

DATE Jun 21

Risk Category	Budget and Financial Management	Probability	Mitigated probability
Risk Description	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 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 rebrand 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
Overall/average mitigated probability score			Yellow
Potential Impact / Consequence if risk materialises	1 The financial stability of the MCA Executive is compromised as reserves are deployed on an unsustainable basis	Red	Yellow
	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	Red	Red
	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
Overall/average mitigated impact score			Yellow
Existing mitigation strategies / controls for the risk category	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.		
	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, readopting 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 SYPTA 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		
Mitigated/Residual risk score			Yellow
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		