

## **Paper for: The Finance and Audit Committee**

**Title: Review of Key Corporate Risks**

**Date: 9<sup>th</sup> September 2020**

**Strategic Purpose: Risk Management**

**Resource Implications:**

**F&A Committee: To review the key corporate risks and comment as needed.**

### **Introduction**

Attached to this paper is a summary of the current risk register. When last reviewed in June, it was agreed to increase the risk impact of Covid-19 which was a new risk added to the register in March/April of this year. It remains under regular review by management and plans are being made to re-open LEP offices on a limited attendance basis. This follows Government encouragement for office-based staff to return to more balanced working arrangements including attendance at the office as well as work from home once schools have returned. Risk assessment has been carried out and a variety of measures put in place to support hygiene and social distancing including signage, a desk booking system to limit the maximum number of staff at any one time and consideration of team rotas.

The ratings for other risks remain as previously scored. Uncertainty remains over future funding until after the Comprehensive Spending Review. Submissions will be made in late September with the outcome expected in December or January. The settlement has the potential to impact significantly the scale and nature of investment funds available to the LEP to help recover the local economy, as well as the level of resources available to the LEP as an organisation to support the strategy and policy development and programme management.

In determining the budgets for 2021/22 and beyond, Government is expected to examine the various tax systems and structures including business rates. Assurances have been sought that should any changes be forthcoming, any existing arrangements dependent on the current system will be underwritten.

Place Marketing planning is subject to change of emphasis due to Covid-19. In the short term, a focus on creating jobs for the sub-region has taken on a much higher level of priority but the ambition to promote specific sectors as identified in the SEP and LIS remains unaltered.

Ian Brooks

September 2020

Change in residual risk score from last month	RISK SCENARIO		CURRENT CONTROLS / MITIGATION MEASURES	PLANNED ACTIONS	Controlled risk rating		
	As a result of....there is a risk that...	the impact of which could result in....			IMPACT {1-5}	LIKELIHOOD {1-5}	TOTAL
→	As a result of the high degree of volatility with regard to EZ income arising from forecast accuracy, potential VOA revaluations, there is a risk of failure to exceed baseline on EZ sites meaning less or no income would be due to the LEP.	Unable to support business cases, meet expectations, hampering ability to generate more income by not investing in sites, not able to services loans.	Meet 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.	Meet 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.	3	4	12
→	As a result of the LEP receiving a reduction in funding, e.g. post EU funds, there is a risk that it cannot maintain the current level of staff or investment	The LEP receiving less funding in future, potentially jeopardising key economic projects necessary to deliver the economic targets for the sub-region.	Maintain close links with funding departments, including MHCLG, BEIS, DfE, DfT, DCMS and be aware of funding programmes and opportunities		4	3	12
→	As a result of failing to effectively market Cheshire and Warrington to businesses and people there is a risk of insufficient investors or insufficient skills and capabilities to deliver the economic aims.	Failure to deliver economic growth, skills or the quality of place aspired to in the Strategic Economic Plan and Local Industrial Strategy.	MC has been more closely integrated into the LEP, and a joint committee established to approve and promote the "place" marketing strategy. Identify the role of the LEP and wider public sector in attracting and maintaining jobs in the area.	Place marketing will be a joint effort with Local Authorities and other stakeholders. A plan and measures need to be developed to determine the effectiveness of marketing initiatives	4	3	12
↑	Health and safety: While people are at home while working in the office risk of absence due to susceptibility to COVID and stress as a result of increased workload, unusual working patterns, work station set up.	High levels of stress and/or sick leave amongst staff	Ensure weekly contact between staff and line managers. Encourage all staff to undertake a work station assessment. Staff are allowed to work flexible hours. Support line now provided by HR company.	Staff allowance of £200 to make work stations more comfortable.	5	2	10
→	As a result of uncertain economic conditions and demands for LEP funding it may be difficult to achieve the SEP and LIS outcomes.	Failure to deliver economic growth, skills or the quality of place aspired to in the Strategic Economic Plan and Local Industrial Strategy.	The LEP continues to market support to local authorities, businesses and colleges for programmes concomitant with the various programme funds initiated by Government departments.	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.	3	3	9
→	Policy change within government may mean that LEPs are disbanded	The LEP needs to ensure it maintains adequate budget to wind up the LEP including staff redundancies and the legal costs of transferring contracts, winding up all the services etc.	The work that the LEP does can perhaps largely be transferred to other bodies. The reason for holding the reserves should continue to be made clear in the accounts.		3	3	9