

Risk Management – Update

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Background and introduction

- 1 A detailed paper was presented to Council in January 2009 setting out the strengths and weaknesses of the refreshed risk management process.
- 2 Monthly updates, based on revisions to the top risks provided by the risk owners, are provided for Management Group as their first agenda item.

Purpose

- 3 This paper updates and provides assurance to the Council on recent actions aimed to strengthen the risk management process.

Recommendation

- 4 Council is asked to note the progress to date.

Progress

- 5 Following discussion at the January meeting of Management Group, the 6 top risks were expanded so that we now have 7 top risks. The seventh risk is our risk about managing the requests to renew the capital infrastructure.
- 6 A number of other suggestions were made at the meeting that we have now incorporated into the template which is updated by risk owners each month for Management Group.
- 7 The changes proposed:
 - Within the Machinery of Government risk we are now including the planned visits to regions by the Chief Executive.

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- Separating out the Train to Gain and Apprenticeships risks to be separate ones. The Apprentices element is now part of the overall risk on the National Apprenticeship Service risk, which includes all aspects of the apprentices offer along with the setting up of the National Apprenticeship Service. At the February meeting of Management Group, members felt that this risk needs to be developed to separate the issues around start up of NAS and its performance but that this would become clearer once NAS formally existed from April 2009.
 - That we needed to have a stronger emphasis on the impact of the recession. Management Group members felt that this was still insufficiently recognised. Risk owners have been notified that there needs to be a stronger recording of this and the mitigating action in each of the top risks.
 - Stressing the importance of internal and external communications throughout all the risks.
 - Changing the title of risk 3 to Provider capacity: This demonstrates that our understanding that there are broader issues around the provider infrastructure, of which the impact of Demand led Funding, is one aspect.
 - Capital being identified as a risk in its own right and has been set up with its own template.
 - The risk around not maximising our ESF money is now included as part of the Finance and Systems risk.
- 8 Risk management is the first agenda item of every Management Group meeting.
- 9 The governance board secretariats have been notified of the need to ensure risk management is a standing agenda item at all decision board meetings and regional meetings.
- 10 All risk champions and coordinators have been notified of the current top risks and Management Group comments and asked to ensure the top risks are reflected in the regional/group risk registers making clear the line of sight between the region/group risks and the current top 7 risks. The RAG template was attached for information.
- 11 Risk champions will be notified of the outcome after every Management Group meeting.
- 12 All national office group risks have been entered on the risk management software system known as Risk Network.
- 13 Updated risk templates are being prepared by risk owners for the March meeting of Management Group with emphasis being given to the mitigating controls and sign off by the risk owner.
- 14 The top risk register has been updated with the January template and will be updated following each presentation to Management Group.
- 15 The Risk Management Board will consider the top risks and the top risk register at every meeting.

- 16 The risk management team site has been populated with draft risk management guidance and the risk management policy. All risk contacts have been given access and asked to provide comments on the documents. The team site will be used as a forum for discussion and debate.
- 17 The Risk Management Board site has been uploaded with agendas, minutes and papers. Access is available to all staff.
- 18 An invitation was sent out to all staff in the bulletin offering training at various levels on risk management. We will target those with specific risk management responsibility first but the offer is for anyone within the LSC. Further the training will be personalised to ensure that it is relevant and bespoke as far as possible to meet individual needs.

Remaining areas of weakness:

- 19 We need to ensure that risk management is discussed at each meeting and therefore embedding the escalation process within the LSC and allowing all staff opportunity to identify and help mitigate risks.
- 20 The process of updating the top risks each month is not yet automated but still needs to be commissioned as it becomes more “business as usual reporting”.
- 21 Both of these weaknesses are acknowledged and are being treated as priority by Management Group.
- 22 Identification of new risks is an ongoing conversation and will work better if we embed the process where each Board has to have risk as a standing agenda item so a proper discussion is held about their current risks. The Secretariat for each Board has been notified of this requirement
- 23 There are some disconnects between the causal factors and the mitigating controls. Oversight by Management Group is one example where this is being highlighted in order to ensure only key controls that have the highest and most effective mitigation are identified. Management Group comments have been communicated to the top risk owners.
- 24 The February meeting of Management Group provided additional matters to be taken into account in the updated templates. These included:
 - More strongly reflecting the 16-18 funding challenge in the Finance risk as an escalating risk, particularly the volatility of changes experienced by providers e.g. redundant apprentices coming into FE, rising NEET numbers etc.
 - The Employer Responsiveness performance risks needed to be recast in terms of our ability to manage rising demand for employer and employee training during a recession, the limits on the budget and the difficulties with managing demand within budget.
 - All risks will be reviewed again in April 2009 to reflect the new financial year. This will be the first item on the agenda for the April meeting of the Risk Management Board.

Clearance

25 Verity Bullough as the Director for the Funding, Planning and Performance Group has cleared this paper.

Financial implications

26 There are currently no financial implications.

Risk management

27 The refreshed process and action taken as outlined above is designed to address the concerns previously raised.

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