

**COUNCIL**

**C(28)09  
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PUBLIC**

**Risk Register & Risk-based Reserves Policy**

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For information and decision

**Issue:**

1. At its meeting of 11 June 2009, the Audit Committee agreed that the Senior Management Team would revisit the risk register and present a shortened version to the Committee's next meeting in October 2009. It was also agreed that work would be done to align the risk register with the calculated risk-based reserves, to ensure that the Council's level of reserves reflected the key risks to the organisation.
2. The Deputy Registrar and Financial Controller met with each member of the Senior Management Team to identify the highest risk areas for each Directorate. A revised draft of the risk register was prepared, and then reviewed by the Finance Management Group, which consists of the Senior Management Team, the Financial Controller and the GOC's Financial Consultant, Alan Tinger. It was agreed that the key areas of risk to the GOC were as follows:

<b>Education</b>	- CET Optics system failure
<b>Finance</b>	- Loss of Council income
<b>Fitness to Practise</b>	- Legal challenge to FTP Committee decisions - Legal challenge to Investigation Committee decisions - Large increase in number of referrals to FTP Committee - Increase in workload for FTP team - Failure to deliver annual FTP report - Negative CHRE performance review - Increase in external legal costs following tender
<b>Governance</b>	- Council member/Committee member/Director issues (breaches of confidentiality, wrongful acts etc)
<b>HRM</b>	- Resourcing issues
<b>H&amp;S</b>	- Fire
<b>IT</b>	- Computer virus - Supplier goes into liquidation
<b>Registration</b>	- Failure to introduce online retention process by January 2010

3. It should be noted that following an update from the executive to the Council at its September 2009 meeting the identified risk under Registration (failure to introduce online retention by January 2010) has now been realised, and no longer represents a risk to the Council but a reality.

4. Work had also been undertaken to align the risk register with the calculated risk-based reserves. The Audit Committee noted that the implications of this work meant that there would need to be an increase to the level of reserves required. However, the Committee was concerned that the method of calculating the required level of reserves under the policy involved provision for all the risks to occur simultaneously which it was felt could skew the required level of reserves at an unreasonably high level. The Committee felt that the policy should be reviewed and that in the meantime that the level of reserves should not be increased but remain at the current level pending a review of how other Health Regulators calculate their preferred level of reserves.

**Recommendation(s):**

Council is invited to note progress to date; note that the calculated risk-based reserves is to be reviewed; and agree that the Council's reserves be maintained at their current level until such time as the policy has been reviewed.

**Annexes:**

There are no annexes to this paper.

**Further information:**

If you would like further information about this paper please contact:

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