

APPENDIX A**RISK MANAGEMENT FRAMEWORK****Purpose**

1. Risk management is the responsibility of the Board, all members and staff individually.
2. The purpose of this document is to set out a Risk Management Framework to enable members and officers to meet their responsibilities in accordance with best practice.

Background

3. It is important to ensure that the Board's risk management processes are proportionate to the size of the organisation whilst still achieving good practice. With limited staff resources available, this framework seeks to minimise the bureaucratic cost of risk management, whilst maximising its benefits.
4. Minimum standards for the Board's risk management policies and processes are set out in the guidance issued by the Joint Panel on Accountability and Governance (JPAG) in March 2019.
5. The guidance defines risk as "*an uncertain event or condition that, if it occurs, will have an effect on the achievement of an authority's objectives*".
6. Risks are an everyday occurrence. They range from those with an impact that can be readily understood, such as a major financial claim against the Board, to the less quantifiable, such as a threat to the Board's reputation and standing. Risks can also have positive as well as negative consequences. Risk awareness can put the Board in an informed position to make confident decisions that avoid threats and take advantage of opportunities.
7. Risk management is the process whereby the Board addresses its risks in order to safeguard the achievement of its objectives. It is an ongoing activity in four stages:
 - identifying the risks
 - assessing them
 - addressing them
 - reviewing and reporting on them.
8. Good risk management minimises loss, waste, inefficiency and unanticipated crises that may undermine confidence and trust. It helps to ensure that potential risks are identified and managed, that aspirations are checked to make sure that they are realistic, and that mitigating plans are put in place to respond to emerging risks.

The Board's Risk Management Policy

9. The Board is committed to proper risk management, and to ensure that it is aware of risk but not averse to it, provided it can be properly managed. The Board will implement appropriate processes to manage risk. The Board supports innovation where the risks can be controlled. The Board will also seek to ensure that its partners have appropriate risk management processes in place, where it has a bearing on activities in which the Board has an interest. The Board will not check public sector partners who are subject to audit procedures, but will put arrangements in place through Financial Regulations to minimise risks in working with other partners. These will include written contracts, vetting procedures and checks on insurance in certain circumstances.

10. Risk management will be a continuous process, and an integral part of planning, management and action at all levels. Effective and efficient risk management will be used to:

- help achieve the Board's purposes, corporate aims, objectives, plans and programme;
- maintain and improve services;
- maintain public confidence in, and the reputation of, the Board; and
- minimise liabilities and costs.

11. The Board's risk management will:

- be integrated within the culture of the Board, in planning and management decisions and actions;
- be managed in accordance with best practice;
- take place within a robust framework with procedures for the identification, analysis, assessment, management and reporting of risk and opportunity;
- raise awareness of risk and opportunity amongst those involved in service delivery, including partners;
- minimise injury, damage, loss and inconvenience to users of the Board's services, its assets, staff and members and reduce the cost of risk;
- ensure that risks are monitored; and
- ensure that an appropriate reporting mechanism exists to support the annual governance review and statement.

12. The Board aims to meet benchmarks of good practice as cost-effectively as possible. The Board will evaluate the impacts and benefits as part of the annual process of identifying strategic and operational risks. In addition, the Board will review its performance in comparison with similar bodies periodically, as necessary, in line with developing guidance and good practice. The Executive Committee will review the risk management framework annually to ensure its continued relevance. The review will also assess performance against the aims and objectives outlined above. If changes to this policy are considered necessary, they will be recommended to the full Board.

Risk Management Strategy

13. The strategy to achieve the above policy is outlined below.

Corporate Framework:

14. Formal risk assessment will be undertaken as part of all the Board's decision-making processes. The approach is shown in Annex 1 attached.

15. The Board has systems in place to manage risks through the Constitution, Financial Regulations and other internal control arrangements. These are kept under review and updated annually as necessary.

16. Analysis of significant risks and contingency plans will be integrated into plans, priorities, programmes, reviews, proposals to Executive Committee and the Board, business cases and project management, and will be kept under review.

17. Internal Audit will develop its work programme based on a systematic assessment of the risks facing the Board in carrying out its functions.

