

MARCHES LEP WORK PROGRAMME RISK REGISTER - APPENDIX 2

Risk No.	Risk Description	Description of Potential IMPACT (quantified wherever possible)	Prevailing Risk Ratings			Risk Responses	Target Risk Rating			Risk Owner	Review Date	Live/ Closed	Date Closed	Change
			LIKELIHOOD Rating	IMPACT Rating	RISK Rating		Target LIKELIHOOD rating	Target IMPACT Rating	Target RISK Rating					
Governance														
1.8	Single monitoring system to oversee programme and project monitoring is not in place.	Government lacks confidence in LEP's ability to monitor programme. LEP, PRMC & LEP Board unable to track progress/manage programme.	Medium	Medium	2	A new and comprehensive programme management system and process has been established and is being implemented by the LEP team. The new system will allow more effective management of the overall programme and information will be easier to access. Reporting to the Government will also be made easier. Programme and project management has been checked as part of the internal audit undertaken in 19/20 by Shropshire Council Audit Services. The LEP has moved up 2 assurance levels from Limited to Good with sound systems of control in place to address relevant risks and controls being applied consistently.	Low	Low	1	LEP Director	09.03.2020	Live		↓

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Resources														
2.2	Lack of capacity in Finance Team.	Financial reports not prepared in a timely manner leading to inability to monitor spend & delays to programme.	Low	High	3	Previous risk responses have been archived. The LEP Accountancy Assistant role has now been filled. A review of capacity as part of the SLA with Shropshire Council in respect of services received is being carried out.	Low	High	4	LEP Director/ S151 Officer	09.03.2020	Live		↔
2.3	Reduced capacity due to LEP Team absence, members of the team leaving or lack of funding.	Delays due to lost knowledge & lack of capacity to monitor projects.	Medium	High	4	Previous risk responses have been archived. LEP Project Support Officer has now started in post. The LEP has also procured a consultant to provide additional capacity within the team to support with the project calls. This is working well and alleviating pressure from the day to day programme management of the existing projects.	Medium	Medium	4	LEP Director, Chairman & PRMC	09.03.2020	Live		↔
2.5	Appropriate project resources are not allocated by all project delivery organisations.	Delay in completing tasks leading to delays to the programme.	Medium	High	6	The LEP Team work closely with project managers and monitor project progress regularly including through quarterly monitoring meetings. No further update provided.	Low	Medium	2	LEP Director	09.03.2020	Live		↔
2.6	Project costs escalate since outlined in the Strategic Economic Plan (March 2014) for Growth Deals 1 and 2; and since Growth Deal 3 project proposals.	Local match funding no longer available & projects cannot be delivered.	Medium	High	6	Project Managers provide detail to LEP prior to contracting, via monthly project claim forms and quarterly monitoring meetings. No further update provided.	Low	Medium	2	LEP Director/ITE	09.03.2020	Live		↔
2.7	Local authority and other partners lack funds to bring forward new priority projects.	New priority projects stall. LEP has no viable project pipeline.	Medium	High	6	LA and other partners to work with LEP to ensure match funding is available. LEP capacity funding is being used to encourage project development. No further update provided.	Medium	Medium	4	LA Partners/ LEP Director	09.03.2020	Live		↔
2.8	LA partner capacity reduced due to funding cuts and no continuity plan in place.	Individual projects not delivered within the programme and delays due to loss of staff time and knowledge.	Medium	High	6	LA partners required to provide named project manager for each priority project promoted by the LEP. No further update provided.	Medium	Medium	4	LA Partners	09.03.2020	Live		↔
2.9	A company defaults on their MIF loan	In short term, loan would not return to LEP for recycling and interest would be lost. Project outcomes and outputs would not be delivered	Low	Medium	2	Detailed due diligence is undertaken on all applicants including checks with Companies House. The contract with the applicant confirms that the accountable body will activate a charge on property and either sell or complete the project to recoup the loan and interest. No further update provided.	Low	Medium	2	LEP Director	09.03.2020	Live		↔
2.10	Lack of knowledge/training on the cloud based system.	Work may be lost and/or stored in a less secure place than the cloud, could result in loss of confidential or commercially sensitive information.	Medium	High	4	Team trained on 27th June 2016, will be refreshed as required. New team members were trained on 27th October 2017. The LEP has a dedicated IT partner at Shropshire Council and staff received training on cloud based system on 28th January 2020.	Low	Low	1	LEP Director	09.03.2020	Live		↓
2.11	LEP does not receive its full allocation of Growth Deal 3 funds for all five projects from the Government.	Key projects are not fully funded, could result in other funds needing to be found, projects being scaled back, or projects not going ahead.	High	High	9	LEP team continues to work with BEIS local officers and with project promoters to reduce the risk to projects. No further update provided.	Medium	Medium	4	LEP Board/Director	09.03.2020	Live		↔

