

GMCA Audit Committee

Date: 31 July 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

This report provides an overview of risk management activity since the last update to the Committee in March 2024.

2 ACTIVITY IN THE PERIOD

2.1 Updates to the directorate risk profile

Risk registers continue to be reviewed regularly to identify any changes in GMCA's risk profile. Since the last Audit Committee meeting, we have identified a 'Risk Champion' within each team to help coordinate the review of risk.

In addition, the Corporate Risk Manager began piloting a more active approach to tracking the effectiveness of our risk actions by asking the Digital team to generate a RAG status for their actions. This approach will now be cascaded across other teams in Quarter 3.

2.2 Review of Strategic Risk Profile with CEMT

A positive discussion has led to a re-evaluation of both the opportunities and challenges faced not only by the Combined Authority, but all organisations involved in implementing the Greater Manchester Strategy. Drawing on a number of 'Risk themes', we are now developing risks that reflect both a shared ownership across Greater Manchester, as well as risks falling under the management of the Combined Authority. For a list of the risk themes and associated draft risks, please refer to Appendix 1. This work will continue over the summer, and we will bring a refreshed Strategic Risk register to a future meeting.

2.3 Risk Management Software

Following feedback from the last Audit Committee meeting, the Business Case for an Enterprise Risk Software is being developed, such software will: -

- enable the tracking of corporate risks and actions in real time;
- consolidate all data into a single system and actively prompt users to keep their data up to date;
- report the total risk exposure we are carrying and help us focus resources where we need to be more effective in reducing exposure; and
- draw out interdependencies across different teams.

2.4 Review of the GMCA Risk Framework

In parallel to developing a case for risk management software, we are also preparing updates to the GMCA Risk Framework. They will transform the framework into a risk strategy. Our aim is to provide proactive support to staff as they navigate the risks they encounter. Collaborating with CEMT, we will also establish greater clarity regarding the organisation's risk appetite. This work is being undertaken alongside similar reviews being carried out by TfGM and GMFRS. Offering the opportunity to grow a more consistent approach.

2.5 New Risk Training E-module

A new 'Introduction to Risk Management' E-module has now been developed and prepared and will be launched alongside an updated Risk Strategy. The E-module will help all staff increase their awareness of risk management and how to begin to use it in their jobs.

3 EMERGING AND SIGNIFICANT MOVEMENTS IN DIRECTORATE RISKS

- **EMERGING:** Digital risk, '*DIGR00188 - Digital, data and technology skills gap*' covering the challenge to recruit capable staff.

- **EMERGING:** Waste risk, '*DIR-WR-10 Emissions trading scheme*' where the future cost of the scheme may not be in GMCA or Local Authority medium to long term budgets.
- **EMERGING:** The Police, Crime, Criminal Justice and Fire have added emerging risks around, '
 - *DIR-PCCJF-15 GMP - Vulnerable groups and communities*', '
 - *DIR-PCCJF-20 Change of Methodology in respect of CSE Review Part 4*', and '
 - *DIR-PCCJF14 GMP Performance Ability to deliver an uplift given a new and inexperienced workforce and some areas still not up to full capacity*'. Where the latter will be monitored closely in case it needs to be escalated further.
- **REVISION:** The contracts risk: '*DIR-FIN-03 Contract management (including procurement regulations)*' has been revised to "Risks arising from new procurement regulations" due to begin in October. The Commercial Services team are working closely with teams to identify any exposure.
- **REVISION:** The Data Governance Team are revising '*IGR1 - Compliance with Data Protection Act 2024*' as the draft legislation was not enacted before the general election. The risk will revert to refer to compliance with the existing 2018 Act.
- **REVIEW:** The Education, Work and Skills team are currently updating their risk profile. Recognising the strengthening of governance and accountability due to the increasing scope and scale of our work. Where clear strategic priorities with supporting Frameworks are being established to identify key work areas alongside newly established Thematic Panels. Newly formed Strategic Oversight Groups review our work and escalate issues and risks through formal governance as required including EWS' Internal Programme Board.

4 RISKS WITH A HIGH RESIDUAL SCORE

Two risks currently carry a residual risk score of 16 or higher. These are:

- **OR1** '*Readiness to respond to a major (or multiple) continuity event(s)*'. Residual score of 16. Mitigations focus on ensuring business continuity plans are kept up to date and there is a regular review of the National Community Risk Register to anticipate future risks.
- **OR14** '*Cyber-attack*'. Residual score of 16. Cyber remains a high risk across all types of organisation. Mitigations are in place via a number of measures, including the Digital team running an IT Security Programme to challenge teams to identify any exposure to from their activities. This is informed by a record of critical systems and software. This also helps to capture assurance over business continuity and disaster recovery planning in place.

5 UPCOMING ACTIVITY FROM THE RISK MANAGEMENT ACTION PLAN

The following activities will be undertaken to continue to grow our maturity in managing risks:

- Following approval of an updated strategic risk register. A workshop will be arranged with CEMT to seek direction on the GMCA's risk appetite.
- Further rollout of the 'Active management' approach to tracking the effectiveness of risk controls within each directorate. This activity is an essential step in

preparing data for import into any risk management software. It will be driven with the help of our network of Risk Champions.

- Launch the of a new Introduction to Risk e-module to staff via the Intranet in conjunction with a revised GMCA Risk Management Strategy.
- Quarterly reviews of the organisational and strategic risk registers with SLT and CEMT, respectively.

