

Enterprise M3 Board

2 February 2023

Enterprise M3 Risk Register – Item 11

Enterprise M3 Board is asked to:

DISCUSS and APPROVE the updated Enterprise M3 Risk Register.

1. Enterprise M3 Risk Register

- 1.1 Article 4.19 of our Assurance Framework states that “*The Enterprise M3 retain a Risk Register, which will be reviewed on a regular basis.*”
- 1.2 The Enterprise M3 Risk Register is maintained to capture and monitor all key risks related to the organisation as a whole. It considers risks of the following nature: strategic, governance and financial, people, and projects and programmes.
- 1.3 The Risk Register is reviewed at each meeting of the Resources, Finance and Audit Committee (RFAC) and is a standing item on each agenda of the group. It was last reviewed by the RFAC in January 2023, and is attached at Appendix 1.
- 1.4 The Risk Register is considered by the Board in each financial year. The Board last reviewed it in July 2021.
- 1.5 We have sought to keep the register at a high level to give an indication of key risks and mitigating actions for the Board, Sub-groups and Managing Directors. To enable publication on our website, any commercially sensitive content has been removed from this version of the register.

2 Overview

2.1 Table 1 below summarises the overall risk levels currently on the risk register:

Table 1: Enterprise M3 Risk Register levels				
	Red	Amber	Green	TOTAL
January 2023	3	14	8	25

- 2.2 Out of the 25 risks reflected within the Risk Register, a total of 3 risks are identified as red. All reflect developments outside of the LEP’s control, specifically in relation to Government policy, the future integration of LEPs into local democratic institutions, and the current labour market.
- 2.3 Of the 14 amber risks, some relate to last year’s review of our organisation and its subsequent implementation, including the recruitment of new staff. While we are going through the process of implementing our new organisational structure, and new ways of working, we continue to monitor these risks closely; we will reassess the risk levels once the process is completed and the changes are embedded.

Aleks Bennett
Head of Finance
26 January 2023

no.	Risk	Likelihood 1 to 5	Impact 1 to 5	Level	Avoid; Transfer; Mitigate; Accept	Controls in place	Stakeholders	Action Owner
1	STRATEGIC							
1.1	Major economic impact, following Covid 19 lockdown and recent inflationary pressures, impacting the LEP's ability to deliver against its priorities.	3	3	9	Mitigate	<ul style="list-style-type: none"> - Regular Business Intelligence meetings - monitoring impact on local businesses. - Staff can be re-deployed internally to focus on economic recovery activity. - Consultants can be engaged in research in order for Enterprise M3 to formulate its response. - Enterprise M3 is continuing with its Revive and Renew strategy and working with partners to take forward response. - Short-term Board subgroups can be created to allow Enterprise M3 to operate rapidly and flexibly in responding to economic shocks. 	Board Joint MDs	Joint MDs
1.6	Lack of strategic direction due to changes in priorities leading to projects no longer delivering added value.	2	2	4	Mitigate	<ul style="list-style-type: none"> - Enterprise M3 have reviewed activity in light of economic shocks and the impact on the economy and will continue to do so. - The Local Industrial Strategy is a long-term strategic framework demonstrating principal areas within which Enterprise M3 can flexibly operate as priorities change. - Enterprise M3 keeps in regular contact with all of its projects and partners. It has the ability to engage with partners to potentially pivot projects to ensure alignment with strategic priorities. 	Board	Board Chair
1.7	Failure to engage Enterprise M3 Board Directors in the work of the LEP, particularly in an environment of online meetings, leading to an inability of the Board to properly govern.	1	3	3	Mitigate	<ul style="list-style-type: none"> - Board Directors are kept informed of Enterprise M3's work via bi-monthly Board meetings and Enterprise M3's regular newsletter. Strategic workshops have taken place, and more are planned for the future. - Individual Board Directors are chosen as leads on work streams e.g. communications, Annual Report/AGM. - In person and hybrid meetings chaired in an inclusive manner, with opportunities to engage both in the meeting and via 'chat function'. - Enterprise M3 continues to operate in line with its governance procedures and papers and minutes of Board meetings continue to be published. - Enterprise M3 Chair meets regularly with members of the Board and the EM3 team, as well as with partners and stakeholders. - Board Evaluation has been completed in 2022 and implementation of an action plan has begun. 	Board	Joint MDs
1.8	Changes in government policy could lead to a potential further reduction in funding, capacity and re-organisation of LEPs.	4	4	16	Mitigate	<ul style="list-style-type: none"> - Enterprise M3 will continue to deliver against its Strategic Economic Plan, Local Industrial Strategy, Recovery and Renewal Plan and Delivery Plan. - Cross-LEP working will continue to be a priority for Enterprise M3 and we will keep working with neighbouring LEPs as part of cluster activity. - Continue to engage with the LEP Network, who engage with government on behalf of all LEPs. - Enterprise M3 Communications Manager communicates our impact, supported by an external communications agency. - News stories, case studies and project details are uploaded to our website, www.enterprisem3.org.uk, to demonstrate our impact. 	Board Joint MDs	Joint MDs

