

MARCHES LEP CORPORATE RISK REGISTER  
Last updated: 21 July 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	Core/Operational Funding from Government for the LEP team and the delivery of various projects/initiatives (i.e. Growth Hub, SAP and Careers Hub) are either delayed or reduced.	1) Loss of members of staff, impacting on the LEP's ability to deliver its core business as set out within its delivery plan i.e. economic growth, delivering business support, skills and employment support, physical and infrastructure development, transport and energy strategy. 2) The LEP's ability to trade. 3) The LEP being unable to 'Bankroll' and therefore deliver important projects such as SAP, the Careers and Growth Hub. Impacting on the delivery of projects and associated services to the Marches Region	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.	5	4	20	To date the LEP has yet to receive its Core and Growth Hub funding allocations for the 22/23 FY. For KAM the LEP has only received confirmation for 6 months funding, and on SAP there has been a Funding reduction.	Previous risk mitigation archived. On 31 March 22 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 an 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. To date the LEP has yet to receive its Core and Growth Hub funding allocations for the 22/23 FY. KAM & SAP funding are due to be released when the relevant Funding Agreements have been signed off by all parties. For KAM the LEP has only received confirmation for 6 months funding, and on SAP there has been a Funding reduction.	↑
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. The Head of Programmes will be leaving the LEP at the end of June 2022 and the LEP Project Officer will be leaving the LEP in July 2022. The LEP CEO will confirm arrangements to ensure continuity of service in terms of monitoring and reporting.	5	4	20	N/A	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. 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. Due to a lack of clarity on the long term funding of LEP's it was agreed the LEP CEO would work with the LEP's S151 Officer in exploring this. As set out in risk 2.4 an indicative allocation of £375k per LEP for the 22/23 FY has been confirmed by Government. Due to the Head of Programmes & Project Officer leaving the LEP a recruitment process will be undertaken to ensure continuity of monitoring and reporting. <b>The vacancy for the Marches LEP Project Officer is currently being advertised.</b>	↑
2.9	The LEP are unable to recruit new Board Members (including Chair) due to a lack of clarity around the future role of LEP's.	The LEP would not be able to recruit to vital positions within its Board. These provide: • Specific areas of expertise • Geographic representation for the Marches Region • Key governance roles relating to quoracy and decision making - posing potential disruption to the LEP's core business moving forward.	The LEP currently has Board vacancies. At the 26 April 2022 meeting LEP Board members agreed to start the recruitment process in identifying a new Chair (who is due to stand down in September 2022) enabling an effective handover period. On 8 June 2022 the LEP advertised for two new Board Members and a Chair. <b>[Rachel to add in update on Board recruitment]</b>	3	5	15	N/A	Please see current controls.	↔
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	N/A	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. A Board paper was tabled at the 26 April 22 LEP Board meeting which sets out the options and viabilities of employing LEP staff directly which would minimise the impact caused by paying VAT/Tax on the LEP's core/staffing budget. The LEP CEO has also raised the VAT issue again with the LEP Network and it has also been added to one of their working groups.	↔
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.	3	4	12	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.	Previous risk mitigation archived. 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, signalling a conclusion to the ongoing LEP Review and confirmed an indicative allocation of £375k per LEP for the 22/23 FY. This reflects their revised roles and functions subject to business case approvals.	↓
<b>NEW RISKS - In order of Risk Rating</b>									

Is the direction of travel correct?

Direction of Travel Key	
↑	The risk has increased since last review date
↓	The risk has decreased since last review date

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

MARCHES LEP CORPORATE RISK REGISTER  
Last updated: 21 July 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			
	No change in the risk			High - 4	4	6	12	18	20
				Medium - 3	3	6	9	12	15
	New risk			Low - 2	2	4	6	8	10
				Very Low - 1	1	2	3	4	5
<p>Red text denotes text which has changed or been added since the Risk Register was last reviewed by the Board/PRMC.</p>									