

South Downs National Park Authority Risk Management Strategy 2011- 2013

1. Overview

- 1.1 This strategy describes the South Downs National Park Authority's approach to Risk Management. It sets out, at a high level, the Authority's commitment to manage risks and indicates how it should be part of everyday thinking, behaviours, processes and business practices.
- 1.2 The aims of this Strategy are to:
- promote a common understanding of risk;
 - follow best practice¹;
 - confirm how risk management should be practised;
 - outline roles and responsibilities across the Authority; and
 - assist development of action to safeguard life and property.

2. What is Risk Management?

- 2.1 The South Downs National Park Authority (SDNPA) defines Risk Management as:

"the culture, processes & structure which come together to optimise the management of potential opportunities and adverse effects." ²

It enables the effective use of resources, secures the assets of the organisation and its continued financial and organisational well-being.

- 2.2 Risks can impact over the short, medium and long term and they can be either negative, positive or a deviation from the expected. Risk Management is often associated with avoiding the negative but it should be recognised that service improvements can be part of the reward for risk taking.
- 2.3 The purpose of risk management is to safeguard an organisation, its customers and the interests of stakeholders, by identifying and managing all threats to the achievement of its business objectives. Risk Management considers the impact and likelihood of events, changes or issues affecting the achievement of objectives.
- 2.4 The twin Purposes of the South Downs National Park Authority are:
1. To conserve and enhance the natural beauty, wildlife and cultural heritage of the area; and
 2. To promote opportunities for the understanding and enjoyment of the special qualities of the Park by the public.

In delivering National Park Purposes, the Authority has an important Duty:

¹ This strategy incorporates, as far as reasonably practicable, the International Organisation for Standardisation (ISO) standard 31000 "Risk Management principles and guidelines" (published in 2009).

² this is done by "the assessment of the probability of an event and its consequences" (definition according to industry Risk Management Standard ISO/IEC Guide 73)

- To seek to foster the economic and social well-being of the local communities within the National Park.
- 2.5 Risk Management needs to be proportionate to the level of risk in the organisation and the activities it undertakes. It should be aligned to existing corporate systems and needs to be practised at all levels across the Authority, including when it is working with others.
- 2.6 Risks need to be identified, evaluated, prioritised and managed:
- at a strategic level when setting objectives, outlining strategic business plans, planning major changes, large projects and undertaking service reviews; and
 - at an operational level by selecting the most appropriate means to manage the particular risk identified.³

3. How the SDNPA will deliver effective Risk Management

- 3.1 The main purpose of having a Risk Management strategy and risk management procedures in place is to enable risks to be identified and managed at the most appropriate level.
- 3.2 This relies on:
- an understanding of the principles of Risk Management;
 - Risk Registers being completed and reviewed;
 - escalation processes which involve reporting significant risks to more senior management levels; and
 - clear roles and responsibilities – each team or project is responsible for ensuring that effective arrangements are in place for the identification of key risks.

Each of the above points will be covered in the sections below.

4. SDNPA Principles of Risk Management

- 4.1 The SDNPA principles aim to:
1. Foster a culture for risk management recognizing that effective managers make key decisions about risk and opportunities as an integral part of what they do on a daily basis;
 2. Integrate risk management into existing processes as far as possible and not undervalue existing arrangements for dealing with risks;
 3. Set a “risk appetite” – the level of risk the Authority is prepared to accept to inform planning, decision making and operations;
 4. Make clear how to escalate risks if the “risk appetite” is exceeded, or has the potential to be exceeded;
 5. Manage risks at the lowest level at which the manager has the authority, responsibility and resources to take actions;
 6. Encourage open and honest reporting of risks and progress to manage risks;
 7. Ensure a consistent approach;
 8. Agree clear roles and responsibilities relating to the accountability, management , escalation and communication of key risks; and
 9. Improve the effectiveness of the risk management arrangements and learn from experience.

- 4.2 The SDNPA's standard risk documents are found in appendices to this Strategy:

³ This could range from assessing risks and setting objectives and actions when planning, or managing risks by implementing health and safety policies or procedures, developing business continuity plans, complying with financial regulations, contract standing orders, or seeking insurance cover

- the risk category checklist (**Appendix 1**) ;
- guidance on evaluating risk (**Appendix 2**);
- the risk matrix including risk appetite and risk escalation(**Appendix 3**) ;
- the risk register format (**Appendix 4**); and
- a glossary of terms (**Appendix 5**).

