

GMCA AUDIT COMMITTEE

Date: 22 April 2022

Subject: Risk Management Update Report

Report of: Sarah Horseman, Head of Audit and Assurance

PURPOSE OF REPORT:

The purpose of this report is to inform Members of the Audit Committee of the risk management activities undertaken since the last Meeting.

RECOMMENDATIONS:

Audit Committee is requested to note the report.

CONTACT OFFICERS:

Sarah Horseman, Head of Audit and Assurance - GMCA,
sarah.horseman@greatermanchester-ca.gov.uk

1.1 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

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?		No
EXEMPTION FROM CALL IN		
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

This report provides an update on progress with the implementation of the GMCA Risk Management Framework since the last update to the Committee in January 2022 when a full review of risk registers took place.

2 Risk Management Activity Q4 2021/22

Since the last meeting of the Audit Committee, the Head of Audit and Assurance has completed the 2021/22 Risk Management Maturity assessment (see Section 4).

In addition, further risk workshops and conversations have been undertaken with Directorate colleagues in order to support them in,

- Completing risk registers for Waste Management, Legal/ Governance and Police, Crime, Criminal Justice and Fire;
- Reviewing risk registers on a regular basis to ensure they reflect the current risk exposure with, for example, the Real Living Wage and the Sustainability of Business Support Programmes being added by the ESR team, and
- Challenging scoring of risks by encouraging better measurement of the effectiveness of risk controls.

A summary of the current 'collective risk profile' is presented in section 3. Future support will focus on encouraging an 'active management' approach by teams and individual risk owners to tracking the progress of risk actions from their introduction through to the measurement of a successful outcome. This will significantly enhance quarterly review by senior leaders.

A new Microsoft Teams site has been introduced to,

- Facilitate the update of a single, shared version of the risk registers;
- Provide easy access to the GMCA Risk Framework and guidance; and
- To share summary reporting and good practice.

3 Movements in risks Q4 2021/22

This section provides a summary of the movements in the Strategic and Escalated risks in the last quarter

Strategic Risks

- SR1 – Levelling up/devolution – decreased risk score due to the Levelling Up White Paper setting a positive direction for devolution and the “trailblazer” process reducing the risk of reductions in resources or powers whilst it is underway
- SR2 – Brexit – Impact reduced from 3 to 2. Ongoing work and engagement allows better understanding of the risk, therefore able to reduce the impact

- SR6 – GMS Outcomes – Inherent risk score reduced from 20 to 15 now that the GMS has been refreshed and reflects learning from Covid

Escalated Risks

- There have been no new Organisational level risks identified in the period since the last update. Scores for the escalated organisational risks remain stable
- DIR-PLA-03 – Places for Everyone resource capacity – residual score reduced from 16 to 12
- DIR-FIN-01 – Treasury Management – This inherent risk score has been reduced from 16 to 12 therefore dropping it off the escalated risks list. This is because the Treasury Management Function has been insourced from April 2022 therefore providing the appropriate skills and capacity to maximise the effectiveness of the Treasury Management Strategy
- There are 22 new escalated risks since the last update. This is a reflection of the evolving risk management maturity of GMCA that now provides visibility of Directorate risks to Audit Committee. New risks are indicated with “**New” after the risk reference in the table below.

Directorate Risks

As at 12th April 2022, there are **137** risks (including GMFRS) being managed at the Directorate level, an increase of **28** over the quarter. Good practice is for Directorates to actively focus attention on implementing those actions that will reduce areas of significant residual risk exposure.

28 new or significantly revised risks have been added to the directorate risk registers over the period increasing to range of risk exposure now being subject to additional review and challenge. Examples include:

- **PCCJF** (Up from 7 to 14 risks)
Major revisions with some deletions and new risks covering serious violence, commissioning victim services, SARC, RASSO, strategic resourcing and confidence in GMP. Most new risks feature a high-risk score.
- **Waste management** (5 new risks)
National Waste and Resources Strategy, carbon generation from GMCA waste facilities and the Social Value Plan.
- **ESR** (4 new risks)
Foundational economy, Real Living Wage and refresh of the Industrial Strategy.
- **Digital** (5 new risks)
Cyber security, Digital Services capacity and funding for digital inclusion.
- **EWS** (3 new risks)

Uncertainty around devolution/ levelling up and insufficient funding for EWS priorities once current GM programmes finish.

