

Strategic Risk Register

Executive Summary

This paper provides an update on changes to the strategic risks following a review over February 2020. These include:

- Progress against Accelerated Strategic Priorities / Change Plans.
- Completion of the Social Work England project and transfer of associated monies
- Commencement of a new fee change plan.

The likelihood for Risk 1 (Failure to deliver effective regulatory functions) is reduced from 4 to 3, with the ongoing change programme supported by external consultants.

The likelihood for Risk 4 (Failure to be an efficient regulator) is reduced from 4 to 3, with the new fee change plan in place supporting HCPC financially sometime in the new Financial year.

Previous consideration	The Strategic Risk Register is considered by the Audit Committee at each meeting.
Decision	The Committee is asked to note the changes.
Next steps	The updated strategic risks will be appended to the Chief Executive's performance report for the upcoming Council meeting on 25 March 2020.
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	12	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	12	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	10	4

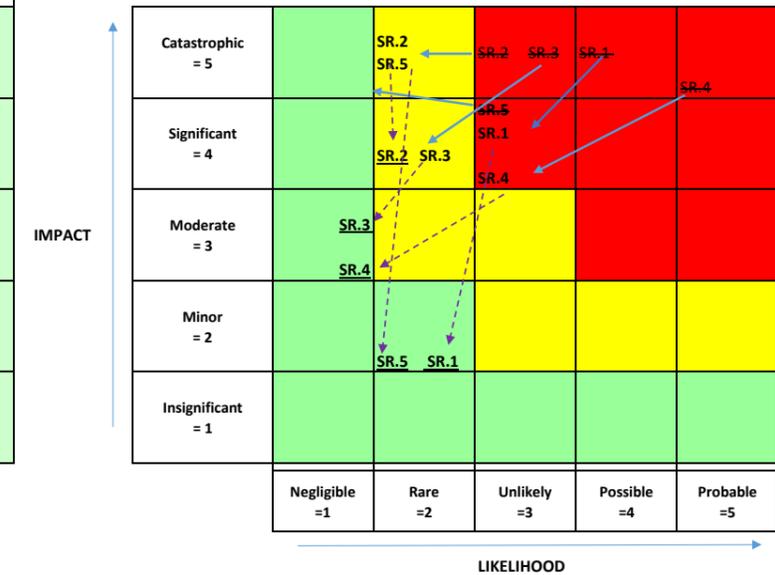
* Expected risk score post planned actions

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
Mar-20

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	3	12	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
 March 2020 update: **FTP** - the FTP stabilisation and sustainably project is underway lead by the Interim Director of Business Improvement. The project consists of four key elements – flow, quality, organisation design and development and communications and engagement. Progress will be reported to the Council at each meeting. An initial FTP key metrics dashboard was presented to Council in February 2020 and is being further developed with the assistance of the FTP working group established to provide a sounding board for the FTP stabilisation and sustainably project. **PSA** – evidence has been submitted to the PSA for the current performance review cycle. A workgroup has been formed to more formally support the annual cycle of PSA performance reviews, as well as focusing on the action plan to improve performance. The Council considered the executive's PSA standard risk assessment in December 2020. **Transfer of social workers:** The transfer on 2 December went smoothly and overall the assessment of the project at this stage has been positive. The transfer of pre-paid social worker registration fees to SWE is now complete. Closure of the SWE project, and the in-house expertise from the Change team lower the residual likelihood from 4 to 3.

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

RISK OWNER
SMT

Review Date
Feb-20

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
March 2020 update: External enquiries – the Paterson report was published in February 2020 with key messages around raising concerns in the workplace. The HCPC has published a blog piece focused on this theme as well as content in our newsletter. The Policy team are reviewing the report in detail for applicable recommendations. **Regulatory reform** – following the election resulting in a majority government, regulatory reform is being progressed by DHSC and the HCPC has been engaged with round table meetings to discuss the details of proposals. The HCPC's capacity to resource regulatory reform requires consideration in preparation for this work. **Brexit** – the SMT received an update briefing in January on the implications of a no-deal Brexit given the government's new majority, plans for introducing the Proportionality Test Directive required during the transition period have been formed.

