

Public Document Pack



Wednesday, 2 June 2021

To: Members of the MCA - Audit and Standards Committee and Appropriate Officers

NOTICE OF MEETING

You are hereby summoned to a meeting of the Sheffield City Regional Mayoral Combined Authority to be held at **11 Broad Street West, Sheffield S1 2BQ**, on: **Thursday, 10 June 2021 at 11.00 am** for the purpose of transacting the business set out in the agenda.

A handwritten signature in black ink, appearing to read 'D. Smith'.

Dr Dave Smith
Chief Executive

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Councillor Phillip Lofts
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Doncaster MBC
(Independent Member)
Barnsley MBC
Barnsley MBC
(Independent Member)
Doncaster MBC

MCA - Audit and Standards Committee

Thursday, 10 June 2021 at 11.00 am

Venue: 11 Broad Street West, Sheffield S1 2BQ



Agenda

Agenda Ref No	Subject	Lead	Page
11.	Strategic Risk Monitoring	Claire James	5 - 24
Date of next meeting: Thursday, 15 July 2021 at 11.00 am At: 11 Broad Street West, Sheffield S1 2BQ			

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Audit and Standards Committee

10 June 2021

Strategic Risk Monitoring

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Monitoring/Assurance
Funding Stream:	Not applicable
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

Director Approving Submission of the Report:

Ruth Adams, Deputy Chief Executive

Report Author(s):

Claire James, Senior Governance and Compliance Manager

Claire.james@sheffieldcityregion.org.uk

Executive Summary:

This paper provides an update on strategic risks.

What does this mean for businesses, people and places in South Yorkshire?

Effective risk management is a key principle of good governance. Good governance enables the MCA to pursue its ambitions and objectives in the most effective and efficient way, bringing about better outcomes for residents and businesses in South Yorkshire.

Recommendations:

Audit and Standards Committee Members are asked to note the update on strategic risks and identify any issues.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Not applicable

1. Background

- 1.1 Following a full internal Management Board review and an Internal Audit Report in 2020, the risk management framework of the MCA was revised and refreshed. The

Audit and Standards Committee endorsed the revised policy and process in October and, following their recommendation, it was approved and adopted by the MCA at their meeting in November. The workplan for the Committee sets out that strategic risk will be a standing item at each meeting.

1.2 This report provides an update on strategic risks.

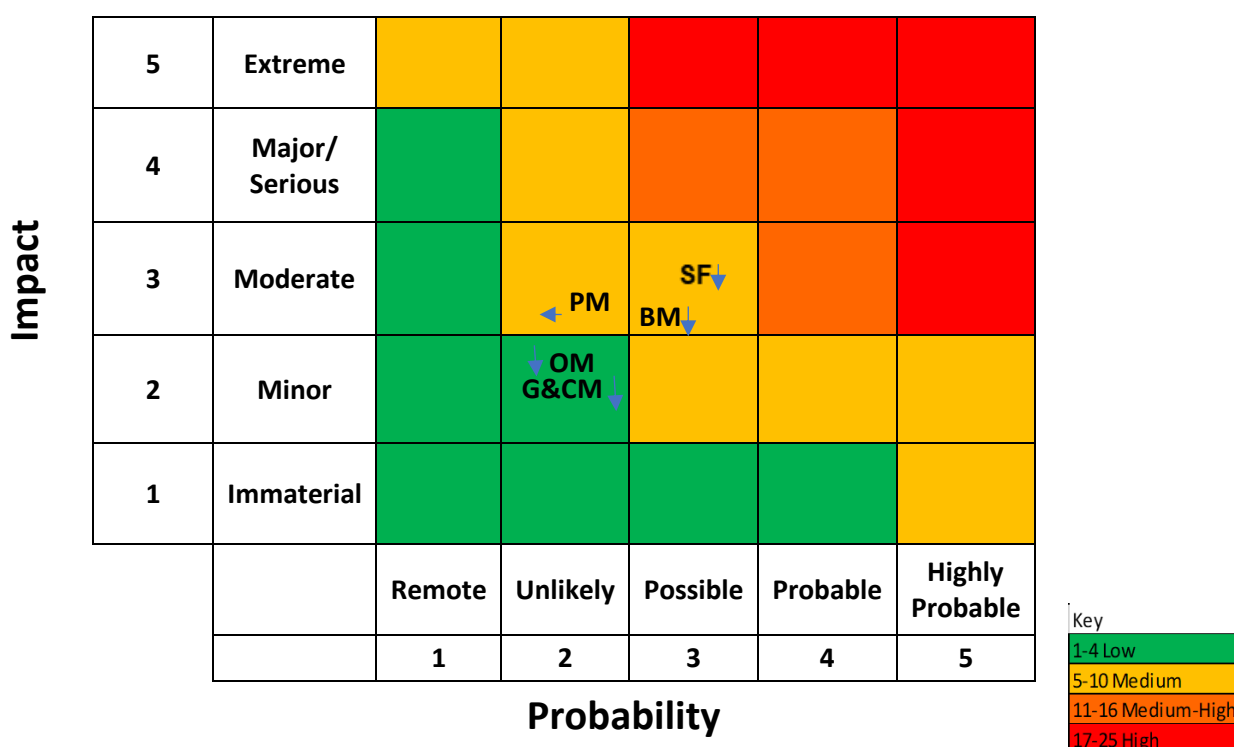
2. Key Issues

2.1 Strategic Risk Update - Summary

The table below provides a summary of the five strategic risk categories. Revised Risk Management Actions Plans are provided at appendix A-E.

	Strategy Focus	Org M'Mt	Budget & Fin M'Mt	Prog M'Mt	Gov & Comp M'Mt	Total
No. of risks in category	4	5	10	8	8	35
Overall/average mitigated probability score						
Overall/average mitigated impact score						
Overall/average mitigated risk score						
No. of highly probable risks	0	0	2	0	0	2
No. of new risks added since last report	2	1	1	1	1	6
No. of risks closed since last report	3	1	0	0	3	7
No. of open actions	3	2	6	3	5	19
No. of actions overdue	0	0	1	1	0	2

2.2 Heat Map



3. Risk Category – Strategy Focus (appendix A)

Summary

The risk score for the category ‘Strategy Focus’ remains at ‘Medium-High’. Three risks have been closed since the last report, two updated and two new risks have been identified.

