

**Item 10 Appendix 1 MARCHES LEP CORPORATE RISK REGISTER**  
Last updated: 05 April 2022

Risk No.	Risk Description	Description of Potential IMPACT (quantified wherever possible)	Current controls	Residual Risk Ratings			Rationale for Risk Changes	Risk Mitigation	Direction of Travel
				LIKELIHOOD Rating (Very Low 1, Low 2, Medium 3, High 4, Very High 5)	IMPACT Rating (Minimal 1, Minor 2, Significant 3, Major 4, Critical 5)	RISK Rating			
<b>TOP 5 RISKS - In order of Risk Rating (High to Low)</b>									
2.4	The operational Core Funding from Government for the LEP is either delayed or reduced.	Loss of members of staff, impacting on the LEP's ability to deliver its core business as set out within its delivery plan. This includes economic growth, delivering business support, skills and employment support, physical and infrastructure development, transport and energy strategy.	Regular communication with the LEP's Area Lead from Government in relation to the future of LEPs and impact on future funding of the organisation. Close working relationships with the 3 Local Authorities within the Marches region - including regular meetings through the Operations Group.	4	5	20		Previous risk mitigation archived - Updated post PRMC 9 March 22. On 31 March 22 the LEP Chairs and CEO's received a letter from Neil O'Brian MP and Paul Scully MP in relation to integrating LEP's into Local Democratic Institutions. This signalled conclusion to the ongoing LEP Review, confirming an indicative allocation of £375k per LEP for the 22/23 FY, reflecting their revised roles and functions subject to business case approvals. The LEP has also recently undertaken a staffing restructure, enabling core business to be undertaken during 22/23 FY.	↔
2.7	Due to potential funding issues (as set out in Risk 2.4) the LEP may not have the capacity or resources to meet its contractual obligations in managing the Local Growth Fund (LGF), Getting Building Fund (GBF) and Marches Investment Fund (MIF) programmes. The LGF & GBF Programmes have deliverables forecasted up to 31 March 2025.	The LEP may not have the staffing resources to fulfil its obligations with Government in monitoring and managing contracted deliverables as a consequence of the considerable investment made through the LGF (£105m), GBF (£14m) and MIF (£7m) programmes. Exposure to underperformance across all programmes and risk of clawback.	Ongoing discussions with DLUHC to ensure LEP's contractual obligations will continue to be met should this risk materialise.	4	4	16		The LEP to consider ring fencing funds, ensuring the organisation has capacity for this function moving forward. Since 2020 the LEP Team have been proactive in capitalising eligible Programme Management costs for work undertaken on developing new projects. Updated post PRMC 9 March 22 - At the 9 March PRMC Meeting a discussion was held around utilising MIF to cover the LEP's core operating costs. It was explained other LEP's have set the precedence in using their Growing Place Fund for this purpose. It was agreed due to a lack of clarity on the future funding of LEP's that the LEP CEO would work with the LEP's S151 Officer in exploring this. The LEP has also now had confirmation of its core allocation as set out in risk 2.4.	↔
2.8	Cessation or reduction of Marches Growth Hub (MGH) funding, including contributions from Local Authorities.	Disruption to the running of the MGH, including any new future operating models with BEIS.	Updated post PRMC 9 March 22 - on the 30 March 22 LEP CEO's received a letter providing confirmation of funding for Growth Hubs for 22/23 FY. This is at a 50% reduced rate on the 21/22 FY allocation.	4	4	16		The LEP are currently exploring delivery models to ensure service continuation, ensuring the Growth Hub fulfils its obligations with Government.	↔
6.4	Changes to Government policy regarding LEPs.	Altered LEP role/responsibilities. Board members could become disenfranchised. Impact on stakeholder relationships could occur leading to a failure to deliver expected economic benefits across the Marches geography in the areas of business support, skills and employment support, physical and infrastructure development, transport strategy and energy strategy.	Communication with Area Lead to understand Government's current position, in light of the Levelling Up White Paper, Skills White Paper and LEP Review. Work with LEP Network to highlight the role and benefit of LEPs and how LEPs can evolve and adapt to address the changing demands of local economic growth. Local stakeholder management including liaison with MPs.	4	4	16		Previous risk mitigation archived - Updated post PRMC 9 March 22. On 31 March 22 the LEP Chairs and CEO's received a letter from Neil O'Brian MP and Paul Scully MP in relation to integrating LEP's into Local Democratic Institutions. This signalled conclusion to the ongoing LEP Review, confirming an indicative allocation of £375k per LEP for the 22/23 FY, reflecting their revised roles and functions subject to business case approvals. This paper sets out the future role and function of LEPs.	↔
5.5	A shortfall in operating budgets due to VAT/TAX implications of new company status.	A shortfall in the operating budget would impact on running costs and the financial sustainability of the LEP.	As part of becoming a company limited by guarantee, legal advice has been sought on VAT/Tax implications. A dialogue with HMRC on the possibility of recovering some VAT did not bring any positive outcomes.	3	4	12		Previous risk mitigation archived - The LEP CEO is currently proactively looking at options around VAT/Tax in relation to the sustainability/financial viability of the Marches LEP. Updated post PRMC 9 March 22 - a Board paper will be tabled at the 26 April 22 LEP Board meeting which sets out the option and viability of employing LEP staff directly. The LEP CEO has also raised the VAT issue again with the LEP Network and it has also been added to one of the working groups.	↔

Direction of Travel 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.	

Marches LEP - Risk Matrix					
Likelihood	Impact				
	Minimal - 1	Minor - 2	Significant - 3	Major - 4	Critical - 5
Very High - 5	5	10	15	20	25
High - 4	4	8	12	16	20
Medium - 3	3	6	9	12	15
Low - 2	2	4	6	8	10
Very Low - 1	1	2	3	4	5