

Risk Deep Dive: Artificial Intelligence

Purpose: To present an overview of AI and its risks and opportunities including city region initiatives, corporate policy and risk management processes, with a focus on both adopting and not adopting AI.

Phil Swan, Director for Digital GMCA

John L Curtis, Deputy Director Information and Data Governance and
Data Protection Officer (DPO), GMCA and TFGM

24 November 2025

Headline reflections

- AI takes many forms and is evolving rapidly
- It being considered as a “foundational technology”, like railways and the printing press
- There is a great deal of hype about potential and opportunities
- But significant concerns about risks which we are working to mitigate



Policy, governance and KTP partnership.

- AI Group wide Policy - Our guiding principle is that

AI will always be considered if the public benefit outweighs the risks.

- AI assurance group across the Group:

To assess and approve or decline requests regarding the use of artificial intelligence tools/ systems within the workplace.

To support the delivery of the AI policy.

- AI Knowledge Transfer Partnership (KTP) Innovate UK and Manchester Metropolitan University

Develop an AI Assessment Framework and Tool for public sector use.



Context: Digital everything

Digital Health Services

Over 33 million people in the UK use the NHS App for accessing health services, showcasing rapid digitization in healthcare.

Digital Train Tickets

More than 80% of train tickets sold are now digital, highlighting the shift towards digital solutions in transportation.

Mobile and IoT Devices

In early 2025, there were 88.4 million cellular mobile devices in the UK and an estimated 1 billion IoT devices like watches and sensors.

Impact on Society

These changes are shaping career opportunities, access to services, mobility, and cost of living.

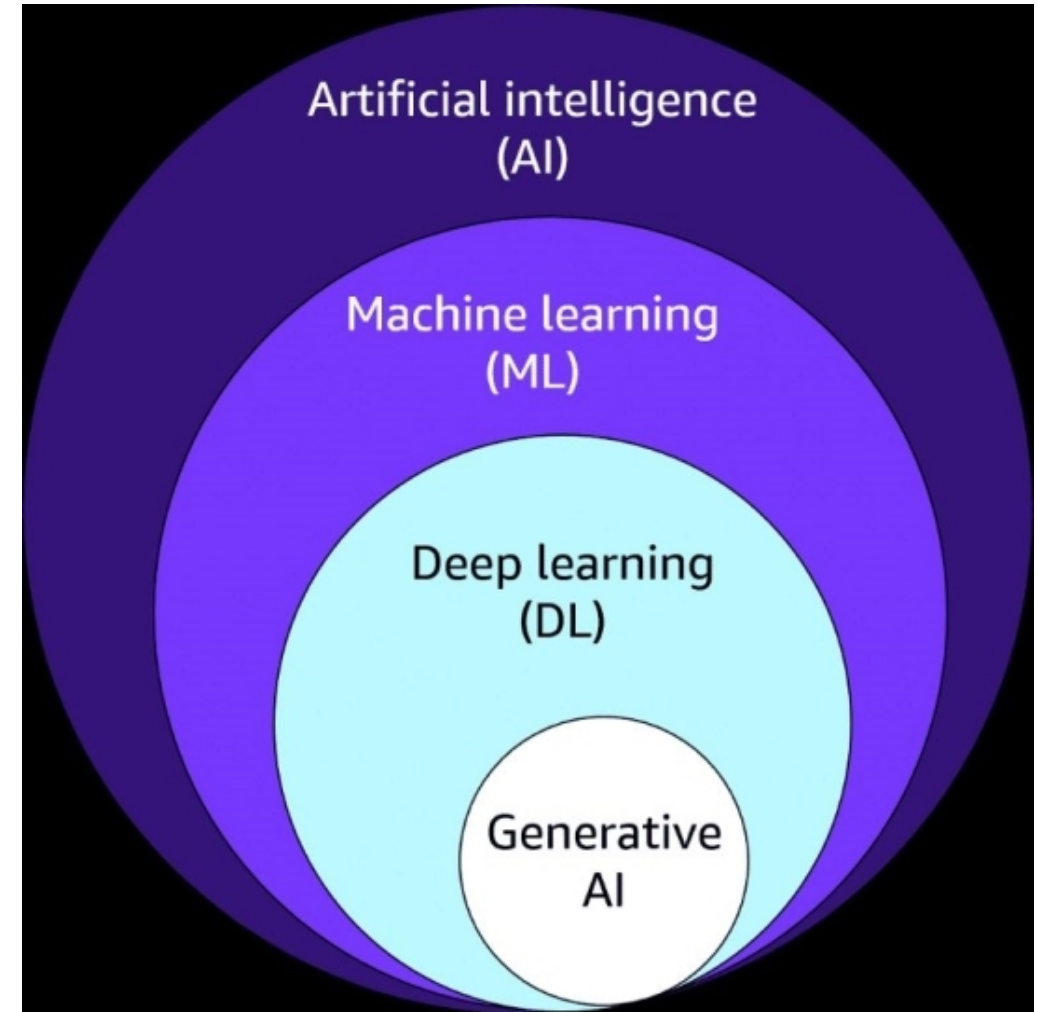
What is AI?

Machine Learning AI

Traditional AI is primarily concerned with recognizing patterns and making predictions based on existing data.

Generative AI

Generative AI can create new data variations, making it a versatile tool for various applications.