3.1 Actions

The MCA has agreed the Strategic Economic Plan and the Renewal Action Plan and these, along with other policy documents, have been consolidated into a Corporate Plan and into detailed business plans. Alongside this work is underway on a strategic investment framework. The risk to the non-transport side of MCA focus is stable. The significant impact, which continues to be categorised as high and unable to be solely mitigated by local endeavours without national government investment continues to be public transport.

Based upon the priorities outlined in the Corporate Plan a review of the risk descriptions has taken place and risks #3 and #5 have been redefined in this section. The risks that have now been closed relate to not having a clearly articulated set of priorities and plans that could mean we will fail to respond to the downturn and the lack of defined organisational priorities and deliverable activity in the form of a corporate plan.

New risks have been added to include:

- the risk of not agreeing a strategic investment framework meaning we could continue to be reliant on short term national funding, and
- the risk resulting from a lack of clarity in government policy on levelling up resulting in an inability to plan effectively in the medium term.

In the period we have also updated and closed a number of the actions. The action relating to continued lobbying of government for support for public transport remains, and a new action linked to the development of the Strategic Investment Framework has been added.

3.2 Movement

The only change in probability score relates to risk #3 – failure to respond to challenges brought about the pandemic – where the unmitigated probability score remains ‘Medium/High’ but the mitigated probability score has reduced to ‘Probable’.

3.3 Risk Category – Organisational Management (appendix B)

Summary

The overall mitigated probability score for the Organisational Management category remains ‘Unlikely’ as does the overall mitigated impact score. The overall risk score for the category remains at ‘Medium’. There are no ‘Highly Probable’ probability scores or ‘Extreme’ impacts.

Since the last report one risk (#4) has been closed and a new risk has been added (#6) this relates to the risk of 'failure to implement and consult on an effective plan to integrate the MCA Executive and PTE, leading to disruption, high turnover, complaints and poor performance against business plans. A separate report updating the Audit and Standards Committee on this activity is included at agenda item 9 and regular updates have been scheduled on the Committees work plan to ensure appropriate oversight of this significant organisational change.

A new mitigation control has also been added relating to the establishment of a monthly Programme Board and fortnightly Steering Group for integration to ensure any organisational capacity or capability issues are escalated for resolution.

3.4 **Actions**

Actions relating to the following areas have now been completed (see appendix)

- Adoption of Corporate Plan
- Performance Development Reviews
- HR monitoring information
- Review of non-establishment posts
- Options for employee voice forum

3.5 **Movement**

Since the last report the mitigated probably score for risk #2 (capacity or capability to deliver the emerging priorities and programmes) has increased from 'Unlikely' to 'Possible'.

The mitigated impact score for #1 - increasing resignations and staff absenteeism – has decreased from moderate to minor.

3.6 **Risk Category – Budget and Financial Management (appendix C)**

Summary

The overall mitigated probability for the 'Budget and Financial Management' category remains 'Possible' and the mitigated impact score remains 'Moderate'. The overall risk score remains 'Medium'.

Risks #5 and 6 relating to the commercial viability or transport services and the re-franchising of Supertram remain 'Highly Probable'.

A new impact has been added (#8) relating to the MCA not being granted borrowing powers, or not granted the debt cap that it requires to support its investment plans.

Key Issues

Budget and financial management risk continues to reflect the ongoing impact of, and fiscal response to, the pandemic, along with the change driven by the MCA's continuing devolution journey.

The ongoing commercial sustainability of the passenger transport network remains highly contingent on the scale and longevity of government support. The MCA has adopted a financial strategy that allows it to play its role in supporting the network,

but this risk report reflects that it is predominantly the government that has the necessary powers and fiscal levers to shape post-pandemic provision.

At the time of writing there was an expectation that government funding for bus would continue to the end of the financial year, but uncertainty remained around the quantum of that support. Equally, whilst there was an expectation of some support for light rail the longevity and quantum remained unclear, with funding due to cease at the end of June.

In reflecting the issues previously identified, the MCA has used its Business Planning and Budget exercise for 2021/22 to re-set its financial plans, supporting a pivot – where possible - from reactive management of pandemic related pressures to proactive planning for the challenges that will lie ahead.

This planning has involved a re-cast of reserves and budgets to better mitigate known risks, whilst setting further resource aside to mitigate the latent potential for financial shock. Resource has been made available to support work now required around the development of Bus Service Improvement Plans, and further resource is set-aside to support the integration activity associated with delivering upon the Bus Review recommendations to merge the SYPTTE into the MCA.

This latter issue presents a new challenge with incumbent risks for the MCA and is reflected in this document. Funding made available will help support the appropriate resourcing required to manage this change in a safe manner, whilst further affording the MCA the tools to exploit the opportunity to make the changes that will allow for the better delivery of services that the Bus Review envisaged.

Work continues around the development of the Mass Transit business case, and the preparations around the potential repatriation of operational services at the end of the current concession. Consideration is being given to how the totality of the renewals requirement could be packaged to better align with known government funding streams.

Finally, new risks are reflected in this document around the drawdown on borrowing powers which are available to the MCA following its devolution agreement. The receipt of these powers is contingent upon agreement of a borrowing ceiling with HMT, and the tabling and passing of secondary legislation through Parliament.

The receipt of borrowing powers will enable the MCA to shape its non-transport investment profiles in a manner in which it has not been afforded to-date where it has been reliant upon the timing of government funded streams. This opportunity presents a step-change in the maturity levels of the MCA's investment planning and the financial tools at its disposal but does come with associated risk. This iteration of risk reporting begins to reflect this issue.

3.7 **Actions**

Since the last report the MCA has concluded its Business Planning exercise, agreed the budget and reserves strategy for the year, and received (in informal session) its financial outturn report. Further work has also been undertaken to develop its approach to an investment strategy that will underpin how the MCA exploits its devolution money and powers.

The conclusion of the Business Planning and Budget exercise has allowed for the closure of a previous action around the sustainability of the MCA Executive. Whilst

vigilance will be required around this issue, the adopted financial plan will sustain the organisation in the medium term.

Work has also continued around the development of bus and tram plans to support the transition of the public transport network from its existing subsidy reliant model to a commercially sustainable one.

The emerging requirements for the development of a Bus Service Improvement Plan, and Tram Recovery Plans, as mandated by the Department for Transport, has meant that the previous action around the development of 'exit-strategies' has now been superseded. A new, related action has now been added.

A number of new actions have been added to reflect new strands of activity around integration; the drawdown of borrowing powers; and the development of an investment strategy.

