



**Paper for: The LEP Board**

**Title: Agenda Item 8 - Review of Corporate Risk Register**

**Date: 14 July 2020**

**Strategic Purpose: Ensuring Governance and providing Assurance**

**Resource Implications: None**

**LEP Board: To note in support of the statement of key risks set out in the Annual Report and Accounts and in discharge of Directors' responsibilities.**

1. The LEP maintains a Corporate Risk Register as a record of the risks identified by management which could, if they materialised, impact on the performance of the LEP or the delivery of its objectives.
2. Risk registers are also maintained at a programme level and the top risks of those programmes are reflected within the Corporate Risk Register.
3. Risks, once identified, are evaluated in terms of their likelihood to occur (on a scale of 1-5) and their estimated severity of impact on the LEP (also on a scale of 1-5). Multiplying the scores gives a "raw" assessment of the risk, the maximum score being 25. A risk scoring 15 points or more is considered a high risk, between 8-14 points is medium risk, and below 8 is low risk.
4. Decisions are taken, initially by senior management, on whether to accept, avoid or reduce the exposure of the LEP to the risk concerned. In practice, management will seek to put in place mitigating measures for any high or medium risk, identifying specific actions to reduce either the likelihood of occurrence or the impact should the risk materialise. The risk scores are re-evaluated on the basis that those actions are carried out and further actions might also be identified. Even when actions are carried out, some significant risks remain.
5. Risk registers are updated monthly by management and reviewed at each of their meetings by P&I committee and F&A committee and challenge given to ensure that the mitigating actions are being carried out.
6. The entire risk register is a substantial document so a summarised table is attached at Appendix 1.
7. For the annual report and accounts, a high level summary of key risks is included as part of the strategic report but is supported by the detail and processes outlined in this paper and the risk registers.

**Ian Brooks**

**Finance & commercial Director**

**July 2021**

The table highlights the key corporate risks, scored by the highest residual risk rating. Risks are reviewed by senior management monthly and an indication is given on whether the level of risk is changing from earlier assessment.

RISK SCENARIO		CURRENT CONTROLS / MITIGATION MEASURES	PLANNED ACTIONS	Controlled risk rating			Direction of travel
As a result of....there is a risk that...	the impact of which could result in....			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 has been developed in conjunction with stakeholders and is due to be ratified by the LEP board in May. Ensure that the policies that the LEP is pursuing makes the best value of the resources available to us and achieve maximum impact and that the LEP stakeholders fully understand the role that the LEP is and is capable of doing.	3	4	12	→
LEP review and spending review will create change, ambiguity and need to change LEPs objectives and internal structure.	LEP review may mean that staffing structure of the LEP needs to change to meet new priorities to ensure LEP has the right skills and expertise. May cause staff motivation and uncertainty. issues 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. Work to reassure staff and that the LEP is expected to grow. Budget setting will need to account of budget uncertainty.	Continue to review position and align response accordingly. Continue to brief staff and board as the position evolves and a positive view of what the future role of the LEP will be. Work to actively keep board and committee members committed to supporting the LEP. Working on review of LEP within C&W. Develop comms plan which promotes the achievements of all the different funding initiatives so that while the capital funded programmes may be coming to an end, the LEP is involved in far more activity which adds value.	4	3	12	→
The resources of the LEP severely constrain the amount of intelligence the LEP can gather and the ability to respond to business closures or opportunities.	Criticism of LEP response and weak local response to opportunities and threats and damage to the reputation of the LEP	Co-ordinated response from the LEP in conjunction with the LAs. Ensure network across the region is joined up to achieve maximum impact.		5	2	10	→

Beyond the top risks, the register covers a wider range of further risks.

As a result of....there is a risk that...	the impact of which could result in....			IMPACT {1-5}	LIKELIHOOD {1-5}	TOTAL	
Non Compliance with the Governing structures in which the LEP operates e.g. National Local Assurance Framework, Ney Report, Nolan Principles, Public Procurement, state-aid etc.	The LEP receiving less funding in future, potentially jeopardising key economic projects necessary to deliver the economic targets for the sub-region. Non compliance may also result in fines.	The LEP acts on recommendations. Annual updates of the LEP's Assurance framework, increased transparency of the LEP data		4	2	8	→
As a result of an imbalance between the demands on the organisation and the resources available to it, there is a risk that performance is perceived as "requiring improvement"	Damage to the LEP reputation in the eyes of stakeholders.	Ensure LEP continues to update the LAF and follow the processes therein, Follows up actions from audit reports and annual and mid year reviews and develop best practice. Close contact with S151.		2	4	8	→
Health and safety: While people are at home returning to the office risk of absence due to susceptibility to COVID and stress as a result of working conditions	High levels of stress and/or sick leave amongst staff. Lost opportunity of not having people in the office to develop relationships and share knowledge	Ensure weekly contact between staff and line managers. Staff are allowed to work flexible hours. Support line now provided by HR company. Maintain regular review of risk assessments including Covid adaptations at LEP offices.	Give clear guidance on expectations about working from the office. Paper developed to brief staff which takes into account staff concerns. Continue to listen to staff concerns. Ensure procedures are in place to implement the policy e.g. staff numbers in the office, wipes etc. Response will take into account local infection rates.	4	2	8	→
LEP has a much wider range of programmes and initiatives under management. Need to ensure appropriate management/ checks and balances are in place and that all programmes and initiatives are properly resourced through the whole project lifecycle, and that all mandatory processes are carried out appropriately	Potential loss of funding, reputational damage, claw back of grants. Lower level of outputs achieved. Programme targets missed due to poor performing projects	Keep people ringfenced within programmes so that if that funding ends it doesn't impact on the core operations of the company.	Need to fully understand extent of exposure on all programmes.. Discuss initiatives at SMT before progressing through to committee stage. Ensure that all initiatives have been researched appropriately supported by evidence of need and benefits clearly articulated. Projects should follow processes set in the Local Assurance Framework but proportionate to the size of the initiative	2	4	8	→
Non compliance with GDPR	Fines imposed under DPA 2018 (GDPR). Stakeholders refuse or are reluctant for the LEP to hold information. Reputational damage.	Review who we have contracts with and make sure they have signed up to T&Cs to manage information appropriately. Issue T&Cs to all new consultants and contractors and make sure they cover the protection of information.	Continue to work through areas of improvement identified by the consultants and complete the agreed action plan. Combine privacy notices of the LEP and MC to facilitate data sharing updated for new website, and include provision to hold data obtained from children (e.g. Pledge, NP11). Look at provide refresher training and for new starters including board and committee members. Review retention policy.	3	2	6	↘
LEP's SEP and Marketing doesn't respond effectively to the changing economic conditions.	Missed opportunity to maximise economic growth, skills or the quality of place aspired to in the Strategic Economic Plan and Local Industrial Strategy and importantly respond to the changing economic conditions appropriately. Would lead to criticism of the LEP and impact funding if interventions weren't appropriate.	MC has been more closely integrated into the LEP, and a joint committee established to approve and promote the "place" marketing strategy. Wider involvement of the LEP in revising objectives needs to be put in place as the issue extends far beyond just place marketing.	Need to ensure the LEPs plans remain up to date and reflect changing economic conditions. Recovering plan due to be published in May	3	2	6	↘