no.	Risk	Likelihood 1 to 5	Impact 1 to 5	Level	Avoid; Transfer; Mitigate; Accept	Controls in place	Stakeholders	Action Owner
1.9	Uncertainty relating to funding and integration with local democratic institutions leads to issues retaining or recruiting staff. And therefore, impacts on the delivery of core objectives.	4	4	16	Mitigate	<ul style="list-style-type: none"> - Work with partners and stakeholders to ensure clarity of role and avoid duplication. - Continue to work closely with the LEP Network (and other LEPs) to influence government. - Enterprise M3 continues to demonstrate its impact and engage with its funding partners including LAs, FE and HE through regular meetings. - Programme of staff engagement, including team building using the Insights tool, to mitigate the impact of uncertainty on staff morale. - Continue to communicate with staff and continue to identify development opportunities for staff internally. - Successfully recruited to all senior positions and a number of others. Recruitment to other vacancies continues. - Proposed outline budget for 2023/24 and medium-term financial plan provides evidence of a robust financially stable position, with ability to adapt to changes in good time. 	Board Joint MDs RFAC	Joint MDs
1.10	A lack of shared vision across partners for how EM3 should be integrated into County Deals in due course creates medium-long term uncertainty across the organisation.	3	3	9	Mitigate	<ul style="list-style-type: none"> - Enterprise M3 continues to engage closely with its County Council partners in relation to County Deals. - Enterprise M3 continues to demonstrate its impact and value through our communications activities, including our website and publications, as well as through key meetings with partners across the area. 	Joint MDs Board	Joint MDs
2	GOVERNANCE AND FINANCE							
2.2	Deferral or default of loan repayments and interest payments has negative impact on both capital and revenue funding and running of Enterprise M3 team.	2	4	8	Mitigate	<ul style="list-style-type: none"> - Ensure reserves are kept at an adequate level to ensure there is continuing revenue funding. - Legal agreements are drafted and contracted to ensure repayments are made and recourse is available to the LEP in the event of non-receipt of loan repayments. - Work is ongoing with partners to ensure repayment schedules are adhered to and that any issues are brought to the attention of the LEP as soon as the recipient is aware. -The Enterprise M3 team is regularly reviewing cash flow and taking steps through regular discussion and contracting to reduce the risk of defaults or deferrals. 	RFAC Joint MDs	Joint MDs
2.3	Revenue income/funding uncertainty in the medium term which could impact on the capacity of the organisation to take forward activity.	3	4	12	Mitigate	<ul style="list-style-type: none"> - Ensure reserves are kept at an adequate level to ensure the running of Enterprise M3. - Keep medium term financial strategy under close review with RFAC to ensure reserves policy is not breached in future years. - Working group created within Enterprise M3 to look at options for generating income. - Review of organisation identified savings to ensure the organisation can continue to be staffed and deliver on its priorities. - Proposed outline budget for 2023/24 and medium-term financial plan provides evidence of a robust financially stable position, with ability to adapt to changes in good time. This provides some certainty over funding in the medium-term utilising reserves to ensure delivery of activity is not substantially impacted. 	RFAC	RFAC Chair

