

Audit Committee 25 September 2007

Updated risk register

Executive Summary and Recommendations

1. Introduction

The Risk Register is the HPC document outlining risks that the Executive believe the Council is exposed to at the time the Register is updated. The Risk Register is reviewed by all Risk Owners and updated twice yearly.

2. Decision

The Committee is requested to note the document. No decision is required.

3. Background information

The Risk Register was last updated in June and presented to the Audit Committee at their meeting on 26th June. Attached is the latest update with contributions from the various Risk Owners. A summary of the top HPC Risks is included.

4. Resource implications

Various – refer Mitigations in the Register.

5. Financial implications

Some of the costs to mitigate risks identified on the Risk Register are as follows. There are additional costs embedded in departmental budgets, for example the costs of training, permanent employee time, the costs to hire temp staff and the costs of obtaining legal advice on what actions to take to ensure compliance with legislation. These other costs aren't listed, as may be incurred to achieve other objectives besides risk management. Note that there is no *direct* correlation between the cost to mitigate a risk at HPC and the significance and probability of that risk.

Budget 2007/08	£000's
Opex Budget :	
Insurance premiums (other than Legal insurance)	42
Legal insurance (for FTP case costs incurred between £125-250k)	51
Security guards (reception desk and hearings)	26
IT anti virus/anti porn/anti spam managed-web and internet services	27
IT system penetration-testing (hacker-testing) and Escrow vault*	29
Business-continuity data backups (STAR, nightly)	61
Counter-fraud Risk Management/Registration Application testing	84

Internal Audit	27
External Audit (BT & NAO)	48
Pensions advice	27
Health & Safety compliance	22
Equality & Diversity Project (first phase only)	43
Opex Subtotal	487
Capex Budget :	
LISA Access Rights project	35
CCTV perimeter surveillance	9
Capex Subtotal	44

* Back up of the LISA source code, in case DSL (LISA support vendor) goes bankrupt.

6. Background papers

Nil

7. Appendices

- Risk Register (Top HPC Risks, Full List and Risk Linkages diagram)
- Risk Register Glossary

8. Date of paper

13th Sept 2007

HEALTH PROFESSIONS COUNCIL

RISK ASSESSMENT Sept 2007

Guide - look for Risks rated as Medium or High PROBABILITY (of occurrence in next 12 mths). Then for those ones, look for SIGNIFICANCE (Impact) ratings of Medium or High. SIGNIFICANCE is Net i.e.Gross Risk less mitigations in place. "Premises" in this document covers 184 Kennington Park Rd, 20 Stannary St and 22-26 Stannary St premises.

