

It's a risky business!



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Session Objectives

- ◆ What is a business risk ?
- ◆ What is risk management ?
- ◆ Why is it important?
- ◆ How do we control our risks?
- ◆ Who is responsible for managing risks ?

What is a risk?

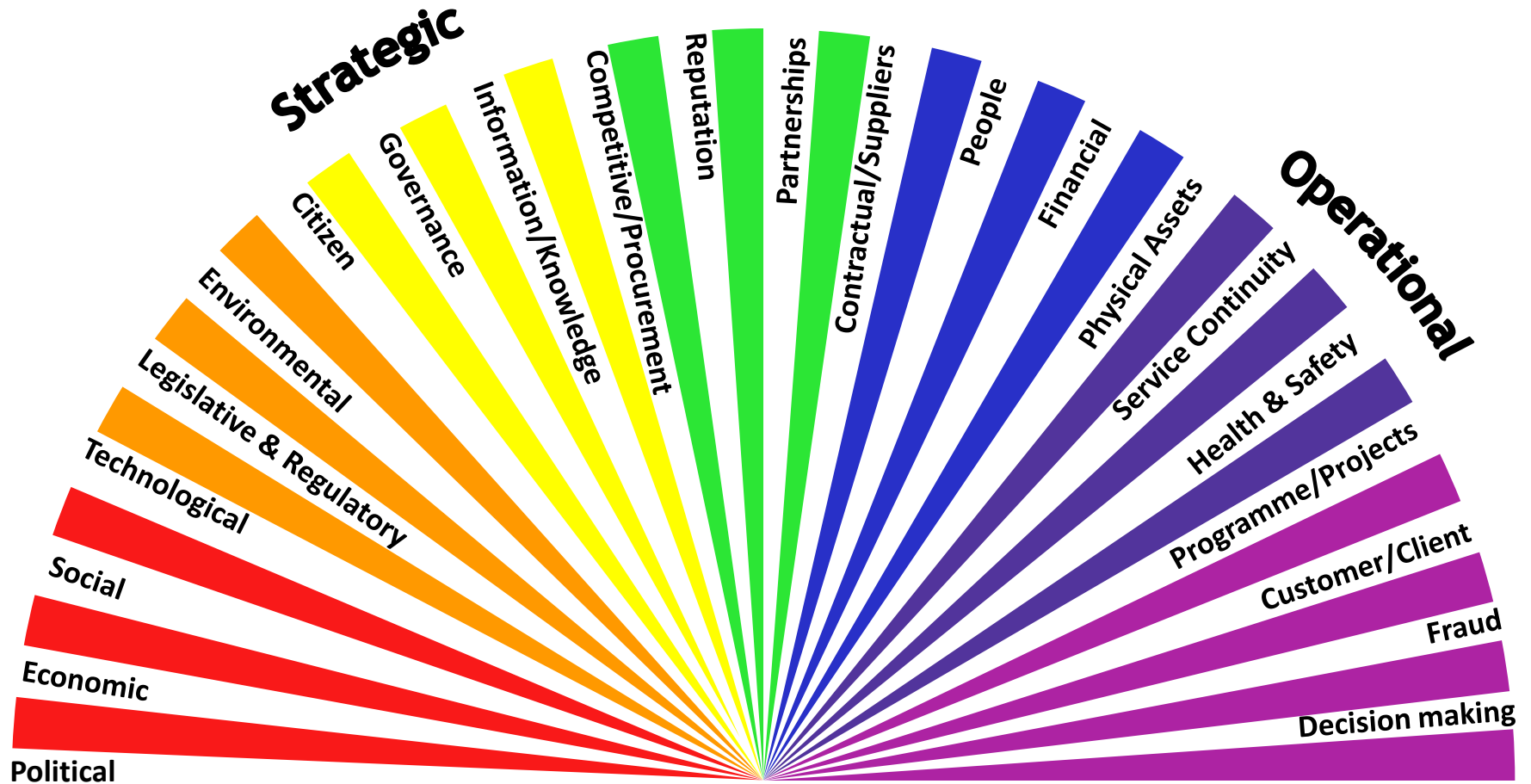
A **risk** is the **likelihood** of something happening that will have an impact on the achievement of our objectives

What is a risk?

It's not all negative!

A risk arises as much from failing to capture **opportunities** when you are looking to achieve your objectives as it does from a **threat** that something bad will happen

What type of risks do we face?