5. Risk Registers

- 5.1 A Risk Register is a prioritised list of those risks which could affect the achievement of objectives. Risk Registers should cover all risk categories. The risk categories address issues/risks which may be external (those which are generally out of SDNPA control/influence and can affect our ability to deliver our strategies and policies) or internal issues/risks.
- 5.2 The SDNPA will have a Corporate Risk Register which:
- is set by the Strategic Management Team (SMT);
 - is reviewed at each SMT meeting and emerging risks/mitigation added as appropriate; and
 - prioritises risks, identifies trends, archives closed risks and reviews the direction of travel.
- 5.3 The value in creating a risk register is the discussion about the risks which:
- fosters an improved risk management culture;
 - generates a better understanding of the problem; and
 - leads to better decision making at the correct time.
- 5.4 Each Risk Register should set out:
- Reference number – unique number that does not change when the register is updated;
 - Description of Risk;
 - Mitigation – the measures the Authority is taking or has taken to reduce the change of the risk actually occurring or the consequences if it does;
 - Contingency – further measures that might be taken to reduce the consequences of the risk if needed;
 - Likelihood – categorisation of the probability of the risk taking place;
 - Impact – categorisation of the severity of the impact if the risk takes place;
 - Owner – who is responsible for monitoring this risk; and
 - Severity – a score for the risk related to the likelihood and impact categories.

6 Escalation of risks

- 6.1 It is important that an aggregate picture of risk levels is available to ensure that the SDNPA has a comprehensive and accurate understanding of the level of risk to which it is exposed at any one time.
- 6.2 This requires the escalation of risks to the appropriate management level. The process to escalate a risk is that the lead officer should refer any significant risk to a more senior management level.
- 6.3 A risk should be escalated to the management level above if it could:
- impact on delivery of the Authority's purposes, duty and strategic objectives;
 - result in significant adverse publicity for the Authority;
 - require additional funds;
 - prevent delivery of committed or planned actions; or

- present a significant threat to the safety of the stakeholders of the SDNPA

7 Roles & Responsibilities for delivering the Risk Management Strategy

7.1 The table below sets out roles and responsibilities for different levels of people involved in delivering the Authority's Purposes and Duty:

Who	Roles & Responsibilities
Managers, employees and any person working with the Authority	<ul style="list-style-type: none"> • identify, assess and report risks within their areas • practice risk management in their day to day activities • identify the need for escalation of risks through their line manager
Managers	<ul style="list-style-type: none"> • oversee the effective implementation of risk management within their area in accordance with the agreed principles and framework • reflect significant changes to how they are operating and take actions to mitigate the likelihood and impact of risks • bring any escalated risks, which they are not able to manage at their level, to the Strategic Management Team's attention for rating in the Strategic Risk Register
Senior Management Team	<ul style="list-style-type: none"> • responsible for the maintenance of a sound system of internal control • manage the strategic risks faced by the Authority • responsible for reviewing the Strategic Risk Register • provide leadership and support to promote a culture in which risks are managed with confidence at the lowest appropriate level • accountable for ensuring that effective risk management and risk mitigation measures are in place to provide assurance to stakeholders • management of risks to the achievement of the Authority's objectives and provision of assurance that internal controls are effective within the Authority and across partnership working • Engage the public in the review and challenge of the Authority in the management of major activities, priorities and risks • promote the right culture in the workforce, including with volunteers and partners to encourage well thought through risk taking
Audit Committee Members	<ul style="list-style-type: none"> • The role of the Audit Committee is to provide independent scrutiny of the Authority's financial & non-financial processes to the extent to which they affect the control environment and exposure to risk • Monitor the Authority's risk management arrangements • Identify the risk areas for particular focus at future Audit Committee meetings as a standing

Who	Roles & Responsibilities
	<p>item on the Audit Committee agenda</p> <ul style="list-style-type: none"> • Take steps as it feels are necessary to satisfy itself that an adequate control framework exists • Self-assess the impact that the Audit Committee has had on review and challenge on risk management and internal control
Committee Members	<p>The other committees of SDNPA – the Planning Committee, the Resources & Performance Committee and the Standards Committee have a role in ensuring decisions made include due regard to management of risks which affect the achievement of the Authority's objectives</p>

Risk Categories Checklist

These are examples of risks under each category of risk – please consider if they apply to the issue being assessed. As there may well be other examples under each category, these are intended as a prompt only

Professional/Managerial/Partnerships

Recruitment/Retention of qualified staff
Investing in Training
Skill mix
Over reliance on key officers
Ability to implement change
Management of partnership working