Appendix 1 – Strategic Risk Register – Risk themes identified for development

(Following review with CEMT on 18/7/24)

RISK THEME	AREA OF RISK BEING DEVELOPED
An overarching ‘core’ strategic risk	Achieving the outcomes within the GM Strategy.
Working in collaboration across the GM city-region	Stakeholders working effectively across Greater Manchester.
Working in collaboration across the GM city-region	GMCA facilitating collaboration across Greater Manchester
Secure sufficient funding	Failure to secure sufficient funding for GM priorities
Robust policy & decision making	Policy and decision-making (<i>accountability, transparency, evidence and delivery</i>).
Delivery	Delivery of statutory services and contracts (<i>e.g. GMFRS, PCC, Waste, Transport, Adult Education</i>).
Delivery	Delivery of strategic programmes.
Delivery	Financial risk arising from operation of the Bee Network.
Sufficient capability & resources	Insufficient skills and capacity impacts the ability to deliver the opportunities offered by devolution.

Appendix 2 - Escalated Risks

Organisational Risks (on 22nd July 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 a major (or multiple) 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
OR11	Recruitment into priority roles	Recruitment into roles required to deliver key priorities in the Business Plan.	15	6
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 22nd July 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, 29 cite risk mitigations that bring the current risk score to below 16 (where inherent risk ≥ 16), whilst 22 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	DIGR0019 2	PSTN switchover Wording, inherent and residual rating, and controls updated.	Public Service Telephone Network switchover in December 2025. The process is industry-led, and awareness is low with potential risks to vulnerable residents reliant on the line.	25	20
Digital	DIGR0016 2	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	DIGR0016 6	Cyber Security	GMCA is subject to a Cyber-attack (See Organisational risk)	25	20
Digital - NEW	DIGR0018 8	Digital, data and technology skills gap	Gap in availability and increasing cost of digital technical skills impacting Digital directorate recruitment. Coupled with lower ability to upskill staff and invest in talent like the private sector.	20	16
Environment	Environment	Commercial Buildings	Development of a commercial buildings retrofit offer.	16	16

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Finance	DIR-FIN-11	Strategic Analytical Capability (Single Settlement leadership)	Urgent need to grow capability and capacity to make financial recommendations covering the prioritisation and governance of large amounts of funding under the Single Settlement. This is a systemic risk across directorates.	20	16
Finance	DIR-FIN-03	Contract management (including procurement regulations)	Contract management practices fail to optimise commercial performance, guarantee compliance with legal and new procurement) regulations, delivery of project outcomes or provide foresight into potential supplier collapse.	20	16
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.	16	20
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.	20	16
GMFRS	RR40	FF Pensions	2020 Pension Valuation resulted in increased costs of Employer's Contributions and was funded by Home Office grant in 2024/25 with no further	12	16

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
			commitment beyond that. Risk that this is insufficient to match the increased cost in 2024/25.		
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-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	20
PCCJF	DIR-PCCJF-15	Confidence in GMP - vulnerable groups and communities.	Declining confidence in GMP particularly among people experiencing inequality (race, gender).	20	16
PCCJF	DIR-PCCJF-17	Indemnity for legally qualified people and independent panel members	Provision of an indemnity to Legally Qualified Chairs and Independent Panel members in the case they are subject to legal proceeding from challenges to their decision-making.	25	20

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
WASTE	DIR-WR-10	Emissions Trading Scheme	Future cost of Trading Scheme may not be in GMCA or LAD medium to long term budgets.	25	25

Table 2: Directorate risks with an inherent score ≥ 16 and 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	4
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
Digital	DIGR00187	Organisational data requirements	Digital not able to successfully support the increasing (in volume and complexity) requirements from GMCA and GMFRS	16	8

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
			directorates focused on data storage, manipulation and analytics.		
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	15
Environment	N/A	Heat Pump Offer	Offer fails to attract significant interest from residents and the market	16	4
Environment	N/A	Low Carbon Challenge Group	5 Year Environment Plan targets.	16	9
Environment	N/A	Sustainable Consumption and Production Challenge Group	5 Year Environment Plan targets.	16	12
Environment	N/A	Natural Environment	Risk of scaling up project and secure funding	16	12
GMFRS	RR22	Supply Chain and Cost of Living Crisis	Decreasing risk that there may significantly delay or increase the cost of goods in GMFRS' supply chain, resulting in a pressure on contracts and a restricted ability to deliver on a number of emergency response objectives.	16	12
GMFRS	RR11	Industrial Action	Operational staff may withdraw their labour which may adversely affect our operational capabilities.	20	10
GMFRS	RR19	GMFRS Budget	Due to the need to make ongoing savings, there is a risk that GMFRS may not fully deliver the	16	9

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
			required efficiency savings to balance their budget over the medium term.		
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
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 - who is responsible and how it can be used.	16	12
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

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
PCCJF	DIR-PCCJF-12	Ineffective Complaint Handling	Reputational impact through failure of effective scrutiny and oversight over statutory responsibility to oversee all complaints made to GMP.	16	12
PCCJF	DIR-PCCJF-13	CSE Reviews	Reporting of the findings will impact on local authority and GMP confidence where there are failures in the historical investigations.	25	15
PCCJF	DIR-PCCJF-20	Change of Methodology in respect of CSE Review Part 4.	The Independent Review Team have resigned due to, from their perspective, the refusal of the Chief Constable to provide requested information.	20	12
PCCJF	DIR-PCCJF-14	GMP performance	Ability to deliver an uplift to deliver necessary change and on-going improved performance with new and inexperienced workforce and some areas still not up to full capacity from the Police.	20	15
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
Place	DIR-PLA-07	Places for Everyone Legal Challenge	Potential legal challenge could quash parts of the plan.	20	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

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Waste	DIR-WR-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-WR-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