Ref	Category	Description	Risk owner (primary person responsible for assessing and managing the ongoing risk)	Mitigation I	Mitigation II	Mitigation III	SIGNIFICANCE Sept 2007	PROBABILITY Sept 2007	SIGNIFICANCE June 2007
1	Strategic	1.1 HPC fails to deliver OIC Links to 7.1-7.5, 8.1-8.3, 10.4, 10.5, 11.4, 15.9	Council	Delivery of HPC Strategy	Publication of Privy Council Annual Report	-	High	Low	High
		1.2 Unexpected change in UK legislation Links to 2.2, 15.15	Chief Executive	Relationship with Government depts	Lobbying	-	Medium	Low	Medium
		1.3 Incompatible OIC and EU legislation	Chief Executive	Monitoring of EU	EU lobbying	-	Low	Medium	Low
		1.4 CHRE conflict	Chief Executive	President on CHRE Council	Communications	-	Low	Low	Low
2	Operations	2.1 Inability to occupy premises or use interior equipment	Facilities Mgr & Director of IT	Invoke Disaster recovery plan	Commercial Combined insurance cover (fire, contents, terrorism etc)	-	Low	Low	Low
		2.2 Rapid increase in registrant numbers Links to 1.2	Chief Executive and Director of Operations	Scaleable IT systems/registration	22-26 Stannary St fit out.	Manage the rate at which New Professions are regulated	Low	Low	Low
		2.3 Unacceptable service standards Links to 9.1, 10.4	Director of Operations	ISO 9001 Registration, Process maps, well documented procedures & BSI audits	Hire temporary staff to clear service backlogs	Market Research surveys to prioritise service offerings	Low	Low	Low
		2.4 Postal or telephone disruption	Director of Comms & Facilities Mgr	Website, newsletter & messages	Invoke Disaster recovery plan	Collection of >80% income fees by DD	Low	Low	Low
		2.5 Public transport disruption	Facilities Mgr & Director of IT	Invoke Disaster recovery plan	-	-	Low	Low	Low
		2.6 Inability to accommodate HPC employees Links to 5.2	Facilities Mgr	Temporary premises rented	22-26 Stannary St fit out.	Ongoing Space planning	Medium	Low	Medium
3	Communications	3.1 Failure to inform public Article 3 (13)	Director of Comms	Delivery of communications strategy	AGM, Biennial awareness survey	-	Low	Low	Low
		3.2 Loss of support from the professional bodies	Director of Comms	Delivery of HPC Strategy	Delivery of communications strategy	Regular Listening Events held	Low	Low	Low
		3.3 Inability to inform stakeholders following crisis	Director of Comms	Invoke Disaster recovery plan	Mailing address details kept as current as possible in LISA	-	Low	Low	Low
4	Corporate Governance	4.1 Council inability to make decisions Links to 4.4	Secretary to Council	Regular meetings, agendas and decision processes in place	Well researched and drafted decision papers at meetings	Attendance by external professionals as required	Low	Low	Low
		4.2 Council members conflict of interest	President	Disclosure of members' interests to the Secretariat	Disclosure of conflict of interest in the Annual Report & on the HPC website	-	Low	Low	Low
		4.3 Poor decision-making eg conflicting advice or conflicting advice and decisions	President	Well-researched & drafted decision papers, Council member Inductions, training & Away Days	President's involvement in the appointments process for lay members	Attendance by external professionals, as required.	Low	Low	Low
		4.4 Failure to meet Council/Committee quorums Links to 4.1	Secretary to Council	Clear communication of expectations of Council members	Adequate processes notifying Council & Committee members of forthcoming meetings	Decisions can be ratified at the next meeting or if urgent but not controversial, by email.	Low	Low	Low
		4.5 Members' poor performance	President	President's annual appraisal of Council members	Training & support at Away Days and Inductions	Removal under Sch 1, Para 9(1)(f) of the HPO 2001	Low	Low	Low
		4.6 Poor performance by the President	Council	Standing Orders	Power to remove the President under Sch 1, Article 12(1) C of the HPO 2001	-	Low	Low	Low
		4.7 Poor performance by Chief Executive	President	Performance reviews and regular "one to ones" with the President	Contract of Employment	-	Low	Low	Low
		4.8 Improper financial incentives offered to Council members/employees	President and Chief Executive	Gifts policy	Council member code of conduct	-	Low	Low	Low