How AI is changing.. And changing the world

How AI Has Become More Sophisticated

- **2020 – Pattern Recognition**
AI could recognise patterns in text or images and generate basic responses (e.g., GPT-3 writing short text).
- **2023 – Understanding Context**
Models like GPT-4 became multimodal (handling text and images) and could reason better, summarise complex documents, and assist in decision-making.
- **2025 – Early Reasoning & Autonomy**
We now see “agentic AI” that can plan steps, use tools, and complete tasks with minimal human input.

What’s Likely Next (2025–2030)

- **Smarter Agents:** AI will move from answering questions to managing workflows and making recommendations across systems.
- **Cheaper, Ubiquitous AI:** Inference costs are dropping fast, so AI will be embedded in everyday tools and devices.
- **Specialised & Sustainable:** Expect smaller, domain-specific models and big pushes for energy-efficient AI.
- **Human + AI Collaboration:** AI won’t replace people but will become a constant co-pilot in most roles.

Economic potential

Headline Economic Impact

- **UK GDP uplift:** AI could add c. **£230 billion by 2030** ($\approx 10.3\%$ increase) through:
 - **Productivity gains:** $\sim 1.9\%$ of GDP
 - **Consumption-side effects** (better products, new firms): $\sim 8.4\%$ of GDP
[\[The econom...y - PwC UK\]](#)
- **Long-term potential:** Up to **£550 billion by 2035** under optimal adoption scenarios. [\[AI could b...arch shows\]](#)

Breakdown by Economic Drivers

1. Productivity Gains

1. Automation of routine tasks across sectors
2. AI-assisted decision-making in finance, logistics, and healthcare
3. Estimated **£90–100 billion** contribution by 2030. [\[The econom...y - PwC UK\]](#)

2. Consumer Surplus & New Products

1. AI-enabled services (personalised healthcare, smart retail)
2. New business models and start-ups
3. Estimated **£140 billion** contribution by 2030. [\[The econom...y - PwC UK\]](#)

3. Labour Market Impact

1. 40% of UK jobs will see some AI exposure; $\sim 2.5\%$ of tasks highly automatable
2. Net effect expected to be **job transformation, not elimination.**

GM is well placed to benefit from AI

Ecosystem and economy*

- Manchester & Salford are in the top 5 Most AI Ready Cities report by SAS. 13,498 employees and 244 AI companies with £1.8 billion annual turnover – largest UK cluster outside London. InnovateUK investment.

Research and Support

- Deep AI research programmes; AI business support programmes e.g. Immersive Tech Hub, TIC, CDI; MIDAS and Business Growth Hub support.

Infrastructure

- 28 data centres and £1BN+ investment pipeline, 2nd largest internet peering point in the UK, proximity to transatlantic cables, GM One Network partnership with VMO2 and Cisco.

Skills

- 120,000 students from diverse backgrounds; devolved AEB funding; digital MBACC in development with Raspberry Pi; UA92 collaboration with Microsoft; Digital Inclusion strategy.