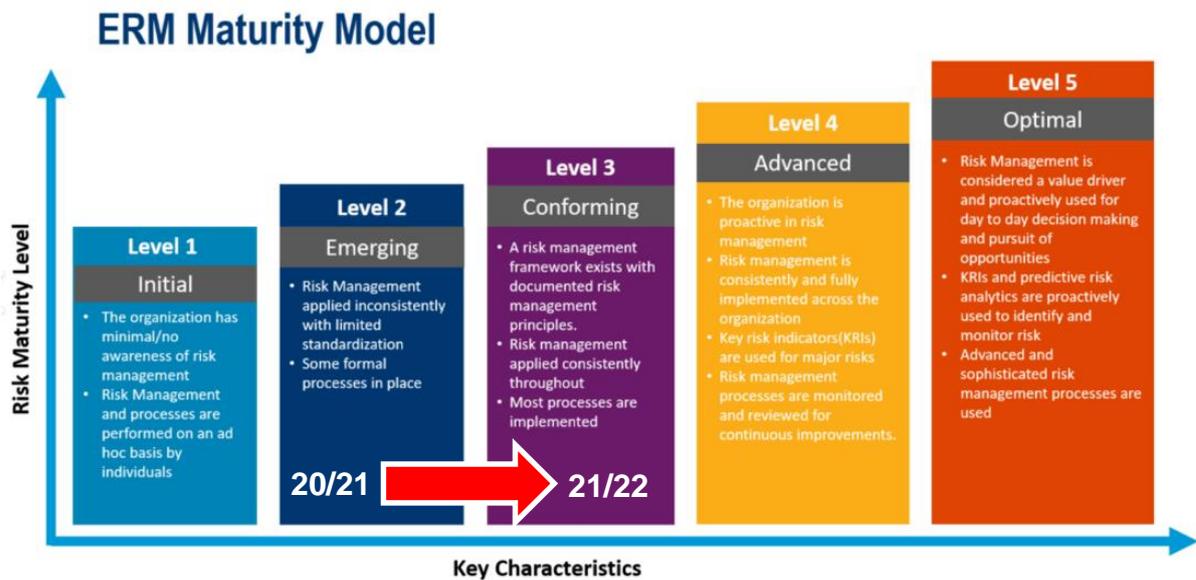
By the very nature that there have been so many changes to the risks during this last quarter of 2021/22 demonstrates that risks are now being more actively identified, recorded and measured. The focus for 2022/23 will be to further challenge the Senior Leadership Team and directorates to actively manage organisational and directorate risks to acceptable levels, which will mean understanding and defining risk appetite/tolerances.

4 Risk Management Maturity Assessment

In 2020/21 a Risk Management Maturity assessment was undertaken to provide the baseline maturity assessment of maturity across GMCA Directorates which was then used to prioritise risk management activity in 2021/22. This was achieved through asking Directorates to complete self-assessment questionnaires which asked participants to score a number of risk management related activities based on their arrangements at the time.

As has previously been reported to Audit Committee, a lot of work has been undertaken in 2021/22 to develop Directorate risk registers and enhance awareness and understanding of the GMCA Risk Management Framework. In order to assess progress in improving the maturity of GMCA's risk management activities the maturity assessment was repeated in early 2022. Directorates were sent the same maturity self-assessment and were asked to provide their current scoring.

The results showed that overall, GMCA improved its maturity assessment from 2.64 in 2020/21 which is classed as "Emerging" to 3.57 in 2021/22. This would be categorised as "Conforming" within the risk maturity model and was the level that we aimed to achieve this year. GMFRS continues to be rated the most mature part of the organisation in respect of risk management, with a score of 4.69 (4.44 in 2020/21).



The greatest increases in maturity were in the following activities:

- *Risks have been assessed in line with a defined scoring mechanism (previously 2.38, now 3.91)*
- *Appropriate support for directorates is in place (previously 2.23, now 3.55)*
- *All risks have been collected into a risk register. Risk owners have been defined (previously 2.77, now 4.00)*
- *Risks are regularly reviewed by the organisation (previously 2.62, now 3.82)*

The following areas, scored the lowest and will therefore form areas for activity in 2022/23:

- *Responsibility for the management of risks is included in job descriptions (2.73)*
- *Managers have been trained to understand what risks are and their responsibility for managing them (2.82)*
- *Managers are assessed on their risk management performance (3.18)*
- *The risk appetite for the organisation has been defined in terms of the scoring system (3.2)*

5 Risk Management Action Plan 2022/23

Based on the results of the risk management maturity assessment and the experience of the Corporate Risk Manager, the following will be activities/areas of focus for 22/23.