Actions around the development of the Mass Transit business case have been reprofiled to better reflect the expected timing of the development and submission of those documents.

3.8 Movement

The probability score for risk #2 relating to income shortfalls has increased from 'Possible' to 'Probable' and the mitigated probability score has increased from 'Unlikely' to 'Possible'.

The probability score for risk #7 relating to the local contribution to mass transit has decreased from 'Highly Probable' to 'Probable' and the mitigated probability score has decreased from 'Probable' to 'Possible'.

The mitigated impact score for impact #1 relating to unsustainable deployment of reserves has decreased from 'Major/Serious' to 'Moderate'.

3.9 Risk Category – Programme Management (appendix D)

Summary

The overall mitigated probability score for the 'Programme Management' risk category remains 'Unlikely'. The overall mitigated impact score remains 'Moderate'. The overall risk score remains at 'Medium'.

One new risk (#8) has been added. This relates to integration exercise and the potential strain on the organisation, displaces focusing from existing priorities.

One new impact has been identified (#6) which relates to money that cannot be used within a funding window having to be returned to funding bodies, reducing the amount of funding investment priorities.

One new mitigation control has been implemented relating to a revenue reserve to support the resourcing of the Integration Exercise.

One mitigation weakness has also been identified relating to dependency of the integration programme on the passage of legislation through Parliament which may impact upon resourcing plans.

3.10 Key Issues/Actions

Since the last reporting date a number of new funded programmes of activity have become available, whilst the MCA has moved to operationalise new major areas of activity including AEB.

The process towards the operationalisation of AEB activity continues apace, with the procurement activity complete and the award of contracts and grant agreements imminent. Systems and processes have been designed and tested, and recruitment to new establishment posts is underway. The adoption of AEB represents a significant milestone in the MCA's devolution journey but does come with inherent risk. A significant amount of audit time has been allocated in the 2021/22 Audit Plan to support the management of that risk.

Programme performance continues to be monitored, with risk around the deliverability of schemes within funding windows a key concern. Work continues with delivery partners and funding bodies to address this, whilst a business process review is being undertaken by PWC. The findings of this review will support the deployment of a Project Feasibility Fund.

The report recognises a new risk around the integration exercise, and the latent risk that the scale of the exercise displaces focus from existing activity. The report recognises a mitigation around the resource that has been set aside through the Business Plan and Budget process to allow for additional skills and capacity to control this work.

Since the last reporting date, the Board has approved the creation of a Project Feasibility Fund and the Finance Director enabled a group wide transaction that freed up revenue funding to resource the Fund. Proposals around the deployment of this Fund will be informed by the Business Process Review activity, and it is now expected that proposals will be taken to the July MCA Board.

The Programme Management System has also moved towards operationalisation, and will be ready to go-live by the end of the month

3.11 Movement

There has been no movement in individual probability or impact scores.

3.12 Risk Category – Governance & Compliance Management (appendix E)

The overall mitigated probability score for the category 'Governance and Compliance Management' remains 'Unlikely'. The overall mitigated impact score remains 'Minor' however, the overall risk has increased from 'Low' to 'Medium'. This is largely due to the amendment and re-scoring of the risks relating to the integration programme and the approach to ensuring legislative and regulatory compliance.

Since the last report risk #2, #6 and #8 have been closed and one new risk (#11) has been identified. This risk relates to the potential failure to meet government requirements for web accessibility.

3.13 Actions

Several actions have now been completed these relate to:

- The rollout of new Contract Procedure Rules
- Mayoral Remuneration
- Operational Governance Improvement Plan
- Revised governance model for thematic boards
- Data systems for Adult Education Budget information

A new action has been added relating to the plan for addressing and managing web accessibility risks.

3.14 **Movement**

Following an amended to the description the mitigated probability score for risk #3 – failure to effectively plan for the integration of the MCA and PTE - has increased from 'Unlikely' to 'Possible'

Following an amended to the description the mitigated probability score for risk #4 – failure to have an effective approach to ensuring legislative and regulatory compliance – has increased from 'Unlikely' to 'Possible'.

The mitigated probability score for risk #7 – LEP gender diversity – has increased from 'Unlikely' to 'Possible'.

The probability score for risk #10 – failure to plan and implement the 2022 Mayoral election has increased from 'Possible' to 'Unlikely' and the mitigated probability from 'Unlikely' to 'Possible'.

The mitigated impact rating relating to potential financial penalties or litigation has increased 'Minor' to 'Moderate'.

4. **Consultation on Proposal**

4.1 Not applicable

5. **Timetable and Accountability for Implementing this Decision:**

5.1 Not applicable

6. **Financial and Procurement Implications and Advice**

6.1 Failure to adequately manage risk could have significant financial implications for the MCA.

7. **Legal Implications and Advice**

7.1 There are no legal implications as a result of this report.

8. **Human Resources Implications and Advice**

8.1 There are no human resources implications as a result of this report.

9. **Equality and Diversity Implications and Advice**

9.1 Any risks relating to equality and diversity will be captured in the new risk category of Organisational Management.

10. Climate Change Implications and Advice

10.1 There are no climate change implications as a result of this report.

11. Information and Communication Technology Implications and Advice

11.1 There are no ICT implications as a result of this report.

12. Communications and Marketing Implications and Advice

12.1 There are no communications or marketing implications as result of this report.

List of Appendices Included

- A Strategy Focus Risk Management Action Plan
- B Organisational Management Risk Management Action Plan
- C Budget & Financial Management Risk Management Action Plan
- D Programme Management Risk Management Action Plan
- E Governance & Compliance Management Risk Management Action Plan

Background Papers:

MCA Risk Management Policy

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Risk Category	Strategy Focus	Probability	Mitigated probability
Risk Description	1 CLOSED A lack of a clearly articulated set of strategic priorities and implementation plans could mean that we will fail to respond effectively to the economic downturn predicted by the global pandemic.		
	2 CLOSED Failure to engage government and other national and local stakeholders in the Renewal Action Plan / Implementation Plans could mean that there is a lack of buy-in and commitment to funding the interventions required to address the economic challenges of the region.		
	3 AMENDED WORDING Failure to respond effectively, as a Group, to the challenges brought about by the pandemic and changing government direction, for the public transport network and services for which the MCA Group are responsible could mean that transport ambitions for the region are not realised.		
	4 CLOSED A lack of defined organisational priorities and deliverable activity in the form of a Corporate Plan could mean that focus and resource is not aligned to strategic objectives.		
	5 AMENDED WORDING A lack of capacity across all aspects of the system (not simply the MCA) to develop and deliver the activity required to deliver an ambitious investment programme and to respond effectively to changing economic circumstances - post pandemic		
	6 NEW Failure to develop, agree and implement a locally developed strategic investment framework could mean continuing reliance on short term, fragmented national funding pots, that do not sufficiently align to the regions aspirations		
	7 NEW A lack of capacity across all aspects of the system (not simply the MCA) to develop and deliver the activity required to deliver an ambitious investment programme and to respond effectively to changing economic circumstances - post pandemic		

