



HEALTH AND CARE PROFESSIONS COUNCIL

PEOPLE STRATEGY

FINAL INTERNAL AUDIT REPORT

FEBRUARY 2024

LEVEL OF ASSURANCE:

DESIGN

SUBSTANTIAL

EFFECTIVENESS

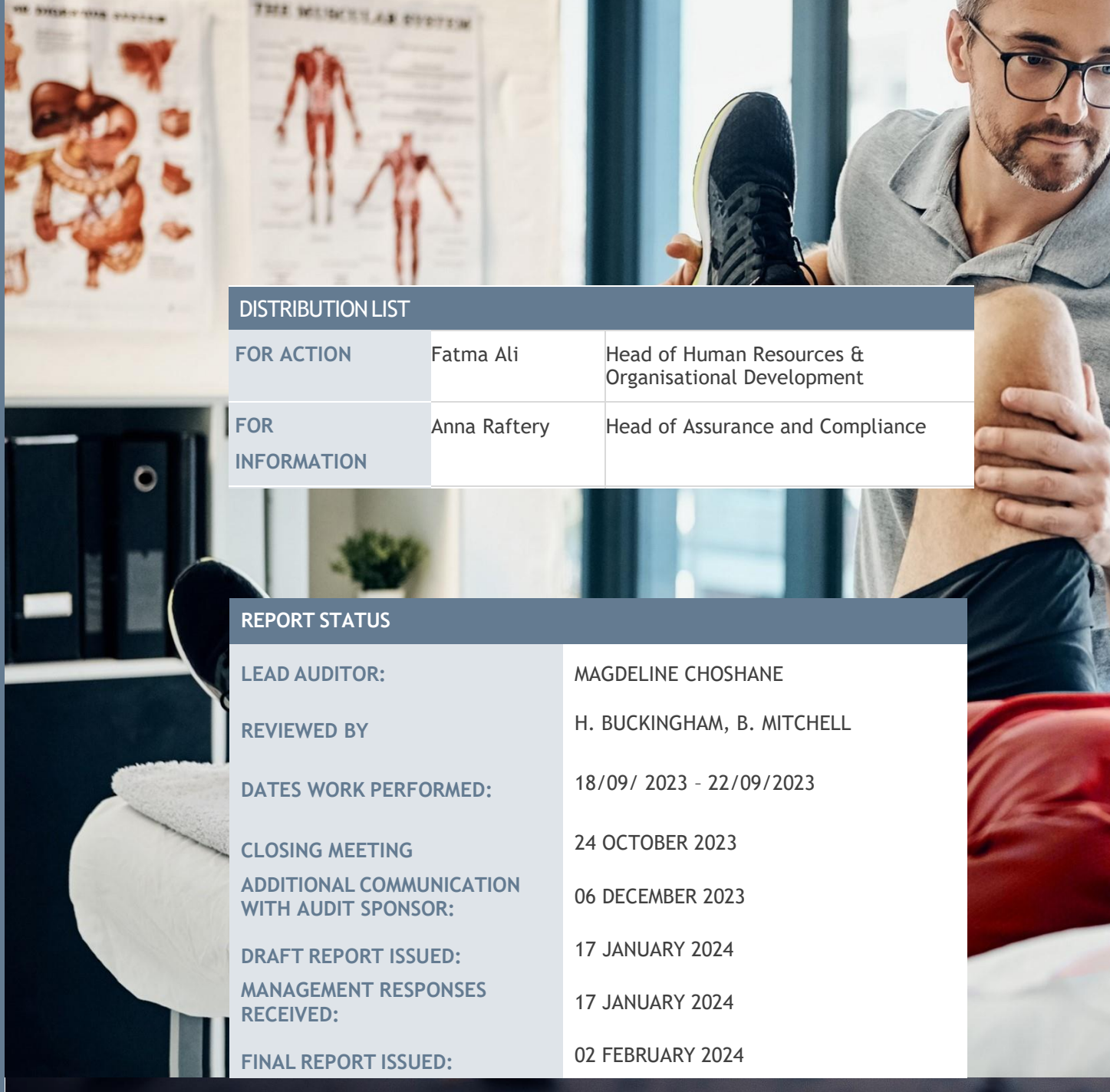
SUBSTANTIAL

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The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.



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REPORT STATUS

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EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)		
DESIGN	SUBSTANTIAL	There is a sound system of internal control designed to achieve system objectives.
EFFECTIVENESS	SUBSTANTIAL	The controls that are in place are being consistently applied.

