RISK MANAGEMENT FRAMEWORK

1. PURPOSE

1.1. Risk management is the responsibility of the Board and all members and staff individually and collectively.

1. 2. This document sets out the Board's policy and strategy, to enable members and officers to meet their responsibilities in accordance with best practice.

2. BACKGROUND

2.1. 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.

2.2. Minimum standards for the Board's risk management policies and processes are set out in sector guidance issued by the Joint Panel on Accountability and Governance (JPAG) in March 2019.

2.3. This 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*".

2.4. 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.

2.5. 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.

2.6. 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.

3. RISK MANAGEMENT POLICY

3.1. The Board is committed to proper risk management; it will ensure that it is aware of risk but not averse to it, provided it can be properly managed; and it will implement appropriate processes to manage risk.

3.2 The Board supports innovation where the risks can be controlled.

3.3. 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 the Board achieve its 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.

3.4. Risk management will:

- be integrated within the culture of the Board, in planning, and in 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, 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.

3.5. The Board will evaluate the impacts and benefits of this framework as part of the annual process of risk identification, and will consider performance against the aims and objectives outlined above.

3.6. In addition, the Board will periodically review its performance in comparison with similar bodies, as necessary, in line with developing guidance and good practice.

4. RISK MANAGEMENT STRATEGY

Implementation

4.1 Formal risk assessment will be undertaken as part of all the Board's significant decision-making processes.

4.2. The assessment and treatment of opportunities and risks will be integrated into plans, programmes, reviews, business cases, project management, and reports to Executive Committee and Board; and the analysis will be kept under review.

4.3. The Board will use the risk assessment methodology described in the Risk Management Toolkit attached at Annex 1.

4.4. The Board also 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.

4.5. To take account of the resources available to the Board, implementation of risk management will start with the high priority risks. Management of lower priority risks will be developed in proportion to the risk presented.

4.6. The Board's approach will distinguish between:

- those risks which may pose a direct threat to the Board's size and viability; and
- other risks which, whilst they may threaten the achievement of the Board's operational objectives for the AONB, do not represent such a direct threat to the Board itself (their main impact usually being reputational damage).

4.7. Committees, sub-committees or other working groups which manage or monitor projects will include risk management in their considerations

4.8. When working with and placing reliance on other organisations, the Board will not check the risk management arrangements of public sector bodies which are subject to audit procedures.

4.9 For other organisations, the Board will require appraisals, competitive evaluation, vetting procedures, insurances and written contracts as appropriate to the Board's level of exposure to risk.

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

4.11. "New risks" will be considered as a standing agenda item at management group meetings.

4.12. The Board will maintain a live register of Key Risks, showing the highest priority risks mapped to internal controls, and officer responsibility. The Key Risk Register will be submitted to management group and Executive Committee meetings six-monthly, and to Board annually.

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

Roles and Responsibilities

Members

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

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

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

4.17. Members will also be involved in major project monitoring through their involvement in committees, sub-committees and other working groups.

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

Chief Executive

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

4.20. The Chief Executive will keep officers informed of the arrangements.

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

4.22. The Chief Executive will ensure that consideration and management of risk is an integral part of performance management.

4.23. The Chief Executive is also responsible for signing the Board's Annual Governance Statement.

Other Officers

4.24. Other officers will manage operational risks within their area of responsibility and will keep the Chief Executive informed. If operational risks recur or look likely to have a major impact on the organisation, they may then become the direct responsibility of the Chief Executive.

4.25. Responsibility for approving and managing contractors, consultants and partners will rest with the officer responsible for the relevant project. The responsible officer will ensure that the Board's exposure to risk is reviewed and assessed as part of the project set up and implementation process.

4.26. 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.

4.27. The Finance Officer will also oversee the service level agreements and contracts for financial, internal audit, legal, personnel and administrative advice, and insurances.

4.28. Relevant requirements will be specified in the job descriptions of appropriate officers.

4.29. The Monitoring Officer of Cotswold District Council will provide legal and administrative support to the Board, the Executive Committee, Sub-Committees and officers.

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

5. FRAMEWORK REVIEW

5.1. This Risk Management Framework will be reviewed by the Executive Committee and approved by Board as a minimum every three years.

RISK MANAGEMENT TOOLKIT

A. IDENTIFICATION OF RISKS

The main types of risk that the Board is likely to encounter are listed below to help staff identify potential risks in their areas of work. The list is not intended to be exhaustive.

Type	Example
Legal and 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, Data Protection etc).
External	Economic shock, changing public attitudes, legislation or departmental guidance.
Financial	Over-spending on services or projects, fraud; failed resource bids.
Foresight	Insufficient forward planning or horizon-scanning.
Operational	Failure in the delivery of public services; poor recruitment; diversion of staff to other duties; weak IT systems.
Project	Missed deadlines; under-performance.
Reputation	Damage to the Board's credibility and reputation.
Innovation	Inappropriate new ways of working; failure to adapt.
Risks facing the public or environment	Damage to the AONB, local communities and the environment.
Strategic	Adverse impact from major changes in organisational priorities.
Partners	Failed partnerships affecting the Board's ability to meet its objectives.
Skills	Insufficient staff numbers or skills.
Knowledge	Insufficient knowledge base on which decisions are made by the Board and its partners.
Infrastructure and Assets	Poor infrastructure which may affect the Board's ability to deliver its objectives.

B. **EVALUATION OF RISKS**

The Board will give each risk a relative score for its probability and impact, using the methodology below. This will help to prioritise those risks which need urgent attention, and indicate the level at which they can be addressed.

Probability

The probability (of the threat materialising) will be categorised according to the DEFRA definitions and scores below.

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

The impact (on the Board), if the threat were to materialise, will also be expressed using the DEFRA definitions below.

Very Low   No financial loss; service delivery unaffected; no legal implications; unlikely to damage reputation.   (Score 1)

Low   Small financial loss; re-prioritising of delivery required; minor legal concerns raised; short-term damage to reputation.
(Score 2)

Medium   Significant financial loss; deadlines re-negotiated with customers potentially serious legal implications (e.g. successful legal challenge); longer-term damage to reputation.   (Score 3)

High   Major financial loss; key deadlines missed; very serious legal concerns e.g. high risk of successful legal challenge, with substantial implications for the Board; loss of public confidence. (Score 4)

Total Scores

The Probability Score (PS) will then be multiplied by the Impact Score (IS), to give a Total Score (TS) for each risk.

Inherent and Residual Risk
For each risk, a score will be calculated for 'Inherent Risk' (i.e. the starting point), and then for the 'Residual Risk' (i.e. after the controls which the Board has put in place). This will be supported by narrative describing any 'Further Action Planned' to help manage the Residual Risk.

C. 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.

D. 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, human resources, planning, accounting and audit
- Banking and treasury management
- Local and community events.

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E. RISK REGISTER

The Board will maintain a register of Key Risks in the format shown below. This format may also be used to report on lower priority and operational risks.

Risk Register

Inherent Risk	Inherent Risk Rating			Controls in Place	Residual Risk Rating			Further Action Planned	Target Date	Owner
	PS	IS	TS		PS	IS	TS			
1. {Title}										
{Description}										
2. {Title}										
{Description}										
3. {Title}										
{Description}										

Key

PS = Probability Score
IS = Impact Score
TS = Total Score

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