

GMCA Audit Committee

Date: 20th September 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

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| 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 April 2023.

3 Activity in the period

Teams continue to deliver the priorities laid out in our Business Plan. Actively considering emerging threats not only to their objectives but of the wider organisation.

A risk workshop with the Senior Leadership Team was facilitated in the summer to specifically review the organisational risk register to ensure it reflects current environment. This collective review identified specific themes that should form that organisational level risk register, which at a high level include:

- **Resilience** – the current risks refer to Covid19, moving forward the risk(s) around resilience will reflect more general risks to continuity while at the same time utilising the effective actions we introduced during the pandemic as continuing mitigation against future threats to continuity;
- **Devolution** – the trailblazer devolution deal will bring with it significant organisational change which will need to be managed and implemented as well as significant changes in funding (single settlement), governance and accountabilities (which will be reflected in the Strategic risk register)
- **Staffing and workplace** – wellbeing, recruitment and retention, capacity
- **Finance and Commercial** – contract and commercial management, budgetary control
- **Environmental** – failure to meet our organisational goals and targets around climate change and sustainability
- **Cyber and information security** – risks that are prevalent across the organisation therefore requiring organisational level mitigations

We are currently in the process of revising the existing organisational risk register for approval by SLT and risk owners and will be presented to a future Audit Committee meeting.

Other directorate activity includes:

- The Information Governance Team took the proactive step taken by to firstly communicate potential threats from the use of some Artificial Intelligence technologies and to begin developing an 'Acceptable Use Policy'.
- Following a detailed review by the PCCJF team there is now a clearer understanding of the risks that fall within the governance and oversight of the CA and those being managed day to day by GMP.

- Clear guidance is awaited from Government on the National Waste and Resources Strategy which is anticipated to arrive in 6-9 months' time. Specific interest falls on whether any new waste collection requirements would prove costly or disruptive.

4 Movements in risks

This section provides a summary of the significant movements in the last quarter with risks and their actions.

Strategic Risks:

- **NEW ACTION – SR7 Transport finances from bus and Metrolink** –TfGM is developing a new Customer Growth Strategy as part of a wider Financial Sustainability Plan that will promote growth in patronage and revenue.

Organisational Risks

- As above

Directorate risk:

- **NEW RISK - Subsidy control** – a risk of programme delays due to the time needed to take a position on new regulations. (ESR)
- **NEW RISK - Declining confidence in GMP around vulnerable groups and communities** - particularly among people experiencing inequality in race and gender. (PCCJF)
- **IMPROVING RISK – GMFRS Spending Review and Funding**

5 Risk Management Action Plan 2023/24

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

- Update the Organisational Risk Register in line with the SLT risk workshop
- Assess the opportunity to rationalise the number of risks focusing on the impact of COVID-19 and utilise their mitigation within existing business continuity and catastrophic risks;

- To re-assess the organisation's risk management maturity and using the same assessment criteria as used previously a risk maturity exercise is being run from September;
 - Work with any Directorates that do not currently fall within the "Conforming" range to develop their risk management arrangements;
- A series of new introduction to risk management learning videos will be developed and piloted during autumn 2023/24 for roll out to staff via the GMCA Intranet. This will include preliminary guidance on risk appetite; and
- Move to a point where greater consideration of performance against risk appetite can be held starting with strategic risks; and
- Support all directorates in the ongoing maintenance and development of risk registers and associated risk management activities, including ensuring their risk actions are SMART.

Appendix 1 - Summary of Strategic Risks (with the last full 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> <p>Ongoing engagement with Government departments about implications for GM economy.</p> |

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| 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 limited funding confirmed into Quarter 1 2023/4.</p> <p>Delivery of a Financial Sustainability Plan (including a customer growth strategy).</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-region and national bodies to anticipate and understand potential areas of focus.</p> |
| 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 | 15 | 10 | Continuous discussions with departments. |

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| | 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. | | | Ensure our governance and decision-making help us take up opportunities flowing from the Trailblazer deal and to build a ‘Pioneer’ approach. |
| 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. |
| 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 |

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| | | | | <p>includes 3-year commitments, targets and ways of working, with some neighbourhood floor targets.</p> <p>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.</p> |
| SR8 | <p>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.</p> | 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> |

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| | | | | <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> |
| <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</p> | | | | |
| 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 | 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</p> |

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| | outcomes of GMS and failure to develop and share good practice. | | | the ORR and HMICFRS and maintains strong relationships with the ten districts. |
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Appendix 2 - Escalated Risks

Organisational Risks

There are no organisational risks with a residual risk score of 16 or more. There are five 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 |
| 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 |
| OR10 | Data Protection Act 2018 compliance | Failure to comply with the requirements of the Data Protection Act 2018 (Inc. GDPR). | 20 | 12 |
| OR12 | Information Security | Processes are insufficient to deter, detect and prevent unauthorised access to ICT systems and to respond effectively. | 20 | 15 |

| Ref | Risk Title | Description | Inherent Score | Residual Score |
|-----|-------------------------------------|--|----------------|----------------|
| OR4 | Staff Mental and Physical Wellbeing | Post-covid altered working arrangements may affect staff health, wellbeing and morale. | 16 | 6 |

Escalated / “Top” Directorate Risks (at 07/09/23)

