

GMCA Audit Committee

Date: 22 October 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 July 2024.

2 ACTIVITY IN THE PERIOD

2.1 Updates to the directorate risk profile

Risk registers are regularly reviewed to identify any changes in GMCA's risk profile. Recently, a small number of new and amended risks have been identified, including those related to third-party suppliers, new Procurement Regulations, loss of Human Resource Application data, the capacity to embed a GM Local Growth Plan, and conflict of interest within an Investment Zone.

Activities led by workstreams under the 'Next Phase Programme' are reflected in the risk profiles of several teams, particularly those preparing for the 'Integrated Settlement' and enhancing information and data governance.

2.2 Review of the Strategic Risk Profile

Work to refresh the strategic risk profile is ongoing, with several emerging risk themes receiving detailed consideration during our quarterly meetings with senior staff. The themes include: -

- Ensuring we can generate the level of collaboration with and between GM partners needed to achieve the outcomes contained within the next GM Strategy;
- The organisation being ready to maximise the benefits of the Integrated Settlement as the next step of devolution;
- Performance within GMP; and
- The ability to respond effectively to local or national emergencies/ events/ shocks.

A revised Strategic Risk Register will be presented at an upcoming meeting.

2.3 Business Case for Risk Management Software

Work to develop the business case for the procurement of specialist risk software has continued to ensure that the specification will ensure the resulting system is able to deliver the required functionality and provide value for money. The software is intended to provide a more real-time and efficient way of actively managing our complex corporate risk profile.

2.4 A new GMCA Risk Management Strategy

A new Strategy has been drafted and will help embed a more consistent approach to the active management of risk.

A new section on the GMCA intranet is being prepared to share the strategy and templates with staff. A new 'Introduction to Risk Management' E-module' will be launched alongside the Strategy on the Intranet.

2.5 Emerging and significant movements in directorate risks

- Information Data Governance: -
 - **New risk** – 'IGR-15 Third Party Suppliers', where suppliers and contractors do not uphold the standards we require for the management of data and operational digital services.
- Contract Management: -
 - **Amended risk** – '*FIN-03 Contract management*', where our ability to deal with new national procurement regulations, now due to begin in February 2025, have been added to this risk.
- Economy: -

- **NEW risk** – ‘*ESR-25 Development of a GM Local Growth Plan*’ which focuses on the amount of time, capacity and resource necessary, together with clarity from Government, to develop the Local Growth Plan and embed it.
- **NEW risk** – ‘*ESR-21 GM Investment Zone governance*’ where potential conflicts of interest in the prioritisation of projects and the nature of innovation may arise.
- Digital: -
 - **NEW risk** – ‘*DIGR-200 Delays transitioning to a new external firewall*’, which are due to the time associated with the migration from the current external firewall solution to a new solution.
- People Services: -
 - 2 x **New risks** - ‘*Loss of Data (HR System)*’ and ‘*Loss of Application (HR System)*’, where the loss of either would compromise essential services such as payroll.
- The Education, Work and Skills team are currently updating their risk profile.

2.6 EMERGING AND SIGNIFICANT MOVEMENTS IN ORGANISATIONAL RISKS

The next review of the Organisational Risk Register will begin later in Quarter 3 and be informed by updates to the strategic risk profile. It is expected to consider: -

- Implementation of the Next Phase Programme and specifically existing risks around behaviours and culture, governance and decision-making;
- Co-ordination of and delivery of activity within the Integrated Settlement; and
- The continuing level of assurance we have as we defend ourselves against cyber threats.

3 UPCOMING ACTIVITY FROM THE RISK MANAGEMENT ACTION PLAN

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

- Following approval of an update strategic risk register a workshop will be arranged to help CEMT review the GMCA's risk appetite;
- Consider risks specified at a 'Greater Manchester system level' that might threaten delivery of the forthcoming updated GM Strategy;
- Further rollout of the 'Active management' approach to tracking the effectiveness of risk controls. This activity is an essential step in preparing data for eventual import into a risk management software system; and
- Launch the of the new Introduction to Risk e-module to staff via the Intranet in conjunction with a revised GMCA Risk Management Strategy.

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

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

RISK THEME	AREA OF RISK BEING DEVELOPED
Working effectively with GM partners	GMCA fails to facilitate collaboration across the GM system.
Secure sufficient funding	Ineffective engagement/ bidding/ lobbying to secure funding for GM priorities.
Robust policy & decision making	Decision making is sub-optimal, making the wrong decisions or not having sufficient and robust evidence base.
Delivery (Services and change)	Delivery of statutory services and contracts (<i>e.g. Waste, Adult Education</i>).
	Delivery of strategic programmes.
	Financial risk arising from operation of the Bee Network.
	Fail to respond effectively to local or national emergencies/ events/ shocks.
Sufficient capability & resources	Insufficient skills and capacity impacts the ability to deliver the opportunities offered by devolution.

