

Audit Committee, 4 September 2018

Strategic Risks

Executive summary and recommendations

Introduction

This paper sets out the strategic risks developed by the SMT following feedback from the Audit Committee.

Each risk has a description, inherent risk score, existing controls/mitigations and a subsequent residual risk score as well as planned actions to reach the target risk scores. How each risk relates to the strategic priorities is also included.

A further piece of work to add timelines and responsibilities to the planned actions will be completed shortly.

The SMT will be reviewing the strategic risks monthly; this frequency will be reviewed after six months. The strategic risks will also be included in future performance reports to Council.

Decision

The Audit Committee is asked to discuss and approve the strategic risks.

Background information

The Audit Committee first held a workshop on 5 February 2018 to develop a set of strategic risks. These initial ideas were refined by the Executive, before being discussed with members of the Audit Committee at a workshop in June 2018.

Resource implications

None

Financial implications

None

Appendices

Strategic Risks

Date of paper

22 August 2018

HCPC STRATEGIC RISKS

Strategic Risks Heat Map; Inherent Risk & Residual Risk

1 September 2018

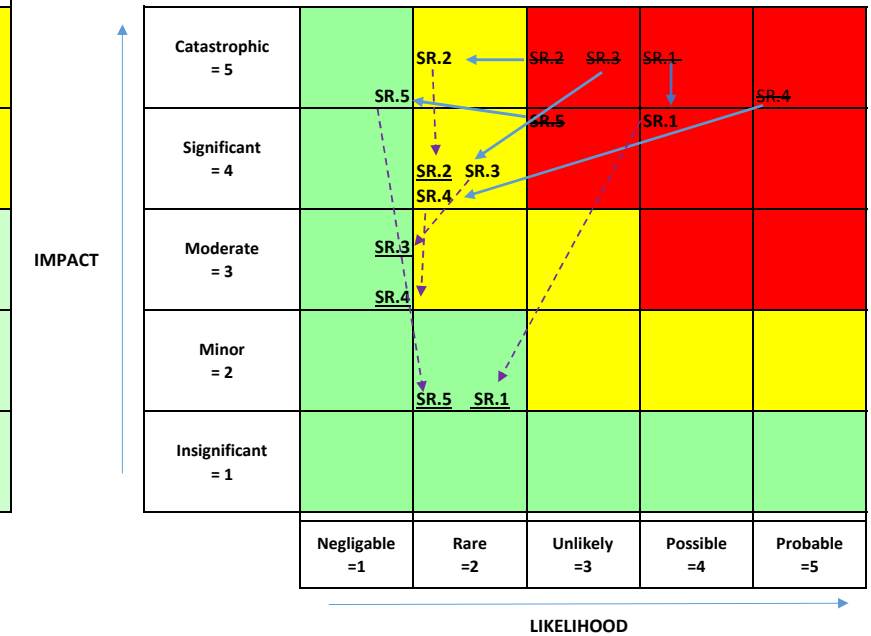
STRATEGIC PRIORITIES / RISK RELATIONSHIP

SP1 Perf	SP2 Com	SP3 Adapt	SP4 Evid

STRATEGIC RISKS AND SUMMARY

Strategic Risks - High Level	Risk Description	INHERENT RISK	RESIDUAL RISK	TARGET RISK
1. Failure to deliver effective regulatory functions	This includes the inability to fulfill our statutory obligations set out in the Health and Social Work Professions Order and the failure to meet the PSA's Good Standards of Regulation.	20	16	8
2. Failure to anticipate and respond to changes in the external environment	This includes the ability to respond and influence external drivers for change, like the impact of Brexit, devolution or a change in government as well as issues like workforce development, new and emerging professions or government policies affecting professional regulation. It also includes awareness and responsiveness to advances in technology and systems.	15	10	8
3. Failure to be a trusted regulator and meet stakeholder expectations	This risk includes the management of stakeholder engagement and key relationships as well as reputation management.	15	8	5
4. Failure to be an efficient regulator	This risk includes the operational failure of processes, or the inability to manage data efficiently as well the vulnerability of IT security. It also includes financial security, timely and accurate reporting and the recruitment, retention and training of Partners, Council and employees.	25	8	5
5. Failure of leadership, governance or culture	This risk includes the effectiveness of Council, strategy setting and oversight, risk management and business planning. It also covers organisational culture including the existence of relevant policies for whistleblowing or anti-bribery for example and processes for performance development.	12	5	4

