

MARCHES LEP WORK PROGRAMME RISK REGISTER - APPENDIX 2

Risk No.	Risk Description	Description of Potential IMPACT (quantified wherever possible)	Current Controls	Residual Risk Ratings				Rationale for Risk Changes	Risk Responses	Target Risk Rating			Risk Owner	Annual Review Date	Live/ Closed	Date Closed	Direction of Travel
				LIKELIHOOD Rating	IMPACT Rating	Total Impact	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.	A new and comprehensive programme management system and process has been established and 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.	Medium	Medium	2	4		Please see Current Controls	Low	Low	1	LEP Director	01.04.21	Live		↓
1.12	Government sets call deadlines which may not allow time for the LEP to follow processes set out in the Assurance and Accountability Framework.	Risk of funding being awarded to projects within limited timescales set by Government which may impact on LEP processes and procedures. There could be a risk of challenge by unsuccessful projects due to the perception of a less robust appraisal and selection process.	The LEP always adheres to the AAF working with the S151 Officer, PRMC and the LEP Board to ensure processes are followed.	Medium	High	3	6		Please see Current Controls					01.04.21			*
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.	Previous risk responses have been archived. The LEP Accountancy Assistant role has now been filled.	Low	High	3	3		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	01.04.21	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.	Previous risk responses have been archived. The LEP Project Support Officer has now started in post.	Medium	High	3	4		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	01.04.21	Live		↔
2.5	Appropriate project resources are not allocated by all project delivery organisations.	Delay in completing tasks leading to delays to the programme.	The LEP Team work closely with project managers and monitor project progress regularly including through quarterly monitoring meetings.	Medium	High	3	6		Please see Current Controls	Low	Medium	2	LEP Director	01.04.21	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.	Project Managers provide detail to LEP prior to contracting, via monthly project claim forms and quarterly monitoring meetings.	Medium	High	3	6		Please see Current Controls	Low	Medium	2	LEP Director/ITE	01.04.21	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.	LA and other partners to work with LEP to ensure match funding is available. LEP capacity funding is being used to encourage project development	Medium	High	3	6		The project pipeline has been refreshed through the Getting Building Fund call for new and accelerated projects.	Medium	Medium	4	LA Partners/ LEP Director	01.04.21	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.	LA partners required to provide named project manager for each priority project promoted by the LEP.	Medium	High	3	6		Please see Current Controls	Medium	Medium	4	LA Partners	01.04.21	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	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.	Low	Medium	2	2		Please see Current Controls	Low	Medium	2	LEP Director	01.04.21	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.	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.	Medium	High	3	4		Please see Current Controls	Low	Low	1	LEP Director	01.04.21	Live		↓
2.11	LEP does not receive its full allocation of Growth Deal 3 funds for 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.	LEP team continues to work with BEIS local officers and with project promoters to reduce the risk to projects.	High	High	3	9		On 13 May 2020 LEP Chief Executives received a letter from Stephen Jones (Co-Director, Cities & Local Growth Unit) setting out the approach from Government in respect to paying LEPs their 2020-21 Growth Deal allocations. This saw all LEPs receive 2/3rds of their LGF allocations for FY2020-21 in May 2020 with a review undertaken over the Summer to unlock Ministerial confirmation on the final 1/3rd allocation. As outlined at the 21 July 2020 Board meeting the Marches LEP was not successful in the Phase 1 LGF review, due to a number of Funding Agreements not being signed off, as a consequence of the termination of the South Wye Transport Package. To date the LEP has not received correspondence from Government in respect to the outcome of the Phase 2 Review. It has been confirmed the officer recommendation put forward to Ministers was in favour of the Marches receiving the remaining 1/3rd LGF payment	Medium	Medium	4	LEP Board/Director	01.04.21	Live		↔
2.12	Insufficient capacity in LEP team due to increased workload associated with the additional £14m Getting Building Fund.	Delays in contracting so projects have reduced time to deliver against spend profile; displacement of other activity leading to delays to Growth Deal Project Engagement Visits or monitoring meetings which could impact on delivery.	On 4 August 2020 government announced accelerated funding of £14m Getting Building Fund to six Marches LEP projects which are now being contracted. Additional resource has been provided by Shropshire Council to support pre-contract Due Diligence work. Legal support has been secured from Bevan Brittan to utilise expertise from the Growth Deal. Five of the projects are with existing Growth Deal contract holders and the same processes and template funding agreements have been adopted for the Getting Building Fund to facilitate contracting.	Medium	High	3	6		Please see Current Controls					01.04.21			*
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.	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	2	Please see Current Controls	Low	Medium	2	LEP Director/ PRMC	01.04.21	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).	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.	Medium	High	3	6	Please see Current Controls	Low	Medium	2	PRMC/LEP Director	01.04.21	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.	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.	Low	High	3	3	Please see Current Controls	Low	Medium	2	Project manager	01.04.21	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.	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	Medium	High	3	6	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. Independent legal support has been procured to draft the Grant Funding Agreements for the six successful infrastructure projects following appraisal by the Independent Technical Evaluator and approval at the 24th March LEP Board. Due Diligence is now being concluded across all the Growth Deal projects being contracted, including the three skills projects. Due to COVID-19 and potential delays, concerns have been expressed by the projects that this may impact on their ability to defray the funding by the 31st March 2021. The LEP secretariat are keeping MHCLG updated on the impact of COVID-19 across all the projects. Contracting of the Growth Deal 3 contracts has progressed supported by the LEP's procured legal advisors Bevan Brittan. The decision of MHCLG to withhold payment of 1/3 of the allocation has caused some slippage while contracts were amended to reflect the change. Further work to satisfy Due Diligence has also caused some delay but is necessary to ensure the contracts are robust. Spending will be closely monitored through monthly reporting.	High	Medium	6	PRMC/ LEP Board	01.04.21	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.	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.	High	High	3	9	The LEP Board meeting on 21 st Nov 2017 approved the use of MIF 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	01.04.21	Live	↔
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.	A quarterly monitoring process has been drafted by the LEP Team and now agreed with Shropshire Council Finance Team and S151 Officer.	Medium	Medium	2	4	New process has been implemented and the LEP are currently undertaking an exercise around reviewing and verifying Match Funding.	Low	Low	1	LEP Board, LEP Director, project managers	01.04.21	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	2	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.	Low	Low	1	LEP Director	01.04.21	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. The current COVID-19 restrictions are having an impact on all the GD projects and their deliverables. Through regular monitoring meetings with the projects the LEP team are able to provide BEIS/MHCLG with an overview of the issues and potential impact.	Medium	Medium	6	LEP Board, LEP Director, project managers	01.04.21	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	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.	Low	High	3	Project delivery partners / s151 Officer	01.04.21	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	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.	Low	High	3	Project Managers/ s151 Officer	01.04.21	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	2	4		Sufficient time is built into the reporting timetable.	Low	Low	1	LEP Director	01.04.21	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.