**Let's identify some
risks!**



Catching a train to attend an important meeting

Objective: You need to catch a train to attend an important meeting in London

Risk 1 – Missing the Train

Control/Action: Catch an earlier train than the one needed

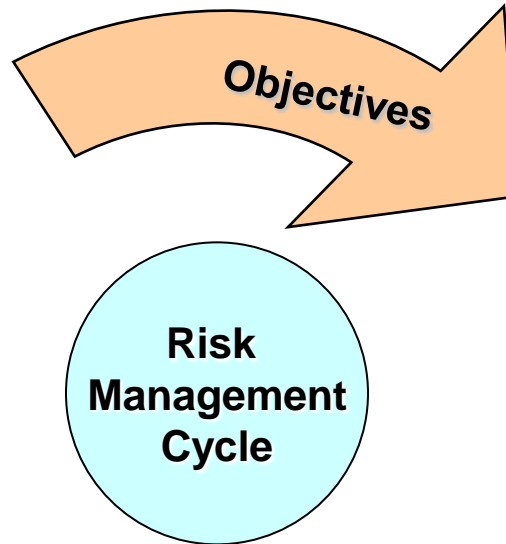
Risk 2 – Severe weather might result in train cancellations

Control/Action: Set up a contingency telephone conference

Risk 3 – Engineering works might make the train late

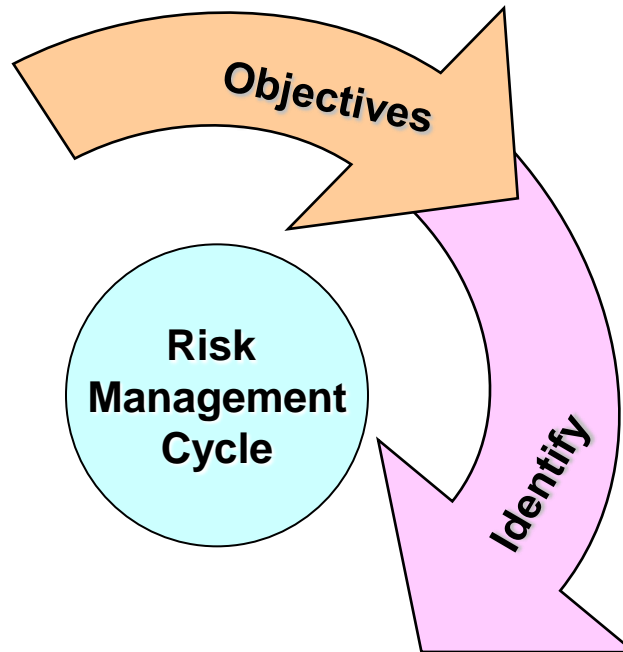
Control/Action: Check for engineering works and arranging flexibility with the people you are meeting.

What is Risk Management?