Key
1 - Remote
2 - Unlikely
3 - Possible
4 - Probable
5 - Highly Probable

Overall/average mitigated probability score

Potential Impact / Consequence if risk materialises	Impact	Mitigated impact
1 a lack of focus in priorities leading to a widening of the gap in KPIs of the SY economy with other northern regions, a sustained economic recession, high levels of unemployment, high levels of business insolvency and significant risks to our places.		
2 a lack of investment to deliver the locally agreed interventions with an over reliance on untargeted national solutions.		
3 a significant loss of income for the MCA.		
4 a significant reduction in public transport services.		
5 a lack of focus, unclear outcomes and resource plans not aligned to priorities.		
6 reputational damage to the Mayor and the MCA and the Management Board of the MCA Exec.		

Key
1 - Immaterial
2 - Minor
3 - Moderate
4 - Major/Serious
5 - Extreme

Overall/average mitigated impact score

Existing mitigation strategies / controls for the risk category	Details
Existing mitigation strategies / controls for the risk category	UPDATED Detailed Corporate and associated business plans capturing the priorities of the Transport Strategy (2019), SEP (2020), Renewal Action Plan (RAP) (2020), Devolution Deal (2020) are in place with clear deliverables
	Focus activity on local investment (gainshare), local discretionary grants and delivering out the agreed national programmes which address locally specified priorities (£390m). Continue to lobby for flexibility in future Shared Prosperity Funding (SPF) from the pilot to full roll out in subsequent years.
	Detailed analysis and risk monitoring of income and patronage and risk associated with light rail and bus services.
	Detailed analysis of economic trends, and a proposal to develop a SY Data and Intelligence Hub

Key
1-4 Low
5-10 Medium
11-16 Medium-High
17-25 High

Mitigated/Residual risk score

Existing mitigation strategies / controls weaknesses	Details
Existing mitigation strategies / controls weaknesses	High level of uncertainty re future sources of central government investment to support the delivery of the SEP and RAP and to mitigate some major service transport challenges as a result of COVID-19. MCA has some influence to lobby and challenge but decision making to address the weakness is external
	UPDATED Pandemic and imposition of local restrictions is solely a decision making matter for central government and outside of local control

Action Plan	Description	Status update	Interim date	completion date
Action Plan	The RAP needs supplementing with detailed and costed Implementation Plans, currently in development led by Thematic Boards.	1. A costed plan was developed for the Employers interventions in the RAP. The Business Board considered these along with the delivery options, prioritised them and recommended approval to the MCA Board. This has since been signed off and are now in delivery 2. People interventions were considered by the Skills Board and 2 projects have been prioritised. Business cases are in development and these will include more detailed costings. 3. Place interventions are being developed and delivered in line with funds like GBF, ATF, Housing (brownfield), TCF and the new SY Renewal Funds (Gainshare) ACTION CLOSED		Closed
	Corporate Plan to be drafted to clarify the Mayoral, MCA and LEP priorities to be progressed.	The Corporate Plan has been concluded and presented to MCA (June 21), a draft composite Business Plan for the group highlighting all spend priorities is also in place. Original date for conclusion was Dec 20 - which was met in draft to support the business planning process - with final agreement to the Corporate Plan Management Board end MArch. ACTION CLOSED		Closed
	Sustained lobbying for future funding for light rail and bus services.	Discussions with DfT and HMT have continued. At present there is no firm information on any continuing Central Government support for either bus or light rail beyond 21 June. It is anticipated that the final relaxation with Covid restrictions on 21 June will trigger a change in funding subject to the outcome of a review of social distancing measures. This isn't expected before 14 June. The recently published National Bus Strategy does indicate that there will be some continuation of support beyond 21 June. However, there is no indication of the level of funding or its duration. This could mean a shortfall between operating costs and revenue as passenger numbers are significantly below pre-Covid levels (60%). The position on tram is slightly different as HMT have indicated it is their desire to cease additional funding as early as possible. DfT are putting forward a funding request on behalf of all Light Rail systems which will be with Ministers on 28 May and with HMT the following week. The proposal is to maintain funding at current levels at least until the end of the current financial year. However, it is expected that HMT will, at best, look for a shorter duration. Again, the decision is not expected before the middle of June at the earliest. The Mayor has written to the Chancellor and Secretary of State making the case for a continuation of funding and we await their response. Whilst a provision has been made which would allow some limited support for any shortfall in funding for local transport services, this is finite and would be well short of the funds required to bridge the full gap between income and operating costs.		Ongoing
	Planning for an agreement to the implementation of the 7 Point Bus Review Plan.	Since the last meeting, the National Bus Strategy has been published by Government. Most of the requirements fit with the approach previously agreed under the 7 point plan and work is progressing to deliver against this. The NBS does place additional requirements on all authorities; the first of which is agreement to pursue one of two statutory arrangements set out under the Bus Services Act (either Enhanced Partnership or Franchising). Given the need to demonstrate tangible progress quickly, a recommendation to pursue an EP for South Yorkshire will be presented to the 7 June MCA. This does not prevent consideration of alternative models in parallel with this work.		Ongoing
	Sustained lobbying for future funding linked to CSR and the future Shared Prosperity Funds.	We have delivered the action to lobby for funds as part of the one year CSR, the budget and are actively submitting bids for Levelling Up and Community Renewal Funds. We continue to exploit opportunities in the Government's business cycle and the political cycle, and continue to review our strategy and tactics. ACTION CLOSED		Closed
	Agreement with Members of the plan for gainshare.	Members have agreed their priorities for the first two years of gainshare to be focused on the RAP implementation plans (MCA Board 16 November). Further work is now underway to develop an Investment Strategy for Gainshare, the new action detailed below for the agreement to the MCA Strategic Investment Framework will replace this action ACTION CLOSED		Closed
	Development of and agreement to the Strategic Investment Framework by Members and development of a plan for its implementation	To date, Members have agreed the principles of the SY Renewal Fund (MCA Board March 21). Work is continuing on key issues such as transforming the agreed SEP outcomes into investment outcomes for the Fund, agreeing how social outcomes will be hard wired into all interventions, as well as operationalising the principles of equity and subsidiarity to ensure investment is fairly targeted at need and opportunity. Further work is also underway to agree a policy and a mechanism for ensuring a return on MCA investment wherever possible and to also set up the Project Feasibility Fund. Members will discuss options and agree a way forward on these key issues by the October MCA. Following this, the detail of the investment programme will be developed and Members will shape and agree this before the end of this financial year. Discussions with HMT re borrowing powers have commenced.		Oct-21

