Audit Committee, 28 November

HCPC Project Risk Management

Executive summary and recommendations

Introduction

At its meeting on 29 September 2013 the Committee agreed that it would receive the Education Systems Build project risk register, in order to discuss the contents of such risk registers.

The appendices set out the methods used by the Project Management Department for the identification, analysis, and management of project risks, and the Education System Build Project Risk Log as an example of a risk log which is currently in use.

Decision

This paper is for information only. No decision is required.

Background information

The Education System Build risk log is an example of a live risk log and as such it contains open risks where the risk is considered an ongoing threat.

Resource implications

None

Financial implications

None

Appendices

Appendix 1 – HCPC Project Risk Management
Appendix 2 – Project Risk Matrix
Appendix 3 – Education System Build Project Risk Log dated 14 November 2013

Date of paper

12 November 2013

Appendix 1 – Project Risk Management

HCPC adheres to a PRINCE2 (**PR**ojects **IN C**ontrolled **E**nvironments) project methodology, which provides a robust framework to manage the range of business process improvement projects that we undertake.

Risk management is a key element of the project management process and initial risks to a project are first considered at the point at which the business case is drafted, which is the very outset of considering whether a project is viable.

Risk identification

Where a business case is agreed the project will proceed to the formal initiation stage, where the project board expands upon and analyses the risks identified in the business case; these are recorded in a project risk log which is used throughout the life of the project to track and manage risks. There will be an average of 6-8 risk logs being managed by the project management team at any one time.

Identified risks are grouped in categories including communication, cost, legal, planning, quality, reputation, resources, and UAT, so that any patterns in the risks which are being recorded can be ascertained, and all are assigned to a risk owner who has responsibility to manage the risk. This would usually be the project lead or project manager.

Scoring

The risk is then scored using the risk matrix set out in Appendix 2. The project board considers the likelihood of a risk occurring; from rare risks, where the risk is very remote and will probably never occur during the life of the project, to almost certain risks, where it is expected that the risk will occur at some point during the project.

The project board next consider the impact of the risk, from negligible risks, which if they did occur would have little impact, to significant risks which would adversely impact HCPC's reputation or have a significant financial impact.

These scores are multiplied to provide a risk score which is plotted against the risk matrix. Where the project manager has concerns that a risk is scored highly, it will be escalated to the Project Portfolio Manager and EMT. Any project risks that pose significant reputational or financial risk may be escalated to the HCPC risk register.

Counter Measures and Mitigation

Counter measures include preventing the risk, where the risk is completely removed, reducing the risk, where the entire risk cannot be mitigated, but it is possible to go some way towards addressing it, or transferring the risk, where the risk is transferred to a third party, usually through insurance. Risks may also be accepted where a decision is taken

that we should continue to monitor the risk, but that it is not possible to mitigate it at that time.

The risk log includes a column for the mitigation to be recorded and maintained, and there is a separate column for scoring the risk after the mitigation has been put in place. Unless the risk is accepted, the likelihood or impact will have been reduced by the mitigation put in place.

Conclusion

The project risk log is a standard item at regular project board meetings and is frequently reviewed by the project board throughout the life of the project. As the project evolves, and greater clarity emerges, the likelihood and impact of risks will be revised. The mitigation in place may also be amended, and risks will close if the risk is no longer considered a viable threat to the project. New risks will also arise. At the end of a project the risk log is reviewed as part of the lessons learned meeting. It may then be reviewed in future similar projects to identify and prepare for the kinds of risks that may be encountered during the life of a similar project.

The risk log is therefore very much a live document and is a key tool used by the project manager and project board to robustly and systematically identify, analyse, and manage the risks identified during the life of the project.

Appendix 2: Project Risk Matrix

	Impact				
Likelihood	**Negligible (1)** Inconsequential and no action currently required.	**Minor (2)** May threaten an element of the project, but no significant time, cost or quality impact.	**Moderate (3)** May threaten an element of the project, and is likely to have significant time, cost or quality impact.	**Severe (4)** May threaten an element of the project, and will have significant time, cost or quality impact.	**Critical (5)** Could prevent successful delivery of project. Could put the organisation at financial and/or reputational risk.
Almost Certain (5) Expected to occur during the life of the project.	Low (5)	Medium (10)	High (15)	High (20)	Very High (25)
Likely (4) Will probably occur during the life of the project.	Low (4)	Medium (8)	Medium (12)	High (16)	High (20)
Possible (3) Could occur at some time.	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
Unlikely (2) Not expected to occur during the life of the project.	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
Rare (1) Will probably never happen during the life of the project.	Insignificant (1)	Low (2)	Low (3)	Low (4)	Low (5)

Key	
Score	**Rating**
1	Insignificant
2-6	Low
8-12	Medium
15-20	High
25	Very High