- Identify and roll out appropriate risk management awareness training to all relevant staff

- Identify and roll out appropriate risk managers training to those within GMCA to risk owners
- Work with the People team to determine how risk management expectation can be built into role profiles
- Develop and communicate GMCA's risk appetite.
- Work with any Directorates that do not currently fall within the "Conforming" range to develop their risk management arrangements
- Support all directorates in the ongoing maintenance and development of risk registers and associated risk management activities.

Summary of Strategic Risks (April 2022)

Type	Ref	Risk Title	Description	Inherent			Residual		
				Likelihood	Impact	Score	Likelihood	Impact	Score
National political and economic environment	SR1	Levelling up/ devolution	National politics significantly impact the devolution agenda, funding and powers of GMCA.	3	5	15	2	5	10
	SR3	Brexit	The implications of Britain's future trading relationship with the EU will take time to emerge - with both threats and potential opportunities	5	2	10	5	2	10
	SR8	Climate Change and Carbon Reduction	Failure to deliver on GM climate change initiatives within the required timescales with consequent impacts on achieving GM's long term carbon reduction targets.	4	4	16	3	3	9
GM Operating Environment	SR2	GM operating environment	Failure to develop trust, cohesion and credibility with and between local GM system and partners	4	5	20	3	3	9
	SR5	Wider Impact on GMCA and GM District Finances of Covid-19	Covid 19 has had a major impact on the GM economy, population, and public services. Lack of certainty over the future of business rates growth retention scheme.	4	5	20	4	3	12

Type	Ref	Risk Title	Description	Inherent			Residual		
				Likelihood	Impact	Score	Likelihood	Impact	Score
	SR6	GMS does not deliver desired outcomes for GM	Outcomes defined within GMS are less achievable given COVID	3	5	15	2	4	8
	SR7	Transport - Metrolink	Significant loss of transport revenue due to Covid-19 and reduced patronage levels. Funding received for first six months of 22/23 but post-pandemic patronage may not recover to pre-pandemic levels, impacting the farebox revenue on which previous planning had taken place.	4	5	20	4	4	16
	SR9	Greater Manchester Police - governance, leadership and performance	Failure of leadership and/or governance to ensure that the force provides the desired level of service to GM residents and communities	4	5	20	4	5	20

Escalated Risks (April 2022)

Organisational Risks

Type	Ref	Risk Title	Description	Owner	Inherent			Residual		
					Likelihood	Impact	Score	Likelihood	Impact	Score
Operational	OR1	Covid-19 reduces staff availability through absence, sickness, self-isolation.	Increased risk of staff absence in GMCA/GMFRS due to Covid-19	(T)ACFO Meakin (GMFRS) SLT (GMCA)	4	5	20	2	4	8
People	OR4	Staff Mental and Physical Wellbeing	Altered working arrangements may affect staff health, wellbeing and morale.	SLT, GMFRS ET	4	4	16	2	3	6
Financial	OR9	Funding and grants not spent in line with timescales / conditions	Capital programme: Regeneration, infrastructure and investment funding (Growth Deal, Transport Grant etc.) awarded to GMCA is not spent in line with spending profile and this impacts future year financial awards. Grant Funding: Funding not spent in time/ in line with grant conditions	SLT	4	5	20	3	3	9
Governance, policy, leadership	OR10	Data Protection Act 2018 compliance	Failure to comply with the requirements of the Data Protection Act 2018 (Inc. GDPR).	Phillipa Nazari, Data Protection Officer	4	5	20	3	4	12
Operational	OR11	Unexpected, major or catastrophic events	Events that cannot be predicted that have a wide ranging impact on core services (eg Power Failures, natural disasters_	SLT	3	5	15	3	2	6
Operational	OR12	Information Security	Organisational arrangements are insufficient to deter, detect and prevent unauthorised access to ICT systems and to respond effectively as and when breaches do occur.	Phil Swan, Director of Digital	4	5	20	3	5	15

