Audit Committee
10 March 2021

Strategic Risk Register

Executive Summary

The presented Strategic Risk register reflects changes since the last iteration in November 2020. It has been reviewed by the SMT and is included at appendix A.

Following the Committee's review of the changes to the register, the Executive Director of Regulation will lead a discussion on Strategic Risk 1, failure to deliver effective regulatory functions, as requested by the Committee at its last meeting.

A new set of Strategic Risks is proposed at appendix B, the intention is for these to replace the current Strategic Risks making this this last iteration of the current Strategic Risk Register.

Previous consideration	The Committee reviewed the Strategic Risk Register at its meeting in November 2020.
Decision	The Committee is invited to provide any feedback on the updates.
	The Executive Director of Regulation will lead a discussion on Strategic Risk 1.
	The Committee is asked to recommend the proposed future Strategic Risks presented at appendix B to Council for adoption.
Next steps	The proposed Strategic Risks will be presented to Council for adoption. The SMT will then fully develop the risks including current and planned mitigations and present the full format to the Committee in June 2021.
Strategic priority	The proposed strategic risks are relevant to all aspects of the Corporate Strategy 2021-26.
Financial and resource implications	None as a result of this update.
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Strategic Risk Register

1. Introduction

1.1   This paper provides the Committee with:

* Updates to the current Strategic Risk Register (SRR)
* A set of new Strategic Risks to recommend to Council for adoption
* The HCPC's revised Risk Appetite Statement (RAS) to note

2. Current Strategic Risk Register – updates

2.1   Appendix A provides the current iteration of the SRR with SMT agreeing changes to the register in early March. Areas to highlight include:

* A reduction in risk score for risk 5 leadership and governance. This is due to the publication of the HCPC's Corporate Strategy 2021-26 and the progression of the first annual implementation plan. The recommendations from the review of Committee Governance have been implemented and the new People and Resources Committee has met twice to date. Additionally, two Council apprentices have been appointed to widen the perspectives included in Council discussions. On the Executive side two permanent members of SMT have been appointed the Executive Director of Regulation and Executive Director of Corporate Services. The third and final SMT appointment, Executive Director of Insight and Professional Practice, has been made with the post holder expected to join the HCPC in late Spring.

* The forecasted reduction in risk score for risk 4 has not been achieved. This is due to ongoing post launch issues with the new registration system interface with our finance system. This has led to a number of errors in direct debit collection. A working group has been established to resolve these issues headed by the Executive Director of Digital Transformation.

* Since the last iteration there is more certainty on the HCPC's proposed fee rise being achieved. The amended fee rules have now been laid in parliament with an expected coming into force date of 1 July 2021.

2.2   At the meeting, the Executive Director of Regulation will lead a discussion on risk 1, failure to delivery effective regulatory functions, as previously requested by the Committee.

3. Proposed future Strategic Risks

3.1   The current Strategic Risks have been in place and monitored at each meeting of the ARAC since March 2018. The HCPC has published its Corporate Strategy for 2021-26 and the time is right to review our Strategic Risks to ensure they are in harmony with the aims of the Strategy.

3.2   The executive has developed a new set of proposed Strategic Risks at appendix B. The aim is to articulate a Strategic Risk heading for each of the Strategy priorities. SMT support this approach as ensuring the Strategic Risk Register becomes a key document for the monitoring of strategy achievement.

3.3   There is an ongoing project to build a new operational risk register from first principles with each department at the HCPC taking part in facilitated risk discussions to establish their future operational risks. Once this process is complete all operational risks will be organised under one of the six new Strategic Risk headings.

3.4   The Committee is asked to provide feedback on the proposed new Strategic Risks, and if agreed to recommend the Council adopt these risks.

3.5   The Executive will then develop the new risks into the full SSR format including current and planned mitigations and scoring. The first iteration of the new SRR will be presented to the Committee at its June 2021 meeting.

3. Risk Appetite Statement.

3.1   At its meeting in November 2020, the Committee recommended a draft of the RAS be consulted on with Council and SMT members to then go onto Council for adoption.