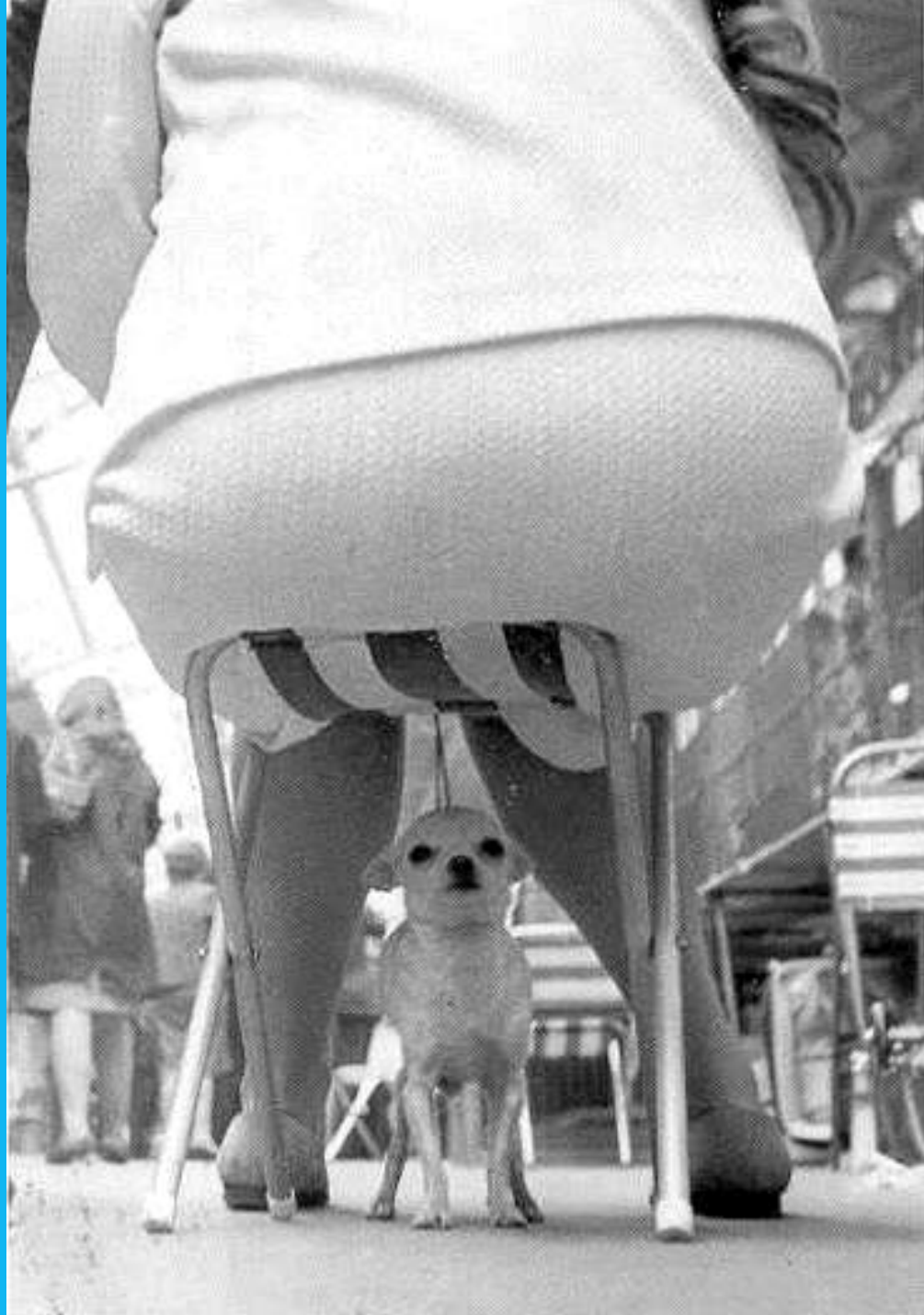




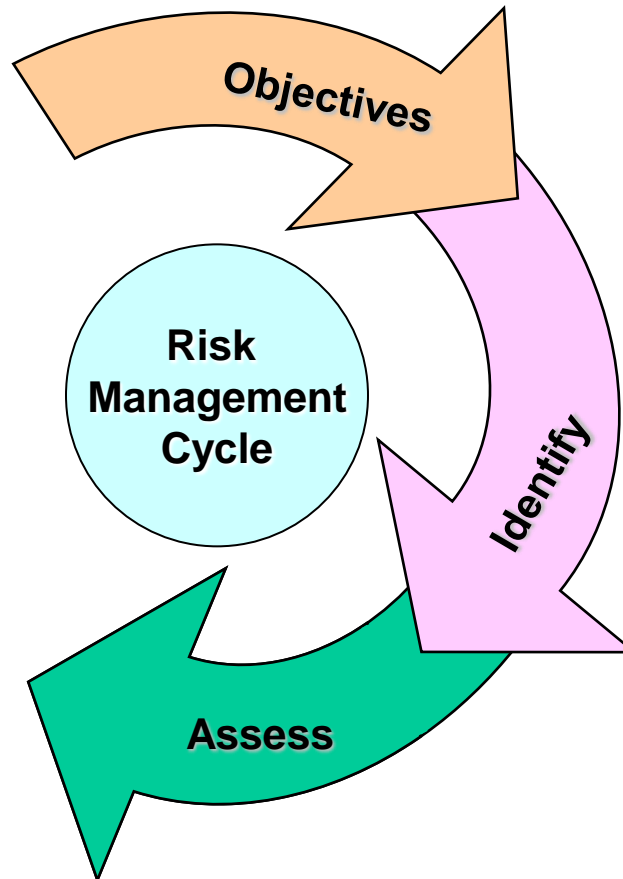
What is Risk Management?



No one wants
to have
accidents
but we all take
risks



What is Risk Management?





What is Risk Management?





What is Risk Management?





Why is it important?

- ◆ **Corporate Governance**
- ◆ **Accounts and Audit Regulations 2006**

Why is it important?

What are the real benefits of managing risk?

1. Increases the chances of success & reduces the chances of failure
2. Frees up management time from 'fire-fighting'
3. Provides management with early warnings of problems
4. Ensures minimal service disruption
5. Ensures prioritisation of our targets – focus scarce resources on high risk
6. Reduces the financial costs due to, for example service disruption, litigation, insurance premiums and claims, and bad investment decisions
7. Protects the Council's reputation

WHY DOES IT MATTER?

“.. I never saw a wreck and have never been wrecked, nor was I ever in any predicament that threatened to end in disaster of any sort”

from a paper presented by EJ Smith, 1907

On 14 April 1912, SS Titanic sank with the loss of
1500 lives... One of which was its captain... *E J SMITH*

IT MATTERS!