18. A distinction will be drawn between strategic risks (those that can damage the achievement of our statutory purposes and our aims and objectives) and operational risks (those that can affect service delivery but would not in themselves threaten the Board's priorities). To take account of the resources available to the Board, implementation of risk management will start with management of high priority corporate and operational risks. Management of lower priority risks will be developed in proportion to the risk presented.

19. Strategic risks will be identified during the Business Planning process each year.

20. A Corporate Risk Register showing strategic risks mapped to internal controls, and officer responsibility, will be submitted to the Executive Committee six-monthly and to Board annually.

21. Risk management will be built into the performance management system and supporting plans (Management Plan, Business Plan, project plans), rather than treated as a separate issue, to ensure that members and officers deliver risk management as part of their routine responsibilities. Guidance will be provided through training on risk analysis and management, service planning, project development and other risk areas. An assessment of risk will be included in reports to the Executive Committee and the Board.

22. Strategic reviews and business planning will include a forward look at threats and opportunities.

23. Guidance on reviews and dealing with third parties (partners, consultants and contractors) will ensure that there is a robust approach to appraising and managing projects.

24. Where Committees, Sub-Committees and other working groups monitor progress on projects, they will include risk management in their considerations.

25. Risk assessment and management will be taken into account in resource allocation.

Roles and Responsibilities

Members

26. Members will be involved in determining key risks annually as part of the consideration of the Business Plan and will be advised of significant risks and contingencies arising in proposals to the Executive Committee and the Board, as appropriate.

27. The Corporate Risk Register will be reported annually to the Board and six-monthly to the Executive Committee.

28. Risk assessment will be included in any business case presented to members (and, where delegation applies, any business case determined by officers).

29. Members will also be involved in major project monitoring through their involvement in Committees, Sub-Committees and other working groups.

30. The Annual Governance Statement will be agreed by the Board and signed off by the Chairman.

Staff

31. The Chief Executive is accountable to members for the management of risk within the Board and for ensuring that appropriate procedures, resources and skills are in place.

32. The Chief Executive is responsible for signing the Annual Governance Statement.

33. The Chief Executive will ensure appropriate consideration of risk and its management as an integral part of performance management.

34. Formal requirements will be written into the job descriptions of the Chief Executive and appropriate officers.

35. The Chief Executive will normally manage strategic risks. Officers will normally manage operational risks within their area of responsibility and will keep the Chief Executive informed. However, if operational risks recur, or look likely to have an unforeseen strategic impact, they may become strategic and would then become the responsibility of the Chief Executive.

36. The Chief Executive will inform officers of risk management arrangements. Perceived risks will be identified in discussions on the Business Plan annually. Strategic risks will be incorporated into the Corporate Risk Register.

37. The Chief Executive will ensure appropriate training is provided for members and officers.

38. The Monitoring Officer provides legal and administrative support to the Board, the Executive Committee, Sub-Committees and officers.

39. The Finance Officer oversees the service level agreements and contracts for financial, internal audit, legal, personnel and administrative advice. The Finance Officer is also responsible for the management of the Board's insurance arrangements. The management of financial risks and controls is covered by the Finance Officer's statutory responsibilities under Section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2015. Appropriate structures, responsibilities and processes will be maintained to achieve satisfactory control over financial management risks.

40. The Board's Internal Auditor will complete and sign the Annual Internal Audit Report.

41. Responsibility for managing and approving contractors and partners will rest with the officer responsible for the relevant project. The responsible officer will ensure that checks on the liability and risk management systems of partners (especially those in the private and voluntary sectors) are reviewed as part of the project set up and implementation.

Training

42. Members, officers and volunteers will be trained in risk management and assessment appropriate to their needs. This will include:

- mechanisms to ensure planning and decisions take account of risk;
- integration of risk management into project management; and
- risk management techniques.

Monitoring Arrangements

43. The Chief Executive will report to the Executive Committee on strategic and operational risk each year as a part of the Business Planning process for the following year and the annual review of the Corporate Risk Register.

44. Strategic risks will be monitored six-monthly by the Executive Committee and annually by Board. The report will show what mitigating processes are being brought in where necessary.

ANNEX 1**RISK MANAGEMENT TOOL-KIT****1. Identification of risks**

The main types of risk that the Board is likely to encounter are listed below as a starting point for those seeking to identify potential risks in their areas of work. The list is not intended to be exhaustive.