Appendix 3: Education System Build Project Risk Log

	Date Identified	Risk Category	Risk Name	Risk Description	Risk Owner	Probable Consequences	Likelihood	Impact	Risk Score	Counter measure	Mitigation	Post Mitigation Likelihood	Post Mitigation Impact	Risk Score	Status	Date of Last Update	Author
006	16 January 2013	Technology	Supplier Understanding	Risk of lack of clarity of understanding of HCPC requirements by ConsultCRM and Deltascheme.	Paula Lescott	That we proceed in the project build stage using mistaken assumptions which need to be addressed at a later date.	3	3	9	Reduce	1) Playback of understanding following workshops. 2) Proof of Concept. 3) Adequate time for reflection and feedback. 4) SMEs not relying on current processes to inform workshops, rather sticking to principle of what Education does, and are not overloading suppliers with information. 5) Specification of key assumptions.	2	3	6	Open	16 January 2013	Paul Nevin
007	16 January 2013	Communications	Supplier Communication	Risk that communication between ConsultCRM and Deltascheme is not effective and that there is therefore a lack of clarity of understanding of the distinct role each will play in the project.	Paula Lescott	Lack of understanding of roles and responsibilities. Could result in delays to project and divergence from requirements, increasing costs and scope.	3	4	12	Reduce	1) Communication not only through HCPC-facilitated meetings and teleconferences and so we will need parties to communicate outside of our meetings and form a clear understanding of role and responsibilities. 2) Contractual arrangement that Deltascheme formally subcontracting under ConsultCRM for build stage of the project. Therefore need to ensure lines of communication are clear when we move into the build phase (agreed that we would not pursue this and would retain a contractual relationship with suppliers). 3) Undertaking in work order for build stage that ConsultCRM will take the lead on communication issues.	2	3	6	Open	24 September 2013	Paul Nevin
008	05 February 2013	Technology	Data Migration	Risk that data may prove difficult to export into Dynamics.	Paula Lescott	That data cannot be migrated easily and risk that we will need to manually enter data, which will have an adverse impact on resources.	3	4	12	Reduce	Robust data migration plan, confirming all data, locations and how long data migration will take.	3	3	9	Open	30 April 2013	Paul Nevin

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009	13 February 2013	UAT	Sprint Cycles	Risk that sprint cycles may require additional resources to support, and so may adversely impact on Education and particularly IT resources. There may also be an impact on Deltascheme resources.	Paula Lescott	1) That supporting sprint releases impacts on IT ability to provide support to other areas of HCPC. 2) That other planned project activities within the Education project, and other projects supported by IT, are impacted. 3) That Deltascheme are unable to support Sprint cycles.	4	3	12	Prevent	1) If impact is unacceptable we may need to revert to using a traditional UAT cycle. 2) Prioritisation of Education project above other projects.	2	2	4	Open	13 February 2013	Paul Nevin
011	14 February 2013	Technology	Functionality	Risk that optimum use of SP/CRM functionality is not achieved.	Paula Lescott	Solution design not optimised.	3	2	6	Prevent	1) Knowledge transference between ConsultCRM and Deltascheme. HCPC needs to continually reaffirm the separation of roles between CRM and EDRMS platforms. 2) QA/validation through Microsoft consultancy, possibly through ConsultCRM.	2	2	4	Open	14 February 2013	Graham White
016	23 May 2013	Resources	IT Resources	There is a risk that resources will be limited as we initiate other major projects later in the year and, in particular, IT resources will be stretched across several major projects.	Paula Lescott	That the plan for the Education project will need to be extended due to lack of available resources at required times.	5	4	20	Reduce	Effective project prioritisation by HCPC to factor in conflicting demands of various projects, and clear consistent project plan of activities. Project prioritised as most critical project currently in the portfolio.	4	4	16	Open	16 May 2013	Paul Nevin
017	17 July 2013	Resources	Supplier Resources	Risk that EnergySys component (interface) may not be included in a scheduled NetRegulate release due to lack of EnergySys resources or due to reliance on other suppliers: CRM system and design documentation would need to be in place in order for NetRegulate interface to be implemented, and the interface would need to be deployed to the test environment in conjunction with another NetRegulate release.	Paula Lescott	That EnergySys cannot deliver according to the proposed project timescale.	3	3	9	Reduce	Liaise with EnergySys on suitable release date for NetRegulate changes and synchronise these with other NetRegulate components and dependencies required from other suppliers. Ensure that this is included within the scope of a forthcoming NetRegulate release and include in project portfolio planning.	2	3	6	Open	17 July 2013	Paul Nevin

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018	24 September 2013	Supplier	Solution	That during the build stage of the project it becomes apparent that the shortlisted vendor is unable to meet all essential requirements. That the product proposed is not fit for purpose as it does not meet all essential requirements set out in the RFP.	Paula Lescott	1) That the scope of the project would need to be widened to rectify any shortfall in the requirements which are uncovered during the course of the project. 2) That the scope of the project would need to be narrowed so as not to include elements that the vendor is unable to deliver.	3	3	9	Prevent	During sprint cycles review feedback, and undertake regular discussions; Ensure that we have sufficient review days prior to build; Ensure cost contingency is in place; In using Agile approach, plan for changes to occur in advance of each Sprint cycle.	2	3	6	Open	24 September 2013	Paul Nevin
019	24 September 2013	Cost	Solution	That during the build stage of the project it becomes apparent that no suitable solution can be found at an appropriate cost.	Paula Lescott	That the scope of the project would need to be narrowed so as not to include elements that the vendor is unable to deliver due to cost constraints.	3	4	12	Prevent	During sprint cycles review feedback, and undertake regular discussions; Ensure that we have sufficient review days prior to build; Ensure cost contingency is in place; In using Agile approach, plan for changes to occur in advance of each Sprint cycle.	2	4	8	Open	24 September 2013	Paul Nevin