* Source: DSIT, 2024

Manchester and Salford claim top spots in SAS AI Cities Index 2024

Jul 24, 2024 | GMLEP News

Manchester
Metropolitan
University

QISIMCR
Powered by
BARCLAYS | Eagle Labs

plexal

CLOUD
IMPERIUM

CloTh
Centre of Intelligence of Things

KAO DATA

CISCO

matillion

The
Alan Turing
Institute

University of
Salford
MANCHESTER

Centre for
Digital
Innovation

CHRISTABEL
PANKHURST
INSTITUTE
FOR HEALTH TECHNOLOGY
RESEARCH AND INNOVATION

PEAK

ROKE

TURING
INNOVATION
CATALYST
MANCHESTER

ZEBOX

Innovation is
INEVITABLE

GCHQ

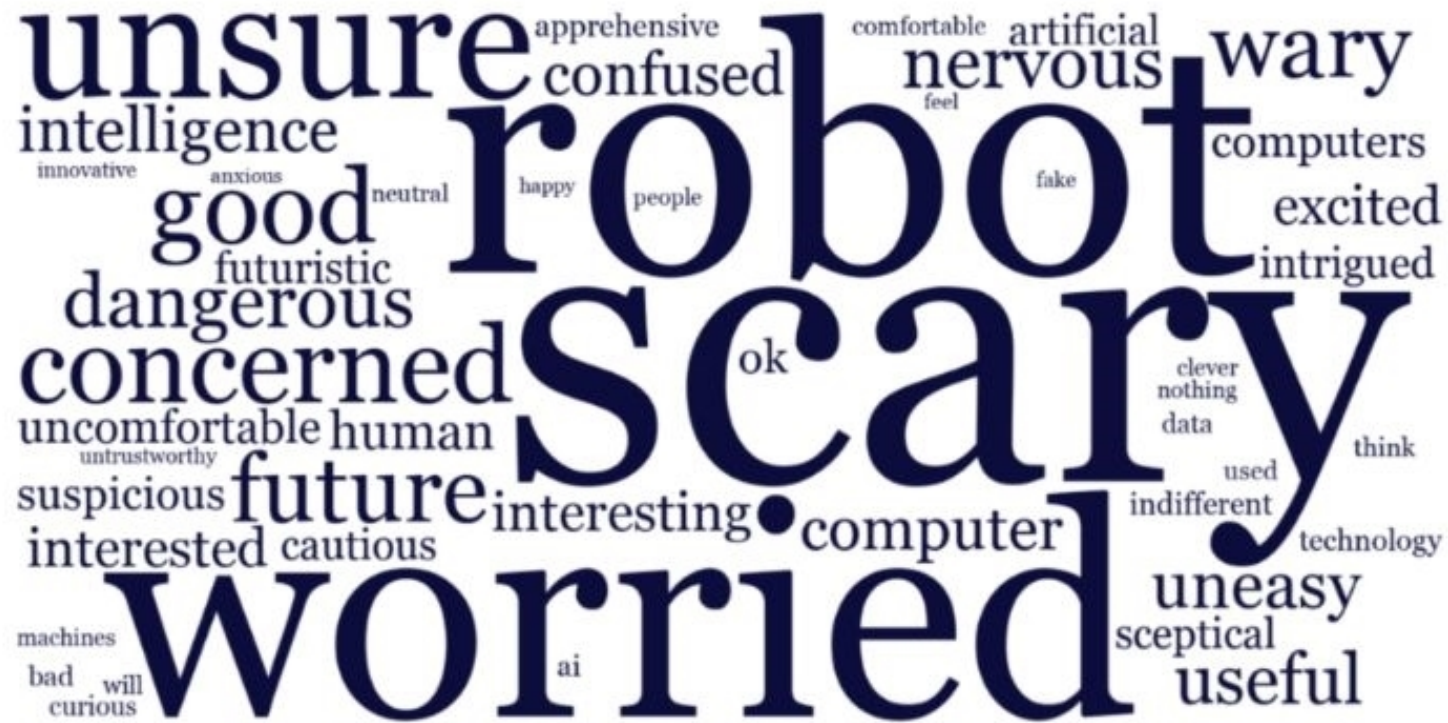
AI enabled Public Services in GM

Increasing range of AI projects and initiatives include:

- **Caddy Collaboration** - Involves i.AI and Citizens Advice Stockport, Oldham, Rochdale & Trafford (CASORT)
- Business Growth Hub **Gen AI Support Chat Bot**
- Almost all councils: **Microsoft Co-pilot AI; Magic Notes in ASC**
- Bolton and Wigan Councils Gen AI Pilots: **Collaboration with AgilysisQuickAction**
- Manchester City Council **pothole recognition, chat streamlining, People's Panel for AI**
- Salford City Council **Children's Services Early Help, Planning, and HALO**
- Tameside Council **AI enabled Contact Centre**
- MAG AI enabled passenger information Kiosks
- TFGM **Smart Junctions** (DSIT funded via 5GIR), **Digital Twin** work, **Digital Road Network** strategy



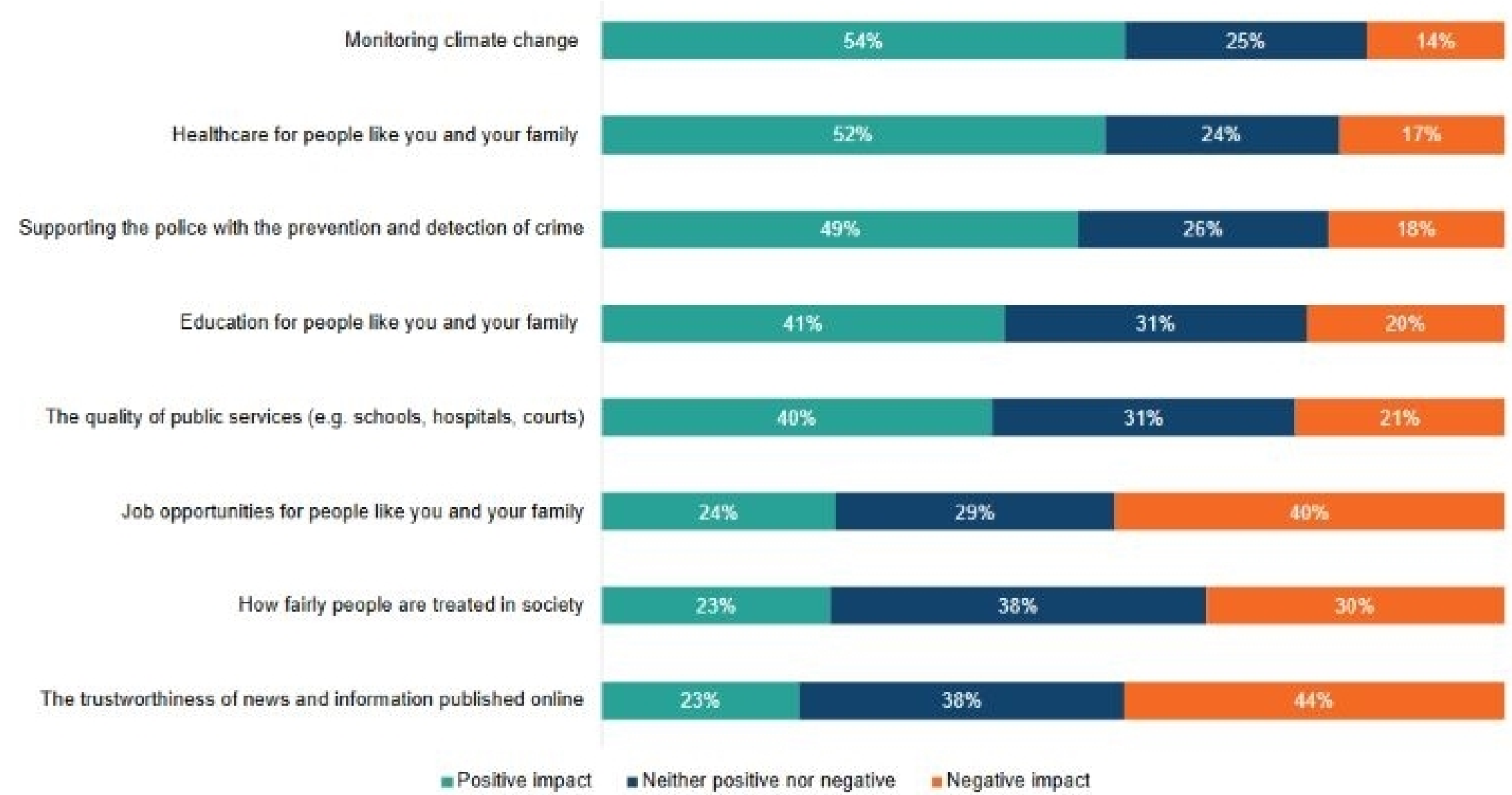
Societal feedback



Word cloud of public sentiment towards AI by UK adults, Wave 4 (visualising the top 50 most often mentioned words)