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		4.9 Health & Safety of Council members Links to 6.3, 11.5	Secretary to Council	Personal Injury and Travel insurance	Restricted access to the building site (22/26 Stannary St)	Road safety policy (for vehicle drivers) with training to follow	Low	Low	Low
		4.10 Member recruitment problem (with the requisite skills) Links to 6.1, 11.3	President	Skills audit. Preparation of a detailed role description	Use of the Office of Public Appointments Commission to advertise and recruit new members	Use of the Office of Public Appointments for advice (on recruitment of the requisite skills)	Medium	Medium	Medium
		4.11 Expense claim abuse by members	Secretary to Council	Members Code of Conduct (public office)	Clear and comprehensive policies posted on the Council member Extranet and made clear during induction	Budget holder review and authorisation procedures	High	Low	High
5	IT	5.1 Software Virus damage Links to 2.3, 10.2	Director of IT	Firewalls and anti-virus SW checks run	Adherence to IT policy, procedures and training	Regular externally run security tests and probes	Low	Low	Low
		5.2 Technology obsolescence, (HW or SW) Links to 2.6, 10.2	Director of IT	Open system IT strategy	Good design to "future-proof" user requirements	LISA Upgrade and replacement plan	Medium	Low	Medium
		5.3 IT fraud or error Links to 10.2	Director of IT	Adequate access control procedures maintained. System audit trails.	Regular, automatic password changes. External reviews. Daily backups.	Computer insurance (against hacking)	Medium	Low	Medium
6	Partners	6.1 Inability to recruit and/or retain suitable Partners Links to 4.10, 11.3	Partner Manager	Sound recruitment strategy. Training	HR Strategy: Appropriate compensation package in place.	-	Low	Low	Low
		6.2 Incorrect interpretation of law and/or SI's resulting in CHRE review	Director of FTP & Director of Operations (Visitors)	Training	Legal Assessors advice availability	-	Low	Low	Low
		6.3 Health & Safety of Partners Links to 4.9, 11.5	Partner Manager	Personal Injury and Travel insurance. Liability Insurance	Road Safety policy (for vehicle drivers) with training to follow	Restricted access to the building site (22/26 Stannary St)	Low	Low	Low
7	Approvals & Monitoring & CPD	7.1 Non-detection of low education providers standards Links to 1.1	Director of Operations Education Manager	Approvals & Monitoring processes	-	-	Medium	Low	Medium
		7.2 Education providers refusing visits or not submitting data Links to 1.1	Director of Operations Education Manager	Legal powers (HPO 2001)	-	-	Medium	Low	Medium
		7.3 Inability to manage Education Provider (EP) visits Links to 1.1	Director of Operations Education Manager	Adequate resourcing, training and visit scheduling	Approvals & Monitoring processes	Temporary staff hire to backfill or clear wk backlogs	Medium	Medium	Medium
		7.4 Loss of support from EP Links to 1.1	Chief Executive	Delivery of Education strategy	Partnerships with Visitors and professional groups.	-	Low	Low	Low
		7.5 CPD processes not operational by July 2008 Links to 1.1	Director of Operations	Annual Business Plan	-	-	Low	Low	Low
8	Project Management	8.1 CPD processes not operational by July 2008 Links to 1.1, 15.3	Director of Operations Project Manager Registration Manager	Annual Business Plan	Project progress monitored by EMT	Apply HPC's project management methodology	Medium	Low	Medium
		8.2 Fee change processes not operational by June 2009 Links to 1.1, 15.3	Director of Operations and Director of Finance	Project progress monitored by EMT	Apply HPC's project management methodology	Maintain regular informal contact with Privy Council staff throughout all stages of the project	High	Low	High

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		8.3 Professional Qualification Directives processes not operational by October 2007 Links to 1.1, 15.3	Director of Operations Project Manager Registration Manager	Project progress monitored by EMT	Apply HPC's project management methodology	Liaison with Dept of Health lawyers	Medium	Low	Medium
		8.4 Failure to regulate a new profession or a post-registration qualification as stipulated by legislation Links to 1.1, 15.3	Director of Operations Project Manager Registration Manager Director of Policy & Standards	Project progress monitored by EMT	Apply HPC's project management methodology	Maintain regular informal contact with Privy Council staff throughout all stages of the project	Medium	Low	Medium
		8.5 Legal challenge to equality and diversity scheme	Equality and diversity project lead	Appropriate legal and professional advice sought in scheme development	Consultation with external organisations	Oversight by project team and EMT	Low	Low	Low
		8.6 HPC added to organisations which are legally required to publish a scheme but no scheme is published	Equality and diversity project lead	Equality and diversity project plan	Scheme publication by December 2007		Low	Low	Low
9	Quality Management	9.1 Loss of ISO 9000 Certification Links to 2.3, 10.3	Director of Operations Quality Manager	Regular & internal audits	QMS standards applied across HPC	Management buy - in	Low	Low	Low
10	Registration	10.1 Customer service failures Links to 11.1, 11.2	Director of Operations	Accurate Manning level forecasts	Adequate manpower resourcing & training	Supporting automation infrastructure eg call centre systems, LISA system enhancements, registration re-structure	Low	Low	Low
		10.2 LISA Registration system failure Links to 5.1-5.3	Director of Operations and Director of IT	IT strategy	Adequate IT Maintenance & Development spending	Disaster recovery tests	Low	Low	Low
		10.3 Inability to detect fraudulent applications Links to 9.1	Director of Operations	Financial audits, System audit trails	Policy and procedures supported by internal quality audits & specialised external Risk Management guidance	Regular, automatic password changes	Medium	Low	Medium
		10.4 Backlogs of registration and GP applns Links to 1.1, 2.3	Director of Operations	Adequate staffing levels to clear backlogs, based on accurate demand-forecasting	Process streamlining	-	Low	Low	Low
		10.5 Failure to meet the Registration Dept merger project timetable Links to 1.1	Director of Operations	Detailed Project Plan/Training Plan and regular progress reviews (EMT)	Close teamwork with IT and Space planning teams (allied projects)	HR advice around re-organisation	High	Low	High
11	HR	11.1 Loss of key HPC employees (person cover risk)	President, Chief Executive and EMT	Committee chairmen cover for President loss, President and EMT cover for CE loss until interim appointment made	Cross training (partial or full) and process documentation	CE Succession plan held by HR Director. Succession planning generally.	Medium	Low	Medium
		11.2 High turnover of employees Links to 11.3	HR Director	Remuneration and HR strategy	Regular performance reviews	Exit interview analysis	Low	Low	Low
		11.3 Inability to recruit suitable employees Links to 4.10, 6.1, 11.2, 11.8	HR Director	HR Strategy and adequate resourcing of the HR dept	Careful specification of recruitment adverts and interview panel selection	Hire skilled temporary staff in the interim	Low	Medium	Low
		11.4 Lack of technical and managerial skills to delivery the strategy Links to 1.1	Chief Executive	HR strategy and goals and objectives (buy in the skills v staff upskilling on the job v training)	Training needs analysis & training delivery.	Some projects or work initiatives delayed or outsourced	Low	Medium	Low