SUMMARY OF FINDINGS (SEE APPENDIX I)			# OF AGREED ACTIONS
H	0		-
M	0		-
L	0		-
TOTAL NUMBER OF FINDINGS: 0			

- OUR TESTING COVERED THE FOLLOWING AREAS:
- ✓ People strategy alignment
 - ✓ Recruitment
 - ✓ Succession planning
 - ✓ Learning and development
 - ✓ Reporting and oversight arrangements

BACKGROUND & SCOPE

As part of the internal audit plan for 2023/24, approved by the Audit and Risk Assurance Committee, we are undertaking a review of HCPC’s People Strategy.

‘Our People Strategy’ covers the period 2021-2026 and is underpinned by the Corporate Strategy which sets out the HCPC’s ambition to be a high-performing, adaptable and caring regulator - something that can only be achieved through the HCPC’s people, its most valuable resource.

HCPC employs approximately 320 staff across part time and full-time roles, with each individual supporting HCPC services in some way.

The delivery of the People Strategy so far, is broken down into the following components: Years 1 & 2 introducing the strategy and Years 3 & 4 embedding the strategy. The aim is for the HCPC to have a high performing workforce.

HCPC have looked to streamline their recruitment process by updating their application forms and simplifying them. The existing core HR system, will be further developed to support a simplified application process, making the user experience more streamlined. The new approach would utilise external media such as Google jobs, Indeed and LinkedIn to promote vacancies. The scoping exercise for this work has commenced. The project is scheduled to start in Q3.

To improve the HCPC’s resilience, succession planning is being developed for key roles. This will focus on the requirements of individual roles and more tailored learning and development opportunities for internal staff.

PURPOSE

The purpose of this review was to provide assurance over HCPC’s People Strategy. Current market conditions mean that employers are more vulnerable to staff leaving, so the people proposition, succession arrangements and recruitment activities come to the fore. We provide assurance over the plans, delivery and impact of the People Strategy, with a focus on succession planning, learning and development.

CONCLUSION

HCPC have good control arrangements in place to maintain an effective People Strategy. We identified two OBSERVATIONS which relate to the following:

- ▶ The Recruitment policy (whilst currently undergoing review) was last reviewed in 2018.
- ▶ Whilst a succession plan is not fully embedded within HCPC, action is being undertaken to identify appropriate successors to key senior/management roles and any additional training that may support staff.

The findings are raised as observations only, with no recommendations, as work is underway.

We are therefore able to provide SUBSTANTIAL assurance over the design and operational effectiveness of HCPC’s arrangements to achieving its People Strategy’s objectives and related processes.



EXECUTIVE SUMMARY

SUMMARY OF GOOD PRACTICE

HCPC has some effective controls in place for the delivery of the people strategy:

- ▶ The People Strategy 2021-26, developed by the Head of Human Resources & Organisational Development, is in place and has been published on the HCPC website, readily available for staff, registrants and other stakeholders.
- ▶ The People Strategy clearly aligns with the 2021-26 Corporate Strategy, and therefore helps to support the achievement of HCPC's overall business strategy. The People Strategy has outlined four strategic themes, namely, recruitment and retention, workforce innovation, workforce planning and succession planning, supporting delivery of the six pillars in the Corporate Strategy.
- ▶ HCPC has developed an HR Workplan which is used to keep a record of, and monitor progress against, the four KPIs and the objectives set out in the People Strategy. This helps to ensure that any KPI areas underperforming are identified early and rectified in a timely and proactive manner.
- ▶ We have benchmarked the People Strategy against the UK Government 2022 - 25 People Strategy and other best practice strategies and have noted that HCPC's overall People Strategy aligns to best practise.
- ▶ HCPC considered various sources of information and stakeholders when developing its People Strategy, for example: its employees, Council members employee exit interviews and surveys.
- ▶ HCPC sought specialist advice from QCG for the pay structure to assess the frequency HCPC should benchmark their roles, and the appropriateness and relevance of the pay framework, to ensure that it is clear and easily understood by staff. This was performed to help ensure HCPC is competitive in the market for pay to continue to attract candidates and ensure staff retention.
- ▶ There is an HCPC Organisational Learning Plan 2023-2024 that outlines learning and development available across the organisation to ensure that equal opportunities of learning are provided to all. The Plan aligns with the high performing, capable and skilled organisation theme as set out in the People Strategy.

SUMMARY OF KEY THEMES

We have identified two OBSERVATIONS during the review.

- ▶ Policies and procedures: the Recruitment policy is in the process of being reviewed. Prior to this the Policy had not been reviewed since 2018 and was not subject to regular review.
- ▶ Succession planning: There is no formal succession plan in place for management positions. Action is underway to identify critical roles and internal officers that may be able to step into those key roles. Additional training to support staff is currently being considered.

USEFUL STATISTICS



OBSERVATIONS



DETAILED FINDINGS

RISK 2: The recruitment policy does not demonstrate an innovative approach to recruitment.