no.	Risk	Likelihood	Impact	Level	Avoid; Transfer; Mitigate; Accept	Controls in place	Stakeholders	Action Owner
		1 to 5	1 to 5					
2.4	Difficulty in recruiting to new posts leading to an inability to deliver against the LEP's vision and priorities due to a lack of capacity.	4	4	16	Mitigate	<ul style="list-style-type: none"> - Enterprise M3 advertises its roles as widely as possible making use of its own and partner websites, social media. - Where roles do prove difficult to recruit to, Enterprise M3 can procure recruitment agencies to assist in the process. - Staff can be re-assigned to increase the resilience across the organisation and help to provide support if key roles cannot be recruited to swiftly. - We have successfully recruited to all senior positions and a number of others. However, some new recruits are yet to join and others are at induction stage; and we are still recruiting to some roles. Risk level is expected to reduce once these processes are complete. 	Joint MDs	Joint MDs
2.5	Enterprise M3 Board is unable to maintain its calibre and quality of Board membership.	3	4	12	Mitigate	<ul style="list-style-type: none"> - Enterprise M3 have procured specialist recruitment agents for recruitment to its Board positions. - Nominations Committee is engaged in plans for filling vacancies. - Risk likelihood increased as two Board members will reach the end of their final term in 23/24. 	Nominations Committee Joint MDs	Joint MDs
2.6	Non-compliance with the Assurance Framework leading to a negative Annual Performance Review.	1	5	5	Avoid	<ul style="list-style-type: none"> - Governance and assurance arrangements ensure the organisation complies with the Assurance Framework. - The Assurance Framework is regularly updated. - High quality induction of Board Directors and staff is being introduced to ensure that Assurance Framework requirements are well understood. - Enterprise M3 received a positive result in its mid-year 2022/23 APR in relation to governance and was praised for its adherence to the Assurance Framework. 	Board	Board Chair
2.7	Failure to meet the requirements in relation to Board make-up impacting on the LEP's reputation with government.	3	3	9	Avoid	<ul style="list-style-type: none"> - Enterprise M3 have procured specialist recruitment agents for recruitment to its Board positions. - Nominations Committee review the position regularly to ensure that forward planning takes place and that potential Board changes over the next 12 months are well understood. - A Board Review was carried out in 2022. - National Board composition targets currently exceeded/met (gender diversity, and public/private member split). 	Nominations Committee	Nominations Committee Chair
2.8	Lack of financial contributions from partner organisations leads to a lack of funding and impacts on Enterprise M3's ability to deliver activity in future financial years.	4	3	12	Mitigate	<ul style="list-style-type: none"> - The Joint MDs maintain close contact with partners and provide reports of our activity and impact to ensure contributions are provided. - Enterprise M3 has undertaken scenario planning taking into account the potential contributions from partners. Proposed outline budget for 2023/24 and medium-term financial plan provides evidence of a robust financially stable position, with ability to adapt to changes in good time. - Enterprise M3 will seek to maintain current funding from partners, and look for other opportunities to collaborate with partners and develop further funding opportunities. 	Joint MDs RFAC Board	Joint MDs
2.9	Inflation leads to increased staff and other costs and hinders the ability of the LEP to remain financially viable.	4	3	12	Mitigate	<ul style="list-style-type: none"> - Ongoing monitoring with adjusted forecasts to monitor the impact and identify cost saving measures. - Reorganisation in 2022 identified cost savings. - Current economic forecasts for changes in inflation and interest rates, indicate financial viability into the medium term. - Proposed outline budget for 2023/24 and medium-term financial plan provides evidence of a robust financially stable position, with mitigation against inflationary pressures. 	Joint MDs RFAC Board	RFAC Chair
3	OUR PEOPLE							

