

Date: 15 May 2024

Title: Risk Appetite

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Paper for information and discussion

Closed paper

Relevance to Strategic Objectives: all objectives as the paper relates to risks of not achieving the objectives

1. Issue

- 1.1 In October 2023 the Audit and Risk Committee held a ‘deep dive’ discussion to review the PSA Risk Management Policy and approach. The Committee was satisfied with the Policy but recommended that the PSA Board had an opportunity to review our risks and risk appetite at its meeting in January 2024. The discussion was also informed by the internal audit report on risk management, which was completed in January 2024.
- 1.2 Further to the discussions in January 2024, the Board identified the following action: *“the Executive Leadership Team to reflect on the risk appetite that is currently being applied in relation to each of the PSA’s main functions, and whether those are still appropriate, and report back at the May Board meeting.”*

2. Recommendation

- 2.1 The Board is asked to review the risk appetite summary in annexe A and approve the current approach.

3. Background

- 3.1 The Risk Management Policy is reviewed annually by the Audit and Risk Committee. In addition, the Board formally reviews the PSA Strategic Risk Register twice each year. Risks are also escalated to the Board as necessary.
- 3.2 The Board has recognised that it has had relatively little discussion about risk appetite to support the management of risks and the activities of the executive.

In addition, the Audit and Risk Committee agreed an internal audit of PSA risk management to identify opportunities for improvement.

- 3.3 The January 2024 Board meeting was used to review the format and content of the Strategic Risk Register, taking into account the findings of the internal audit, and to discuss the risk appetite profile for key PSA risks.
- 3.4 In March and April 2024, the Chief Executive held discussions with each of the Heads of Function to review overall risk appetite with respect to these functions. A summary of the categorisation of risks is provide in annexe A.

4. Analysis

- 4.1 The PSA executive has a risk averse position on matters relating to fraud, cyber security and health and safety.
- 4.2 Financial investments, compliance with IT policies, key governance controls and matters of policy with a direct impact on public protection are categorised as 'minimalist' for risk appetite.
- 4.3 The appetite for risk is higher (but remains cautious) for oversight judgements in core functions, budgeting and statutory HR policies.
- 4.4 Risk appetite is open for other HR policies, the development of the AR programme, general policy positions that are not critical for public protection and most communication activities.
- 4.5 The executive has an 'eager' risk appetite in relation to IT and communications innovations that may help the PSA to perform its role more effectively.

5. Finance and Resource

- 5.1 The work is funded from existing resources for 2024/25.

6. Impact Assessment

- 6.1 No Equality Impact Assessments are required, but this may change as a result of discussions on risk appetite.

7. Timescale

- 7.1 A revised corporate risk register, taking into account the Board's views on risk appetite, will be reviewed at the Board meeting in July 2024.

8. Communications

- 8.1 This paper will be used for internal discussion within the Board. Any changes made will be shared with all staff.

9. Internal Stakeholders

- 9.1 All Board members and staff.

10. External Stakeholders

10.1 There are currently no external stakeholders.

11. Annexes List

Annexe A: risk appetite summary.