

# **NORFOLK RIVERS INTERNAL DRAINAGE BOARD**

## **GOVERNANCE**

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### **RISK MANAGEMENT POLICY**

**WATER MANAGEMENT ALLIANCE**

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## **Risk Management Policy**

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## **Risk Management Policy**

### **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 and reputation, and the ability to achieve desired targets.
- 1.2 The Board is ultimately responsible for risk management because risks threaten the achievement of policy objectives. As a minimum, members should at least twice a year:
- take steps to identify and update key risks facing the Board;
  - evaluate the potential consequences to the Board if an event identified as a risk takes place; and
  - decide upon appropriate measures to manage the risk or its consequences.

### **2. PURPOSE, AIMS AND OBJECTIVES**

- 2.1 The purpose of the Risk Management Policy is to effectively manage potential opportunities and threats to the Board achieving its objectives.
- 2.2 The Risk Management Policy 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)
  - Minimising 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
  - Minimising the cost of risk.

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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 Norfolk Rivers Internal Drainage Board has adopted the former 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 addresses where risk should be managed, plus Board and staff roles and accountabilities.

3.2 The Chief Executive will be responsible for the Board's overall risk management policy, and will report to the Board.

### **4. SKILLS AND EXPERTISE**

4.1 The Board must ensure that it has the skills and expertise necessary. It will achieve this by providing risk management training for officers and operatives as appropriate.

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### **5. EMBEDDING RISK MANAGEMENT**

- 5.1 Risk management is an important part of the service planning process with risks from a number of areas to be properly considered. Over time the Board aims to be able to demonstrate that there is a fully embedded process.
- 5.2 This policy 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 when decisions are 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 decisions are reported to the Board (including new and amended policies and strategies) and should include an assessment of risk to demonstrate that risks (both threats and opportunities) have been considered.

### **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. A format for the register is attached.
- 7.2 The risk score is obtained using the risk matrix below:

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### Risk Assessment Matrix

Likelihood			
Highly Likely	Medium (3)	High (6)	High (9)
Possible	Low (2)	Medium (4)	High (6)
Unlikely	Low (1)	Low (2)	Medium (3)
	Negligible	Moderate	Severe
	Impact		

The categories for impact and likelihood are defined as follows:

#### IMPACT

- Severe – will have a catastrophic effect on the operation/service delivery. May result in major financial loss (over £100,000) and/or major service disruption (+5 days) or impact on the public. Death of an individual or several people. Complete failure of project or extreme delay (over 2 months). Many individual personal details compromised/revealed. Adverse publicity in national press.
- Moderate – will have a noticeable effect on the operation/service delivery. May result in significant financial loss (over £25,000). Will cause a degree of disruption (2 – 5 days) or impact on the public. Severe injury to an individual or several people. Adverse effect on project/significant slippage. Some individual personal details compromised/revealed. Adverse publicity in local press.
- Negligible – where the consequences will not be severe and any associated losses and or financial implications will be low (up to £10,000). Negligible effect on service delivery (1 day). Minor injury or discomfort to an individual or several people. Isolated individual personal detail compromised/revealed. NB A number of low incidents may have a significant cumulative effect and require attention.

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### LIKELIHOOD

- Highly Likely: very likely to happen
- Possible :likely to happen infrequently
- Unlikely: unlikely to happen.

7.3 Risk is unavoidable, and action must be taken to manage risk in a way in which it can justify to a level which is tolerable. The response to risk, by the use of internal control, may involve one or more of the following standard responses:

- **Tolerate** the risk – for risks where the downside is containable with appropriate contingency plans; for some where the possible controls cannot be justified, (eg because they would be disproportionate); and for unavoidable risks, (eg terrorism).
- **Treat** the risk – a common response which can mean imposing controls so that the organisation can continue to operate; or setting up prevention techniques.
- **Transfer** the risk – buy in a service from a specialist external body or take out insurance. Some risks cannot be transferred, especially reputational risk.
- **Terminate** the activity giving rise to the risk – it may be best to stop, or not to start activities which involve intolerable risks or those where no response can bring the risk to a tolerable level.

## 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.

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### 9. RISK REGISTER FORMAT

STRATEGIC OBJECTIVES	RISKS	IMPACT	LIKELIHOOD SCORE (1 – 3)	IMPACT SCORE (1 – 3)	RISK RATING (HIGH, MEDIUM, LOW)	RESPONSE (WHAT ACTIONS ARE PLANNED/HAVE BEEN TAKEN)
	<i>What could prevent this objective being achieved?</i>	<i>What the impact on the IDB would be.</i>				