3.2   The final RAS was approved by the Council at its meeting in February 2021 and is presented at appendix C for the Committee to note.
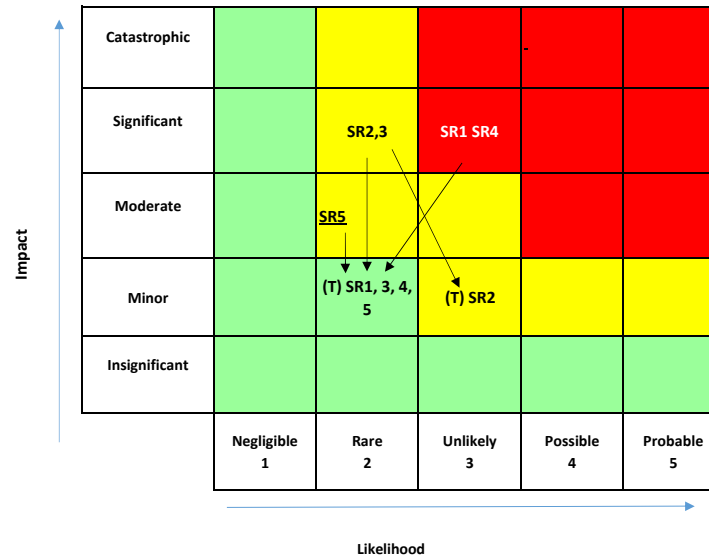
HCPC Strategic Risks

Summary of strategic risks

Strategic Risks - High Level	Risk Description	Jun-20	Sep-20	Oct-20	Feb-21	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.	16	12	12	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.	10	10	8	8	6
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.	8	8	8	8	4
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.	16	12	12	12	4
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.	10	9	9	6	4

* Expected risk score post planned actions

Mitigation key

🚧	Preventative
🕐	Monitoring
🔍	Detective
🩹	Remedial
🔭	Horizon scanning
✨	Best practice development
📣	Communication

Heat map of strategic risks - residual to target (T)

Strategic risk 1 - Failure to deliver effective regulatory functions

	Review date
	Feb-21

	Risk owner
	SMT Lead - Executive Director of Regulation

Risk summary

This includes the inability to fulfil 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.

	Impact		Likelihood	Risk Score
Inherent risk	5	x	4	20
Current risk	4	x	3	12
Target risk (planned mitigations in place)	2	x	2	4

No change from Nov 2020

Current risk influencers

- ✚ HCPC not meeting several PSA standards
- ▬ Council approved significant funding for a renewed FtP improvement plan Dec 20. PWC supporting the plan. FtP improvement oversight board formed with PSA and DHSC engagement
- ▬ PSA improvement action plans for other PSA standards in place monitored by internal working group
- ▬ Quality assurance plan for 2021 will focus on FtP improvement evidence, other areas will be risk based and focus on PSA standards.
- ✚ COVID temporary register for former registrants still in place
- ▬ COVID temporary register for students closed end Nov 20
- ✚ Pandemic impact progression of cases due to pressures on health sector. Hearings unable to run at full capacity due to remote working
- ▬ Regulatory development in planning (AP, prevention, registrant wellbeing, education QA model)
- ✚ Potential delay to regulatory reform due to change in government approach following the publication of the White Paper setting out legislative proposals for a Health and Care Bill.

Risk Appetite

The most appropriate risk appetite statement is for public protection. The Council takes a minimal approach to public protection risks. Public protection is our aim and our strategy and processes are intended to provide this.

The residual risk score is higher than a minimal appetite would tolerate. This risk will remain high while PSA standards are not met.