Economic/Financial

Impact of national economic position
Failure of major project(s)
Missed business and service opportunities
Failure to prioritize, allocate appropriate budgets and monitor
Inefficient/ineffective processing of documents

Social

Meeting the needs of disadvantaged communities
Tracking the changes in population base
Employment opportunities
Regeneration
Partnership working
Life-long learning

Technological

Functionality and reliability of IT systems - impact on service delivery
Data Security issues/Information Governance
Inability to implement change
Obsolescence of technology
Technology strategy

Legislative

Meeting statutory duties/deadlines
Breach of confidentiality/Data Protection Acts requirements
European Directives on Procurement of Services
Implementation of legislative change

Contractual/Competitive

Over reliance on key suppliers/contractors
Ineffective contract management
Contractor failure
Lack of existing markets

<p style="text-align: center;">Equalities</p> <p>Workforce Composition – across all persons who provide a service on behalf of the council and in its partnership work Appropriate recognition of the diversity of Service Users/Customers, e.g. age, ethnicity, gender, disability, religion Ensuring consistent minimum standards to meet legislative duties (incl. training, sharing policies & best practice) Altering working practices as necessary to meet diverse needs and ensure no discrimination Ability to demonstrate equalities in action (incl. methods to monitor, evaluate and review)</p>
<p style="text-align: center;">Political</p> <p>Impact of Strategic Priorities on business activities Clarity & cohesion in decision making Impact of Central Government policy on local policy/local initiatives</p>
<p style="text-align: center;">Environmental/Sustainability</p> <p>Sustainability/Climate Change Waste Disposal/Recycling Strategies Crime & Disorder Act implications Impact on quality of life in the city (including Street scene implications) Impact on city's transport network and other transport issues</p>
<p style="text-align: center;">Customer/Citizen</p> <p>Appropriate consultation Quality of customer care Access to services Views of Service Users Political support, e.g. Members of city council</p>
<p style="text-align: center;">Fraud & Corruption</p> <p>Appropriate segregation of duties Security of Data Hospitality/Gifts Policy, Record Keeping and Monitoring Trends of working (e.g. unusual lone or late working) or sickness absence (potentially fraudulent) Verification/Validation checks e.g. before staff/contractor appointments, cash transactions</p>

Risk Guidance

LIKELIHOOD

Risk Score	Likelihood Descriptor	Likelihood Risk Scoring Guidance
1	Almost Impossible	Difficult to see how this could occur.
2	Unlikely	Do not expect occurrence but it is possible.
3	Possible	May occur occasionally.
4	Likely	Will occur persistently but is not an everyday occurrence.
5	Almost Certain	High probability of situation occurring

IMPACT

Risk Score	Impact Descriptor	Impact Risk Scoring Guidance
1	Insignificant	<p>Health minor injury, basic first aid required, 1 person affected, no days absence, no delay</p> <p>Impact on community life insignificant disruption to community services, including transport services and infrastructure</p> <p>Service Delivery no service disruption, unlikely to cause complaint or instigate litigation</p> <p>Economic none/minimal financial burden (less than £100, can be resolved at local service / department level), minor interruption to income generation, no permanent loss</p> <p>Environment insignificant impact on environment</p> <p>Reputation organisation(s) reputation remains intact</p>

Risk Score	Impact Descriptor	Impact Risk Scoring Guidance
2	Minor	<p>Health non-permanent harm, short-term injury, resulting in absence of up to 3 days. 1 – 2 persons affected</p> <p>Impact on community life minor localised disruption to community services or infrastructure less than 24 hours</p> <p>Service Delivery minor service disruption, complaint possible, litigation unlikely</p> <p>Economic minimal financial burden or disruption to income generation (less than £1,000 but greater than £100). Can be resolved at line manager/ service manager level through usual budgetary measures</p> <p>Environment minor impact on environment with no lasting effects</p> <p>Reputation minimal impact on organisation(s) reputation</p>
3	Moderate	<p>Health causing semi-permanent disability, injury, disease or harm which could interrupt attendance at work for 3-28 days AND/OR affects 3 - 50 people</p> <p>Impact on community life damage that is confined to a specific location, or to a number of locations, but requires additional resources. Localised disruption to infrastructure and community services</p> <p>Service Delivery moderate service disruption. High potential for complaints, litigation possible, but not certain</p> <p>Economic moderate financial burden (less than £10,000 but greater than £1,000). Interruption to income generation lasting less than 14 days, majority of income recoverable but at additional cost</p> <p>Environment limited impact on environment with short-term or long term effects</p> <p>Reputation moderate impact on organisation(s) reputation</p>

