

GENERAL CHIROPRACTIC COUNCIL

RISK MANAGEMENT STRATEGY

1. Introduction

- a. This strategy sets out the framework on which risk management processes at the GCC are based. The framework ensures a consistent approach to risk management is taken by both Council and the executive. The strategy should allow individuals to understand how the process works and to clarify the terminology used.
- b. All risks are managed, identified and presented to the Audit Committee and to the Council

2. Objectives

- a. The objectives of this strategy are:
 - to clearly identify roles and responsibilities for managing risk,
 - to ensure a corporate approach is adopted across the Council which facilitates the prioritisation of risks and avoids duplication of mitigating action
 - to follow a structured framework for the identification, assessment and evaluation of risks,
 - to ensure risk management principles are embedded in all systems and processes to help demonstrate openness, integrity and accountability in all the Council's activities,
 - to ensure the risk management process contributes to the development of a more robust internal control framework, providing assurance to senior officers and Members that appropriate levels of control exist, and
 - to provide a framework for ensuring actions are proportionate to identified risks thereby efficiently and effectively utilising resources and maintaining a balance between risks and controls.

3. Definitions

- a. **Risk:** Risk is defined as this uncertainty of outcome, whether positive opportunity or negative threat, of actions and events. The risk has to be assessed in respect of the combination of the likelihood of something happening, and the impact which arises if it does actually happen.

b. **Risk Management:** The process, by which risks are identified, evaluated and controlled, which includes the following

Tolerate the risk - The exposure may be tolerable without any further action being taken. Even if it is not tolerable, ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained. In these cases the response may be to tolerate the existing level of risk.

Treat the risk - The purpose of treatment is that whilst continuing with the activity giving rise to the risk, action (control) is taken to constrain the risk to an acceptable level. The option to treat can be further analysed into

- Preventative Controls eg Segregation of duties, Codes of conduct, staff policies.
- Corrective Controls eg Contingency planning, termination terms in contracts
- Directive Controls eg Ensuring adequate Health and Safety training before being allowed to carry out some activities
- Detective Controls – eg stock and asset checks

Transfer the risk - For some risks the best response may be to transfer them. This might be done by conventional insurance, or it might be done by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks or risks to assets. The transfer of risks may be considered to reduce the exposure of the organisation.

Terminate the risk - Do not pursue or continue the course of action, the risk is unacceptable and cannot be economically mitigated to an acceptable level

c. **Internal Control:** All measures taken by management to ensure the organisation's objectives are achieved with the optimum use of resources taking into account risks to the organisation.

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4. Categories of Risk

The risks facing the organisation can be split into Strategic and Operational.

<p style="text-align: center;">STRATEGIC</p> <p style="text-align: center;">Risks which may threaten the achievement of the Council's objectives</p>	<p style="text-align: center;">OPERATIONAL</p> <p style="text-align: center;">Risks which managers and staff may encounter in the daily course of their work.</p>
<p>Political: failure to deliver on key objectives or Central Government policy</p> <p>Economic: the Council's ability to meet its financial commitments</p> <p>Social: the effects in changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives</p> <p>Technological: the Council's capacity to deal with technological change or its ability to use technology to meet changing demands</p> <p>Legislative: current or potential changes in national or European law.</p> <p>Environmental: the environmental consequences of service delivery (in terms of energy efficiency, pollution, re-cycling, landfill needs, emissions etc)</p> <p>Competitive: the competitiveness of the service/ the ability to deliver best value.</p> <p>Customer failure to recognise the changing needs and expectations of the registrants and the public.</p>	<p>Professional: professional competencies of staff</p> <p>Financial: financial planning and control and the adequacy of insurance cover</p> <p>Legal: possible breaches of legislation</p> <p>Physical: fire, security, accident prevention and health & safety</p> <p>Contractual: the failure of contractors to deliver services or goods to agreed costs and specifications</p> <p>Technological: reliance on operational equipment (IT systems or equipment and machinery)</p> <p>Environmental: pollution, noise or energy efficiency of ongoing service operation.</p>

5. Processes

- a. In line with best practice, the Council has adopted a seven-step process to support the implementation of risk management.
- b. This is as follows;

	Steps	
1	Identifying risk	Risks will be identified and cross-referenced, where possible to the achievement of strategic objectives.
2	Analysing risk	The Business Manager will initially assess the probability and impact of the identified risks and the Audit Committee will validate or change the score upon review..
3	Profiling risk	The evaluation exercise will result in a risk score made up by multiplying the impact score with the probability score from which significant risks can be recognised.
4	Prioritising action	The risk Register will contain both operational and strategic risks and actions to be taken to mitigate the risk, where possible. In some cases these is an inherent risk, which the Council may feel can be tolerated. Any risk scoring more than 15 will be considered to be a Primary Risk and be included in the Risk Register taken to Council on a regular basis.
5	Determining action	Further actions required to reduce the threat of the risk occurring or minimise its impact will be stated in the risk register. Target dates and assignment of responsibility will also be stated.
6	Controlling risk	The specified actions will be assigned an owner and carried out as stated in the risk register.
7	Monitoring	The Business Manager will keep the risk register under review and progress against further actions identified will be reported quarterly to the Audit Committee. The register will be updated as actions are achieved and risk scores amended as appropriate. The identification of risks should be a continual process and risks emerging throughout the year should be evaluated and, where necessary, added to the register.

6. **Roles and responsibilities**

a. Executive.

The Business Manager is responsible for maintaining the risk register and ensuring risk awareness by all staff. It is important that the implications of any changes to service delivery or workloads are considered in respect of potentially increased levels of risk.