Appendix 2 - Escalated Risks

Organisational Risks (October 24)

There are currently 2 organisational risks with a residual risk score of 16 or more. There are 7 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 (October 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, 38 cite risk mitigations that bring the current risk score to below 16 (where inherent risk \geq 16), whilst 19 others remain \geq 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	DIGR192	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
	DIGR162	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
	DIGR166	Cyber Security	GMCA is subject to a Cyber-attack (See Organisational risk)	25	20
	DIGR188	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

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Economy	ESR-25	NEW: Development of a GM Local Growth Plan	There is insufficient time, capacity and resource within the organisation - or clarity from Government - to develop the LGP and to ensure it can be embedded with local partners and stakeholders.	25	20
Environment	Environment	Commercial Buildings	Development of a commercial buildings retrofit offer.	16	16
Finance	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
	FIN-03	Contract management Amended to include procurement regulations and Contract Management Framework)	Contract management practices fail to optimise commercial performance, guarantee compliance with legal and new procurement) regulations (delayed to February 25), 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
	RR39	Spending Review and Funding	Funding for 2024/25 represents a one-year settlement and there is a significant risk that future funding will be affected, and one-off funding (Pension Grant & Protection) will not continue. Any investment decisions	15	16

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
			to support Service improvements are subject to agreement around precept levels.		
	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
	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 commitment beyond that. Risk that this is insufficient to match the increased cost in 2024/25.	12	16
Information Data Governance	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
	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
	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
Stronger Safer Communities	SSC-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

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
	SSC -15	Confidence in GMP - vulnerable groups and communities.	Declining confidence in GMP particularly among people experiencing inequality (race, gender).	20	16
	SSC -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
WASTE	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	Inherent Score	Residual Score
Digital	DIGR165	Digital Services' core service delivery	20	15
	DIGR164	Forward funding of the GM Digital Platform and related use cases	20	4
	DIGR169	Impact of public sector financial constraints	20	12
	DIGR168	Digital Inclusion funding	20	12
	DIGR183	Timeliness of support for contracts and procurements	16	6
	DIGR184	NWFC CAD replacement programme	20	9
	DIGR187	Organisational data requirements	16	8
	DIGR173	Digital skills demand	16	12
	DIGR191	Digital Inclusion capacity	20	15
	DIGR200	NEW: Delays to transition to new external firewall	20	15
Economy	ESR-11	Innovation Accelerator - Portfolio Performance	16	8
	ESR-19	Innovation Accelerator - Funding cliff edge	16	9
	ESR-20	UK Shared Prosperity Fund and Retained Business Rates	16	6
	NEW: ESR-21	GM Investment Zone - Governance	16	15
Environment	N/A	Heat Pump Offer	16	4
	N/A	Sustainable Consumption and Production Challenge Group	16	12
	N/A	Biodiversity Net Gain	16	12
GMFRS	RR22	Supply Chain and Cost of Living Crisis	16	12
	RR11	Industrial Action	20	10
	RR19	GMFRS Budget	16	9
Information Data	IGR-15	NEW: Third Party Risks	16	12
	IGR-4	Information Asset Management	16	12
Governance	IGR-10	Legislative Change	16	8
Governance	GOV-8	Legal challenge	25	15

Directorate	Ref	Risk Title	Inherent Score	Residual Score
	GOV-9	Major Inquiry	20	15
Stronger Safer Communities	SSC-07	SARC contracting, funding and therapeutic support	16	12
	SSC-12	Ineffective Complaint Handling	16	12
	SSC -13	CSE Reviews	25	15
	SSC -20	Change of Methodology in respect of CSE Review Part 4.	20	12
	SSC -14	GMP performance	20	15
People Services	RR9	Loss of Data (HR System)	20	6
	RR10	Loss of Application (HR System)	20	6
Place	PLA-02	Achievement of net zero / social homes target	20	15
	PLA-03	Places for everyone resource capacity	16	12
	PLA-07	Places for Everyone Legal Challenge	20	12
Reform	PSR-01	Delivery of outcomes (within funding timeframes)	16	12
Waste	WR-02	National Waste and Resources Strategy	16	12
	WR-01	GM Waste & Recycling Contract	16	9