

GMCA Audit Committee

Date: 15 March 2023

Subject: Risk Management Update Report

Report of: Sarah Horseman, Deputy Director - 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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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 overview of risk management activity since the last update to the Committee in January 2023.

3 Activity in the period

- 3.1 Over the period all directorates have submitted and had approved their priorities for the year ahead as part of the 2023/24 GMCA Business Planning process. Risk review sessions began in March to help directorates reflect on whether their priorities in the business plan require significant changes to their directorate risk profile. This process is likely to complete by the end of March.
- 3.2 Early examples of risks that may be subject to change include the include the potential changes being proposed by Defra to how we collect waste under the National Waste and Resources Strategy. Under one scenario this could require a significant vehicular investment. A second example covers the very tight spending window in place to successfully deliver new activity in support of our homelessness and rough sleeping objectives.
- 3.3 All teams continue to be subject to dynamic market forces. Examples include, GMFRS continues to manage the potential impact from Industrial Action as well as the impact on their budget of rising utility prices.
- 3.4 To continue our work to mitigate against the harmful effects of climate change. A risk workshop took place on 6th March to encourage colleagues to consider how changing climate will impact our organisation and the directorates in which they work. It will support ongoing management of our strategic risk *SR8 Climate Change*.

4 Movements in risks

4.1 This section provides a summary of the movements in directorate risks in the last quarter. Please note that the latest round of risk reviews remains in progress.

Examples of significant updates to risk definitions and/or risk actions:

- **Improvement - DIR-ENV-19: Deliver Public Sector Decarbonisation Scheme Phase 3a.** Following continuing engagement with partners the risk of failure to deliver within timescales has reduced.
- **Decline - DIR-WR-02: National Waste Strategy (Waste)** – where our response to Defra plans to introduce a new waste collection regime will be discussed with leaders in March. It is likely that the risk score will increase.
- **NEW - Internal resources (Low Carbon):** Where we will widen our recruitment channels in order to fill vacant positions created due to a growth in delivery activity. (Environment)

Top Organisational and Operational Risks

In line with previous reports, Appendix 2 provides an overview of the highest rated risks at an organisational and directorate level.

Highlights:-

- Reflecting the same trend seen at the strategic risk level in the last period. A number of escalated 'directorate' risks reflect continuing uncertainty over future funding together with the impact of multiple economic factors.
- As agreed at the last Audit Committee meeting, Appendix 2 now shows all risks with an inherent risk score of 16 or more. The Directorate risks are split into 2

tables, one where the residual score remains at 16 or more and one where the residual score is managed to <16.

5 Risk Management Action Plan 2023/24

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

- SLT risk workshop to review and update (as necessary) Organisational Risks.
- Re-assess the organisation's risk management maturity, using the same assessment criteria as used previously to demonstrate progress.
- A review of the PCCJF risk register to review and identify which are GMCA and which are GMP risks, so they fall within the appropriate governance and oversight arrangements.
- A series of new introduction to risk management learning videos will be developed and piloted in early 2023/24 for roll out to staff via the GMCA Intranet.
- 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 ensuring their risk actions are SMART; and
- Move to a point where greater consideration of performance against risk appetite can be held starting with strategic risks.

6. Recommendations

6.1 The recommendations are set out at the front of the report.

Appendix 1 - Summary of Strategic Risks (at 03/03/23 - with the last review conducted in January 2023)

Ref	Risk	Current Score	Target Score	Risk Actions
Corporate Objective 1: Deliver Core/ Devolved services for the public				
SR3	Economic factors such as energy prices, inflation, interest rates and supply chain issues impact the Combined Authority's ability to deliver planned services and programmes for the public.	15	10	<p>Use of a dynamic cost-of-living dashboard to inform decision-making, for example on service provision.</p> <p>Economic insight anticipates and informs practical strategies to support continuity within programmes and challenge within contracting.</p>
SR7	Significant financial risk to transport (bus and Metrolink) resulting from reduced patronage levels (caused by behaviour changes as a legacy of the pandemic), increases in operating costs and uncertainty over longer term government funding support.	16	12	<p>Department for Transport (DfT) funding has mitigated impact of revenue losses with funding confirmed into Quarter 4 2022.</p> <p>TfGM Recovery Plan for Metrolink with ongoing lobbying with Government encompassing market renewal and efficiency work to support request for additional funding.</p> <p>Seeking cost saving measures within overall transport budgets.</p> <p>Rephasing of capital spend, to fund renewals programme.</p>
SR9	Insufficient and/ or ineffective governance and scrutiny over Greater Manchester Police fails to identify and address areas of underperformance in the service provided to victims of crime, residents and communities.	15	10	<p>Continuing work with GMP to monitor implementation of outstanding improvement actions.</p> <p>Plan / prepare any necessary work ahead of the next HMICFRS inspection. For example, by engaging with city-</p>

