

Agenda Item 13

Enclosure 9

**Health and Care Professions Council
14 February 2019**

**Audit Committee risk appetite workshop
outputs**

For approval

**From Sue Gallone, Chair of the Audit
Committee**

Council, 14 February 2019

Audit Committee risk appetite workshop outputs

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.

At the conclusion of the workshop those participating agreed the following points:

- HCPC risk appetite is currently stated as low, but in practice some decisions are not low risk e.g. resource capacity, building project. This is not inappropriate as an approach, but requires reflection in the risk appetite statement.
- Setting organisational risk tolerances for different risk types will assist Council and SMT in decision making
- A varied risk appetite requires attention to interdependencies of different risks/areas. For example taking a higher risk approach in one area may impact another area where risk appetite is low.
- Language of 'high medium low', is too stark and negative. The group preferred the language used in example risk appetites of 'avoid, measured, open, seeks'. This was subsequently refined to replace 'avoid' with 'minimal'.
- When papers come to Council, risk should be explored in the executive summary.

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 drafted for Council to discuss and consider adopting.

Following this, when time allows, the group recommended that the Council 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

Council is asked to discuss the draft risk appetite statement and agree its adoption.

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

5 February 2019

HCPC 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 HCPC. The HCPC tolerates this (target or expected) level of risk.

We can describe the level of risk the HCPC 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 make every effort to 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 **open** to and is prepared to take decisions that would have an 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.