Current risk level is outside of risk appetite

Mitigations in place

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

8) Regulatory functions refined to allow remote operation (COVID-19)

9) Proportionate Temporary registers removal process without full FTP process

Planned mitigations 2020-21 / progress

Planned mitigation	Progress
1) PSA standard improvement action plan (PSA Action Plan Working Group) (Q1-4)	Group meeting regularly, action plans for each standard agreed by SMT.
2) FtP Improvement Plan (FtP Q1-4)	Council approved funding for acceleration of improvement agreed in Dec20. Replacement CMS in build.
3) Education risk based QA model development (Education Q1-4)	Pilot phase one launched
4) Registration transformation and Improvement project delivery (projects, registration Q3)	New system launched Oct/Nov 2020. Some post launch system issues being rectified
5) Monitoring regulatory performance through performance report and KPIs (All, ongoing)	Council workshop to define ongoing KPIs in April 2021
6) Execution of the budget & agreed investment in regulatory performance (Finance, ongoing to Q4)	Preparation for 2021-22 budget approval underway, initial discussion held with Council and PRC. Council agreed funding for FtP improvement

Reporting period commentary

o Risk score - no change

o PSA performance review for 2019-20 received October 2020 FTP standards not met. Review for 2020-21 commenced December 2020 currently underway.

o Temporary student register closed Nov 2020. Former registrant register remains open no planned date of closure as second wave continues.

o New risk influencers focus on acceleration of FtP improvement plan, Council approved significant funding in Dec 20. PWC currently supporting HCPC to establish PMO and develop capability of FtP. PSA closely engaged in planning through FtP improvement board.

o Risk influencers - regulatory development work for example AP, prevention, new education model, are all in planning stage and not reducing risk score yet.

o Planned mitigation 'registration transformation and improvement project delivery' has completed and will move to mitigations in place in next iteration. Some project issues with interface of finance systems leading to errors in direct debit collection currently being resolved.

Strategic risk 2 - Failure to anticipate and respond to changes in the external environment

	Review date		Risk owner
	Feb-21		SMT - Executive Director of Policy and External Relations

Risk summary

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.

	Impact		Liklihood	Risk Score
Inherent risk	5	x	3	**15**
Current risk	4	x	2	**8**
Target risk (planned mitigations in place)	2	x	3	**6**

no change from Nov 2020

Current risk influencers

- Corporate Strategy published following extensive engagement
- Positive feedback on HCPC responsiveness during pandemic, temporary register for former registrants kept open through second national lockdown
- Prevention agenda framework approved by Council Dec 20. Advanced practice regulatory development being led by HCPC
- ✚ Potential delay to regulatory reform due to change in government approach following the publication of the White Paper setting out legislative proposals for a Health and Care Bill.
- ✚ Changes to UK health and education landscape as a result of pandemic
- Brexit deal was put in place. HCPC was able to implement needed changes in time
- Ongoing support from consultants Luther Pendragon on public affairs has improved our confidence in external horizon scanning and ability to respond through communications

Risk Appetite

The most appropriate risk appetite statement is compliance - The Council takes a minimal approach to compliance and regulatory risk. We will meet the law, regulations or standards in place to protect the public and employees and to protect data.

External environment particularly changeable due to pandemic. We expect to reach target level of risk when our insight and intelligence function is embedded.

Current risk level is outside of risk appetite

Mitigations in place

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) Early planning and scenario development as pandemic response changes within UK and globally.

5) Continued collaboration with other regulators, for example MOUs or joint statements

7) Digital transformation strategy in place, agreed roadmap for HCPC future technology responsiveness and development

Planned mitigations 2020-21

Planned mitigations 2020-21	progress
1) Delivery of Communications & Engagement Strategy and communications workplan (Comms, ongoing to Q4)	Communication strategies for specific work have been developed. Personal engagement plans in place for the Chair and CEO
2) Delivery of research programme set out in Policy & Standards workplan (Policy, ongoing to Q4)	EDI and AP research delivered. Professionalism research delayed due to Covid impact.
3) Review of the SOPs (Policy Q1-3)	Timeline extended due to pandemic, due for Council approval May 21
4) Insight and Intelligence function scope defined and implemented (Q1-4) (Policy)	Scope defined. consideration of wider HCPC data approach resulted in delays. Manager recruited end of 2020
5) Development of prevention agenda (Q1-4) / Professionalism and upstream regulation lead recruited (Q1) (ED Policy and ER)	Council agreed framework Dec 20. Lead in place.
6) Develop new corporate strategy with engagement & dissemination to key stakeholders of final plan (SMT, from Q2 to Q4)	Council approved strategy Dec 20. Communication with key stakeholders undertaken