The Executive, primarily the Business Manager and Chief Executive, are responsible for considering risks and ensuring that identified risks are included in the risk register. These risks will also be initially risk scored by the Business Manager. An initial action plan for new risks will be added to the risk register along with the updates on the existing action plan. All actions are assigned to a lead owner whose responsibility it is to update the Business Manager on a regular basis of progress.

b. Audit Committee.

The Audit Committee will be responsible for ensuring an appropriate corporate risk management strategy is in place, its on-going monitoring and review, and that risk management procedures are satisfactorily carried out. The Audit Committee will assess the description and nature of any new risks and the initial risk score. The Committee may accept or amend any new risks or risk score. The Committee will also consider all risks where the risk score had been changed since the last review. On an annual basis, the Committee will review the full risk register. The Committee will consider progress on the action plan against the risks identified and agree any actions for new risks. Where actions identified by the Audit Committee have not been carried out in a timely manner, Council should be notified at its next meeting.

c. Council

The ultimate responsibility for the risk register and ensuring that risks are minimised to ensure that strategic objectives are met, rests with Council. The Audit Committee reports on a quarterly basis to Council on any significant changes to the risk register

7. Risk Appetite

When considering threats the concept of risk appetite embraces the level of exposure which is considered tolerable and justifiable should it be realised. In this sense it is about comparing the cost (financial or otherwise) of constraining the risk with the cost of the exposure should the exposure become a reality and finding an acceptable balance;

The GCC has a **cautious attitude** to risk, with regard to corporate risk. That is to say that or preference is for safe options that have a low degree of inherent risk.

The GCC as a healthcare regulator has an **Averse attitude** to risk around public protection, financial impact, health and safety, security of sensitive data and safeguarding public confidence.

8. Risk Score

The Risk Score is calculated by multiplying the Likelihood score by the Impact score. Any Risks which score above 15 are considered to be Primary Risks and will be reported to Council at each meeting. :

a. Likelihood

The matrix used to determine the likelihood score is as follows:

1	Improbable	<ul style="list-style-type: none">• Has not occurred before• Has not occurred at other Regulatory bodies• Extremely unlikely to occur (less than 10% chance)
2	Remote	<ul style="list-style-type: none">• Remote risk but could happen within next 3 to 10 years• Has not occurred at GCC but isolated cases have occurred at other Healthcare Regulators
3	Possible	<ul style="list-style-type: none">• Could happen at least once every 1 to 3 years• Few circumstances with little data to indicate likelihood of occurrence• 50 / 50 chance of it happening
4	Probable	<ul style="list-style-type: none">• More likely to happen than not• Could occur within next 3 – 12 months• Has occurred in the last five years• Has occurred at some other Healthcare Regulator

5	Almost certain	<ul style="list-style-type: none"> • Has occurred in the last two years • Has occurred at many other Healthcare Regulators • More than an 80% chance of it happening • Likely to happen within next three months or is occurring at present
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b. Impact

The matrix used to determine the impact score is as follows:

1	Insignificant	<ul style="list-style-type: none"> • Negligible impact on achievement of service objectives/delivery • Negligible impact on delivery of project – slight slippage or reduction in quality/scope with no overall impact • Negligible financial impact • Limited impact on staff and culture • Minor legal/regulatory impact – no sanction or legal action likely • No damage to reputation or will not result in adverse media comment
2	Minor	<ul style="list-style-type: none"> • Moderate impact on service objectives/delivery - only partially achievable without additional time / resources • Some impact on project – slight slippage against targets • Likely to affect motivation of small groups of staff • Some legal/regulatory impact – could lead to warnings/threats of sanctions/ legal action • Some public embarrassment but no damage to reputation or standing in the community • Financial impact can be contained within budget
3	Moderate	<ul style="list-style-type: none"> • Service objectives/delivery not achievable without considerable additional time / resources • Moderate affect on project timetable and significant elements of scope or functionality may not be available • Moderate impact on staff motivation within particular service(s) • Significant legal/regulatory impact leading to reprimand, sanctions or legal action • Some public embarrassment leading to limited reputational damage (adverse local press) – short term impact • Financial impact cannot be contained within budget and needs additional resourcing.
4	Major	<ul style="list-style-type: none"> • Significant impact on achievement of service objectives/delivery even with additional resources • Failure to meet key project deadlines or project fails to meet needs of proportion of stakeholders • Significant impact on employee motivation generally • Serious legal/regulatory impact leading to sanctions or legal action with significant consequences • Loss of credibility and public confidence in the service / Council (of interest to the national press) • Significant financial impact (>£250,000)

5	Disastrous	<ul style="list-style-type: none"> • Unable to achieve corporate objective or prolonged closure/withdrawal of service • Major project's viability jeopardised through delay or level of quality makes it effectively unusable • Severe impact on staff motivation generally, leading to dissatisfaction and industrial unrest • Major legal/regulatory impact leading to sanctions or legal action with substantial financial or other consequences • Highly damaging to reputation with immediate impact on public confidence • Severe financial impact
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9. Risk Matrix

The risk matrix scoring system is intended to help ensure consistent, meaningful scores that can be used to assess risks.

PROBABILITY	5	Almost Certain	5	10	15	20	25
	4	Probable	4	8	12	16	20
	3	Possible	3	6	9	12	15
	2	Remote	2	4	6	8	10
	1	Improbable	1	2	3	4	5

Policy agreement date	29 th March 2012
Review Date	March 2014