Audit Committee, 5 March 2019

Strategic Risk Register

Executive summary and recommendations

Introduction

This paper provides an update on progress to date against the planned 2018-19 actions set out in the Strategic Risk Register.

Decision

The Audit Committee is asked to discuss the progress update to the planned actions.

Background information

The Audit Committee first held a workshop on 5 February 2018 to develop a set of strategic risks, with a further workshop in June 2018. A final set of risks was agreed with both the Audit Committee and Council in September 2018.

Resource implications

None

Financial implications

None

Appendices

Strategic Risk Register

Date of paper

25 February 2019

HCPC Strategic Risks

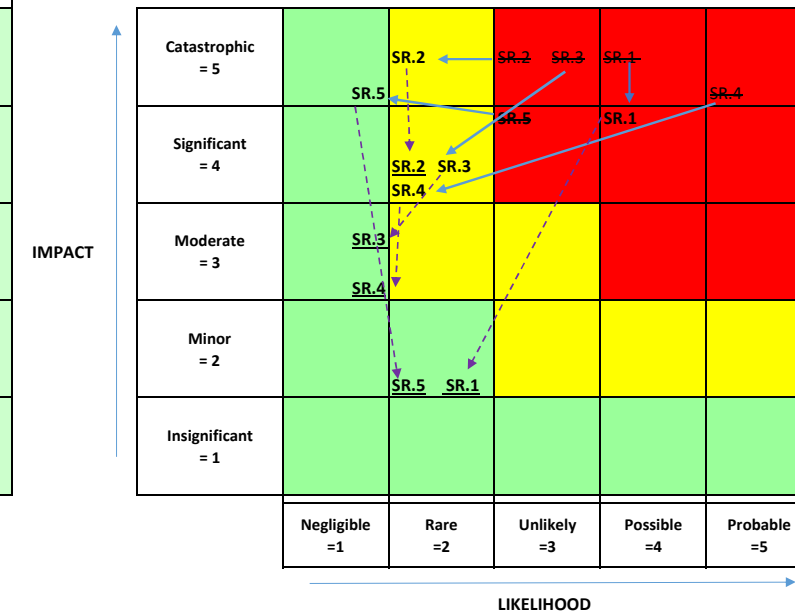**2018-19 to 2022-23**

Relationship with strategic priorities

SP1 Perf	SP2 Com	SP3 Adapt	SP4 Evid
■			
		■	■
	■		
		■	
		■	■

Summary of strategic risks

Strategic Risks - High Level	Risk Description	INHERENT RISK	RESIDUAL RISK	EXPECTED 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	4
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	5
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 organsitional culture including the existence of relevant policies for whistleblowing or anti-bribery for example and processes for performance development.	12	5	4

* Expected risk score post planned actions

Heat map of strategic risks

IMPACT

	Negligible =1	Rare =2	Unlikely =3	Possible =4	Probable =5
Catastrophic = 5		SR.2 / SR.5	SR.2 SR.3	SR.1	SR.4
Significant = 4			SR.2 SR.3 SR.4 / SR.5	SR.1	
Moderate = 3		SR.3 / SR.4			
Minor = 2		SR.5 SR.1			
Insignificant = 1					

LIKELIHOOD

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.
Expected Risk SR.x	That level of risk that the organisation finds desirable but may not have yet attained.

STRATEGIC PRIORITIES DEFINTIONS

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

STRATEGIC RISK	RISK OWNER		Review Date	
1. Failure to deliver effective regulatory functions	**SMT**		Feb-19	

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions 2018-19	Expected risk
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. Specifically, Delivery of statutory obligations Breakdown of regulatory functions Failure to meet PSA standards	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 (FtP, Q4) 2) Monitoring performance through performance report and KPIs (All, ongoing) 3) Review of education quality assurance arrangements (Education, from Q4) 4) Execution of the 5 year plan investment model (Finance, from Q2) 5) Proactive engagement with the PSA on the FtP improvement activities (ftP, ongoing) 6) Increased resource allocation to FtP to support open caseload reduction and increase capacity to manage new case fluctuations (FtP, from Q3)	4

RELEVANT STRATEGIC PRIORITIES

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

COMMENTS ON PROGRESS

Update February 2019: The number of new FtP cases continues to fluctuate and the Department is continually monitoring this to ensure appropriate resources are in place; as previously reported the focus continues on targeting the oldest open cases; the delivery of the FtP improvement plan continues, two notable areas of progress include the launch of the new Threshold Policy and the job descriptions review which has received positive QA; there continues to be a reliance on fixed term contract and temporary staff. Membership has been confirmed for the stakeholder working group to review education quality assurance arrangements and meetings are scheduled for February and March. The CPD online service has soft launched with some operating department practitioners