Main Types of Risk	
Risk	Examples
Legal/Compliance	Failing to meet the requirements of laws, regulations, standards or expectations (including Conservation Board purposes, Establishment Order requirements, regulations on Employment, Health and Safety, Freedom of Information and Data Protection, etc).
Conservation Board	Risks that would have an impact on the Board meeting its objectives.
External	Risks from economic shocks, changing public attitudes, legislation or departmental guidance.
Financial	Risks arising from spending on services or projects, fraud or impropriety; risks from failed resource bids and insufficient resources.
Foresight	Risks arising from insufficient forward planning or horizon-scanning.
Operational	Risks associated with the delivery of public services; associated with recruitment or diversion of staff to other duties; or around IT systems.
Project	Risks of exceeding budgets or missing deadlines.
Reputation	Risks from damage to the Board's credibility and reputation.
Innovation	Risks arising from new ways of working.
Risks facing the public or environment	Risk of harm facing the Conservation Board, local communities and the environment.
Strategic	Risks arising from policy decisions or major decisions affecting organisational priorities; risks arising from senior-level decisions on priorities.
Strategic partners	Risks experienced by the Board's partners, which would have an impact on the Board meeting its objectives.
Knowledge	Risks due to insufficient knowledge base on which decisions are made by the Board and its partners.
Assets/Infrastructure	Risks that will affect the Board's ability to deliver its objectives.

2. Evaluation of risks

The Board will use a Risk Matrix approach, giving each risk a relative score of its likelihood and its impact.

This will help to prioritise those that need urgent attention and the level at which they can be addressed.

Probability

The probability of the threat occurring will be expressed using the DEFRA definitions below, and in the context of existing controls being in place:

Very Low	Rare.	The risk may occur in exceptional circumstances. (Score 1)
Low	Possible.	The risk may occur in the next three years. (Score 2)
Medium	Likely.	The risk is likely to occur more than once in the next three years. (Score 3)
High	Almost certain	The risk is likely to occur this year or at frequent intervals. (Score 4)

Impact

Similarly, the threat occurring will be expressed using the DEFRA definitions below:

Very Low	No financial losses; service delivery unaffected; no legal implications; unlikely to affect the environment; unlikely to damage reputation. (Score 1)
Low	Small financial loss; re-prioritising of delivery required; minor legal concerns raised; minor impact on the environment; short-term reputation damage. (Score 2)
Medium	Significant financial loss; deadlines re-negotiated with customers; potentially serious legal implications (e.g. risk of successful legal challenge); significant environmental impact; longer-term damage to reputation. (Score 3)
High	Huge financial loss; key deadlines missed; very serious legal concerns e.g. high risk of successful legal challenge, with substantial implications for the Board; major environmental impact; loss of public confidence. (Score 4)

Total Risk Score

The Probability score is then multiplied by the Impact score to give a total risk score for each risk.

3. Measures to reduce risk

Officers will use the following principles to devise measures to reduce risk cost-effectively.

Tolerate

The Board may decide to accept and monitor a risk. This may be because the risk is containable with appropriate contingency plans; or because possible controls would be disproportionate; or because the risks are unavoidable (e.g. terrorism).

Treat

The Board may take actions or employ strategies to reduce the risk to the Board.

Transfer

The Board may decide to pass the risk on to another party. For example contractual terms may be agreed to ensure that the risk is not borne by the Board, or insurance may be appropriate for protection against financial loss.

Terminate

The risk may be such that the Board could decide to end the activity or to modify it in such a way as to end the risk.

4. External support

The limited nature of internal resources within the Board may require external support to help manage risks in such areas as:

- Security for property, buildings and equipment
- Service and maintenance of assets e.g. IT
- Vehicle or equipment lease or hire
- Partnering arrangements with other public bodies
- Professional services e.g. legal, planning, accounting and audit
- Banking and treasury management
- Local and community events.

5. Management and reporting matrix

Corporate Risk Register

Strategic Objective/Operational Activity 1- <i>(description)</i>										
Risk	Initial Assessment			Controls in place	Residual Risk			Further Action Planned	Target Date	Owner
	Prob	Imp	RS		Prob	Imp	RS			
Strategic Objective/Operational Activity 2- <i>(description)</i>										
Risk	Initial Assessment			Controls in place	Residual Risk			Further Action Planned	Target Date	Owner
	Prob	Imp	RS		Prob	Imp	RS			