

GMCA Audit Committee

Date: 24 January 2024

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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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

1.1 This report provides an overview of risk management activity since the last update to the Committee.

2. Activity in the period

2.1 Over the period, both the Information Governance and Digital teams have worked with members of the Information Governance Panel to increase the awareness of, and to introduce additional mitigation for risks covering both a successful cyber-attack and from uncontrolled use of Artificial Intelligence. Examples of the actions being implemented include:

- Refreshing our list of critical systems and most sensitive data. Including completing work to ensure datasets are recorded in Information Asset Registers;
- Ensuring systems and data are covered by up-to-date business continuity and disaster recovery planning;
- Understanding the financial implications of potential attacks; and
- Developing an Acceptable Use Policy for Artificial Intelligence.

2.2 Work continues to support teams in refreshing and updating their risk registers with risk sessions being held with Human Resources, Communications and Engagement and the Place teams to refresh their risk profiles.

2.3 The Corporate Risk Manager supported the development of a new programme risk register to give assurance that we will manage both present and emerging risks effectively for our Investment Zones.

2.4 In January, the Senior Leadership reviewed their refreshed organisational risk profile of 11 risks and agreed to schedule a further Risk Workshop to develop actions where risks require further mitigation and to articulate risk appetite.

3. Movements in risks

3.1 This section provides a summary of the movements in directorate risks in the last quarter.

3.1.1 Significant updates to risks

- Capital Grants (GMFRS);
- Strategic Analytical Capability to support the Single Settlement leadership (Finance);
- Cyber security (Digital) / Cyber-attack (Information Governance); and
- Unacceptable Use of Artificial intelligence (Information Governance).

3.1.2 Top Organisational Risks

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

3.1.3 Emerging risk:

- Failure to be prepared for Devolution Programme;
- Failure to deliver programmes

Further work will be undertaken to develop these risks.

4. Risk Maturity Exercise 2023

4.1 Another Risk Management Maturity Exercise was undertaken in December 2023. The objective of this exercise has been to measure progress since the previous assessments which were undertaken in December 2020 and again in December 2021. The methodology used was the same as previous exercises, with questionnaires asking participants to self-assess the maturity of their risk management activities.

4.2 The headline findings are:

- The organisation continues to progress through the “Conforming” phase of maturity reflecting a more consistent application of risk management;
- The average risk maturity score has improved to 3.69 (out of 5) up from 3.57 in 2021;
- 9 teams (75%) scored 3.5 or higher and 7 are above the average;
- 64% of the individual ‘question’ scores returned are a 4 or a 5. This represents an increase of 9% from 2021 (55%). The number of times the lowest score of ‘1’ was returned fell from 40 in 2021 to only 3 in 2023.

4.3 There are opportunities for further improvement that will support progression to the next maturity stage of ‘advanced,’ through:

- Driving a clearer understanding and application of risk appetite by widening the breadth and creating more definition and visibility of ‘appetite themes’ listed in the Risk Framework;
- Strengthening the measurement and reporting of risk control effectiveness;
- Potentially assigning a risk champion within each directorate to strengthen reporting and review; and
- Providing wider access to risk training starting with launch of a Risk e-module plus a risk session in the next Festival of Learning.

5. Risk Management Action Plan

5.1 The following activities will be undertaken to continue to develop risk management capability and activity:

- Undertake review of strategic risks with risk owners.

- Hold another SLT risk workshop to further identify mitigating actions and articulate risk appetite.
- Work with any Directorates that do not currently fall within the “Conforming” range of the risk maturity model 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.
- Deliver new risk training via the GMCA Festival of learning (February 2024). Follow this will introduction of a new Risk Management E-Module available to staff via the Intranet. The guidance will include further support in assessing risks and understanding risk appetite.