4	Major	<p>Health causing death, permanent disability, serious injury or harm, e.g. loss of function or body part(s), serious disability, single death of any person. 51-200 people affected. Long term absence from work (28-84 days), extended medical attention required, e.g. up to a month in hospital</p> <p>Impact on community life significant damage that impacts on and possible breakdown of some local community services. Requires support for local responders with external resources</p> <p>Service Delivery service closure for 1-7 days, complaints expected, litigation expected</p> <p>Economic major financial burden (less than £100,000 but greater than £10,000). Can include significant extra clean up and recovery costs.</p> <p>Environment significant impact on environment with medium to long term effects</p> <p>Reputation major impact on organisation (s) reputation / National adverse publicity</p>
5	Catastrophic	<p>Health multiple deaths involving any persons, greater than 200 people affected, more than 84 days absence, more than 30 days extended hospital stay</p> <p>Impact on community life extensive damage to properties and built environment in affected areas. General & widespread displacement of more than 500 people for prolonged duration. Community unable to function without significant support</p> <p>Service Delivery service closure for more than 7 days or closure of multiple services, complaints certain, litigation certain</p> <p>Economic catastrophic financial burden (greater than £100,000). Extensive clean up and recovery costs</p> <p>Environment serious long-term impact on environment and/or permanent change</p> <p>Reputation catastrophic impact on organisation(s) reputation. International adverse publicity</p>

Appendix 3

Risk Matrix with Escalation and Risk Appetite

	IMPACT				
LIKELIHOOD	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Almost Impossible (1)	1	2	3	4	5

For Risk Assessment, it is necessary to show how the Risk Rating (Likelihood x Impact scores) was reached in terms of likelihood and impact. This risk matrix should be used.

Once the risk has been scored in terms of likelihood and impact, it can be allocated priority for action to control/mitigate the risk.

Please see the four categories below for guidance.

1 - 3	4 - 7	8 - 14	15 - 25
Low	Moderate	Significant	High
Monitor periodically	Monitor if the risk levels increase	Review & ensure effective controls May need to escalate to the management level above	Immediate action required & need to Escalate to the management level above

It will not always be possible to reduce the Risk Score to a lower risk rating, e.g. from a high score to low. This does not necessarily mean that it should stop the SDNPA undertaking the activity. The risk assessment should be used to determine what actions to take to control the negative effects and secure beneficial outcomes.

Appendix 4

Risk Register Format

TITLE OF RISK REGISTER & DATE

	IMPACT				
LIKELIHOOD	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Almost Impossible (1)	1	2	3	4	5

Ref.	Risk Cat.	Description of Risk	Description of Impact	Mitigation	Contingency	Likelihood	Impact	Owner	Severity	Review Date
1										
2										
3										

Glossary of Risk Management Terminology

- **Identification** (of risks) – Process to find and characterise risk
- **Mitigation of risk** – Process of selection and implementation of measures to mitigate or address risks, i.e.:
 - Transfer the risk to a third party
 - Tolerate the risk. Do nothing as the investment in controls is judged to be likely to prevent the risk occurring or the risk is assessed as being so unlikely to materialise and further investment in controls offers poor value for money
 - Treat the risk. Agree controls to put in place to manage the risk
 - Take the Opportunity. Risk manage innovation or change for positive outcomes
 - Terminate the risk. Stop the activity or function in which the risk resides.
- **Review and reporting (of risks)** – the process to determine the effectiveness of risk measures and the ongoing relevance of the risk
- **Risk** – the combination of the probability of an event and its consequences
- **Risk Appetite** – The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time.
- **Risk Escalation** – Report a risk which exceed the set risk appetite to the management level above
- **Risk Management** – co-ordinated activities to identify, prioritise and manage risks that could affect the achievement (positively or negatively) of objectives. It is done by evaluating the probability of an event and its consequences, identifying the measures the organisation already has in place to manage identified issues (risks), prioritising the risk and then taking any further action to control these risks effectively. The adequacy of the control measures should be monitored and the control measures reviewed as necessary. Implementation of risk management strategies should result in more effective strategic planning, better utilisation of resources and better cost control.
- **Risk Management Principles** – set of high level principles to be uniformly observed in the implementation of risk management
- **Risk Management Strategy** – Single document describing the Authority's approach to year over a given period.

This glossary will be updated, recognizing the importance of having a common language to support risk management across the Authority and in its work with partners.