Directorate Risks

Directorate	Ref	Risk Title	Description	Owner	Inherent			Residual		
					Likelihood	Impact	Score	Likelihood	Impact	Score
Digital	DIR-DIG-04 **New	Cyber security	GMCA is subject to a Cyber Attack	Phil Swan	5	5	25	4	5	20
Digital	DIR-GMD-03 **New	Covid Impact on Finances	COVID related impacts on local finances impacting deliverability of key initiatives.	Phil Swan	5	5	25	4	4	16
Digital	DIR-GMD-02 **New	Digital Inclusion Funding	Digital inclusion ambition is unfunded and fails to deliver on Manifesto ambitions due to resource limitations	Phil Swan	5	5	25	4	5	20
Environment	DIR-ENV-20	Green Homes Grant	Unable to deliver in timescales	GMCA	5	4	20	5	4	20
Environment	DIR-ENV-28	Consequences of waste Feasibility Study	Cost implications to districts to deliver England's waste strategy	GMCA	5	5	25	5	3	15
Place	DIR-PLA-02	Achievement of net zero.	Failure to achieve publicly stated strategic environmental targets.	Steven Fyfe	4	5	20	3	5	15
Place	DIR-PLA-03	Places for everyone resource capacity	Inability to efficiently process and deliver major actions for Places for Everyone.	Anne Morgan	4	4	16	3	4	12
ESR	DIR-ESR-02 **New	The Innovation Greater Manchester accelerator programme fails to submit a compelling bid to Govt for share of £100m funds/ bid rejected due to poor quality and wider strategic fit with national priorities	By early summer a bid needs to be submitted to Govt for a share of £100m funds (ring-fenced for GM, West Mids & Glasgow) Lack of capacity, capability, and SRO oversight could lead to a poor quality bid submitted that fails to secure a fair share of these funds.	Steven Heales	4	4	16	4	4	16
ESR	DIR-ESR-04 **New	LEP Review (and Levelling Up White Paper)	Resources for the LEP are withdrawn alongside Government expectation of integration with Mayoral Combined Authorities, leaving the GMCA with responsibilities and business expectations but without matching resource. LEP Review has concluded with a number of	Simon Nokes and David Rogerson	4	4	16	2	4	8

			pathways to integrate LEPs within Combined Authorities, and with a significantly reduced offer of LEP Capacity Funding for areas (in GM this has fallen from c.£500k to £375k) with no indication of funding beyond 22/23.							
PCCJF	DIR-PCCJF-01 **New	Lack of bidding capacity	Limited resource available to submit quality funding bids for all opportunities available.	Senior leads	4	4	16	3	4	12
PCCJF	DIR-PCCJF-06 **New	Commissioning Victim Services	Commissioning a 'hybrid' victim care services integrated with GMP by October 2022	AC/ ACC Sykes	4	4	16	3	3	9
PCCJF	DIR-PCCJF-07 **New	SARC contracting, funding and therapeutic support	SARC is jointly commissioned with the CA and GMHSCP. There is no contract in place and the financial allocation has been disputed. There are circa 1k on the waiting list for therapeutic support and waiting up to 1 year. ISVA caseloads are circa 100 per ISVA which is unsustainable but which is also as a result of court delays.	AC/ GMHSCP	4	4	16	3	4	12
PCCJF	DIR-PCCJF-08 **New	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	AC/ CS Kerr/ H Gough	5	5	25	4	5	20
PCCJF	DIR-PCCJF-09 **New	Confidence in GMP (Functionality)	Sub-optimal functionality of the police records management system'	Clare Monaghan	4	4	16	3	2	6
PCCJF	DIR-PCCJF-10 **New	Confidence in GMP (Procurement)	Procurement of a replacement records management system	Clare Monaghan	4	4	16	3	3	9
PCCJF	DIR-PCCJF-11 **New	Resourcing of Strategic priorities	Lack of alignment of funding to sufficiently resource strategic priorities	Steve Wilson & Clare Monaghan	4	5	20	3	3	9
PCCJF	DIR-PCCJF-12 **New	Police Complaints	Reputational impact on GMP and GMCA	Clare Monaghan	4	5	20	4	5	20