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, 22 cite risk mitigations that bring the residual risk score to below 16, whilst others (17) 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 |

| Directorate | Ref | Risk Title | Description | Inherent Score | Residual Score |
|-------------|-------------------|--|---|----------------|----------------|
| | | | | | |
| Digital | DIR-DIG-04 | Cyber Security | GMCA is subject to a Cyber attack | 25 | 20 |
| Digital | DIR-GMD-03 | Covid Impact on Finances | COVID related impacts on local finances impacting deliverability of key initiatives. | 25 | 16 |
| Digital | DIR-GMD-02 | Digital Inclusion Funding | Digital inclusion ambition is unfunded and fails to deliver on Manifesto ambitions due to resource limitations | 25 | 20 |
| ESR | DIR-ESR-16 | NEW: Subsidy control | Programme delays due to the time it has taken GMCA to take a position on new subsidy control regulations. | 16 | 16 |
| EWS | DIR-EWS-03 | Devolution of EWS responsibilities at national level | 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. | 16 | 16 |

| Directorate | Ref | Risk Title | Description | Inherent Score | Residual Score |
|-------------|------------|--|--|----------------|----------------|
| EWS | DIR-EWS-04 | Support for EWS' commissioning, procurement and implementation | Lack of sufficient GMCA / LA capacity to support EWS' commissioning, procurement and implementation requirements | 16 | 16 |
| EWS | DIR-EWS-05 | Insufficient funding to deliver priorities once current GM programmes finish | Uncertainty around future levelling up agendas leads to uncertainty as to whether current provision will be sufficiently supported beyond 2023 | 15 | 20 |
| GMFRS | RR49 | Utilities Pricing | Rising prices with significant anticipated increases in the GMFRS budget required to fund shortfalls. | 25 | 20 |
| GMFRS | RR22 | Supply Chain and Cost of Living Crisis | Delays or increase in cost of goods in the supply chain, which may result in a pressure on contracts due to end and / or currently held (Fire & supplier) stock. | 20 | 16 |

| Directorate | Ref | Risk Title | Description | Inherent Score | Residual Score |
|-------------|----------------------|--|--|----------------|----------------|
| 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 |
| PCCJF | DIR- PCCJF- 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 |
| PCCJF | DIR- PCCJF- 12 | Police Complaints | Reputational impact on GMP and GMCA | 20 | 20 |

| Directorate | Ref | Risk Title | Description | Inherent Score | Residual Score |
|-------------|----------------------|------------------------|--|----------------|----------------|
| PCCJF | DIR- PCCJF- 13 | CSE Reviews | Reporting of the findings will impact on local authority and GMP confidence | 25 | 20 |
| PCCJF | DIR- PCCJF- 15 | NEW: Confidence in GMP | Declining confidence in GMP particularly among people experiencing inequality (race, gender) | 20 | 16 |

*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 |
| EWS | 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 | Environment | Your Home Better | Project is unable to meet customer demand | 16 | 12 |
| Environment | Environment | Commercial Buildings | Development of a commercial buildings retrofit offer. | 16 | 12 |
| Environment | DIR-ENV-25 | Environment Fund | Risk of scaling up project and secure funding | 16 | 12 |

| Directorate | Ref | Risk Title | Description | Inherent Score | Residual Score |
|-------------|------------|-------------------------------|--|----------------|----------------|
| 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 | 20 | 12 |
| GMFRS | RR19 | GMFRS Budget | Due to the need to make ongoing savings, GMFRS may not fully deliver the required efficiency savings to balance their budget over the medium term. | 16 | 12 |
| GOVIG | GOV-8 | Legal change | Successful legal challenge threatens delivery of a major programme (and outcomes) | 25 | 15 |
| GOVIG | GOV-9 | Major inquiry | Inquiry / Inquest into GMCA (or related) activity requires major change within GMCA | 20 | 15 |
| EWS | DIR-EWS-01 | COVID19 impacts on externally | Continued impact on the delivery of EWS' Externally Funded Programmes supporting GM Residents | 20 | 15 |

| Directorate | Ref | Risk Title | Description | Inherent Score | Residual Score |
|-------------|--------------|--|---|----------------|----------------|
| | | funded programmes | | | |
| EWS | DIR-EWS-02 | Legislative changes to 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 |
| 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. For example, Data Protection and Digital Information Bill. | 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, | No contract in place and the financial allocation has been disputed | 16 | 12 |

| Directorate | Ref | Risk Title | Description | Inherent Score | Residual Score |
|-------------|---------------|--|--|----------------|----------------|
| | | funding and therapeutic support | | | |
| 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 |
| PCCJF | DIR-PCCJF-11: | Resourcing of Strategic priorities through POAP Programme Plan | Lack of alignment of funding to sufficiently resource strategic priorities | 20 | 9 |
| Place | DIR-PLA-02 | Achievement of net zero | failure to achieve publicly stages to changing environmental targets | 20 | 15 |

| Directorate | Ref | Risk Title | Description | Inherent Score | Residual Score |
|-------------|-------------|---|---|----------------|----------------|
| 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 (including DEFRA for 2025 new waste collection requirements) | DEFRA proposing new waste collection approach by March 2025 that may require substantial, unbudgeted investment across districts | 16 | 12 |

| Directorate | Ref | Risk Title | Description | Inherent Score | Residual Score |
|-------------|-----------|-------------------------------|--|----------------|----------------|
| 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 |