Source: [Public attitudes to data and AI: Tracker survey \(Wave 4\) report - GOV.UK](#)
Dec 2024

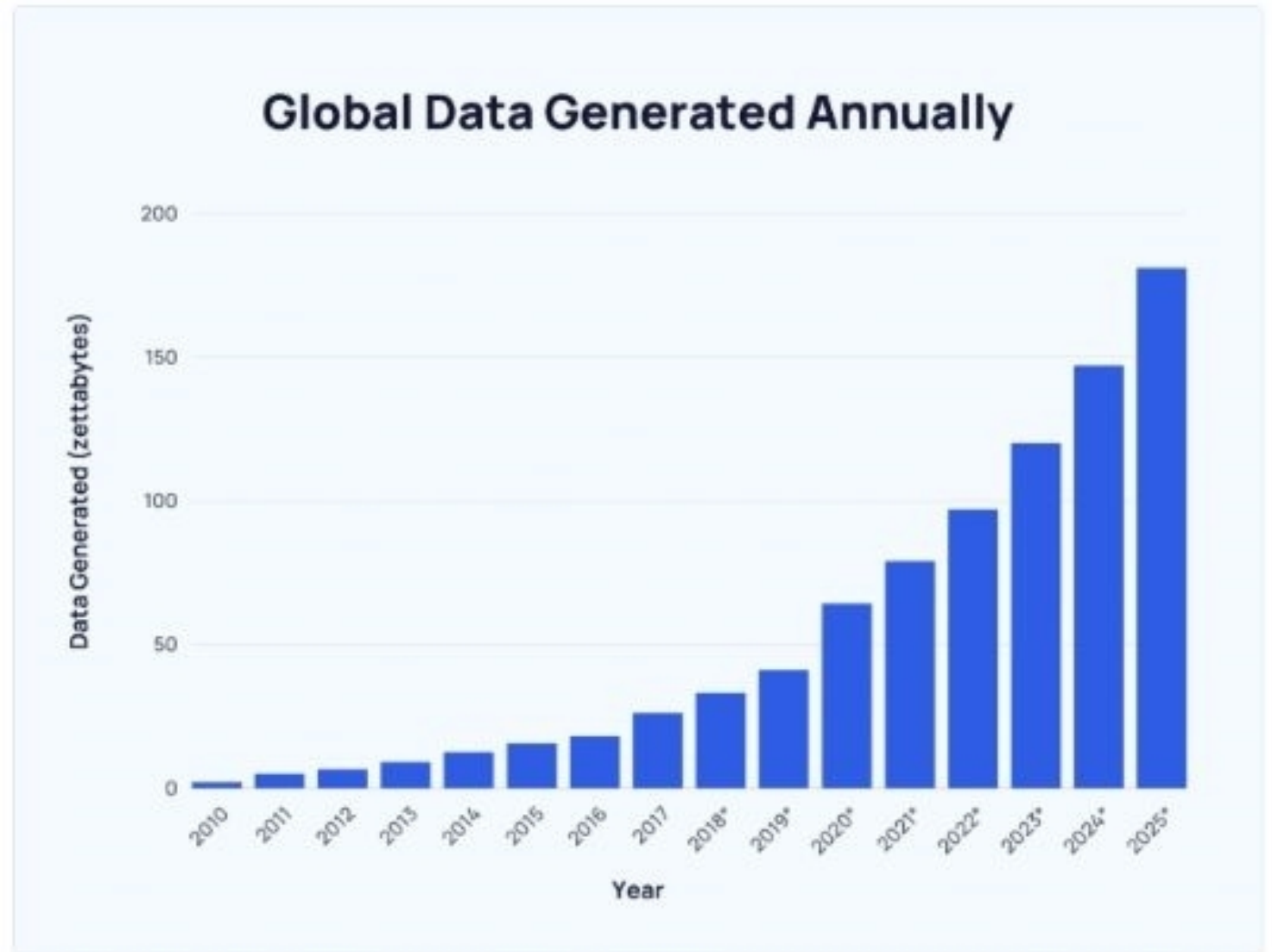
Opinion on the impact of AI on the following situations (Showing % selected each option)



Source: [Public attitudes to data and AI: Tracker survey \(Wave 4\) report - GOV.UK](#) Dec 2024

**AI is nothing
without data**

**And data
requires data
centres**



Source: [Amount of Data Created Daily \(2025\)](#)

Policy challenges and risks for Greater Manchester

- **Economic:** SME adoption & productivity gap; scale-up/SME-friendly procurement and finance needed to turn cluster strength into broad growth.
- **Societal:** Risk of digital exclusion and uneven benefits; managing workforce transition; maintaining public trust.
- **Public sector:** Data readiness & lawful sharing remain top frictions; capability gaps; fragmentation of activity; vendor lock-in; pilot fatigue.
- **Infrastructure:** Sustainable compute and data-centre capacity (cost, carbon, security) to support safe AI at scale.
- **Security & safety:** Increasing sophistication of cyber attacks; challenges moving data from on premise data centres to cloud without data breaches; AI makes mistakes.
- **Leadership model:** Clear leadership, direction and voice. working with industry and academia is a productive, transparent manner; not re-inventing the wheel.