6. Recommendation

6.1 The recommendation is set out at the front of the report.

Appendix 1 - Summary of Strategic Risks (at 10/01/24 - 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>
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>Development of a Customer Growth Strategy (by TfGM) to deliver long term strategy for patronage and revenue growth.</p> <p>Seeking cost efficiency 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 (on 15 January 24)

There are currently 2 organisational risks with a residual risk score of 16 or more. There are 6 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	Readiness to respond to multiple simultaneous continuity event(s).	Capability and readiness to respond to a major and potentially catastrophic event e.g. a pandemic. Note: the scope of this risk covers both the GMCA and GMFRS. Mitigation from both are included in the register.	20	16
OR2	Failure to be prepared for Devolution Programme	Organisation does not have the capability, governance, capacity and strategy in place to deliver opportunities arising from Devolution.	16	12
OR3	Diverse and inclusive workforce	Failure to attract and retain equal, diverse and inclusive workforce	12	12
OR4	Staff Mental and Physical Wellbeing	Factors such as the legacy from lockdown restrictions, cost of living crisis or other work pressures may affect staff health, wellbeing and morale.	16	6
OR5	Behaviours and Culture	The Culture of the CA fails to adapt to changing organisational demands which in turn impairs efficiency and delivery.	12	8
OR7	Organisational Governance and Decision Making	Governance processes are not capable of effectively supporting our priorities such as administering the Single Settlement.	20	12
OR9	Funding and Grants not spent within time/ conditions	Failure to spend monies awarded through programmes could lead to reductions in funding awarded in the future or conditions are more stringent.	20	12

Ref	Risk Title	Description	Inherent Score	Residual Score
OR10	Compliance with DP 2024 legislation	Failure to adapt to changes in requirements from new Data Protection Act 2024 (Inc. GDPR)	20	12
OR11	Recruitment into priority roles	Recruitment into roles required to deliver key priorities in the Business Plan.	12	8
OR12	Management and security of sensitive data	Failure to manage sensitive data leads to data/ information loss, misuse, inaccurate analysis or official sanction.	20	15
OR14	Cyber attack	An attack compromises ability to fulfil corporate and strategic responsibilities that could include elections, programmes, administering funding or delivering waste management services.	25	20

Escalated / “Top” Directorate Risks (on 10 January 24)

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, 30 cite risk mitigations that bring the current risk score to below 16 (where inherent risk ≥ 16), whilst 20 others 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	DIGR00162	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	DIGR00166	Cyber Security	GMCA is subject to a Cyber-attack (See Organisational risk)	25	20
Digital	DIGR00169	Public Sector Financial Constraints	Cost of recovery from COVID, cost of living response, cuts to local service budgets impact on resource to support delivery of key GM Digital initiatives.	25	16
Digital	DIGR00168	Digital Inclusion Funding	Digital inclusion ambition is unfunded and fails to deliver on Manifesto ambitions due to resource limitations	25	20
Environment	Environment	Commercial Buildings	Development of a commercial buildings retrofit offer.	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
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	Lack of sufficient GMCA / LA capacity to support EWS'	EWS seeks to ensure GM level provision is shaped by latest evidence/ data and key locality inputs at the outset. They need	15	20

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
		commissioning, procurement and implementation requirements	LA support to ensure activity 'lands' well during early implementation and welcomes critiqued feedback from LAs.		
GMFRS	RR4	Capital Grants	Due to the absence of capital grants and capital financing arrangements there is a risk that future capital investment will have to be independently sourced to continue to support our organisational requirements putting additional pressures on our future budget.	9	16
GMFRS	RR39	Spending Review	Funding supporting the 2023/24 Budget represents a one-year settlement, there is a significant risk that future funding will be affected, and also that one off funding (Protection) will not continue beyond 2023/24.	15	16
GMFRS	RR47	Utilities Pricing	Due to current market conditions there is a significant risk of rising prices in the area of utility bills. Significant anticipated increases in the GMFRS budget required to fund shortfalls.	25	20
GMFRS	RR22	Supply Chain and Cost of Living Crisis	Due to current market conditions there is a risk that there may significantly delay or increase the cost of goods in GMFRS' supply chain, which may result in a pressure on contracts due to end and / or currently held (Fire & supplier) stock leading to a restricted ability to deliver on a number of emergency response objectives (equipment maintenance spares, emergency response consumables, fire gear for recruits).	20	16
GOVIG	IGR-14	Cyber-attack leads to the loss or corruption of sensitive data	Exposure to reputational damage, legal sanction and/ or inability to operate.	20	20
GOVIG	IGR-13	Uncoordinated and unacceptable use of Artificial Intelligence	The proliferation of and uncoordinated use of AI weakens our assurance over the data captured and processed for analysis, reporting and decision-making.	16	16
GOVIG	IGR-04	Information Asset Registers	Failure to manage, protect and derive value from personal and business information held across systems, formats and locations - who is responsible and how it can be used.	16	16