Reporting period commentary

o Risk score - No change, Brexit deal occurred reducing some uncertainty, however 6 month transition period and IMI awaiting decision on replacement. Publication of gov White Paper indicates change ahead in Health and Care Bill.
o Risk influencers - external environment particularly changeable in reporting period due to pandemic and Brexit. Whilst we are working to anticipate future needs of regulation, for example Insight and intelligence function, AP, prevention new education model, these are all in planning stage and not reducing risk score yet.
o Planned mitigations - corporate strategy approved by Council will move to mitigations in place. Prevention agenda development will move into mitigations in place at the next iteration as Council has approved the framework and the lead has been in place since early 2020. Research and SOPs some delays due to stakeholder Covid pressures, deliberate decision to delay.

Strategic risk 3 - Failure to be a trusted regulator and meet stakeholder expectations

Review date	Risk owner
Feb-21	SMT Lead - Executive Director of Regulation

Risk summary

This risk includes the management of stakeholder engagement and key relationships as well as reputation management.

	Impact		Liklihood	Risk Score
Inherent risk	5	x	3	**15**
Current risk	4	x	2	**8**
Target risk (planned mitigations in place)	2	x	2	**4**

no change from Nov 2020

Current risk influencers

- ✚ HCPC not meeting a number of FtP PSA standards
- ▬ Corporate Strategy approved following extensive stakeholder engagement, with positive feedback on approach
- ▬ Positive feedback on HCPC responsiveness during pandemic,
- ▬ Prevention agenda framework in development, to be approved by Council Dec 20
- ▲ Advanced practice regulatory development being led by HCPC
- ▬ Communications supported by external specialist consultancy - strategy being developed
- ✚ HCPC did not meet PSA EDI standard due to registrant data limitations.
- ▬ Plan & resource in place to enhance HCPC EDI practice, external consultancy and internal EDI and engagement officer in place.

Risk Appetite

The most appropriate risk appetite statement is communication - the Council is open to communicating and taking decisions, even when this may be unpopular, to further public protection.

We will not meet the target risk until PSA standards are regained given this reputational impact

Current risk level is outside of risk appetite

Mitigations in place

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 organsiations

6) Analysis and action planning from feedback mechanisms including corporate complaints, FtP stakeholder surveys, stakeholder opinion polling and education provider survey

Planned mitigations 2020-21 — progress

1) Delivery of Communications & Engagement strategy and stakeholder workplan (Comms, Q2 to Q4)
— Communication strategies for specific work have been developed. Personal engagement plans in place for the Chair and CEO

2) Development of prevention agenda (Q1-4) / Professionalism and upstream regulation lead recruited (Q1) (ED Policy & ER)
— Council agreed framework Dec 20. Lead in place.

3) PSA standard improvement action plan (PSA Action Plan Working Group) (Q1-4)
— Group meeting regularly, action plans for each standard agreed by SMT. Receipt of PSA report received in Oct 20, next review began in Dec 20, reduces time for reflection and action in response to the report.

4) Data and Intelligence function scope defined and implemented (Q1-4) (Policy)(IT)
— Scope defined. Data architect consultant engaged. Insight and Intelligence policy lead recruited.

5) EDI strategy developed, annual action plan implemented (led by Policy Q1-4)
— Council have provided feedback on developing strategy. Consultancy undertaking EDI audit of HCPC. Strategy due for approval March 2021

6) Specific customer focused training for all employees to promote positive stakeholder experiences of our regulation. (Q4 Commence roll out)
— Meeting with training supplier held, agreement on priority areas for first sessions.

