

DATE Jan 21

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 Loss of income and higher reactive expenditure as a result of COVID-19, leading to significant budgetary pressures to resource the MCA Executive and to support the delivery of the programmes and outcomes	Yellow	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	Orange	Orange
4 NEW 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	Red	Orange
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	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	Orange
2 NEW 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 NEW 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

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
Reserves and provisions are held at prudent levels to mitigate known and unforeseen risks.	Orange
Strong internal controls around forecasting and commissioning allows the MCA to control its financial commitments.	
NEW The MCA has implemented a Business Planning Process to ensure resource is matched to business priorities	
NEW Proposals have been brought forward through the Business Planning process to address weaknesses in the approach to asset management and landlord functions	
UPDATED The MCA has introduced a cycle of Budget Revisions throughout the year to re-test expenditure and income assumptions, readopting budgets every quarter	
The MCA Group has been active in engaging with and coralling support from other MCAs to lobby government for continued public transport support during Covid disruption	
Exit strategies are further being developed to allow the MCA to transition away from the current public subsidy model that is supporting the public transport network through Covid disruption.	
UPDATED A financial strategy for the new year has been adopted including holding the transport levy and committing more reserves to Covid resilience	
UPDATED Gainshare strategy planning is underway, with Members committing to individual projects and wider strategies such as the development of a Project Feasibility Fund	
The MCA Group is engaging with local and government partners in the development of the Mass Transit full business case.	

Key

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

Existing mitigation strategies / controls weaknesses
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.
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.
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.

Action Plan	Status update	Interim date	completion date
Budget rebaselining and presentation of a revised budget to MCA.	Three budget revisions have now been presented to the MCA. These exercises have been used to address budget pressures and re-set the organisation with an appropriate level of activity. These exercises have allowed the MCA to release previously paused activity and invest in services	Sep-20	Ongoing
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.	Covid exit strategies remain in development. Reports have been presented to the Thematic Boards whilst an internal transport recovery steering group has been formed. These workstreams are aligned to the financial strategy which seeks to provide a bridge to the recovery stage.	Oct-20	Mar-21
Sustainable funding review of the MCA Executive to be undertaken as part of Gainshare strategy discussions	A review has been undertaken of the approach to recharging and top-slicing programme funding streams in support of MCA Executive costs. At this stage no gainshare resource has been specifically allocated to core MCA Executive services.	Dec-20	Mar-21
Development of the Mass-Transit Renewal FBC to determine an approach to local contributions.	Work on a Mass Transit FBC will commence on completion and approval of the OBC. Further OBC work is required to take account of new post-pandemic patronage forecasts.	Sep-20	Sep-21

Risk / Mitigation Owner Gareth Sutton