no.	Risk	Likelihood	Impact	Level	Avoid; Transfer; Mitigate; Accept	Controls in place	Stakeholders	Action Owner
		1 to 5	1 to 5					
3.3	Increasing staff absence due to Covid 19 creating capacity issues within Enterprise M3 and delays to delivering activity and projects.	2	3	6	Mitigate	<ul style="list-style-type: none"> - All staff use the central SharePoint for storing information, documents and interactions. - Staff can be redeployed to cover other workstreams. - Temporary staff can be brought in to cover specific pieces of work. - Enterprise M3 have put in place emergency delegation procedures for approvals. - Contingency plans to be put in place for major projects. - Also staff regularly being kept informed about latest Government guidance and health advice. 	Joint MDs	Management Team
3.4	Reduced staffing leading to inability to deliver the LEP's vision and priorities.	3	4	12	Mitigate	<ul style="list-style-type: none"> - New structure, following 2022 review of organisation to ensure capacity is sufficient to deliver priorities, is being implemented. Successfully recruited to all senior positions and a number of others. Recruitment to other vacancies continues. - Staff can be re-assigned to increase the resilience across the organisation and help to provide support if key roles cannot be recruited to swiftly. 	Joint MDs	Management Team
3.5	Reduced staffing leads to reduced productivity and increased pressure on staff.	3	4	12	Mitigate	<ul style="list-style-type: none"> - New structure, following 2022 review of organisation to ensure capacity is sufficient to deliver priorities, is being implemented. Successfully recruited to all senior positions and a number of others. Recruitment to other vacancies continues. - Staff can be re-assigned to increase the resilience across the organisation and help to provide support if key roles cannot be recruited to swiftly. 	Joint MDs	Joint MDs
3.6	Certain roles in the team with no 'back up' cause single points of failure leading to delays in delivery.	4	3	12	Mitigate	<ul style="list-style-type: none"> - Review of organisation identified key roles and put in place a structure and support to ensure Enterprise M3 is able to deliver key contracts/activities. - Changes includes additional input from HCC in respect of procurement and legal support. - Risk cannot be completely eradicated due to the size of the organisation. However, impact reduced following re-alignment of responsibilities through the review of organisation. 	Joint MDs	Management Team
3.7	The process of reorganisation of the LEP's structure and staffing could negatively affect staff morale and lead to difficulty retaining staff and maintaining an effective workforce in the short term.	3	4	12	Mitigate	<ul style="list-style-type: none"> - Clear communication channels put in place from Joint MDs on a regular basis. - Line managers are available to discuss concerns with their reports. - Working with an external facilitator to take forward output and recommendations from staff working groups, which recently reviewed EM3's culture, behaviours and values. - As Enterprise M3 has been progressing through re-organisation and recruitment, the likelihood of this risk has reduced. It remains an amber risk which will be reassessed as the new organisational structure is embedded. 	EM3 Staff Board Joint MDs	Joint MDs
4	OUR PROJECTS AND PROGRAMMES							
4.2	Enterprise Zone - investment in interventions delayed resulting in low take up by companies and reduction in business rate income growth therefore negatively impacting the ability to invest in the Enterprise Zone.	2	3	6	Mitigate	<ul style="list-style-type: none"> - New Head of Enterprise and Innovation (responsible for overseeing Enterprise Zones) has engaged with PSG and partners to discuss funding and priorities to accelerate delivery. - External consultancy has been commissioned to renew the EZ Implementation Plan, which will drive the future of the EZ, identifying investment focuses, and reassessing future income. 	Board Joint MDs EZ PSG	Joint MDs
4.6	Non-delivery or delayed delivery of Careers Hub KPIs against the Careers and Enterprise Company funding agreement.	4	3	12	Mitigate	<ul style="list-style-type: none"> - Enterprise M3 are working closely with the Careers and Enterprise Company and maintaining open communication relating to capacity, delays or issues. - Careers Hub staff can be re-allocated within the programme to minimise the risk of missing targets/KPIs. - The new Careers Hub team is not yet at full complement. However, recruitment is progressing, with support from the Careers and Enterprise Company. 	Joint MDs	Joint MDs

ENTERPRISE M3 RISK REGISTER - January 2023

Appendix 1

no.	Risk	Likelihood 1 to 5	Impact 1 to 5	Level	Avoid; Transfer; Mitigate; Accept	Controls in place	Stakeholders	Action Owner
4.8	Enterprise M3's new Future Fund (capital fund) does not deliver its objectives or meet expectations of stakeholders.	1	3	3	Mitigate	<ul style="list-style-type: none"> - Future Fund governance and operational processes have been developed and are being trialled. - Future Fund objectives aligned with EM3 Vision. - Board and PMG involvement in development of Future Fund processes. 	Board PMG	Board Chair
4.9	Non-delivery or delayed delivery of KPIs for the Growth Hub service.	3	4	12	Mitigate	<ul style="list-style-type: none"> - Enterprise M3 launched marketing to minimise the risk. - Temporary resourcing through associates and other contacts. - Recruiting to fill staffing gaps. 	Joint MDs	Joint MDs
4.10	Transition to Joint Managing Directors at a time of uncertainty and change, has a negative impact on EM3's performance; reputation and stakeholder relationships; and/or staff morale, retention and productivity, due to uncertainty of leadership and organisational structure.	1	5	5	Mitigate	<ul style="list-style-type: none"> - Joint MDs building relationships with stakeholders. - Chair, other Board members, and EM3 senior managers to strengthen relationships with key stakeholders. - Chair to identify other Board members who could play a more active role in pushing forward changes across organisation. - Organisational review completed, and new structure now being implemented. 	Board Nominations Committee Joint MDs	Board Chair