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		11.5 Health & Safety of employees Links to 4.9, 6.3	HR Director & Facilities Mger	Health & Safety Training, policies and procedures	H&S Assessments (Lawrence, Webster Forrest). Restricted access to the building site (22/26 Stannary St).	Personal Injury & Travel insurance	Low	Low	Low
		11.6 High sick leave levels	EMT	Adequate staff (volume and type) including hiring temporary staff	Return to work interviews and sick leave monitoring	Regular progress reviews	Low	Medium	Low
		11.7 Employee and ex-employee litigation	HR Director	Regular one on one sessions between manager and employee and regular performance rviews.	HR legislation and HR disciplinary policies	Compromise agreements	Low	High	Low
		11.8 Employer/employee inappropriate behaviour Links to 11.3	HR Director	Whistle blowing policy	Other HR policy and procedures	Employee Assistance programme	Low	Low	Low
		11.9 Non Compliance with Employment legislation	HR Director	HR Strategy	Obtain legislation updates and legal advice	HR policies and Manager training	Low	Low	Low
12	Legal	12.1 Judicial review of Rules, Standards & Guidance Links to 1.2	Chief Executive	Consultation. Stds determined by PLG's. Agreement by Council.	Appropriate legal advice sought	-	High	Medium	Medium
13	Fitness to Practise	13.1 Legal cost over-runs Links to 13.4, 15.2	FTP Director	Processes and strict arrangements with law firm suppliers	Professional Indemnity Insurance	Good process management for arranging hearings	Medium	Medium	Medium
		13.2 Legal challenge to HPC operations	Chief Executive	Legal advice and ISO	Communications	-	Low	Low	Low
		13.3 Tribunal exceptional costs, FTP, Registrations and CPD Appeals	FTP Director	Quality of legal advice	Quality of operational processes	Legal Insurance cover for lawyer costs (rather than tribunals) costing between £125k and £250k	High	High	High
		13.4 Rapid increase in the number of tribunerals and resultant legal costs Links to 13.1	FTP Director	Accurate and realistic budgeting	Resource planning	-	Low	Medium	Low
		13.5 Witness non-attendance	FTP Director	Witness summons	Witness support programme	-	Low	Medium	Low
		13.6 Employee/Partner physical assault by Hearing attendees	FTP Director	Advice sought from the Police	Adequate facilities security	Periodic use of security contractors and other steps	High	Medium	High
		13.7 Registration Appeals	FTP Director & Director of Operations	Training and selection of Registration Assessors, so reasoned decisions are generated	Effective processes and criteria for arranging hearings and cases	-	Low	High	Low
14	Policy & Standards	14.1 Incorrect process followed to establish stds/guidance/policy eg no relevant Council decision	Policy & Stds Director	Legal advice sought on processes	Appropriately experienced and trained members of Policy team.	Quality mgt system & processes	Low	Low	Low
		14.2 Inappropriate stds/guidance published eg stds are set at inappropriate level, are too confusing or are conflicting	Council/Committees	Use of professional liaison groups, and Council and committees including members with appropriate expertise	Appropriately experienced and trained members of Policy team.	Consultation with stakeholders & legal advice sought	Low	Low	Low
		14.3 Changing/evolving legal advice rendering previous work inappropriate	Policy & Stds Director	Use of well-qualified legal professionals. Regular reviews.	Legal advice obtained in writing.	Appropriately experienced and trained members of Policy team and ophers eg HR.	Medium	Medium	Medium
		14.4 Inadequate preparation for a change in legislation (Health Professions Order, or other legislation affecting HPC)	Policy & Stds Director & Director of Ops	Policy team and others remaining up to date re: forthcoming developments, via contacts, consultations, etc.	Project planning process and teams	Legal advice sought	Medium	Low	Medium

