

## **GMCA Audit Committee**

Date: 22 January 2025

Subject: Risk Management Update Report

Report of: Sarah Horseman, Deputy Director - Audit and Assurance

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### **PURPOSE OF REPORT:**

The purpose of this report is to inform Members of the Audit Committee of changes in the GMCA Strategic and key operational risks and to provide an update on the risk management activities undertaken since the last Meeting.

### **RECOMMENDATIONS:**

Audit Committee is requested to note the report.

### **CONTACT OFFICERS:**

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## **Equalities Impact, Carbon and Sustainability Assessment:**

N/A

## **Risk Management**

N/A

## **Legal Considerations**

N/A

## **Financial Consequences - Capital**

N/A

## **Financial Consequences - Revenue**

N/A

Number of attachments included in the report:

**BACKGROUND PAPERS:** N/A

<b>TRACKING/PROCESS</b>		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?		No
<b>EXEMPTION FROM CALL IN</b>		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		No
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

## **1 INTRODUCTION AND CONTEXT**

This report provides an overview of risk management activities since the last update to the Committee in October 2024. During this period, priority has been given to initiating a review of both the Strategic and Organisational Risk Registers to ensure they reflect the following:

- Preparations for the introduction of the Integrated Settlement on 1st April 2025, including the transition to new funding and performance criteria, prioritisation of activities, a 'Readiness' review, and the implementation of any necessary process changes;
- Implications of the October national budget;
- Progress in refreshing the Greater Manchester Strategy and other strategic planning documents; and
- The take up of opportunities to collaborate more within our 'Group' structure .

The next stage of this review will involve making recommendations on the risk assessment scoring for each individual risk. Material changes to Directorate Risk Registers are included in this report.

## **2 ACTIVITY IN THE PERIOD**

### **2.1 Updates to the strategic and organisational risk profile**

Work to refresh the risk profile is ongoing with several themes emerging from discussions with senior staff. They include: -

- The extra funding flexibility of the Integrated Settlement represents a major opportunity for Greater Manchester as a major step in devolution. With this comes a reputational risk if GM is slow to prepare itself for its introduction. Key mitigations to protect against this include,

- Continuation of a Strategic Capability Workstream and introduction of a Strategic Finance Board to enhance internal governance. With similar Boards and Panels in place to support our priority activities;
  - Close engagement with wider GM partners to align with existing strategic planning and budgeting;
  - Understanding and supporting organisational cultural changes that will be necessary to realise the opportunity on offer; and
  - Development of a Single Assurance Framework and successfully completing a 'Readiness' exercise prior to introduction of the Integrated Settlement.
- Additional financial risk will arise from borrowings to support the investment pipelines necessary to meet our strategic ambitions.
  - Support colleagues in the transition to new funding and performance regime that may necessitate challenging decisions, prioritisation and an enhanced capability to deliver change.
  - Reintroduction of a strategic risk covering performance of GMP; and
  - The strategic challenge of driving forward health, housing and 'Live Well' priorities through engagement with external agencies and localities operating within a tight funding environment.

## 2.2 Updates to the directorate risk profile

Risk registers continue to be reviewed regularly. Over the period: -

- **Strong and Safer Communities Team** have created new risks that score highly covering *Remand Courts, Victim attrition and feelings of safety, and Racial Discrimination and Disproportionality*.

- **People Services** are preparing to support any additional work that may arise from new activity inspired by the Integrated Settlement and / or other planning.
- The **Information, Data and Governance** are working to secure a greater recognition of information as an 'asset' of similar value to traditional 'human resource' and 'physical' assets;
- The **Place Team** have increased the risk score for the risk, '*Achievement of net zero / social homes target*' given the volume of housing builds likely to be necessary to effect significant change.

### **2.3 Actively supporting the Business Planning process**

Over the coming period, the Risk Team will support the drafting of the next GMCA Business Plan with a risk mapping exercise that helps ensure sufficient mitigation is in place to counter risks that may arise.

### **2.4 Business Case for Risk Management Software**

The business case for enterprise risk software continues to be developed, with a full demonstration of a potential software solution to be received by stakeholder in February.