GM AI Demonstrator City Region model

Ramping up AI adoption in GM as a national exemplar to boost growth and benefit people in the UK's fastest growing city region

Commitment in Greater Manchester Strategy to

"work with Government, industry and academia to be the place to test ways of using AI to improve public services and grow AI businesses."

Inward investment growth

Innovation, productivity, talent pool

Demand stimulation, market signal

Ecosystem

Infrastructure

People

AI sector development

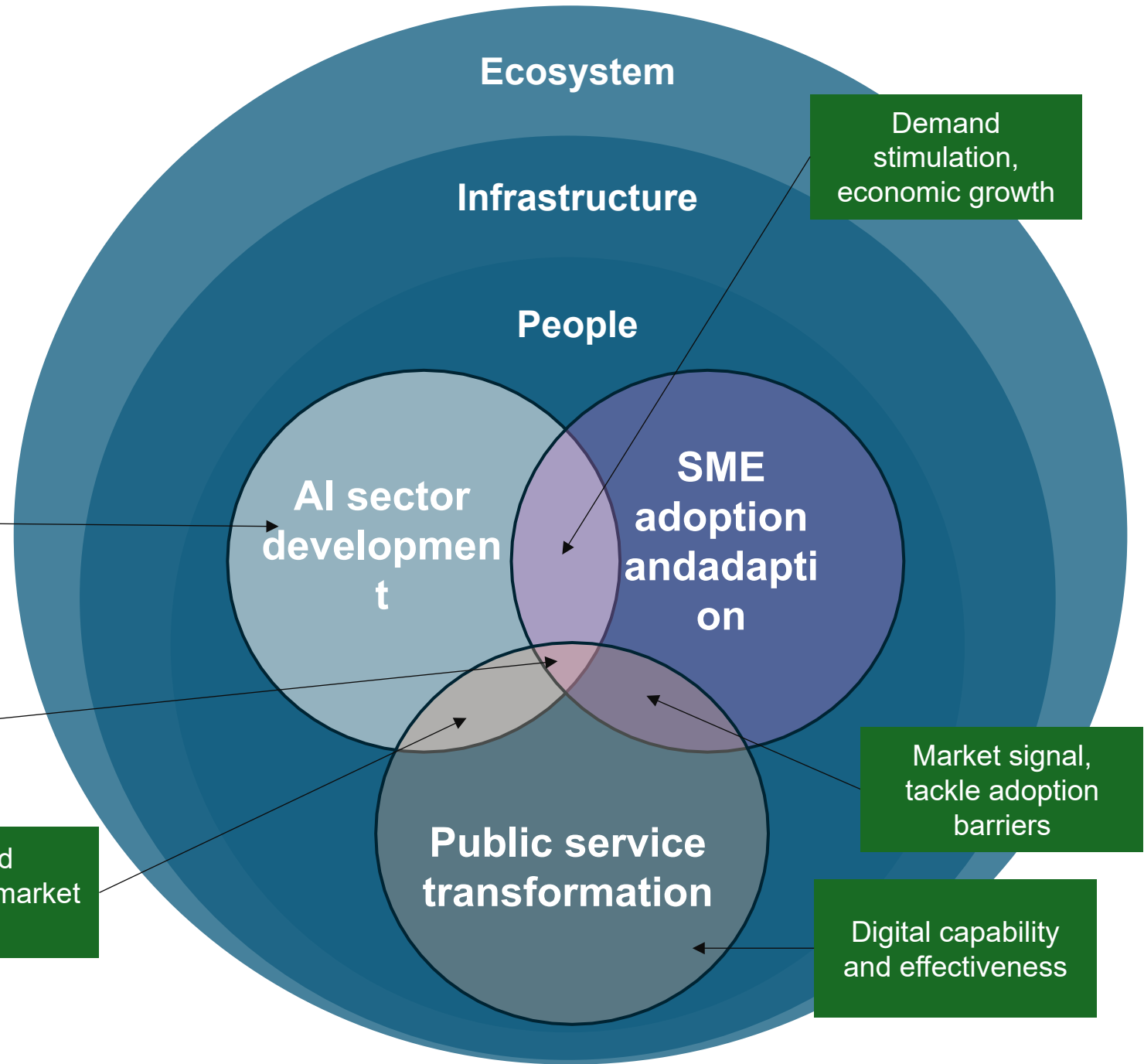
SME adoption and adaptation

Public service transformation

Demand stimulation, economic growth

Market signal, tackle adoption barriers

Digital capability and effectiveness



Delivering the AI Demonstrator

LiveWell Digital

Working across Gov't and GM to unblock access to data, re-risking data sharing
Aligned to Prevention / LiveWell.

Underway: Enabling the UK / GM Prevention Demonstrator

AI + Data and Innovation Office (ADIO)

Building organisational capacity, skills and knowledge
Aligned to Digital Transformation and Information Strategy

Underway: having received GMCA support in May 2025

AI Growth Zone

Responsible data centre investment and to meet demand for sovereign compute capacity for deliver GM.AI ambitions

Underway: Data Centre Strategy in development.

Local Innovation Partnership

Progressing into Local Innovation Partnerships and other initiatives.

