

GMCA Audit Committee

Date: 19 October 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 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.

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Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

All

Legal Considerations

N/A

Financial Consequences - Capital N/A

Financial Consequences – Revenue N/A

Number of attachments included in the report: None

Comments/recommendations from Overview & Scrutiny Committee

n/a

Background Papers

none

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

GM Transport Committee

n/a

Overview and Scrutiny Committee

n/a

1 Introduction

This report provides an overview of any changes made to the Strategic Risk Register since the last meeting and any changes in the escalated risks. It also provides an update on progress with the implementation of the GMCA Risk Management Framework since the last update to the Committee in July 2022.

2 Movements in risks

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

Strategic Risks

- SR3 – The risk title and description has been reviewed and updated to reflect the wider economic climate when originally it related only to Brexit. The risk now reflects cost of living, energy prices and the war in Ukraine. The inherent score has increased to 20 (15 residual).
- SR5 – Impact of covid-19 on district finances: The risk description has been updated to reflect the challenges local authorities have had in relation to funding.
- SR7 – Transport – the risk relating to Metrolink has been reviewed and refreshed. Previously it related solely to recovering patronage but has been updated to also reflect challenges in operating costs relating to energy prices.
- SR9 – GMP Governance, Leadership and Control – the residual risk score has reduced from 20 to 10. This is due to continued positive engagement with HMICFRS and improved performance across a range of measures including response times to 999 and 101, as well as crime recording standards.

A Strategic Risk Workshop is scheduled for November 2022 with the Chief Executive's Management Team to further review the Strategic Risk Register, the purpose of which is to challenge current risks and scoring, review mitigations and to identify potential emerging risks.

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-HR-05 has been added in relation to the GMFRS pension scheme "immediate detriment" cases
- DIR-HR02 – Risk relating to talent management – score reduced to 12 from 16 so the risk remains on the directorate risk register but does not now require escalation.

The reason for including these escalated risks in this report is to provide the Audit Committee with an overview of some of the key operational risks that GMCA faces. These risks are considered alongside strategic risks when keeping the internal audit plan under review.

3 Emerging and Developing risks

Development of emerging risks and review of existing risks by directorates is an ongoing activity, notably the following are currently under review:

- Within GMFRS, there is an existing risk relating to Industrial Action. This is currently under review to consider whether the risk score should be increased.
- Within the Commercial team, a risk around Contract Management is being developed.

Both of these risks will follow the protocols set out in the GMCA Risk Management Framework and be escalated if they meet the escalation criteria (of a risk score of 16 or more).

4 Risk Management Action Plan 2022/23

The risk management action plan continues to be implemented, with the following activities to be undertaken this quarter:

- CEMT risk workshop scheduled for November 2022
- 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 risk management awareness training that can be rolled out to staff
- 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, including better articulation of risk appetite and target risk scores.

Summary of Strategic Risks (October 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	Volatile economic climate	Factors such as Covid-19 pandemic recovery, cost of living, energy prices, UK exit from EU and war in Ukraine and Government policy changes	5	4	20	5	3	15
	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. In particular LAs have had to put in place measures to support residents and businesses putting at risk funding available for ongoing services as well as future ambitions.	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. Patronage post pandemic is showing signs of recovery but planned growth in revenues is at risk in the medium term. Additional costs from energy costs for running the network have added to the risk during 2022/23.	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	2	5	10

Escalated Risks (October 2022)

Organisational Risks

Type	Ref	Risk Title	Description	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	4	5	20	2	4	8
People	OR4	Staff Mental and Physical Wellbeing	Altered working arrangements may affect staff health, wellbeing and morale.	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.	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).	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)	3	5	15	3	2	6

Type	Ref	Risk Title	Description	Inherent			Residual		
				Likelihood	Impact	Score	Likelihood	Impact	Score
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.	4	5	20	3	5	15

Escalated / “Top” Directorate Risks

Directorate	Ref	Risk Title	Description
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.
Digital	DIR-DIG-04	Cyber security	GMCA is subject to a Cyber Attack
Digital	DIR-GMD-03	Covid Impact on Finances	COVID related impacts on local finances impacting deliverability of key initiatives.
Digital	DIR-GMD-02	Digital Inclusion Funding	Digital inclusion ambition is unfunded and fails to deliver on Manifesto ambitions due to resource limitations
Environment	DIR-ENV-53	Go Neutral Programme Delivery	Failure to accelerate delivery
Environment	DIR-ENV-20	Green Homes Grant	Unable to deliver in timescales
Environment	DIR-ENV-28	Consequences of waste Feasibility Study	Cost implications to districts to deliver England’s waste strategy
Place	DIR-PLA-02	Achievement of net zero.	Failure to achieve publicly stated strategic environmental targets
Place	DIR-PLA-03	Places for everyone resource capacity	Inability to efficiently process and deliver major actions for Places for Everyone.
PCCJF	DIR-PCCJF-10	Records Management system	Procurement of a replacement records management system
PCCJF	DIR-PCCJF-11	Resourcing of Strategic priorities	Lack of alignment of funding to sufficiently resource strategic priorities
Waste	DIR-WR-01	GM Waste & Recycling Contract	<ul style="list-style-type: none"> (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

Directorate	Ref	Risk Title	Description
Governance	GOV-8	Legal challenge	Successful legal challenge (eg judicial review) threatens delivery of a major programme (and outcomes).
Governance	GOV-9	Major Inquiry	Inquiry / Inquest into GMCA (or related) activity requires major change within GMCA
**NEW Pension Detriment	DIR-HR-05	Pension Detriment	Payment of remedy benefits for retired members and serving members due to retire. There are a number of financial risks to individuals and GMFRS which are currently being considered by LGA/ FBU/Home Office to amend previously agreed MoU.
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.
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.
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.
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.
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