### **2.5 Upcoming activity**

The following activities will continue to grow our maturity in managing risks: -

- A new GMCA Risk Management Strategy has been drafted that will continue to grow our risk management maturity. It will reflect a similar set of risk principles

with TfGM and GMFRS so that we generate a consistent approach to managing risk;

- Final changes are now being made to a new 'Introduction to Risk Management' E-module' for use by all staff that will be launched alongside the Strategy; and
- We will complete the risk assessment scoring for the refreshed Strategic Risk Register and seek sign off through senior management during the next period.

## Appendix 1 – Strategic Risk Register – with assessment to be confirmed with senior management

Risk Title and Description	Risk Causes (to address)	Key Actions
<p><b>CA1 - Working with GM Partners</b></p> <p>GMCA fails to facilitate collaboration across the GM system.</p>	<p>Failure to engage effectively with key partners. Unable to act as 'Pioneers' in the way we use our resources to deliver 'change' outcomes. Failure to anticipate and resolve challenges to 'GM system'.</p>	<p>Early and regular engagement to refresh GM Strategy leading to agreement and ownership of outcomes and delivery plans.</p>
<p><b>CA2 - Secure sufficient funding</b></p> <p>Insufficient funding is available to deliver GM Strategy and / or BAU priorities.</p>	<p>Ineffective engagement/ bidding/ lobbying. Multiple factors such as inflation, rising costs, or loss of non-recurrent funding have a major impact on delivery.</p>	<p>Progress through Readiness stage of Integrated Settlement, continue to lobby for</p>
<p><b>CA3 - Robust policy &amp; decision making</b></p> <p>GMCA decision making is sub-optimal, making the wrong decisions or not having sufficient and robust evidence base.</p>	<p>Lack of a sufficient and robust evidence base. Processes are too slow / siloed / or not subject to sufficient challenge. Processes are not communicated and embedded successfully.</p>	<p>Framework for prioritisation and decision-making (including a Single Assurance Framework).</p>
<p><b>CA4 - Trust and Confidence in GMP</b></p> <p>Risk that GMP will not provide the desired level of service to GM residents and communities With particular risk to people experiencing inequality (race, gender).</p>	<p>New and inexperienced workforce and some areas still not up to full capacity from the Police Uplift to deliver necessary change and on-going improved performance.</p>	<p>Engagement using clear dialogue with a wide range of GMP's business and operational activity.</p> <p>Comprehensive audit plan.</p> <p>Programme Boards (featuring GMCA) overseen by the POAP Board with scrutiny from Mayor / Deputy Mayor.</p> <p>Financial investment in key change programmes.</p> <p>HMICFRS to complete a review covering a change of Methodology in respect of CSE.</p>
<p><b>CA5 - Bee Network financial sustainability</b></p> <p>Significant risk to bus and Metrolink transport finances should patronage not grow or costs increase significantly.</p>	<p>Failure to grow and maintain sufficient patronage, increases in operating costs, cost of maintaining low bus fare levels, dependency on non-recurrent funding or local levies.</p>	<p>TfGM Customer Growth Strategy, engage with DfT and Local Authorities, identify cost efficiencies, work closely with transport operators to strengthen performance. Undertake Fares.</p>