Underway: TIC funding extension agreed and future plans in development. LPIF allocation under discussion with DSIT

Linked initiatives (pan GM)

Range of academic, inward investment and other GM based activities eg. MBACC Innovate Her programme, Business Support Review and Sector Development Plans

AI.GM

Coordination across place, partners and portfolios

Overarching interface with UKG

Cross cutting focus on AI Society

Mechanism to identify and mobilise additional activity in support of Demonstrator

Adopting AI: Organisational pros and cons

Pros / Opportunities

- **Efficiency Gains & Cost Savings** – Automates routine work, leading to faster processes and labor cost savings (e.g. chatbot reducing service centre load) .
- **Service Improvement & Innovation** – Enables new capabilities (predictive services, 24/7 assistance) and data-driven decisions that improve outcomes (e.g. AI predictions allowing preventive actions in policing or maintenance) .
- **Competitive/Economic Advantage** – For businesses, early AI adoption can yield market edge and growth (as seen with a GM SME doubling staff due to AI-driven demand) . For regions, it attracts investment and high-value jobs\ \ .
- **Insight and Data Utilization** – AI can uncover patterns in big data that humans miss, leading to more informed strategies (smart city analytics optimizing traffic and energy use) .
- **Reputation as Innovator** – Positions the organization/region as forward-thinking (GM being an “AI City-Region” can influence central government funding and talent attraction) \ .
- **Better response to external factors** - Ability to respond more effectively to external factors such as AI being used to draft tender resources and job applications

Cons / Risks

- **Initial Costs & Expertise Needs** – High upfront investment in technology and skills; requires training staff or hiring specialists, which can strain budgets.
- **Operational Risks** – Possibility of AI errors or failures disrupting operations (e.g. AI giving wrong advice to residents, requiring robust fallback plans). Mistakes could erode trust if not caught (hallucinated info, false alerts).
- **Ethical & Legal Risks** – Must manage bias, privacy, and accountability issues (adopters face risk of lawsuits or public backlash if AI causes unfair or harmful outcomes) . Compliance with data protection laws adds complexity .
- **Change Management** – Workforce impact: need to reassign or reskill employees displaced from automated tasks to avoid morale issues or redundancy costs. Resistance to change can impede implementation if not managed.
- **Maintenance & Evolving Tech** – AI models require continuous tuning and valid data; adopters must commit to ongoing updates and cybersecurity for AI, which is a long-term responsibility (the tech can’t be a “install and forget”).

Not adopting AI: Organisational pros and cons

Pros / Opportunities

- **Avoids Immediate Risks** – No new AI-induced errors, biases, or security vulnerabilities since existing human-driven processes continue (status quo risk profile remains). Bypasses the need to solve thorny ethical issues of AI – no algorithm, no algorithmic bias by default.
- **Cost Savings** (Short-Term) – Avoids expenditure on new AI systems and training; for budget-limited orgs, sticking with current systems incurs no additional cost outlay.
- **Workforce Stability** – No fear of job displacement by automation, maintaining current employment and not disrupting organizational roles or union agreements.
- **Simplicity & Transparency** – Human decisions are relatively explainable and accountable by established methods; not adopting AI avoids the “black box” problem where decisions might lack transparency. Keeping processes manual can, in some cases, ensure personal judgment and empathy are applied (important in sensitive public services).

Cons / Risks

- **Lost Efficiency & Higher Ongoing Costs** – Missed opportunity to automate repetitive tasks, meaning continued higher labor costs and slower processes. Organization may gradually lag in productivity, spending more resources to achieve what others do with AI assistance .
- **Competitive Disadvantage** – Peers or competitors adopting AI may deliver better services or products at lower cost. Not adopting could mean falling behind in quality or innovation. For regions, it could mean losing talent and businesses to more tech-savvy cities. Example: Businesses not using AI analytics might lose clients to those who do, as seen with SMEs benefiting from AI adoption .
- **Foregone Innovation** – Inability to offer new or improved services (e.g., no 24/7 chatbot, no predictive maintenance) can reduce customer satisfaction or social benefit. The organization might continue reactive rather than proactive operations.
- **Risk of Obsolescence** – Over time, processes may become outdated or unable to cope with growing scale. There’s a strategic risk: if AI becomes industry-standard (as many predict), late adopters will struggle to catch up, facing steep learning curves and possibly crisis-driven adoption later under less favorable conditions.
- **Opportunity Cost for Staff** – Skilled employees remain burdened with mundane tasks that AI could handle, which can reduce job satisfaction and divert them from higher-value work. Essentially, not adopting wastes human potential on drudgery that automation could relieve.

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Develop an AI Assessment Framework and Tool for public sector use.

Thank you

Supporting slides if needed

Government response

Key Actions

- Expand **compute & data infrastructure** (AI Growth Zones, sovereign compute). [\[1\]](#)
- Release **high-impact public datasets**. [\[1\]](#)
- Grow **AI skills & talent**. [\[1\]](#)
- Implement **trusted AI regulation & assurance**. [\[1\]](#)
- **Public sector**: *Scan* → *Pilot* → *Scale*; **private sector**: remove adoption barriers. [\[1\]](#)
- Back **domestic AI champions**, use **procurement** to shape markets, forge **global partnerships**. [\[1\]](#)



AI.GM Activity and Progress

Activity

- Understanding and managing the impacts of AI on **GM labour market**
- Ensuring **AI literacy** across the population
- Building **public trust and confidence** through open dialogue with citizens and working to ensure robust and transparent standards and protections around AI adoption including its role in decision-making.
- Understanding the dynamic and diverse relationship between **AI adoption and social change**- including how GM residents live, learn, work, move around and access public services in the city-region.