FINDING [1] - RECRUITMENT POLICY (OBSERVATION)	TYPE
<p>Recruitment policies help to set the precedent for how recruitment should be undertaken at an organisation. This should include reference to key legislation, acceptable & unacceptable applicant criteria and other key criteria that are important to that specific organisation.</p> <p>The HCPC is in the process of revising the Recruitment policy which started in July 2023. The Policy update was put on hold until the completion of the recruitment system upgrade. The system upgrade is expected to be complete by 31 January, at which point HCPC can fully update the Policy and ensure the policy is fully reflective of any modifications that may be needed because of the upgrade.</p> <p>Prior to this upgrade, we note that the Recruitment policy had not been updated since May 2018, and therefore it is important to ensure that going forward, the Policy is revisited on a cyclical basis to ensure it is fully reflective of current practices.</p> <p>We note that a key update to the new Policy is reference to the Equality Act 2010. Reference to the Act is seen as best practice across all organisations, as it helps to confirm to recruiting staff that all applicants and potential applicants should have the same opportunities in applying for jobs. It also helps to ensure a broader pool of applicants.</p>	DESIGN



DETAILED FINDINGS

RISK 3: Insufficient succession planning arrangements

FINDING [2] - SUCCESSION PLANNING (OBSERVATION)	TYPE
<p>Succession planning is a key part of good business practice to help ensure that if a key member of staff leaves, key knowledge can be retained and business as usual (BAU) can continue. In today's buoyant employment market, good succession planning becomes a more important risk mitigation.</p> <p>HCPC has developed succession planning guidance which outlines how successors will be developed, how to assess and mitigate risks regarding succession planning, how the succession plan will be managed and how to measure the impact of the planning and ensure regular review.</p> <p>The guidance states that the succession planning will achieve the following:</p> <ul style="list-style-type: none">▶ Enable a deeper understanding of the organisation's operations.▶ Identify roles that have a defined impact on the business and may have a unique skill or knowledge.▶ Prioritise development of employees.▶ Enable the monitoring of internal and external candidate availability and market trend. <p>At the time of audit, a formally developed succession plan was not in place. Post the audit fieldwork, but planned beforehand, a workshop took place to discuss the approach to succession planning. HR Business Partners have met with Heads of Departments to discuss critical roles in their respective areas starting to bed down and identify potential successors for roles. The aim is for each department to develop their own succession plan in the first instance identifying what upskilling and training they require.</p> <p>This is a typical approach to succession planning we see at organisations where they are trying to undertake succession planning for the first time.</p>	DESIGN AND EFFECTIVENESS

APPENDICES



APPENDIX I: DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
SUBSTANTIAL	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
MODERATE	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, which may put some of the system objectives at risk.
LIMITED	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
NO	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
HIGH	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
MEDIUM	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
LOW	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.
ADVISORY	A weakness that does not have a risk impact or consequence but has been raised to highlight areas of inefficiencies or potential best practice improvements.



APPENDIX II: TERMS OF REFERENCE

EXTRACT FROM TERMS OF REFERENCE

PURPOSE

The purpose of this review was to provide assurance over HCPC's People Strategy. Current market conditions mean that employers are more vulnerable to staff leaving, so the people proposition, succession arrangements and recruitment activities come to the fore. We have provided assurance over the plans, delivery and impact of the People Strategy, with a focus on succession planning, but also include learning and development.

KEY RISKS

The key risks with this area of activity are:

- ▶ The People Strategy does not align to the corporate strategy, is not fit for purpose, does not have employee buy-in and will not support in staff feeling they belong, are valued and support in staff's development.
- ▶ The People Strategy does not support a new and innovative approach to recruitment, leading to inefficiencies in the recruitment process and the inability to attract the required candidates.
- ▶ The HCPC has not identified suitable candidates to fill roles once key officers leave the organisation (both internally or externally).
- ▶ Staff leave the HCPC where they see no possibility of progression and professional development, nor feel stretched in their roles. Staff leaving can lead to an under-resourced workforce resulting in delays across the organisation, loss of quality staff and corporate memory.
- ▶ The People Strategy is unsuccessful and there is an insufficient workforce at the HCPC to deliver its corporate objective.

SCOPE

- ▶ People Strategy Alignment
- ▶ Recruitment
- ▶ Succession Planning
- ▶ Learning and Development
- ▶ Reporting and Oversight Arrangements



APPENDIX III: STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Fatma Ali	Head of Human Resources & Organisational Development
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APPENDIX IV: LIMITATIONS AND RESPONSIBILITIES

MANAGEMENT RESPONSIBILITIES

The Board is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The Board is responsible for ensuring the internal audit function has:

- ▶ The support of the Company's management team.
- ▶ Direct access and freedom to report to senior management, including the Chair of the Audit Committee.
- ▶ The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Company.

Internal controls covers the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the Company in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

LIMITATIONS

The scope of the review is limited to the areas documented under Appendix II - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

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