<p><b>CA6 - Deliver GMCA carbon targets</b></p> <p>Failure to deliver climate change initiatives within the required timescales with consequent impacts on achieving GM's carbon reduction targets.</p>	<p>Inability to influence change levers, lack of programme delivery, insufficient change in consumer behaviour, volatility in utility prices, and / or insufficient supply of some technologies.</p>	<p>GM 5 Year Environment Plan, mission-based approach to gain support, Green Summits, engage with activist groups, secure funding to deliver programmes, effective project and programme management.</p>
<p><b>CA7 - Fail to respond effectively to local or national emergencies/ events/ shocks</b></p>	<p>Limited capacity to offer timely, comprehensive and accurate strategic and tactical advice.</p> <p>Failure to anticipate and develop contingency plans for potential risk scenarios.</p>	<p>Continued engagement by GM Resilience Unit with key internal and external teams. Including regular risk assessments and participation in GM Resilience Forums.</p> <p>Collaborations across GMCA to identify potential external risks.</p>
<p><b>CA8 - Programmes, services and contracts</b></p> <p>Failure to deliver intended outcomes to expectations and VfM (e.g. Adult Education, Housing, Waste, Investment Zones etc)</p>	<p>Variations in contract management and / or programme management practice across the organisation.</p> <p>Economic / financial shocks such as inflation (cost fluctuations).</p> <p>Poor performance by third party suppliers or contractors.</p> <p>Staff availability – if programmes are staffed by fixed term contracts.</p>	<p>Continued implementation of the Contract Management Framework with contract managers.</p> <p>Support and training for Contract Managers and Programme Managers.</p> <p>Development, approval and implementation of a Single Assurance Framework and continuation of Programme Boards.</p> <p>Best practice from EWD covering: Strategic Oversight Groups to review work and escalate issues and risks.</p>
<p><b>CA9 – Devolution</b></p> <p>GMCA fails to organise to deliver the opportunities devolution offers.</p>	<p>Ensure the right capability, resource and capacity is in place to the opportunities offered by devolution and the changing nature of our work.</p>	<p>Completion of an Outcomes Framework as a foundation for performance management and Business Planning.</p> <p>Complete work begun under the 'Next Phase Programme'.</p> <p>Completion of the 'Readiness' exercise – making any necessary enhancements to governance, process and delivery as appropriate.</p> <p>Track ongoing risk of staff retention and wellbeing especially those on fixed term contracts expiring in March 2025.</p>



## Appendix 2 - Escalated Risks

### Organisational Risks

There are currently 3 organisational risks with a residual risk score of 16 or more. There are 4 risks with an inherent risk score of 16 or more that have successfully implemented risk actions that bring down their residual scores below 16.

Link to strategic risk	Risk Title	Description	Inherent Score	Residual Score
CA7	OR1 - Readiness to respond to a major (or multiple) continuity event(s).	Capability and readiness to respond to a major and potentially catastrophic event e.g. a pandemic. Note: the scope of this risk covers both the GMCA and GMFRS.	20	16
CA9	OR2 - Failure to be prepared for Devolution Programme	Organisation does not have the capability, governance, capacity and strategy in place to deliver opportunities arising from Devolution.	16	16
	OR3 - Diverse and inclusive workforce	Failure to attract and retain equal, diverse and inclusive workforce	12	12
	OR4 - Staff Mental and Physical Wellbeing	Factors such as the legacy from lockdown restrictions, cost of living crisis or other work pressures may affect staff health, wellbeing and morale.	16	6
	OR11 - Recruitment into priority roles	Recruitment into roles required to deliver key priorities in the Business Plan.	15	6
	OR5 - Behaviours and Culture	The Culture of the CA fails to adapt to changing organisational demands which in turn impairs efficiency and delivery.	12	8
CA3	OR7 - Organisational Governance and Decision Making	Governance processes are not capable of effectively supporting our priorities such as administering the Single Settlement.	20	12
CA8	OR9 - Funding and Grants not spent within time/ conditions	Failure to spend monies awarded through programmes could lead to reductions in funding awarded in the future or conditions are more stringent.	20	12
All risks	OR12 - Management and security of sensitive data	Failure to manage sensitive data leads to data/ information loss, misuse, inaccurate analysis or official sanction. Where information should be treated as an 'asset'.	20	15

Link to strategic risk	Risk Title	Description	Inherent Score	Residual Score
All risks	OR14 - Cyber attack	An attack compromises ability to fulfil corporate and strategic responsibilities that could include elections, programmes, administering funding or delivering waste management services.	25	20

## Escalated / “Top” Directorate Risks

There are a number of high scoring directorate risks, some of these links directly to Strategic or Organisational risks but some are discrete and specific to the directorate.

Of these high scoring risks, 38 cite risk mitigations that bring the current risk score to below 16 (where inherent risk  $\geq 16$ ), whilst 24 others remain  $\geq 16$ . The tables below shows those with a residual risk score of 16 or more.