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Programme Management															
3.1	Programme is too loosely managed, allowing timeline slippage and inconsistent record keeping.	Programme timeline becomes unrealistic and key milestones are missed. Transparency is negatively affected, opening the LEP up to criticism and making the programme harder to replicate in future plans.	Low	Medium	2	Previous risk responses have been archived. Programme managed in accordance with provisions of the Assurance Framework. PRMC meets bi-monthly to review milestones and spend against profile. Project claim forms submitted monthly. New systems and procedures implemented March 2018 in response to Shropshire Council Audit report. Programme and project management has been checked as part of the internal audit undertaken in 19/20 by Shropshire Council Audit Services. The LEP has moved up 2 assurance levels from Limited to Good with sound systems of control in place to address relevant risks and controls being applied consistently.	Low	Medium	2	LEP Director/ PRMC	09.03.2020	Live		↔	
3.2	Delivery partners fail to complete project status reports by the required deadline.	PRMC receive insufficient notice of any project issues and/or underspend and money is lost from the programme (if processes in 3.1 and 1.7 not followed).	Medium	High	6	Forward programme of deadlines provided to project managers with updates as required. All projects are required to submit monthly reports and claims, (except broadband projects which report quarterly due to their contractual arrangements), and to have quarterly monitoring meetings with the LEP. No further update provided.	Low	Medium	2	PRMC/LEP Director	09.03.2020	Live		↔	
3.3	Project scope is not agreed, clarified & communicated to the LEP team.	Proposed projects do not deliver against SEP priorities and identified business needs. Expected benefits are not realised.	Low	High	3	Project scope, deliverability and benefits identified through the business case prepared at the outset of the project, and appraisal by ITE verifies this and communicates it with the LEP team. Projects update project status reports monthly which the LEP Team monitor; the process is included in the Accountability and Assurance Framework. A more robust process to monitor and record project outputs has been signed off by the LEP's accountable body and will be implemented in Q4 2017/18. See risk 1.8. No further update provided.	Low	Medium	2	Project manager	09.03.2020	Live		↔	
3.4	Delivery partners fail to deliver projects on time & to budget leading to underspend against government annual Growth Deal profile.	Slippage in projects & programme, milestones not achieved, leading to withdrawal of funding.	Medium	High	6	Previous risk responses have been archived. Monthly reporting and claims by most projects (quarterly for broadband projects). Bi-monthly reporting to PRMC by the LEP Team & risk registers. Effective reporting mechanisms in place between PRMC, LEP Board & government. Programme management approach to funds seeks to minimise loss of Growth Deal funds. The LEP Team has identified a potential risk of underspend within the 2019/20 Financial Year, currently the team are talking to all project leads/sponsors about bringing forward funds to mitigate that risk. The LEP team are working with projects where a potential underspend for 19/20 has been identified to find solutions. A skills call has been undertaken to utilise the underspend of £270k and a capital call has been undertaken for Expressions of Interest. 4 applications for the skills call have been received and these have been appraised. 18 expression of interests have been received and these are being appraised. Two applications for the skills call were successful. These are now being contracted and will utilise the £270k underspend. The anticipated funds from the South Wye Project are being returned. The project call to utilise these funds is making good progress. The 18 expression of interest applications have now been appraised with 11 being invited to submit full business cases. An Independent Technical Evaluator has been procured to assess these submissions. The LEP are also looking to procure independent legal support to assist with the contracting of these projects once they have been approved by Board.	High	Medium	6	PRMC/ LEP Board	09.03.2020	Live		↔	