Reporting period commentary

o Risk score - no change, ongoing failure to meet all PSA standards will keep this risk above 'low' as this is a key factor for our reputation. Several positive workstreams with potential to enhance our reputation are in development but it is too early for these to reduce our risk score in this area.

o Risk influencers - Council approved strategy Dec 20 key focus is working with our stakeholders to be the regulator they want to see. Positive feedback on engagement approach to build strategy.

o Planned mitigations - PSA review received mid Oct 20. Next review commenced Dec 20 and continues. This delay reduced the time available to us to act on new feedback. Prevention action is now in place and will move to mitigations in place.

o New planned mitigation - customer focus training for all employees to promote positive interactions with our stakeholders. Compliments tone of voice review which is led by policy and is also a workstream within FtP improvement.

Strategic risk 4 - Failure to be an efficient regulator

Review date	**Risk owner**
Feb-21	SMT lead - Chief Executive

Risk summary

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 and employees.

	Impact		Liklihood	Risk Score
Inherent risk	5	x	5	**25**
Current risk	4	x	3	**12**
Target risk (planned mitigations in place)	2	x	2	**4**

No change from Nov 2020

Current risk influencers

- Sponsor department moving ahead with laying of our revised fee rules. Expected in force date of 1 July 2021.
- Deficit forecasted in next financial year
- Costs of COVID temporary registers expected to be met by grant
- Identified need to put in place a future fees strategy and further planning on future financial sustainability. New ED of Corp Services to lead.
- Potential delay to regulatory reform due to change in government approach following the publication of the White Paper setting out legislative proposals for a Health and Care Bill
- Turn over in FtP remains high, recruitment and retention plan developed
- Productivity impacted by 100% home working second national lockdown has halted return to office plans
- PRC established to provide Council assurance on people and use of resources
- Unresolved issues with fees collection finance system interface with new registration system. Working group established to manage resolution

Risk Appetite

The most appropriate risk appetite statement is financial - The Council takes a minimal approach to incurring financial loss. We are funded by registrants' fees and need to deliver value for money. We will allocate additional resource in areas where not to do so incurs greater risk or there are compelling benefits. We tend to favour investments that offer low returns but low volatility and risk.

Target will not be reached until we secure the fee rise (Jul 21) and technology is improved through digital transformation. In the longer term regulatory reform will enable more efficient regulation and powers on fee levels.

Current risk level is outside of risk appetite

Mitigations in place

1) Adherence to operational processes and policies which are subject to internal and external audit

2) Adherence to budgeting and financial management and reporting processes which are subject to internal and external audit eg NAO. Financial model review compelte Q3.

3) Adherence to HR processes in relation to recruitment, annual performance development review and learning and development for Partners and employees

4) Effective IT system design maintaining confidentiality, integrity and availability of data. Digital transformation strategy provides roadmap for improving our IT systems

5) Maintenance of ISO27001 Information Security standard which is subject to external audit / Regular independent security assessments of key IT infrastructure

6) Continuous quality improvement quality assurance audits

7) Maintenance of business continuity infrastructure and processes

8) SMT monthly monitoring of productivity of all departments through detailed performance reporting, Council / Committee monitoring through KPIs

Planned mitigations 2020-21 — progress

1) Delivery of well being agenda (HR/Comms, ongoing to Q4)	Initiatives in place
4) Explore more effective recruitment and retention practices (HR Q1-4)	Underway with focus on FtP recruitment due to higher turnover
5) Organisational restructuring (SMT Q1-3)	Restructures of FTP, Communications, HR and Finance complete. SMT perm structure will complete in Q4
6) Review of partners remuneration and E learning and improved partner training opportunities HR (Q1-4)	Review of remuneration due for consideration Q4
8) New FTP CMS system in line with digital strategy principles (Projects, FTP Q3-4)	Council approved business case Sep 20, 5 month estimated delivery timescale, test case for new digital strategy. Delay of 3 weeks will take this delivey into Q1 of 2021-22
9) Review of Estates Strategy (CEO, Facilities Q4)	Options paper for discussion at Council in February 2020