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15	Finance	15.1 Insufficient Cash to meet commitments Links to 15.5, 15.6, 15.18, 16.1, 6.2, 16.3	Finance Director	Maintain an appropriate level of cash reserves using weekly Cashflow planning	Annual and Five Year Plan forecasting of income (volumes & fees) and costs to ensure adherence to Reserves Policy. Fee rises as required.	Monthly forecasts/reviews	Low	Low	Low
		15.2 Unexpected rise in operating expenses Link to 13.1	EMT	Finance & Resources Committee review of the Monthly variances to date	Budgetary control clarity around permanent and timing differences.	Regular Budget-holder reviews	Medium	Low	Medium
		15.3 Large Capital Project Cost Over-runs Links to 8.1-8.4	EMT	Finance & Resources Committee review of the monthly variances to date	Effective project specification, management and project progress reporting (financial and non financial)	Detailed cost estimations eg Quantity Surveyor estimates for the 22/26 SS project	Medium	Low	Medium
		15.4 Loss in value of investment portfolio	Finance Director	Adherence to Investments and Reserves policies. Long run view.	Monthly monitoring and periodic fund performance benchmarking.	Professional fund management incorporating diversification and relatively low risk holdings	Low	Low	Low
		15.5 Inability to pay creditors Links to 15.1	Finance Director	Adequate payment procedures	Adequate cash-flow forecasting	Monthly Aged Creditors review	Low	Low	Low
		15.6 Inability to collect from debtors Links to 15.1	Finance Director	Collection via Direct Debit for >80% of fees income	Registrant Debtors policy compliance.	Request new DD details from Registrants when informed by the bank that the Registrant's DD was rejected. Periodic rviews of Misc Debtors.	Low	Low	Low
		15.7 Registrant Credit Card record fraud/theft Links to 5.3	Finance Director and IT Director	Daily credit card payment reconciliations - Streamline to LISA and Bank records.	Project in progress to retrieve sensitive paper records in archive, rationalise records kept and retain sensitive current year records with security tagging and in compliance with cr card record storage stds in more secure storage.	Replacement of Streamline system with Worldpay (online cr card auth and payments received)	Medium	Low	Medium
		15.8 Total receipt of correct fee income	Finance Director	LISA controls in place (charging & receipts)	Revenue reconciliations LISA to SAGE	-	Low	Low	Low
		15.9 Mismatch between Council goals & approved financial budgets Links to 1.1	Chief Executive	Adequate quantification of the budgetary implications of proposed new initiatives	Close and regular communication between the Executive, Council and its Committees.	Spending prioritisation criteria	Low	Low	Low
		15.10 Unauthorised payments to organisations Links to 5.3	Finance Director	Purchase Order compliance	Signatory list reviews	Approved and one-off supplier processes	Low	Low	Low
		15.11 Unauthorised payments to personnel Links to 5.3	Finance Director	Expense claim processes	Signatory list reviews	Professional Indemnity & fraud insurance	Low	Low	Low
		15.12 Unauthorised removal of assets (custody issue)	Director of IT & Facilities Mgr	IT asset labelling & asset logging (issuance to employees)	Fixed Asset register itemising assets. Job exit procedures (to recover HPC laptops etc)	Computer insurance	Low	Low	Low
		15.13 Mis-signing of cheques (forgery) Links to 5.3	Finance Director	Regular reviews of cheque signatories against invoices paid by cheque.	Monthly bank reconciliations	Minimal use of manual chqs. Two signatories on cheques.	Low	Low	Low
		15.14 Tax law non compliance	Finance Director	Professional tax advice sought eg Tax Return preparation.	HMRC website periodic reviews. Employee training (CPD hours)	Tax provisions made	Low	Low	Low
		15.15 Non compliance with Privy Council/Treasury Guidelines/UK GAAP/IFRS Links to 1.2	Finance Director	Periodic reviews of website updates. Technical updates from CA firms. HM Treasury rulings sought.	Employee training (CPD hours)	Reference materials held in Finance Dept including FReM.	Low	Low	Low
		15.16 Qualified opinion received by the Auditors on the Annual Financial Statements	Finance Director	Internal control compliance	Treasury/HMRC/UK GAAP/IFRS compliance	-	Low	Low	Low

