
Strategic Risk Register

Executive Summary

This paper provides an update on changes to the strategic risks following a review since the last Committee meeting. These include:

- Comments on the latest PSA performance review, and the planning for future PSA standards (SR1).
- Updates to budgeting.
- Responses to the employee away day and mini survey undertaken in June.

AS agreed at the June 2019 meeting of the Committee, the Interim Director of Finance will provide a verbal overview of strategic risk 4 'Failure to be an efficient regulator' with a focus on financial sustainability.

Previous consideration	The SRR is considered by the Committee at each of its meetings. It was included in the CEO performance report to Council in July 2019. This iteration of the SRR was discussed at SMT on 3 September 2019.
Decision	The Committee is asked to discuss the SRR.
Next steps	The updated SRR will be appended to the CEO's performance report for the upcoming Council meeting on 25 September.
Strategic priority	All
Risk	All
Financial and resource implications	Not applicable
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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	16	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

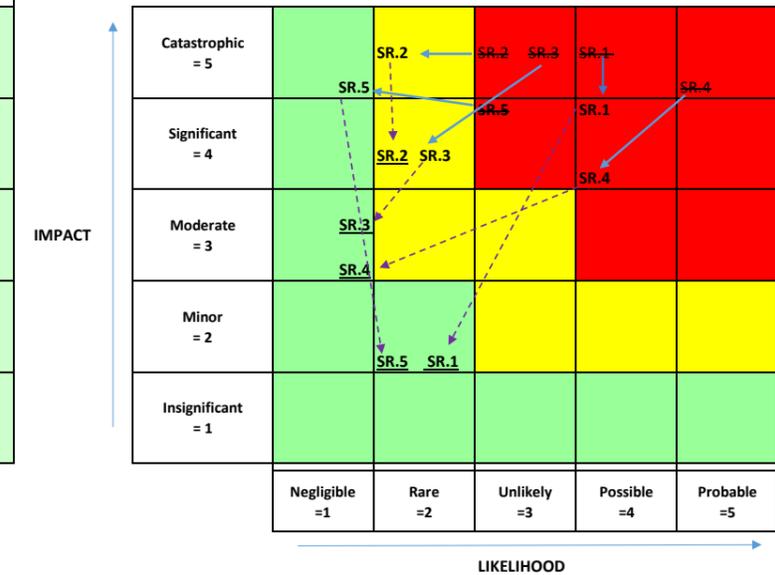
* Expected risk score post planned actions

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

This strategic risk register matches the current Five Year Plan.

Heat map of strategic risks



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 RISK
1. Failure to deliver effective regulatory functions

RISK OWNER
SMT

Review Date
Aug-19

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions 2019-20	Expected risk 2022-23
<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 Transfer of social workers to Social Work England (SWE)</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) Embedding FtP improvement plan deliverables into business as usual (FtP, ongoing to Q4) 2) Monitoring performance through performance report and KPIs (All, ongoing) 3) Review of education quality assurance arrangements (Education, from Q2 to Q4) 4) Execution of the budget & 5 year plan investment model (Finance, ongoing to Q4) 5) Project management delivery of social workers transfer of regulation (Projects, ongoing to 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

August 2019 update: the PSA's 2018-19 review of our performance reports that we have still not met six of the ten FtP standards. The report acknowledges the significant work undertaken to address the PSA's concerns, and that the new processes implemented in January 2019 were outside the performance period under review. Members of the Executive will be meeting the PSA in September to discuss the new Standards which have been introduced by the PSA. A paper outlining the new standards will be presented to the Council at their meeting in December. Following SMT and ETC's consideration in June, a business case is being developed for the Education quality assurance review. ETC will receive a further update in September. On 4 July the date for the transfer of social workers to Social Work England was announced, the project team has continued to meet and a key focus has been the transitional arrangements for the regulatory functions now a date has been announced.