Reporting period commentary

o Residual risk remains the same as planned phased return to the office paused due to second national lockdown. Impacts on productivity being reviewed on a case by case basis with additional WFH equipment being available should this be required. While the new registration system has launched, some post launch issues in the interface with finance processes leading to direct debit collection errors are being rectified. Once this is assured as rectified fully, and the agreed fee rise progresses through parliament to be in force on 1 July 2021 the expected risk score reduction reported in the last iteration should be achieved.

o Risk influencers - PRC added as an assurance mechanism, has held two meetings on budget so far. New influence due to issues with registration system finance interface and identified need for a future fees strategy and review of planning for ongoing sustainability. Turnover rates in FTP is a standalone negative influencer. Recruitment and retention plan in place and work with PWC on building FtP management capabilities underway.

o Planned mitigation progress - FTP CMS replacement is delayed by around 3 weeks expected delivery in April 2021. Will result in a more efficient IT system for FTP case management. Estates strategy review progressing well discussion paper with Council Feb 20. SMT perm structure nearing completion with one outstanding role to be appointed.

Strategic risk 5 - Failure of leadership, governance or culture

	Review date
	Feb-21

	Risk owner
	Chair & SMT Lead - Chief Executive

Risk summary

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.

	Impact		Liklihood	Risk Score
Inherent risk	4	x	3	12
Current risk	3	x	2	6
Target risk (planned mitigations in place)	2	x	2	4

reduction from Nov 2020

Current risk influencers

- Corporate Strategy 2021-26 approved by Council and published
- Corporate plan 2021-22 in development, to be discussed at Council February 2021
- Committee review complete, PRC established and Council apprentices in place
- Organisation full remote working and impact on culture
- HCPC did not meet PSA EDI standard due to registrant data limitations.
- Plan & resource in place to enhance HCPC EDI practice, external consultancy and internal EDI and engagement officer in place.
- SMT includes temporary roles
- Plan in place to move to permanent SMT structure, ED of Corporate services joined Feb 2021, final SMT role ED of Professional Practice and Insight currently being recruited.

Risk Appetite

The most appropriate risk appetite statement is compliance - The Council takes a minimal approach to compliance and regulatory risk. We will meet the law, regulations or standards in place to protect the public and employees and to protect data.

Current risk is acceptable as mitigation will be in place to reduce in the short to medium term (by end Q4 2020-21)

Current risk level is outside of risk appetite

Mitigations in place

1) Robust and effective Council recruitment processes with appointment against competencies, member induction 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) Adherence to relevant internal policies including for example code of corporate governance, conduct, declaration of interest, anti-bribery, whistleblowing, fraud (includes mandatory all employee e-learning modules) and continued engagement with cross-organisational groups including the Employee Forum and Corporate Social Responsibility

7) SMT: meetings held regularly, with well drafted papers and clear decision making communicated; visibility and transparency achieved with meeting papers online and regular cascade of information

Planned mitigations 2020-21 / progress

1) Develop new corporate strategy with engagement & dissemination to key stakeholders of final plan (SMT, from Q2 to Q4) — Strategy approved by Council December 2020

2) CEO leading internal working group on future HCPC culture (CEO Q3-4) — Employee and stakeholder engagement underway, ongoing feedback loop.

3) Review of committee governance structure by SCM (from Q1) — Review complete and recommendations implemented

4) Review of whistleblowing policy and processes (Governance Q1-2) — Approved by Council Dec 20.

5) Review of Council skill matrix, competencies and appointment process (Governance Q2-3) — Matrix review complete, review of competencies and appointment process will commence in Q4

6) Risk management system review project (Governance from Q1) — Risk appetite statement agreed by Council Feb 21, future strategic risks due for approval March 21. Operational risk workshops ongoing with departments expected to complete April 21

7) EDI strategy developed, annual action plan implemented (led by Policy Q1-4) — Due for Council approval March 21

8) Succession plan to be reviewed and developed (HR Q2-4) — To be finalised post the restructure of SMT

9) Council apprentice scheme - increase diversity of views on the board (Governance Q3-4) — Two apprentices appointed and inducted