How do we control risks?

- ◆ Tolerate
- ◆ Treat
- ◆ Terminate
- ◆ Transfer (Insurance/Third Party)

How do we control risks?

Did you know?

That only 20-25% of risks are insurable?

**That means that 75-80% of risks need to be managed
by us!!**

What key risks are covered by GCC's Insurance?

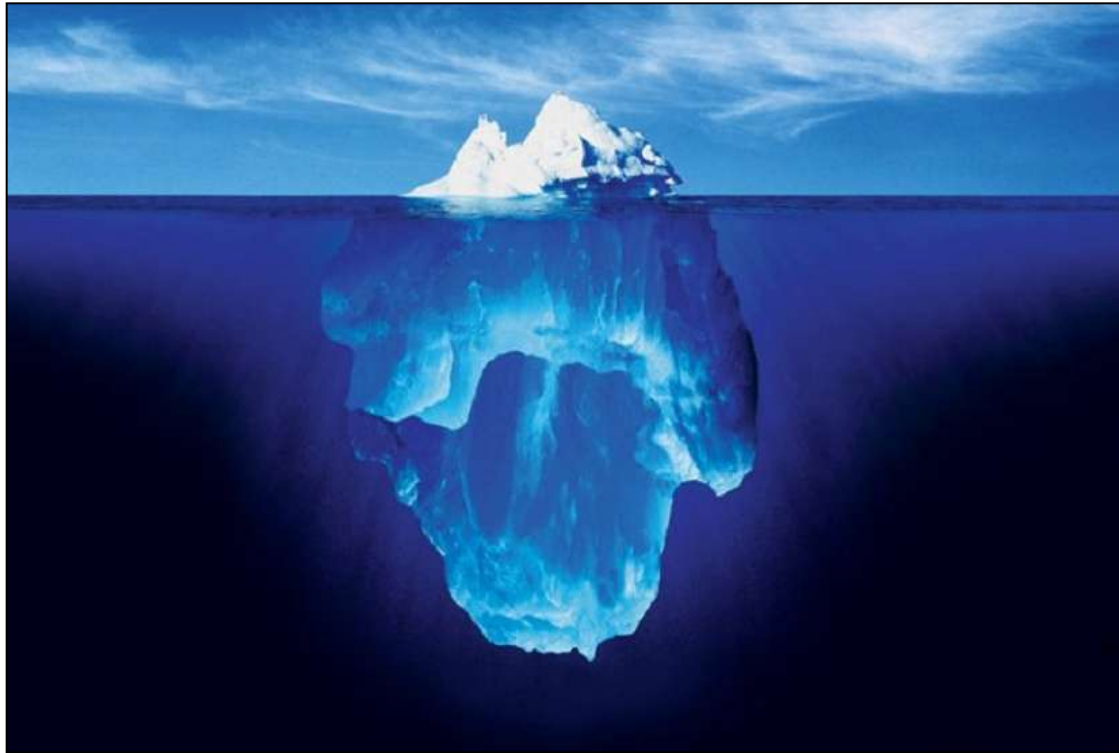
Public Liability	Excess £370,500 on <u>every</u> claim	Max cover £40m per claim
Employer Liability	Excess £370.500 on <u>every</u> claim	Max cover £40m per claim
Property (Fire)	Excess £100k on every Educational claim	Insured Value
'All Risks'	Self Insured Fund Internal excess of £100 per claim applied	Terms and Conditions

How much did GCC pay out in claims last year?

£1.0m

The Cost of Risk!

For every £1 paid on an insurance claim,



between £8 and £36 is spent on **hidden costs**

Hidden Costs

- ◆ **Lost production/work time following an incident**
- ◆ **Administration costs following an incident**
- ◆ **Staff absence following an incident**
- ◆ **Loss of information/data/knowledge**
- ◆ **Increased financial costs – reinstatement/continuity**



RISKS

CONTROL ENVIRONMENT

“If you don’t have effective risk management, you don’t have effective management”

“Chance or Choice”, SOLACE/ZM 2000

Who is responsible for managing risks?

Everyone's a Risk Manager!!



The Tale Of The Public Service Rabbit



He doesn't know what risks he's running!



**He now sees the
risk. But it's too
late!**



**LONG
VEHICLE**

**Poor risk assessment and
management**

the result !!



The experienced rabbit assesses the risk. He thinks he will be safe if he does nothing and sits between the wheels!

He was, for a while, until...

Reliant 1





THE END



WATCH OUT!

RISK FOCUS

"Lets manage the risk not manage the damage"

For our six monthly newsletter!

<http://staffnet/riskmanagement>