

Audit Committee, 5 March 2019

Risk appetite statement

Executive summary

### **Introduction**

On 17 January, the Audit Committee and SMT took part in a workshop to explore the HCPC's approach to risk appetite. This workshop was facilitated by the HCPC's external Auditors Haysmacintyre.

The group was keen to develop this area, however it was agreed that embedding and refining the strategic risk register should take priority.

As an interim improvement, it was agreed that an expanded high level risk appetite statement would be proposed to Council for adoption. Council considered this statement in February 2019 and agreed to adopt it following remuneration Committee's consideration of 'people' risk appetite.

The Remuneration Committee also considered this in February 2019 and agreed to amend the risk appetite for 'people' from open to measured.

When time allows, the Council will hold a workshop to develop a more detailed risk appetite table to reach common understanding of what is meant by the different appetite categories for each risk area.

### **Decision**

This paper is to note.

### **Background information**

At its meeting in December 2018, the Council agreed to consider the outcomes of the Audit Committee's risk appetite workshop and discuss its future approach to risk appetite.

### **Resource and financial implications**

None as a result of this decision.

### **Date**

26 February 2019

## **HPCPC Risk Appetite**

Risk appetite is defined by the Council and informs the decisions of employees and Council. It will be reviewed when there is a significant change in our business.

The appetite has been stated previously as **low** or risk averse, but in practice some decisions have been higher risk (eg allocating additional resource to improve Fitness to Practice, restructuring SMT, embarking on the building project). Some risks will not be mitigated to a low level, as deploying resources to do so would be disproportionate or have an adverse effect elsewhere, or the risk is outside the control of the HPCPC. The HPCPC tolerates this (target or expected) level of risk.

We can describe the level of risk the HPCPC will accept or tolerate for various elements as minimal, measured, open, or seek.

### **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.

### **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.

### **Communication**

The Council is **open** to communicating and taking decisions, even when this may be unpopular, to further public protection.

### **Innovation**

The Council **seeks** innovation that supports public protection, quality and efficiency. We balance embracing new technology and ideas with impact and financial investment and assess projects accordingly.

### **People**

The Council is measured in its approach to risk in this area. It is prepared to take decisions that would have a positive or negative impact on employee morale if there are compelling arguments supporting change.

### **Infrastructure**

The Council will take a **measured** approach when investing in building and equipment maintenance and replacement, but may take informed risks if the benefits merit that.

## 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.