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		15.17 Late submission of the Financial Statements/Annual Report, beyond sector standards	Finance Director and Comms Director	Upfront agreement on the Year End and Annual Report reporting process dates	Process management	-	Low	High	Low
		15.18 Fund Manager or Money Market provider insolvency Links to 15.1	Finance Director	Periodic reviews of financial strength (NatWest audited annual accounts)	-	-	Low	Low	Low
16	Pensions	16.1 Under-funded pension liabilities (CPSM Retirement Benefits Scheme*) Links to 15.1, 15.5	Finance Director	Benefits secured by insurance policies issued by the Scottish Life Assurance (SLA)	Periodic review of the actuarial valuation of assets of the fund to cover pension liabilities.	-	Low	Low	Low
		16.2 Section 75 (Pensions Act 1995) liability resulting if the number of active members of the Capita Flexiplan scheme drops to zero Links to 15.1, 15.5	Finance Director	Two new members were enrolled in March 2007. Four further members to be enrolled from May 07 onwards in the Flexiplan scheme	Employee exit procedure modified so when any of the six named individuals resign, a replacement member is enrolled in the Flexiplan scheme	-	Medium	Low	Medium
		16.3 Flexiplan funding liability resulting from new Scheme Specific Funding Standard (SSFS) and insufficient Pensions Capital to meet fund obligations	Finance Director	Monitoring of Actuarial valuation reports on the Pension scheme	Use of specialist pensions legal and actuarial expertise for advice	-	Medium	Medium	Medium

* The Fund wind up is being managed by Capital Hartshead (formely FPS). Since 1995, eligible employees have belonged to a new scheme - Flexiplan 1.

**PROBABILITY
June 2007**

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**PROBABILITY
June 2007**

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PROBABILITY June 2007
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PROBABILITY June 2007
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HPC Risk Register Glossary

The risk assessment replaces the last HPC Risk Assessment completed. This was dated June 2007.

Category

Risks have been clustered together to aid analysis.

Description

A discrete risk.

Risk owner

The risk owner is the Council, Committees, President, Chief Executive, Executive Management Team, Director or Manager who is primarily responsible for assessing and managing the risk.

Mitigation

Mitigation is the solution that HPC uses to reduce the risk. Up to three groupings of mitigations have been identified.

Significant

Risks are classified into three categories:

High – occurrence would impact HPC’s operations and budget substantially= Red

Medium – occurrence would impact HPC’s operations and budget significantly= Amber

Low – occurrence would impact HPC operations and budget moderately= Green

The risk rating is a net risk rating i.e. an assessment of the gross risk less the mitigations in place to manage it.

Probability

High – probability is assessed as the likelihood of the risk occurring within three months = Red

Medium –likely within one year = Amber

Low – likely after more than one year = Green

	Significance Level	Probability/timing
High	Substantial	Within three months
Medium	Significant	Within one year
Low	Moderate	Over one year