

GMCA Audit Committee

Date: 19 March 2025

Subject: Risk Management Update Report

Report of: Sarah Horseman, Deputy Director - Audit and Assurance

PURPOSE OF REPORT:

The purpose of this report is to provide Audit Committee with 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 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 AND CONTEXT

This report provides an overview of risk management activities since the last update to the Committee in January 2025.

There have not been significant updates to the Strategic and Organisational risk registers since January but given the activity described in Section 2 below, a focus for Q1 2025/26 will be refreshing and updating the registers to bring to the next Audit Committee meeting.

2 ACTIVITY IN THE PERIOD

2.1 Integrated Settlement Readiness Assessment

In advance of the Integrated Settlement, MHCLG commissioned a readiness assessment to be undertaken. This has now been completed and at the time of writing we are awaiting the final report but have had initial feedback from the assessors. One of the sub-criteria assessed was risk management. The assessors set out a number of core expectations for risk management arrangements, which included:

- Risk identification, assessment and prioritisation
- Linkages between programme risks and enterprise risks
- Risk appetite
- Risk reporting
- Risk management approach

Initial feedback was positive in relation to there being an established risk management framework in place with supporting reporting mechanisms. We understand there will be a small number of recommendations for improvement in relation to risk management, which will be shared with Audit Committee once the final report is received and we will report progress with those actions at future meetings.

2.2 Updates to the directorate risk profile

Directorate risk registers are regularly reviewed, with the following significant changes implemented during this period: -

- **GMFRS** has increased the risk assessment for several financially themed risks,
 - *RR4 Capital Programme Funding* – the residual score increases from 16 to 20, as future capital investment may need to be sourced independently.
 - *RR19 GMFRS Budget* – the residual score increases from 9 to 16, as the service may not fully deliver the required efficiency savings to balance their budget over the medium term.
 - *RR39 Spending Review* - the residual score increases from 16 to 20 as funding supporting the 2025/26 Budget was for one year and one-off funding (Pension Grant & Protection) will not continue or be at reduced levels.
 - *RR40 FF Pensions* - the residual score increases from 16 to 20 given that existing funding to offset a rise in employer's contributions is not guaranteed beyond 2024/25.
 - *NEW RR54 Industrial Action (Green Book Employees)* - where there is a risk that service disruptions may occur in various departments.
 - *NEW - RR55 Contractor Administration* - the main contractor for building new fire stations entered administration and delays in appointing a new contractor could lead to increased costs and further delays.
- **Education Work and Skills** have updated and re-assessed their three most significant risks, each now possessing a residual score of 16,
 - *EWS05 Delivery of EWS (strategic) programmes* – to focus on greater governance and accountability.

- *EWS04 Cessation of Working Well and NEET* - with continuing uncertainty over medium to long term funding.
 - *EWS05 Resourcing to meet EWS priorities and commitments* - with continuing uncertainty over the medium to long term ability to match capacity with the volume of work.
- **Information, Data and Governance**
 - *IGR13 Uncoordinated and unacceptable use of Artificial Intelligence* – where the residual risk score has been raised to 16 as any threat posed by the DeepSeek R1 application is considered.
- **Finance, Audit and Commercial Services**
 - *FIN11 Strategic Analytical Capability (leadership on Integrated Settlement)* – this becomes a crosscutting challenge to a) inform major strategic investment decision-making across the CA, and b) to build effective working relationships with national government departments transitioning to new governance under the Integrated Settlement.

2.3 Business Case for Risk Management Software

Opportunities to purchase a system for the GMCA group of organisations continue to be explored, to seek a cost-effective proposal for consideration. Over the period there has been a further demonstration and more detailed examination of implementation requirements across the Group.

3 UPCOMING ACTIVITY

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

- A major focus for Q1 will be to support the leadership teams in reviewing and refreshing the strategic and organisational risk registers, aligning to business

plan priorities and clearly describing mitigating actions and target risk scores. These will be brought to the next Audit Committee meeting.

- Teams will receive support to review and update their directorate risk profiles, ensuring they align with the opportunities and challenges to be outlined in the GMCA business plan.
- A refreshed GMCA Risk Management Strategy has been drafted to further enhance our risk management maturity. This strategy will align with the risk principles of TfGM and GMFRS, ensuring a consistent approach to managing risk.
- A new 'Introduction to Risk Management' training e-module will also be launched in parallel to the risk management strategy.
- To assist the Group Leadership Team, consideration will be given to risks that can be addressed at the 'Group' level, where shared challenges can be effectively managed through collaboration.