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

RISK OWNER
SMT

Review Date
Mar-20

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

March 2020 update: Prevention agenda – a workshop will be held for Council in March 2020 on professionalism and prevention agenda, the SMT have received presentations from the NMC and GMC on their approaches in this area. The HCPC's own approach remains in development and will be included in the 2020-21 budget. Communications & engagement - registrant engagement continues in particular CPD and My Standards workshops, and online through InFocus e-news. Business Improvement will commence with a workshop in February.

STRATEGIC RISK
4. Failure to be an efficient regulator

RISK OWNER
SMT

Review Date
Mar-20

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	<p>1) Adherence to operational processes and policies which are subject to internal and external audit eg ISO</p> <p>2) Adherence to budgeting and financial management and reporting processes which are subject to internal and external audit eg NAO</p> <p>3) Adherence to HR processes in relation to recruitment, annual performance development review and and learning and development for Partners and employees</p> <p>4) Effective IT system design maintaining confidentiality, integrity and availability of data</p> <p>5) Maintenance of ISO27001 Information Security standard which is subject to external audit</p> <p>6) Regular independent security assessments of key IT infrastructure</p> <p>7) Continuous quality improvement quality assurance audits</p> <p>8) Development and implementation of a corporate strategy</p> <p>9) Maintenance of business continuity infrastructure and processes</p>	4	3	12	<p>1) Delivery of culture & engagement action plan (HR/Comms, ongoing to Q4)</p> <p>2) Delivery of systems projects, including FtP CMS and registration transformation (Projects, ongoing to Q4)</p> <p>3) Investigate financial sustainability (Finance/SMT, ongoing to Q4)</p> <p>4) Delivery of agreed Quality Assurance frameworks and audits (Quality Assurance, ongoing to Q4)</p> <p>5) Confirm post reductions and status of FTCs at the point of SW transfer. Support BAU through permanent appointments in Reg and FTP and extension of FTCs beyond SW transfer in critical areas</p>	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

March 2020 update: Systems projects - the registration transformation and improvement project is now in the development and test iterations. **HCPC's systems implementation strategy** - PWC have been commissioned to provide assurance as to whether the current approach is fit for purpose and aligns with the Council's vision. The results of this work will be presented to Council at their March meeting. **Financial control** - the Executive have considered the PWC financial baseline review and how its recommendations will be put into action. To support its implementation the finance department has undergone a restructure. **Budget** - the first draft of the budget is presented to the Audit Committee at its March meeting. This will then be submitted to Council for approval later in March. Thinking on the reserves policy has developed and a proposal will be discussed at the Audit Committee in March. **Fees** - Discussions have been held with DHSC and Scottish Government about the process to progress the proposed fee increase. Stakeholder engagement on this issue is ongoing with a revised fee proposal to be presented to Council for decision in March 2020. **Change plan** - SMT continue to meet weekly to review change plan progress. Pelham Allen has been retained as an advisor to the Interim CEO. **Organisation design** - The interim level organisational structure is now in place. This structure was designed to ensure the organisation is in the appropriate form to ensure the successful delivery of the change plan. Updated Fee change plan progressing, lowers likelihood of Financial difficulties impacting this risk, reduce to 3

STRATEGIC RISK
5. Failure of leadership, governance or culture

RISK OWNER
Chair and SMT

Review Date
Mar-20

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 Fraud and 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, member induction 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) Recruit new Chief Executive (HR Q3-4)</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

March 2020 update: CEO - The recruitment process for the substantive CEO is ongoing with interviews taking place on 2 March. **Corporate plan January – July 2020** - The SMT currently has a number of interim members as well as an interim Chief Executive. Whilst needing to stabilise both FTP performance and the HCPC's finances, it is important that the Executive is clear about what can be achieved in the short to medium term in this context. The six month corporate plan was agreed by Council in February 2020 setting out the six prioritised workstreams until the substantive CEO post is appointed. **Strategy** – the Council and SMT will take part in a joint workshop to agree the roadmap to develop the HCPC's strategy. Another area of focus for this session is redefining how the Council and Executive work together. **Employee wellbeing** - Promoting the wellbeing agenda remains a key focus of the SMT and employees have shown great enthusiasm for contributing initiative ideas. The HR and Internal Communications function are surveying employees with a view to developing some of these ideas to implement.

RISK MATRIX DEFINITIONS

IMPACT TYPES

LIKELIHOOD AREAS

	Public Protection	Financial	Reputation
	Catastrophic 5	Catastrophic 5	Catastrophic 5
IMPACT	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
LIKELIHOOD	"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