Risk / Mitigation Owner Dr Dave Smith

Overall/average mitigated risk score

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Risk Category	Organisational Management
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Risk Description	Probability	Mitigated probability
1 Failure of the leadership of the MCA Executive to respond and adapt to the priorities of the Mayor, MCA and the LEP resulting in organisational priorities and team / individuals objectives that are poorly articulated and communicated are poorly articulated and communicated that could mean outcomes are not achieved.	4	3
2 Due to the rate and pace of change, due to the pandemic, devolution and new priorities, the MCA Executive does not have the capacity or capability to deliver the emerging priorities and programmes. That could mean a loss of funding, failure to deliver outcomes, reputational damage, and the potential for an increase in staff absenteeism due to stress.	4	3
3 Failure to agree a sustainable budget for the MCA Executive, continued dependence on short-term and temporary funding streams, creating a reliance on short-term fixed term contracts and the use of short term consultancy contracts or agency workers.	4	3
4 CLOSED Diversion of resources as a result of COVID-19, and remote working, leading to delays in progressing new business priorities or increased inefficiencies in progressing core operations that could mean increased errors and / or costs.	1	1
5 Failure to have in place an adequate and effective approach to business continuity management, which due to technical, health or operational disruption could mean the operations, programmes and services of the MCA Executive are significantly disrupted.	4	3
6 NEW Failure to implement and consult on an effective plan to integrate the MCA Executive and PTE, leading to disruption, high turnover, complaints and poor performance against business plans	4	3

Key

1 - Remote
2 - Unlikely
3 - Possible
4 - Probable
5 - Highly Probable

Overall/average mitigated probability score 3

Potential Impact / Consequence if risk materialises	Impact	Mitigated impact
1 Increasing resignations and staff absenteeism	4	3
2 Difficulties in recruiting, leading to higher costs	4	3
3 High level of establishment vacancies, higher levels of off-establishment appointments	4	3
4 Outcomes and resource plans not aligned to priorities	4	3
5 Disruption to payments, operations, services	4	3
6 Reputational damage to the Mayor and the MCA and the Management Board of the MCA Executive	4	3

Key

1 - Immaterial
2 - Minor
3 - Moderate
4 - Major/Serious
5 - Extreme

Overall/average mitigated impact score 3

Existing mitigation strategies / controls for the risk category
Weekly Group Management Board meetings, to facilitate planning for policy and delivery priorities and to agree organisational communication.
Weekly meeting with Mayor, fortnightly meeting LEP Board and regular meetings with Leaders re their portfolio, led by Management Board.
NEW Monthly Programme Board and fortnightly Steering Group for integration to ensure any organisational capacity or capability issues are escalated for resolution
AMENDED WORDING Additional Interim and permanent HR team capacity commissioned / being recruited to ensure HR elements of organisational management can be effectively planned, implemented, with risks identified and mitigated. Appointment of an independent company to run a 24 month programme of staff surveys
Approval of the Corporate Plan, development of Business Plans and personal performance development review process providing greater clarity of objectives and the performance expected. Also approval to an approach to establish Collaboration Teams (policy or programme focused) to increase the momentum and focus for new areas of activity.
Business Continuity Plan developed and monitored quarterly. Detailed lessons learned analysis of continuity issues as a result of COVID-19 integrated into MCA Executive Continuity Plan.

Key

1-4 Low
5-10 Medium
11-16 Medium-High
17-25 High

Mitigated/Residual risk score 11

Existing mitigation strategies / controls weaknesses
Full review of HR policies and practices, new job evaluation approach, corporate values and behaviours, a new approach to objectives and performance reviews, a new induction and training and development process. MCA has full influence over decision making to address the weakness.
Detailed work on a hybrid approach to working, blending remote and office based, to maximise impact of collaborative working and the continued safety of employees. MCA has full influence over decision making to address the weakness.
AMENDED WORDING MCA Executive regularly briefs all employees but there is no established Employee Forum, although an independent staff survey is rolling out for 24 months. MCA has full influence over decision making to address the weakness.

Action Plan	Status update	Interim date	completion date
Corporate Plan to clarify the Mayoral, MCA and LEP priorities developed in draft and imminently to be adopted by the Management Board.	Draft completed and agreed by Management Board, presentation to the MCA June 21 ACTION CLOSED		Closed
Unified Employee Performance Development Review System rolled out for all MCA/Pte employees	System agreed by Management Board (April 21) launched May 21 ACTION CLOSED		Closed
Expansion of the HR team to ensure sufficient capacity and skills to lead and implement the integration and run an effective HR service	Interim appointed to lead Integration work HR roles out to market New TOM creating role of Head of HR and introducing Business Partnering in development	Mar-21	Aug-21
Review of establishment structure, monitoring of HR statistics for recruitment, absenteeism and performance issues, to become part of quarterly HR Monitoring Report.	Full review of establishment was undertaken in 20/21 but the detailed analysis reporting was not implemented in year. Baseline detailed establishment report for 2021/22 presented to Management Board early June and part of on-going management reporting ACTION CLOSED		Closed
Review of non-establishment positions to be undertaken and to become part of quarterly HR Monitoring Report.	Full review undertaken in 20/21 and presented to Management Board, reporting on non-establishment positions to be part of regular HR reporting to Management Board ACTION CLOSED		Closed
Consider options for an employee voice forum.	Set up joint CEX briefings for MCA and PTE employees, appointed an independent specialist company to run a 24 month programme of staff engagement surveys, working on detailed 1-2-1 interviews on matters to do with integration, set up Integration intranet with facility for employee questions ACTION CLOSED		Closed
Review of business continuity plan 2021/22 and updated plan to be agreed	Initial session to consider the risks to business continuity post pandemic where increased remote working is the norm and therefore there is increased system dependencies	Aug-21	Oct-21
Risk / Mitigation Owner	Ruth Adams		

