

GMCA Audit Committee

Date: 27 July 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.

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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	

2 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 April 2022.

3 Movements in risks Q1 2022/23

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

Strategic Risks

- SR1 – Levelling up/devolution – given recent events in national politics the score associated with this has increased, the gross risk score is now 20 (previously 15) and the residual score is 15 (previously 10).

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-ENV-53 – Go Neutral Programme Delivery – score is now >16 reflecting challenges in delivery of the programme.
- DIR-ENV-20 – Green Homes Grant – review of the Environment risk register has led to the risk score being revised slightly from 20 previously to 16 (gross) and 12 (residual)
- One GMFRS risk has increased in score, increasing it to > 16. This relates to supply chain, pandemic and cost of living crisis.

De-Escalated Risks

Two risks within ESR have had their risk scores reduced which takes them below the escalation score of 16. These are:

- ESR-02: *The project selection and decision-making process GM puts in place for the Innovation Greater Manchester accelerator programme is challenged by organisations / individuals wishing to apply.* The gross score has been reduced to 15 from 16 and mitigations have been put in place reducing the residual score to 10
- ESR-04: *LEP Review (and Levelling Up White Paper).* Gross score reduced to 12 because of knowledge of the latest update in the LUWP, additional mitigations take the residual score down to 8.
- PCCJF: The Head of Audit and Assurance has placed “on hold” some of the PCCJF risks that had previously been escalated through this route. Upon further review some of these risks are owned by GMP. A review will take place to ensure they are correctly attributed to GMCA/GMP and are managed through the appropriate route. (See section 4)

4 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.

- CEMT/SLT risk workshop to be held Q2/3 to review and refresh strategic and organisational risks
- Review of PCCJF risk register to identify which are GMCA and which are GMP risks and ensure that they fall within the appropriate governance and oversight arrangements.
- 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 (July 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.	4	5	20	3	5	15
	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 (July 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	SLT, GMFRS ET	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).	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.	Director of Digital	4	5	20	3	5	15

Escalated / “Top” Directorate Risks

Directorate	Ref	Risk Title	Description	Owner	Inherent			Residual		
					Likelihood	Impact	Score	Likelihood	Impact	Score
GMFRS	RR22	Supply chain, pandemic and cost of living crisis	Due to current market conditions there is a risk that there may be significant delay or increase to the cost of goods in GMFRS’ supply chain, which may result in a pressure on contracts due to end and/or currently held stock leading to a restricted ability to deliver on a number of emergency response objectives.	Director, Corporate Services	4	4	16	4	4	16
Digital	DIR-DIG-04	Cyber security	GMCA is subject to a Cyber Attack	Director, Digital	5	5	25	4	5	20
Digital	DIR-GMD-03	Covid Impact on Finances	COVID related impacts on local finances impacting deliverability of key initiatives.	Director, Digital	5	5	25	4	4	16
Digital	DIR-GMD-02	Digital Inclusion Funding	Digital inclusion ambition is unfunded and fails to deliver on Manifesto ambitions due to resource limitations	Director, Digital	5	5	25	4	5	20
Environment	DIR-ENV-53	Go Neutral Programme Delivery	Failure to accelerate delivery	Director, Environment	4	4	16	3	3	9
Environment	DIR-ENV-20	Green Homes Grant	Unable to deliver in timescales	Director, Environment	4	4	16	3	4	12
Environment	DIR-ENV-28	Consequences of waste Feasibility Study	Cost implications to districts to deliver England’s waste strategy	Director, Environment	5	5	25	5	3	15
Place	DIR-PLA-02	Achievement of net zero.	Failure to achieve publicly stated strategic environmental targets.	Head of Housing Strategy	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.	Head of Planning Strategy	4	4	16	3	4	12
PCCJF	DIR-PCCJF-10	Records Management system	Procurement of a replacement records management system	Director, PCCJF	4	4	16	3	3	9
PCCJF	DIR-PCCJF-	Resourcing of Strategic priorities	Lack of alignment of funding to sufficiently resource strategic priorities	Director, PCCJF and	4	5	20	3	3	9

Directorate	Ref	Risk Title	Description	Owner	Inherent			Residual		
	11			GMCA Treasurer						
Waste	DIR-WR-01	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.)	Executive Director Waste	4	4	16	3	3	9
Governance	GOV-8	Legal challenge	Successful legal challenge (eg judicial review) threatens delivery of a major programme (and outcomes).	GMCA Monitoring Officer	5	5	25	3	5	15
Governance	GOV-9	Major Inquiry	Inquiry / Inquest into GMCA (or related) activity requires major change within GMCA	GMCA Solicitor	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	Embedding new Employment Framework	Employment framework not fit for contemporary / post pandemic circumstances.	AD HROD	4	4	16	3	3	9
Public Sector Reform	DIR-PSR-01	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.	Policy Leads, PSR	4	4	16	3	4	12
Education, Work and Skills	DIR-EWS-01	Continued impact of Covid 19 on the delivery of EWS' Externally Funded Programmes supporting GM Residents	Potential underspend in grant/contract for services funding and lower than expected performance against targets set by of funders.	Director, EWS	4	5	20	3	5	15
Education, Work and Skills	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)	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.	Director, EWS	4	4	16	3	4	12

Directorate	Ref	Risk Title	Description	Owner	Inherent			Residual		
Education, Work and Skills	DIR-EWS-03	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.	Director, EWS	4	4	16	4	4	16
Education, Work and Skills	DIR-EWS-04	Lack of sufficient GMCA / LA capacity to support EWS' commissioning, procurement and implementation requirements	If multiple programmes are announced by HMG depts at the same time (as likely) then GMCA/LA resource will be significantly stretched	Director, EWS	4	4	16	4	4	16