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3.5	The South Wye Package is our biggest project and represents approximately 1/4 of the LEP's overall Growth Deal.	If the project doesn't proceed or complete, a significant proportion of the Growth Deal funds will need to be re-allocated.	Medium	High	6	Previous risk responses have been archived. Termination of the funding agreement for the South Wye Package was agreed at LEP Board on the 27th January 2020 in order to release money back to Growth Deal. The project call to utilise these funds is making good progress. The 18 expression of interest applications have now been appraised with 11 being invited to submit full business cases. An Independent Technical Evaluator has been procured to assess these submissions. The LEP are also looking to procure independent legal support to assist with the contracting of these projects once they have been approved by Board.	Low	Medium	6	LEP Board	09.03.2020	Live		↑
3.8	The NMITE project represents a large proportion of the Growth Deal 3 allocation (36%). Match funding has not yet been fully secured, without the match it may not be possible to continue to fund the project with Growth Deal funding. The spend profile for the project does not reflect the profile given to the LEP by the Government.	If the match funding is not confirmed, there will be no match funding for Growth Deal funds which is a requirement by DCLG. If the project goes ahead, the Growth Deal funds coming to the LEP from the Government will be insufficient to cover its planned spend profile in 2018/19 & 2019/20.	Medium	High	6	Previous risk responses have been archived. The Phase 2 contract is currently being negotiated (see agenda item 6b), there have been delays in getting the agreement finalised around the underwrite clauses. It was expected that approval to underwrite the project would go to Herefordshire's cabinet either on the 19th December 2019 or January 2020. Unfortunately, this could not be accommodated as the clauses have yet to be agreed. To mitigate any further delays in contracting, two options were put to the Board and explored in relation to the contracting and management of NMITE Phase 2. The preferred option of Herefordshire Council becoming Accountable Body for the project is being taken forward. On 2nd March 2020 a letter was sent to Herefordshire Council S151 officer confirming the LEP's Accountable Body (Shropshire Council) would delegate responsibility for managing this grant and the relationship with the applicant (NMITE) to Herefordshire Council.	Medium	Medium	6	LEP Board, LEP Director, NMITE	09.03.2020	Live		↑
3.9	The funding profile provided by the Government does not match the funding required by the Growth Deal 1, 2 & 3 projects as submitted by the LEP to government - if the projects spend to their profiles there will be insufficient funding from Government in 2017/18 through to 2019/20.	There is a risk to the projects that if they spend to their profiles during 2017/18-2019/20, they may not receive the full amount of their claims until 2020/21 when sufficient funding comes from the Government. If the LEP does not spend its full allocation of funds in year, there is a risk that funding could be lost from the programme.	High	High	9	The LEP Board meeting on 21 st Nov 2017 approved the use of Mf to bankroll the shortfall in 2018/19 and to request S151 Officers and Finance lead at the University of Wolverhampton all attend PRMC on 21 st Dec 2017 to seek a resolution to the shortfall in 2019/20. Following dialogue with all GD3 project leads a proposal for covering their own spend in 2019/20 has now been agreed. Funding agreements are being drafted to reflect this position. Monitoring visits have been undertaken with project leads to seek assurances that the projects will spend to profile, ensuring there is no impact on the viability of government funds.	Medium	Medium	4	LEP Board, LEP Director, project managers	09.03.2020	Live		↔