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Digital	DIGR192	PSTN switchover	Public Service Telephone Network switchover in December 2025. The process is industry-led, and awareness is low with potential risks to vulnerable residents reliant on the line.	25	20
	DIGR162	Digital Services capacity pressures	Digital Services does not have sufficient capacity to meet both organisational demand and GM demand for project related support, leading to organisational frustrations, shadow ICT, and mental health pressures on the team	20	16
	DIGR166	Cyber Attack	GMCA is subject to a Cyber-attack (See Organisational risk)	25	20
	DIGR188	Digital, data and technology skills gap	Gap in availability and increasing cost of digital technical skills impacting Digital directorate recruitment. Coupled with lower ability to upskill staff and invest in talent like the private sector.	20	16
Economy	ESR-25	Development of a GM Local Growth Plan	There is insufficient time, capacity and resource within the organisation - or clarity from Government - to develop the LGP and to ensure it can be embedded with local partners and stakeholders.	25	20
EWS	EWS-03 - revision	Ensuring EWS has the right staff in place to deliver our priorities/commitments.	Continued uncertainty around future devolution/ levelling up of Education, Work and Skills responsibilities at the national level.	16	16

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
	EWS-04 - revision	Cessation of current Inclusive Employment (Working Well) and NEET Programmes	Cessation of current Inclusive Employment (Working Well) and NEET Programmes in light of uncertainty over plans and timelines for replacement activities linked to the integrated settlement.	16	16
	EWS-05 - revision	Delivery of EWS programmes	Need for greater governance and accountability due to the increasing scope and scale of work through Single Settlement, other significant programmes and greater devolution.	20	20
Environment	Environment	Commercial Buildings (Low carbon)	Development of a commercial buildings retrofit offer.	16	16
Finance	FIN-11	Strategic Analytical Capability (Single Settlement leadership)	Continue to ensure capability and capacity to make financial recommendations is in place covering the prioritisation and governance of large amounts of funding under the Single Settlement.	20	16
	FIN-03	Contract management (including procurement regulations and Contract Management Framework)	Contract management practices fail to optimise commercial performance, guarantee compliance with legal and new procurement regulations (delayed to February 25), delivery of project outcomes or provide foresight into potential supplier collapse.	20	16
GMFRS	RR4	Capital Grants	Due to the absence of capital grants and capital financing arrangements there is a risk that future capital investment will have to be independently sourced to continue to support our organisational requirements putting additional pressures on our future budget.	20	16
	RR39	Spending Review and Funding	Funding for 2024/25 represents a one-year settlement and there is a significant risk that future funding will be affected, and one-off funding (Pension Grant & Protection) will not continue. Any investment decisions to support Service improvements are subject to agreement around precept levels.	20	16
	RR47	Utilities Pricing	Due to current market conditions there is a significant risk of rising prices in the area of utility bills. Significant anticipated increases in the GMFRS budget required to fund shortfalls.	20	16
	RR40	FF Pensions	2020 Pension Valuation resulted in increased costs of Employer's Contributions and was funded by Home Office grant in 2024/25 with no further commitment beyond that. Risk that this is insufficient to match the increased cost in 2024/25.	16	16

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Information Data Governance	IGR-14	Cyber-attack (loss or corruption of sensitive data)	Exposure to reputational damage, legal sanction and/ or inability to operate.	20	20
Place	PLA-02	Achievement of net zero / social homes target	Failure to achieve stated strategic environmental targets with pressure to achieve volume of housing required a major challenge..	20	20 (+5)
Stronger Safer Communities	SSC-08	Reporting, Investigation and Prosecution of RASSO	End-to-End RASSO Review commissioned in responses to low levels of prosecution and the quality of response to victims.	25	20
	SSC -15	Confidence in GMP - vulnerable groups and communities.	Declining confidence in GMP particularly among people experiencing inequality (race, gender).	20	16
	SSC -19	Indemnity for legally qualified people and independent panel members	Provision of an indemnity to Legally Qualified Chairs and Independent Panel members in the case they are subject to legal proceeding from challenges to their decision-making.	25	20
	SSC -21	<b>NEW</b> - Remand courts	Lack of consensus regarding the nature of demand at the Magistrates court and how this should be remedied	25	20
	SSC -22	<b>NEW</b> - Victim attrition and feeling of safety	Magistrates Court - high level of attrition compared to the national average.	25	20
	SSC -23	<b>NEW</b> - Racial Discrimination and Disproportionality	Resulting from a double Discrimination Report covering Black males in the Youth Justice System and a CPS Report.	25	20
WASTE	WR-10	Emissions Trading Scheme	Future cost of Trading Scheme may not be in GMCA or LAD medium to long term budgets.	25	25