STRATEGIC RISK	RISK OWNER	Review Date
2. Failure to anticipate and respond to changes in the external environment	SMT	Feb-19

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions 2018-19	Expected 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 (Comms, from Q4) 2) Data strategy and increased capacity for data intelligence and research projects through delivery of 5 year plan investment model (Policy, from Q3) 3) Collaboration with other regulators, for example MOUs or joint statements (FtP/Policy, ongoing)	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
Strategic priority 4: Make better use of data, intelligence and research evidence to drive improvement and engagement.

COMMENTS

February 2019 update: New Head of Communications taking forward work on the stakeholder matrix and refreshed communications & engagement strategy which will be presented to Council in March; Personal engagement plans for Chair and SMT will be developed in next financial year as part of the Strategy key deliverables; Data, intelligence & research strategy presented to Council in December and Head of Policy developing a workplan for this area in 2019-20; research brief tender for clinical/peer supervision progressing; Chief Executive and ED for Regulation continue to work closely with DHSC and other regulators on policy development for Government's regulatory reform proposals and currently awaiting DHSC published response.

STRATEGIC RISK	RISK OWNER	Review Date
3. Failure to be a trusted regulator and meet stakeholder expectations	SMT	Feb-19

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions 2018-19	Expected risk
This risk includes the management of stakeholder engagement and key relationships as well as reputation management. 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	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 Infomration and Subect Access Requests 5) Engagement with appropriate organisations including for example other regulators, Government, professional bodies, trade unions and service user organsiations 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 (Comms, from Q3) 2) Implementation of the new stakeholder engagement plan (Comms, from Q4) 3) Further development and application of an organisational and project stakeholder matrix (Comms, from Q3) 4) Development of personal engagement plans for senior managers (Comms, from Q4) 5) Initial planning of prevention agenda through delivery of 5 year plan investment model (Comms/Policy, from Q3)	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

February 2019 update: Comres finalising stakeholder report and Policy / Communications developing action plan signposting to work to take forward, this will be presented to SMT and Council in March 2019; workon the refreshed stakeholder engagement plan continues and is being led by the new Head of Communications, this will be presented to OMT and SMT in February/March; personal engagement plans work will be taken forward in Q1 2019-20; the Edinburgh stakeholder engagement forum was held in early February, content focused on the 5 year strategy and the 'prevention' agenda, the Executive are currently evaluating the format and will look at how this can be extended in 2019-20 as part of the annual plan key deliverables; scoping for the professional liaison & data teams have been incorporated into the 2019-20 workplans and indicative budget.

STRATEGIC RISK	RISK OWNER	Review Date
4. Failure to be an efficient regulator	SMT	Feb-19

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions 2018-19	Expected risk
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. Specifically, Operational failure Data management Cyber security Use of technology Financial sustainability Timely and accurate reporting Recruitment/retention/training including partners, employees, Council	5	5	25	1) Adherence to operational processes and policies which are subject to internal and external audit eg ISO 2) Adherence to budgetting 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 quality assurance audits 8) Development and implementation of a corporate strategy 9) Maintenance of business continuity infrastructure and processes	4	2	8	1) Increased capacity in Project delivery team effecting change (Projects, from Q2) 2) Development and delivery of action plan arising from all employee survey (HR/Comms, from Q3) 3) Relevant and planned upgrades to systems eg secure desktop (IT, from Q3) 4) Delivery of registration transformation project deliverable (Projects, ongoing) 5) Secure fees increase and delivery of 5 year investment model (Finance/Policy, from Q2) 6) Development of Quality Assurance function (Quality Assurance, from Q2)	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

February 2019 update: 2019-20 project prioritisation completed and the portfolio for the coming year agreed; the Culture & Engagement action plan has been presented to SMT and Council and is now being considered by OMT; the second phase of the Registration project is progressing and the FtP CMS requirements gathering has initiated; the Quality Assurance Department has framework agreements in place with the regulatory departments; and the fees consultation analysis and proposals were considered and agreed by Council in February; the indicative draft 2019-20 budget was also discussed by Council at the February meeting.