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3.10	Partners fail to spend the required level of match funding, or fail to report on match funding spend and/or outputs from the project delivery.	The government response is unknown, but could include claw-back of funds.	Medium	Medium	4	A quarterly monitoring process has been drafted by the LEP Team and now agreed with Shropshire Council Finance Team and S151 Officer. New process has been implemented and the LEP are currently undertaking an exercise around reviewing and verifying Match Funding. No further update provided.	Low	Low	1	LEP Board, LEP Director, project managers	09.03.2020	Live		↔	
3.11	The LEP may not receive the additional £3m to top up the Growth Deal 3 award which the BEIS Regional Director is trying to achieve.	All projects funded under Growth Deal 3 were under-funded compared to their funding request. Whilst the £3m would not cover the full shortfall, it would reduce the amounts the projects have to find from other sources.	Medium	Medium	4	The issue was raised at the Annual Conversation in Dec 2017, the LEP Director has regular conversations with the BEIS Regional Director and the local lead, and raises this issue regularly. The BEIS Regional Director has committed to progress the issue. No further update provided.	Low	Low	1	LEP Director	09.03.2020	Live		↔	
3.12	Growth Deal projects are not able to deliver against their contracted outputs.	Underperformance relating to the achievement of outputs would result in the LEP underperforming against its Growth Deal programme. This would have an impact on our reputational at a national level, whilst also negatively impacting on our ability to attract future grant allocations to the region.	High	High	9	Throughout the 2018/19 financial year monitoring visits/meetings have been conducted with Growth Deal Projects in relation to the achievement of Outputs and also the 're-profiling' of contracts to reflect current delivery. To date Outputs relating to Skills and Broadband have been included, however Homes, Jobs and Employment land are still outstanding from Growth Deal 1 projects. A deadline of the 31st March 2019 has been set for all Output information to be submitted to the LEP along with 're-profiled' output figures to be included within a 'Deed of Variation'. The reprofiling exercise has now been completed, the LEP team are currently working with Legal Services at Shropshire Council in varying Growth Deal 1 Grant Funding Agreements - reflecting the LEP Board Paper (approved 21.05.19). Ongoing monitoring of the projects is being undertaken to ensure they meet their outputs targets. No further update provided.	Medium	Medium	4	LEP Board, LEP Director, project managers	09.03.2020	Live		↔	
3.13	Should NMITE cease or encounter any delivery issues the ringfenced £5.7m of LEP Funding for the 2020/21 financial year will not be spent and defrayed by the 31st March 2021	Valuable Economic Growth Funds would be lost to region.	Medium	High	6	Previous risk responses have been archived A draft agreement has now been drawn up for Phase 2. Ongoing discussions are taking place and a 'ginger group' has been formed, comprising of Board members to expediate the process. A delay attributed to the underwriting has meant that the request to conclude the GFA has not been fulfilled. There has been a request from NMITE to spend ahead of the GFA but this would be at risk. To mitigate against any further delays in contracting, two options were put to the Board and explored in relation to the contracting and management of NMITE Phase 2. The preferred option of Herefordshire Council becoming Accountable Body for the project is being taken forward. On 2nd March 2020 a letter was sent to Herefordshire Council S151 officer confirming the LEP's Accountable Body (Shropshire Council) would delegate responsibility for managing this grant and the relationship with the applicant (NMITE) to Herefordshire Council.	Medium	Medium	4	LEP Board, LEP Director, project managers	09.03.2020	Live		↔	
3.14	The £1.6m of Growth Deal funds claimed against the South Wye Project (in 2016/17) is not repaid back to the LEP.	The Growth Deal Programme would be overcommitted by £1.6m. This would impact on existing Growth Deal projects and their future allocations	Medium	High	6	Previous risk responses have been archived The Board agreed on the 27th January 2020 to terminate the South Wye funding agreement and that discussions would commence with Herefordshire Council in relation to the clawback of funds already paid to Herefordshire Council, supporting the development of the SWTP project	Medium	Medium	4	LEP Board, LEP Director, project managers	09.03.2020	Live		↔	
3.15	Revenue funding gap relating to the Marches Centre for Manufacturing and Technology (MCMT) project.	The funding gap may impact on the ability of MCMT to operate. Should the project cease it would leave a number of LEP contracted outputs undelivered and a number of capital items not being utilised.	Medium	High	6	The Marches LEP and Shropshire Council were invited to a Shareholder Board meeting (10.07.19) stating the organisation has 'short-term' revenue cashflow issues. Both the LEP and Shropshire Council have committed to work with MCMT in finding solutions – in accordance with their respective governance arrangements. The LEP have proposed an allocation of £20k to be used towards the commissioning of a report into the health of the company before any additional funding can be considered. A procurement exercise is currently being undertaken. An advertisement for a consultant is now live on the website with a closing date of the 4th December. Tenders have been received for this work and are being assessed. KPMG was appointed as consultant. KPMG's report was presented at the Shareholders meeting on 4th March 2020. A meeting will be arranged by the LEP with shareholders and Shropshire Council to consider the options presented.	Medium	Medium	4	LEP Board, LEP Director, project managers	09.03.2020	Live		↔	