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

RISK OWNER
SMT

Review Date
Aug-19

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions 2019-20	Expected risk 2022-23
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) Delivery of Communications & Engagement Strategy and communications workplan (Comms, ongoing to Q4) 2) Delivery of research programme set out in Policy & Standards workplan (Policy, ongoing to Q4) 3) Continued collaboration with other regulators, for example MOUs or joint statements (FtP/Policy, ongoing to Q4)	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

August 2019 update: meetings with officials from DHSC and other key stakeholders, including unions have taken place in July and August. Policy research projects progressing as planned and an update will be provided to Council at their December meeting. The operationalisation of MOUs has been completed, with Governance responsible for co-ordination and oversight and a policy statement agreed for inclusion on the website. The Council will receive a paper to note at their September meeting. We are working with other regulators to finalise a joint statement on remote prescribing.

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

RISK OWNER
SMT

Review Date
Aug-19

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions 2019-20	Expected risk 2022-23
<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) Delivery of Communications & Engagement strategy and stakeholder workplan (Comms, Q2 to Q4) 2) Initial planning and development of prevention agenda (Comms/Policy, ongoing to 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

August 2019 update: see update for SR2. We are currently recruiting to a number of key roles in the communications department, and a key focus for the team has been engagement with SWE and planning for registrant engagement projects, including the regular production of In Focus which is emailed to all registrants. Work is progressing on developing the regulatory functions reporting, including plans for creating a data hub on the website. Scoping of the professional liaison team work continues and the SMT will consider a discussion paper at an upcoming meeting.

STRATEGIC RISK
4. Failure to be an efficient regulator

RISK OWNER
SMT

Review Date
Aug-19

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions 2019-20	Expected risk 2022-23
<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> <p>Financial sustainability, ; transfer of Social Workers timing, inability to secure additional DfE grant income. Uncertainty around Fee Rise or additional grant monies.</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 quality assurance audits 8) Development and implementation of a corporate strategy 9) Maintenance of business continuity infrastructure and processes	4	4	16	1) Delivery of culture & engagement action plan (HR/Comms, ongoing to Q4) 2) Delivery of systems projects, including FtP CMS and registration transformation (Projects, ongoing to Q4) 3) Investigate financial sustainability (Finance/SMT, ongoing to Q4) 4) Delivery of agreed Quality Assurance frameworks and audits (Quality Assurance, ongoing to Q4)	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
August 2019 update: The Culture & Engagement action plan will be updated to reflect themes arising from the all employee awayday and the mini survey undertaken in June. The Registration Transformation and Improvement project phase 2 mobilised at the start of August with a series of workshops between the supplier and HCPC, following conclusion of contract negotiations. The Fitness to Practice Case Management System project is assessing submissions to select a preferred supplier, prior to finalising the business case for decision at SMT and Council. Confirmation of the additional monies and grant extension has been received from the Department for Education in relation to the transfer of social worker costs. The refresh of the 2019-20 budget and the forecasting for the 20-21 and 21-22 budgets has been completed by Heads of Department. Discussions continue with DHSC regarding proposed fee increases. QA frameworks for 2018-19 have been agreed and audits underway. The internal audit of the Quality Assurance function has been completed and the findings reported to the Audit Committee in September. Work to progress a number of the recommendations is also underway including the development of reports to the Audit Committee, service standards & indicators, and a centralised recommendations tracker for example.

STRATEGIC RISK
5. Failure of leadership, governance or culture

RISK OWNER
Chair and SMT

Review Date
Aug-19

RISK DETAIL	Inherent Impact	Inherent Likelihood	Inherent Risk	EXISTING CONTROLS / MITIGATIONS	Residual Impact	Residual Likelihood	Residual Risk	Planned actions 2019-20	Expected risk 2022-23
<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) 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</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 and continued engagement with cross-organisational groups including the Employee Consultation Group and Corporate Social Responsibility</p> <p>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</p>	5	2	10	<p>1) Run appointments process for x3 registrant members of Council (Governance, Q1-2)</p> <p>2) Delivery of Culture & Engagement action plan (Comms/HR, ongoing to Q4)</p> <p>3) Develop new corporate strategy with engagement & dissemination to key stakeholders of final plan (Policy, from Q2 to Q4)</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

August 2019 update: talk about strategic and operational review informing forward strategy, also SRR for C&E action plan

RISK MATRIX DEFINITIONS

IMPACT TYPES

LIKELIHOOD AREAS

	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.

	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.

Risk = Impact x Likelihood
 Low risk = 1 to 5; Medium risk = 6 to 10, High risk = 11 to 25