Progress to Date

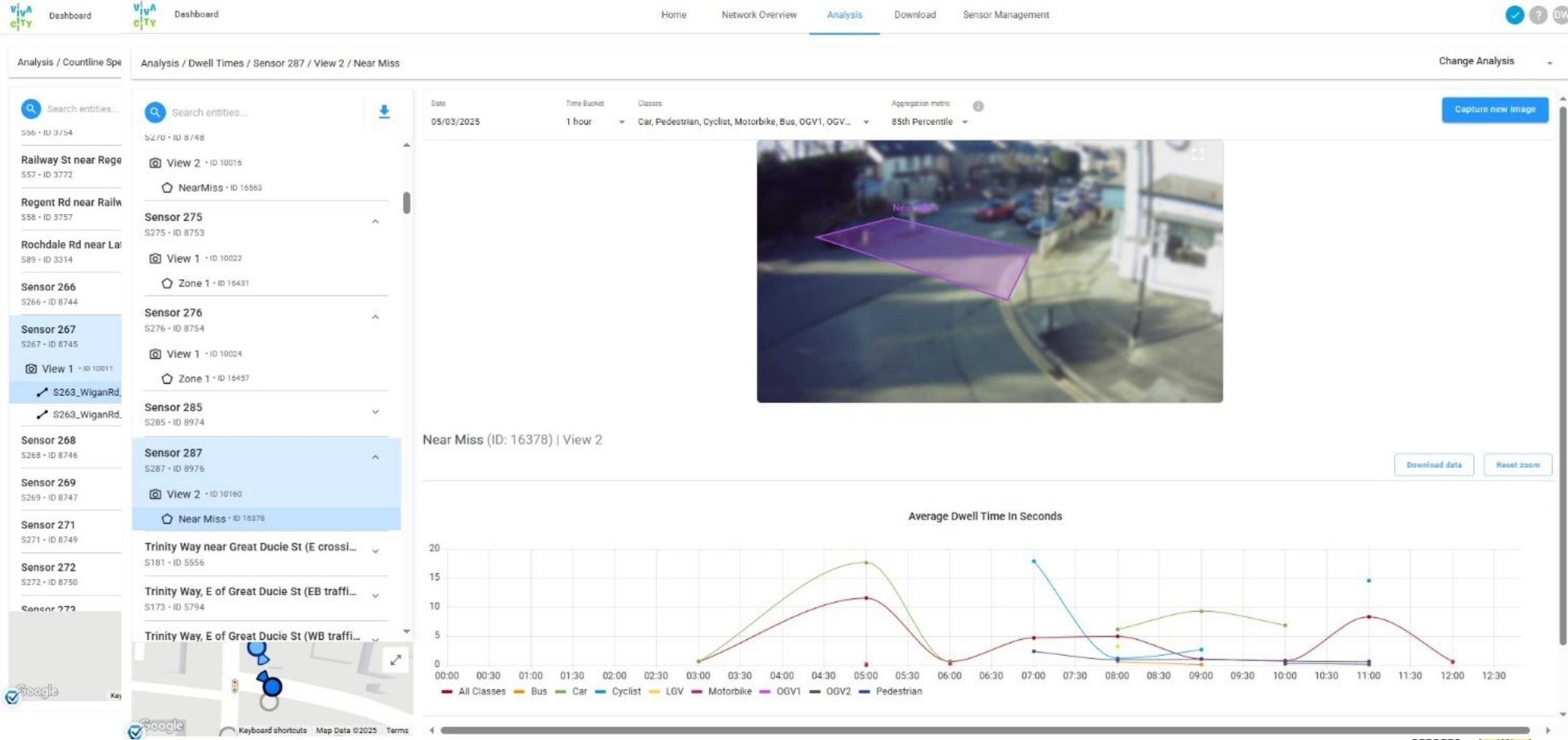
- **Industry and place based engagement** via Mayoral roundtables undertaken
- **Engagement with AI ecosystem** in GM has stimulated a set of activities to promote sector development, innovation and profile. Part-funded by Sector Development Plans implementation budget.
- GM Digital **strategic finance proposal** includes provision to mobilise AI.GM by delivering AI sector insights research, AI Challenge Prize, and AI Summit by Summer 2026.
- **Societal impact and public trust** being explored via Trust Identity Privacy Safety and Security (TIPSS) project - and through ADIO.

