

**Trent Valley Internal Drainage Board**

**RISK MANAGEMENT STATEMENT,  
STRATEGY AND REGISTER**

# **1. RISK MANAGEMENT STRATEGY STATEMENT**

The Board believes that risk is a feature of all businesses. Some risks will always exist and can never be eliminated; they therefore need to be appropriately managed.

The Board recognises that it has a responsibility to manage risks and supports a structured and focused approach to managing them by approval of a Risk Management Strategy.

## **1:1 The Board's Risk Management objectives are to:**

- Embed risk management into the culture and operations of the Board
- Adopt a systematic approach to risk management as an integral part of service planning
- Manage risk in accordance with best practice
- Ensure all employees have clear responsibility for both the ownership and cost of risk and the tools to effectively reduce/control it.

## **1:2 These Objectives will be achieved by:**

- Establishing clear roles, responsibilities and reporting lines within the organisation for risk management
- Incorporating risk management in the Board's decision making and operational management processes
- Reinforcing the importance of effective risk management through training
- Incorporating risk management considerations into Service/Business Planning, Project Management, Partnerships & Procurement Processes
- Monitoring risk management arrangements on a regular basis

## **1:3 The Benefits of Risk Management include:**

- Safer environment for all
- Improved public relations and reputation for the organisation
- Improved efficiency within the organisation
- Protect employees and others from harm
- Reduction in probability/size of uninsured or uninsurable losses
- Competitive Insurance Premiums (as insurers recognise the Board as being a "low risk")
- Maximise efficient use of available resources.

## **2. RISK MANAGEMENT STRATEGY**

### **1. Introduction**

1:1 Risk management is not just about financial management; it is about achieving the objectives of the organisation to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation, reputation and the ability to deliver on the ground on time and within cost.

1:2 Members are ultimately responsible for risk management as risks threaten the achievement of policy objectives. Therefore, members should consider the following every six months:

- Identify and update key risks facing the Board.
- Evaluate the potential consequences to the Board should an event identified as a risk materialise.
- Decide upon appropriate measures to manage risks or their consequences.

### **2. Purpose, Aims and Objectives**

2:1 The purpose of the Risk Management Strategy is to effectively manage potential opportunities and threats to the Board achieving its objectives.

2:2 The Risk Management Strategy has the following aims and objectives:

- Integration of Risk Management into the culture of the Board.
- Raising awareness of the need for Risk Management by all those connected with the delivery of services (including partners).
- Minimisation of injury, damage, loss and inconvenience to staff, members of the public, service users, assets etc. arising from or connected with the delivery of the Board services.
- Introduction of a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events.
- Minimisation of the cost incurred should the risk materialise.

2:3 To achieve these aims and objectives, the following strategy is proposed:

- Establish clear accountabilities, roles and reporting lines for all employees.
- Acquire and develop the necessary skills and expertise.
- Provide for risk assessment in all decision making processes.
- Develop procedures and guidelines for use across the Board.
- Develop arrangements to measure performance of risk management activities against the aims and objectives.
- To make all partners and service providers aware of the Boards' expectations on risk.

2:4 Trent Valley Internal Drainage Board has adopted the Audit Commission definition of Risk:

'Risk is the threat that an event or action will adversely affect the organisation's ability to achieve its objectives and to successfully execute its strategies'.

### **3. Accountabilities, Roles and Reporting Lines**

3:1 A framework has been implemented that has addressed where risk should be managed and Board and staff roles and accountabilities.

3:2 The Chief Executive and Engineer will be responsible for the Board's overall risk management strategy, and will report to the Board.

#### 4. Skills and Expertise

4:1 The Board must ensure that it has the skills and expertise necessary to discharge its responsibilities competently. It will achieve this by providing risk management training for members, officers and operatives as appropriate.

#### 5. Embedding Risk Management

5:1 Risk management is an important part of the service planning process and will enable risks from a number of areas to be properly considered. Over time the Board aims to demonstrate that there is a fully embedded process.

5:2 This document provides a framework to be used by staff and Members in the implementation of risk management as an integral part of good management.

#### 6. Risks and the Decision Making Process

6:1 Risk needs to be addressed at the point at which decisions are being taken. Where Members and Officers are asked to make decisions they should be advised of the risks associated with recommendations being made. The Board will need to demonstrate that it took reasonable steps to consider the risks involved in a decision.

6:2 There needs to be a balance struck between efficiency of the decision making process and the need to address risk. Risk assessment is seen to be particularly valuable in options appraisal. All significant decision reports to the Board (including new and amended policies and strategies) should include an assessment of risk to demonstrate that risks (both threats and opportunities) have been addressed.

#### 7. Risk Evaluation

7:1 A risk register should be used to record the Board's objectives and the risks to achieving these. Once these have been identified an assessment of the impact and likelihood of occurrence is made using knowledge of current controls and assurances and a risk score determined. Any gaps in controls and/or assurance should then be identified and an action plan for improvement developed.

7:2 The risk score is obtained using the risk matrix below:

7:2:1 Risk Assessment Matrix

<b><i>Impact</i></b>			
High	<b>Considerable management required (6)</b>	<b>Must manage and monitor risks (8)</b>	<b>Extensive management required (9)</b>
Medium	<b>Risks may be worth accepting with monitoring (3)</b>	<b>Management effort worthwhile (5)</b>	<b>Management effort required (7)</b>
Low	<b>Accept risks (1)</b>	<b>Accept, but monitor, risks (2)</b>	<b>Manage and monitor risks (4)</b>
	Low	Medium	High
	<b><i>Likelihood of Occurrence</i></b>		

The high, medium and low categories for impact and likelihood are defined as follows:

#### 7:2:2 Impact

*High* – will have a catastrophic effect on the operation/service delivery and may result in all or some of the following impacts:

- Major financial loss.
- Major service disruption.
- Major impact on the public.
- Complete failure or extreme delay to a project.
- Death or severe injury of an individual or several people.
- Many individuals' personal details being compromised/revealed.
- Adverse publicity in/on national scale.

*Medium* – will have a noticeable effect on the operation/service delivery and may result in all or some of the following impacts:

- Significant financial loss.
- Degree of disruption or impact on the public.
- Adverse effect on project/significant slippage.
- Some individual personal details compromised/revealed.
- Adverse publicity in local press.
- Minor injury or discomfort to an individual or several people.

*Low* – where the consequences will not be severe and any associated losses and or financial implications will be low and may result in all or some of the following impacts:

- Negligible effect on service delivery.
- Isolated individual personal detail compromised/revealed.

#### 7:2:3 Likelihood of Occurrence

- High - very likely to happen
- Medium - likely to happen infrequently
- Low - unlikely to happen.

### **8. Review of Risk Register**

8:1 The risk register will be kept under constant review by senior management to ensure the action plan is being implemented and to identify and assess any new or revised risks.

**9. Format for Risk Register**

<b>OBJECTIVES</b>	<b>RISKS</b>	<b>KEY CONTROLS</b>	<b>ASSURANCES ON CONTROLS</b>	<b>RISK SCORE</b>	<b>GAPS IN CONTROLS</b>	<b>GAPS IN ASSURANCE</b>	<b>ACTION PLAN</b>	<b>RESPONSIBLE OFFICER / IMPLEMENTATION DATE</b>
	<i>What could prevent this objective being achieved?</i>	<i>What controls / systems are in place to mitigate these risks?</i>	<i>What evidence shows controls / systems are effective?</i>		<i>Where are there no controls or ineffective controls?</i>	<i>Where is further evidence of effective control required?</i>	<i>What should we do to rectify the situation?</i>	