared for approval by end of February 2021	4	3	12
Funding of the LEP is uncertain both at a core level and programme level. This could impact ongoing economic development and investment in C&W	Makes it difficult to forward plan. The LEP receiving less funding in future, potentially jeopardising key economic projects necessary to deliver the economic targets for the sub-region.	Set budgets at a level which recognise uncertainty. Maintain close links with funding departments, including MHCLG, BEIS, DFE, DIT, DCMS and be aware of funding programmes	'Pursue and align to areas of economic development associated with new funding streams made available by Government.	3	4	12
LEP review and spending review will create change, ambiguity and need to change LEPs objectives and internal structure.	Will make it more difficult for the LEP to plan it's resources and deliver objectives which will need to be realigned to meet new objectives which might not be entirely clear. Board and committee members might become disengaged, not seeing the value in committing their time to the LEP given revised priorities.	Work with ministers and officials to help reduce ambiguity to help better inform LEP structures and objectives. Work with LAs and LEP network to help shape those discussions and understand what ministers really want to achieve. Make sure that the views of C&W LEP are heard. Ensure mgt of internal structure and finances maintain max flexibility to respond to changing priorities	Continue to review position and align response accordingly. Continue to brief staff and board as the position evolves. Work to actively keep board and committee members committed to supporting the LEP.	3	4	12

The register is reviewed on a regular basis and a new risk has been added following the announcement in the budget of a review of LEPs. This has an unmitigated risk score of 16; high likelihood and high impact. It has replaced a risk previous described as the risk of policy change leading to the disbandment of LEPs. The review will take place over the next few months, but it is considered that the most likely outcome will be a change of role for LEPs rather than the removal of LEPs entirely. We expect to have close engagement with the review.