HEAT MAP AND STRATEGIC RISKS



STRATEGIC PRIORITIES DEFINITIONS

Strategic priority 1 = Performance = (SP1) Improve our performance to achieve the Professional Standards Authority's Standards of Good Regulation
Strategic priority 2 = Communication = (SP2) Ensure our communication and engagement activities are proactive, effective and informed by the views and expectations of our stakeholders
Strategic priority 3 = Adaptability = (SP3) Ensure the organisation is fit for the future and is agile in anticipating and adapting to changes in the external environment
Strategic priority 4 = Evidence = (SP4) Make better use of data, intelligence and research evidence to drive improvement and engagement

Key

Risk = Impact x Likelihood

Inherent Risk	SR.x	That level of risk existing before any mitigations were put in place.
Residual Risk	SR.x	That level of risk that the organisation has currently mitigated down to.
Target Risk	SR.x	That level of risk that the organisation finds desirable but may not have yet attained.

STRATEGIC RISK
1. Failure to deliver effective regulatory functions

RISK OWNER
SMT

Last Reviewed
Aug-18

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions	Target risk
<p>This includes the inability to fulfill our statutory obligations set out in the Health and Social Work Professions Order and the failure to meet the PSA's Good Standards of Regulation.</p> <p>Specifically, Delivery of statutory obligations Breakdown of regulatory functions Failure to meet PSA standards</p>	5	4	20	1) Adherence to operational processes and legal powers set out in statutory legislation 2) Regular review of resourcing requirements to ensure they are adequate 3) Regular training for Partners and employees 4) Scheduled Quality assurance and auditing processes 5) Delivery of workplans and monitoring through reporting/metrics 6) Information sharing through Memoranda of understanding 7) Learning through review of PSA performance reviews of other regulators and commissioned reviews within the sector	4	4	16	1) Completion of FtP improvement plan 2) Monitoring performance through performance report and KPIs 3) Review of education quality assurance arrangements 4) Execution of the 5 year plan investment model 5) Proactive engagement with the PSA on the FtP improvement activities 6) Increased resource allocation to FtP to support open caseload reduction and increase capacity to manage new case fluctuations	8

RELEVANT STRATEGIC PRIORITIES
 Strategic Priority 1: Improve our performance to achieve the Professional Standards Authority's Standards of Good Regulation

COMMENTS ON PROGRESS

STRATEGIC RISK
2. Failure to anticipate and respond to changes in the external environment

RISK OWNER
SMT

Last Reviewed
Aug-18

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions	Target risk
This includes the ability to respond and influence external drivers for change, like the impact of Brexit, devolution or a change in government as well as issues like workforce development, new and emerging professions or government policies affecting professional regulation. It also includes awareness and responsiveness to advances in technology and systems.	5	3	15	1) SMT relationship building and liaison with key stakeholders particularly Government Departments, professional bodies, other regulators and suppliers 2) Horizon scanning and intelligence gathering including from relationship building to be aware of external drivers and influencers 3) Continued investment through major project process for the development of business processes and systems 4) Publication of FtP, Education and Registration information and datasets through annual reports and FOI requests	5	2	10	1) Development of organisational stakeholder matrix and development of personal engagement plans for SMT 2) Data strategy and increased capacity for data intelligence and research projects through delivery of 5 year plan investment model 3) Collaboration with other regulators, for example GCC	8

RELEVANT STRATEGIC PRIORITIES Strategic priority 3: Ensure the organisation is fit for the future and is agile in anticipating and adapting to changes in the external environment Strategic priority 4: Make better use of data, intelligence and research evidence to drive improvement and engagement.
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COMMENTS

STRATEGIC RISK
3. Failure to be a trusted regulator and meet stakeholder expectations

