| **Ref** | **Description** | **Gross risk** | | | **Mitigations** | **Owner** | **Net risk** | **Trend** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Prob.** | **Impact** | **Risk** |
| **1** | **STRATEGIC** | | | | | | | |
| 1.1 | National or international macro-economic conditions shift, resulting in unforeseen changes in local need/opportunity and compromising the relevance and deliverability of the LEP’s Strategy. Includes economic and social disruption from   * coronavirus; could include   + higher unemployment from Covid-19 creating social disruption and require shift in focus from productivity growth back to employment growth   + risk to viability of strategic infrastructure essential to regional connectivity * Ukraine conflict; could include   + further increases to energy costs/ inflation   + increased political instability reduces confidence and economic activity * 2023 recession * other inflationary pressures through e.g. energy rises, wage inflation, currency instability, interest rates etc | H | H | **H** | * Economic shocks’ mitigation: LEP working with LA partners, business etc through monthly Resilience & Opportunities forum, escalating issues as required. Growth Hub providing support for businesses. * Actions would depend on specific issues | **Board**  Action: CEO & COO | **H** | **↔** |
| 1.2 | Changes to national/ local economic policy through:   * Government policies & Ministers * make up of HotSW MPs * advent of Western Gateway & Great SW * Somerset local government reorganisation * Devon devolution deal   compromise the relevance and deliverability of the LEP’s economic strategies and/or risk fragmentation of the HotSW area | H | H | **H** | * Levelling Up White Paper & Budget 2023 funding announcement published & LEP working with local authority Govt & CEX on integration planning. * Build Back Better plan responds to strategic and widely-recognised growth needs and opportunities and incorporates the LIS and productivity strategy. BBB endorsed by LEP Board and Jt Cttee: may be refreshed as Govt growth policy emerges * GSW funded 22/23 & an opportunity to set out the area’s proposition with new Ministerial team; priorities being agreed spring/summer 2023. Also reduces potential risk of fragmentation due to Western Gateway | **Board**  Action: Management team | **M/H** | **↔** |
| 1.3 | An inability to amend LEP priorities and leads to insufficient flexibility to respond to changes in local need/opportunity which compromises the effectiveness of the LEP | L | M | **M** | The LEP governance arrangements are designed to be responsive allowing the ability to respond to new opportunities/risks. The BBB opportunities are sufficiently broad to allow for tactical changes of direction. | **Board & OIC**  Action: Management team | **L** | **↔** |
| 1.4 | Individual LEP partners or groups of LEP partners could work to priorities and economic strategies/plans that do not align with the Productivity Strategy/ BBB, resulting in missed opportunities to maximise added-value and impact. | L | H | **M** | * The Board and supporting groups work closely with partnership organisations to ensure ongoing buy-in and support for the jointly owned Productivity Strategy and BBB plan. Partner buy-in is via the Joint Committee alongside direct LEP engagement * GSW partnership board incorporates all HotSW upper tier/ unitaries | **Board & OIC**  Action: Management team | **M** | **↔** |
| 1.5 | Levelling up white paper and Budget 2023 funding announcement   * creates uncertainty over medium-term future and role of the LEP which could reduce Board engagement and lead to higher staff turnover * potentially reduces the ability of HotSW to make an impact in developing the area’s economy | M | H | **M/H** | * Board regularly updated on prospective devo deal & LEP working with Govt & LA CEX on an integration plan * Board agreed to develop budget for full year 23/24 operation * Delivery of Getting Building Fund on-going and on track to meet milestones * 23/24 workplan developed setting out key actions to end Mar 24 | **Board & CEX** | **M** | **↔** |
| 1.6 | Accountable body may not be able to fulfil its role in accordance with the Back Office Service Level Agreement, in particular risk compliance with the Assurance and Accountability Framework or due to impact of Somerset local government reform | L | H | **M** | * SCC S151 officer provided assurance to Sept 18 OIC over ring-fencing of LEP monies held by SCC. * LEP processes reviewed in Annual Review, mid-year review and by SCC audit committee * OIC to be kept updated on implications of Somerset local govt reform; no immediate impact anticipated from unitarisation | **OIC**  Action: CEX | **L** | ↔ |
| 1.7 | Changes to the way LEP functions are delivered may lead to some current functions not continuing, risking longer term growth prospects. Changes include:   * + Greater Devon devo deal: Govt confirmed LEP functions are Growth Hub, trade and investment activity & liaison with DIT, Digital Skills Partnership, Careers Hub, local skills analysis via Skills Advisory Panel, monitoring & assurance of local growth funds for which LEPs are responsible   + requirement to retain full suite of LEP operation in Somerset post-Devon devo   + fit of LEP activity with Great SW is to be determined   + emergence of local skills improvement plans (LSIPs) | M | M | **M** | * Operating model to be kept under review to reflect emerging devo deal, Budget funding announcement, Somerset requirements, GSW operation and LOICs/ SAP relationship. Noting policy & timeframes likely to continue to evolve. Sector development & economic intelligence part of this * Transition planning in hand to detail how LEP operations will change: planning to cover this risk * Devo also opens up potential opportunities not covered by the LEP, e.g. adult skills budget | **OIC**  Action: CEX | **L** | **↔** |
| **2** | **FINANCIAL & OPERATIONS** | | | | | | | |
| 2.1 | Availability of medium-term funding (18 months +) limits the LEP’s ability to operate and,   * jeopardises implementation of actions to support growth * could lead to insufficient capacity and capability within the partnership to bring forward projects which support implementation of the Productivity Strategy & BBB | M | H | **M/H** | * LEP will reserves provide longer term certainty * Transition planning to ensure breadth of LEP operations is covered in new local growth arrangements * Delivery of LEP objectives is supported by the local authorities through financial contributions and Service Level Agreements. Other partners, such as HE/FE or the private sector, may make occasional ad hoc contributions to delivery activity. SLAs have 3-month notice period for changes to reduce uncertainty * Continued messaging to Government around need for revenue support for project development | **OIC**  Action: CEX/ COO | **M/H** | **↔** |
| 2.2 | LEP is unable to fund operations over the short term (12-18 months)   * Govt confirmed core funding for 23/24 * availability of core funding and other income streams restricts LEP’s ability to meet going concern criteria and affects viability | L | H | **L/M** | * LEP has built up reserves to ensure it can meet going concern criteria & Govt has confirmed 23/24 core funding * Operating model to be kept under review depending on progress in devo discussions. Model to consider needs of transition, responsibilities as a CIC/ going concern etc. * LEP’s revenue requirement monitored through OIC and exchange costs provisioned in finance plan; revenue exchanges largely complete from existing capital programme (note some LGF underspend may be released from closing projects – Board priorities for this agreed Nov19 ) | **OIC**  Action: COO | **L** | **↓** |
| 2.3 | GPF interest due is not paid, reducing income stream and affecting LEP’s ability to meet going concern criteria and fund operations | M | H | **M/H** | * Cashflow forecast in monthly finances monitors impact of potential changes in interest payments on overall LEP finances * LEP will continue to build reserves to provide longer term certainty * Monthly monitoring of GPF projects’ payments * 3 out of 4 GPF projects either with or guaranteed by local authorities. DC Homes paying as required * Specific intervention with projects as required | **OIC**  **Action: CEX/ COO** | **M** | **New** |
| 2.4 | Failure of operational controls significantly affects LEP’s ability to deliver its function. Includes lack of adequate oversight of risk by the LEP Board | M | H | **M/H** | * OIC monitors overall risk position monthly with 6-monthly update provided to the Board | **OIC**  **Action: CEX/ COO** | **L** | **↔** |
| **3** | **STAKEHOLDER / PARTNERSHIP** | | | | | | | |
| 3.1 | LEP partners and stakeholders, including business may not be aware of, or interested in, the LEP’s objectives, resulting in weak responses to calls for input from organisations or sectors currently under-represented in the LEP structure. | L | M | **L/M** | * The LEP is supported by stakeholder engagement and communications devised to ensure a broad level of appropriate engagement. The LEP will also ensure that commissioning processes will include significant engagement and that we use national funding bids as an opportunity to invite submissions and ideas from our partners. * LEP engaging with local political leaders through the Joint Committee * Chair engaging directly with business orgs to raise profile amongst prospective Board members * LEP member of GSW partnership board | **Board & L’ship Groups**  Action: Management team | **L** | **↔** |
| **4** | **PROGRAMME / PROJECT DELIVERY** *(Refer also to programme highlight report & summary for further detail on delivery management and risk)* | | | | | | | |
| 4.1 | Inadequate governance and delivery structures / systems could lead to inefficient and ineffective implementation which results in the LEP’s failure to meet spend/outputs performance targets.  This risks negatively impacting on Govt’s perception of the LEP and therefore affects the LEP’s ability to attract future funding. | M | M | **M** | * Getting Building Fund achieved spend target by March 22 and remaining funds managed through freedoms and flexibilities, all defrayed by Mar 23. * Outputs performance monitored: 6-monthly project leads review meeting as part of monitoring * Projects contributing significant proportion of remaining outputs being contacted spring 23 to assess potential risk/ mitigation * Future capital funding now through local authorities | **OIC**  Action: Management team/ PMO | **L** | **↔** |
| 4.2 | Cost escalation or delays of projects caused by rising costs of fuel, materials and labour etc could put individual projects and subsequently programme delivery, at risk. | M | H | **M/H** | OIC closely monitors slippage and implement actions to put in place mechanisms to better monitor and respond to this issue. | **OIC**  Action: Management Team | **L** | **↔** |
| 4.3 | Case law and macro planning decisions risk deliverability of projects within the LEP area. Includes:   * EU case law on phosphates (Dutch N) affects development of c11,000 homes and commercial development across the area: requires greater scrutiny of the effects of plans or projects that are likely to, either directly or indirectly, increase nutrient loads to internationally important sites * Impact of judicial review of SoS Stonehenge/A303 decision may affect future planning outcomes | M | M | **M** | * Phosphates working group convened under HEROG to set out the issue and potential mitigation. Local mitigation being developed * Heathrow decision now appears resolved but monitor * Continue to monitor A303 judicial review and relevant outcomes: SOS now plans to re-determine the application following the provision of additional information. | **OIC**  Action: COO/ Place | **M** | **↔** |
| 4.4 | Covid-19 may   * result in delays to projects and programme delivery * significantly reduce partners’ appetite and ability to co-invest in work which is essential to the longer term growth prospects of the area | M | H | **M/H** | * Impact on current portfolio to be managed through OIC – see 4.1 * LEP part of resilience and opportunities forum – monitor impact on longer term work and work with partners and Government as needed * Build Back Better offers a strong recovery plan | **OIC**  Action: CEX | **M** | **↔** |
| 4.5 | UKSPF design may lead to   * Challenges in developing effective interventions at the appropriate scale * Timing of funding availability & linking to emerging devo deals may lead to delays in availability of funds which could lead to gaps in provision | M | H | **M/H** | * LEP monitoring development of UKSPF investment plans and identify ways to address the issue | **OIC**  Action: CEX | **M** |  |
| **5** | **REGULATORY / LEGAL / COMPLIANCE** | | | | | | | |
| 5.1 | Failure to implement appropriate corporate governance (including conflict of interest protocols) results in significant reputational damage to the LEP, ineffective operation, failure to meet objectives or formal/legal challenge of our decision-making processes. Increased emphasis on governance from BEIS | L | L | **L** | Assurance Framework sets out the roles and responsibilities of all LEP governance groups, and conflicts policy has been updated for all Board and sub-group members. Scrutiny function established and joint work programme agreed | **OIC**  Action: CEX & COO | **L** | **↔** |
| 5.2 | Failure to comply with General Data Protection Regulation (GDPR) and Privacy and Electronic Communications Regulations (PECR) creates financial or reputational risk for the LEP | M | M | **M** | * LEP privacy policy and approach to data management and security updated to coincide with introduction of GDPR May 2018, in conjunction and agreement with SCC’s Data Protection Officer. Policy to be updated as case law evolves, under SCC DPO’s steer. 6 monthly GDPR audits conducted * Cyber insurance in place and LEP secured Cyber Essentials | **OIC**  **Action COO** | **L** | **↔** |
| **6** | **STAFF RESOURCING** | | | | | | | |
| 6.1 | Unplanned requests for support from our partners and stakeholders cannot be met through LEP core team capacity or resourced through local authority SLAs. | M | M | **M** | * Staffing included in SLAs and monitored by management team meaning unplanned requests should be minimised. There may also be options for looking to other, non-local authority LEP partners, who may be able to contribute in-kind support (e.g. universities for research activity). SLAs have 3-month notice period for changes. * OIC monitors LEP finances and shortfalls in funding identified through this route. Where there is a shortfall, proposals to be brought to OIC * Where there is a case for increased headcount, which is fully funded through core funds and represents better value for money than external contractors, and is to deliver priority activity, a strong case should be put to the LEP Board. * Resourcing implications of requests from Govt, especially with short timelines, to be monitored by LEP management team | **OIC**  Action: CEO | **L** | **↔** |
| 6.2 | Spread of coronavirus incapacitates LEP and partnership staff   * current infection levels relatively low though situation could change quickly | M | M | **M** | Follow Govt and Accountable Body guidance as this evolves; remote working capability in core team | **OIC**  Action: CEO | **M/L** | **↔** |
| 6.3 | Uncertainty over longer term LEP role risks disengagement of staff and Board members, impacting the LEP’s ability to deliver its commitments (see also 1.5) | M | H | **M/H** | * Board have agreed to plan for full year 23/24 operation and LEP has budget to support this & delivery of existing work programme, providing short term certainty. Team are aware * Longer term position being developed in response to Budget 2023 funding announcement * Consider retention payments where appropriate: OIC to approve | **OIC**  Action: CEO | **M** | **↔** |

