

Meeting date:	24 th March 2020					
Agenda Item:	Item 8 a)					
Item Subject:	Performance, Risk & Monitoring Committee – Update and LEP Risk Registers					
For:	Discussion	X	Decision		Information	X
Purpose:						
<ol style="list-style-type: none"> To update the Board on both the LEP Strategic and Programme Risk Registers and the work undertaken to reformat them. For the Board to review the registers which provide an overview of the significant risks which were considered and discussed by the Performance, Risk and Monitoring Committee (PRMC) at its meeting on the 12th March 2020. To review the internal audit report. 						
Recommendations:						
That Board Members note:						
<ol style="list-style-type: none"> The revised content and format of the Strategic Risk Register (in Appendix 1) and the full LEP Programme Risk Register (in Appendix 2). The narrative provided below in relation to the key risks discussed at PRMC. The improved assurance level to ‘Good’ in the Final Internal Audit Report. 						
That Board Members Approve:						
<ol style="list-style-type: none"> The revised format and ongoing approach to review the registers following discussion at PRMC on the 12th March 2020. 						
Background:						
LEP Risk Registers						
<p>The LEP Risk Registers (RR) were developed in their current format in 2015, to identify, assess and control uncertainty and improve the delivery of activity, helping to maximise outcomes for the Partnership. They are arranged into five sections:</p> <ul style="list-style-type: none"> • Governance. • Resources. • Programme Management. • Stakeholder, Reputational, Communications & Marketing. • Financial & Legal. <p>Each risk is described, the potential impact noted, and the likelihood and impacts are assessed, resulting in a risk rating. The risk response (mitigating action(s) taken) is noted, with an assessment of the likelihood and impact of the risk response resulting in a target risk rating. The owner of the risk and review date are also included, with the final column illustrating whether the risk is either new/increasing/decreasing/unchanged since the last review.</p> <p>The Performance Risk and Monitoring Committee (PRMC) considers the LEP Risk Registers in detail at every meeting, highlighting new risks, changes and updates.</p>						
<u>Review and Revisions to the LEP Risk Registers</u>						
<p>At the Board meeting held on 27th January 2020, the LEP secretariat put forward a proposal to streamline the risk registers, archiving historical information and reducing unnecessary lengthy narrative to ensure committee & board members only received information on new risks and those risks that had moved RAG rating since last review.</p>						

The LEP secretariat reviewed the registers and presented revised versions at PRMC on the 12th March. The registers have now been streamlined to enable committee and board members to focus on the relevant live risks, and those where the risk rating has changed. Duplication has also been addressed by reviewing which risks should be classified as strategic and which programme. Historical information has also been removed and archived under a separate tab.

The content of the registers has remained the same other than the updates. The LEP secretariat were keen for the committee members to lead on the addition or closure of any risks therefore, following discussion at PRMC, there is further work to do in terms of updating the risks to include sustainability of the LEP, impact of becoming a company, financial implications and environmental risks. PRMC also added that the recent flooding and impact of the coronavirus should also be included. Further formatting is also required to group together project risks.

In addition to the work to date on the registers, the Accountable Body, Shropshire Council, has also offered the LEP secretariat access to specialists within the authority who can provide guidance on risk registers and training for the team should it be required. The LEP secretariat have had to put this on hold for the moment, due to the risk specialists at Shropshire Council being involved with the response to the recent flooding.

1. Updates to Strategic and Programme risk registers since last consideration by the Board.

New or refreshed text is highlighted in red font and the following significant risks were highlighted and discussed at PRMC on the 12th March 2020:

Appendix 1 Strategic Risk Register – Risk Updates

a) 1.2 & 1.4 Governance and Decisions

The Accountability & Assurance Framework will be reviewed in line with the National Local Growth Assurance Framework over the course of the next few months. An update on this will be provided at the May 2020 LEP Board meeting.

Appendix 2 Programme Risk Register – Risk Updates

b) 1.8 & 3.1 Programme Management and Monitoring System.

The 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.

c) 2.3 Capacity in the Team

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.

d) 3.4 Failure in Delivery of Projects by Partners

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.

e) 3.8, 3.13 & 4.5 NMiTE

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.

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.

f) 3.9 Growth Deal Spend

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.

g) 3.14 South Wye

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

h) 3.15 MCMT

KPMG was appointed as a consultant. KPMG's report was presented at the Shareholders meeting on the 4th March 2020. A meeting will be arranged by the LEP with shareholders and Shropshire Council to consider the options presented.

Shropshire Council Internal Audit Report

Shropshire Council recently carried out an internal audit on the programme. The scope of audit had been extended to include decision making and reporting as set out in the Assurance & Accountability Framework (AAF) to reflect the strengthened governance requirements for LEPS. The LEP has moved up two assurance levels from 'requires improvement' to 'good'.

In terms of context the Audit was robust, covering the following:

- A deep dive on our Q1 & Q2 2019/20 LGF submissions, including outputs submitted (tracing them back to claims and associated backing evidence).
- Reviewing our LGF monitoring processes, this included Programme Management Spreadsheet/Tool, completed Monitoring Visit Forms, revised Funding Agreements and various other spreadsheets.

- Reviewing our Accountability and Assurance Framework (AAF) against the National Guidance, ensuring compliance. This was wide ranging covering Business Boards, the role of Pre-PRMC and PRMC and LEP Board.

The key findings were:

- There are four levels of Assurance Good, Reasonable, Limited and Unsatisfactory.
- The LEP has moved up two Assurance Levels from 'Limited' to 'Good'. In terms of context last year's Audit acknowledged a significant amount of work had been undertaken by the team (sighting procedures implemented) but the rating could not be improved because the audit was undertaken at 'a moment in time' with certain key pieces of work not completed i.e. reprofiling exercises across Growth Deal programme and drafting associated Funding Agreements.
- Recommendations:
 - 1) Jobs and Homes Outputs claimed in 2015. This exercise has now been undertaken by the team, despite our best efforts we cannot locate an audit trail to substitute these figures. It has been agreed we will minus these outputs off as part of our Quarter 4 19/20 LGF Return. This was always part of our work programme to be undertaken in February 2020.
 - 2) Item 53 - AAF. This is something picked up as part of a review on the AAF. We were able to demonstrate to Audit (via email correspondence internally) that it forms part of our work programme and we would be rectifying as part of our AAF refresh.

The full report can be found in Appendix 3.

Considerations for the Board

- To consider the risks highlighted red on the attached registers as a number of these have considerable implications for the LEP Board and how it manages the Growth Deal Programme moving forward.
- The intention to utilise the registers more effectively. LEP Board are asked to consider the new format and approach and review the strategic register for any additional risks that should be included.

Financial implications:

- No financial implications

Risks, Opportunities and Impacts:

Risk:

- There may be gaps in the Risk Register. All key strategic risks may have not been identified. The register is reviewed and updated at each PRMC and work in ongoing to streamline the registers and archive older information.

Opportunity:

- Regular review of the strategic risks by the LEP Director and the Board should lead to better project/programme delivery and management and improved outcomes for the LEP.
- There is an opportunity for more Board members to join PRMC ensuring geographic balance, private sector representation and succession planning.
- There is opportunity to review the registers and update the risks contained within them in view of current events.

Consultation:

The LEP's PRMC consider the Risk Register at each of their meetings. The Board receives the register, highlighting strategic risks, at each meeting for comment.

Appendices:

Appendix 1 - LEP Strategic Risk Register

Appendix 2 - LEP Programme Risk Register

Appendix 3 – Final Internal Audit Report 2019/20