9) Review of Estates Strategy (CEO, Facilities Q4) — Options paper for discussion at Council in February 2020

Reporting period commentary

o Risk score reduced as clear strategy in place for next 5 years, first corporate plan discussed with Council Feb 20. Perm SMT structure nearing completion. Review of Committee governance and council apprentice appointment complete.

o Risk influencers - Ongoing remote working through second national lockdown impact on work to enhance culture.

o Planned mitigation progress - corporate strategy, committee review and council apprentice will move to mitigations in place at next iteration. EDI strategy development - consultancy undertaking an EDI audit and internal comms and engagement officer in place and leading internal EDI awareness activities.

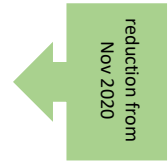# RISK MATRIX DEFINITIONS

IMPACT TYPES

IMPACT (vertical axis label, pointing up)

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 high profile 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.

LIKELIHOOD AREAS

LIKELIHOOD (vertical axis label, pointing up)

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; Meduim risk = 6 to 10, High risk = 11 to 25

			Proposed Strategic Risks from April 2021			
	1	**2**	**3**	**4**	**5**	**6**
Strategies	**Continuously improve and innovate**	**Promote high quality professional practice**	**Develop insight and exert influence**	**Be visible, engaged and informed**	**Build a resilient, healthy, capable and sustainable organisation**	**Promoting the value of regulation**
Aim (taken from published strategy)	To improve our performance against PSA standards of good regulation and to innovate across all our regulatory functions to provide an enhanced user experience	Enable our professions to meet our standards so they are able to adapt to changes in health and care practice delivery, preventing harm to service users	Learning from data and research to inform our decision making and share insights to protect, promote and maintain the health, safety and well-being of the public	We regulate, take and communicate decisions which are informed by a deep understanding of the environment within which our registrants, employers and education providers operate	Employees feel valued and supported, and fully able to contribute. The organisation is resilient and able to quickly adapt to changes in the external environment	The public, registrants, students and employers understand the value and importance of regulated health and care professionals
Where we want to be by 2026 (taken from published strategy)	Met and sustained PSA standards Recognised as a great regulator Implimented a digital strategy which improves external experience Our standards and guidance remain current to changing education and care delivery	Our standards and guidance remain current to changing needs CPD contributes to reducing serious FTP Collaborate to produce most helpful guidance	Use our data, and external data, to influence and improve regulation / public protection Support workforce planning Our data is accessible and useful Our voice is listened to	Effecitve communication mechanisms reach all stakeholders Champion EDI Contribute to healthcare policy development Measuring our impact Responsive	Financially sustainable Culture inclusive - learning organisation Employ and keep the capabilty we need A sustainability plan in place Systems improve user experience internally and externally	Public awareness of our professions and our role improved More accesible and useful register registrant health and well-being strategy and action plan implimented a more compassionate and person-centred FTP process promote positive and inclusive professional working environments
Strategic Risk heading	**Our performance does not improve to a standard that enables us to achieve all the PSA standards of good regulation. In seeking to meet these standards we lose focus and lose standards in other areas**	**The HCPC's regulatory expectations are not appropriate or not understood by registrants and other stakeholders**	**We are unable to harness the benefits of the wealth of data we hold** (benefits - better regulatory decisions, prevention, workforce planning, influencing the agenda)	**We do not understand our stakeholder's needs and so are unable to be the regulator they (the wider system) need**	**The resources we require to achieve our strategy are not in place or are not sustainable.** (Resources - financial, knowledge, skills, culture, infrastructure)	**We are unable to demonstrate the value of regulation due to negative experiences of our regulation in practice**
Under the headline - risk includes these areas for articulation in reporting format	Regulatory quality PSA engagement Understanding of PSA expectations Effective performance monitoring and management	Prevention & upstream success Public protection Our regulatory standards Register integrity Standards set inappropriately higher than a threshold safe practice level	Effective management of data Understanding of our data Workforce planning contribution Acting on learning from data and research We focus too much on data analysis to the extent of not taking timely action 'analysis paralysis'	Our credibility as a regulator, how we are perceived by our stakeholders Stakeholder engagement and influence 4 country understanding EDI 'R&D leadership'	Financial planning and ongoing going concern assurance Efficiency in use of resources and processes Organisational Culture HCPC as an employer Sustainability Cyber security	Customer service & Registrant experience Compassionate regulator Maximising regulatory reform to imporve processes Public awareness of our professions and our role