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Risk Category Budget and Financial Management

Risk Description	Probability	Mitigated probability
1 Failure across the MCA Group to create, maintain and implement an effective strategic and operational approach to budgetary, financial and asset management could mean poor financial management accountability, poor transparency and failure to achieve intended outcomes	Yellow	Green
2 UPDATED Income shortfalls arise due to post-pandemic behavioural changes, particularly around commercial rents and advertising, impacting upon the amount of earned resource that can be reinvested in services	Orange	Yellow
3 Ending of some major funding streams including Local Growth Fund, Mayoral Capacity Fund, Integrated Transport Block, Active Travel, without plans for successor funding, leading to a significant shortfall in income to support priorities and the MCA Executive	Yellow	Yellow
4 An inconsistent approach to asset management across the MCA Group and landlord functions leads to sub-optimal performance, tenant dissatisfaction, and inefficient reactive expenditure	Yellow	Green
5 Systemic loss of commercial viability in the South Yorkshire transport network due to patronage reductions, leading to pressure for greater public subsidy	Red	Red
6 Re-franchising of the Supertram mass-transit light-rail system in 2024 exposes the Group to commercial risk that it is has previously been shielded from	Red	Red
7 The MCA fails to find the local contribution required to attract central government support for the mass-transit renewals scheme, with implications on the ability to re-franchise the light-rail system and significant ongoing issues as ageing infrastructure becomes inefficient	Orange	Yellow
8 No clear consensus on the use of the devolution financial flexibilities and for the use of gainshare, leading to risk averse behaviour could mean failure to maximise the potential to invest in priorities	Green	Green
9 Changes to the regulatory environment around Bus services leads to a further change management exercise, greater capacity pressures, and a potential risk shift from government to local bodies	Orange	Yellow
10 NEW A new emphasis on borrowing as a means of financing investment activity requires both government consent and appropriate skills, capacity, and processes to be in place to enable the MCA to mitigate the risk of sub-optimal investment decisions.	Yellow	Green

Key

- 1 - Remote
- 2 - Unlikely
- 3 - Possible
- 4 - Probable
- 5 - Highly Probable

Overall/average mitigated probability score

Potential Impact / Consequence if risk materialises	Impact	Mitigated impact
1 The financial stability of the MCA Executive is compromised as reserves are deployed on an unsustainable basis	Red	Green
2 The MCA is exposed to unplanned and reactive expenditure	Yellow	Green
3 The ability of the MCA Group to resource activity beyond immediate priorities is prejudiced	Yellow	Yellow
4 The MCA's ability to adequately control its activity through appropriate staffing levels is compromised	Yellow	Yellow
5 The mass-transit renewals project stalls	Red	Red
6 The MCA seeks greater unplanned contributions from local partners or there are service reductions	Red	Orange
7 Reputational damage to the Mayor and the MCA and the Management Board of the MCA Executive	Red	Yellow
8 NEW The MCA is not granted borrowing powers, or not granted the debt cap that it requires to support its investment plans	Red	Green

Key

- 1 - Immaterial
- 2 - Minor
- 3 - Moderate
- 4 - Major/Serious
- 5 - Extreme

Overall/average mitigated impact score

Existing mitigation strategies / controls for the risk category	Mitigated/Residual risk score
A review of reserves and provisions has been undertaken to ensure that the Group holds a prudent total quantum of reserves, and that those reserves are directed to known risks. A complete re-set of reserves is proposed in the new Reserves Strategy, with a number of new earmarked reserves created.	Yellow
Strong internal controls around forecasting and commissioning allows the MCA to control its financial commitments.	
UPDATED The Business Plan and Budget exercise for 2021/22 has allowed the MCA to re-set its commitments and reserves in alignment with known risks	
Proposals to address weaknesses around Group wide asset management functions have been adopted through the Business Plan and will be resourced through the Budget	
The MCA has introduced a cycle of Budget Revisions throughout the year to re-test expenditure and income assumptions, re-adopting budgets every quarter	
The MCA Group has been active in engaging with and corraling support from other MCAs to lobby government for continued public transport support during Covid disruption. A Light Rail Recovery Plan has been submitted to government.	
A Bus Steering Group has been formed from officers across SYPT and the MCA and led by the Chief Executive to identify a route out of the current arrangements. An Interim Bus Project Director has been appointed to provide clear focus and leadership on the task.	
A financial strategy for the new year has been adopted including holding the transport levy and committing more reserves to Covid resilience	
Significant progress has been made with Members around the deployment of Y1-2 gainshare monies and the development of longer-term aspirations for the development of a South Yorkshire investment strategy	
The MCA Group is engaging with local and government partners in the development of the Mass Transit full business case.	
Work has been undertaken to model borrowing affordability, and government have been engaged on the drawdown of powers	
The MCA Group has been active in engaging with and corraling support from other MCAs to lobby government for continued public transport support during Covid disruption	
Work is underway to develop a Bus Improvement Plan which will enable the MCA to continue to access government funding support for bus networks, whilst developing plans for a move to Enhanced Partnerships which will support greater influence of operations.	
A review of bus/tram concessions and tendered bus services budgets is underway to forecast the impact of reduced patronage.	
Work has commenced on developing an Investment Strategy for the South Yorkshire Renewals Fund, which will shape the MCA's approach to using devolution funding and how the Executive supports it	
A longer-term transport investment plan is being developed that will help to address how macro transport investment requirements such as Mass Transit Renewals are funded. This will support the proposals that will feed into the bid for Inter-City Transport Funding, which will form the basis	

Key

- 1-4 Low
- 5-10 Medium
- 11-16 Medium-High
- 17-25 High

Mitigated/Residual risk score

Existing mitigation strategies / controls weaknesses
Short term government funding horizons are inhibiting longer-term planning
There are limited means for the MCA Group to actively intervene in the public transport market to prime demand and redress falling patronage.
There are limited means to manage major investment projects such as the Mass Transit Renewals scheme beyond central government support, and further limited means to manage local contributions without the support of local levy-paying partners.
Government may require regulatory change around bus services as a precondition of further funding support. This may expose the MCA to longer-term cost and risk.
The MCA Group lacks the resources and powers to manage mass disruption – such as that arising from Covid – on the public transport network, and is reliant on central government support.
NEW - No clarity on future years funding from government including Shared Prosperity Funds, MCF, ITB, LEP Capacity Grant. MCA has some influence to lobby and challenge but decision making to address the weakness is external.
NEW - The receipt of borrowing powers is contingent on HMT agreeing a borrowing cap, MHCLG tabling legislation, and Parliament passing the order