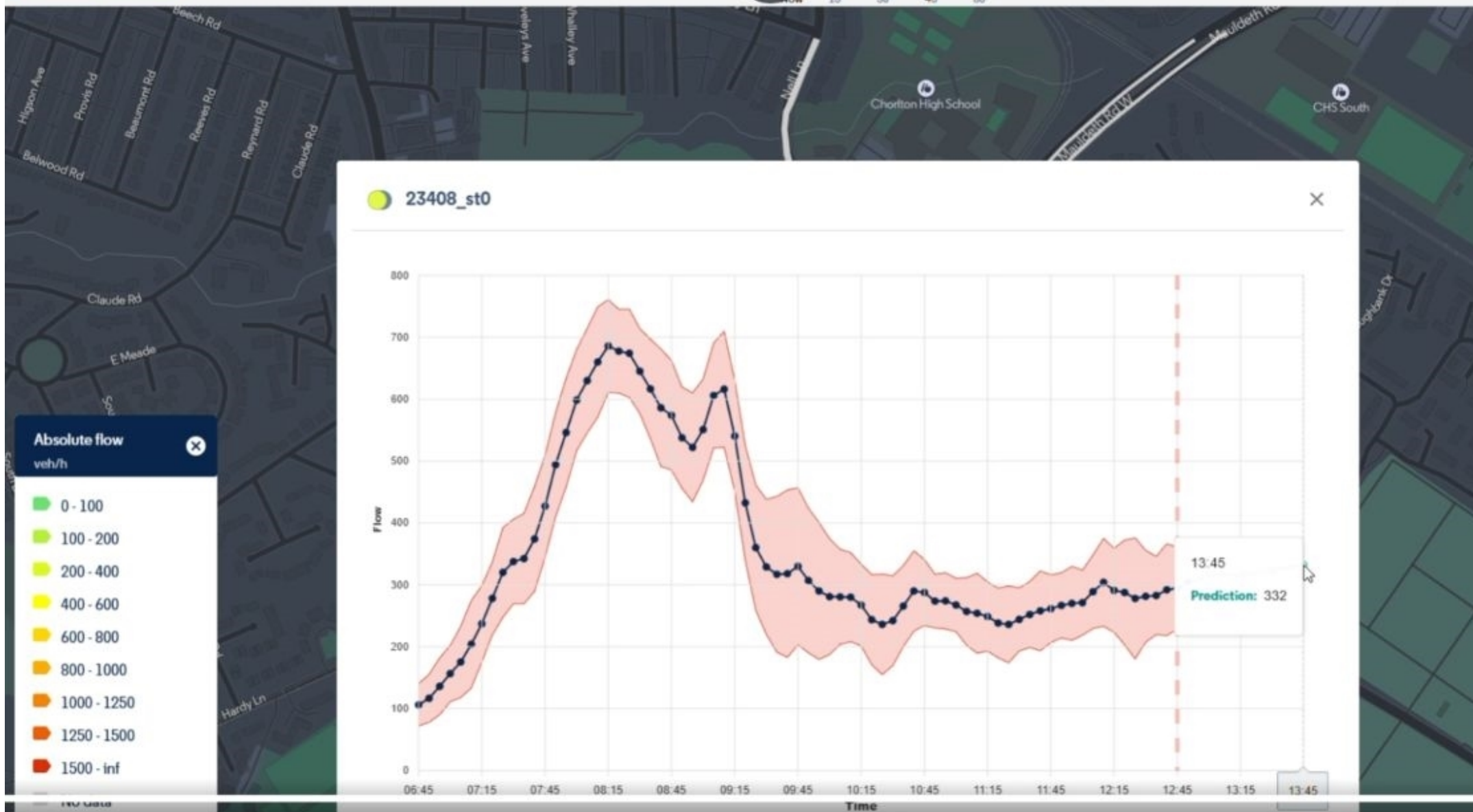
AI examples in GM

Road Network optimisation
Microsoft co-pilot

Vivacity - Hindley

Now Wireless - Chorlton





AI as a personal productivity tool

Top 10 to try first with Microsoft 365 Copilot



1

Recap a meeting

– let Copilot keep track of key topics and action items so you can stay focused during the meeting and avoid listening to the recording after.

➔ Draft an email with notes and action items from meeting



6

Give me some ideas for ...

– boost your creativity with ideas for your work such as agendas, product names, social media posts, etc.

➔ Suggest 10 compelling taglines based on file



Summarize email

– get quick long, complex emails

➔ Click



Help

– jumpstart and edit first drafts

➔ Generate

Teams usage in GMCA

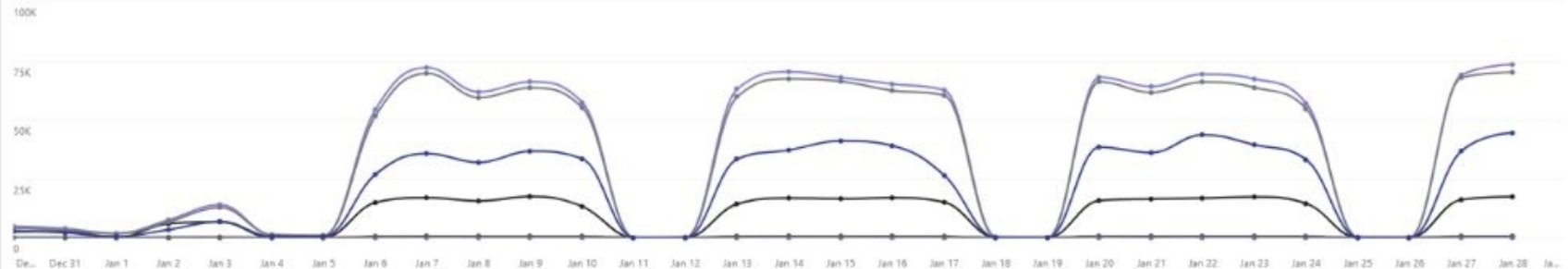


In January 2025 alone:

- 290,604 chat messages sent
- 8,728 meetings organised
- 1,144,977 minutes of audio time (in Teams calls)
- 630,913 hours of screen share time

Teams user activity report

Jan 30, 2025 10:13:39 AM UTC | Date range: Dec 29, 2024 - Jan 28, 2025



1,205	290,604	423	782	6,990	11,180	8,728	11,180	1,144,977	1,097,897	630,913
Channel messages	Chat messages	Posts	Replies	1:1 calls	Total meetings	Total organized meetings	Total participated meetings	Audio time (minutes)	Video time (minutes)	Screen share time (minutes)

greater than 0?

text into French: