

<b>To:</b>	Legal Services Board	
<b>Date of Meeting:</b>	26 November 2014	<b>Item:</b> Paper (14) 68

<b>Title:</b>	LSB Risk Management Strategy – annual review	
<b>Author/presented by:</b>	Julie Myers, Corporate Director	
<b>Status:</b>	Official	

**Summary:**

The LSB's Risk Management Strategy (**Annex A**) requires the Board to undertake an annual review of its approach to risk.

The strategy underwent a significant review in 2013, the purpose of which was to ensure the document accurately reflected practice. The current version of the Strategy was agreed by the Board in November 2013.

In addition to the executive review in 2013, the Board's approach to risk management was the subject of internal audit in 2014. Two recommendations were made. One related to the additional use of inherent risk scoring - which the Executive did not agree to adopt but confirmed that it would consider. The second referred to an inconsistency in the Strategy about how often the Board reviewed its appetite for risk (annually or biannually) which was amended (confirmed annually). No other points on the Board's approach to risk management were raised by internal audit.

No issues with the process at an operational level have emerged over the course of the year and, as a consequence of this and the recent fundamental review, the Executive does not propose any substantive changes to the Strategy at this time.

In line with para 2.4 the Executive will undertake a PESTLE analysis in spring, in the context of the new three year strategy.

This recommendation was considered by the ARC at its November meeting and endorsed.

The Committee considered whether the risk tolerance outlined in para. 2.4 should be reduced in the gap between CEOs but concluded that it should not. However, it agreed that the Board's attention should be drawn to this possibility. In addition, the ARC suggested that there was a case for reviewing risk tolerance in six months rather than 12 months in light of the forthcoming changes at Executive level and the general election.

**Risks and mitigations**

**Financial:** N/A.

**FoIA:** N/A

**Legal:** N/A.

**Reputational:** N/A.

**Resource:** N/A.

<b>Consultation</b>	<b>Yes</b>	<b>No</b>	<b>Who / why?</b>
<b>Board Members:</b>		✓	N/A.
<b>Consumer Panel:</b>		✓	N/A.
<b>Others:</b>	Reviewed by ARC in November 2014		

**Recommendations:**

The Board is invited:

- (1) To consider whether the risk tolerance, outlined in paragraph 2.4 is still appropriate
- (2) To agree the LSB Risk Management Strategy