				region and national bodies to anticipate and understand potential areas of focus.
Corporate Objective 2: Secure, and manage, funding and investment at a Greater Manchester level for agreed activity				
SR1	Changes in central government affects the devolution agenda meaning that devolved powers (including those from being a trailblazer city region) are not further developed or are reduced, access to funding is reduced and/or our ability to influence the devolution agenda is reduced.	15	10	Continuous discussions with departments - lobbying to develop a Memorandum of Understanding for a devolution agreement.
SR5	Factors such including inflation, energy costs, covid legacy and uncertainty around government funding have a major impact on districts ability to deliver public services.	12	9	CA continues to lobby government for more District funding. Creating a bigger voice with Government. Complete 2023/24 budget position through close engagement with all stakeholders.
Corporate Objective 3: Work with the ten local authorities to drive collective activity that puts Greater Manchester at the forefront of tackling social, economic and environmental issues				
SR6	Economic, social, behavioural and financial impacts such as COVID and the cost of living affect the timescales of delivery of GMS outcomes.	8	6	GMS has been refreshed, as a 10-year strategy, to reflect long term strategy learning from Covid, IIC etc with a strong focus on the system wide actions needed to achieve a greener, fairer, more prosperous GM in all parts of the conurbation. This includes 3-year commitments, targets and ways of working, with some neighbourhood floor targets. Monitored by a cross agency/sector Delivery Support Group to ensure the GM system as a whole is delivering the changes needed to achieve GM's social, economic and environmental aspirations.

SR8	GMCA is unable to deliver its responsibilities in relation to climate change initiatives due to insufficient funding, capacity, support and behaviour change as well as supply chain issues. This results in long term climate change risks to population, business, biodiversity and infrastructure.	12	9	<p>Mission based approach - Challenge Groups and T&F groups reviewed and re-constituted – responsible for driving increased scale of the challenge and ensuring appropriate joined up actions by all partners</p> <p>Bids submitted for external funding to deliver programmes at scale and development of innovative policy and finance mechanisms.</p> <p>Progress towards targets regularly reviewed through Green City Region Partnership</p> <p>Six monthly updates on GMCA actions in response to its declared Climate Emergency to be reported to CA</p> <p>Review and upscale our communications strategy with districts - to drive stimulate behaviour change, e.g. Bee Net Zero.</p> <p>Development of Strategic Outline Business Case to increase level of private sector investment</p>
Corporate Objective 4: Ensure Greater Manchester is speaking with one voice – developing, leading & implementing our evidence-based strategies, building our networks and partnerships and influencing policy				
SR2	GMCA fails to further develop trust, cohesion and credibility with and between local GM systems and partners due to ineffective stakeholder engagement, poor GMCA performance or ineffective decision making resulting in failure to deliver outcomes of GMS and failure to develop and share good practice.	9	6	<p>GMCA Performance Framework uses corporate health indicators to monitor and enhance performance.</p> <p>Best practice in the Assurance Framework helps mitigate against adverse inspections by the likes of the ORR and HMICFRS and maintains strong relationships with the ten districts.</p>

Appendix 2 - Escalated Risks

Organisational Risks (at 03/03/23)

There are no organisational risks with a residual risk score of 16 or more. There are four risks with an inherent risk score of 16 or more that have successfully implemented risk actions that bring down their residual scores below 16:

Ref	Risk Title	Description	Inherent Score	Residual Score
OR1	Covid-19 reduces staff availability through absence, sickness, self-isolation.	Increased risk of staff absence in GMCA/GMFRS due to Covid-19 and/or caring responsibilities due to ongoing lockdown restrictions.	20	8
OR4	Staff Mental and Physical Wellbeing	Post-covid altered working arrangements may affect staff health, wellbeing and morale.	16	6
OR9	Funding and grants not spent in line with timescales / conditions	Capital programme and grant funding is not spent in line with spending profile or grant conditions.	20	9
O10	Data Protection Act 2018 compliance	Failure to comply with the requirements of the Data Protection Act 2018 (Inc. GDPR).	20	12