Action Plan	Status update	Interim date	completion date
Development of exit strategies from the current public-subsidy model for the public transport network, and continued lobbying of government for sustained support to the network during Covid disruption.	Action now superseded and therefore now closed.		CLOSED
Sustainable funding review of the MCA Executive to be undertaken as part of Gainshare strategy discussions	Action now superseded and therefore now closed.		CLOSED
UPDATED/AMENDED Support Mass Transit activity, including the ongoing lobbying for the extension of support, the preparations for the end of the current concession, and the development of an OBC	Completion date changed from Sep 21 to Jan 21.	Sep-20	Jan-21
NEW - Support the development of the Bus Service Improvement Plan to enable ongoing access to government support		Sep-21	Dec-21
NEW - Engage government on the drawdown of borrowing powers and the setting of an appropriate debt cap		Dec-21	Mar-22
NEW - Support the development of a long-term Transport Investment Plan		Dec-21	Mar-22
NEW - Support the development of the Investment Strategy for the South Yorkshire Renewals Plan		Dec-21	Mar-22
NEW - Support the Integration Exercise		Dec-21	Mar-22
Risk / Mitigation Owner	Gareth Sutton		

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Risk Category Programme Management

Risk Description	Probability	Mitigated probability
1 The number and diversity of new programmes and government funding, each with its own specific complexities, exacerbate the current limitations in the system (MCA Executive and Partners) to respond to bidding rounds to secure resources for programmes to meet Mayor, MCA and LEP priorities.	4	3
2 The number and diversity of new programmes exacerbate the current limitations in the system (MCA Executive and Partners) in terms of capacity and capability to develop and deliver well formed programmes and projects that meet MCA / LEP objectives.	4	3
3 Pace of change and diversity of assurance requirements for different funds requires a range of technical assurance expertise and could mean weaknesses in recommendations made to decision makers.	3	2
4 Scale and complexity of work to implement the Bus Review 7 Point Plan, requiring expertise and resources beyond those that are available could mean a failure to effect the desired changes and deliver the desired SY transport network.	5	4
5 Scale and complexity of the devolution of the Adult Education Budget, with limited capacity and resources results in a poorly developed and executed programme.	4	3
6 Scale and complexity of work to deliver the Transforming Cities Funding, to the time limits set by Government, exacerbates the limitations in capacity and capability of transport teams to deliver the scale of the programme.	5	4
7 Failure to collate performance and investment data and risk assessments, adequately analyse and transparently report on performance and benefit realisation outcomes and risks.	4	3
8 NEW - The SYPTE/MCA Integration Exercise places considerable strain on the organisation and displaces focus from existing priorities.	4	3

change

Key

1 - Remote
2 - Unlikely
3 - Possible
4 - Probable
5 - Highly Probable

Overall/average mitigated probability score

Potential Impact / Consequence if risk materialises	Impact	Mitigated impact
1 a reduced level of grant income awarded to the MCA or LEP.	4	3
2 a lack of investment in SY to deliver the locally agreed interventions leading to an over reliance on national programmes with minimal influence.	4	3
3 public transport services patronage continues to decline resulting in loss of income and failure to meet the priorities of the bus review and the ambition to mitigate climate change.	5	4
4 destabilisation of the FE Sector and problems in provision for adults.	4	3
5 reputational damage, as a result of poor performance or failure to mitigate risks, to the Mayor and the MCA and the Management Board of the MCA Exec.	4	3
6 NEW - Return of money that cannot be used within a funding window to funding bodies, reducing the amount of funding investment priorities	4	3

Key

1 - Immaterial
2 - Minor
3 - Moderate
4 - Major/Serious
5 - Extreme

Overall/average mitigated impact score

Existing mitigation strategies / controls for the risk category	Mitigation/Residual risk score
Development programme leading to trained employees with MSP / Prince 2, Better Business Case or Risk Champion training in place and regularly reviewed	4
Appraisal Models developed and subject to peer review by relevant government departments	
The Assurance and Accountability Framework establishes all processes for the development of business cases, assurance and any post approval change requests and sets out decision making	
All schemes report quarterly on milestones, risks. The Programme and Performance Unit summarise information and escalate issues to the Management Board and to the Thematic Boards and LEP / MCA.	
Commissioned national AEB expert to lead the devolution of AEB programme, with recent experience of heading arrangements in other devolved administrations	
The procurement of an independent expert to review Business Processes and identify opportunities for improvement	
The creation of a Project Feasibility Fund to resource the early stage development of schemes on a sustainable basis has been recommended to members as part of the Budget for FY 2021/22	
DCEX appointed to lead programme of MCA / PTE Integration	
NEW - A revenue reserve has been allocated to support the resourcing of the Integration Exercise with further resource allocated through the budget	

Key

1-4 Low
5-10 Medium
11-16 Medium-High
17-25 High

Existing mitigation strategies / controls weaknesses	Mitigation/Residual risk score
Frequency of changes to government funding streams, often launched without guidance and the retrospective application of rules, hampers the ability to provide clarity and to update processes and implement training. MCA / LEP has limited influence to address the weakness.	4
Quality of programme information from Scheme Promoters is not always accurate and therefore milestone and performance reporting makes it difficult to adequately plan and execute mitigation strategies. MCA has influence to address the weakness.	
All programme management information is currently processed manually via spreadsheets increasing the potential for errors. MCA has influence to address the weakness.	
NEW - The timing of the Integration Exercise is ultimately dependent on the passage of legislation through Parliament. The final timing of the legislation may impact upon resourcing plans.	