RISK OWNER
SMT

Last Reviewed
Aug-18

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions	Target risk
<p>This risk includes the management of stakeholder engagement and key relationships as well as reputation management.</p> <p>Specifically, Communication and stakeholder management Intelligence gathering Transparency/openness Stakeholder research PSA relationship and engagement External reporting Data breaches High quality Partners and suppliers Reputation</p>	5	3	15	1) Communications Strategy, underpinned by stakeholder communications and engagement plan with clear deliverables and milestones 2) Adherence to agreed processes and organisational values of transparency, collaboration, responsiveness, high quality service and value for money 3) Regular stakeholder opinion polling to understand needs and expectations 4) Management and response to complaints handling, including Freedom of Information and Subject Access Requests 5) Engagement with appropriate organisations including for example other regulators, Government, professional bodies, trade unions and service user organisations 6) Analysis and action planning from feedback mechanisms including corporate complaints, FtP stakeholder surveys, stakeholder opinion polling and education provider survey	4	2	8	1) Development and implementation of an action plan from the stakeholder polling 2) Implementation of the new stakeholder engagement plan 3) Further development and application of an organisational and project stakeholder matrix 4) Development of personal engagement plans for senior managers 5) Fulfilment of prevention agenda through delivery of 5 year plan investment model	5

RELEVANT STRATEGIC PRIORITIES

Strategic priority 2: ensure our communications and engagement activities are proactive, effective and informed by the views and expectations of our stakeholders
 Strategic priority 3: Ensure the organisation is fit for the future and is agile in anticipating and adapting to changes in the external environment

COMMENTS

STRATEGIC RISK
4. Failure to be an efficient regulator

RISK OWNER
SMT

Last Reviewed
Aug-18

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions	Target risk
<p>This risk includes the operational failure of processes, or the inability to manage data efficiently as well as the vulnerability of IT security. It also includes financial security, timely and accurate reporting and the recruitment, retention and training of Partners, Council and employees.</p> <p>Specifically, Operational failure Data management Cyber security Use of technology Financial sustainability Timely and accurate reporting Recruitment/retention/training including partners, employees, Council</p>	5	5	25	1) Adherence to operational processes and policies which are subject to internal and external audit eg ISO 2) Adherence to budgeting and financial management and reporting processes which are subject to internal and external audit eg NAO 3) Adherence to HR processes in relation to recruitment, annual performance development review and and learning and development for Partners and employees 4) Effective IT system design maintaining confidentiality, integrity and availability of data 5) Maintenance of ISO27001 Information Security standard which is subject to external audit 6) Regular independent security assessments of key IT infrastructure 7) Continuous quality improvement mechanisms through ISO processes	4	2	8	1) Increased capacity in Project delivery team effecting change 2) Development and delivery of action plan arising from all employee survey 3) Relevant and planned upgrades to systems eg secure destop 4) Delivery of registration transformation project deliverable 5) Secure fees increase and delivery of 5 year investment model 6) Development of Quality Assurance function	5

RELEVANT STRATEGIC PRIORITIES
 Strategic priority 3: Ensure the organisation is fit for the future and is agile in anticipating and adapting to changes in the external environment

COMMENTS

STRATEGIC RISK
5. Failure of leadership, governance or culture

RISK OWNER
Chair and SMT

Last Reviewed
Aug-18

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions	Target risk
<p>This risk includes the effectiveness of Council, strategy setting and oversight, risk management and business planning. It also covers organisational culture including the existence of relevant policies for whistleblowing or anti-bribery for example and processes for performance development.</p> <p>Effectiveness of Council Organisational structure Appraisal process/performance management Adequate planning Foresight Audit Ethics Anti-bribery Whistleblowing Strategic setting and oversight Risk management Vision mission values</p>	4	3	12	<p>1) Robust and effective Council recruitment processes with appointment against competencies and annual appraisal process</p> <p>2) Well researched and drafted Council & Committee papers with clear, well reasoned decision making</p> <p>3) Training and internal communications to ensure Partners, Council and employees aware of and sensitive to issues including whistleblowing, anti-bribery, equality and diversity</p> <p>4) Delivery of HR and internal communications workplans which support culture and environment and continuous development through all employee survey</p> <p>5) Robust audit plans, regular review of risks</p> <p>6) Strategic intent incorporating drivers, vision and values</p> <p>7) Adherence to relevant internal policies including for example anti-bribery, whistleblowing</p>	5	2	10	<p>1) Run appointments process for Chair of Council</p> <p>2) Implementation of organisation-wide ED&I policy</p> <p>3) Development and delivery of action plan arising from all employee survey</p> <p>4) Develop new strategy and disseminate to key stakeholders</p>	4

RELEVANT STRATEGIC PRIORITIES

Strategic priority 3: Ensure the organisation is fit for the future and is agile in anticipating and adapting to changes in the external environment

Strategic priority 4: Make better use of data, intelligence and research evidence to drive improvement and engagement.

COMMENTS

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