A review of organisational risks, similar to that undertaken for Strategic Risks will be undertaken in Q1 2023/24

Escalated / “Top” Directorate Risks (at 03/03/23)

There are a number of high scoring directorate risks, some of these link directly to Strategic or Organisational risks but some are discrete and specific to the directorate. Of these high scoring risks, 14 cite risk mitigations that bring the current risk score to below 16, whilst others (8) remain ≥ 16 . The two tables below show firstly those with a residual risk score of 16 or more and secondly those with a residual score of <16

Table 1: Directorate Risks with a residual risk score of 16 or more

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Digital	DIR-DIG-01	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
Digital	DIR-DIG-02	Full fibre network programme delivery	GM Full Fibre grant funding awarded to GMCA by DCMS is not spent in line with spending profile and this impacts programme delivery	16	16
Digital	DIR-DIG-04	Cyber Security	GMCA is subject to a Cyber attack	25	20
Environment	Environment	Internal resources (Low Carbon)	Unable to fill vacant positions created due to a growth in delivery activity, required by the 5 Year Environment Plan	20	20
GMFRS	RR11	Industrial Action	Potential of future strike action by operational staff over proposed changes to firefighter’s terms and conditions, fire fighter pension schemes and the current status of the national pay negotiations	12*	20
GMFRS	RR39	Spending Review	Spending Review and funding - funding supporting the 2022/23 Budget represents a one-year settlement, there is a significant risk that future funding will be affected,	12*	20

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
			and also that one off funding (Protection) will not continue beyond 2022/23. New round of austerity expected with anticipated need for spending reductions as part of Spending Plans for 2023/24 budget year. Spending Review for 2023/24 currently on hold		
GOVIG	GOV-9	Major inquiry	Inquiry / Inquest into GMCA (or related) activity requires major change within GMCA	20	16
HROD	DIR-HR-05	Pension Detriment	Risk of legal action arising relating to 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	25	25

*Risk owner has been advised to amend Inherent risk score in light of their residual (current) score.

Table 2: Directorate risks with a residual risk score of less than 16

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Digital	DIR-DIG-03	Digital Services' core service delivery	GMCA experience disruption to their IT services	20	15
Education, Work and Skills	DIR-EWS-02	Skills for Jobs White Paper	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).	16	12
Environment	DIR-ENV-25	Environment Fund	Risk of scaling up project and secure funding	16	12
GOVIG	GOV-8	Legal change	Successful legal challenge threatens delivery of a major programme (and outcomes)	25	15
GOVIG	IGR-10	Information Governance - Legislative Change	Legal changes mean existing information governance processes and procedures are incorrect or do not deliver the necessary legal, operational, or strategic assurance	16	12
PCCJF	DIR-PCCJF-06	Commissioning Victim Services	Commissioning a 'hybrid' victim care services integrated with GMP	16	9
PCCJF	DIR-PCCJF-07	SARC contracting, funding and therapeutic support	No contract in place and the financial allocation has been disputed	16	12
PCCJF	DIR-PCCJF-09:	Confidence in GMP (Functionality)	Sub-optimal functionality of the police records management system	16	6
PCCJF	DIR-PCCJF-10:	Confidence in GMP (Procurement)	Procurement of a replacement records management system	16	9

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
PCCJF	DIR-PCCJF-11:	Resourcing of Strategic priorities	Lack of alignment of funding to sufficiently resource strategic priorities	20	9
Place	DIR-PLA-03	Places for everyone resource capacity	Inability to efficiently process and deliver major actions for Places for Everyone during EiP process	16	12
Reform	DIR-PSR-01	Delivery of outcomes (within funding timeframes)	Failure to achieve outcomes targeted across a range of strategies including Homelessness Prevention, Children & Young People, Ageing and other cross-cutting programmes	16	12
WASTE	DIR- ER- 02	National Waste and Resources Strategy	DEFRA proposing new waste collection approach by March 2025 that may require substantial, unbudgeted investment across districts	16	12
WASTE	DIR-ER-01	GM Waste & Recycling Contract	Difficulties arise from contractor(s) failure to deliver, construction of new facilities being delayed, the value of recyclable materials reduces or delays from Brexit related change	16	9