hcpc health & care professions council

Risk Appetite Statement

Our vision is to be a high performing, adaptable and caring regulator that ensures public protection through strong, evidence-based regulation. The HCPC has agreed the following statement of its appetite for taking risk in the furtherance of achieving this vision.

Regulatory Quality - Open
How will we deliver effective regulatory functions?

- Our focus is on long term and lasting quality in our regulatory delivery. We have to take risk and challenge ourselves to achieve positive change. Sticking with a low-risk status quo will limit our progress.
- We are open to risks that will further us in our aim of delivering excellent regulatory functions.
- We are prepared to try new approaches that do not have a guarantee of success where the potential benefits of success outweigh the consequences of failure.
- We proactively seek to reduce public protection risk through the promotion of professionalism and prevention.
- The risks we are willing to take do not have a significant chance of long-term negative impacts on our regulatory quality. We accept that in striving for excellence and trying new approaches, short term issues may arise which we will seek to mitigate as best we can.
- It is **essential** that mitigations to ensure ongoing public protection are in place as a foundation of taking risks to improve our regulatory quality.

Compliance – Measured
How will we comply with our statutory, regulatory and policy requirements?

- We have a preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.
- We are willing to take decisions that could be challenged only where we are confident we would be successful in defending against such challenge, and the adverse consequences of being unsuccessful are minimal.
- We are willing to take low level risks of negative PSA performance impact given the appropriate controls are in place and we consider the potential benefits are required to maintain or improve our PSA standard performance.
- It is **essential** that the long-term achievement of PSA standards is assured.

Communication and Profile – Seeks
How will we be viewed by our stakeholders?

- We are eager to be innovative in content and method in order to communicate more effectively, despite greater inherent risk.
- We are willing to express our views and communicate on issues where stakeholder opinion is divided, but where the HCPC has a legitimate voice and the Council has an agreed policy position.

- In communicating our views, we are willing to accept the possibility of manageable reputational risk or a negative, but not irreversible, impact on a stakeholder relationship.
- We acknowledge that being bold in communicating our position may lead to increased scrutiny from stakeholders. We accept this risk as being necessary to enable the HCPC to assert its voice and shape debate in the furtherance of excellence in regulation.
- We seek meaningful two-way dialogue with our stakeholders, even where this may pose a risk to our profile due to uncomfortable feedback.
- It is **essential** that the HCPC's voice is not perceived to be party political. The HCPC is neutral as a public body.

People – Seeks
How will we lead our workforce?

- We are eager to be innovative and to choose options that increase our effectiveness as an organisation despite greater inherent risk.
- We are prepared to accept risk as long as there is the potential for improving culture, recruitment and retention.
- We want to innovate to improve our culture and working environment.
- We are willing to review and restructure where this is needed, accepting the potential for short term disruption in order for the HCPC to benefit from better ways of working.
- It is **essential** that risk taking in this area is consistent with the HCPC's values and culture. As an employer are committed to upholding and promoting Equality, Diversity and Inclusion.

Financial and Value for Money – Measured
How will we use our resources?

- We are prepared to accept the possibility of limited financial loss where it does not have the potential to impact on our going concern.
- Value for money is our primary concern in financial expenditure but we are willing to consider other benefits or constraints.
- We are funded through registrant fees and we have a responsibility to ensure we invest cautiously to minimise loss while maximising benefit.
- We accept that investments may be long term and take time to deliver rewards, appropriate benefit realisation monitoring is required to mitigate risk in investments.
- It is **essential** we remain a financially viable organisation to ensure continued public protection through continued operation. Significant financial risks are not compatible with this requirement.