Board meeting

13 December 2023

Risk management policy

Purpose of paper

For approval

Board action required

To approve the changes to the risk management policy.

Brief summary

The risk management policy has been updated following a recommendation arising from the board's effectiveness review, in particular in relation to the risk appetite section.

Board sponsor

Boryana Stambolova, Interim Director of Finance

Introduction

1. NICE has a risk management policy which sets out how NICE will manage risks to ensure a balanced approach to opportunity and risk.

Background

The policy is reviewed every three years or sooner if circumstances change, dictating earlier action is required. Approval of the policy is reserved for the Board.

The board's effectiveness review in July 2023 noted the work to strengthen risk management and made recommendations to further develop NICE’s approach to risk and assurance.

Finance / HR / legal implications

None.

Key issues

The review suggested that the risk framework could be developed further to bring a stronger focus on assurance, e.g. by reporting risks in order of severity based on current rating; including a gross risk rating against each risk; introducing the 'three lines of defence' assurance model; and separating out assurances from the controls/mitigations. This work has been progressed and a revised strategic risk register now incorporates these elements, with the exception of a gross risk rating, which the audit and risk committee decided not to pursue as it was not felt it would add value.

A further suggestion was to refresh the risk appetite framework with a delineated risk appetite for each category of business activity. The Board's risk appetite statement is set out in the risk management policy.

As recommended, a revised risk appetite statement has been developed taking account of [HM Treasury’s “Orange book” on risk management](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1154709/HMT_Orange_Book_May_2023.pdf). Where NICE has historically had a cautious approach to risk, the revised policy seeks a more open and nuanced risk appetite, with a risk appetite for the different categories of activity (see pages 6 - 8), based on new descriptors which range from 'minimalist', indicating a preference for a low degree of risk, to 'eager', indicating a keenness to be innovative and willingness to accept greater uncertainty.

The policy has been discussed and supported by the audit and risk committee. Following which, board members were invited to comment on the draft policy ahead of the meeting and the feedback received has been incorporated.

Board action required:

The Board is asked to:

* 1. review and approve amendments to the risk management policy.

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