Public business

Strategic review of risks

Purpose
To consider the key risks facing the GPhC

Recommendations

The Council is asked:

i. to discuss and note the risk review summarised in this paper.

1.0 Introduction

1.1 The General Pharmaceutical Council’s risk management guide includes the following:

Reviewing and Reporting

“The management of risk should be reviewed regularly to monitor whether or not the risk profile is changing, to gain assurance that risk management is effective, and to identify when further action is necessary. Procedures should be put in place to review regularly whether risks still exist, whether new risks have arisen, whether the likelihood and impact of risks has changed, report significant changes which adjust risk priorities, and deliver assurance on the effectiveness of control. In addition, the overall risk management process should be reviewed at least once a year to deliver assurance that it remains appropriate and effective.

Key players in the review and reporting processes are the Audit and Risk Committee and the assurance and advisory work of Internal Audit. However, it is important to note that neither Audit Committees nor Internal Audit can substitute for management ownership of risk or for an embedded review system carried out by the various staff who have executive responsibility for the achievement of organisational objectives.

In addition to regular review of the organisation’s risk management
arrangements and the risk register by the Audit and Risk Committee, the GPhC Council conducts a strategic risk review three times a year. This review is informed by a strategic risk review paper prepared by the chief executive which draws on the risk register, highlighting all red risks, together with amber risks where the residual risk score is not coming down. The risk register itself is not appended to the Council paper and remains a management tool and reference.

The chief executive’s strategic review of risks for Council includes a summary of the Audit and Risk Committee’s most recent view of the state of risk management in the organisation.”

1.2 This paper is to support the Council’s strategic review of the organisation’s risks.

2.0 Risk management assurance

2.1 At its meeting on 11 October 2012, the Audit & Risk Committee reviewed the risk management arrangements and the corporate risk register.

2.2 Section 3 contains an overview of key risks, which is informed by the current edition of the corporate risk register and includes the Audit & Risk Committee’s opinion in relation to some specific risks.

2.3 The Audit and Risk Committee considers that the arrangements in place for managing risks are operating effectively to provide assurance that risks are being identified and managed.

3.0 Strategic review of risks

3.1 This review does not assume that the organisation’s risks can be neatly classified as either “strategic” or “operational”/“tactical.” Our risk management approach recognises that operational risks can have a strategic significance.

3.2 GPhC risk scoring gives a score to each risk by reference to impact and likelihood. Risks with a score of 5 or less are green; 6-10 are amber; 12-25 are red.

3.3 Key points raised by the Committee:

- The committee noted that there were a number of risks which were visible as having been closed on the corporate risk register and discussed a process for closing risks that would improve the level of assurance that risks had been appropriately dealt with, including, where necessary, by being retained on the relevant directorate risk register.
- To provide the Committee with assurance that risks are being adequately escalated to the corporate risk register from directorate risk registers (these
provide a record of the operational risks facing each directorate), the Committee asked that all red risks on directorate risk registers also be reported to the Committee if they did not appear in the corporate risk register.

3.4 High risks (red) – Total 1

a. Decisions are made by statutory committee members that expose the GPhC to legal and/or reputational risk
   • Current risk score is 16; risk score remains unchanged.
   • We continue to progress the tasks to mitigate this risk. This includes fortnightly Hearing Outcome review meetings, roll-out of training for Committee members, the identification and follow-up of learning and action points for the GPhC in terms of case preparation and presentation, and a process for raising issues with CHRE where we have concerns or think CHRE might.
   • Target completion date 2013.
   • The Audit & Risk Committee asked that an additional assurance paper be written on the tasks undertaken to mitigate this risk. This report should be presented at the Committee’s next meeting.

3.5 Medium risks (amber) where the risk score is not reducing – Total 10

a. Significant information security breach causes reputation damage and/or liability for compensation claims and/or compliance action by the Information Commissioner’s Office
   • Current risk score is 9; risk score remains unchanged.
   • We have carried out initial analysis of our current information security controls compared with the ISO27001 (i.e. the national standard for information security) controls framework.
   • The risk score remains unchanged pending a full implementation plan to address the identified gaps/weaknesses in our current controls. A separate detailed paper on information security was presented to the Committee.
   • Target completion date April 2013.

b. The legislative framework for delivering fitness to practise looks increasingly out of step with modern regulation and prevents efficient regulation by operational teams
   • Current risk score is 9; risk score remains unchanged.
We continue to maintain the optimal mitigating actions, which includes the work being undertaken within FtP policy to review the data we can capture internally to increase information and learning.