Action Plan	Status update	Interim date	completion date
Completion of the Business Process Re-engineering exercise	All fieldwork completed, due to report to CEX end June / early July	May-21	Jul-21
Roll out of Better Business Training to all MCA Executive and external Scheme Promoters, subject to budget constraints	Scheduled still to be agreed, based on resources from government being launched - original date was set for April 21, this has now been rescheduled for September 21	Apr-21	Sep-21
Launch of a Project Feasibility Fund		Jul-21	Sep-21
Implementation of Programme Management System concluded	Roll out imminent	Sep-20	Jun-21
Risk / Mitigation Owner	Gareth Sutton		

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Risk Category	Governance and Compliance Management			
Risk Description	1 Failure to create, implement and monitor an effective strategic and operational approach to governance improvement across the MCA Group and for the LEP.	Probability	Mitigated probability	
	2 CLOSED Failure to implement and monitor an effective approach to the publication of up to date relevant information on procurement, contracts, projects, policy documents and meeting papers could mean a lack of transparency.			
	3 AMENDED WORDING Failure to effectively identify and plan for the integration of the PTE with the MCA leading to weaknesses in governance and compliance issues as the integration is implemented.			
	4 AMENDED WORDING Failure to create, implement and monitor an effective approach to ensuring legislative, regulatory and statutory compliance across the organisation, including an effective approach to the publication of up to date relevant information on procurement, contracts, projects, policy documents and meeting papers.			
	5 Lack of specialist procurement and commercial expertise and weaknesses in the capability of officers to effectively procure goods and services could mean a failure to secure best value and cost overruns as a result of poorly defined specifications.			
	6 CLOSED Failure to agree and implement a Mayoral Remuneration Panel and to get agreement to the outcome.			
	7 Failure to comply with the requirements of the LEP Review, particularly ensuring compliance with the gender diversity KPI			
	8 CLOSED Failure to create and implement an effective decision making framework for the MCA and LEP via a new structure for Thematic Boards, with delegation levels agreed could mean a lack of efficiency in policy development, oversight and decision making.			
	9 Failure to create, implement and monitor an effective information asset and GDPR management approach to manage personal data following the devolution of AEB could mean increased probability of data breaches.			
	10 AMENDED WORDING Failure to plan and implement an effective plan to manage and implement the 2022 Mayoral election			
	11 NEW - Failure to interpret and implement the government requirements for accessibility of information via web content and other published data			
Overall/average mitigated probability score				
Potential Impact / Consequence if risk materialises	1 Poor assessment of governance improvement and compliance by Internal and External Audit and Government as part of the Annual Performance Review of LEPs.	Impact	Mitigated impact	
	2 Potential Litigation and Financial Penalties.			
	3 Potential data breach and penalties.			
	4 Bottle-necks in decision making.			
	5 Increased numbers of FOIs.			
	6 Reputational damage to the Mayor and the MCA and the Management Board of the MCA Executive.			
Overall/average mitigated impact score				
Existing mitigation strategies / controls for the risk category	Deputy Chief Executive responsible for governance improvement activity across the MCA Executive and LEP.			
	Annual review of the Constitution, Financial Regulations, Contract Procedure Rules, Assurance and Accountability Framework and LEP Board Policies.			
	Fundamental review of CPRs and development of new procurement processes in year.			
	QSC and ASC scrutinise policies, processes, decisions. Members have informal briefing sessions with CEX and Senior Officers to increase the effectiveness of the scrutiny process.			
	HR Policies are reviewed and updated to ensure legislative compliance.			
	IT Security systems and GDPR Action Plan is in place.			
Lessons learnt from 2018 Mayoral election can inform planning and delivery. Budget agreed. Timely start to process.		Mitigated/Residual risk score		
Existing mitigation strategies / controls weaknesses	CLOSED There is no operational Governance Improvement Plan which specifies in detail the required actions and which officers are accountable for implementing actions, this results in weaknesses in transparency of information. MCA has influence to address the weakness.			
	Lack of an organisation wide training programme for all officers in the requirements of new CPR and procurement process, which makes clear the officer obligations and consequences for non-compliance. MCA has influence to address the weakness.			
	CLOSED Lack of capacity and capability in the IT team to lead on the complex work as a result of the devolution of AEB. MCA has influence to address the weakness.			
	Lack of resource with data management experience. Budget agreed for 21/22 to address this weakness.			
Accountabilities for website information unclear, leading to risk of non-compliance with accessibility requirements materialising				
Status update		Interim date	completion date	
Action Plan	Roll out of new CPR rules and processes and development of a MCA Exec wide training programme.	New CPRs developed and approved - ACTION CLOSED Development resources have been produced and will be rolled out to procuring officers and new starters, commencing in June 21.		Closed
	Develop and implement a system of monitoring breaches in application of processes especially in procurement.	Original dates for this were not met as were delayed until the appointment of a new Head of Procurement Head of Procurement currently undertaking a review of internal systems for managing breaches - review due to be concluded end June with revised approach implemented by September 21	Jun-21	Sep-21
	Agree the process for the Mayoral Remuneration Panel.	Process agreed. Final report of Remuneration Panel scheduled for MCA meeting Jan 21. ACTION CLOSED		Closed
	Create, implement and monitor an operational governance improvement plan with specific actions and officer accountabilities specified.	This part of the annual governance improvement programme of the MCA Executive and formal review takes place and actions are monitored by the Dep CEX ACTION CLOSED - as is embedded in annual process		Closed
	Agree a revised governance model linked to newly constituted Thematic Boards, with options to vary delegation levels considered.	ACTION CLOSED		Closed
	Commission capacity, implement and seek assurances with regard to the data management and IT systems work for the devolution of AEB.	The work on the AEB IT system is progressing well and the basic system is in place. Data security and auditing of access is at the core of the system and this is in place. This will allow us to manage access on a least privilege basis, track who has the rights to view or amend data. Any access to the system and which dataset has been amended is logged for audit purposes against the individuals username. This is all in place now. ACTION CLOSED As AEB roles into implementation there will be additional data management issues to address but there is no concerns at present with the systems, and this will be an ongoing evolving IT work package until we have gone through the monthly cycle several times. Need to appoint an IO for AEB data. CONTINUE TO REVIEW FOR A YEAR POST GO LIVE DATE IN AUGUST	Dec-21	Aug-22
	Recruitment of resource to deliver 2022 Election	Budget agreed	Jul-20	Nov-21
	Recruit to post agreed in Business Plan 20/21 for Information Governance to address lack of resource for data management.	Budget agreed	Jul-21	Oct-21
Develop a plan for managing accessibility risks	Project Team established led by Dep CEX New accessibility statement agreed with Cabinet Office Digital Services Tools being looked at to run detailed internal diagnostics Specialist resource in place to ensure compliance of existing website by September 21 Role identified for a Digital Communications Manager - budget agreed and now pending recruitment Proposal being considered by HR to roll out ccsibility training New website planned by March 2022	Sep-21	Mar-22	
Risk / Mitigation Owner	Steve Davenport			

Key

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1-4 Low
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