PCCJF	DIR-PCCJF-13 **New	CSE Reviews	CSE Assurance Reviews - reporting of the findings will impact on local authority and GMP confidence	Clare Monaghan	5	5	25	4	5	20
Waste	DIR-WR-01 **New	GM Waste & Recycling Contract	(a) Contractor(s) fails to perform core devolved services as required by the Contract. (b) Construction of new facilities are delayed. (c) Recyclable materials value reduce as a result of global commodity trends or the quality of the material collected is not high enough (d) A no-delay Brexit affects services (e.g. fuel shortages, supplies import delays, loss of drivers etc.)	David Taylor, Executive Director Waste	4	4	16	3	3	9
Governance	GOV-8 **New	Legal challenge	Successful legal challenge threatens delivery of a major programme (and outcomes).	Liz Treacy	5	5	25	3	5	15
Governance	GOV-9 **New	Major Inquiry	Inquiry / Inquest into GMCA (or related) activity requires major change within GMCA	Gwynne Williams	4	5	20	3	5	15
HROD	DIR-HR-05	Talent management	Ability to ensure the potential and capability withing existing staff is nurtured and helps to address internal skills needs.	AD HROD	4	4	16	3	4	12
HROD	DIR-HR-03 **New	Embedding new Employment Framework	Employment framework not fit for contemporary / post pandemic circumstances.	AD HROD	4	4	16	3	3	9

EWS	DIR-EWS-01	Continued impact of Covid 19 on the delivery of EWS' Externally Funded Programmes supporting GM Residents	<p>Work & Skills Directorate currently manage in excess of £200m of external funding that support GM Residents to improve their skills and progress into employment, which include AEB and Working Well programmes.</p> <p>The continued impact of COVID-19 have a major impact on how EWS contracts continue to be delivered in GM.</p> <p>Potential financial instability of the providers base in GM. Significant risk exposure from providers struggling a) to deliver against their contract terms, and / or b) to deal with the impact of the pandemic</p> <p>Potential underspend in grant/contract for services funding and lower than expected performance against targets set by of funders.</p>	EWS Director, Mat Ainsworth	4	5	20	3	5	15
EWS	DIR-EWS-02	National legislative changes linked to Skills for Jobs White Paper will impact on GM's ability to deliver its devolved skills functions via programmes such as the Adult Education Budget (AEB)	<p>The Skills for Jobs further education reform White Paper introduced new employer-led local skills planning functions which will be placed on a statutory footing, meaning that colleges and training providers will be legally obliged to respond to these new Local Skills Improvement Plans (LSIPs) which has potential to disrupt/undermine the exercise of the CA's devolved skills functions.</p> <p>Whilst amendments to the draft legislation have mitigated some of the strategic risks, operational risks (and some opportunities) remain, linked to aspects of the Bill and to proposed reforms of the funding and</p>	Mat Ainsworth	4	4	16	3	4	12

			accountability regime (currently subject of government consultation).							
EWS	DIR-EWS-03 **New	Continued uncertainty around future devolution/levelling up of Education, Work and Skills responsibilities at the national level may negatively impact on GM's ambitions and delivery priorities.	As reported under Strategic Risks (SR1), ongoing delays to the publication of the Devolution White Paper, means GMCA and EWS cannot effectively plan for additional delegated responsibility, funding and local implementation.	Mat Ainsworth	4	4	16	4	4	16
EWS	DIR-EWS-04 **New	Lack of sufficient GMCA / LA capacity to support EWS' commissioning, procurement and implementation requirements (Link to DIR-EWS-03)	EWS works closely with its LA partners and GMCA's Corporate Services to develop, commission and contract manage its funded programmes/services. EWS always seeks to ensure GM level provision is shaped by latest evidence/ data and key locality inputs at the outset, needs LA support to ensure activity 'lands' well during early implementation and welcomes critiqued feedback from LAs to ensure continued improvement.	Mat Ainsworth	4	4	16	4	4	16
EWS	DIR-EWS-05 **New	No or insufficient funding in place to deliver EWS priorities once current GM programmes finish	EWS delivers a range of devolved services to support GM residents. Apart from the devolved Adult Education Budget (AEB), most current services have contracts which will start to expire from later 2022/23. As identified in Risk DIR-EWS-02, uncertainty around future Devolution / Levelling Up agendas translates to uncertainty to whether current provision will be sufficiently supported into and beyond 2023.	Mat Ainsworth	3	5	15	3	5	15
PSR	DIR-PSR-01 **New	Delivery of outcomes	Failure to achieve outcomes targeted across a range of strategies including Homelessness Prevention, Children & Young People, Ageing and other cross-cutting programmes.	Each responsible senior policy lead, PSR	4	4	16	3	4	12