As a result of....there is a risk that...	the impact of which could result in....			IMPACT {1-5}	LIKELIHOOD {1-5}	TOTAL	
Risk of fraud/abuse of the grant funding programmes. Difficulty of recovering funds if issue found	Reputational damage. Lost opportunity cost to help viable projects.	We have robust processes in place for awarding grant funding which will need to be maintained for any new initiative. Organisations awarded contracts for distribution of grant funding will have their systems and processes assessed as part of the procurement process		2	3	6	→
Effectiveness of communication across teams diminished due to increased number of staff and teams.	Company begins to operate in silos reducing cross working and opportunities that should arise from this.	continue to have cross departments meetings and "away days" to build relationships and better understand different part of the organisation.		2	3	6	→
Lack of full oversight of different initiatives which the LEP is responsible for delivering in some way either as accountable body or delivering on behalf of another body.	The LEP is found not to have complied with procurement, GDPR or state-aid rules. Reputational damage to the LEP and officers and could lead to fines for non-compliance.	Issue SLA to NP11 to stipulate that all work delivered should comply with national law and the national Assurance Framework. Need to maintain oversight of anything that is being procured and contracted in the LEP's name. Provide training if required and have appropriate sign off procedures in place.	Continue to ensure all work where the LEP is the accountable body follows the AF and has oversight from the SMT.	3	2	6	→
LEP doesn't update its systems and processes to reflect the changes to state-aid, procurement etc post Brexit.	Failure to reference the latest legislation appropriately could lead to contractual issues and non-compliance causing the LEP issues with it's funders.	Update all grant offer letters and standard contract documentation including T&Cs to ensure they comply with all the post Brexit changes.	Discuss with LEP network whether a LEP wide update can be co-ordinated which would be more cost efficient.	3	2	6	→
As a result of board members, or staff, not complying with codes of conduct, the LEP receives negative publicity and the perception.	Reputational damage to the company which reduces the LEPs influence, credibility and access to stakeholders.	Ensure gifts and hospitality policy is understood by all staff and register is updated. Clear policy on entertaining. Register of interest should be reviewed and updated by all staff and board members every 6 months. Procurement process improved to provide better level of transparency and ensure conflicts of interest clause is included in all ITTs.	Any incidents to be fully investigated on a balance of probabilities basis. Use the opportunity to demonstrate strong LEP controls. Proactively release press statement of any disciplinary action. Review systems and processes to ensure any potential conflicts of interest are identified. Carry out training to embed checks.	2	2	4	→
As a result of weak HR policies, procedures and practices, there is a risk of increased staff turnover and loss of key expertise and skills.	The impacts would be delay on delivery, create additional pressure on remaining staff affecting morale and motivation, and loss of knowledge.	A review has been performed to understand the "As-Is" status of the HR function. This has identified several aspects for further review or action. A priority was placed on developing a coherent pay and grading structure covering both the LEP and MC.	A prioritised action plan to further develop existing HR processes and address gaps identified by recent work, with suitable resources, shall be developed during Q3 and implementation commenced in Q4.	1	3	3	→
As a result of an incident (fire/flood/storm damage/explosion/IT failure/ cyber security attack), there is a risk of long term disruption to the LEP ability to continue normal operations.	The LEP is unable to provide services to applicants, businesses, the public or stakeholders, damaging its reputation	IT data is backed up at least every 24 hours and there is a plan in place with the IT provider to re-create IT systems within 48 hours. Business Continuity Plan. 'Systems already greatly improved with two factor authentication, firewalls, daily updates of anti-virus and patch mgt, config management. Staff training and awareness of potential phishing emails.	Data now stored on cloud based systems which enables remote access working to data that is continuously backed up. Remote and mobile working technologies reduce the dependency on office needs and "dedicated" IT hardware.	2	1	2	→

The register is reviewed on a regular basis and no new risks have been added recently.