STRATEGIC RISK	RISK OWNER	Review Date
5. Failure of leadership, governance or culture	Chair and SMT	Feb-19

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions 2018-19	Expected risk
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. 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	4	3	12	1) Robust and effective Council recruitment processes with appointment against competencies and annual appraisal process 2) Well researched and drafted Council & Committee papers with clear, well reasoned decision making 3) Training and internal communications to ensure Partners, Council and employees aware of and sensitive to issues including whistleblowing, anti-bribery, equality and diversity 4) SMT oversight of HR and internal communications work to support the development of our culture and environment as well as delivering continuous improvement through all employee survey 5) Robust audit plans, regular review of risks 6) Strategic intent incorporating drivers, vision and values 7) Adherence to relevant internal policies including for example anti-bribery, whistleblowing and continued engagement with cross-organisational groups including the Employee Consultation Group and Corporate Social Responsibility 8) SMT: meetings held regularly, with well drafted papers and clear decision making communicated; visibility and transparency achieved with meeting papers online and regular round-up on intranet	5	2	10	1) Run appointments process for Chair of Council (Governance, Q3-4) 2) Implementation of organisation-wide ED&I policy (Policy, from Q3) 3) Development and delivery of action plan arising from all employee survey (Comms/HR, from Q3) 4) Develop new corporate strategy and engagement with employees on vision and values with dissemination to key stakeholders of final plan (Policy, from Q3)	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

February 2019 update: The new Chair has been appointed and will take up post on 1 March 2019; the Culture & Engagement action plan has been approved by SMT and was discussed at December Council meeting, it is now with OMT for action and review, Council will consider a progress update in mid 2019; the refreshed corporate strategy and annual plan will be considered by SMT in February and Council in March, this incorporates a new vision and set of values which has been developed with input from employees.

RISK MATRIX DEFINITIONS

IMPACT TYPES

Public Protection	Financial	Reputation
Catastrophic 5	**Catastrophic 5**	**Catastrophic 5**
A systematic failure for which HCPC are ultimately responsible for, exposes the public to serious harm in cases where mitigation was expected.	Unfunded pressures greater than £1 million	Incompetence/ maladministration or other event that will destroy public trust or a key relationship
Significant 4	**Significant 4**	**Significant 4**
A systematic failure for which HCPC are ultimately responsible for, exposes more than 10 people to harm in cases where mitigation was expected.	Unfunded pressures £250k - £1 million	Incompetence/ maladministration that will undermine public trust or a key relationship for a sustained period or at a critical moment.
Moderate 3	**Moderate 3**	**Moderate 3**
A systemic failure for which HCPC are ultimately responsible for exposes more than 2 people to harm in cases when mitigation was expected.	Unfunded pressures £50,000 - £250,000	Incompetence/ maladministration that will undermine public trust or a key relationship for a short period. Example Policy U-turn
Minor 2	**Minor 2**	**Minor 2**
A systemic failure which results in inadequate protection for individuals/individual communities, including failure to resolve celebrity cases.	Unfunded pressures between £20,000-£50,000	Event that will lead to widespread public criticism.
Insignificant 1	**Insignificant 1**	**Insignificant 1**
A systemic failure for which fails to address an operational requirement	Unfunded pressures over £10,000	Event that will lead to public criticism by external stakeholders as anticipated.

IMPACT

LIKELIHOOD AREAS

Strategic	Programme / Project	Operational
Probable 5	**Probable 5**	**Probable 5**
"Clear and present danger", represented by this risk - will probably impact on this initiative - sooner rather than later.	Likely to occur in the life-cycle of the project, probably early on and perhaps more than once.	The threat is likely to happen almost every day.
Possible 4	**Possible 4**	**Possible 4**
Likely to happen at some point during the next one or two years.	Likely to happen in the life-cycle of the programme or project.	May well happen on a weekly basis.
Unlikely 3	**Unlikely 3**	**Unlikely 3**
May well occur during the lifetime of the strategy.	May occur during the life of the programme or project.	May well happen on a monthly basis.
Rare 2	**Rare 2**	**Rare 2**
Only small chance of occurring in the lifetime of the strategy.	Not likely to occur during the lifecycle of the programme of project.	Does not happen often - once every six months.
Negligible1	**Negligible1**	**Negligible1**
Extremely infrequent – unlikely to happen in a strategic environment or occur during a project or programmes lifecycle. May occur once a year or so in an operational environment.	Extremely infrequent – unlikely to happen in a strategic environment or occur during a project or programmes lifecycle. May occur once a year or so in an operational environment.	Extremely infrequent – unlikely to happen in a strategic environment or occur during a project or programmes lifecycle. May occur once a year or so in an operational environment.

LIKELIHOOD