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													9.03	
4.3	The LEP receives a number of requests for information from residents in Herefordshire particularly relating to planning and road projects.	Confusion relating to project details is a reputational risk for the LEP.	Low	Medium	2	Requests for information and Freedom of Information requests are answered quickly and accurately, with support sought from partners when required. The LEP ensures it has clarity on projects aims and outputs, clear communication with stakeholders and is clear on governance processes. Local transport authority stakeholder engagement is undertaken in line with DfT requirements. <i>No further update provided.</i>	Low	Medium	2	LEP Director/Finance/senior project sponsor	09.03.2020	Live		↔
4.4	The LEP website and the Growth Hub website can easily become out of date and not provide clear or accurate information to stakeholders.	Inaccurate, misleading and or out of date information could be accessed from the website.	Medium	High	4	Members of the LEP team have been tasked with undertaking monthly reviews of the LEP and Growth Hub websites to check for out of date text and overly complex text. A member of the LEP team will be trained on updating the websites so that updates are timely. <i>No further update provided</i>	Low	Medium	2	LEP Director	09.03.2020	Live		↓
4.5	The NMITE project is due to receive some of its match funds in the form of private/philanthropic contributions. There is a risk that the LEP may not know where this funding comes from.	There is a reputational risk to the LEP if any funding were to be provided from an inappropriate source. There is an additional risk to the project that its funding stream is curtailed.	Medium	High	6	Previous risk responses have been archived. The Marches LEP team undertook a recent monitoring visit with NMITE as part of their Phase 1 contract. Assurances were sought from project on the source of match and their ability to bring it forward and achieve their spend profile. In relation to Phase 2 it has been agreed that Shropshire Council (LEP Accountable Body) would delegate responsibility for managing this grant and the relationship with the applicant (NMITE) to Herefordshire Council.	Low	Medium	6	LEP Director/S15 1 Officers (Shropshire and Herefordshire Councils)	09.03.2020	Live		↑
4.6	Projects do not use the approved branding on their websites, publicity materials or hoardings, so do not comply with BEIS guidance.	BEIS produced guidance for Growth Deal funded projects and the LEPs and require projects to use the branding; the LEP would be criticised if projects do not follow the guidelines.	Medium	Medium	4	The LEP team has circulated the BEIS guidance to all Growth Deal projects. The LEP team is developing fresh guidance which incorporates the BEIS guidance but also requires projects to utilise the LEP logo in all webpages, publicity materials and hoardings relating to the project. Grant funding agreements require projects to use branding appropriately. The LEP are currently drafting a new publicity guidance document to go out to all projects <i>No further update provided.</i>	Low	Low	2	LEP Director	09.03.2020	Live		↔

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9.03														
5.1	Delays in LEP contracting with project delivery partners.	Project delivery partner delays the project start date and fails to meet key milestones and spend profile.	Medium	High	6	All Growth Deal 1 and 2 projects have been contracted; all Growth Deal 3 projects will be contracted as soon as possible. External legal support is being procured to prepare funding agreements.	Low	High	3	s151 Officer	09.03.2020	Live		↔
5.2	Projects are not compliant with State Aid regulations.	Clawback of funding leading to projects not having adequate funds to proceed without delays to programme. Reputational risk to LEP.	Low	High	3	LEP sought advice from Pinsent Mason in August 2015. Project Managers to obtain specialist advice on compliance as part of project development work. LEP to ensure all contracts reflect the requirement for projects to comply with State Aid requirements. No further update provided.	Low	High	3	Project delivery partners / s151 Officer	09.03.2020	Live		↔
5.3	Procurement procedures are not compliant with EU legislation.	Project stalls. Clawback of funding leading to projects not having adequate funds to proceed.	Low	High	3	LEP contracts reflect the requirement for projects to meet EU legislation in respect of procurement procedures. Project managers to seek/procure specialist advice on compliance. No further update provided.	Low	High	3	Project Managers/ s151 Officer	09.03.2020	Live		↔
5.4	Reports to LEP board are delayed due to required input on finance and legal issues.	Decisions are not made in a timely manner which puts the programme of work at risk.	Medium	Medium	4	Sufficient time is built into the reporting timetable.	Low	Low	1	LEP Director	09.03.2020	Live		↔

Low
Medium
High

Key

-  The risk has increased since last review date
-  The risk has decreased since last review date
-  No change in the risk
-  New risk

Red text denotes text which has changed or been added since the Risk Register was last reviewed by the Board/PRMC.