

Meeting
23/03/07

Agenda Item
22

Reference No
HEFCW/07/29

INTRODUCTION

- 1 This paper invites Council to approve the latest update of the corporate risk register.

BACKGROUND

- 2 The Audit and Risk Committee is remitted, *inter alia*, to monitor and advise the Council on the preparation, implementation and maintenance of the Council's risk management strategy, and risk framework and procedures. As part of this process, the Committee reviews the Council's corporate risk register at each of its meetings, with the outcomes reported to the next meeting of Council.

CORPORATE RISK REGISTER

- 3 The Audit and Risk Committee will have reviewed the latest iteration of the corporate risk register at its meeting on 13 March 2007 (due to the proximity of the meetings this paper is being sent in parallel to that for the Committee's meeting). The proposed revised corporate risk register the Committee will have considered is attached at **Annex A**. A risk matrix map showing the current distribution of risks is attached at **Annex B**. Any amendments/updates to the register proposed by the Committee will be reported to Council at the meeting.

- 4 The register at Annex A identifies 21 corporate level risks, including the following changes since the register was last reviewed by the Committee and Council in October 2006:

- 4.1 Three new risks have been added to the register:

- **R6:** 'Loss of HEFCW GO Wales staff on fixed term contracts'
- **R16:** 'Failure to maintain confidence of Assembly, broadly, in Council' (to replace the existing risk 'Insufficient capacity to manage relations effectively with all relevant Assembly divisions post-merger')
- **R21:** 'Running costs insufficient'

- 4.2 Two risks have been removed from the register for the reasons explained:

- 'Challenges by HEIs and/or the Assembly to HEFCW's judgements about SIS and Fee Plans'.
Reason: All but one SIS plan agreed, and nearly all Fee plans now approved. On the basis of most recent discussions with both HEIs and the Assembly, there is no reason to believe there is a risk of challenge to HEFCW judgements about the Plans.
- 'Diversion of other Council funds to support the Assembly's Science Policy in absence of additional funds'.
Reason: We have been given sufficient assurance that HEFCW's QR funding stream will not be drawn on to contribute to this agenda.

5 The residual risks on the register break down as is as follows:

(i) *'Red zone' - significant risks; top priority for action*

- 0 'deep red' risks (risks identified as requiring urgent remedial action and rigorous monitoring)
- 1 'light red' risks (requiring both controls in place to mitigate the threats and/or contingency plans to address the consequences, and also close monitoring):

R8: Funding from the Assembly is insufficient to be able to sustain levels of funded activity (in the HE sector).

It is judged that the existing controls do not reduce the inherent risk. However, the move, over the next three years, towards more explicit focus on financial sustainability in respect of the allocation of funding and strategic dialogue with institutions may help to mitigate the risk.

(ii) *'Yellow/Amber zone' - moderate risks; medium priority for action*

- 10 yellow/amber risks (risks requiring controls in place to mitigate the threats and/or contingency plans to address the consequences).

(iii) *'Green zone' – minor, tolerable risks; may require a watching brief but no further action*

- 9 'light green' risks
- 1 'dark green' risk

Council is invited to approve the latest update to its corporate risk register

REPORTING AND MONITORING ARRANGEMENTS

6 Progress against the Council's Corporate Strategy and Corporate Plan & Operational Plan, and against its corporate risk register, is monitored and reported via the following processes:

- The annual monitoring meeting between the ELL Minister, Chair and Chief Executive (normally each October; this year scheduled for 8 November 2006)
- Annual 'Scrutiny visits' by the ELL Committee (at the Committee's discretion)
- Quarterly monitoring meetings with Welsh Assembly Government officials from HEFCW's sponsoring division
- Quarterly progress reports to Council (to the meetings in July, October, December and March)
- Reviews of the corporate risk register at each meeting of the Audit and Risk Committee
- Quarterly progress and monitoring reviews at Management Board
- Regular reviews of operational risk registers by each Team, including potential proposals for risks to be migrated to the corporate risk register

FINANCIAL IMPLICATIONS

- 7 There are no financial implications arising from this paper.

PUBLICITY IMPLICATIONS

- 8 There are no publicity implications arising from the issues presented in the paper.

RISK ASSESSMENT

- 9 HEFCW would be in breach of HM Treasury's Risk Management Assessment Framework and risk guidelines if it did not have in place a formal process for identifying and regularly monitoring risks, at both a corporate and operational level. HEFCW's *Risk Management Policy and Guidelines* set out those processes.

HEFCW would be in breach of its own *Risk Management Policy and Guidelines* if it did not have in place processes to ensure that it regularly monitored and reviewed its risks at both a corporate and operational level. The Council's agreed processes for doing so are set out in paragraph 5 above.

DIVERSITY AND EQUAL OPPORTUNITIES IMPLICATIONS

- 10 One risk has been identified in the corporate risk register in relation to the HE sector's ability to meet requirements of equalities legislation. However, currently it is judged that the existing controls and contingency plans to address this are sufficient to reduce the risk to a tolerably low level.

RECOMMENDATIONS

- 11 Council is invited to approve the latest update to the corporate risk register at Annex B.

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