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
GOVIG	IGR-12	Managing the inflow and outflow of complex and sensitive datasets	Lack of readiness (and capability) to anticipate, understand or manage the inflow and outflow of complex and sensitive datasets in our BAU and change activity.	20	16
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	25
PCCJF	DIR-PCCJF-12	Police Complaints	Reputational impact on GMP and GMCA	20	20
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

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

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Digital	DIGR00165	Digital Services' core service delivery	GMCA experience disruption to their IT services.	20	15
Digital	DIGR00164	Forward funding of the GM Digital Platform and related use cases	Funding unclear for pan GM digital transformation activity, particularly Early Years, beyond March 2024	20	12
Digital	DIGR00183	Timeliness of support for contracts and procurements	There is a risk that the ongoing issue with legal and procurement resource capacity impacts any new procurements and required contract support conducted by Digital, causing an over reliance on project managers and other Digital staff who are not specialists.	16	6
Digital	DIGR00184	NWFC CAD replacement programme	There is a risk of ongoing disruption to the Digital team, especially at management level, who have needed to step in and take on extra duties on the programme, due to the way the programme has been managed so far.	20	9

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Digital	DIGR00187	Organisational data requirements	Digital not able to successfully support the increasing (in volume and complexity) requirements from GMCA and GMFRS directorates focused on data storage, manipulation and analytics.	16	8
Digital	DIGR00188	Digital technical skills gap	There is a gap in availability and increasing cost of digital technical skills across GM which has impacted Digital directorate recruitment.	16	12
Digital	DIGR00173	Digital skills demand	GM digital industry demand for skills & talent outstrips supply increasing wages and pressuring orgs	16	12
Digital	DIGR00191	Digital Inclusion capacity	Ability to deliver on Priority 1 (Digital inclusion and skills) GM Digital Blueprint is negatively impacted by the reduced capacity profile from December 2023 onwards.	20	12
Digital	DIGR00192	PSTN switchover	Public Service Telephone Network due to take place by December 2025. The process is industry-led, and awareness is low with risks to vulnerable GM residents. This negatively impacts public sector and delivery partners, and residents and businesses.	16	9
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.	16	12
Environment	N/A	Heat Pump Offer	Offer fails to attract significant interest from residents and the market	16	4
Environment	N/A	Your Home Better	Project is unable to meet customer demand	16	12
Environment	N/A	Natural Environment	Risk of scaling up project and secure funding	16	12
GMFRS	RR11	Industrial Action	Following the release of the Government's 'White Paper' on fire service reform, there is the potential of future strike action over proposed changes to firefighter's t's and c's and pension schemes, which may adversely affect our operational capabilities.	20	12
GOVIG	GOV-8	Legal challenge	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
GOVIG	IGR-4	Information Asset Management	Failure to manage, protect and derive value from personal and business information held across systems, formats and locations.	16	12
Education, Work and Skills	DIR-EWS-01	COVID19 impacts on externally funded programmes	Continued impact on the delivery of EWS' Externally Funded Programmes supporting GM Residents	20	15
Education, Work and Skills	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

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
GOVIG	IGR-10	Legislative Change (e.g. Data Protection Legislation)	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
PCCJF	DIR-PCCJF-11:	Resourcing of Strategic priorities	Lack of alignment of funding to sufficiently resource strategic priorities	20	9
Place	DIR-PLA-02	Achievement of net zero / social homes target	Achievement of net zero / Failure to deliver against 30,000 net zero social homes target	20	15
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