In the absence of any significant opportunity for legislative change in advance of the Bill which will be recommended by the Law Commission in due course, the target completion date is December 2015.

c. Our policy making and approach to regulation is based on assumptions about perceptions, rather than evidence of views, or involvement in policy making and lack of confidence of GPhC as regulator

- Current risk score is 9; risk score remains unchanged.
- We are still making progress on the actions to mitigate this risk, which includes the initial work on the survey of registrants.
- Target completion date March 2013.

d. Our work duplicates the work of other regulatory bodies at national and local level

- Current risk score is 9; risk score remains unchanged.
- On reflection, it is felt that this risk could be a business as usual type risk. However we will continue to monitor and review again at the end of the revised target completion date of December 2013 (was January 2013).

e. Management and governance information needs are not capable of being met, inhibiting both the executive’s capacity to plan and allocate appropriate resources (within Regulatory Services) and the Council’s capacity to ensure that the organisation is achieving adequate progress

- Current risk score is 8; risk score remains unchanged.
- The task group consisting of Council members and staff met in September to start the work to develop targets for our performance monitoring framework. Pending the outcome of this work the risk score remains unchanged.
- Target completion date early 2013.

f. In moving to outcome focussed standards, key audiences including the pharmacy profession and patients and the public, lose confidence in us as a regulator and other pharmacy leadership bodies fail to provide guidance required to support good practice

- Current risk score is 8; risk score has been increased.
- Reaction to Council’s decision in relation to self-selection medicines is
negative in some respects so the likelihood of this risk happening increases. Target completion date now Oct 2013 (was July 2012) to reflect the transition stage of the new standards. By this time we will be able to assess whether our actions to mitigate have worked or not.

- Target completion date October 2013.

g. Possibility of creating a backlog in FtP cases due to the lengthy decision-making process.

- Current risk score is 8; risk score remains unchanged.
- Case management of cases has improved however we continue to identify opportunities for further improvement, as explained in the Performance Monitoring item on today’s agenda.
- Target completion date December 2012.

h. Our work to develop a regulatory model for registered pharmacies fails to take proper account of the principles of good regulation and inspection and enforcement previously endorsed by Council.

- Current risk score is 6; risk score remains unchanged.
- Our consultation set out the principles we proposed and the key papers presented to Council at its September meeting reiterate our commitment to the principles of good regulation.
- Target completion date October 2013.

i. Failure to co-ordinate project resource requirements across multiple projects lead to project delays and/or impact on business operations.

- Current risk score is 6; risk score remains unchanged.
- Work continues to scope existing projects in order to ensure timelines and resource requirements are identified. Following the next round of corporate planning work we’ll consider whether this risk can be closed, so we’ve revised the target completion date to April 2013 (was June 2012) to reflect this.
- Target completion date April 2013.

j. CHRE cost efficiency and effectiveness review result in recommendations which are not helpful in terms of Council priorities

- Current risk score is 6; risk score remains unchanged.
- The risk score remains unchanged as although CHRE has received the report they haven’t said what will emerge. Although it is felt that they are
probably waiting for the results of the Francis report before giving a clear indication. As such, the target completion date has been changed to December 2012 (was June 2012).

- Target completion date December 2012.

4.0 **Equality and diversity implications**

4.1 This paper does not propose any new or amended policies, so there is no equality and diversity impact assessment indicated.

5.0 **Communications implications**

5.1 The Council is committed to operating in a way which is transparent and accountable. Open and frank discussion of risks is itself not risk-free in a media-political culture in which regulatory failure has a high news value.

6.0 **Resource implications**

6.1 Our integrated approach to risk, in which the management of risks is a mainstream part of the ongoing management of the organisation’s activities rather than a parallel process means that resource planning for risk management activity is part of the routine budgeting and resource allocation process.

7.0 **Risk implications**

7.1 Risk issues are integral to this paper.

**Recommendations**

The Council is asked

i. **to discuss and note the risk review summarised in this paper.**

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