

Council Meeting

9:30am on Wednesday 1st July 2009
Botanical Gardens
Westbourne Road
Edgbaston
Birmingham
B15 3TR



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Corporate Risk Register 2009-10

1.0 Purpose

This report presents the GTC's 2009-10 Corporate Risk Register for Council's consideration and endorsement.

2.0 Summary

This report summarises the processes employed and the corporate risks identified for the 2009-10 GTC Risk Register. Risk management is an essential part of the GTC's internal control processes and the approach adopted has been endorsed as effective in previous internal audit reviews.

3.0 Recommendations

Council is recommended to consider and endorse the corporate risks and control measures identified in the Corporate Risk Register.

4.0 Detail

4.1 The risk summary is reported to Council following consideration by other Committees.

- The Executive Committee, with overall responsibility for risk management, met on 16 June 2009. It considered and endorsed the corporate risks as the most relevant for governance purposes. The Committee also satisfied itself as to the suitability of the processes adopted. The Committee felt that the scoring of one particular corporate risk was high and asked that the Senior Management Team reconsider the scoring at the next scheduled review.
- The Audit Committee met on 17 June 2009. It assured itself that the GTC's risk management arrangements are consistent with best practice, and that they are being applied across the organisation as a key contributor to effective internal control. In particular it supported change to the use of the Senior Management Team (SMT) as the key internal risk review body.

- 4.2 Risk management is a key internal control process and organisations need to have in place effective processes for identifying and managing risk. The GTC's risk management processes have been refined over the years and have been regarded by auditors as effective for their purpose and demonstrating good practice. Auditors use the Risk Register to identify audit priorities and it is also important to assess evidence for the Statement on Internal Control (SIC) which is made by the Chief Executive in the Annual Report and Financial Statements.
- 4.3 The development of the Risk Register is an integral part of operational planning. GTC managers identify risks and control measures, when they develop operational plans for the year. The risks are reviewed on an ongoing basis as part of the quarterly operational monitoring cycle, or more frequently, as appropriate.
- 4.4 On 24th March 2009 the SMT agreed that it was the more appropriate body to review the Corporate Risk Register and to disband the Risk Management Group with immediate effect. On 21st May 2009 SMT scrutinised, amended and approved the Corporate Risk Register for 2009-10.
- 4.5 Risks are identified at "gross level" – the risk prior to consideration of the effects of the respective control measures – and at "net level" which takes account of the prospects of the control measures to manage and control the risk. The full risks, across all operational plans, are assessed by managers and moderated for corporate comparability and relativity by a working group of SMT. Directors of Service have regard to it as part of their management of services within their areas of responsibility.
- 4.6 The Risk Register is kept up to date to reflect changing circumstances during the year. Any material issues are included as part of Member reporting in-year. Responsibility for the governance of risk management and overall review of the risk profile lies with the Executive Committee. The process has been subjected to internal audit reviews which have been considered by the Audit Committee, which also has responsibility to review and monitor the effectiveness of the risk management process.
- 4.7 The updated Corporate Risk Register has been created following a review of the main risks as set out in updated Operational Plans, by a group of directors and senior managers which included assessing wider corporate risks and any changes in the GTC's environment. It is thus created from both a "bottom up" and "top down" perspective and focuses on the highest or strategic risks. It is attached at Appendix 2.
- 4.8 The Corporate Risk Register shows the highest gross risk in descending order.

The key to colour coding on the Risk Register: is as follows:

Red – risk score has increased from 2008-09

Amber – risk score has remained the same as 2008-09

Green – the risk score has decreased from 2008-09

Blue – a new risk for 2009-10

The increased risks are:

- The risk that Council's resource management is ineffective – this risk has increased due to the Secretary of State's decision not to increase the annual fee.

- The risk of failure to secure desired legislative change – this risk has increased
- The risk of disruption to business continuity – this risk has increased

New risks for 2009-10 are:

- The risk that the GTC fails to ensure the security, availability and accessibility of personal and GTC information (although this was introduced to the Register during 2008-09)
- The risk that GTC fails to deliver to its published/advertised 2012 programme.
- Risk of imposed changes to GTC strategic direction – remit review, Comprehensive Spending Review, Government elections etc.

5.0 Financial and procurement implications

The Corporate Risk Register includes the main financial risks facing the GTC. Each is the subject of control measures and regular review through the quarterly monitoring process. The risk management system itself does not carry significant financial costs.

6.0 Risk management Implications

This report summarises the Corporate Risk Register. It is integrated into operational planning work as part of the embedding of a risk-aware culture. The process is reviewed by senior management and committees.

7.0 Equality and Diversity Implications

There are no direct equality and diversity implications arising from this report. Operational planning, including risk assessment and awareness, is undertaken within an equal opportunities environment, including monitoring equality requirements in service delivery. All staff have been trained in risk awareness.

Appendices

- 1 Scoring criteria used to assess the relativity of each risk;
- 2 The Corporate Risk Register. (*separately attached*)

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Committee Chairs

Judy Moorhouse Chair of Executive Committee

Gail Mortimer Chair of Audit Committee

Date of sign off of paper 18 June 2009

Risk Scoring and Evaluation Criteria

The evaluation (scoring) of the risk is undertaken using:

- risk component factor(s) (financial, operational or reputational) graded 1 (lowest) – 5 (highest) and, linked to;
- a likelihood factor of between 1-5.

The risk score, for both the gross and net effect, is the product of multiplying together the highest individual risk component score with the likelihood score. Scores at the level of 4 or 5 are regarded as significant in terms of both risk and likelihood. Thus gross scores at 15 (3 x 5 or 5 x 3) and above are the most strategic. Arithmetically the only scores achievable above are 16 (4 x 4), 20 (4 x 5 or 5 x 4) and 25 (5 x 5).

The gross risk score is the potential of the risk. It is essential that these highest value risks are identified so that Council may be assured that a) they are identified and b) there are sufficient controls in place to protect the organisation. This has been the key focus of the Senior Management Team's consideration.

The net risk score is the considered reality of the risk taking account of management controls to protect the organisation and to limit the effect of the risk. It reflects the extent of risk exposure after taking account of the control measures. Net risks scored at 12 or above would be regarded as significant.

The Risk Register shows the highest gross risk in descending order.

Key to colour coding on the Risk Register:

Red - risk score has increased from 2008-09

Amber - risk score has remained the same as 2008-09

Green - risk score has decreased from 2008-09

Blue - a new risk for 2009-10

Appendix 1: Risk scoring and evaluation criteria

GTC Risk Register – Impact and Likelihood Assessment Table						
Rating	Impact	Financial	Operational	Reputational	Likelihood	Probability
1	Low	Minimal financial impact <1% of gross income	No direct impact on operations	No adverse publicity	Unlikely	Less than 5% likelihood
2	Moderate	Moderate financial impact 1 – 2 % of gross income	Impact limited to individual operations	Some adverse local publicity	Moderate likelihood	6% - 10% likelihood
3	Significant	Significant financial impact 2 – 6 % of gross income	Impact applies to only a small group of operations or one core operation	Adverse national or local publicity	Significant likelihood	11% - 20% likelihood
4	High	High financial impact 6 – 15 % of gross income	Likely to have an impact on the majority of operations	High impact on GTC's reputation	High likelihood	21% - 40% likelihood
5	Major	Major financial impact > 15 % of gross income	Likely to have a significant impact on all operations	Major impact on GTC's reputation	Certain	More than 41% likelihood