

Heart of the South West LEP – Risk Register 03/10/2023

Ref	Description	Gross risk			Mitigations	Owner	Net risk	Trend
		Prob.	Impact	Risk				
1	STRATEGIC							
1.1	<p>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</p> <ul style="list-style-type: none"> - coronavirus; could include <ul style="list-style-type: none"> o higher unemployment from Covid-19 creating social disruption and require shift in focus from productivity growth back to employment growth o risk to viability of strategic infrastructure essential to regional connectivity - Ukraine conflict; could include <ul style="list-style-type: none"> o further increases to energy costs/ inflation o increased political instability reduces confidence and economic activity - 2023 weak economic performance - other inflationary pressures through e.g. energy rises, wage inflation, currency instability, interest rates etc 	H	H	H	<ul style="list-style-type: none"> • Economic shocks' mitigation: LEP working with LA partners, business etc through Resilience & Opportunities forum, escalating issues as required. Growth Hub providing support for businesses. • Actions would depend on specific issues 	<p>Board</p> <p>Action: CEO & COO</p>	H	↔
1.2	<p>Changes to national/ local economic policy through:</p> <ul style="list-style-type: none"> - Government policies & Ministers - make up of HotSW MPs - advent of Western Gateway & Great SW - Somerset local government reorganisation - Devon, Plymouth, Torbay devolution deal - Government policy towards LEPs 	H	H	H	<ul style="list-style-type: none"> • Levelling Up White Paper, Budget 2023 & LWP funding announcement published & LEP working with local authority Govt & CEX on transition 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 	<p>Board</p> <p>Action: Management team</p>	M/H	↔

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	compromise the relevance and deliverability of the LEP's economic strategies and/or risk fragmentation of the HotSW area				be refreshed as Govt growth policy emerges <ul style="list-style-type: none"> GSW funded 23/24 & an opportunity to set out the area's proposition; priorities being agreed autumn 2023. Also reduces potential risk of fragmentation due to Western Gateway 			
1.3	Levelling up white paper and Govt's LEP funding announcement <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Board regularly updated on prospective devo deal & LEP working with Govt & LA CEX on an integration plan Full year budget for 23/24 operation agreed & revised SLAs agreed from 1st July 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; being revised autumn 23 to reflect transition Transition planning to include staff retention as key consideration 	Board & CEX	H	↔
1.4	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	<ul style="list-style-type: none"> SCC S151 officer provided assurance to Sept 18 OIC over ring-fencing of LEP monies held by SCC. Somerset Council continuing back office support LEP processes reviewed in Annual Review, mid-year review and by Somerset audit committee 	OIC Action: CEX	L	↔
1.5	Changes to the way LEP functions are delivered may lead to some current functions not continuing, risking longer term growth prospects. Changes include:	M	M	M	<ul style="list-style-type: none"> Operating model to be kept under review to reflect emerging devo deal, Government LEP funding decision, Budget funding announcement, Somerset requirements, GSW operation and LSIPs/ 	OIC Action: CEX	L	↔

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	<ul style="list-style-type: none"> - Devon, Plymouth, Torbay (DPT) devo deal & Government LEP funding announcement: 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 - fit of LEP activity with Great SW is to be determined - emergence of local skills improvement plans (LSIPs) 				<p>SAP relationship. Noting policy & timeframes likely to continue to evolve. Sector development & economic intelligence part of this</p> <ul style="list-style-type: none"> • Transition planning in hand through LEP management team to detail how LEP operations will change: planning to cover this risk 			
2	FINANCIAL & OPERATIONS							
2.1	<p>Availability of medium-term funding (18 months +) limits the LEP's ability to operate and,</p> <ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> • LEP 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 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 	<p>OIC</p> <p>Action: CEX/ COO</p>	M/H	↔
2.2	<p>LEP is unable to fund operations over the short term (12-18 months)</p> <ul style="list-style-type: none"> - Govt confirmed core funding for 23/24 	L	H	L/M	<ul style="list-style-type: none"> • LEP has built up reserves to ensure it can meet going concern criteria & Govt has confirmed 23/24 core funding 	<p>OIC</p> <p>Action: COO</p>	L	↔

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	- availability of core funding and other income streams restricts LEP's ability to meet going concern criteria and affects viability				<ul style="list-style-type: none"> Operating model to be kept under review following Govt LEP funding announcement. 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 & monitored by OIC) 			
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	<ul style="list-style-type: none"> 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	↔
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	<ul style="list-style-type: none"> OIC monitors overall risk position monthly with 6-monthly update provided to the Board 	OIC Action: CEX/ COO	L	↔
2.5	Lack of finance management information through Somerset unitarisation hampers LEP's	H	M		<ul style="list-style-type: none"> Somerset procuring new tool for interrogating & reporting on new financial 	OIC	M	↔

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	ability to manage its finances on a month-to-month basis				monitoring system –complete August 23 with monthly management information available autumn 2023 <ul style="list-style-type: none"> LEP has £1.159m reserves going into 23/24 & cashflow analysis shows positive position throughout the financial year 	Action: COO/ Accountable Body		
3	PROGRAMME / PROJECT DELIVERY (Refer also to programme highlight report & summary for further detail on delivery management and risk)							
3.1	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.	M	M	M	<ul style="list-style-type: none"> Getting Building Fund defrayed by Mar 23 & communicated to Govt. Outputs performance monitored & projects contributing significant proportion of remaining outputs being monitored to assess potential risk/ mitigation Future capital funding now through local authorities 	OIC Action: Management team/ PMO	L	↔
3.2	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	↔
3.3	Case law and macro planning decisions risk deliverability of projects within the LEP area. Includes: <ul style="list-style-type: none"> 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 	M	M	M	<ul style="list-style-type: none"> 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 agreed tunnelling will progress with 6 week window for further judicial review 	OIC Action: COO/ Place	M	↔

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	<ul style="list-style-type: none"> Impact of judicial review of SoS Stonehenge/A303 decision may affect future planning outcomes 							
3.4	Covid-19 may <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 Overall C-19 impacts currently relatively minor 	OIC Action: CEX	L	↔
3.5	Millfields GPF extension: Millfields Trus requested loan repayment extended to end March to enable replacement borrowing from Co-op Bank to be finalised. Risk that PCC are unable to extend guarantee by end October weakens LEP's security position	M	M		<ul style="list-style-type: none"> LEP retains a charge over the Genesis building PCC working to extend the guarantee before end October PCC have stated willingness to provide S151 letter of comfort if required covering intention to guarantee the loan 	OIC Action: CEX		
4	REGULATORY / LEGAL / COMPLIANCE							
4.1	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 DBT	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	↔
4.2	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	<ul style="list-style-type: none"> LEP privacy policy and approach to data management and security updated to coincide with introduction of GDPR May 2018, in conjunction and agreement with Somerset's Data Protection Officer. Policy to be updated as case law evolves, under 	OIC Action COO	L	↔

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					Somerset DPO's steer. 6 monthly GDPR audits conducted • Cyber insurance in place and LEP secured Cyber Essentials			
5	STAFF RESOURCING							
5.1	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	L	↔
5.2	Uncertainty over longer term LEP role risks disengagement, departure of staff and Board members, impacting the LEP's ability to deliver its commitments & support a smooth transition (see also 1.5)	M	H	M/H	<ul style="list-style-type: none"> Full year plan for 23/24 agreed 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 Govt LEP funding announcement Consider retention payments where appropriate: OIC to approve 	OIC Action: CEO	M/H	↔

Gross Risk Matrix

		Impact		
		H	M	L
Probability	H			
	M			
	L			